

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

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

DOCKET NO. 100330-WS

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APPLICATION FOR INCREASE IN WATER DOCKET NO. 080121-WS  
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.

Volume 2

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PROCEEDINGS:

COMMISSION CONFERENCE AGENDA  
ITEM NO. 17

COMMISSIONERS PARTICIPATING:

CHAIRMAN ART GRAHAM  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER RONALD A. BRISÉ  
COMMISSIONER EDUARDO E. BALBIS  
COMMISSIONER JULIE I. BROWN

DATE:

Tuesday, May 24, 2011

PLACE:

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

REPORTED BY:

LORI DEZELL, CCR, RPR

DOCUMENT NUMBER-DATE

03737 MAY 27 =

FPSC-COMMISSION CLERK

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

1  
2 MR. MAY: I did have one final comment on the  
3 PowerPoint presentation, just so everyone is clear,  
4 and I think the record needs to be clarified.  
5 First, the first 12 slides have nothing to do with  
6 Aqua Utilities Florida. The slides I believe  
7 misrepresent what's happening in other states and  
8 irrelevant to what's happening here.

9 The other slides regarding Aqua's quality of  
10 service monitoring reports I believe distort what  
11 those reports do. He mixes and matches from the  
12 PSC complaint reports, and then the --

13 CHAIRMAN GRAHAM: Could you put that mike up  
14 just a little bit? I'm sorry.

15 MR. MAY: Mr. Reams mixes and matches the data  
16 reflected in the quality of service monitoring  
17 reports which Aqua supplied, and categorized it --  
18 or implies that those are complaints. Those are  
19 calls coming in to a call center. The vast  
20 majority of those calls are routine utility  
21 questions, like, I'd like to establish my service.  
22 I'd like my bill changed to this address and things  
23 like that. There are -- so I think to say that  
24 those are complaints is entirely inaccurate. And I  
25 would ask that, as you review that -- that -- the

1 slides, that you keep that in mind and look at the  
2 staff recommendation.

3 I think staff's recommendation is extremely  
4 thorough, particularly Attachment 2. Attachment 2  
5 to that recommendation, which is a very long  
6 recommendation; I frankly admit that I didn't read  
7 it the first time. But it goes on, I think it's  
8 about 20 pages long, to explain in detail what  
9 those reports that Aqua supplied during the QSM.  
10 It's -- I think it's a very clear and concise and  
11 informative report, and it shows that Aqua is  
12 committed to customer service, and the level of  
13 customer complaints and level of customer concerns  
14 regarding quality of service has significantly  
15 dropped over the past two years.

16 Thank you, Mr. Chairman.

17 CHAIRMAN GRAHAM: Thank you.

18 Okay. So we're now going to get into this  
19 going issue by issue. Before we do that, we're --  
20 I'm going to give you an idea of what's going to  
21 happen as we move forward. We're probably going to  
22 about a five-minute break here, get everybody ready  
23 to start with Issue 1 and go through. I'm guessing  
24 sometime around 7:00, maybe 7:15, we'll be taking a  
25 dinner break, and then from then we're going to

1 charge on until we're done.

2 So you guys can kind of gauge yourselves  
3 appropriately, but we're going to take about a  
4 five-minute break now. We'll be back here by about  
5 5:15 by that clock there -- I'm sorry -- 5:18 by  
6 that clock back there on that wall. Thanks.

7 (Break taken.)

8 CHAIRMAN GRAHAM: Okay. Guys, let's get  
9 started again. Okay. Let's get the show on the  
10 road. Let's get started here.

11 Commissioner Edgar.

12 COMMISSIONER EDGAR: Thank you, Mr. Chairman.  
13 And let me begin by saying that I have spent many,  
14 many long evenings in this room in the past,  
15 having, you know, crackers and granola bars for  
16 dinner so that we could work our way through all of  
17 the issues that we need to, and I am absolutely  
18 willing and able to do that tonight and to stay  
19 with my friends and all of those that are here  
20 interested in the business that we do for the  
21 evening.

22 But also, as I was listening to all of the  
23 presentations from the customers and also from the  
24 attorneys involved in the case, and thinking back  
25 to the past rate cases that I have had -- that I

1 have participated in in the past years and the  
2 information we have before us, kind of in my mind,  
3 and I don't have it completely crystallized, but is  
4 what I'm going to very loosely call a proposal or  
5 maybe even more of a suggestion that I'd like to  
6 put out there for discussion and see if there's any  
7 interest, and then I fully expect that the staff  
8 may have some questions for me if I'm not clear,  
9 and I probably would have some back to them.

10 So, Mr. Chairman, may I give it a shot?

11 CHAIRMAN GRAHAM: Sure.

12 COMMISSIONER EDGAR: Looking at the issue that  
13 we have -- the item that we have before us as a  
14 whole, Issue 1 of course is very, very important  
15 and helps to set the tone for everything else that  
16 comes after it. I do agree with our staff  
17 recommendation, that it would be useful to go ahead  
18 and close out the monitoring plan from the previous  
19 rate case, recognizing all of the good work that  
20 has been done there.

21 I also recognize that we have had a lot of  
22 customer discussion that centers around a small  
23 subset of the systems that are actually all  
24 included in what is before us. And from my notes  
25 and my reading, those would be Jasmine Lakes, Lake

1 Gibson Estates, Gibsonia Estates, Arredondo, Palm  
2 Terrace, and Zephyr Shores.

3 And so with that in mind, what my thinking is  
4 at this point is that we would find on Issue 1  
5 satisfactory for all other systems that are before  
6 us, but for those systems make a finding of  
7 marginal, and there is some precedent for that from  
8 the previous rate case, and then ask our staff, the  
9 company, OPC, and, yes, to jointly together work  
10 towards a monitoring plan on a go-forward basis for  
11 just those systems. And again, we have precedent  
12 from the last rate case on that.

13 For -- looking at the document that OPC gave  
14 us, which is titled Citizens' Adjustments, May  
15 24th, 2011 Agenda Conference, I would suggest that  
16 we consider moving to the OPC position on Issue 26,  
17 which has to do with salaries and wages, and Issue  
18 28, which is rate case expense. And then I would  
19 propose that we retain the rates for the systems  
20 that I named at the level prior to interim rates.  
21 Again, pulling those out and giving them different  
22 consideration from the other systems.

23 I recognize that, for exact numbers, that our  
24 staff would need to do some other calculations. I  
25 don't know if having those exact numbers is

1 critical or not. I welcome -- I welcome your  
2 thoughts. But I put this out there as a -- what I  
3 intend to be a well-intended and thoughtful way of  
4 putting us in a position to move forward, but yet  
5 also recognizing some of the unique circumstances  
6 with some of the case -- or some of the systems,  
7 the concerns that have been raised by the public  
8 officials and by the customers, but also  
9 recognizing that the company has -- has the right  
10 to certain things under the statutes, and certainly  
11 the need to go forward and conduct business in the  
12 manner so that they can provide -- continue to  
13 provide good service.

14 CHAIRMAN GRAHAM: Thank you, Commissioner  
15 Edgar.

16 Commissioner Brown.

17 COMMISSIONER BROWN: And I appreciate  
18 Commissioner Edgar's comments, and I like the path  
19 that you're going on, and it was a shorter path  
20 than I originally anticipated. I -- particularly  
21 with regard to Issue 1, I do have a substantial  
22 amount of questions that I wanted to get vetted  
23 through, not only for the record, but -- and as  
24 part of the rate case, but as well as part of the  
25 monitoring program. So I did want -- I do want to

1 go through those. But I like the path that you're  
2 on.

3 So, that being said, if we can continue  
4 discussion on Issue 1.

5 CHAIRMAN GRAHAM: Maybe the easiest way to get  
6 into this is to start on Issue 1 and work our way  
7 in and through Issue 1 and some of the concerns and  
8 questions that are there, and then see if we're  
9 seeing a better vision for the path after Issue 1.

10 Commissioner Edgar?

11 COMMISSIONER BALBIS: Thank you, Mr. Chairman.  
12 And I'm glad to do that. I certainly was not  
13 trying to circumvent any discussion at all, because  
14 so many of these -- very few of these issues are  
15 finite in and of themselves. They all, you know,  
16 impact and relate to one another, and also  
17 realizing that, if anything that I've suggested  
18 does seem useful to the body, that I wanted to give  
19 the staff the heads up, that they could be thinking  
20 about that.

21 CHAIRMAN GRAHAM: Thank you.

22 Staff, you guys are up. Issue 1.

23 MR. REIGER: Good afternoon, Commissioners.

24 I'm Stanley Reiger with Commission staff.

25 Issue 1 is staff's recommendation concerning

1 the quality of service provided by the utility.  
2 This issue combines a consideration of the status  
3 of quality of service for both the utility's  
4 present rate case and its previous rate case,  
5 Docket 080121, which is still open.

6 It should be noted that consideration of AUF's  
7 Chuluota water and wastewater systems are not  
8 included in the current case. However, review of  
9 Chuluota is included in the quality of service  
10 issue in respect to the phase 2 monitoring plan, as  
11 required in the '08 docket.

12 Pursuant to Rule 25-30.433(1), the Commission  
13 determines the quality of service by evaluating  
14 three separate criteria: The quality of the  
15 utility's product; the operating condition of the  
16 utility's treatment facilities and lines; and the  
17 utility's attempt to address customer satisfaction.

18 Also, relating to the '08 docket, the phase 2  
19 monitoring plan of AUF's customer service was  
20 approved by the Commission last year. The  
21 parameters of the phase 2 plan were based on a  
22 collaborative effort between the utility, OPC, and  
23 staff. The plan included review of customer  
24 complaints, meter reading and billing accuracy, and  
25 environmental compliance.

1           Also, as part of the phase 2 monitoring plan  
2           in the '08 docket, seven systems were chosen for  
3           review concerning non-health-related esthetic  
4           secondary water quality issues.

5           Many AUF customers have expressed their  
6           displeasure with the quality of water they receive  
7           from the utility. This resulted in a Commission  
8           required joint secondary task force, consisting of  
9           representative from AUF, OPC, and other interested  
10          parties. This recommendation details the results  
11          of the secondary task force and the utility's  
12          attempt to address the unique esthetic concerns,  
13          treatment options, and associated costs.

14          It should be noted that the secondary water  
15          quality plant improvement costs are considered in  
16          IssueIssue 3, which is the pro forma plant addition  
17          issue.

18          Staff is available to answer questions at this  
19          time.

20          CHAIRMAN GRAHAM: Thank you.

21          Commissioner Brisé.

22          COMMISSIONER BRISÉ: Thank you. Thank you,  
23          Mr. Chairman. And thank you for that presentation.

24          I have a few questions that sort of go back to  
25          lay the ground -- the baseline for where we are and

1       how we can address the issues that are before us.

2               You mentioned that there were seven systems  
3       that were selected. I want to know who selected  
4       those systems, how we got to that selection, and  
5       with that, there was a task force that was put in  
6       place, what were -- what was the criteria that was  
7       agreed upon to look at by the task force.

8               Was -- because I'm hearing, as I heard earlier  
9       from OPC, that they looked at what they -- what  
10      they found as results were different from what was  
11      found from staff, so I want to understand why we  
12      have such a deviation, are the parameters and the  
13      criteria the ones that were agreed upon, and then  
14      how we ended up with that difference. And I think  
15      that will be the first set of questions that I want  
16      you to answer before we move on with anything else.

17              MR. REIGER: Very good. The task force, in  
18      addition to the seven systems, I can speak  
19      primarily on the seven systems, starting off with,  
20      which was a decision made, a collaborative decision  
21      made between AUF and OPC and the concerned parties  
22      on that, which they got together and they chose the  
23      seven systems that they believed were of most  
24      immediate concerns at that time.

25              And they -- they got themselves together as

1 far as to develop with meetings with the parties to  
2 identify what the specific concerns were and how to  
3 go about resolving those issues.

4 Are you interested in the actual systems that  
5 were talked about or whatever?

6 COMMISSIONER BRISE: Yes. I'm interested in  
7 the actual systems, and I'm more interested in the  
8 criteria that was agreed upon, that, if we're going  
9 to evaluate systems, what was agreed upon by all  
10 parties as to what we're looking at so that we're  
11 all looking at the same thing.

12 MS. DANIEL: Commissioner, Patti Daniel.

13 With respect to the criteria for review of the  
14 seven systems in particular, that decision was left  
15 to Aqua and OPC and the selected customer  
16 representatives. Aqua's instructed to meet with  
17 those customers and OPC to discuss what the  
18 problems were, what the esthetic concerns were with  
19 those seven systems, to talk to the customers about  
20 what the cost -- what the treatment options would  
21 be and what the associated costs would be, and that  
22 was the criteria that was given to Aqua that OPC  
23 agreed to.

24 As far as what happened, why we're seeing  
25 different results, it's difficult for staff to say.

1 We did not participate in those meetings. Aqua did  
2 report to us on February 28th. They gave us a  
3 summary report of all of the compliance monitoring  
4 issues, and in particular, with respect to those  
5 seven systems, they addressed what happened with  
6 respect to meeting with customers, with each of the  
7 seven systems. It was a short summary for each  
8 particular system.

9 OPC did not respond in their comments at the  
10 end of March with respect to any of those meetings,  
11 so we were not clear that there were issues with  
12 respect to the understanding of what happened in  
13 terms of addressing esthetics with those seven  
14 systems.

15 CHAIRMAN GRAHAM: Follow-up, Mr. Jaeger?

16 MR. JAEGER: Commissioners, Ralph Jaeger from  
17 legal staff. I might give just a little bit of  
18 background.

19 It was on April 6th, 2010 that the Commission  
20 issued an order requiring continued monitoring and  
21 submission of supplemental quality of service  
22 monitoring plan. And what they said, OPC and the  
23 utility indicated at the agenda conference that  
24 they would sit there and try to work that out. So  
25 they said, go work it out.

1           So we had two meetings after that, trying to  
2           work it out. We were the facilitators, letting OPC  
3           and the utility work it out. And then they came  
4           back after those two meetings and they submitted  
5           what they had agreed to. And that was Attachment A  
6           to the May 10th, 2010 order. That's when we took  
7           it back to the Commission and said, this is what  
8           they've agreed to, and they -- we issued another  
9           proposed agency action, saying this was the agreed  
10          to monitoring pursuant to a stipulation or a  
11          settlement reached by OPC and the utility.

12          And so what was agreed to was in Attachment 1  
13          to that May 10th order. And it's seven pages, but  
14          I could hit the highlights. And the first one they  
15          agreed -- said, reports should provide staff and  
16          OPC, and there was a management quality performance  
17          report, a cost center monitoring statistics report,  
18          and an estimated read report for that.

19          And then tracking of PSC compliance, that's  
20          No. 2, will be covered by PSC staff under the  
21          current tracking system. And we gave them what our  
22          complaints were.

23          Then Aqua and OPC agreed that the production  
24          of sound recordings and meter logs should be  
25          eliminated. That's what we spent hours and hours

1 listening to it, getting all these tapes, and that  
2 had been the most cost -- most expensive for  
3 everything staff included.

4 No. 4 was the age service order status report,  
5 and that's where we get an idea of how long it  
6 takes them to respond to a need.

7 Then -- then in No. 5 it says, in order to  
8 better apprise the OPC of Aqua's commitment to  
9 quality of service, during the phase 2 monitoring  
10 Aqua will provide for an OPC representative to  
11 visit one of its call centers and tour the  
12 facility.

13 And then -- but Mr. Reiger was talking about  
14 No. 6, was establish joint secondary water quality  
15 task force, and it has a whole list of things of  
16 what that included.

17 And then that we had a midpoint meeting in  
18 September, and then we had an annual report, by  
19 this No. 7, it was an annual report by Aqua to the  
20 Commission. That was the February 28th report.

21 And then during phase 2 monitoring Aqua will  
22 file copies of the reports within one month and ten  
23 days of the end of the relevant period.

24 So we had seven months where they filed these  
25 reports each month with us on about July 10th. You

1 know, each 10th of the month we got another -- and  
2 that was given to OPC and staff.

3 And then the last thing was the Commission  
4 will decide whether the docket should be closed  
5 after reviewing all of the data submitted during  
6 the phase 2 monitoring process, and we rolled that  
7 into this rate case, because it's all quality of  
8 service. That's sort of how we got where we are  
9 today.

10 And then Ms. Golden did a review -- she was  
11 the one wading through all those special reports,  
12 and Mr. Reiger was doing a lot of the esthetic --  
13 the seven esthetic programs primarily, and the  
14 water -- compliance with water management district  
15 and DEP consent orders.

16 COMMISSIONER BRISE: Follow-up then.

17 CHAIRMAN GRAHAM: Okay.

18 COMMISSIONER BRISE: So then -- so I think we  
19 agree that -- and maybe I'll ask OPC if I'm  
20 allowed, Mr. Chairman, was that an accurate  
21 depiction of the original conversation with respect  
22 to the criteria and the interaction between OPC and  
23 the company with respect to what was going to be  
24 looked at, what systems were going to be looked at,  
25 and what the expected outcome is supposed to be?

1 MS. CHRISTENSEN: Well, unfortunately  
2 Charlie Beck was our point person for the last rate  
3 case, so he -- we've lost intimate knowledge of  
4 those conversations.

5 Mr. Poucher, I guess who had some involvement  
6 in those discussions, indicated that, from our  
7 point of view, it was anticipated that those seven  
8 systems that were used for the secondary quality  
9 monitoring issues, those were identified by looking  
10 at the companies -- or at the systems, I'm sorry --  
11 that had the most complaints on secondary quality  
12 issues.

13 That was developed by Aqua Utility, with the  
14 idea that there would be an ongoing addressing of  
15 secondary quality issues, that it would not just  
16 stop, you know, once they've addressed those, you  
17 know, seven -- those seven most complained about  
18 systems from the last rate case. It was not  
19 anticipated that that would stop.

20 And to answer your question about why there's  
21 some disconnect, while the phase 2 monitoring was  
22 going on, we also had customer meetings happening  
23 in each one of the system areas, which was much  
24 wider than what was being monitored per se. And we  
25 provided in our areas or our response to quality of

1 service issues transcripts of those customer  
2 meetings. And what we were hearing was the same  
3 concerns, the same complaints from across the  
4 systems, not -- not just the systems that were able  
5 to come here today, and I appreciate those  
6 customers coming, but other customers who came to  
7 those six o'clock meetings in their area.

8 And the customer complaints that we are  
9 hearing today are similar across the system. Now,  
10 some have more concern with secondary quality  
11 issues, and I'll grant you that. But the billing  
12 issues, the customer service issues, those issues  
13 are systemic to the company across.

14 So you're having a disconnect, because we have  
15 a current rate case going on with current customer  
16 meetings happening at the same time you've got a  
17 very discrete phase 2 monitoring program going on  
18 at the same time. And we did our best in our  
19 response to try and marry the concerns of what was  
20 happening in the last rate case and bring it to  
21 date to what are the ongoing concerns.

22 And I think, from hearing from the customer  
23 group here today, and they represent a very active  
24 customer group, but they're not the only ones that  
25 are having those problems.

1           So I appreciate your letting me address that.

2           MR. MAY: Mr. Chairman, could I -- I'm sorry.

3           CHAIRMAN GRAHAM: It appears that Issue No. 1,  
4           there's going to be a lot of moving parts to it,  
5           and I got quite a few lights on. You guys can let  
6           me know. But if we can let staff go, the  
7           intervenors go, and then Aqua conclude, and then  
8           bring it back to the board and start asking  
9           questions. Will that work a little better?  
10          Because, I mean, we can be -- we can be asking  
11          questions on and off.

12          So if we let everybody over there go and then  
13          we can bring it back over here and we can go back  
14          and forth, everybody asking a different question,  
15          until we can start unpeeling enough of this onion  
16          that we can figure out the direction we're going to  
17          go on Issue No. 1.

18          Is that working for everybody? Or are there  
19          questions that are burning now that you have to ask  
20          before everybody finishes? That's an open  
21          question.

22          COMMISSIONER BRISÉ: Yeah. I guess I'm trying  
23          to figure out how do they know where to go unless  
24          we ask the questions.

25          CHAIRMAN GRAHAM: Well, I just want them to

1 talk about Issue No. 1, and they can talk from the  
2 40,000-foot level, and then we can start pulling  
3 levels of the onion back.

4 COMMISSIONER BRISÉ: Okay. I guess we'll give  
5 that a shot, I mean, from my perspective.

6 CHAIRMAN GRAHAM: Is that okay? Okay.  
7 Public Counsel.

8 MS. CHRISTENSEN: Well, hopefully I answered  
9 your question. But I think, bottom line with  
10 quality service issue, is, after hearing from the  
11 customers at customer meetings and hearing them  
12 today, looking at the correspondence out of the  
13 docket, which, I mean, has over a thousand  
14 documents in it, these people are not satisfied  
15 with their quality of service.

16 And it's, you know, it's not just Arredondo  
17 Farms and Lake Gibson and those, and they certainly  
18 have problems, but it's the people in Sunny Hills,  
19 New Port Richey, Gainesville, Palatka, Sebring, you  
20 know, the lake -- Lakeland, where a lot of these  
21 customers were at, Eustis, Green Acres, and  
22 Fort Myers.

23 I think -- I think the problem is is that you  
24 have a company that does not put customer service  
25 first. And until this issue gets addressed and

1       these people can get their problems timely  
2       resolved, I mean, they need to be able to get a  
3       customer service representative on the phone, have  
4       that person be responsive, helpful, considerate,  
5       and get their problems resolved in a timely manner  
6       and not four hours, four days, or, you know, 407  
7       days later, as we heard from one of the customers.

8               I think that having them come in and ask for a  
9       rate increase is kind of insulting to these  
10      customers. I mean, these people should be getting  
11      what they're paying for. And, you know, I'm not  
12      happy, you know, any happier than anybody else that  
13      we have to continue to find this company has  
14      marginal service. I wish they would get on the  
15      ball and give these people good quality of service.  
16      And I think that's what we are all trying to strive  
17      for. I think that's what we tried to do with the  
18      phase 2 monitoring program, but we're not there  
19      yet.

20             And, you know, our office is committed to  
21      working with the company to make sure that these  
22      customers get the service that they're paying for  
23      and that Aqua can be the company that they should  
24      be. Thank you.

25             CHAIRMAN GRAHAM: Arredondo.

1           MR. CURTIN: Thank you, Commissioners. I  
2 think my speech last time was long enough. The  
3 quality of service at Arredondo has only decreased.  
4 If you just remember the one customer that was  
5 here, perfect example, was there three years ago,  
6 before they had their first rate increase, service  
7 was good. After two rate increases, double the  
8 price, he comes back because Arredondo Farms is a  
9 great place to live and the service is down, the  
10 water quality is down, the price has skyrocketed.

11           That says it all, and that's the way it's  
12 continued, Your -- Commissioners. And only having  
13 a reduce in their rate of equity is going to get  
14 Aqua to really increase their service. Thank you.

15           CHAIRMAN GRAHAM: Mr. May?

16           MR. MAY: Thank you, Mr. Chairman,  
17 Commissioners.

18           I was part of the discussions and the  
19 negotiations with OPC and Commission staff. I was  
20 here when we went through the last rate case, and  
21 we heard the Commission. The Commission found the  
22 service at that time marginal, except for Chuluota,  
23 and they granted a rate increase for all of the  
24 systems except Chuluota.

25           But they instructed -- the message was very

1 clear, there was a concern about esthetic water  
2 quality and other issues with respect to billing  
3 and customer service, so there was established in  
4 that order a phase 1 quality of service monitoring.  
5 We went through that phase 1 quality of service  
6 monitoring, and it was structured in a way where  
7 there was a lot of he said, she said, a lot of  
8 anecdotal information where the utility says we're  
9 doing a good job, the customer said no, you're not.  
10 Let's try to get some empirical information and  
11 make a decision. So that was the fundamental basis  
12 of the quality of service monitoring phase 1.

13 At that point in time there was a -- there was  
14 allegations that the customer service  
15 representatives on the phone in the call centers  
16 were being rude to customers, and there was also a  
17 concern that the, quote, meters were not properly  
18 reading. So the Commission ordered the company to  
19 audiotape every conversation of its CSRs with its  
20 customers. We provided each one of those  
21 audiotapes, and your staff independently audited  
22 those audiotapes and came back with a  
23 recommendation last March that the customer service  
24 representatives were not being rude, they appeared  
25 to be doing their job. That was an empirical fact

1       that was derived from the quality of service  
2       monitoring.

3               No. 2, there was a concern that the meters  
4       were not properly registering and that the meter  
5       reads were not being properly translated in a bill.  
6       Therefore, the Commission ordered the utility to  
7       provide the staff with meter reading schedules.  
8       And what the staff did is they followed the utility  
9       around as they read the meters, they went right  
10      behind them, read the meters, and then compared the  
11      bills to the meters. And again, your staff, based  
12      upon that independent audit, determined that the  
13      meters were accurate and the billing was accurate.

14             AUDIENCE SPEAKER: I guess that's why they  
15      replaced my faucets, right?

16             MR. MAY: So that staff recommendation was  
17      brought back to the Commission last March. The  
18      Commission reviewed the status of the phase 1, they  
19      said -- you said -- we've looked at the information  
20      on the accuracy of the bills and the billing,  
21      there's no need to do that anymore. We're  
22      confident. They also said, there's no need to  
23      question the demeanor or the performance of the  
24      call service representatives, there's no need to  
25      produce the audiotapes. And the Commission also

1 found Aqua has made, quote, substantial improvement  
2 in its quality of service.

3 So we started with marginal back in 2009. In  
4 March of 2010, the Commission looks at -- at half  
5 time, and says, well, looks like you've made  
6 substantial improvement, but there's a couple of  
7 other issues we'd like you to follow up on. One,  
8 we'd like to continue to monitor your environmental  
9 compliance. Two, we don't want to incur -- cause  
10 you to incur additional cost, but, you know, how  
11 are you governing yourselves to improve quality of  
12 service? How are you governing yourselves to  
13 improve your billing practices and ensure bills are  
14 accurate and properly formatted and issued on time?

15 And, just to make it clear, the Commission,  
16 unlike in the telecommunications industry, the  
17 Commission has never adopted performance metrics  
18 for quality of service for water and wastewater  
19 utilities. My client has proactively established  
20 its own internal aggressive goals, and we have  
21 provided that to the staff and to the OPC.

22 Mr. Poucher looked at them and he said, those  
23 internal metrics would be fine. He said, that  
24 would give us a cost-effective way for us to kind  
25 of keep our finger on the pulse and to make sure

1       you're trying your best to improve your quality of  
2       service.

3               I guess no good deed goes unpunished. We  
4       provided those reports. They're internal metrics,  
5       they're aggressive goals. We met virtually all of  
6       those goals. There's a couple of them we didn't  
7       meet, but it was very, very slightly that we didn't  
8       meet those goals. But it's, you know, there were  
9       stretch goals. And to say that the company is not  
10      trying to address customer satisfaction I think  
11      ignores this long history that I just went over.

12             Staff and -- you know, I've had my  
13      disagreements with staff, but staff's got it right  
14      this time. Staff's recommendation is extensive,  
15      it's thorough, it's objective, and it's  
16      independent. Ms. Christensen has got her point of  
17      view, I've got my point of view. Independent staff  
18      has reviewed the facts and found that the quality  
19      of service is satisfactory. And I respectfully  
20      submit that staff has got it right. And again, we  
21      support staff on Issue No. 1.

22             CHAIRMAN GRAHAM: Thank you, sir.

23             Commissioner Brisé, did you get the answer to  
24      your first question? If not, continue.

25             COMMISSIONER BRISÉ: Thank you, Mr. Chairman.

1 I think I got the baseline for where the  
2 conversation began.

3 And -- and I guess you all can nod and let me  
4 know if -- if I'm sort of where we -- where I think  
5 you all started at.

6 At the end of the last time that you all --  
7 the company was before the Commission, there was an  
8 issue obviously of quality of service. Then the  
9 company sort of, as was expressed, laid out some  
10 metrics, as was described by Mr. May, for some  
11 things that needed to be looked at. OPC,  
12 quote-unquote, signed off on what those parameters  
13 were. Staff signed off on what those parameters  
14 were. And I suppose the company began to work on  
15 those.

16 So if we -- what I wanted to know is was there  
17 an actual agreement as to what those parameters  
18 were, so that everyone is speaking off or working  
19 off the same parameters. But what I'm hearing from  
20 OPC is that there was never necessarily one set of  
21 parameters that looked at a set of systems that  
22 were going to be looked at. And that's where I'm a  
23 little bit unclear. So if maybe OPC can clarify  
24 that for me, then that will give me a little bit  
25 more understanding as to the parameters.

1           And then you can answer this question as you  
2           answer that question. Was there any improvement  
3           from what was seen initially, based upon the agreed  
4           upon parameters, if there are agreed upon metrics  
5           or parameters, however you want to define that.

6           MS. CHRISTENSEN: My understanding, and having  
7           come into the second rate case, is that there  
8           were -- for the phase 2, there were parameters that  
9           were set out that were accepted by the Commission  
10          and put forth in an order. So that I guess answers  
11          that first question.

12          And -- and to be fair, on some of the metrics  
13          they did show improvement. On some they did not.  
14          Our summary or our review of the phase 2 monitoring  
15          report, as separate from our commenting on the  
16          quality of service for the current rate case,  
17          showed that there were some improvements in some of  
18          the areas. But there were also, as Mr. May  
19          acknowledges, some shortfalls on the parameters  
20          that the company adopted for itself, and those are  
21          the things that we brought forth to your attention.  
22          We didn't set those internal standards, the company  
23          did. So we were just holding them to the standards  
24          that they decided they were going to hold  
25          themselves accountable to.

1           My comment regarding the quality of the  
2           customer representatives, there was obviously a  
3           break between the May 2010, when that was  
4           discontinued, and what we were starting to hear  
5           again at the customer meetings. And there may have  
6           been some overlap from prior customer service  
7           complaints, relating back to the last rate case.  
8           But, to be fair to the customers, those complaints  
9           continued -- we continued to start hearing those  
10          again in the customer meetings.

11          So you are getting some overlap of  
12          information, and I think that may be what's  
13          creating some of the disconnect. So while some of  
14          the discrete factors, there have been some  
15          improvements in there, when you're looking at them  
16          in isolation, I think what we also tried to address  
17          was the overall quality of service issues that we  
18          were still hearing in the customer meetings in the  
19          current rate case.

20          So I hope that answers your question, and I  
21          didn't want to misrepresent that certain things  
22          hadn't improved on some of the criteria. There  
23          certainly was some improvement, but I think it's a  
24          question of whether or not there's an overall.

25               CHAIRMAN GRAHAM: Commissioner Balbis,

1 followed by Commissioner Brown.

2 COMMISSIONER BALBIS: Thank you, Commissioner.  
3 I just have a couple of comments, and I'm glad for  
4 staff's introduction on the three criteria that we  
5 used to evaluate quality of service.

6 And starting with the first one, as far as  
7 quality of product, let me start with, although  
8 unfortunately or maybe fortunately I wasn't on the  
9 Commission for the previous customer hearings, I  
10 did listen to all the audiotapes, and I do agree  
11 with OPC that, although there's maybe a smaller  
12 representation here, I did hear the same comments  
13 from all the other customer hearings. So I think  
14 that maybe the same comments are obviously  
15 throughout Aqua's customers.

16 But, as far as the quality of the product, I'm  
17 looking into detail on each treatment plant and the  
18 type of water they're treating, and most of those  
19 lack water quality treatment. It's mostly  
20 chlorination, sequestration, and then pump  
21 delivering to the customers. So I was surprised  
22 that there's complaints about hardness, surprised  
23 about hydrogen sulfide and taste and odor issues.  
24 And, you know, I'm happy to see that Aqua is coming  
25 up with options, at least with Arredondo, on

1 different ways to treat it, dealing with the  
2 customers, and the secondary water quality task  
3 force I think is starting to address that.

4 So, although I agree there are probably  
5 esthetic issues that are serious, it doesn't  
6 surprise me with the type of water and how they're  
7 treating it.

8 My -- I'm more concerned with the customer  
9 service complaints that are -- that have been  
10 identified, and even in the phase 2 monitoring  
11 report. I think the data shows that maybe Aqua has  
12 stopped the increase in complaints and kind of, you  
13 know, stopped the downward trend, which shows, you  
14 know, an attempt to increase customer service. I  
15 think the problem is that, you know, the half time,  
16 if you will, was so recent that it's almost -- we  
17 don't have enough time to implement all these  
18 improvements, you know, because unfortunately they  
19 filed another rate case, so, you know, they're kind  
20 of taking a snapshot before all of their efforts  
21 maybe come to fruition.

22 So I still think they're taking the right  
23 steps. However, I don't see a marked improvement  
24 in customer service, which I think is more  
25 concerning than the water quality issues of the

1 three things we need to look at.

2 As far as the treatment systems and quality of  
3 the lines distribution system, reviewing the DEP  
4 records, which are more concerned with that, I  
5 didn't see anything that really jumped out. But,  
6 you know, I assume that the technical capabilities  
7 of Aqua, they can handle those along with the  
8 regulatory authority.

9 But, again, I'm concerned with the customer  
10 service issues. I think they have a plan in place,  
11 I think they have methods in place, but I don't see  
12 the results yet, and maybe because it's too soon  
13 since they implemented it.

14 And then just an unrelated -- well, it's a  
15 related question, but, you know, a question for  
16 Aqua. There's a discussion on the policy for how  
17 you deal with customer leaks, and it states in the  
18 recommendation that Aqua reviews the customers'  
19 documentation and grants bill adjustments on a  
20 case-by-case basis, and this is a discussion I had  
21 with staff.

22 Other utilities have gone through the exercise  
23 to determine, okay, if there is a customer leak and  
24 there's a short-term delivery of water to that  
25 customer, that the utility has gone through the

1 exercise of determining what those short-term costs  
2 are, stripping out, you know, the operation and  
3 maintenance issues and more just the people, the  
4 power of the chemicals, and having at least a  
5 policy that's based on cost so that it's fair to  
6 both the customers and the utility on that. Is  
7 that something that the utility has looked at, or  
8 is it just case-by-case, or how does that work?

9 MR. MAY: Commissioner Balbis, I'm going to  
10 defer to Mr. Rendell on that. The company does  
11 have a policy on leak adjustments, if that's what  
12 you're driving at.

13 COMMISSIONER BALBIS: Yes.

14 MR. RENDELL: Yes, Commissioner, we responded  
15 to staff data request that I believe was No. 11 on  
16 our leak adjustment policy. Although it's not  
17 required by Commission rule, we do have a leak  
18 adjustment policy in place, where if a customer  
19 calls up to CSR and indicates they had a leak on  
20 their property, either service line or within their  
21 house, they're given an opportunity to supply the  
22 documentation where the leak is repaired. We will  
23 take that documentation, we will compare the  
24 highest month to the average three months, and  
25 we'll give a credit of 50 percent between the

1 highest month and the average. So we do apply a  
2 credit to the customer's bill for leak adjustment.

3 COMMISSIONER BALBIS: Okay. Thank you. And I  
4 know I've had this discussion with staff. It might  
5 be something as a Commission we look at, either the  
6 rulemaking process or developing a policy that --  
7 and I'm not sure if the 50 percent is based on any  
8 data or is just arbitrary, but at least so that we  
9 have some uniform adjustment, because I know it is  
10 a problem. It's a problem with municipal utilities  
11 as well as investor-owned utilities, but maybe it's  
12 another discussion further on.

13 And I just make this suggestion to Aqua. If  
14 you do go through that exercise to determine the  
15 50 percent, great. If not, that's something you  
16 may look at.

17 MR. RENDELL: We have actually looked at other  
18 cities within the state of Florida, we've read  
19 their policy, and it does mirror that, and we'll be  
20 more than happy to share that with the staff, of  
21 this is also how other municipalities and counties  
22 do leak adjustments.

23 COMMISSIONER BALBIS: Okay. That's all the  
24 questions I have.

25 CHAIRMAN GRAHAM: Thank you.

1 Commissioner Brown?

2 COMMISSIONER BROWN: Thank you, Mr. Chairman.

3 A couple of follow-up questions about some of  
4 the customer testimony. We talked about the boil  
5 water notices. Has the utility developed a  
6 procedure and has it been following procedure with  
7 regard to that?

8 MR. MAY: Yes, Commissioner Brown. The  
9 utility has a definitive boil notice procedure that  
10 is uniformly followed, and I guess I can let  
11 Mr. Rendell describe it in a little more detail,  
12 but we do have a procedure and a process in place  
13 that we follow.

14 MR. RENDELL: Yes, Commissioner, we do follow  
15 the policy that's established by DOH, Department of  
16 Health, Department of Environmental Protection.  
17 Once a leak is determined or -- or discovered, and  
18 if we can isolate that leak through using valves to  
19 a specific area, we will deliver boil water notices  
20 based via a door hanger on the individual homes for  
21 the affected area. In other words, if we could  
22 shut down the system to a home or like a street  
23 where it affects maybe ten homes, we'll deliver it  
24 to ten homes.

25 In the case of the Palm Terrace last week, we

1 delivered 1200 door hanger tags, and we also  
2 notified Department of -- DEP, and we also notify  
3 the Public Service Commission each time an outage  
4 affects more than 10 percent of the customer base,  
5 which is required by rule. So we do notify the  
6 PSC, we notify the customers.

7 We did have a couple of instances where we're  
8 using the swift reach outreach, where we're doing  
9 this telephonic notification. We are refining it.  
10 We're attempting to gather data from the customers  
11 on accurate telephone numbers so that we can make  
12 sure that that's implemented as most efficiently as  
13 possible.

14 COMMISSIONER BROWN: Okay. Thank you.

15 AUDIENCE SPEAKER: Commissioner, I'd like to  
16 show you, this is -- what is --

17 CHAIRMAN GRAHAM: Officer, can you remove that  
18 man, please?

19 AUDIENCE SPEAKER: I just want to -- this is  
20 the boil water notice.

21 CHAIRMAN GRAHAM: Sir, we've already listened  
22 to the public comments and that part is done.

23 COMMISSIONER BROWN: Mr. Chairman, if I may.  
24 Thank you.

25 Obviously there is a disconnect with some of

1 the customers and what the policy that the company  
2 is saying that they're abiding by. And I  
3 understand that there has been a lot of scrutiny on  
4 the quality of service and what the company is  
5 doing. But I think it is an essential aspect. You  
6 can hear the customers. They want that attention.  
7 So there may be -- if the utility company would be  
8 interested in implementing and focusing on  
9 addressing those concerns with regard to those boil  
10 water, because obviously those concerns are not  
11 being addressed uniformly across to the ratepayers.

12 I do have a few just other questions that came  
13 up from the customers, if I may.

14 CHAIRMAN GRAHAM: Sure.

15 COMMISSIONER BROWN: First, how many systems  
16 have two bills?

17 MR. MAY: There is just one system with two  
18 bills, and it's -- I think you're referring to the  
19 Fairways system.

20 COMMISSIONER BROWN: The newly acquired.

21 MR. MAY: It's where there's an irrigation  
22 bill, and then there's the potable water bill, so  
23 there's two bills the company is looking at. It's  
24 the only system -- and Aqua owns and operates 120  
25 different systems in the state, 87 of which are

1 subject to your jurisdiction. This is the only  
2 system where this anomaly occurs, so the company is  
3 focusing on trying to find a way to have a single  
4 bill, to provide a little more -- be more customer  
5 friendly in that respect.

6 COMMISSIONER BROWN: And just a few additional  
7 questions. What is the company's policy for  
8 turning water back on after it has been turned off?  
9 A customer testified that her water was not turned  
10 back on for a period of 48 hours, I believe. What  
11 is the utility company's policy on addressing  
12 those? Obviously it's a -- water is an essential.

13 MR. MAY: Absolutely. Let me get a consultant  
14 and we'll have...

15 MR. RENDELL: I believe the policy is, once  
16 the situation has been rectified, if they've paid  
17 their outstanding water bill and paid the  
18 connection charges, the water is turned back on as  
19 soon as possible. I can get further clarification  
20 if there's a time period, but it's as soon as  
21 possible, you know, that we can get a service order  
22 generated and get a utility tech out there to turn  
23 the water back on.

24 COMMISSIONER BROWN: If I may. Obviously, 48  
25 hours is completely unacceptable, and I think that

1       it may be universally held among the Commissioners  
2       that that's something that the utility company  
3       really needs to address as a priority, at no  
4       expense to the ratepayer.

5             A couple other questions regarding the  
6       monitoring plan. This is for the utility company  
7       and OPC. As we discussed as part of the secondary  
8       water -- I apologize. And, yes, as part of the  
9       secondary water quality task force, there is -- the  
10      seven meetings occurred. When the company and OPC  
11      met with customers throughout the various meetings  
12      where the capital improvements were discussed,  
13      particularly the secondary water quality projects,  
14      did either OPC or the utility company discuss those  
15      costs associated with those projects and whether  
16      those costs would be passed on to the ratepayers  
17      through pro forma improvements?

18            MR. MAY: Let me -- let me, if I might, with  
19      Mr. Rendell's assistance answer that question. And  
20      I think representative -- excuse me --  
21      Commissioner Brisé had a question earlier, similar,  
22      and I'm not sure it ever got answered. How did the  
23      seven systems -- how were the seven systems  
24      selected, and I think Ms. Christensen was correct.  
25      Partially I think the company and OPC looked at the

1 systems that were getting the most esthetic  
2 concerns or questions. But also it was the  
3 systems that were actually exceeding the secondary  
4 water quality standards established by EPA and DEP.  
5 It was those seven systems that were -- where there  
6 was a more acute esthetic issue. That was the  
7 first seven systems.

8 So once those seven systems were identified --  
9 there's seven systems plus Chuluota. Chuluota was  
10 part of that. Once those seven systems were  
11 identified, there were two meetings. The initial  
12 meeting was with customer representatives, OPC, and  
13 the utility. And that was a brainstorming session,  
14 if you will, where we're going to talk in  
15 generalities about the issue, the concerns, and  
16 general possible solutions.

17 Then there was a second meeting where the  
18 company went back and refined the list or the  
19 designated possible solutions and put price tags on  
20 those solutions and then came back to the customers  
21 and discussed with the customers not only the  
22 solution but also the cost.

23 It was a process that we thought was helpful,  
24 it was a collaborative process where the company  
25 was actually interfacing with the customers in

1       trying to come up with a collaborative solution  
2       that would address their esthetic concerns and be  
3       cost-effective.

4               So that was kind of the -- that was the plan.

5               COMMISSIONER BROWN: My true question is, did  
6       the utility company or OPC address the cost  
7       associated with these projects --

8               MR. MAY: I'll turn it over to --

9               MR. RENDELL: The short answer is yes, we did.  
10      That was required pursuant to the Commission rule.  
11      We had to go in. The first meeting was to identify  
12      what the problem was and what the potential  
13      solutions were. And then we go back and identify  
14      what the potential cost was.

15              Also during these meetings the staff -- the  
16      customers -- the customers gave ideas to Aqua to  
17      look at other possible -- like, for instance, in  
18      one of the systems, Highlands, we are moving  
19      forward the adage systems, which the customers  
20      fully support. They wanted just to look at maybe  
21      looping the lines or doing something else.

22              We went back and did a cost analysis and went  
23      back to the customer, this is what the cost would  
24      be for that, plus it would not satisfy the quality  
25      of service because the hydrogen sulfides would

1 still be in the water. And all of the costs were  
2 fully explained to the customers, as well as what  
3 the potential impact in the rate case based on the  
4 proposal.

5 I do want to add real quickly on your previous  
6 question on the customer getting the service turned  
7 back on. One point was I believe Commissioner  
8 Edgar asked about noticing. Aqua does send out a  
9 ten-day notice before disconnect. What's required  
10 by the PSC rules is actually five day. This  
11 customer did receive a notice. We also called the  
12 customer prior to disconnection. This customer did  
13 receive a phone call. Once it was turned off, the  
14 payment was made on November 4th, the service was  
15 turned on the very next business day, on  
16 November 5th, so it was within 24 hours.

17 COMMISSIONER BROWN: Thank you for the  
18 clarification. Twenty-four hours is still a pretty  
19 long time to get your water turned back on, but --  
20 and it sounded like she was making every effort to  
21 get that turned back on and pay the expensive bill.

22 I have just a few more questions.

23 CHAIRMAN GRAHAM: Sure.

24 COMMISSIONER BROWN: This is a question more  
25 for staff. And during our briefings we talked a

1 little bit about this, so just to refresh your  
2 memory. While the last rate case appeared to have  
3 nine enforcement issues, the instant case has five,  
4 with three outstanding consent orders, and we all  
5 know what a consent order is here, so it's not at  
6 issue here. And two outstanding warning letters.

7 And I recognize that some improvements  
8 certainly have been made, and I'm sure the  
9 customers are very appreciative of that. However,  
10 I'm just trying to get my arms around why staff  
11 recommended satisfactory in this particular case  
12 when there are still -- we have five enforcement  
13 actions, three consent orders. One of the warning  
14 letters is going to turn into another consent  
15 order. And I'm trying to -- I'm grappling with why  
16 staff's recommendation on the satisfactory nature.

17 MR. REIGER: Well, of course we also spoke  
18 about what the condition was in the last rate case,  
19 and that we noted that there was improvement in the  
20 numbers of enforcement actions going on, like it  
21 was nine cases in the last case and now it's five.

22 Primarily we're seeing improvements. And we  
23 also discussed when we had our briefing about the  
24 possibility about the number of systems that the  
25 utility is responsible for to make the clients

1 with, the age of the systems dealing with and  
2 various different reasons of problems that may  
3 occur that were not planned for and the utility  
4 initially finds themselves out of compliance.

5 As long as we see that the utility is trying  
6 to achieve compliance and improving on the numbers  
7 between what we saw in the last rate case, that  
8 primarily is in response as far as what we believe  
9 is an improvement, the utility attempting to  
10 improve the service and to meet better compliance.

11 COMMISSIONER BROWN: Can I follow up?

12 CHAIRMAN GRAHAM: That's it?

13 COMMISSIONER BROWN: Can I follow up?

14 CHAIRMAN GRAHAM: Yeah, please.

15 COMMISSIONER BROWN: In the same vein as the  
16 compliance issues regarding the Peace River system,  
17 while the company is participating in the pilot  
18 project, those costs are going to be passed along  
19 under the pro forma on Issue 3. Is this the most  
20 cost-effective remedy for complying with the  
21 outstanding enforcement issue?

22 MR. REIGER: Well, perhaps we can get the  
23 utility to talk a little bit about what's going on  
24 with Peace River. It appears to be that they had  
25 this monitoring pilot program going on, and I

1 believe they decided to, as far as the form of  
2 treatment, that they're proceeding on with trying  
3 to develop the planning towards getting permitting  
4 to accomplish that goal. To get updated, I believe  
5 I would refer to the utility and see what's the  
6 latest going on with that.

7 COMMISSIONER BROWN: Okay.

8 MR. MAY: Commissioner Brown, can I have  
9 Mr. Lucweiller explain the gross alpha particle  
10 pilot program at Peace River?

11 COMMISSIONER BROWN: Certainly.

12 MR. LUCWEILLER: The consent order for Peace  
13 River Heights arose from an exceedance of the MCL,  
14 maximum contaminant level, for gross alpha. We  
15 looked at the data at that time, and the data was  
16 inconsistent. The gross alpha number was over the  
17 MCL, but the components of gross alpha, there's two  
18 natural radionuclides that can contribute to gross  
19 alpha: Uranium and radium 226.

20 You add those together and they were much  
21 lower than the gross alpha number. They're done by  
22 different tests. There was a recent report done by  
23 the AWWA research foundation or the water research  
24 foundation by the Wisconsin State Laboratory of  
25 Hygiene that studied this in-depth, an entire

1 one-inch-thick document that explained the  
2 phenomenon that this is an artifact of the  
3 analytical method that has been used and selected  
4 by EPA for years.

5 We did testing with other methods, we sent  
6 samples to the Wisconsin state health labs, we  
7 convinced ourselves and most -- and most reviewers  
8 of the data that the gross alpha was an artifact of  
9 the analysis. However, in the process of doing  
10 that, we found that the radium 226 levels were  
11 close to the MCL, below but close. As a result, we  
12 negotiated with Florida DEP that they would have us  
13 test every two months for two years and if four --  
14 if two samples exceeded the MCL -- that's not the  
15 way the federal rule is written for compliance --  
16 we would begin implementation or design of  
17 treatment.

18 In May or March of this year, the second  
19 sample exceeded the MCL. However, the system has  
20 been for all that time in compliance with the MCLs  
21 for radium and for uranium and for gross alpha. So  
22 the system has been in compliance, but we've  
23 triggered a marker that DEP put down, and we have  
24 gone ahead and proceeded with the design for that  
25 treatment.

1           The particular treatment that we're proposing  
2           does not generate a waste stream. We talked to DEP  
3           and to a lot of other folks about systems that were  
4           in place in Florida, and there are basically four  
5           different kinds of treatment for radium: Ion  
6           exchange; HMO, hydrous manganese oxide  
7           co-precipitation; reverse osmosis; and this WRT  
8           absorptive media, disposable media solution.

9           The first three all generate some kind of  
10          radiological waste stream that Florida DEP and the  
11          state -- and the county health departments have not  
12          completely addressed. And many states are just  
13          beginning to address that now. The WRT process  
14          does not have that issue.

15          We have dealt with radiological issues in four  
16          other states, particularly in New Jersey where this  
17          was a big issue of what do you do with the  
18          radiological material that you've removed, and  
19          chose the WRT treatment system there, and are very  
20          glad that we did because of that issue.

21          We do have -- we've had experience with all of  
22          the other treatment systems except RO. We've done  
23          ion exchange and we've done HMO and, because of the  
24          waste stream issues involved, WRT is the best  
25          solution.

1 COMMISSIONER BROWN: And most cost-effective?

2 MR. LUCWEILLER: And most cost-effective.

3 COMMISSIONER BROWN: Thank you.

4 With regard to -- if I may?

5 CHAIRMAN GRAHAM: Sure.

6 COMMISSIONER BROWN: Sorry. If any other  
7 Commissioners have questions on point here, please  
8 feel free to jump in.

9 CHAIRMAN GRAHAM: Nobody else has got their  
10 light on.

11 COMMISSIONER BROWN: Thank you.

12 With regard to Jasmine Lakes and Palm Terrace,  
13 the warning letters that were associated with those  
14 service areas, DEP found there was no rule  
15 violation but ordered the utility to pay 23,000 in  
16 penalties relating to the percolation pond and the  
17 groundwater rule violations for Jasmine Lakes.  
18 What was the reason?

19 MR. LUCWEILLER: Exceedance in the ground  
20 water on a couple of occasions of the sodium level.

21 COMMISSIONER BROWN: But they didn't find that  
22 the utility violated a rule per se? They still  
23 ordered penalties be assessed?

24 MR. LUCWEILLER: That's correct.

25 COMMISSIONER BROWN: Dose OPC have any

1 background or knowledge about this, the reason?

2 MS. CHRISTENSEN: No. But I do have an  
3 unrelated issue relative to customers who are here,  
4 so when it's convenient I'd like to address that to  
5 the Chair.

6 CHAIRMAN GRAHAM: Sure.

7 MS. CHRISTENSEN: At this point they're ready  
8 to depart but they don't want to interrupt the  
9 proceedings. So at the Chair's convenience, if we  
10 could take a ten-minute break to allow them to  
11 filter out and then -- and get loaded on the buses  
12 and resume, it might help ease any disruption in  
13 the proceedings. But I don't want to -- I just  
14 want to bring that to your attention, and they're  
15 of course willing to do that whenever it's  
16 convenient for the Chair.

17 CHAIRMAN GRAHAM: I think we're close enough  
18 to when we were talking about having a dinner  
19 break, so I think this may be an opportune time, if  
20 the buses are going to leave.

21 Once again, I do want to thank you all for  
22 coming out here. I know this was not an easy thing  
23 to do and I know it's costly for you guys to rent  
24 buses and to come out here. So I do appreciate  
25 your involvement, and I'm sure you guys are

1       probably home before we're done here. So travel  
2       safe home, and we'll continue on from there.

3               We'll take a -- we'll take an hour break for  
4       dinner. We'll take an hour dinner break.

5               If I can just -- just get your attention.  
6       I've been overruled, and we're only going to break  
7       for dinner until 7:00. So find a vending machine  
8       somewhere.

9               (Break taken.)

10              MS. CHRISTENSEN: Mr. Mariano would like to  
11       just briefly address the Commission when you  
12       reconvene about the situation with the buses, and  
13       then he has to leave to get on the buses. He just  
14       wanted to make a brief comment, and I just wanted  
15       to bring that to your attention.

16              CHAIRMAN GRAHAM: We were -- I guess we're  
17       back in order now.

18              Commissioner, please.

19              MR. MARIANO: I just wanted to say we had a  
20       little mixup with the bus contract, you might say,  
21       the legal requirements. That bus driver needs to  
22       be back in a short period of time. They didn't  
23       allow for another bus driver, so both buses had to  
24       leave. At least one of the buses would have  
25       stayed.

1           And I just want to relate to you, I think you  
2 saw the passion of the people. It's not real easy  
3 to get people up here like this. We had community  
4 support to bring those people here.

5           So, please, even though they're not here right  
6 now, just remember what they've said comes from the  
7 heart, and please take that into consideration. I  
8 thank you very much. Again, it's been very helpful  
9 for the people to get to voice their concerns and  
10 the way you've conducted the matter as we go.  
11 Thank you all.

12           CHAIRMAN GRAHAM: Thank you for coming.

13           Okay. We are back to I believe  
14 Commissioner Brown had the floor.

15           COMMISSIONER BROWN: Thank you, Mr. Chairman.  
16 And in the interest of time, I've shortened my list  
17 of questions to -- and eliminated most of them  
18 except for just two left.

19           And this is a question for staff. While I  
20 understand staff has monitored and considered the  
21 complaints that were filed with the Commission as  
22 part of its monitoring plan, we saw in the  
23 presentation, and in Attachment 2 on page 165 of  
24 staff's rec, that there about 5400 calls from May  
25 10th to December 10th that the utility received,

1       although I do believe only 792 of them are actually  
2       classified as complaints. Do you think that this  
3       is a disproportionately significant number in terms  
4       of quality of service?

5               MS. GOLDEN: For considering the percentages  
6       that we looked at, of the -- those calls where they  
7       actually do talk to a customer service  
8       representative, it was an average of 792 per month,  
9       that that accounts for around 12 to 15 percent of  
10      the calls that they get every month are calls that  
11      a customer actually does need to talk to a customer  
12      service representative.

13             It is a high number, but looking at it in  
14      terms of percentages, it's about 2.4 percent of  
15      Aqua's customer base. So it's our opinion that,  
16      looking at the entire company, that that is not  
17      excessive, although we would certainly like to see  
18      better numbers than that.

19             COMMISSIONER BROWN: One of -- one of the  
20      customers testified and provided a handout with  
21      numbers reflecting other large water utility  
22      companies that we regulate. Would you agree with  
23      those numbers and -- and that the -- Aqua is the  
24      most significantly high recipient of customer calls  
25      and complaints?

1 MS. GOLDEN: Yes, Commissioner. And what we  
2 did, we took his analysis just a little bit  
3 further. He looked at the largest seven companies.  
4 We compared it to the complaints we get from all of  
5 the water and wastewater companies. And for 2010,  
6 Aqua's complaints accounted for 41 percent of all  
7 the water and wastewater complaints that the  
8 Commission received. So his number was higher  
9 because he focused just on those seven. We looked  
10 at the total base, but it does account for a large  
11 percentage.

12 And if you want the exact number, the  
13 Commission received 350 complaints from customers  
14 of water and wastewater companies in 2010. 144 of  
15 those were from Aqua customers.

16 COMMISSIONER BROWN: Thank you. I had a --  
17 last question. I have a question for the utility  
18 company regarding the phase 2 monitoring plan, and  
19 I know that the utility company also has a future  
20 phase 3 monitoring plan. I read it somewhere in  
21 the recommendation. Is that -- is that right?

22 MR. MAY: Yeah. It's the secondary water  
23 quality. There's a second phase of the secondary  
24 water quality, so there is another group of  
25 companies that did not have the same esthetic

1 issues that the first seven did. But, for  
2 instance, Arredondo Farms, and as Mr. Lucweiller  
3 said, we are, you know, prepared to include Jasmine  
4 Lakes in light of the concerns we heard today in  
5 that.

6 COMMISSIONER BROWN: That's excellent. Do  
7 you -- does the company intend to recover its costs  
8 associated with the monitoring plans through --  
9 through its rates?

10 MR. MAY: Well, I think that's a great  
11 question and I think it highlights really why we're  
12 here. If I could get staff to distribute, it's an  
13 order, it's a 2007 order that involved an electric  
14 utility. And the reason I wanted to bring it to  
15 your attention is that it's -- I'll let you have  
16 the order first.

17 But I've highlighted -- on page 7 I've  
18 highlighted the relevant portion of the order. And  
19 again, I think it underscores two points that I'd  
20 like to make. One is how costs are recovered in  
21 the water utility industry. And two, why we're  
22 here so soon. I mean, I can -- I can appreciate  
23 the questions. I can kind of feel that, you know,  
24 why are you back so soon, and I just wanted to  
25 explain, and it's a -- I'm not saying it's an

1       arcane distinction of the law, but it's a very  
2       meaningful distinction in the law of Florida that a  
3       lot of people miss with respect to utility  
4       regulation.

5               The order you've got before you involved water  
6       contamination, trihalomethanes and haloacetic  
7       acids, which is normally issues with respect to  
8       water utilities. It's -- it's an MCL under the  
9       Safe Drinking Water Act. In this case, FPL, which  
10      as you know is in the business of providing not  
11      water but electricity, there was a groundwater  
12      contamination at its Martin power plant. And  
13      trihalomethanes and haloacetic acid was identified  
14      as contaminating the ground water.

15             The issue was brought to DEP's attention. DEP  
16      and FPL entered into a consent order, which I think  
17      we all understand is not a scarlet letter or a  
18      death sentence. It's actually applauded by the  
19      environmental regulators. They like utilities in  
20      the regulated community to get together. And so  
21      FPL and DEP agreed upon a corrective action plan  
22      which involved a fairly significant cost of a pilot  
23      project to clean up the water contamination.

24             Now, under Florida law, as the order before  
25      you shows, FPL was given assurances by the

1 Commission that it could recover the cost of the  
2 project even before it started to incur the cost.

3 We don't have that luxury in the water utility  
4 industry. Florida law requires us to implement the  
5 consent order, expend the capital, hire the  
6 consultants, incur the costs, hire the lawyer, hire  
7 the consultants, hire the engineers and the  
8 accountants, come before you in a rate case. We  
9 don't like being here. We really don't like being  
10 here. And if we had our druthers, we wouldn't be  
11 here.

12 But as I said in my opening, we've made  
13 investments to improve the capital infrastructure  
14 of this system. And we're entitled under the law  
15 to a fair return on those investments. And again,  
16 I don't want to belabor the point, but I think it's  
17 an important point to understand as to why we're  
18 here so soon, because I can detect that. I see it,  
19 you know, why are you back? Well, that's the  
20 reason. Again, it's not by choice. We've made  
21 investments, we've made capital improvements. Not  
22 one of the systems that Commissioner Edgar listed  
23 as potentially carved out, not one of those systems  
24 fall outside of the Safe Drinking Water Act  
25 standards. Not one of them.

1           And you say there's three open consent orders.  
2           Actually this morning the Jungle Den consent order  
3           was closed. I would challenge anyone in this room  
4           to show me a utility with 87 systems without a  
5           consent order open.

6           And I would again respectfully submit that  
7           quality of service and customer service is a number  
8           one priority for this company. And it's been a  
9           number one priority since they've come to Florida,  
10          and that priority has even become stronger over the  
11          last couple of years.

12          COMMISSIONER BROWN: - If I may. And thank you  
13          very much for your -- I guess the answer would be  
14          yes, and I understand -- and I appreciate the order  
15          and I'm aware of the law. And the question is, if  
16          this Commission is on the path of finding marginal  
17          service, then if we required additional monitoring,  
18          those costs would be passed on to the ratepayers or  
19          requested by the utility company to be passed on to  
20          the ratepayers, and it's just something that I  
21          think we all need to consider when -- when --  
22          broadening the scope and when making our motion, or  
23          when addressing Issue 1 on this.

24          I'm done with my questions.

25          CHAIRMAN GRAHAM: Commissioner Balbis.

1           COMMISSIONER BALBIS: Thank you, Mr. Chair.

2           And I agree with Commissioner Brown, and I think  
3           the way the staff framed Issue 1 was, you know, is  
4           the quality of service provided by the utility  
5           satisfactory, and the next step is, what action  
6           should be taken. And I think when we determine the  
7           action that should be taken in Issue 1, if we do  
8           disagree with staff, we can look into those  
9           considerations.

10           And I guess, you know, not to be repetitive,  
11           but maybe I can just say it a little differently.  
12           And I appreciate the representative from Aqua's  
13           description of, you know, for example, the boil  
14           water notices. And I -- you know, I believe the  
15           fact that there are policies and procedures in  
16           place that are correct, that are appropriate, and  
17           one thing that I -- that I do know from personal  
18           experience is you have the policies and procedures  
19           in place, and then whether or not people follow  
20           those.

21           And our staff does not have the resources to  
22           monitor whether or not policies and procedures in  
23           place, and I think what they do rely on is our  
24           customer complaints as an indication as to whether  
25           or not policies and procedures are effective or

1 being implemented correctly. And I think that's  
2 what we face here are, you know, a large amount of  
3 customer complaints, both that, you know, attended  
4 and spoke here and also throughout the service --  
5 the customer hearings throughout the service area.

6 And I think that -- I think, given additional  
7 time, the programs in place to address customer  
8 service will work. I hope they do. Again, I just  
9 don't see that those improvements have been made at  
10 this point to indicate that customer service is  
11 being addressed adequately.

12 That's all the comments I have.

13 MR. CURTIN: Commissioner Graham, if I could  
14 respond briefly to the leak issue before the dinner  
15 break or the snack break, I just want to respond  
16 quickly in 60 seconds or so.

17 Yes, if you read Aqua's answers to  
18 interrogatories from OPC, they do have a leak  
19 policy. They actually specifically said they have  
20 no proactive leak policy. It's a reactive leak  
21 policy, similar to their billing issues. They had  
22 issues and procedures on billing errors but nothing  
23 proactive.

24 Arredondo Farms and YES Communities has  
25 specifically requested on numerous times, give us

1 your ten top billers, water users, because they  
2 most likely have leaks and we will try to fix their  
3 leaks. They refused that. We've asked them,  
4 please tell us who is not on wastewater, who's not  
5 on water, because we will go talk to them and find  
6 out why they're not on there, because they have to  
7 be. They refused that.

8 We actually -- I mean, excuse me -- Arredondo  
9 Farms has instituted a gold key service where we  
10 will actually go and we look at each meter, we  
11 write it down. We come back a month later or a  
12 couple of weeks later, we write it down again so we  
13 can discover the high users, so then we could do  
14 what Aqua should be doing to clear this up.

15 So that only adds to their bad debt expense,  
16 both for the billing, which is actually a more  
17 serious issue than the leaks, the billing issues,  
18 which we cannot, Arredondo Farms and YES  
19 Communities cannot do anything about, because we  
20 don't know who's not being billed for this, who's  
21 not being billed for that, whose meter -- the  
22 meters are working but the electronic signal device  
23 is not. We don't know that. Only Aqua knows that.  
24 So that adds to their bad debt expense, which  
25 they're trying to get reimbursed here.

1           Simply, I think Commissioner Edgar identified  
2           several facilities. I don't know if all 87 of the  
3           facilities that Aqua has has experienced these  
4           problems. I know Arredondo is and I know from what  
5           I've heard here today from all these other  
6           ratepayers, the other, Jasmine, Zephyr Shores,  
7           those also are experiencing those issues.

8           So we know at least six systems which are  
9           experiencing those issues and which respectively  
10          some sort of monitoring program or some sort of  
11          carve out or something should be done, for at least  
12          those systems where that have been identified as a  
13          systematic problem.

14          Thank you.

15          CHAIRMAN GRAHAM: Mr. May?

16          MR. MAY: Mr. Chairman, I just want to  
17          clarify. Mr. Curtin has mentioned that we refused  
18          to give him the names of customers. I just want to  
19          explain exactly what the utility has done.

20          I've practiced before this body for about 30  
21          years and I've been chastised on seven different  
22          occasions for releasing customers' name and  
23          address. And in addition, because of identity  
24          theft, company utilities have been sued for that.

25          We are more than willing and have -- were

1 prepared to produce the names of the customers to  
2 Mr. Curtin, but we've asked that the names and the  
3 addresses, the proprietary customer-specific  
4 information be kept confidential. We're not  
5 withholding that information. I want the record to  
6 be very clear on that.

7 No. 2, with respect to proactive activities or  
8 proactive policies with respect to billing issues,  
9 again, billing is a number one priority. Customer  
10 service and billing are huge priorities for the  
11 company.

12 Just to give you a couple of examples of  
13 proactive policies in place to address billing  
14 issues before the bill is actually sent, the  
15 company has a billing exception team, which on a  
16 daily basis reviews bills before they go out for  
17 high bills, for zero consumption bills and other  
18 billing anomalies. The purpose of this review is  
19 to catch problems before the bills go out.

20 There's also a zero read initiative, which was  
21 rolled out in 2010. This initiative was designed  
22 to investigate why a meter may read no consumption  
23 and therefore require a longer bill period, which  
24 would require back billing, which is permissible,  
25 but it's something the utility doesn't want to do.

1 Again, that's an initiative that we've initiated  
2 around the country, and it's specifically important  
3 in Florida, because with the seasonality of the  
4 customers in Florida, some meters may read no  
5 consumption and not be defective. In other areas  
6 where you don't have seasonal customers, in other  
7 states where you don't have this number of seasonal  
8 customers, a zero read probably means you've got a  
9 meter problem. But in Florida it requires a little  
10 more digging, but the company is looking at that.

11 And then the third thing is the field service  
12 technicians are extensively trained to ensure that  
13 new meters are properly synchronized with the  
14 electronic read device. And so the company is  
15 doing things proactively, and I wanted to set the  
16 record straight.

17 CHAIRMAN GRAHAM: Guys, we're not going to go  
18 back and forth.

19 Any more questions from the board on Issue No.  
20 1? Do I hear a motion from somebody on Issue No.  
21 1?

22 COMMISSIONER BROWN: I'd like to make a  
23 comment if I can.

24 CHAIRMAN GRAHAM: Sure.

25 COMMISSIONER BROWN: Before -- do you want

1 to -- okay. I think that it's apparent there's a  
2 disconnect between the utility company and the  
3 customers. It's clear from today and from the  
4 record that we've seen. I have concern about the  
5 magnitude of customer complaints and, you know,  
6 I -- like Commissioner Balbis had an opportunity to  
7 listen to those audios, and we've heard, you know,  
8 same complaints here as well as on those audios  
9 about quality of water and the dissatisfaction with  
10 the overall service.

11 In good conscience I find it hard to say that  
12 there's satisfactory service, and as Commissioner  
13 Edgar earlier alluded to, with the marginal service  
14 level, I think at best it appears to be marginal  
15 for the systems, and I don't know if it's limited  
16 to the seven or if it's limited to the additional  
17 ones that were discussed here today. But it does  
18 appear that there's a systematic issue concerning  
19 quality of service.

20 CHAIRMAN GRAHAM: One of the biggest problems  
21 you run into here, and as everybody keeps on  
22 saying, it's a secondary standard. This is where  
23 it comes to the gray area, is where does the DEP  
24 shop stop and where does our job start? I mean,  
25 they actually have standards, and these guys are

1 meeting for the most part DEP standards. And so we  
2 can arbitrarily say that the water is not of good  
3 quality, but what is that? You know, until we  
4 develop our own standards or maybe we work through  
5 the Legislature or through DEP where they create a  
6 different standard, but right now the standard is  
7 the DEP standard, and they are hitting the DEP  
8 standard.

9 If we have our own color standard, probity  
10 standard, you know, PPM standard, hardness  
11 standard, whatever standard you want, we can go  
12 down that path. I mean, I wouldn't necessarily  
13 suggest it. I think that's something that's  
14 probably best left over in the DEP's hand,  
15 somewhere where they can monitor it and stay on top  
16 of it. But as it is right now, you're talking  
17 about it's more of an arbitrary standard, and I  
18 think you start -- you start getting into a gray  
19 area.

20 I mean, I'm fine, you know, if you -- if we  
21 want to go down that path, but I --

22 COMMISSIONER BROWN: All right. I don't think  
23 that's what I'm suggesting. I'm not suggesting  
24 that we go down that path certainly, nor am I  
25 suggesting that quality of service is limited to

1 just the product, the quality of the product. I  
2 think, taking into consideration all of the  
3 factors, the three variables under quality of  
4 product, operating conditions, attempt for the  
5 utility to address customer satisfaction, taking in  
6 the totality, I -- that's where I have come up with  
7 this deduction of marginality.

8 CHAIRMAN GRAHAM: Well, I guess what I'm  
9 looking for now, and I'll move on to the other two  
10 lights that are on, but we need to move forward,  
11 and if we're not in line where staff should be,  
12 where off of staff recommendation should we be, or  
13 should we start tweaking this so we can move  
14 forward and going from Issue 1 to Issue 2.

15 Commissioner Brisé?

16 COMMISSIONER BRISE: Thank you, Mr. Chairman.  
17 I guess I'll couch my comments this way and sort of  
18 see where we can go. I too have an appreciation  
19 for the fact that there is a true potential  
20 disconnect between customers and the company. And  
21 I think that disconnect may be a result of a  
22 history, and I think some of it may also be a  
23 result of current events. I think there's a  
24 combination there. As I listen today, there may be  
25 a combination of those things.

1           But I'm also concerned about what that does to  
2           the customer if we were to consider granting  
3           something saying that service is satisfactory and  
4           which would lead into a potential rate increase.  
5           But at the same time, if we look at going down the  
6           path of marginal, what then does that trigger? And  
7           that's the big question that I have. Because if we  
8           go down the path of marginal, then we're in essence  
9           saying, these are some things that you have to  
10          correct, and the only way you can correct those  
11          things is by getting these resources. Where are  
12          you going to get the resources from?

13          The same individuals who have that disconnect  
14          who at this point probably don't have the trust in  
15          the company or the confidence that the company is  
16          going to do what they expect to be done with the  
17          additional rates that -- with the additional funds  
18          that they are being charged.

19          So that's where I am, and I don't know if the  
20          marginal route is -- is the best approach, but, you  
21          know, I'm not sure what is the correct route. So  
22          that's where I'm at.

23          So I don't know if anybody else has something  
24          they can help me get to a better place.

25          CHAIRMAN GRAHAM: I've got a question for

1 staff and then I'll go to Commissioner Balbis. I  
2 apologize.

3 Earlier there was talk, and I can't remember  
4 if it was Public Counsel or who was speaking about  
5 it, but there was a program set up where they were  
6 actually monitoring the calls that came in. And it  
7 got to the point where the determination was made  
8 that they were doing a sufficient job as far as how  
9 they're interacting with the customer and how  
10 they're responding to the customer. Is -- tell me,  
11 did I hear that correctly, is that all factual, and  
12 what happened to that program?

13 MS. DANIEL: Commissioner, that was in the  
14 first phase of the monitoring. This most recent  
15 was what we consider phase 2. And in the first  
16 phase of the monitoring, the company was required  
17 to give us audiotapes of their customer service  
18 representatives' conversations with customers. And  
19 our staff listened to hours upon hours of those  
20 tapes and came to the conclusion that the customer  
21 service representatives -- the question was, were  
22 they being rude to the customers or were they  
23 handling the customer calls in a professional  
24 manner. And the staff recommendation was that  
25 with -- with perhaps one exception, that the

1 customer service representative was handling the  
2 call in a professional manner.

3 CHAIRMAN GRAHAM: Well, as I continue on down  
4 this path and I guess I find myself walking down  
5 this path, maybe there's other monitoring things  
6 that will make some of you more comfortable going  
7 down that path. And one of the things that  
8 Commissioner Brown set up earlier, where she was  
9 talking about if the water is turned off, how long  
10 before it gets turned on, maybe that's got to be a  
11 standard that you want to set moving forward.  
12 Maybe there's some other standards out there that  
13 you heard people complain about that we need to set  
14 moving forward.

15 Commissioner Balbis?

16 COMMISSIONER BALBIS: Thank you, Mr. Chair.  
17 And two comments and then I'll offer a suggestion.

18 One, I agree with your earlier statement and  
19 the water quality issues. And I think, as I stated  
20 earlier, and I recognize, and again, looking at the  
21 treatment methods that they have, that I would  
22 expect hardness, I would expect color and hydrogen  
23 sulfides, so -- and my concerns are more on the  
24 customer service disconnect that exists, so I just  
25 want to be clear for that. And I certainly don't

1 think us establishing our own goals or criteria for  
2 secondary water quality is necessary.

3 But I guess a question to staff and maybe a  
4 suggestion so as not to have a costly monitoring  
5 program for the utilities which, again, will just  
6 be borne by the ratepayers. We have customer  
7 service folks that, you know, log complaints,  
8 et cetera, which -- I guess my question would be  
9 for staff. What do you recommend or what do you  
10 track now that perhaps you can report to the  
11 Commission on a -- on a -- you know, whether it's  
12 monthly or quarterly or whatever it may be so we  
13 can keep an eye on how, whether it's something just  
14 simple as number of complaints, or I guess tell the  
15 staff what you monitor now, what do you generate  
16 now so that we can look at it and not have an undue  
17 rate burden from an expensive monitoring program  
18 where there might be a simpler way to do it.

19 MS. DANIEL: The Commission's consumer  
20 activity tracking system, CATS, as we refer to it,  
21 is a system by which when a customer calls the  
22 Public Service Commission and wishes to register a  
23 complaint, that complaint is logged in, the company  
24 is notified, given an opportunity to respond, and  
25 that's the process that we use now.

1           As far as I know, we track numbers of  
2       complaints. There are -- there's information  
3       available. I'm not sure if a report is generated  
4       periodically, but it is easy to generate reports,  
5       because we did that in the phase 2 monitoring of  
6       this. We -- we produced monthly reports from that  
7       CATS system to show the number of complaints that  
8       came in, how long the complaints had been open and  
9       so forth.

10           As far as the nature of those complaints, that  
11       really is just dealt with on a  
12       complaint-by-complaint basis as far as I know,  
13       working with the company and the customer to ensure  
14       that the complaints are resolved. But whether  
15       there is any -- how many billing complaints or, you  
16       know, rudeness of the utility or improper  
17       disconnects or so forth, that information is  
18       available. I do not believe it's necessarily  
19       compiled on a periodic basis, but it certainly  
20       could be done.

21           CHAIRMAN GRAHAM: Please.

22           MS. DANIEL: Was that --

23           COMMISSIONER BALBIS: No, I appreciate the  
24       summary of what we look at and what we track,  
25       because I knew we had that tracking system in

1 place.

2 MS. DANIEL: And then you wanted  
3 recommendations.

4 COMMISSIONER BALBIS: And so maybe I would  
5 look to -- or perhaps you can answer this as well.  
6 What would staff recommend as far as having an easy  
7 system, using the system we have to track it, that  
8 would provide a pretty good indication as to  
9 whether or not this disconnect is being solved or  
10 not, so that, again, they don't go through an  
11 expensive process, yet we have some sort of  
12 semblance of whether they're improving.

13 MS. DANIEL: If I could back up just one step  
14 as far as disconnects are concerned. My personal  
15 observation has been that, as you heard this  
16 morning, customers bring -- brought bills today.  
17 I'm not sure that the customers know that the  
18 Commission is a resource for filing a complaint.  
19 They know to work through their utility, but I  
20 don't know that customers truly understand that the  
21 Commission is another avenue for them to use for  
22 resolving complaints.

23 That having been said, we're getting the tip  
24 of the iceberg, so we can do what you're  
25 suggesting. I can identify those areas that need

1 to be monitored or tracked and so forth. But the  
2 Commission is getting the tip of the iceberg. One  
3 of the reports that Martha generated showed 5,000  
4 calls per month going to Aqua from Florida  
5 consumers. A very small number of those, less than  
6 500, made it to a Aqua customer service  
7 representative for conversation. Otherwise they  
8 were checking their balances or whatever through an  
9 automated system.

10 Ten, 11 complaints per month made it to the  
11 Commission. Maybe the same issues, maybe different  
12 issues. I'm not sure. But there's a little bit of  
13 a disconnect there in terms of the amount of  
14 information we're going to have to be available to  
15 do the thing that you're suggesting, and that is  
16 use a cost-effective internal mechanism that we  
17 already have.

18 We can identify those issues, and I think the  
19 things that have, you know, been brought up here  
20 have -- how quickly the company is turning the  
21 water back on, those sort of issues, are customers  
22 getting the boil water notices. If customers knew  
23 to let us know about those complaints, that might  
24 resolve some of it.

25 Another issue is do customers know that they

1 can contact DEP for some issues like that. DEP  
2 really is the agency that would be concerned about  
3 whether they were doing the proper boil water  
4 notices.

5 Was that helpful?

6 COMMISSIONER BALBIS: Somewhat. And maybe I  
7 can -- in the interest of moving forward, since we  
8 have one issue here, I'm wondering, you know, I  
9 think it might be prudent for me to move that we  
10 consider the quality of service to be marginal and  
11 then have a discussion on what happens next. I  
12 mean, I don't know if that helps or just makes it  
13 worse. I don't know. I'm just trying to move  
14 forward a little bit on this.

15 But sounds like the staff has a way to monitor  
16 it. But back to staff again, I probably should ask  
17 this to begin with, would you be comfortable with  
18 what you have in place to be able to address the  
19 Commission as to, yes, your quality of service is  
20 improving or not with the -- with something that  
21 you could create?

22 MS. DANIEL: Other than the Commission's  
23 complaint tracking system or --

24 COMMISSIONER BALBIS: Or using that system.

25 MS. DANIEL: Using that system, if we're only

1 getting 10 complaints per month, and you saw the  
2 volume of customers here --

3 CHAIRMAN GRAHAM: Well, I'm sure -- I'm -- I'm  
4 not sure, but I'm -- we can probably do this, but  
5 I'm not sure you want to do this. You can put the  
6 PSC customer number down there and it can be on  
7 their bill and you can get those phone calls, you  
8 know, if you want to go down that path.

9 COMMISSIONER BROWN: But I would add, the cost  
10 associated with requiring the utility company to  
11 put those on every bill, I don't know if that would  
12 have a significant rate impact. Anything we do --

13 CHAIRMAN GRAHAM: It's not going to cost  
14 anything to put it on the bill.

15 COMMISSIONER BROWN: Is that correct?

16 MR. MAY: I don't think putting a PSC number  
17 on the bill would create any undue cost on the  
18 utility. But, you know, it's -- I want to be  
19 careful how I say this because --

20 CHAIRMAN GRAHAM: I was careful when I said it  
21 too. And I'm just thinking out loud.

22 MR. MAY: It's -- this rate case has many of  
23 those same characteristics that you're going to see  
24 in any other electric case or water case. You've  
25 got a utility that thinks it's done the right

1        thing, made improvements. You've got customers who  
2        don't want to pay the increased rates and they're  
3        passionate about it and they have every right to be  
4        here and make their voices heard. You have  
5        legislators here who are representing their  
6        constituents, as they should.

7                But there's -- and I want the record to be  
8        clear. There's a dynamic in this case that's very  
9        unique. You have several groups and individuals  
10       who are not customers and they're not parties, you  
11       heard one of them this morning or earlier today,  
12       say that they're hovering at the periphery and they--  
13       continue to disseminate what I believe to be  
14       misleading and inflammatory information.

15               One of those entities has made it clear that  
16       they seek to create a regulatory fire storm to  
17       force AUF to sell its systems to governmental  
18       entities at a fire sale price. It's been said --  
19       we have the tape this morning -- earlier today. We  
20       have the comment made at the Sebring hearing, New  
21       Port Richey hearing.

22               Respectfully, I don't believe that tactic  
23       comports with law, and I want the record to reflect  
24       that these types of tactics have given rise to the  
25       United States Supreme Court decision in the City of

1       Lafayette v. Louisiana Power & Light. It's 435  
2       U.S. 389 on page 1123. I'm not going to say any  
3       more about that, but that case made it clear that  
4       these types of tactics can expose a local  
5       government to antitrust liability.

6               Now, that said, there's been questions as to  
7       whether we're willing to sit down with the  
8       governments. Absolutely. Absolutely. But Aqua is  
9       not like an equity firm or some entities that may  
10      pick up a utility and want to flip it, make a few  
11      bucks and get out. Aqua has been in the utility  
12      business for 125 years --

13             CHAIRMAN GRAHAM: Mr. May?

14             MR. MAY: Yeah?

15             CHAIRMAN GRAHAM: I think we're going down the  
16      wrong path. Let's stick with the quality side of  
17      it. I think Mr. Willis is over there and he's got  
18      all the solutions we need right now to move  
19      forward.

20             MR. MAY: I guess just the point I wanted to  
21      make is, if you go to just for sheer number of  
22      complaints and make that as a criteria for  
23      obtaining a rate case, there will never be a  
24      utility in the state of Florida get a rate  
25      increase, because the message is pretty clear, you

1 look on the blogs. I see them every night.  
2 Complain, complain, complain. And I just wanted to  
3 make that point and also to cite the case. Thank  
4 you.

5 CHAIRMAN GRAHAM: Thank you.

6 Mr. Willis?

7 MR. WILLIS: Thank you, Chairman. Getting  
8 back to Commissioner Balbis's question on a way to  
9 continue a review of this company to assure they're  
10 on the right track that doesn't cost much, staff  
11 has listed on page 155 and 156 of the  
12 recommendation the seven -- I guess it's seven to  
13 eight metrics that the company already produces  
14 internally that were agreed to by OPC and the  
15 company in phase 2 monitoring. My understanding,  
16 those metrics are internal with the company and  
17 they produce those on a monthly basis. That's  
18 something they can still supply that doesn't cost  
19 them anything else. That's a reasonable way for us  
20 to continue looking at the company to assure that  
21 they're headed in the right path.

22 Ms. Daniel was right when she was talking  
23 about the fact that we only see at the Commission  
24 level the complaints that can't get resolved  
25 somehow with the company. But if you're really

1 interested in how many complaints are being filed,  
2 that's more where you're going to look at that,  
3 because those were broken down by the highest  
4 number of complaints, whether they all went  
5 through -- how many went through the automated  
6 voice mail system just for looking at what your  
7 bill balance was, or something else.

8 And the ones that really had to have a  
9 customer service representative look at those,  
10 they're broken down by the type of complaint.  
11 That's something produced by the company that  
12 doesn't cost anything. That's something you can  
13 continue. You can continue saying we want to  
14 assure you're still going down the right path. We  
15 want to make sure your metrics don't get out of  
16 hand. We want to see that you're going to continue  
17 to improve.

18 I think a lot of those metrics go to that.  
19 There's a couple of metrics they were close to  
20 making but didn't make. That's another way to look  
21 at those metrics to make sure they are trying to  
22 make those metrics.

23 And we can also produce what we've been  
24 producing. Those are internal reports. We can  
25 produce those easily. And they can be broken down.

1       When the calls come in to the call center, they are  
2       earmarked as a billing complaint issue, a quality  
3       of service issue. We can break those out, with my  
4       understanding, as to what type of complaint they  
5       are. Even if we only get 11 a month, we can  
6       certainly do that with the Aqua system.

7               So I just want to let you all know that's  
8       another avenue for you to look at, if you're  
9       looking at something that's not going to cost a lot  
10      of money. That shouldn't cost any money, because  
11      it's already produced.

12             COMMISSIONER BALBIS: You were right that he  
13      did have all the answers. I do like that  
14      recommendation. Again, if the rest of the  
15      Commission would like to continue for that -- for  
16      the utility to provide that information to staff I  
17      think would be a good indicator as to how they're  
18      doing to improve the disconnect. Whether or not  
19      they agree there's a disconnect, it should be shown  
20      in that information at the very least, and that's  
21      really where I wanted to go, just to continue to  
22      watch this and make sure that they stay on that  
23      right path.

24             I think we've seen improvement in the phase 2  
25      monitoring report. You know, we've seen the curve

1 going up, and let's just, you know, take the time  
2 to see where they end up. So that's really the  
3 goal that I have for this item.

4 CHAIRMAN GRAHAM: Commissioner Edgar?

5 COMMISSIONER EDGAR: Thank you. Just to  
6 follow along that same line, I would just point out  
7 that if the information on page 156 is something  
8 that we think is useful or would be useful to  
9 continue, that staff and others have found to be  
10 useful information to try to follow up on these  
11 things, point out that our staff would of course  
12 have -- and especially if we direct so -- the  
13 ability to do data requests to follow up on  
14 specific items or categories of items from that  
15 information that would be, so they can take it that  
16 next step further, which would not necessarily be  
17 additional cost.

18 CHAIRMAN GRAHAM: Commissioner Brown?

19 COMMISSIONER BROWN: I have a question for  
20 Mr. Jaeger about whether, if this Commission does  
21 find that the quality of service is marginal, do we  
22 have to address what remedies or recommendations in  
23 this proceeding, or can we spin it off at a later  
24 proceeding? Does it have to be addressed at this  
25 juncture?

1 MR. JAEGER: I'm sorry. I'm not understanding  
2 your question. If we find it's marginal --

3 COMMISSIONER BROWN: And we want to continue a  
4 monitoring plan or if we want to explore other --  
5 other directives, if -- can we -- do we have to do  
6 it at this juncture?

7 MR. JAEGER: Okay. I think what you're  
8 trying -- I think basically when there is -- when  
9 you're doing quality of service, there's three  
10 things that we -- that the Commission can do. If  
11 it's unsatis -- or even if it's not satisfactory or  
12 marginal, you can reduce the rate of return on  
13 equity. And what I have to do is -- I'm sorry. I  
14 don't think I'm answering your question.

15 COMMISSIONER BROWN: This is good. But go  
16 ahead.

17 MR. JAEGER: But we always start with Hope  
18 Natural Gas and Bluefield, and that is you must  
19 give the utility an opportunity to earn a fair rate  
20 of return on its investment. We're a substitute  
21 for a monopoly and we can't have this  
22 unconstitutional taking.

23 Then the next case I go to is the Wilson case  
24 v. Bevis is a '92 case, and says if you can -- as  
25 long as you keep them in that -- you know, we

1 always have 100 basis -- we find a midpoint and we  
2 keep 100 basis points, and you can do -- inside  
3 there you can do whatever you want just about in  
4 the rate of return as long as you keep them in that  
5 range. We've given them bonuses. That was the  
6 Gulf versus Bevis case, and then we penalize them.

7 And then in the last case, Chuluota, we didn't  
8 give any rate increase, and that is based on two  
9 other cases, one of them being North Florida Water  
10 Company, it's a '74 case, where they denied a rate  
11 increase for inefficiency. And then in a '68 case  
12 they also denied a rate increase.

13 But those are the only two cases and those are  
14 very egregious. There was both inefficiency and  
15 insufficiency, and so -- and they did not -- one  
16 they didn't give the rate increase until they made  
17 the improvements and the other one they just didn't  
18 give a rate increase.

19 COMMISSIONER BROWN: And those were -- the  
20 quality of service was deemed to be unsatisfactory,  
21 particularly in the Chuluota, but the other two  
22 cases, what were they deemed to be?

23 MR. JAEGER: I think they were deemed to be  
24 unsatisfactory on those also. Well, one's a -- let  
25 me look at the '74 case.

1           COMMISSIONER BROWN: And the dialogue that I'm  
2           having with Mr. Jaeger here, is that I just want to  
3           see the options that we have, what type of action  
4           we have to take right now with regard to Issue 1,  
5           and that's kind of the path that I was leading him  
6           on.

7           MR. JAEGER: As I say, the '68 case was a  
8           telephone case and so that's -- you know, that's  
9           different, but it's still got the same idea,  
10          inefficiency of service and they weren't going to  
11          allow the improvements. And then the '74 case is  
12          North Florida Water Company versus Bevis, and this  
13          was -- they had infiltration and inflow,  
14          unaccounted for water, they had bad billing, meter  
15          problems. And it was like, we can't help it that  
16          you're incompetent. We're not going to give you a  
17          rate increase. But basically this case says that  
18          when you find that it's insufficient or inefficient  
19          or, you know, that it's just unsatisfactory, then  
20          these cases have allowed you to deny the increase  
21          completely. But if you only find it marginal, then  
22          I'd be worried that -- if we go outside that rate  
23          of return.

24          The one other thing we do, we sometimes have  
25          held the president accountable and docked the

1 president some of his salary because he should be  
2 running this and making sure that this doesn't  
3 happen.

4 COMMISSIONER BROWN: But these are all  
5 unsatisfactory. You're going down a different path  
6 than what we're talking about.

7 MR. JAEGER: Well, you can do the rate of  
8 return within range for marginal. And after that,  
9 I'm not sure about the present -- Marshall, you  
10 had -- or Jennifer?

11 MS. CRAWFORD: Jennifer Crawford for legal  
12 staff. Mr. Jaeger is absolutely correct.  
13 Depending on what the Commission finds, there are  
14 certain consequences that the Commission can  
15 implement with regards to quality of service or  
16 unsatisfactory marginal quality of service.

17 I want to ask -- am I understanding your  
18 question is in part the consequences but also what  
19 additional steps should the Commission take? My  
20 idea being should the Commission provide some  
21 guidance to the utility for what direction it would  
22 like to see it go, what quantification the company  
23 should strive for? In other words, what can it do  
24 to improve the quality of service to a level that  
25 this Commission would deem satisfactory?

1 COMMISSIONER BROWN: You're reading my brain.

2 MS. CRAWFORD: Okay. That we will have to  
3 defer to staff. So I thank you for the  
4 clarification.

5 COMMISSIONER BROWN: Thank you.

6 MR. JAEGER: We've done phase 1 and we've done  
7 phase 2, and I think we can always do a phase 3,  
8 and I don't think it has to be done today. Or we  
9 could tell them to go back and maybe again meet  
10 with OPC and staff and figure out a phase 3 for  
11 what -- how we want to do these reports or the CATS  
12 or what else we might do, and make it so it's not  
13 costly. Like if the utility comes in in another  
14 year and we've gone through another -- made them go  
15 through some costly steps if we don't want to  
16 increase rate case -- or the expense that the  
17 customers have to pay.

18 COMMISSIONER BROWN: Thank you.

19 CHAIRMAN GRAHAM: Was that a motion?

20 COMMISSIONER BROWN: No. I --

21 CHAIRMAN GRAHAM: Did somebody move that we do  
22 phase 3?

23 COMMISSIONER BALBIS: I'd like to move that we  
24 find Aqua's quality of service marginal and  
25 recommend they continue with the monitoring plan

1 as, you know -- I like the seven metrics that were  
2 again already produced by the utility and at low  
3 cost, and if staff agrees that's the way to gauge  
4 customer service. So I would move that they  
5 continue to provide that information, and staff at  
6 a regular basis provide that information to us so  
7 we can watch this. Because, again, I think the  
8 utility is on the right path of improvement. They  
9 just need more time to implement these programs.

10 CHAIRMAN GRAHAM: What other -- what other  
11 negative effects does it have on the utility by  
12 rating it as marginal? Does that just allow for us  
13 to do further monitoring or --

14 MR. WILLIS: You can take many steps. You can  
15 say that the utility is marginal and you expect  
16 improvement and do nothing else at that point until  
17 the next case, or you can take it even further.  
18 You do have the ability to reduce the company's  
19 rate of return by at least to the low end of the  
20 range of reasonableness, which is normally 100  
21 basis points from the midpoint. You can reduce it  
22 anywhere within there, within that range. That's  
23 another avenue you can take. The Commission has  
24 gone further, but that's normally when you deem it  
25 to be unsatisfactory.

1           CHAIRMAN GRAHAM: All right. So if we declare  
2 it to be marginal, we're going to start this phase  
3 3 monitoring, can we send the staff back with the  
4 company and figure out specifics, or do we need to  
5 come up with the specifics now and what we're going  
6 to be monitoring and what the effects -- what's  
7 going to be -- how is that going to affect their  
8 bottom line sort of thing, so to speak.

9           MR. WILLIS: Certainly. You can certainly do  
10 that. Last time, that's exactly what happened. As  
11 a result of the last rate case, which actually came  
12 out of a hearing process, the Commission ordered  
13 staff and the parties to get together and come up  
14 with that type of monitoring plan and bring it back  
15 to the Commission. That's how the monitoring plan  
16 came to be. We brought that back within that same  
17 docket and the Commission agreed to that monitoring  
18 plan.

19           You could do that as part of this PAA process  
20 but we wouldn't be able to implement that type of  
21 meeting until the PAA was not protested. If the  
22 PAA became final, we would at that point have those  
23 meetings and bring back something separately to the  
24 Commission on what that monitoring plan would be.

25           CHAIRMAN GRAHAM: And the fact staff has been

1 here and they heard what the customers had to say  
2 and they also heard what the utilities had to say.

3 And was that what your motion was,  
4 Commissioner Balbis?

5 COMMISSIONER BALBIS: Yes, Mr. Chairman.  
6 That's exactly what my motion was.

7 CHAIRMAN GRAHAM: That was moved and seconded.  
8 Any further discussion?

9 We've got Commissioner Brisé.

10 COMMISSIONER BRISE: Thank you, Mr. Chairman.  
11 The only thing I want to make sure that, unlike  
12 last time, that I'm sure that at some point we're  
13 going to come back to this very issue. And I want  
14 to make sure that everyone that is here today, if  
15 we agree that these are seven things that we're  
16 going to look at, that when we come back, if we  
17 come back, these are the seven things that we all  
18 agree that we're going to look at. We establish a  
19 range of what is reasonable and what is not  
20 reasonable, and we all agree on those things so  
21 that when we come back there isn't a conversation  
22 saying that there are eight or nine or ten other  
23 things that we should have considered but we're  
24 not -- we have not considered, and that we want to  
25 include that as part of the conversation. I want

1 to make sure that that is tightened up, and so if  
2 this would provide a potential opportunity for a  
3 discussion on that, so that we can lay those things  
4 out.

5 CHAIRMAN GRAHAM: Well, now, my understanding  
6 is that, assuming the PAA goes forward, staff would  
7 have to sit down with the utilities, come up with  
8 the details, bring that back to us, and at that  
9 point we accept it. Is that --

10 MR. WILLIS: Chairman, I would propose that  
11 staff sits down with the utility and the  
12 intervenors at this point to come up with a -- with  
13 an agreement between all intervenors and the  
14 utility company and staff as to what any type of  
15 monitoring plan ought to be, and bring that back to  
16 you.

17 The other avenue I think you need to look at  
18 too, is since you're looking at -- at making  
19 quality of service marginal, is that as far as  
20 you're going to take it, or are you going to  
21 consider a basis point reduction or something like  
22 that? I didn't know if that was part of your  
23 consideration at this point. Or is that something  
24 you're going to wait to find out, depending on the  
25 monitoring plan, whether there should be a future

1 type of adjustment?

2 CHAIRMAN GRAHAM: I think as we go through  
3 these issues we may decide we want to go back to  
4 Issue No. 1. But I think -- well, let's hear the  
5 rest of the Commissioners.

6 Commissioner Edgar.

7 COMMISSIONER EDGAR: Thank you.

8 Question, Commissioner Balbis, just so I  
9 understand the motion. A finding of marginal, are  
10 you intending that to be for all 80 plus systems?  
11 And then -- yes or no. And then also for a phase 3  
12 monitoring plan, would that also be for all 80 plus  
13 systems?

14 COMMISSIONER BALBIS: The first part of your  
15 question, Commissioner Edgar, I think at this time,  
16 with the information that's been provided to us  
17 with, again, a narrow look at, you know, seven  
18 systems for the secondary water quality, for  
19 example, that's all the information we have, and  
20 then you compound that with the complaints that  
21 were heard, both entered into the record, either in  
22 the customer hearings or here today, I don't have  
23 enough information to identify okay, these 30 out  
24 of the 80 plus, or these -- you know, I think  
25 systemwide, since Aqua has one billing system, has

1 one, you know, umbrella implementing all the rates  
2 and all the customer service, I think it's  
3 appropriate to deem it marginal, again on the  
4 customer service issues, for the entire system.

5 And I forgot the second part of your question.  
6 I'm sorry.

7 COMMISSIONER EDGAR: That's okay.

8 May I?

9 CHAIRMAN GRAHAM: Sure.

10 COMMISSIONER BALBIS: Oh, I just remembered.  
11 I'm sorry. The second part was whether or not the  
12 monitoring program would be for all. I think I  
13 would look to staff to develop that with the  
14 intervenors or OPC and the utility. Again,  
15 something that gives a good representation of the  
16 customer service improvement. So whether that's  
17 seven systems, 80 systems, I'd like for staff and  
18 the parties to work that out. That is clearer.

19 COMMISSIONER EDGAR: Yes, thank you. That  
20 helps a great deal. And one of the things I'm  
21 wrestling with is, just as you've said, it's hard  
22 from what we've heard to know if that customer  
23 dissatisfaction, which raises concerns about  
24 quality of service in our minds, does apply to all  
25 80 systems or not. Then it's kind of like it's

1 hard to know if we were -- if there was an interest  
2 or if the information pointed toward pulling some  
3 systems out as marginal, with the understanding  
4 that that would then focus resources perhaps more.

5 It's likewise difficult for me to say not a  
6 single system is satisfactory, and that's kind of  
7 what I'm wrestling with. And I don't know if -- if  
8 I may ask -- if it's okay to ask the staff, because  
9 they of course have looked at all of that  
10 monitoring information much more closely.

11 MR. WILLIS: Thank you, Commissioner. I would  
12 point out that the metrics that I talked about are  
13 of Aqua regulated systems in Florida. They're --  
14 I'm not sure that they're all broken out where you  
15 can exactly derive every single system where  
16 these -- in other words, what I'm trying to say is  
17 we don't get all these metrics by system. We can  
18 probably get information through data requests,  
19 like Commissioner Edgar asks, where these things  
20 are all specifically coming from, if we see a big  
21 rise in something. But the metrics that come in  
22 are regulated systems in Florida as a total.

23 So, getting down to Commissioner Edgar's  
24 point, it's going to be difficult if you just pull  
25 seven or eight systems out and say those are the

1 ones that we wanted to monitor. It's going to  
2 cause us to go a little bit further than what I was  
3 talking about, and have some derivations of this  
4 metrics that are not currently doing now.

5 COMMISSIONER BALBIS: Thank you. I guess just  
6 to clarify that, it would be for the entire system.  
7 It sounds like the metrics match that as well. And  
8 so hopefully that clarifies it.

9 COMMISSIONER EDGAR: That does help. Thank  
10 you.

11 And I'm -- on a similar point, I know that  
12 there are -- to follow up to one of the points that  
13 Mr. Willis made about do we want to include  
14 anything else in for Issue 1, two points. I would  
15 think that if we're going to go by groupings and  
16 work our way through the rest of it, that we may  
17 have a larger discussion on Issue 19, which does --  
18 is ROE, and that might address one point that  
19 Mr. Willis raised at that time.

20 And then the other, I know in the briefing  
21 that I had with staff, one thing that was brought  
22 to -- or was highlighted for me was, you know,  
23 we've got kind of a closeout of the previous  
24 docket, and then the one that's here, and so  
25 procedurally I would like to ask staff, would it be

1       useful for us to go out and close out -- go ahead  
2       and close out phase 1 monitoring, phase 2  
3       monitoring, in order to address some of those  
4       remaining or lingering issues, or if we're being  
5       duplicative enough to the point where that would  
6       not be necessary.

7               MR. WILLIS: Commissioner, I -- to your point,  
8       I think it's very appropriate to close out the old  
9       docket. Everything that you were talking about  
10      doing can be easily handled within this docket, and  
11      there's no need to keep that old docket open. It  
12      doesn't really serve a purpose at this point.

13              COMMISSIONER EDGAR: I guess I would just make  
14      that suggestion as we move forward on Issue 1.

15              CHAIRMAN GRAHAM: So is that an amendment to  
16      the Balbis amendment?

17              COMMISSIONER EDGAR: If Commissioner Balbis  
18      would consider a friendly amendment, that we go  
19      ahead and close out the earlier docket as part of  
20      our finding of marginal.

21              COMMISSIONER BALBIS: Then, yes, I do amend my  
22      motion to again consider all of the systems  
23      marginal as far as quality of service, and direct  
24      staff to meet with the utilities and the parties to  
25      develop a monitoring plan following the metrics

1       that are included in the phase 2 monitoring plan  
2       and present that to the Commission.

3               CHAIRMAN GRAHAM: And also take into account  
4       the testimony that we heard, so we know which --  
5       where some of the focus needs to be.

6               That's been moved and seconded. Any further  
7       discussion? Staff, is that clear, before I call  
8       for a vote?

9               MR. WILLIS: I believe it's perfectly clear.

10              CHAIRMAN GRAHAM: I like that, Mr. Willis.

11              All in favor say aye.

12              (Unanimous.)

13              Those opposed?

14              By your action you have approved Issue No. 1  
15       on Item No. 17 as moved and amended. We are going  
16       to Issue No. 2. Thank you very much, Commissioner  
17       Balbis and Edgar and Brown and Brisé.

18              MR. FLETCHER: Commissioner, I'm Bart Fletcher  
19       with Commission staff. Issue 2 is staff's  
20       recommendation to approve audit adjustments to  
21       which the utility agrees should be made.

22              Specifically there were two audits performed by  
23       staff. One was to examine the allocated affiliate  
24       transactions of the utility sister companies. The  
25       other audit was to examine the books and records of

1       AUF itself.

2               From these audits there were eight findings,  
3       again, that the utility agreed should be made. Two  
4       of them actually increased the rate base for water,  
5       wastewater Band 2. The other findings reduced O&M  
6       expense collectively by over a quarter million  
7       dollars in order to remove acquisition cost,  
8       sponsorship cost, out of period cost, and  
9       unsupported cost, as well as to amortize  
10      nonrecurring expenses.

11             Staff is prepared to answer any questions you  
12      may have.

13             CHAIRMAN GRAHAM: Intervenor.

14             MS. CHRISTENSEN: For purposes of the agenda,  
15      Office of Public Counsel supports staff's  
16      recommended adjustments.

17             CHAIRMAN GRAHAM: Utility?

18             MR. MAY: We certainly agree with the staff  
19      adjustments.

20             CHAIRMAN GRAHAM: I like what I'm hearing.  
21      Commissioner Edgar.

22             COMMISSIONER EDGAR: I would move the staff  
23      recommendation on Issue 2.

24             COMMISSIONER BROWN: Second.

25             CHAIRMAN GRAHAM: It's been moved and

1 seconded. Any further discussion on Issue No. 2?

2 Seeing none, all in favor say aye.

3 (Unanimous.)

4 Those opposed?

5 By your action you have approved Issue No. 2.

6 Issue No. 3.

7 MR. DEASON: Commissioners, I'm Jared Deason  
8 with Commission staff. Issue 3 concerns staff  
9 recommendation regarding pro forma plant. Staff  
10 recommends that pro forma plant be decreased by  
11 \$410,693 for water and \$658,663 for wastewater for  
12 undocumented support, and also make corresponding  
13 adjustments to accumulated depreciation,  
14 depreciation expense, and property taxes. And  
15 staff is available for any questions.

16 CHAIRMAN GRAHAM: Intervenors? Hold on just a  
17 second. Did you have a question now or --

18 COMMISSIONER EDGAR: Yeah. I just wanted to  
19 point out that this was one of the items that we  
20 had a modification on the errata.

21 MR. FLETCHER: Correct. If I may add, on the  
22 errata sheet, it's on page 1, this, the pro rata,  
23 it affects page 37 of Issue Issue 3, and you can see  
24 it on the first page of the errata sheet, and it  
25 actually goes all the way to correcting staff

1 analysis paragraphs for the trucks, accumulated  
2 depreciation, depreciation expense on page 42. On  
3 page 2 of the errata sheets it update -- you can  
4 see the changes to Table 3-6 and 3-7. On page 3 of  
5 the errata sheet you can see the -- on the write-up  
6 of the pro forma property taxes on page 43 through  
7 44, and as well as Table 3-8, and then the  
8 conclusionary paragraph for Issue 3 on page 44 is  
9 on page 3 of the errata sheet, and it -- lastly, on  
10 page 4 at the top, on page 45 of Issue 3, Table  
11 3-9, you can see the changes highlighted in yellow.

12 CHAIRMAN GRAHAM: Thank you very much.

13 Public Counsel?

14 MS. CHRISTENSEN: For purposes of the agenda,  
15 staff [sic] would support staff's recommended  
16 adjustments.

17 CHAIRMAN GRAHAM: Aqua Utilities?

18 MR. MAY: Mr. Chairman and Commissioners, as I  
19 indicated in my opening, this is the one issue that  
20 we had a philosophical difference. But looking at  
21 the recommendation as a whole, we would rather not  
22 take a position, but we can certainly not oppose  
23 this if the recommendation is approved.

24 CHAIRMAN GRAHAM: Okay. Thank you.

25 Commission board? Let's go with Balbis.

1           COMMISSIONER BALBIS: Thank you, Mr. Chair. I  
2           just have one or two questions, because I did  
3           notice that on some of these items that are in  
4           Table 3-3 there's a significant difference between  
5           the utility requested amount and the staff  
6           recommended amount, and that's on page 40.

7           Just going from the top, the wastewater  
8           treatment plant upgrade, where the utility  
9           requested 240,000 and staff is recommending  
10          414,000, staff can explain why those amounts are  
11          different.

12          MR. DEASON: I'm sorry. Could you repeat the  
13          specific plan adjustment?

14          COMMISSIONER BALBIS: Sure. In Table 3-3, the  
15          second item, Arredondo Farms, WWTP upgrade, where  
16          the utility requested 240,000 and staff recommended  
17          414,000.

18          MR. FLETCHER: Yes. Based on the  
19          documentation supported -- provided by the utility,  
20          they did support an increased amount that they did  
21          spend on that particular project. The 240,000  
22          represents an estimate or budgeted amount found in  
23          the MFRs, but the project ran over that budgeted  
24          amount and the utility did spend that significant  
25          amount more money on that project.

1           COMMISSIONER BALBIS: And there are quite a  
2           few projects. I guess from a -- my personal  
3           standpoint I like to see that, you know, dollars  
4           that are spent on -- rate dollars that are spent  
5           being invested in the infrastructure. I think  
6           everyone agrees that these systems are older  
7           systems, and I like to see that, you know, if  
8           there's a dollar spent it's spent in improving the  
9           system and improving the service to the customers,  
10          so just to start with that.

11          But again, there are several items, and I can  
12          go through them if you'd like, but just to, you  
13          know, the weir and walkways where the utility  
14          requested an amount and staff recommended zero. If  
15          you can just go through what the concept was and  
16          why those items were left out.

17          MR. DEASON: Yes, Commissioner. There were  
18          several items where there was a zero amount. There  
19          were three specific projects in this where they  
20          were deferred. In other words, the company decided  
21          not to go forward with the project, so there was a  
22          zero amount for those. There were also several  
23          projects where there was just no documentation,  
24          there were no invoices or executed contracts to  
25          justify any amount that was spent on those

1 particular projects.

2 COMMISSIONER BALBIS: That's all the questions  
3 I have.

4 CHAIRMAN GRAHAM: Thank you.

5 Commissioner Brown?

6 COMMISSIONER BROWN: No questions.

7 CHAIRMAN GRAHAM: Do I hear a motion?

8 COMMISSIONER BROWN: Move to approve staff's  
9 recommendation on Issue 3.

10 COMMISSIONER EDGAR: Second.

11 CHAIRMAN GRAHAM: It's been moved and seconded  
12 to approve staff recommendation on Issue 3. Any  
13 further discussion? All in favor say aye.

14 (Unanimous.)

15 Any opposed?

16 By your action you've approved staff  
17 recommendation on Issue No. 3.

18 Issue No. 4.

19 MR. WALDEN: Commissioners, I'm Tom Walden on  
20 Commission staff, and I will be presenting issues 4  
21 through 10.

22 These issues involve unaccounted for water,  
23 infiltration and inflow, and used and useful  
24 calculations. As an overview, we've already  
25 discussed that many of these systems are old, many

1 of these systems are built out, and many of these  
2 systems were found to be 100 percent used and  
3 useful in the last rate case.

4 Issue 4 is staff's recommendation concerning  
5 excess unaccounted for water, and essentially we  
6 are agreeing with Aqua's adjustments, although with  
7 a -- through a data request we found one system  
8 where we made an adjustment, but the rest of the  
9 systems we agreed with Aqua's adjustments.

10 CHAIRMAN GRAHAM: Public Counsel?

11 MS. CHRISTENSEN: Commissioners, we had a  
12 disagreement as to how the used and useful was  
13 calculated. I believe as part of your handouts  
14 we've passed out -- are we just addressing No. 4?

15 CHAIRMAN GRAHAM: Yes.

16 MS. CHRISTENSEN: Because you did the  
17 introduction for all of those. Okay. I will limit  
18 myself to No. 4 then. And for purposes of the  
19 agenda, we would support staff's recommendation.

20 CHAIRMAN GRAHAM: Utility?

21 MR. MAY: We support staff's recommendation.

22 CHAIRMAN GRAHAM: Commission board?  
23 Commissioner Balbis?

24 COMMISSIONER BALBIS: Thank you, Mr. Chair. I  
25 just want to confirm with the utilities, although

1 the composite unaccounted for water seems to be  
2 reasonable, but there were some systems that there  
3 were some higher amounts and that the utility is  
4 going to address those issues. Although it's still  
5 at 1.05 percent, for example, there may be systems  
6 that have a higher unaccounted for water.

7 MR. RENDELL: Commissioner, in response to  
8 staff data request on those specific questions, the  
9 majority of those were in some of the -- some of  
10 the very specific systems we're doing the secondary  
11 water projects. For instance, in the Highlands  
12 County for the Leisure Lakes, Lake Josephine, we're  
13 currently flushing to deal with the hydrogen  
14 sulfides. We are now installing an outage system  
15 that will actually remove that, and so those  
16 flushing amounts will go down.

17 So we did respond to the Commission staff data  
18 request concerning those high uses.

19 COMMISSIONER BALBIS: Thank you. That's all I  
20 had, and I move approval of Issue 4 if there are no  
21 other questions.

22 CHAIRMAN GRAHAM: It's been moved and seconded  
23 staff recommendation on Issue 4. Any further  
24 discussion? All in favor say aye.

25 (Unanimous.)

1 Any opposed?

2 By your action you've approved staff  
3 recommendation on Issue 4.

4 Issue 5.

5 MR. WALDEN: Issue 5 begins on page 48 of the  
6 staff recommendation, and this issue addresses the  
7 percentages of used and useful for water treatment  
8 plants. We're recommending adjustments for nine  
9 systems, and the calculations that we have relied  
10 upon, our basis is Commission rules, Rules  
11 25-30.4325 and 25-30.431.

12 CHAIRMAN GRAHAM: Public Counsel?

13 MS. CHRISTENSEN: As I was stating earlier, we  
14 had passed a handout earlier to you, and we have a  
15 disagreement as to the used and useful percentages  
16 that staff has adopted for some of the systems.  
17 And we have one that's labeled Water Treatment Used  
18 and Useful, and that addresses Issue 5. And our  
19 basic disagreement I think is also outlined on that  
20 summary sheet of the issues as to our rationale for  
21 the differences.

22 And essentially we have a disagreement with  
23 staff's treatment of build out for those  
24 facilities, and we also have a disagreement as to  
25 who should bear the burden when a system is bought

1       that's oversized. And we believe that allowing for  
2       a higher used and useful than is actually being  
3       used by the customers continues to lead to  
4       unaffordable rates, and certainly with Aqua's --  
5       from everything that you've heard today, their  
6       rates are the highest in the state, and at this  
7       point we need to do everything that we can to bring  
8       those rates down into a reasonable range.

9               CHAIRMAN GRAHAM: At the beginning of what you  
10       said, you said you had a disagreement on -- did you  
11       say build out?

12              MS. CHRISTENSEN: Correct. In my  
13       understanding, Mr. Reilly is the attorney that is  
14       specifically addressing it, and I think he can  
15       probably go to the specifics of our disagreement on  
16       the build-out issue and how that's applied from the  
17       rule, as opposed to how the staff has been applying  
18       it.

19              CHAIRMAN GRAHAM: I just need a little bit  
20       more detail, please.

21              MR. REILLY: Well, the rule on used and useful  
22       allows for alternative calculations when there are  
23       six important justifications for it. Our engineer  
24       looked at a number of these systems and found that  
25       there was a -- when there was a tremendous

1 materiality and there was a tremendous amount of  
2 stranded capacity, he looked closer at the --  
3 whether, in fact, it was or was not built out, and  
4 in those systems where there was a single well.

5 So he did an analysis and determined that --  
6 that in fairness to the customers that this  
7 provision, (3), should be utilized and an analysis  
8 should be made. First, if it was, in fact,  
9 purportedly a build out, is it truly built out or  
10 is there a plant that is 40, 50 percent used and  
11 useful under the current service territory, but, in  
12 fact, substantial territory near that service  
13 territory could, in fact, in the future use that  
14 capacity.

15 So when the last order was issued in the last  
16 case, they said Public Counsel didn't go far  
17 enough, that they really needed to look to use this  
18 (3) to really determine whether the system that was  
19 originally built was prudently designed. And then  
20 the question is if it was not, who should bear the  
21 cost of that imprudent design of -- of building a  
22 plant that's twice as big as needed for build out.

23 So -- so under those circumstances, he looked  
24 at several of the systems and they -- and that's  
25 why you have such a divergence. The engineer

1 determined that the alternative approach was  
2 appropriate and that all these costs, sometimes  
3 material costs, and all this risk of having over  
4 built for treatment should not all be borne on the  
5 customers.

6 And if, in fact, this does go to hearing, it's  
7 his intention to bolster and refine and provide a  
8 different record evidence in this case if it goes  
9 to hearing than was presented in the last case that  
10 address those two particular issues. Whether, in  
11 fact, it is or is not truly built out and whether  
12 the issue of prudence of the design of the system  
13 in the first place was even correct. And if that  
14 mistake was made, that mistake should not be  
15 100 percent borne by the customers.

16 And this is why you have this tremendous  
17 divergence between a system that might be 30 or  
18 40 percent used and useful versus it being deemed  
19 built out -- or excuse me -- deemed 100 percent.  
20 So it's a matter of whether the alternative  
21 calculation allowed by your rules in fairness to  
22 the customers should, in fact, be employed.

23 That's the basis, and if this does go to  
24 hearing it would be his intention to provide that a  
25 different analysis -- additional analysis on

1 original design, whether it is built out and  
2 whether, in fact, it is fair to the customers to --  
3 that -- to a plant that might be 40, 50, 60 percent  
4 that's never going to be needed to serve the  
5 current customers must be somehow put in the  
6 revenue requirement. And he had to have a way to  
7 deal with that equitable issue, and, you know, with  
8 the number of these systems you'll see some  
9 diverge. Those will be where those issues would be  
10 addressed.

11 CHAIRMAN GRAHAM: Aqua Utilities?

12 MR. MAY: We agree with staff's analysis on  
13 the used and useful and would point out that the  
14 used and useful percentages for these systems were  
15 established in the last case. Would respectfully  
16 submit that OPC is attempting to relitigate an  
17 issue and we find it ironic since they're also  
18 complaining about rate case expense. Seems to be  
19 an unnecessary effort to relitigate an issue that  
20 the Commission determined after considering  
21 evidence in the last case.

22 CHAIRMAN GRAHAM: You just had to take the  
23 opportunity to poke them in the eye, didn't you?

24 Commission staff -- I mean, I'm sorry, board.

25 Commissioner Edgar.

1 COMMISSIONER EDGAR: I move the staff  
2 recommendation.

3 COMMISSIONER BROWN: Second.

4 CHAIRMAN GRAHAM: It's been moved and  
5 seconded, staff recommendation on Issue 5. Any  
6 further discussion? Seeing none, all in favor say  
7 aye.

8 (Unanimous.)

9 Any opposed?

10 By your action you've approved staff  
11 recommendation on Issue 5.

12 Issue 6.

13 MR. WALDEN: Issue 6 can be found on page 52  
14 of the recommendation, addresses storage tanks for  
15 the water systems, and staff is recommending that  
16 the storage be found 100 percent used and useful.

17 CHAIRMAN GRAHAM: Public Counsel?

18 MR. REILLY: There's not an issue on the  
19 storage.

20 MR. MAY: Agree with staff.

21 CHAIRMAN GRAHAM: Commission board?

22 Commissioner Edgar?

23 COMMISSIONER EDGAR: Move staff.

24 COMMISSIONER BROWN: Second.

25 CHAIRMAN GRAHAM: Moved and seconded, move

1 staff recommendation on Issue No. 6. All in favor  
2 say aye.

3 (Unanimous.)

4 Any opposed?

5 By your action you approve Issue No. 6.

6 Issue No. 7.

7 MR. WALDEN: Issue No. 7 begins on page 53 of  
8 the staff recommendation. It addresses water  
9 distribution systems and the used and useful  
10 percentages for those. Our adjustments are  
11 recommended in the recommendation paragraph for 19  
12 of the systems involved in this case, where we are  
13 suggesting those systems -- or we're recommending  
14 that those systems are less than 100 percent used  
15 and useful. And the basis -- excuse me.

16 CHAIRMAN GRAHAM: Go ahead.

17 MR. WALDEN: The basis for our recommendation  
18 is drawn heavily from the last rate case, where  
19 many of the systems were 100 percent used and  
20 useful, mostly due to the systems being built out.

21 CHAIRMAN GRAHAM: Thank you, sir.

22 Public Counsel?

23 MR. REILLY: Basically the same position as  
24 stated before. He did an analysis in this case so  
25 the distribution would be the lot count method and

1       how much of the system was in fact still yet to be  
2       used.

3               CHAIRMAN GRAHAM:   Okay.

4               Aqua Utilities?

5               MR. MAY:   Aqua agrees with staff  
6       recommendation.

7               CHAIRMAN GRAHAM:   Commission board?  
8       Commissioner Edgar.

9               COMMISSIONER EDGAR:   I would move staff.

10              COMMISSIONER BROWN:   Second.

11              CHAIRMAN GRAHAM:   It's been moved and  
12       seconded, staff recommendation on Issue 6.

13              COMMISSIONER BROWN:   Seven.

14              CHAIRMAN GRAHAM:   Seven.   Any further  
15       discussion?   Seeing none, all in favor say aye.

16              (Unanimous.)

17              Any opposed?

18              By your action you've approved Issue No. 7.

19              We are now to Issue No. 8.

20              MS. DANIEL:   Commissioners, on page 4 of the  
21       errata sheet, staff would like to make an oral  
22       modification on page 58 to remove the last sentence  
23       of the first page that says Table 9-1 shows Aqua's  
24       requested and staff's recommended use and useful  
25       percentage for the wastewater treatment plants.

1       There is no Table 9-1.

2               MR. WALDEN: Commissioners, if we could hold  
3 up on that just a minute. That's Issue 9 and I  
4 believe we're on Issue 8.

5               MS. DANIEL: I apologize.

6               CHAIRMAN GRAHAM: I was going to say, you lost  
7 me.

8               MR. WALDEN: Issue 8 begins on page 55.  
9 It's -- the topic of this issue is infiltration and  
10 inflow, and staff's recommendation is that there be  
11 a reduction in expenses due to excessive amounts of  
12 infiltration and inflow. We have a table on page  
13 56 that details those recommendations.

14              CHAIRMAN GRAHAM: Public Counsel?

15              MR. REILLY: We're not questioning it for  
16 purposes of this agenda.

17              CHAIRMAN GRAHAM: Aqua Utilities?

18              MR. MAY: Aqua is not opposed to this  
19 recommendation.

20              CHAIRMAN GRAHAM: Commission board?

21              COMMISSIONER BALBIS: Move approval of staff's  
22 recommendation.

23              COMMISSIONER BROWN: Second.

24              CHAIRMAN GRAHAM: It's been moved and  
25 seconded, approval of staff recommendation on Issue

1 No. 8. Any further discussion? All in favor say  
2 aye.

3 (Unanimous.)

4 Any opposed?

5 By your action you've approved staff  
6 recommendation on Issue No. 8.

7 That brings us to Issue No. 9, Ms. Daniel.

8 MR. WALDEN: Commissioners, Issue No. 9 begins  
9 on page 57. This is staff's recommendation  
10 addressing the percentages of used and useful for  
11 wastewater plant. And as Ms. Daniel was pointing  
12 out, on the top of page 58, the first paragraph,  
13 the last sentence refers to Table 9-1. We don't  
14 have a Table 9-1.

15 The staff recommendation for this issue is  
16 adjustments for seven systems to find those systems  
17 less than 100 percent used and useful. And again,  
18 the basis for our recommendation is Commission  
19 rules for wastewater treatment plants.

20 CHAIRMAN GRAHAM: Ms. Daniel, did he handle  
21 all that for you this time?

22 MS. DANIEL: Excellent.

23 CHAIRMAN GRAHAM: Let the record show that  
24 Ms. Daniel said he was excellent.

25 Public Counsel?

1           MR. REILLY: Again, our engineer did use the  
2           25-30.32 rule to do all of his used-useful  
3           analysis. I think most of the difference comes,  
4           again, with this built-out issue and whether we  
5           have this tremendous amount of stranded capacity  
6           and whether it's appropriate to look at that from  
7           a -- from fairness to the customer, so that would  
8           be the major difference. If given the opportunity  
9           and this does go to hearing, it would be our  
10          intention to bolster and refine that argument and  
11          provide another record that this Commission could  
12          look at.

13          CHAIRMAN GRAHAM: Aqua Utilities?

14          MR. MAY: We're not opposed to staff's  
15          recommendation.

16          CHAIRMAN GRAHAM: Commission board?  
17          Commissioner Edgar, followed by  
18          Commissioner Balbis.

19          COMMISSIONER EDGAR: Mr. Chairman, I would  
20          move staff.

21          CHAIRMAN GRAHAM: It's been moved and  
22          seconded. Commissioner Balbis.

23          COMMISSIONER BALBIS: Just one comment. Just  
24          to point out one of the questions I had with staff  
25          is whether there was an adjustment, less excessive

1 I and I, and I'm just glad to see that everything's  
2 tied together, so just a comment that I'm in  
3 support of the motion.

4 CHAIRMAN GRAHAM: Any further discussion? All  
5 in favor say aye.

6 (Unanimous.)

7 Any opposed?

8 By your action you've approved Issue No. 9.

9 That puts us to Issue No. 10.

10 MR. WALDEN: Issue No. 10 begins on page 60 of  
11 the recommendation. This addresses the staff  
12 recommendation for wastewater collection systems.  
13 We are recommending reductions to seven systems, as  
14 listed in the recommendation paragraph, again,  
15 based on our interpretation of -- well, actually we  
16 do not have a rule on -- on wastewater collection  
17 system. We do have a rule on growth, but the  
18 primary reliance for this recommendation is from  
19 the last rate case, where most of the systems are  
20 100 percent used and useful, and we have made these  
21 adjustments based on the lot count density review.

22 CHAIRMAN GRAHAM: Public Counsel?

23 MR. WALDEN: So --

24 CHAIRMAN GRAHAM: No. Go ahead.

25 MR. WALDEN: In summary, we're recommending

1 reductions to seven systems.

2 MR. REILLY: Essentially the same. We do the  
3 lot count, but the issue of build out also plays  
4 into this issue as well, so we would attempt to  
5 make a more refined argument in the next case.

6 CHAIRMAN GRAHAM: So you only half agree with  
7 it?

8 MR. REILLY: We definitely disagreed with the  
9 way the built out has been utilized in creating a  
10 higher used and useful than we think is  
11 appropriate.

12 CHAIRMAN GRAHAM: I thought when he mentioned  
13 lot count you were going to jump onboard and say  
14 you're with it.

15 MR. REILLY: If it was truly kept to, we'd be  
16 in favor of it. The built out does cause us  
17 concern.

18 CHAIRMAN GRAHAM: If nothing else you guys are  
19 consistent. I appreciate that.

20 Aqua Utilities?

21 MR. MAY: We don't oppose staff's  
22 recommendation.

23 CHAIRMAN GRAHAM: Commission board?  
24 Commissioner Brisé, didn't you say you move staff?

25 COMMISSIONER BRISÉ: Sure.

1 COMMISSIONER EDGAR: Second.

2 CHAIRMAN GRAHAM: It's been moved and  
3 seconded. All in favor say aye.

4 (Unanimous.)

5 Any opposed?

6 By your action you've approved Issue No. 10.

7 MS. LINN: Commissioners, I'm Tonya Linn with  
8 Commission staff. Issue 11 is staff's  
9 recommendation to increase other deferred debits by  
10 \$14,042. AUF requested \$365,422 for other deferred  
11 debits. Staff recommends 379,464.

12 We would also like to add an oral modification  
13 from the errata sheet. The Table 11-1 shows in the  
14 last rate column \$93,048. That was combined with  
15 agreed upon adjustments from Issue 2. It should  
16 total \$14,042.

17 Staff is prepared to answer any questions the  
18 Commission may have.

19 CHAIRMAN GRAHAM: Hold on just a second. I  
20 need to find that. Okay.

21 Public Counsel?

22 MS. CHRISTENSEN: For purposes of agenda,  
23 Office of Public Counsel has no objections to  
24 staff's adjustments.

25 MR. MAY: We agree with staff's

1 recommendation.

2 CHAIRMAN GRAHAM: What's that you say,  
3 Commissioner Brisé, move staff?

4 COMMISSIONER BRISÉ: Move staff.

5 COMMISSIONER EDGAR: Second.

6 CHAIRMAN GRAHAM: It's been moved and  
7 seconded, staff recommendation on Issue No. 11.  
8 All in favor say aye.

9 (Unanimous.)

10 Any opposed?

11 By your action you've approved staff  
12 recommendation on Issue No. 11.

13 Issue No. 12.

14 MR. FLETCHER: Commissioners, Issue 12 is  
15 staff's recommendation regarding the appropriate  
16 accrued taxes for inclusion in working capital.  
17 Our adjustment of \$1.1 million approximately is  
18 consistent with the Commission's decision in the  
19 last case.

20 CHAIRMAN GRAHAM: Public Counsel?

21 MS. CHRISTENSEN: For purpose of the agenda we  
22 support staff's recommended adjustments.

23 CHAIRMAN GRAHAM: Aqua Utilities?

24 MR. MAY: We agree with staff's  
25 recommendation.

1 CHAIRMAN GRAHAM: Commissioner Brisé?

2 COMMISSIONER BRISÉ: Move staff.

3 COMMISSIONER BROWN: Second.

4 CHAIRMAN GRAHAM: It's been moved and  
5 seconded, staff recommendation on Issue No. 12.  
6 All in favor say aye.

7 (Unanimous.)

8 Any opposed?

9 By your action you approve Issue No. 12.

10 Issue No. 13.

11 MS. LINN: Issue 13 is staff's recommendation  
12 to increase deferred rate case expense by \$107,880.  
13 AUF included \$719,224 in its filing for deferred  
14 rate case expense. Staff recommends deferred rate  
15 case expense of \$827,104. This includes prior rate  
16 case expense of \$437,969 and current rate case  
17 expense of \$389,135. There's also an oral  
18 modification shown on page 4 of the errata sheet.

19 And staff is prepared to answer any questions  
20 you may have.

21 CHAIRMAN GRAHAM: Public Counsel?

22 MS. CHRISTENSEN: Public Counsel has no  
23 objection to staff's recommended adjustments, with  
24 the exception that if any adjustments are made to  
25 rate case expense as the Commission votes out Issue

1 28, I guess, that those would be flowed back into  
2 this issue as appropriate.

3 CHAIRMAN GRAHAM: Makes sense.

4 Aqua Utilities?

5 MR. MAY: We agree with staff's  
6 recommendation.

7 CHAIRMAN GRAHAM: Commissioner Brown, was that  
8 a motion to move Issue 13?

9 COMMISSIONER BROWN: It is.

10 CHAIRMAN GRAHAM: Moved and seconded to  
11 approve Issue 13. Any discussion? All in favor  
12 say aye.

13 COMMISSIONER BALBIS: Wait, hold on. I just  
14 want to make sure it's clear that with, again, any  
15 adjustment to the upcoming issue would flow back,  
16 and I don't know if we need to clarify that in  
17 the --

18 COMMISSIONER BROWN: That's implicit in --

19 CHAIRMAN GRAHAM: She's a lawyer. She knows.  
20 That was implicit in her motion.

21 It's been moved and seconded. Any further  
22 discussion? All in favor say aye.

23 (Unanimous.)

24 Any opposed?

25 By your action you've approved Issue No. --

1 that was 13.

2 We're now going to Issue No. 14.

3 MS. LINN: Issue 14 is staff's recommendation  
4 to decrease AUF's requested working capital by  
5 \$952,621. This is a fallout calculation for Issues  
6 2, 11, 12, and 13.

7 CHAIRMAN GRAHAM: Public Counsel?

8 MS. CHRISTENSEN: For purposes of the agenda  
9 conference, OPC has no objections to staff's  
10 recommended adjustments.

11 CHAIRMAN GRAHAM: Aqua?

12 MR. MAY: We agree with staff's  
13 recommendation.

14 CHAIRMAN GRAHAM: Commissioner Edgar?

15 COMMISSIONER EDGAR: I would move staff as a  
16 fallout issue.

17 CHAIRMAN GRAHAM: It's been moved and  
18 seconded, staff recommendation for Issue No. 14.  
19 All in favor, please say aye.

20 (Unanimous.)

21 Any opposed?

22 By your action you've approved Issue No. 14.  
23 Issue No. 15.

24 MR. DEASON: Commissioners, Issue 15 has to do  
25 with staff's recommended rate base for water and

1 wastewater. Aqua requested a rate base of  
2 \$36,347,777. There is an oral modification on page  
3 4 of the errata sheet at the bottom of the page.  
4 Staff is recommending a rate base of \$20,242,872  
5 for water and 13,781,735 for wastewater.  
6 Additionally, Table 15-1 has been updated to show  
7 these specific adjustments regarding each  
8 individual rate band.

9 This is a fallout issue regarding the  
10 adjustments the staff has made from Issues 2 to 14,  
11 and we're available for any questions.

12 CHAIRMAN GRAHAM: Public Counsel?

13 MS. CHRISTENSEN: Office of Public Counsel has  
14 no objection to staff's recommendations.

15 CHAIRMAN GRAHAM: Aqua?

16 MR. MAY: No objections.

17 CHAIRMAN GRAHAM: Commissioner Balbis?

18 COMMISSIONER BALBIS: Move approval of staff  
19 recommendation.

20 COMMISSIONER BROWN: Second.

21 CHAIRMAN GRAHAM: It's been moved and  
22 seconded, staff recommendation on Issue No. 15.  
23 Any further discussion? All in favor say aye.

24 (Unanimous.)

25 Any opposed?

1 By your action you've approved Issue No. 15.  
2 Issue No. 16.

3 MR. SPRINGER: Good evening, Commissioners.  
4 I'm Michael Springer. Issue 16 is the appropriate  
5 capital structure to use for rate setting purposes.  
6 We believe the appropriate capital structure for  
7 AUF is the revised schedule 1 included in the  
8 errata. Staff is available to answer your  
9 questions.

10 CHAIRMAN GRAHAM: Public Counsel?

11 MS. CHRISTENSEN: Office of Public Counsel has  
12 no objection to the recommended adjustments by  
13 staff.

14 CHAIRMAN GRAHAM: Aqua?

15 MR. MAY: We agree with the recommendation.

16 CHAIRMAN GRAHAM: Commissioner Balbis?

17 COMMISSIONER BALBIS: Move approval of staff's  
18 recommendation on Issue 16.

19 CHAIRMAN GRAHAM: That's been moved and  
20 seconded, staff recommendation on Issue No. 16.  
21 Any further discussion? Seeing none, all in favor  
22 say aye.

23 (Unanimous.)

24 Any opposed?

25 By your action you approve No. 16.

1           Let's go to Issue 17.

2           MS. SALNOVA: Good evening, Commissioners.

3           I'm Natalia Salnova on behalf of Commission staff.

4           Issue 17 addresses the appropriate amount of  
5           accumulated deferred income taxes to include in the  
6           capital structure. Staff recommends an increase of  
7           approximately \$736,000 over the amount collected in  
8           the utility's filing.

9           The primary driver for the increase is bonus  
10          tax depreciation allowance provided by the small  
11          business job set and the tax relief act. Staff  
12          adjusted the balance of accumulated deferred income  
13          taxes to reflect deferred income tax effects of  
14          bonus tax depreciation related to the past year  
15          plan and pro forma plan. The company did not  
16          include the tax effect in its filing.

17          Recognizing zero cost deferred taxes and the  
18          capital structure uses the overall cost of return  
19          charged the ratepayers. Staff recommends the  
20          appropriate amount of accumulated deferred income  
21          taxes to include in AUF's capital structure is  
22          2,192,385.

23          Staff is available to answer any questions you  
24          may have.

25          MR. FLETCHER: I'd just like to add that the

1 errata correction for Issue 17 is on page 5 of the  
2 errata sheet.

3 CHAIRMAN GRAHAM: Got you.

4 Public Counsel?

5 MS. CHRISTENSEN: Office of Public Counsel has  
6 no objection to staff's recommendation.

7 CHAIRMAN GRAHAM: Aqua?

8 MR. MAY: No objections, Mr. Chairman.

9 CHAIRMAN GRAHAM: Commissioner Brown?

10 COMMISSIONER BROWN: Move staff.

11 COMMISSIONER EDGAR: Second.

12 CHAIRMAN GRAHAM: It's been moved and  
13 seconded, staff recommendation on Issue No. 17.  
14 All in favor say aye.

15 (Unanimous.)

16 Any opposed?

17 By your action you've approved Issue No. 17.

18 That moves us to Issue No. 18.

19 MR. SPRINGER: Issue 18 is the appropriate  
20 cost rate for short-term and long-term debt. There  
21 is no short-term debt, and staff believes the  
22 appropriate cost rate for long-term debt is  
23 5.1 percent.

24 Staff is available to answer any of your  
25 questions.

1 CHAIRMAN GRAHAM: Public Counsel?

2 MS. CHRISTENSEN: Office of Public Counsel has  
3 no objection to staff's recommendation.

4 CHAIRMAN GRAHAM: Aqua?

5 MR. MAY: We agree with staff's  
6 recommendation, Mr. Chairman.

7 CHAIRMAN GRAHAM: Commissioner Brown?

8 COMMISSIONER BROWN: I did have a question  
9 that came up during the customer meetings about the  
10 utility. It's for the utility, if you don't mind.

11 CHAIRMAN GRAHAM: Yeah, sure.

12 COMMISSIONER BROWN: —For the utility  
13 considering longer term debt financing options that  
14 would moderate or reduce current rates. Has the  
15 utility explored?

16 MR. MAY: Mr. Chair?

17 CHAIRMAN GRAHAM: Yes, please.

18 MR. MAY: Commissioner Brown, yes, the utility  
19 is always vigilant on looking at the most  
20 cost-effective debt structure appropriate, and I  
21 can defer to Mr. Rendell, but I'm confident that  
22 that's the case.

23 MR. RENDELL: I agree with that statement. We  
24 continually look to see if we can refinance any  
25 long-term debt to get a better interest rate. Our

1 combined rate -- or overall combined rate, 5.1, is  
2 relatively low compared to financial markets at  
3 this time.

4 COMMISSIONER BROWN: I'd like to move staff  
5 recommendation.

6 COMMISSIONER EDGAR: Second.

7 CHAIRMAN GRAHAM: It's been moved and  
8 seconded, staff recommendation on Issue No. 18.  
9 Any further discussion?

10 Seeing none, I actually have to tell you I was  
11 kind of impressed on how low that rate was.

12 Any further discussion? - Seeing none, all in  
13 favor say aye.

14 (Unanimous.)

15 Any opposed?

16 By your action you approve Issue No. 18.

17 Issue No. 19.

18 MR. SPRINGER: Issue 19 is 9.67 percent is the  
19 appropriate rate of return on equity based on the  
20 leverage formula currently in effect.

21 Staff is available to answer your questions.

22 CHAIRMAN GRAHAM: Public Counsel?

23 MS. CHRISTENSEN: Public Counsel has no  
24 objection to the rate of return of common equity of  
25 9.67, although we would like to express any support

1 for a reduction in that related to the finding of  
2 marginal service that the Commissioners might deem  
3 appropriate. We think that that would be  
4 appropriate. Although we hadn't addressed it  
5 originally on our handout sheet, based on today's  
6 discussion we would fully support some sort of  
7 return on equity reduction to -- due to the  
8 marginal service. Thank you.

9 CHAIRMAN GRAHAM: Do you have any  
10 recommendations?

11 MS. CHRISTENSEN: I think your staff said you  
12 could go as low as 100 basis points for that with  
13 marginal service, and, I mean, if this is a  
14 continuing and ongoing problem, so we would support  
15 going to the 100 basis points. Now -- but  
16 definitely a reduction in the ROE for this company.

17 CHAIRMAN GRAHAM: Aqua?

18 MR. MAY: We certainly don't agree with OPC on  
19 this one. We would agree with staff's  
20 recommendation and would point out that using the  
21 leverage formula produces an ROE of 9.67. We're  
22 currently earning an ROE of 9.75, so this is a  
23 reduction in and of itself. And would also point  
24 out that, in instances where the Commission has  
25 reduced ROE, I'd like you to consider those

1 instances. The factual instances were much more  
2 egregious than I believe that are here.

3 For instance, in the case that Mr. Jaeger  
4 mentioned earlier, the Gulf Power Company v. Wilson  
5 case, a Supreme Court decision, the Commission  
6 reduced the ROE of that electric utility by 50  
7 basis points, but it was only after finding  
8 criminally corrupt practices and gross  
9 mismanagement, which reflected a gross disregard  
10 for ratepayer and public service. I don't think  
11 those findings are reflective here, and we would  
12 respectfully submit that no reduction in ROE is  
13 warranted.

14 MR. SPRINGER: I would just like to bring --  
15 bring the attention to the errata sheet on this  
16 one. It's not a material difference, but the  
17 equity ratio changed from 61.22 on page 5 of the  
18 errata sheet to 61.31. So before you vote I just  
19 wanted you to know that. Excuse me.

20 CHAIRMAN GRAHAM: That's quite all right.

21 MR. CURTIN: And if I may, Commissioner, talk  
22 about the ROE issue on behalf of Arredondo Farms.

23 CHAIRMAN GRAHAM: Sure.

24 MR. CURTIN: Respectively, we also believe  
25 that the Commission should take some account of a

1 reduction in the ROE. Obviously we want -- to ask  
2 you a recommendation of how much to do it is kind  
3 of asking someone, the principal, how hard do you  
4 want to be paddled. Obviously Aqua doesn't want to  
5 be paddled hard and we would like them to be  
6 paddled hard.

7 You know, last rate increase they had out here  
8 you -- the Commissioners put them on a monitoring  
9 plan. Respectively, they failed that monitoring  
10 plan. They have a marginal service here and they  
11 came back to this Commission asking for another  
12 large rate increase with failing their own  
13 monitoring plan. So they have failed again on  
14 that, and I think the only way that putting them on  
15 a phase 3 monitoring plan would get them to  
16 actually do something about their service issues is  
17 to hit them in the ROE, because obviously that's  
18 where the purse strings area. When you hit them in  
19 the ROE, they will do something about their  
20 service.

21 So respectively we also request a reduction in  
22 ROE, and we did ask for that in our memorandum.

23 Thank you.

24 CHAIRMAN GRAHAM: Mr. May?

25 MR. MAY: Just very briefly. Mr. Rendell

1 reminded me of the history in our last rate case.  
2 To get to 9.75 the Commission reduced our ROE by I  
3 think 100 basis points, so we had -- we had been  
4 whacked, if you will, the last case.

5 Subsequently, in the last time we were here  
6 back in March the Commission indicated we had made  
7 substantial improvement. Obviously you all have  
8 made a determination today that it is marginal, but  
9 still I would urge you to consider this historical  
10 fact, that we had been penalized in the past with  
11 an ROE reduction, and, you know, quite frankly  
12 we -- we -- in order to get out of this kind of  
13 cycle we're in, we believe a 9.69 or a 9.67 percent  
14 ROE is basically really minimally what we need to  
15 make the investments to move forward as a viable  
16 company.

17 CHAIRMAN GRAHAM: Commissioner Balbis?

18 COMMISSIONER BALBIS: Thank you, Mr. Chairman.  
19 I just have a comment and then a question for  
20 staff, and I guess in response to the  
21 representative from Arredondo, I believe.

22 I think looking at what phase 2 monitoring  
23 report stated in staff's original recommendation on  
24 quality of service, I think clearly the utility is  
25 making an attempt to do so in the -- to increase

1 the quality of service. And the question for staff  
2 is, with this continued monitoring, do we have an  
3 opportunity to readdress this issue, if, say, six  
4 months down the road, seven months down the road,  
5 or whatever it may be, we see indications that  
6 quality of service is decreasing or there's no  
7 attempt, you know, so can we revisit that or is  
8 that our one shot at it?

9 MR. WILLIS: Commissioner Balbis, I would  
10 imagine that when we meet with the parties we will  
11 come back with a plan for the Commission to approve  
12 that would basically have a time frame in which the  
13 staff would bring back something to the Commission  
14 as far as where we deem the quality of service to  
15 be at that point, based on all of the parameters  
16 that the Commission agrees on.

17 If at that time you see something going wrong,  
18 haywire with the Commission -- with the company and  
19 how their metrics are falling, you can certainly  
20 address that the rate of return might be reduced at  
21 that point. That might require another proceeding  
22 to actually do a rate reduction at that point.

23 In the last case I believe the Commission said  
24 that if, for instance, Chuluota system, there was  
25 talk there that if the consent order was lifted and

1       quality of service improved, that the ROE would be  
2       brought back to normal, but in that case they'd  
3       have to come in for a rate case since there was no  
4       increases granted. That's something you could do  
5       as far as looking at it.

6               If you wanted to apply a penalty now -- in  
7       other words, if you wanted to apply some form of  
8       penalty now, it could be alleviated later on. If  
9       you saw that metrics were rising and the company  
10      was doing better, you could take that away at that  
11      point.

12             MR. JAEGER: Commissioner Balbis, this is  
13      legal, Ralph Jaeger. I agree with Marshall on  
14      everything.

15             I think if you wanted to give them some  
16      leeway, you could do a reduction, and then if they  
17      get better then we could come back in another PAA  
18      just on that limited issue to raise the rate of  
19      return. Or if they got worse we could do a more  
20      reduction if you were going to stay within that  
21      range of reasonableness. And so if you like did 50  
22      basis points or 75, then you could go either way  
23      after we do this phase 3 monitoring and come back  
24      and adjust the rates as -- based on their  
25      improvement or continued slide.

1           COMMISSIONER BALBIS: So I guess the question  
2 would be what would be an easier proceeding, the  
3 reduction of the ROE at a later date or allowing  
4 them to come in for an increase?

5           MR. WILLIS: An easier proceeding? It  
6 wouldn't be easy.

7           It all depends on what you're trying to do,  
8 Commissioner. If you believe that the company --  
9 and then you have voted already that the company's  
10 quality of service is marginal. If you believe  
11 that that warrants at this point in time some form  
12 of reduction, it would be easier for them to come  
13 back later on after review of metrics and have that  
14 taken away and raised back up to a normal rate of  
15 return that staff has recommended, if you agree  
16 with that return.

17           The opposite direction, to try and take away  
18 something later on is going to be a much harder  
19 proceeding, in my opinion.

20           COMMISSIONER BROWN: Mr. Chairman?

21           CHAIRMAN GRAHAM: And let me see if I  
22 understand what Mr. May said before. Last rate  
23 case they had they -- the 100 basis points were  
24 pulled back. Assuming if the monitoring goes  
25 through, they would get the 100 basis points back

1       this time.

2           MR. MAY:   Mr. Chairman, I'm sorry.   I  
3       misspoke.   Mr. Rendell just reminded me it was a 50  
4       basis points reduction.   It was 100 basis points  
5       for Chuluota and 50 basis points for the other  
6       system, reduction.   I apologize.   I just --

7           CHAIRMAN GRAHAM:   That's all right.

8           MR. MAY:   -- confused that.

9           CHAIRMAN GRAHAM:   So 50 points?

10          MR. MAY:   Yes.

11          CHAIRMAN GRAHAM:   So if --

12          MR. WILLIS:   Mr. May is correct.   He is  
13       correct on that.   He didn't speak to --

14          CHAIRMAN GRAHAM:   So it was 50 basis points.  
15       And since I guess according to what we're saying  
16       right now, they didn't hit that level that they  
17       wanted, so they would stay still 50 points down  
18       until they hit that level.   And I guess what  
19       Mr. May was trying to say is if you decrease it  
20       again, then you're hitting them the second time,  
21       because the basis points are already down.   Is that  
22       correct?   I'm just trying -- I'm thinking out loud.  
23       I'm trying to understand.

24          MR. WILLIS:   I wouldn't want to speak for  
25       Mr. May, but the company was already reduced by 50

1 basis points in the last case, and you're saying  
2 that it's still marginal. You have indicated that  
3 it has improved somewhat, so I'm not sure you want  
4 to go below 50 basis points. You could continue  
5 the 50 basis points going forward, if that's your  
6 desire, with the idea that if they -- if they show  
7 improvement, we bring it back to the Commission,  
8 and you agree they've shown improvement enough to  
9 have them relieved of that 50 basis points, at that  
10 point they could have their rates increased for  
11 that extra 50 basis points to be brought back.

12 CHAIRMAN GRAHAM: Mary Anne is over there  
13 yelling and screaming, so let me go over there so  
14 we don't get in trouble, and I'll come back.

15 MS. HELTON: I was awakened. I'm not sure  
16 that I agree exactly with some of the comments that  
17 have been made with respect to our ability to go  
18 back and reduce ROE further at the end of any kind  
19 of a monitoring review. I'm much more comfortable  
20 with reducing it now. I think that the  
21 conversation that we have with respect to not  
22 reducing it any further than what it was in the  
23 previous case makes a lot of sense to me and is  
24 solid.

25 If you wanted to make that conditional such

1       that if at the end of the monitoring period they  
2       have shown some -- some concrete improvement such  
3       that you feel comfortable bringing their ROE back  
4       to the middle of the range that's laid out in the  
5       formula, I think that is something that you can do.

6             I am not comfortable with you making it middle  
7       of the range now and then at some point throughout  
8       the monitoring process reducing that. I think that  
9       that would require some type of an additional rate  
10      proceeding that is similar to what we're doing here  
11      today.

12            CHAIRMAN GRAHAM: Once again, I'm trying to  
13      figure this out. My understanding is we are  
14      currently a half a step down from last time, and  
15      had they made the improvements we would have given  
16      that half step back up.

17            MR. MAUREY: Mr. Chairman, there is some  
18      confusion.

19            CHAIRMAN GRAHAM: Everybody wants to talk.

20            MR. MAUREY: I don't know how we got down this  
21      path. There was no 50 basis points light. At the  
22      hearing, staff recommended an ROE midpoint. The  
23      Commission approved a different midpoint. That's  
24      not a 100-basis-point reduction. It just happened  
25      to be 102 basis points less than what staff

1 recommended. That was not a reduction. The only  
2 100-basis-point reduction applied to the Chuluota  
3 system, and it's on page 70 of the order that --

4 MR. JAEGER: I'm in full agreement with  
5 Mr. Maurey. That's what we discussed at one of the  
6 briefings.

7 CHAIRMAN GRAHAM: I thought you were in full  
8 agreement with Marshall -- I mean Mr. Willis over  
9 there.

10 MR. JAEGER: I am. And Mr. Maurey -- I think  
11 Marshall wasn't saying anything -- he didn't know  
12 anything about the ROE, I don't think. But  
13 basically we went round and round on the ROE in the  
14 080121 docket, and they had all kinds -- a lot of  
15 times we just do the leverage graph, but they had  
16 all kinds of testimony. The leverage graph showed,  
17 like Andrew said, and the Commission went with 100  
18 basis points lower for the midpoint, and then they  
19 took another 100 basis points for Chuluota and said  
20 the midpoint was the 9.7 --

21 MR. MAUREY: The 9.75 was the ROE midpoint for  
22 Aqua in the last rate case.

23 CHAIRMAN GRAHAM: All right. Let's go to  
24 Commissioner Balbis -- I'm sorry, Brown.

25 COMMISSIONER BROWN: Thank you, Mr. Chairman.

1 I was about to jump out of my seat like Ms. Helton  
2 as well. Ms. Helton -- when we were talking about  
3 the different types of proceedings and when we  
4 would -- and do that.

5 I did want to point out, and I'm grateful that  
6 you pointed out that the last rate case the ROE was  
7 set at 9.75. Here, right now what it's set at is  
8 9.67.

9 I just want to make sure what we do is legally  
10 defensible, and if -- and it complies with case law  
11 and precedents, and I just wanted to make that  
12 point out on the -- to the rest of the  
13 Commissioners and also to get confirmation and  
14 comfort with the rest of the Commission staff with  
15 regard to reductions in any basis points.

16 MR. JAEGER: If you determine that the  
17 midpoint of the ROE should be 9.67, then you may  
18 reduce that, pursuant to the Wilson case and some  
19 other cases, by 100 basis points, and you would  
20 stay within the range and not be athwart of any  
21 undue taking, or it would be legally by our  
22 analysis of the court cases.

23 So first of all you set the mid -- what the  
24 midpoint would be under a normal situation. You  
25 can say the 9.67 using a leverage graph, and then

1       you can say -- take 100 basis points off if you  
2       think the marginal service deserves a  
3       100-basis-point reduction. That would be the  
4       maximum that you could take and stay within the  
5       range.

6               CHAIRMAN GRAHAM: Let's do this. Let's take a  
7       five-minute break. Do you want to go before or  
8       after a five-minute break?

9               COMMISSIONER EDGAR: I'm going to jump out of  
10      my chair, Mr. Chairman. Third in line.

11              CHAIRMAN GRAHAM: Our poor court reporter over  
12      there, her fingers get to rest every two hours. If  
13      you want her to go, I mean, we can let you speak,  
14      or if you want to be first person when we come  
15      back, Commissioner Edgar.

16              COMMISSIONER EDGAR: Can you give me 45  
17      seconds? She's nodding. Good.

18              CHAIRMAN GRAHAM: Commissioner Edgar.

19              COMMISSIONER EDGAR: Thank you. And thank  
20      you. I appreciate that. And I have been kind of  
21      jumping out of my chair, because some of the  
22      discussion of the discussion and the decision on  
23      ROE at the last case did not jive with my memory,  
24      and although there were pieces of that discussion  
25      I've tried to erase from my memory, I have gone

1 back in the last 48 hours and reread the entire  
2 transcript.

3 And I would point out that there was  
4 substantial discussion, and we went round and round  
5 and round, and to the extent that there were  
6 actually two concurring opinions written just  
7 specifically on this point of ROE and how to get  
8 there, one of which was mine, which I still agree  
9 with, by the way.

10 Absolutely anything we need to do I want us to  
11 have to the best of our ability a strong rationale.  
12 I think that's important for the company and for  
13 other cases that will come before us. I also will  
14 point out that some of the discussion that caused  
15 us to go round and round at the last time and maybe  
16 has not been completely highlighted tonight is that  
17 part of the reason for the change is the change in  
18 the leverage formula.

19 And one of the concerns at the last hearing or  
20 the last -- in the last rate case when this was  
21 discussed was that there was a finding of marginal,  
22 and -- but yet there also had been a recent  
23 previous vote to adopt a leverage formula, which a  
24 number of the Commissioners seemed to feel was too  
25 high for the facts that were before us, but yet

1       trying to find some consistency in adopting a  
2       leverage formula, and then soon after perhaps not  
3       utilizing it in an instant case. I think that's  
4       accurate.

5               In this instance, what -- what I would suggest  
6       is that, you know, a little while ago I made a  
7       suggestion that we reach a finding of satisfactory  
8       on a majority of the systems and marginal on a  
9       smaller portion, and we decided to go in a  
10      different direction, and I supported that in the  
11      interest of the full discussion and reaching  
12      consensus.

13             But I think a finding of marginal should have  
14      some impact. I also think that we need to  
15      recognize that we have said as a body and our staff  
16      has shown us in -- in factual review and analysis  
17      and documentation that progress has been made, that  
18      there has been a real effort to make improvement,  
19      and that some improvement has been made. But by  
20      making a finding of marginal we have said you're  
21      not there yet, and I think that should have some  
22      impact.

23             So before we go on break, Mr. Chairman, I  
24      would suggest that that issue of us having adopted  
25      a leverage formula and that leverage formula by

1 virtue of the passage of time and other  
2 circumstances being different than the leverage  
3 formula that was before the Commission before  
4 should enter into our thought process, and I will  
5 just put out there for us to think on, you know, a  
6 reduction of maybe 25 to 50 basis points per the  
7 discussion I've had.

8 Because of the progress that we have said has  
9 been made, I would not support anything more than  
10 50 points.

11 And I thank you for the opportunity to speak  
12 before the break.

13 CHAIRMAN GRAHAM: Let me see if I understand.  
14 You're still saying though for that reduction to be  
15 on everything and not what you originally said and  
16 just part of that?

17 COMMISSIONER EDGAR: Yes. Because what I had  
18 suggested was not the finding that we adopted.  
19 Therefore the other piece of it no longer flows.

20 CHAIRMAN GRAHAM: I don't think that motion  
21 was ever made. I think you talked about it, but --

22 COMMISSIONER EDGAR: Correct. I didn't make  
23 the motion. I made the suggestion and there did  
24 not seem to be support.

25 CHAIRMAN GRAHAM: Okay. I just wanted to let

1       you know that the motion was never made.

2               That all being said, well, let's take a  
3       five-minute break. Actually let's get back here at  
4       five minutes after the hour.

5               (Break taken.)

6               CHAIRMAN GRAHAM: All right, guys. Let's get  
7       ready. Okay. I appreciate you guys all being  
8       quick with the break.

9               We are on Issue No. 19 and Commissioner Edgar  
10       let's say still has the floor.

11              COMMISSIONER EDGAR: Thank you, Mr. Chairman.  
12       And I'll put this out there in light of my earlier  
13       comments. Less succinct than I would have liked  
14       them to be, but hopefully relatively clear. I  
15       would move that we reduce the staff recommendation  
16       by 25 basis points as a reflection of our findings  
17       on Issue 1, and any other issues that would need to  
18       be adjusted to flow from that, we ask the staff to  
19       take care of that.

20              COMMISSIONER BROWN: Second.

21              CHAIRMAN GRAHAM: That's been moved and  
22       seconded to decrease staff recommendation by 25  
23       basis points?

24              COMMISSIONER EDGAR: Yes.

25              CHAIRMAN GRAHAM: Now I guess the question I

1 have, this is going back to your original  
2 statement, do you want to do this for the entire  
3 system or for the ones that we just seem to be  
4 having issues with?

5 COMMISSIONER EDGAR: I think we address that  
6 in Issue 1.

7 CHAIRMAN GRAHAM: Okay. Just asked the  
8 question.

9 Any other discussion?

10 COMMISSIONER EDGAR: Unless somebody else  
11 wants to move that we revisit Issue 1, but in light  
12 of our decision on Issue 1, I -- I think that the  
13 two issues should be consistent.

14 MR. JAEGER: Commissioner Edgar, Ralph Jaeger.  
15 I have a clarifying question. We usually set the  
16 midpoint and then you reduce it by 25 basis points.  
17 Is that what you're --

18 COMMISSIONER EDGAR: So the midpoint would be  
19 the 9.67 that is the leverage -- that reflects the  
20 leverage formula calculation.

21 MR. JAEGER: And then reduce that 25 basis  
22 points?

23 COMMISSIONER EDGAR: Yes, sir.

24 CHAIRMAN GRAHAM: Commissioner Balbis?

25 COMMISSIONER BALBIS: Thank you, Mr. Chair.

1 And I support the motion. Again, I just want to  
2 recognize that the utility has made strides, and I  
3 recognize that. I think, again, the curve is  
4 starting to move up. We want to continue that  
5 momentum, provide an incentive to the utility to,  
6 again, at the end of the monitoring period if we  
7 see that these problems have been solved, then of  
8 course we'd move forward with that other easier  
9 proceeding that general counsel's office is  
10 comfortable with, go from there. So with that I  
11 would support the motion.

12 CHAIRMAN GRAHAM: Commissioner Brisé?

13 COMMISSIONER BRISÉ: Thank you, Mr. Chairman,  
14 and I support the motion and I just want to  
15 recognize that we could have gone 50 points, so I  
16 think we went to 25, in recognition that there is  
17 forward progress, and we certainly hope that there  
18 will be continuing forward progress, and maybe  
19 we'll be at a point where we can eliminate that  
20 reduction. So that's our end goal.

21 CHAIRMAN GRAHAM: Any other discussion?

22 Commissioner Edgar?

23 COMMISSIONER EDGAR: I would just say, for  
24 any -- anybody who's interested in further  
25 discussion on this point, I would recommend my

1 concurring opinion in the last rate case.

2 CHAIRMAN GRAHAM: Staff recommendation on  
3 Issue No. 19, as amended by Commissioner Edgar, has  
4 been moved and seconded. Any further discussion?  
5 Seeing none, all in favor say aye.

6 (Unanimous.)

7 Any opposed?

8 By your action you have approved Issue No. 19.  
9 Issue No. 20.

10 MS. SALNOVA: Issue 20 addresses the  
11 appropriate weighted average cost of capital.  
12 Based on the proper components, amounts, and cost  
13 rates associated with the capital structure, staff  
14 recommends the appropriate weighted average cost of  
15 capital for AUF is 7.39 percent.

16 Staff is available to answer your questions.

17 I apologize. Please refer to page 6 of the  
18 errata sheet for modifications. And also please  
19 note that Issue 20 is impacted by Issue 19.

20 CHAIRMAN GRAHAM: Public Counsel? I'm sorry,  
21 hold on a second.

22 Commissioner Edgar?

23 COMMISSIONER EDGAR: I was just going to say,  
24 my understanding is this is a fallout issue, and if  
25 there are no concerns by the parties, I would move

1 staff.

2 CHAIRMAN GRAHAM: Public Counsel?

3 MS. CHRISTENSEN: Office of Public Counsel has  
4 no objection to staff's recommendations as amended  
5 to show the Commission's vote in Issue 19.

6 MR. MAY: We agree.

7 CHAIRMAN GRAHAM: It's been moved and it's  
8 been seconded. Any further discussion on Issue No.  
9 20? Seeing none, all in favor say aye.

10 (Unanimous.)

11 Any opposed?

12 By your action you've approved Issue No. 20.  
13 No. 21.

14 MR. FLETCHER: Commissioners, Issue 21 is  
15 staff's recommendation to disallow fines and  
16 penalties assessed to the utility.

17 CHAIRMAN GRAHAM: Public Counsel?

18 MS. CHRISTENSEN: Public Counsel has no  
19 objection to the staff recommendation.

20 CHAIRMAN GRAHAM: Aqua Utilities?

21 MR. MAY: We agree.

22 CHAIRMAN GRAHAM: Commissioner Brisé?

23 COMMISSIONER BRISÉ: Move staff.

24 CHAIRMAN GRAHAM: It's been moved and  
25 seconded, staff recommendation on Issue No. 21.

1 All in favor say aye.

2 (Unanimous.)

3 Any opposed?

4 By your action you've approved Issue No. 21.

5 Issue No. 22.

6 MR. FLETCHER: Commissioners, Issue 22 is  
7 staff's recommendation of the appropriate allocated  
8 affiliate rate base and operating expenses.

9 Briefly, AAI, the utility's parent, has two  
10 divisions that allocate costs to its subsidiaries  
11 in the various states. These two divisions are  
12 Aqua Services, Inc. and Aqua Customer Organization.  
13 Staff recommends four specific adjustments to  
14 reflect additional AAI customers beyond the test  
15 year, reduction of corporate IT costs associated  
16 with divestitures, removal of normalization and  
17 pro forma executive salary increases, and removal  
18 of executive bonus compensation. These adjustments  
19 represent a total revenue requirement reduction of  
20 approximately a quarter million dollars.

21 Staff is prepared to answer any questions you  
22 may have.

23 CHAIRMAN GRAHAM: Public Counsel?

24 MS. CHRISTENSEN: Office of Public Counsel  
25 doesn't object to staff's disallowances as far as

1       they go. We have previously handed out what we  
2       would make as further reductions to the affiliate  
3       charges. We addressed this in our opening and  
4       briefly again. Aqua Utilities' management fees and  
5       cost affiliate charges are 60 percent higher than  
6       the average of all other water and wastewater  
7       utilities. That's based on staff's analysis.

8               As we pointed out in our earlier comments on  
9       page 83, staff uses as part of its analysis of  
10      the -- I want to say reasonableness of their own  
11      O&M costs was this analysis of all other O&M  
12      expenses. As we pointed out earlier, there was a  
13      mathematical error, and they compared the total  
14      cost of all water and wastewater utilities -- or  
15      wastewater customers, but then only divided by the  
16      number of water customers, and that significantly  
17      skewed the number to \$399. When you make the  
18      correction and divide by the correct number of  
19      customers, it brings down the total average cost to  
20      \$241, versus Aqua's \$392.

21              We also did an analysis from OPC on similarly  
22      situated class C customers for management fees per  
23      ERC. Aqua's cost was \$201 versus all the other  
24      class Cs, which was 160.

25              And, you know, I think this goes to

1 demonstrate that there's just really no economies  
2 of scale that Aqua is bringing to these customers,  
3 especially through the affiliate charges. And  
4 there's no explanation of why these affiliate  
5 charges have raised -- have increased more than  
6 250 percent in the last two years. I mean -- and  
7 there's no documents for at least 130 percent of  
8 those increases. And your own MFRs require that if  
9 there's an increase in any specific category of  
10 costs beyond what CPI and inflation would account  
11 for, they're supposed to provide an explanation of  
12 that. There was none provided.

13 So, you know, we're not saying they shouldn't  
14 have any management or affiliate costs. We're just  
15 saying they should remain at the same level that  
16 they had in 2008. You shouldn't give them an  
17 increase in these management costs. They just  
18 haven't justified it.

19 And, contrary to staff's assertion in the  
20 recommendation, it's not Office of Public Counsel's  
21 obligation to prove or disapprove their costs.  
22 It's the utility's burden to prove and justify the  
23 costs that they're asking for recovery from the  
24 customers.

25 So I do think we have brought to the table

1 reasons that this Commission should disallow this  
2 increase for this specific charge. And, as we  
3 stated before, the total disallowance would be  
4 \$1,343,095. And we think that that is fair to the  
5 customers.

6 And, you know, at some point, if they could  
7 provide justification for an increase, that would  
8 be fine. But I just, frankly, cannot see in this  
9 economy how you can justify 250 percent increase.

10 CHAIRMAN GRAHAM: Aqua Utilities?

11 MR. MAY: First, we strongly disagree that  
12 there's been a 250 percent increase. Our  
13 calculations show it's around 3.5 percent, so it's  
14 not 250 percent.

15 The second issue that I'd like to point out is  
16 this kind of cost comparison that Ms. Christensen  
17 is engaged in was the very type of cost comparison  
18 that the First District Court of Appeal and  
19 Sunshine Utilities of Central Florida v. PSC  
20 objected to and overturned. It's an apples to  
21 oranges opinion. I think staff has got it exactly  
22 right on page 85. You see that to disallow  
23 affiliate charges solely on -- based on the  
24 purported cost structures of other entities would  
25 ignore the actual cost incurred by AUF and violate

1 fundamental principles of cost of service  
2 regulation.

3 I would also point out in the handout that  
4 OPC, they mention a Virginia study. What they  
5 overlook is the fact that AUF supplied a Florida  
6 study, which showed that their allocated costs are  
7 below the cost that they would have incurred had  
8 they had to go outside of the corporate structure  
9 and retain their own outside consultants, own  
10 outside engineers, accountants, et cetera.

11 So we think staff's got it right. We would  
12 agree with staff's recommendation.

13 MR. FLETCHER: Chairman, if I may. I didn't  
14 point out the oral modifications that were on the  
15 errata sheet at the bottom of page 6 and the top of  
16 page 7 for this issue.

17 CHAIRMAN GRAHAM: Sounds good, for the record.  
18 Commissioner Brisé, followed by  
19 Commissioner Brown.

20 COMMISSIONER BRISE: Thank you, Mr. Chairman.  
21 If staff could just clarify for me and maybe  
22 for the record the claim of the mathematical error.

23 MR. FLETCHER: Yes, Commissioner. On page 83  
24 of the staff's recommendation, that corresponds to  
25 OPC's handout, page 3, staff put this section in

1       there not as a basis for the reasonableness of  
2       Aqua's affiliate costs. It was only for comparable  
3       purposes only, as mentioned in the first sentence.  
4       I will admit that is an error on my part. I took  
5       all 133 utilities that filed a 2009 annual report.  
6       I had the numerator correct. I did not have the  
7       denominator correct at the -- reflecting the  
8       wastewater customers.

9               I will say, as for comparable purposes, the  
10       midpoint of the range is it goes from a low of \$58  
11       all the way up into the thousands of dollars per  
12       customer. Aqua is below the midpoint, just for  
13       comparable purposes. So I -- the number that's  
14       reflected on page 3, the 241, yes, that is the  
15       average.

16              But again, that was not the basis for staff as  
17       far as the reasonableness of the affiliate  
18       transactions. That is delineated through the case  
19       law of the Sunshine case that was mentioned. That  
20       is on a prior Commission decision that says that  
21       you have to look -- you cannot make a blanket  
22       adjustment. You have to look at specific -- which  
23       staff did in this issue; we had four specific  
24       adjustments. You have to look at the individual  
25       transactions and make specific concerns with

1 transactions. You cannot make a blanket adjustment  
2 on an average or comparison. There's too many  
3 variables that go into that. You have to compare  
4 similar duties and responsibilities to make sure  
5 you're doing an apples to apples comparison.

6 CHAIRMAN GRAHAM: So from -- from what you're  
7 explaining now, that even though there might have  
8 been a slight error, the outcome still remains  
9 virtually the same?

10 MR. FLETCHER: That is correct. That was not  
11 the basis as far as the reasonableness, that  
12 paragraph that is on page 83 of our recommendation.  
13 That was only for comparable purposes only.

14 COMMISSIONER BRISE: Okay.

15 CHAIRMAN GRAHAM: Commissioner Brown?

16 COMMISSIONER BROWN: Thank you, Mr. Chairman.

17 Mr. Fletcher, has the utility proved its  
18 burden for these charges?

19 MR. FLETCHER: I believe they have, with  
20 staff's adjustments, the remaining amount, yes.

21 COMMISSIONER BROWN: Do you know why there's a  
22 discrepancy between OPC's suggestion that there's a  
23 250 percent increase and the utility company's  
24 suggestion that there's only a 3.5 percent  
25 increase?

1           MR. FLETCHER: When you look at the management  
2 fee, there were some reclassifications where the  
3 management fees in the last case were in other O&M  
4 expense accounts, and that can account for that  
5 difference. I'm not -- I have not seen the  
6 utility's calculation regarding the 3 percent, but  
7 I do know that that is a reason why there would be  
8 that difference.

9           MS. CHRISTENSEN: Can I briefly address that?

10          COMMISSIONER BROWN: Certainly.

11          MS. CHRISTENSEN: And I'm going to let  
12 Ms. Vandiver do that, because she is our accountant  
13 and she looked in-depth at that issue.

14          MS. VANDIVER: In order to consider what the  
15 company was saying, the MFR pages has a schedule  
16 called the O&M benchmark, and it asks for the  
17 company to show what they had in their last case  
18 and what they had in the current case. And on  
19 management fees, the company said they reclassified  
20 some accounts.

21                 So we considered that, and we did go back and  
22 we looked at the company didn't give numbers, they  
23 just make a blanket statement. So we went and we  
24 looked at all the contractual services as well as  
25 the miscellaneous expense, which is what they said

1 they reclassified money from.

2 And even using that analysis, we found that  
3 what was in the prior test year of 1.9 million was  
4 now 3.2 million, for a 1.3 million increase, which  
5 is about 67 percent increase.

6 So I don't know where they got the 3 percent  
7 either, but in the best of situations it's still  
8 67 percent higher in our view.

9 COMMISSIONER BROWN: And if I may. Aqua, can  
10 you please explain?

11 MR. RENDELL: Commissioners, certainly. It is  
12 true. What staff said is true. And there's  
13 several things that occurred. In the previous  
14 case, 19 -- sorry, 2007, we booked the allocated  
15 costs and miscellaneous expense in 675. Subsequent  
16 to that, in 2010 we started, we believe,  
17 appropriately recognizing contractual services  
18 management fees, which is 634, 734.

19 Along with that in 2010, we also stopped  
20 recording some of the direct charges, like IT  
21 maintenance, some of the contracts, some of the  
22 other ones that were in other accounts, like I  
23 believe it's 634 and I think 632, and also started  
24 recording those in management fees.

25 So what we looked at is the net effect of

1       that, and the 3 percent increase is actually from  
2       2009 to 2010, the corporate charges going from  
3       approximately 874,000 to 905,000. We answered well  
4       over 200 interrogatories, and a significant amount  
5       of those were the allocations. We also answered  
6       staff data requests. So we believe we supplied  
7       enough information to -- for OPC to get this  
8       adjustment.

9               There's one other point I do want to mention  
10      and real briefly, is there was also an allocation  
11      or change in allocation on IT projects that staff  
12      has recommended. I think we have a philosophical  
13      difference, and I'll briefly mention it, because  
14      it's not at this point where we're going to  
15      protest, but I think it's something we want to  
16      discuss with staff.

17             They identified some IT projects, some  
18      software, and what they relied on is a similar case  
19      in Utilities, Inc., where they brought some  
20      divestitures back, so it wasn't reallocated.  
21      What -- what's missing is there were numerous  
22      pieces of that software that was never allocated to  
23      their systems, because they were never on that  
24      software. They had their own billing. They had  
25      their own software that -- they never used that.

1           So I just bring it up as that's just one  
2 philosophical point that we disagree with. But as  
3 a whole we support staff's recommendation.

4           COMMISSIONER BROWN: Thank you.

5           CHAIRMAN GRAHAM: Was that a motion I heard?

6           COMMISSIONER BROWN: I'd like to hear some  
7 comments, if any other Commissioners have comments  
8 on --

9           CHAIRMAN GRAHAM: Commissioner Edgar, followed  
10 by Balbis.

11           COMMISSIONER EDGAR: The issue of the  
12 accounting for affiliate charges is one that we've  
13 had lots and lots of discussion about in this room  
14 over the years. And it's always, you know,  
15 somewhat of a difficult one because, let's face it,  
16 it's putting, you know, money into -- into the  
17 charges that will ultimately flow to the customers.

18           In this instance, I think that the staff did a  
19 good job of balancing all of those interests  
20 consistent with the case law and with previous  
21 decisions of this Commission. And unless there is  
22 further discussion that makes me think that maybe I  
23 need to rethink that, at this point I would support  
24 the staff recommendation. But I certainly want to  
25 hear the remaining comments.

1 CHAIRMAN GRAHAM: Commissioner Balbis?

2 COMMISSIONER BALBIS: Thank you, Mr. Chair. I  
3 just have a quick question for the utility.

4 On page 80 of the recommendation there's a  
5 discussion about the additional employees,  
6 specifically engineers. And as a recovering  
7 professional engineer, I just have a question as  
8 far as you list the services that the in-staff or  
9 on-staff engineers provide, and it seems to me  
10 they're providing more administrative services as  
11 far as obtaining, repairing RFPs, et cetera.

12 Can you -- I mean, -- I assume they're doing  
13 other things, especially with some of the comments  
14 given by Aqua representatives on technical detailed  
15 engineering knowledge. Can you just expand what  
16 other roles those professional engineers take in  
17 the organization?

18 MR. MAY: Sure. With the Chair's permission,  
19 Mr. Lucweiller can address that issue as far as the  
20 expanded role of the engineers for the company.

21 MR. LUCWEILLER: I take it your question is  
22 about the Aqua services engineering services?  
23 Yeah. I mentioned the Chuluota case. Myself and  
24 Mike Pickel, who works for me in compliance, and  
25 Dr. Hertz, who is our Ph.D. lab manager, were on

1 every weekly call on the Chuluota case for almost a  
2 year while that project was going on. We have an  
3 engineer in New Jersey who has been helping with  
4 the design of the Sunny Hills tank and the WRT  
5 treatment systems in Peace River Heights, because  
6 New Jersey has some of the largest and the most WRT  
7 systems in -- in -- for radium treatment.

8 Those are the kinds of engineering services  
9 that we provide. We have -- every four months we  
10 have compliance assurance program meetings where,  
11 by phone or in person we meet with the Florida  
12 staff and review all outstanding compliance issues,  
13 water quality issues, alternative engineering  
14 solutions to those, and provide guidance on where  
15 to go on those kinds of projects.

16 So we're collectively spending a lot of time  
17 in Florida on Florida issues in Bryn Mawr.

18 COMMISSIONER BALBIS: Thank you. I just  
19 wanted to make sure that, again, those services, if  
20 you're comparing it to other outside professional  
21 engineers in services that are similar, and it  
22 sounds like they would be. So with that I don't  
23 have any other questions and would support the  
24 motion.

25 CHAIRMAN GRAHAM: So it was moved by

1 Commissioner Edgar, seconded by Commission Balbis,  
2 staff recommendation on Issue No. 22. Is that  
3 correct?

4 COMMISSIONER EDGAR: Yes.

5 CHAIRMAN GRAHAM: All in favor say aye.

6 (Unanimous.)

7 Any opposed?

8 By your action you've approved Issue No. 22.  
9 Issue No. 23.

10 MR. MOURING: Thank you. Commissioners, I'm  
11 Curt Mouring with Commission staff. Issue 23  
12 addresses staff's recommendation for specific  
13 adjustments to O&M expenses for sludge hauling,  
14 contractual services accounting, and contractual  
15 services legal.

16 Staff is prepared to answer any questions you  
17 may have.

18 CHAIRMAN GRAHAM: Public Counsel?

19 MS. CHRISTENSEN: For purposes of agenda,  
20 staff -- or Office of Public Counsel has no  
21 objection to staff's recommendation.

22 CHAIRMAN GRAHAM: Aqua Utilities?

23 MR. MAY: We agree with the recommendation.

24 CHAIRMAN GRAHAM: Commissioner Brown?

25 COMMISSIONER BROWN: Move staff.

1 COMMISSIONER EDGAR: Second.

2 CHAIRMAN GRAHAM: It's been moved and  
3 seconded, staff recommendation on Issue No. 23.  
4 All in favor say aye.

5 (Unanimous.)

6 Any opposed?

7 My understanding is Issue No. 24 is deleted?

8 MR. MAUREY: That's correct.

9 CHAIRMAN GRAHAM: So Issue 25.

10 MR. FLETCHER: Commissioners, Issue 25 is  
11 staff's recommendation of the appropriate director  
12 and office liability insurance.

13 Staff is prepared to answer any questions you  
14 may have.

15 CHAIRMAN GRAHAM: Public Counsel?

16 MS. CHRISTENSEN: For purposes of agenda,  
17 Office of Public Counsel has no objection to the  
18 recommendation.

19 CHAIRMAN GRAHAM: Aqua?

20 MR. MAY: We agree with the recommendation.

21 CHAIRMAN GRAHAM: Commissioner Brisé?

22 COMMISSIONER BRISÉ: Move staff.

23 COMMISSIONER BROWN: I have a question.

24 CHAIRMAN GRAHAM: Okay. It's been moved and  
25 seconded. Now your discussion.

1 COMMISSIONER BROWN: All right. I have a  
2 question for staff and for the utility.

3 In the last Aqua rate case, didn't the  
4 Commission disallow this expense?

5 MR. FLETCHER: Yes, they did. And since that  
6 time, there have been a change in the Commission's  
7 practice regarding the DOL insurance. There was  
8 the TECO and Progress Energy rate cases, where  
9 those were both hearing cases that the Commission  
10 stated there is a benefit to ratepayers and the  
11 cost should be shared equally between the  
12 ratepayers and shareholders.

13 COMMISSIONER BROWN: And I just want to point  
14 out to my fellow Commissioners that sometimes in  
15 different coverage policies it does include  
16 protection for -- personal protection for  
17 employees, directors, officers, and I wanted to ask  
18 Aqua if they are aware if this is duplicative of  
19 any existing E and O coverage that the utility  
20 company currently has, and whether this just  
21 provides additional protection for the officers and  
22 employees.

23 MR. MAY: Can you give me one second to  
24 consult with --

25 COMMISSIONER BROWN: Certainly.

1 MR. MAY: Mr. Chairman?

2 CHAIRMAN GRAHAM: Yes?

3 MR. MAY: We're confident it's not  
4 duplicative, that it's additional D and O insurance  
5 for the directors and officers.

6 COMMISSIONER BROWN: Okay. And I guess the  
7 benefit to the ratepayers -- and this is more of a  
8 question for the utility company and meeting its  
9 burden -- is that you would -- what is the benefit  
10 to the ratepayers?

11 MR. MAY: I think that the benefit that was  
12 articulated by the Commission with respect to Tampa  
13 Electric Company and other electric utilities and  
14 in the staff recommendation is that it's really  
15 part of doing business in a publicly -- it's an  
16 expected part of participating in a publicly traded  
17 company, and in order to attract competent  
18 directors and officers, it's expected in the  
19 marketplace to have this type of coverage.

20 COMMISSIONER BROWN: Okay. Thank you.

21 MR. MAY: Thank you.

22 CHAIRMAN GRAHAM: Any further discussion on  
23 Issue 25? Commissioner Balbis?

24 COMMISSIONER BALBIS: Mr. Chair, I move  
25 staff's recommendation.

1           CHAIRMAN GRAHAM: It's been moved and  
2 seconded, staff recommendation on Issue 25. All in  
3 favor say aye.

4           (Unanimous.)

5           Any opposed?

6           COMMISSIONER BROWN: Aye.

7           CHAIRMAN GRAHAM: Okay. Let the record show  
8 one dissenting vote.

9           Issue No. 26.

10          MR. FLETCHER: Commissioners, Issue 26 is  
11 staff's recommendation regarding the appropriate  
12 salary and wages-employees expense.

13          We're prepared to answer any questions you may  
14 have.

15          CHAIRMAN GRAHAM: Public Counsel?

16          MS. CHRISTENSEN: As we indicated in our  
17 handout, we have an objection to including any  
18 increases in salary and wages. We are of the  
19 opinion that, given the current economic state and  
20 given that nobody or virtually nobody is getting  
21 any raises, including Aqua's customers, and they've  
22 been in here within the last two years and did  
23 receive a rate increase at that time, that it's not  
24 warranted here, and there should be a further  
25 reduction of 267 dollars, 269. I should say that

1           again. \$267,269.

2           CHAIRMAN GRAHAM: Aqua?

3           MR. MAY: We disagree with OPC on this one as  
4 well. I think the staff's analysis is entirely  
5 consistent with your recent rulings with respect to  
6 the various Utility, Inc.'s rate cases where this  
7 type of increase was allowed, and we think from a  
8 precedent standpoint and from just due process that  
9 it would be reasonable to extend that same increase  
10 here, and we think it's not overreaching. We think  
11 the amount of the increase is entirely reasonable.

12           And in light of the reduction in ROE, we think  
13 that in order to continue to remain viable and to  
14 move forward as you all have instructed us to, I  
15 think it's important for us to have this expense  
16 recognized. Thank you.

17           CHAIRMAN GRAHAM: Thank you.

18           Well, I'm going to have to say that I agree  
19 with OPC on this one. It's a tight time for  
20 everybody, and I just find it hard to justify.

21           Commissioner Balbis?

22           COMMISSIONER BALBIS: Thank you, Mr. Chairman.  
23 And I too agree with OPC on this in that -- you  
24 know, but I'm very conscious about any precedent  
25 setting action that we take. And one of the

1 discussions I've had with staff on this issue is,  
2 you know, obviously -- maybe not obviously, but,  
3 you know, I consider Aqua to be somewhat unusual  
4 case in that, with the recent rate case that just  
5 happened two years ago, to take that into account  
6 as well.

7 And I guess the question for staff as far as  
8 any previous decisions by the Commission to  
9 disallow this type of increase. I know we've done  
10 it for executives, and I agree with OPC on this.  
11 But if you can just kind of lay the groundwork of  
12 what we did in the past.

13 MR. FLETCHER: Well, actually in the last  
14 case, Commissioner, the Commission limited to the  
15 price index in the '08 case rather than 3 percent.  
16 We recommended limited to 3 percent in this case  
17 because of a more recent decision, posthearing  
18 decision, where the Commission allowed in January a  
19 3 percent increase for a water company.

20 And also I want -- I think it's been -- had  
21 the help of Paul Stallcup to look up -- let me find  
22 the page here. We had a -- just to look at where  
23 Florida was regarding the employment and wage by  
24 state in the third quarter of 2010. And for  
25 Florida, the increase percentage was 2.8 percent.

1           So as a result of that, for Florida we believe  
2           the 3 percent that's in our recommendation is just  
3           further support that a 3 percent increase is  
4           reasonable.

5           COMMISSIONER BALBIS:   So I guess to confirm,  
6           you're basing that on that data that shows a  
7           3 percent increase for Florida?

8           MR. FLETCHER:   That was subsequent to our  
9           recommendation.   We looked for other areas about  
10          what is particularly just happening in Florida, and  
11          it did reveal a 2.8 percent in employment and wage.  
12          And again, that database was listed by state, and  
13          that's what it revealed for Florida.

14          For our recommendation purposes, it was solely  
15          based, the 3 percent was based on that recent  
16          posthearing decision for a water case in St. George  
17          Island.

18          COMMISSIONER BALBIS:   And I guess just for the  
19          Commission, you know, just my personal comments, I  
20          guess, or opinion, would be that, you know, Aqua  
21          has come in for an increase due to the additional  
22          infrastructure improvements that are needed.   And I  
23          think that's something that we obviously are  
24          considering and looking at to make sure that all of  
25          these expenditures are prudent.   And I think it's a

1 real reason, you know, again, to invest in the  
2 infrastructure, because it's an aged system,  
3 et cetera.

4 And again, you know, relying on a study that  
5 shows, you know, the 3 percent wage increase rather  
6 than this is a unique case, have infrastructure  
7 needs that we need to address, again, I tend to  
8 agree with OPC on this issue.

9 CHAIRMAN GRAHAM: Commissioner Brown, followed  
10 by Edgar.

11 COMMISSIONER BROWN: I think  
12 Commissioner Edgar originally discussed this at the  
13 beginning of Issue 1 in her support -- and  
14 encourage her support over OPC's decision on this  
15 issue. I also wholeheartedly support the decision,  
16 primarily because I don't think the utility company  
17 has justified the need nor the reason for the  
18 increase, any increase whatsoever. Given the  
19 current economic climate in Florida that staff has  
20 acknowledged in its recommendation, and not only in  
21 Florida and throughout the country, there's no way  
22 that we can approve a rate -- an increase.

23 CHAIRMAN GRAHAM: Commissioner Edgar?

24 COMMISSIONER EDGAR: Thank you, Mr. Chairman.

25 And, yes, this is -- when I first sort of threw out

1 a composite suggestion, this is one of the items  
2 that I suggested that we consider, the OPC  
3 position, and I still agree with that.

4 In response to some of the comments from the  
5 staff, the recent case that they referred to in  
6 Franklin County, that is a case that I participated  
7 in the hearing and the decision, and in my mind  
8 that can be distinguished by a couple of factors,  
9 one of which is simply the size of the -- that  
10 system in relation to the large number of systems  
11 that we're dealing with here.

12 And a second factor is the -- in my mind a  
13 very different presentation that we had from the  
14 customers in that case versus what we've had from  
15 the customers in this case.

16 So with that in mind, I would support that we  
17 move to -- I would move that we adopt the OPC  
18 position on this issue.

19 COMMISSIONER BROWN: Second.

20 CHAIRMAN GRAHAM: Which is -- can we restate  
21 that for the record?

22 MR. MAUREY: Excuse me, Chairman, if I may.  
23 We saw the number that OPC came up with, the  
24 267,000. In our normal deliberations, we ran a  
25 sensitivity of what it would be if we kept salaries

1 flat, and we came up a different number than the  
2 267. So if you're moving OPC's adjustment, we  
3 can't match to it at this point.

4 CHAIRMAN GRAHAM: Let's hear your different  
5 number and how you got there.

6 MR. FLETCHER: Commissioners, if I may. What  
7 we looked at is the MFRs for accounts 601, 701.  
8 That's salaries and wages for employees,  
9 specifically for the normalization and pro forma  
10 adjustments that the utility is requesting, and  
11 then also the contractual services management  
12 increases for salaries that's in that account from  
13 the affiliate or sister companies, and then also  
14 from the ACO affiliate salary increases in account  
15 636 and 736, respectfully, for water and  
16 wastewater.

17 We come up with a total normalization and  
18 pro forma adjustments there of 241,000. We have  
19 already made adjustments in Issue 26 to reduce that  
20 salaries from 601 by 51,579, and then in Issue 22  
21 for the contractual services management and other,  
22 made adjustments accordingly. What we see is the  
23 leftover salary of \$185,691 as far as the salary  
24 that's left to be adjusted for the increases. The  
25 associated payroll taxes associated with that is

1 about \$12,116, for a total revenue requirement  
2 impact grossed up of 207,000.

3 I have looked at the utility's -- OPC's table  
4 on page 4 with regard -- page 4 with regard to  
5 the -- this issue. I think there must be some --  
6 I'm just not able to reconcile the disconnect.  
7 Maybe it's for nonjurisdictional systems. Maybe it  
8 deals with the termination and new hires adjustment  
9 that's already been addressed in Issue 2, where  
10 there was agreed upon adjustment of over 100,000 to  
11 deal with that one, and I don't believe that  
12 there's any further adjustment required for the new  
13 hires and termination. Maybe that's the reason for  
14 reconciliation. I'm not sure. I was not able to  
15 reconcile that number with OPC during the break.

16 CHAIRMAN GRAHAM: Public Counsel?

17 I'm not exactly sure, because I don't have  
18 the -- my Excel spreadsheet with me, but I believe  
19 our differences are the amount on the top of page  
20 94, that 98 -- \$9,807. And there's another \$714  
21 for executive, acquisition of corporate development  
22 salaries. My understanding was that those were  
23 coming out of different accounts, and so I only  
24 used the 41,058 in the adjustment, and that's the  
25 bulk of my difference, I believe. But...

1 MS. CHRISTENSEN: I guess, just to clarify, it  
2 was our intention to remove the increase for  
3 salaries and wages, and I guess however we get  
4 there, we started with staff's numbers, and there  
5 may just be a minor point of disagreement of  
6 whether or not we're removing -- we don't want  
7 to -- they've already recommended removing some of  
8 it. We want to remove the remainder of it. And in  
9 our calculation it came up to 267,269.

10 And staff is almost there with us, and I think  
11 we just need to figure out if we're talking dollars  
12 that have been previously recommended be removed or  
13 dollars that need to be removed. It may take us a  
14 minute or two to reconcile with them.

15 CHAIRMAN GRAHAM: Commissioner?

16 COMMISSIONER EDGAR: Thank you, Mr. Chairman.

17 The -- and I think we're all basically saying  
18 the same thing. The intent of my motion was that  
19 there would be no change in salaries and  
20 wages-employees as a result of this rate case, but  
21 that the status quo would remain. And I am  
22 comfortable if the full Commission is comfortable  
23 delegating administratively to the staff to do the  
24 computations to arrive at the proper figure.

25 CHAIRMAN GRAHAM: You are reading my head.

1 That's been moved and seconded.

2 Any further discussion? Seeing none, all in  
3 favor say aye.

4 (Unanimous.)

5 Any opposed?

6 By your action you've approved Item No. 26.  
7 I'm sorry, Issue No. 26.

8 We're now at Issue No. 27.

9 MS. LINN: Commissioners, Issue 27 is staff's  
10 recommendation to reduce bad debt expense by  
11 \$3,199.

12 CHAIRMAN GRAHAM: Public Counsel?

13 MS. CHRISTENSEN: For purposes of agenda, OPC  
14 has no objection to staff's recommendation.

15 CHAIRMAN GRAHAM: Aqua?

16 MR. MAY: No objection.

17 CHAIRMAN GRAHAM: Commissioner Brisé?

18 COMMISSIONER BRISÉ: Move staff.

19 COMMISSIONER EDGAR: Second.

20 CHAIRMAN GRAHAM: It's been moved and  
21 seconded, staff recommendation on Issue No. 27.  
22 All in favor say aye.

23 (Unanimous.)

24 Any opposed?

25 I've got a question. Let me see if I can't

1       simplify this a little bit.

2               Public Counsel, Issues 28 through 49. Which  
3       one of those are you going to object to staff  
4       recommendation?

5               MS. CHRISTENSEN: I think we have one  
6       remaining issue related to rate case expense, and  
7       as to the rest of the recommendation, our response  
8       would be the same as we've had, which is we're not  
9       opposing any objection to the recommended  
10      adjustments from staff. And we generally do not  
11      take positions on rate design issues. So as far as  
12      those are concerned, we're not objecting, we're  
13      just taking no position on those.

14              So at the Chairman's pleasure I can address  
15      rate case expense, and that should probably  
16      conclude our actual --

17              CHAIRMAN GRAHAM: So 28 is the only one that  
18      you say you have an objection on?

19              MS. CHRISTENSEN: Correct. That's the only  
20      one that we would wish to speak directly to.

21              CHAIRMAN GRAHAM: Okay.

22              Aqua Utilities, is there one remaining that  
23      you will have an objection to staff recommendation  
24      on?

25              MR. MAY: We can agree to the remainder of the

1 issues.

2 CHAIRMAN GRAHAM: Okay. Commission board, is  
3 there one from 29 on that any of you would like to  
4 speak to, have any questions to, or have an  
5 objection to?

6 Commission Balbis?

7 COMMISSIONER BALBIS: Yes, Mr. Chairman, I'd  
8 like to discuss Issue 30 briefly.

9 CHAIRMAN GRAHAM: Okay.

10 Staff, let's hear 30.

11 MR. MOURING: Commissioners, Issue 30  
12 addresses staff's recommendation for pro forma  
13 adjustments to O&M expenses.

14 I would like to point out there is an errata  
15 correction to Table 30-1, and that's on page 7 of  
16 the errata sheet. Where the total column reflects  
17 a negative 83,359, that should be a positive  
18 83,359.

19 And staff is prepared to answer any questions  
20 you may have.

21 CHAIRMAN GRAHAM: Commissioner Balbis?

22 COMMISSIONER BALBIS: Thank you. Just a quick  
23 comment and then the real issue at hand.

24 One, sprinkled throughout this recommendation  
25 is, again, the 2.9 percent increase, and I assume

1       that any fallout from the previous decision by the  
2       Commission would be applied to this issue as well.

3               MR. MOURING:   That's correct.

4               COMMISSIONER BALBIS:   Okay.   And then really  
5       the point I wanted to discuss for Aqua Utilities is  
6       the issue with the City of Lake Worth Utilities and  
7       the Lake Osborne system.   If you can explain the  
8       situation there, and -- because that's one item  
9       that does concern me.

10              MR. MAY:   Mr. Chair?

11              CHAIRMAN GRAHAM:   Yes, please.

12              MR. MAY:   Commissioner Balbis, Aqua has been  
13       in extensive discussions with the City of Lake  
14       Wales [sic] on this issue.   Mr. Rendell has been  
15       part of those discussions, and, with the Chair's  
16       permission, I'd ask that Mr. Rendell give you an  
17       update and give you some background and answer any  
18       questions that you may have.

19              MR. RENDELL:   Yes, Commissioners.   This is one  
20       that Aqua is very concerned with.   This came about  
21       through answering some questions from staff, which  
22       is actually directly related to a letter written by  
23       the Lake Worth Civic Association.   In reviewing or  
24       answering the questions asked by staff, we  
25       discovered, unbeknownst to us, that the City of

1 Lake Worth increased our bulk rate. They passed an  
2 ordinance last August and they increased the rates  
3 in October. We were not notified of the increase  
4 until we received the bill in January.

5 To put it in perspective, we filed the rate  
6 case in September, so this was after we filed the  
7 rate case. We were unaware.

8 When the City of Lake Worth passed their  
9 resolution or passed their ordinance, they did two  
10 things. One is they changed the rate that we were  
11 being billed under from a general service rate to a  
12 multifamily rate. They also implemented an  
13 inclining block rate structure. The significance  
14 of that is under the multifamily rate, the blocks  
15 are extremely low. They're something like zero to  
16 2,000, 2,00 to 4, 4 to 8.

17 We are not a multifamily user. We're not a  
18 condominium, we're not an apartment. We make it up  
19 of I believe 467 homes. They're individual  
20 residential homes.

21 So we immediately began discussions with the  
22 City. We contacted the City and we said, you know,  
23 first of all, when did this occur, why weren't we  
24 notified. They sent us the agreement. The  
25 purchased water agreement was entered into in 1974,

1 significantly long time ago with Lake Worth  
2 Utilities, which was a standalone. We basically  
3 inherited that agreement when we purchased it in  
4 2003, and we have had no issues up until now.

5 We calculated the potential increase, and  
6 right now under their rate structure we're paying  
7 an increase of \$125,000. We're trying to get that  
8 either renegotiated through a bulk rate, or at  
9 least put us back on a general service, or, if that  
10 doesn't work, then a single family residential.  
11 That would cut that increase in half, down to  
12 approximately \$62,000. It will still be an  
13 increase, but at least it will save some  
14 pass-through costs to our customers.

15 We've -- we've reached out to them, we've met  
16 with them. They're currently -- Ms. Wallingford  
17 has talked to them. They're waiting for a proposal  
18 from us. They indicated that they would sit down  
19 and try to work out an arrangement, either a bulk  
20 rate or some other alternative. They would have to  
21 take that back to the city council.

22 They recently renegotiated a bulk rate with a  
23 town called I believe Lake Claire or something to  
24 that effect. There was another town that had a  
25 similar bulk rate that expired. What we're

1 concerned with is they were trying to also impose  
2 additional capacity fees. They're trying to go  
3 back and collect some capacity fees, which would be  
4 a significant -- it would be an investment of about  
5 1.5 million. We contend that we don't -- we're  
6 not -- have to pay that.

7 So we still have some negotiations to do.  
8 We're -- they indicated it would be several months,  
9 if an arrangement can be made, before they can even  
10 get it back to the council, so we're looking at  
11 maybe September or October. But to this day we're  
12 still paying the invoices that we supplied to staff  
13 to show this increase.

14 COMMISSIONER BALBIS: Thank you, Mr. Chairman.

15 And thank you for that information. And I am  
16 familiar with that area, as it's not too far from  
17 where I live. And I know that, you know, one of  
18 the challenges with this area, it's not within the  
19 city limits of Lake Worth, so they're struggling I  
20 would assume with representation with the City of  
21 Lake Worth and really getting -- you know, I think  
22 they're having difficulties with that.

23 And I'm not sure what we can do as a  
24 Commission, if anything. I know that, at least for  
25 other areas within Aqua's service territory, I

1 mean, the elected officials were at the state  
2 legislative level were involved, and I don't know  
3 if you've gone that route or can encourage those  
4 customers, because I think it's an issue where,  
5 again, at a 125,000-dollar increase that wasn't  
6 expected to be in an existing agreement, you know,  
7 it's just something that, seeing this when we're  
8 trying to look at, you know, prudent and reasonable  
9 costs and seeing this increase, that almost seems  
10 arbitrary. It's just kind of frustrating, you  
11 know, what we can do as a Commission.

12 And I don't know if staff, any recommendation  
13 of what we can do, if anything at all, or just grit  
14 our teeth.

15 MR. FLETCHER: If I might, Commissioner. On  
16 page 105 of the recommendation, we actually speak  
17 to where -- resulting from the outcome of the  
18 company's negotiation with the City of Lake Worth,  
19 we require them to notify us within 30 days. The  
20 fact is now Aqua is paying that increased rate now.  
21 A part of the 125, half of that would be not  
22 changing the customer class. That would be just of  
23 the rate increase. The other half of the 125 is  
24 related to switching them from the class of  
25 service.

1           Once they report to us the outcome of that, if  
2           they are able to reach negotiations where they're  
3           able to get back to what they've been charging  
4           since 1974, back to the other customer class, then  
5           what we can suggest, once we receive that  
6           information that we've recommended here, would  
7           suggest a pass-through decrease of the purchased  
8           water at that time, that the company basically file  
9           a pass-through decrease, if they're able to reach  
10          that negotiation.

11          But they are paying those increased costs now.  
12          That's the reason why staff recommended the  
13          included in rates now, because that is an actual  
14          expense they are incurring, they're actually having  
15          to pay.

16          COMMISSIONER BALBIS: And just to close,  
17          again, if it is just a pass-through, I just want to  
18          make sure that there's still the incentive and the  
19          encouragement, you know, that you have to try and  
20          negotiate this and fight this as much as possible,  
21          even though it is a pass-through. But, again,  
22          any -- you know, the sensitivity to the rates for  
23          the customers I think is important.

24          So that's all the comments I had on this item.

25          CHAIRMAN GRAHAM: Anything else from 29

1 through 49?

2 COMMISSIONER BROWN: Mr. Chairman, Issue 34  
3 regarding the rate cap threshold. Hold on a  
4 second. In the sub-city limit, this is a question  
5 for staff.

6 What changes -- what changes need to be made  
7 because of the changes in the revenue requirement  
8 with regard to the rate thresholds? And the  
9 question probably is directed to Paul,  
10 Mr. Stallcup.

11 MR. STALLCUP: Hello, Commissioner. I'm  
12 Paul Stallcup of the Commission staff. I'm  
13 handling the rate issues.

14 If I got your question down right, how are we  
15 going to incorporate the changes in revenue  
16 requirements into these two parameters for the cap  
17 band. I would recommend keeping the subsidy limit  
18 where it is and allowing the rate cap threshold to  
19 go down. What that will allow us to do is to pass  
20 on the reduction in revenue requirements both to  
21 the capped bands as well as the uncapped bands. If  
22 we held that rate cap threshold constant, the  
23 customers of those more expensive systems would  
24 still be paying the same high rates, because you're  
25 capping them at that level. So I would recommend

1 reducing the rate cap threshold.

2 COMMISSIONER BROWN: And I'd be curious to  
3 hear from OPC on that as well as utility,  
4 obviously.

5 MS. CHRISTENSEN: I would say we generally  
6 don't address rate design issues because it may  
7 affect one group of customers --

8 COMMISSIONER BROWN: That's right. My  
9 apologies.

10 MS. CHRISTENSEN: As -- opposed to others.

11 COMMISSIONER BROWN: My apologies.

12 MR. MAY: Commissioner Brown, I guess from our  
13 perspective, again, looking at the recommendation  
14 as a whole, we're not going to, you know, contest  
15 this issue. But now that you've brought the issue  
16 up, if you're going to reduce the guidelines, I  
17 think it's important to realize and not to -- I  
18 know it's late and I don't want to get into a  
19 philosophical or an esoteric discussion about rate  
20 design, but these -- these are rate guidelines.  
21 They've never been flat-out absolute caps. They're  
22 guidelines that Mr. Stallcup and his organization  
23 use to formulate fair and reasonable rates.

24 That said, you know, we really don't have a  
25 position on that. But I kind of bristle at the

1 thought that these are caps, because I think if you  
2 look back historically as to how this concept came  
3 about, it came about as a guideline, and it's kind  
4 of morphed into a cap. But that's another issue  
5 for another day.

6 COMMISSIONER BROWN: But it does within the  
7 parameters of the statute in setting fair,  
8 reasonable, compensatory rates, so I do support  
9 staff's recommendation, and I like the fact that  
10 the cap will be lowered in correlation to the  
11 revenue requirements. So I would like to move the  
12 item if there's no other --

13 CHAIRMAN GRAHAM: Any other items between 29  
14 and 49?

15 Commissioner Brisé?

16 COMMISSIONER BRISÉ: Thank you. Item No. 35,  
17 appropriate rate thresholds, which go to the issue  
18 of affordability and how we got there with those  
19 numbers with the \$90. So if we can walk through  
20 that, that would be helpful.

21 CHAIRMAN GRAHAM: Staff, can you brief us on  
22 35?

23 MR. STALLCUP: Yes, sir. Issue 35 is the  
24 issue where we talk about the rate cap threshold.  
25 In implementing the cap band rate consolidation

1 methodology, staff concluded that \$12.50 was the  
2 appropriate subsidy limit to use. With that first  
3 parameter of the cap band method defined, the  
4 subsequent rate cap threshold -- in prior cases it  
5 had been called affordability, but in this case we  
6 think that this is a better way to identify it --  
7 is basically a fallout, because what staff has to  
8 do is bring you rates that are compensatory.  
9 That's required by statute.

10 So when we implement the cap band method and  
11 we have the subsidy limit imposed, and we know we  
12 have to calculate compensatory rates, we basically  
13 back in to where that rate cap threshold is. We  
14 try and keep it as small as possible, you know,  
15 being aware of the effect it has on customers, but  
16 it has to be subject to the constraint that the  
17 subsidy limit was not violated and that the  
18 resulting rates are compensatory.

19 COMMISSIONER BRISE: Okay.

20 I suppose that OPC has an opinion on this.

21 MS. CHRISTENSEN: Obviously we have an  
22 objection to the general affordability of these  
23 rates, and I think we've spoken to some of the  
24 individual components. We still have yet to  
25 address rate case expense, and we don't address

1 rate design issue, and we do realize that some of  
2 this discussion is really a rate design discussion  
3 as to how do you set up the rates that each of the  
4 different classes will be required to pay. Our  
5 general issue is with the overall rates to begin  
6 with, but we have no comments on the specific rate  
7 design issue.

8 MR. MAY: Just, again, I think it's important  
9 when you're thinking of looking at subsidy limits  
10 and affordability caps, they're inversely related.  
11 If you were to increase the subsidy limits, the  
12 affordability comes down.

13 Again, issue for another day, but the electric  
14 utilities took this plunge 20 years ago. The gas  
15 utilities did the same. And if this -- if this  
16 state is really serious about affordable rates,  
17 long-term uniform rates are the way to go.

18 You can't have neighborhood rates. If you put  
19 a substation in Monticello, Florida, and Florida  
20 Power Corporation had its rates designed around the  
21 population of Monticello, those rates would be out  
22 the roof. And at some point in time -- again, not  
23 for this evening or not for this case -- I think  
24 the state of Florida needs to look at uniform rates  
25 for water utilities.

1 COMMISSIONER BRISE: Thank you.

2 CHAIRMAN GRAHAM: Anyone else between 29 and  
3 49? Can I get a motion to move staff  
4 recommendation on Issues 29 through 49, taking into  
5 account the changes that we made in Issue 26 with  
6 salaries and wages?

7 MS. KLANCKE: Chairman, may I add one note for  
8 the clarity of the record? May I make one  
9 suggestion?

10 CHAIRMAN GRAHAM: Sure.

11 MS. KLANCKE: On Issue No. 40, this issue  
12 addresses the appropriate monthly rates for water  
13 and wastewater systems. Staff would like to  
14 suggest that, since the preceding issues will make  
15 definitive determinations with respect to the  
16 revenue requirement and the rate design, this issue  
17 is a mere fallout with regard to the calculation.  
18 Since you have made adjustments to the  
19 recommendation, staff requests administrative  
20 authority to calculate those to ensure that this  
21 issue reflects the most current rates based on the  
22 newest calculations, based on your determinations  
23 this evening.

24 CHAIRMAN GRAHAM: I think I heard Mr. Brisé  
25 say that he would move that recommendation.

1 COMMISSIONER BRISÉ: Yeah, we'll move that  
2 one.

3 CHAIRMAN GRAHAM: And I'll second it. So it's  
4 been moved and seconded.

5 Any other discussion on Issues 29 through 49,  
6 considering the changes we made to 26, and if there  
7 is any fallout from 28?

8 Seeing none, all in favor say aye.

9 (Unanimous.)

10 Any opposed?

11 Okay. We are on Issue No. 28. And before we  
12 start that, did we miss any of these issues? I  
13 don't think we did. So we're on Issue 28.

14 Staff? I'm sorry. And thank you so very much  
15 for being patient with me jumping around like that.  
16 I saw a pattern and I thought I was going to jump  
17 on it.

18 MS. LINN: Issue 28 is staff's recommendation  
19 for the appropriate rate case expense.

20 CHAIRMAN GRAHAM: Public Counsel?

21 MS. CHRISTENSEN: As we indicated in the  
22 handout that we provided, on page 4 we believe that  
23 the rate case expense for this case should be  
24 shared between the shareholders and customers,  
25 which would reduce the rate case expense by

1       \$348,634.

2           The -- one of the unique features with this  
3 case is that we are talking back-to-back rate  
4 cases. The customers still haven't paid off the  
5 rate case expense from the last rate case, and  
6 they're being asked to foot basically a \$700,000  
7 rate case expense for this rate case. And, as we  
8 indicated in our description, that the -- you know,  
9 main motivator for a rate case is to -- for the  
10 benefit of the stockholders, and therefore there  
11 should be some sharing of rate case expense. And  
12 it's a departure from the Commission staff normal  
13 practice, but normally water cases don't come in  
14 less than two years apart. I mean, normally you  
15 have a span of three or four years, and the, you  
16 know, rate case expense is fully amortized. That's  
17 generally speaking across the board for any type of  
18 rate increase.

19          And I think, given this unique set of  
20 circumstances, I mean, plus generally just the  
21 condition of the economy, a sharing is warranted in  
22 this case.

23           CHAIRMAN GRAHAM: Mr. Curtin, do you have  
24 anything to add?

25           MR. CURTIN: Well, we would support Office of

1 Public Counsel in that this rate -- this rate case  
2 expense should be decreased and decreased  
3 substantially due to the fact that this is a  
4 back-to-back rate increase, and the expenses should  
5 be shared by both the shareholders and stockholders  
6 of Aqua and the customers of Aqua. Thank you.

7 CHAIRMAN GRAHAM: Aqua Utilities?

8 MR. MAY: Thank you, Mr. Chairman.

9 Commissioners, we strongly disagree with the  
10 50 percent sharing arrangement in rate case  
11 expense. We think it's arbitrary and we think that  
12 it deviates from precedent. We also would object  
13 to the notion that this rate case is frivolous.  
14 Historically, these systems that are subject to  
15 this rate case prior to 2008 had not had a rate  
16 case, a full-blown rate case, for around 16 years.  
17 We came in in 2008, we did not get anything close  
18 to what we needed to continue to operate. We  
19 didn't appeal that decision, we rolled up our  
20 sleeves, we continued to do work on Chuluota, we  
21 completely refurbished that plant. I know that's  
22 not part of this case. We also made capital  
23 improvements to our other systems without any rate  
24 relief.

25 We're here today because your staff looked at

1       our books and said, you need a rate increase.  
2       You're entitled to a rate increase. It's not  
3       frivolous. We also requested that this case be  
4       processed as a PAA. Under civil rules of  
5       procedure, normally the interrogatories and  
6       discovery are limited to 30. In my experience,  
7       I've never seen a PAA proceeding go over 30 or 50  
8       interrogatories at the most.

9       Just to put this case in perspective about the  
10      amount of rate case expense, we didn't issue one  
11      interrogatory, we didn't take one deposition, we  
12      didn't issue a request for production of documents.  
13      We responded to 254 interrogatories from OPC. We  
14      answered 131 requests for production of documents  
15      and produced thousands of pages. We answered 230  
16      separate data requests from staff.

17      I would respectfully submit that the rate case  
18      expense that is part of this case is reasonable and  
19      under law we should be entitled to recover it.

20           CHAIRMAN GRAHAM: Commissioner Brown?

21           COMMISSIONER BROWN: Thank you, Mr. Chairman.  
22      I just wanted to state right out of the box that I  
23      don't understand why the parties first agreed to  
24      process this as a PAA, knowing the contentious  
25      nature, and then the amount of discovery that has

1       been produced as a result of the contentious nature  
2       is unfortunately going to cost the ratepayers at  
3       some level.

4               And I don't think that going this route,  
5       knowing that this is contentious and is most likely  
6       going to be set for hearing, I don't know if this  
7       is the most cost-effective way to proceed. And I  
8       just wanted to state that on the record.

9               And I -- I see OPC has a comment.

10              MS. CHRISTENSEN: Well, just briefly, this was  
11       not OPC's election. This was purely the  
12       company's --

13              COMMISSIONER BROWN: Legally -- obviously,  
14       well, legally the utility company is entitled to  
15       process this by PAA.

16              MS. CHRISTENSEN: Right.

17              COMMISSIONER BROWN: But --

18              MS. CHRISTENSEN: Yeah. We were not in the  
19       process, or we weren't give a choice as to whether  
20       or not they elected to choose the PAA route, but we  
21       do feel we have an obligation to make sure that we  
22       fully vet the case, whether or not it goes to PAA  
23       or full hearing. You know, there may be some cost  
24       savings if we go to hearing, if that's eventually  
25       what happens. In future discovery, we're obviously

1 not going to duplicate the discovery that we've  
2 already produced. So, you know, keep that in mind.

3 We're not -- you know, we're not looking to  
4 duplicate the efforts if we end up going to a  
5 hearing. There may be further discovery, but it  
6 will be based on what we've already done thus far.

7 COMMISSIONER BROWN: I understand that the  
8 utility had to incur additional rate case expenses  
9 because of the voluminous amount of discovery that  
10 was requested by OPC, and I just want to  
11 acknowledge that I'm aware of it, I'm sensitive to  
12 it. I wish we would have gone a different route  
13 and been more economical, but we are here today.

14 And so I've particularly looked at a lot of  
15 the rate case expenses with some -- with scrutiny,  
16 you know, and I've broken it down. And I know  
17 Commissioner Edgar had mentioned earlier on about  
18 agreeing with OPC's Item 28 position, but I did  
19 want to just go through some questions with staff  
20 first before we reach to any conclusion, if that's  
21 permissible.

22 CHAIRMAN GRAHAM: Sure. Please.

23 COMMISSIONER BROWN: Okay. I know -- I know  
24 that staff made some adjustments to the legal fees  
25 to remove legal fees related to incorrect billing

1 and MFR deficiencies; is that right?

2 MS. LINN: Yes.

3 COMMISSIONER BROWN: Yes? Okay. Are there  
4 any legal fees associated with consent orders,  
5 warning letters, or case litigation?

6 MR. FLETCHER: No, Commissioner. This is  
7 strictly to process this rate case. It doesn't  
8 have anything to do with the consent orders or  
9 anything like that.

10 COMMISSIONER BROWN: Now, I know when we set  
11 rate case expenses, and particularly legal  
12 expenses, we don't necessarily look at the hourly  
13 rate of the attorneys, although staff has an  
14 opportunity to review the hourly rates; is that  
15 right?

16 MR. FLETCHER: That is correct. We have in  
17 the past looked at hourly rates. I can tell you  
18 from the hourly rate that was approved last time of  
19 \$365 for -- you mentioned legal, and what they're  
20 requesting now, it's not a significant increase in  
21 the hourly rate, and we believe the hourly rate is  
22 reasonable in this case.

23 COMMISSIONER BROWN: Wait. I think the  
24 increase is 390, and that's for Mr. May, who is  
25 obviously a very respected partner and very well

1 accomplished, and I think he definitely certainly  
2 probably deserves his hourly rate.

3 However, that being said, on page 80 of the  
4 staff recommendation, at the very bottom of page  
5 80, the last paragraph in the staff recommendation,  
6 although it is talking about the parent company, it  
7 does reference a 2009 billing rate for Florida law  
8 firms published in the 2010 economics and law  
9 office management survey conducted by the  
10 Florida Bar, and that indicated that the average  
11 billable hour is \$247 an hour, which I believe is  
12 more akin to what attorneys retained by the Florida  
13 League of Cities get paid, which obviously if the  
14 Florida League of Cities pays for attorneys on  
15 behalf of a municipality, it's generally at the  
16 cost -- at the tune of -- it's as a result -- it's  
17 taking money out of taxpayer dollars.

18 Now, that's completely separate. We're  
19 talking about ratepayers' dollars here. But, to  
20 analogize retaining outside counsel by a local  
21 government, and their hourly rate is typically  
22 between 200 and 300 dollars an hour average, I  
23 think that this survey that's cited in the staff  
24 recommendation is more in line with the hourly rate  
25 that we would find -- that we would consider as a

1 prudent cost and a reasonable cost in handling rate  
2 case expenses.

3 Not to underestimate or undermine Mr. May's  
4 representation, but I think in keeping in line with  
5 the rest of the staff recommendation is more  
6 appropriate.

7 MR. FLETCHER: If I might, the 247, it is --  
8 that was what Aqua used to determine the hourly  
9 rate compared to the attorneys that they had on  
10 staff to handle general legal matters. As far as  
11 what staff looked as far as the regulatory field,  
12 as far as legal counsel in our comfort level with  
13 regard to the 390, looked at recent cases, even for  
14 water and also in other industries, and the hourly  
15 rate is less than those others, and we were  
16 comfortable with that number.

17 Namely the Florida Water Services, Inc.  
18 company that was mentioned earlier, a recent rate  
19 case, one of the attorneys that was assigned to  
20 that case, it was over \$400 an hour. I can tell  
21 you some of the FP&L and Progress --

22 COMMISSIONER BROWN: Isn't that case on appeal  
23 though? Isn't that case on appeal?

24 MR. FLETCHER: That one's on appeal, but we  
25 did look at other industries as far as attorneys

1       representing utility electric industry, and the  
2       hourly rate is much higher in the -- as far as  
3       representing utilities before the Commission. We  
4       were comfortable with that number, of the 390.

5               COMMISSIONER BROWN: Thank you. And this is  
6       my last follow-up question, I promise.

7               But this is a question directed towards OPC  
8       with respect to the staff recommendation, on rate  
9       cases obviously. Do you believe that these  
10      expenses are unreasonable? If you can elaborate  
11      your position.

12              MS. CHRISTENSEN: Yes. I mean, the short  
13      answer is yes, we think they're unreasonable. We  
14      have indicated before that, you know, you're  
15      talking back-to-back rate cases. I think the  
16      Commissioner's point regarding the survey that  
17      staff used to justify the affiliate charges of  
18      \$247, if that's appropriate for affiliate charges  
19      and in-house general counsel, I think it would be  
20      appropriate to use that for general cases, because  
21      I don't particularly see a distinction between what  
22      an in-house counsel at a water utility, why they  
23      could not process a general rate case. I mean,  
24      that would -- I would hope be within their general  
25      scope of practice, or their ability of general

1 scope of practice. Or an outside counsel.

2 And of course, you know, the water company has  
3 their right to retain whatever counsel they want.  
4 But the question here is, what should the customers  
5 be responsible for.

6 COMMISSIONER BROWN: Thank you.

7 CHAIRMAN GRAHAM: Commissioner Brisé?

8 COMMISSIONER BRISE: Thank you, Mr. Chairman,  
9 and this question goes to OPC.

10 So in terms of the rate case expense, are you  
11 suggesting that the fees that are looked at for  
12 this particular rate case generically are too high,  
13 or are you suggesting simply because of the nature  
14 of this particular rate case that we're going back  
15 to back and the other issues as reflected by  
16 customers, or would that be generic if this was a  
17 standalone without the circumstances that we're  
18 dealing with?

19 MS. CHRISTENSEN: Well, actually I think the  
20 answer to your question is probably both. I think  
21 we've got some case-specific issues here in the  
22 back-to-back pancaking of these rate cases, which  
23 is unique to what Aqua has done with the  
24 back-to-back two-year rate cases. That's highly  
25 unusual for any utility, including the electric

1       utilities.

2               I think the other thing is, is that it would  
3       probably be reasonable and prudent to start looking  
4       at the hourly cost of the rates of the attorneys  
5       and making some adjustments for what is the average  
6       and what municipals would do, because, like  
7       taxpayers, I think the point being made here is,  
8       like taxpayers, these customer groups are a captive  
9       audience, and they're required to contribute to  
10      rate case expense.

11             The other thing is rate case and rate cases do  
12      go to the benefit of the stockholders. They get a  
13      direct benefit from these companies coming in and  
14      making sure that they're earning within their  
15      authorized rate of return and not waiting too long  
16      in between rate cases. But that's on the one hand.

17             But on the other hand they should also carry  
18      the risk that if they come in too frequently, that  
19      they bear some of that burden of having too many  
20      and too frequent of rate cases.

21             I mean, I think there is a balance to be had  
22      so that you are coming in frequently enough that  
23      you are collecting the appropriate amount for  
24      customers to make the capital improvements  
25      necessary, but not coming in too frequently that we

1 are causing rates to become more affordable and  
2 they're not being compensated by customer growth  
3 and other types of things, which we would hope  
4 would justify some of the expense increases that we  
5 see, or -- and I think that goes to earlier issues  
6 that the Commission has already addressed, but I  
7 hope that answers your question.

8 CHAIRMAN GRAHAM: I've got a question for  
9 Public Counsel. Would you agree with Mr. May's  
10 assessment earlier that most of that legal expense  
11 was based upon interrogatories that were put out  
12 there by Public Counsel?

13 MS. CHRISTENSEN: Yes and no. We certainly --  
14 I think we have an obligation on behalf of the  
15 customers to try the best that we can to ferret out  
16 the costs and make sure that everything that  
17 they're requesting is justified.

18 We had no option as far as how this case was  
19 processed. That was purely the company's choice to  
20 choose to go the PAA route. I might have on behalf  
21 of the customers, given all the comments you've  
22 heard today and contentious nature of this, chosen  
23 just to go to hearing, knowing that that may be  
24 ultimately where we end up.

25 So I think you have to weigh the company's

1 choice of choosing to go a PAA route. The last  
2 rate case they did not go the PAA route. They went  
3 directly to hearing. And as I said before, you  
4 know, as we -- if we proceed further in this case,  
5 you know, the discovery is going to be scaled  
6 accordingly. We're not going to duplicate the  
7 discovery that's already taken place.

8 So, I mean, there would be discovery no matter  
9 which way this case had been filed. I think what  
10 we're running the risk of is having to have  
11 potentially more discovery than we would have  
12 otherwise if they had chosen to go the hearing  
13 route. But, you know, we take the case as we find  
14 it, as well.

15 CHAIRMAN GRAHAM: Well, it was, as you said,  
16 their legal right to go with the PAA, correct?

17 MS. CHRISTENSEN: Absolutely. But the  
18 customers, we did not have a choice as to whether  
19 or not they did it this way. We obviously take the  
20 case as we find it. And I guess the question goes  
21 to who should bear the risk of choosing to process  
22 the case PAA, and we would respectfully suggest  
23 that the company share some of that risk in this  
24 case.

25 MR. MAY: Mr. Chair?

1           CHAIRMAN GRAHAM: Yes?

2           MR. MAY: I know it's late. I'm just  
3 confused. The last rate case, we went full blown,  
4 full bore, formal hearing, \$1.5 million in rate  
5 case expense. I'm looking here at the rate case  
6 expense of \$778,000. That's half -- that's half of  
7 what the rate case was going full bore. I just --  
8 I'm missing the point from OPC. We chose to go the  
9 PAA route to save ratepayer money.

10           And again, as I said in my opening, we're not  
11 asking to be treated any differently and we're not  
12 asking to be given special treatment. We're just  
13 asking to be treated like every other utility that  
14 you regulate.

15           We -- there's -- there are no performance  
16 metrics in customer service. We -- this utility  
17 went out, proactively established its own customer  
18 metrics, aggressive customer metrics, to improve  
19 quality of service, and we're penalized for it.

20           \$75,000 is a .25 reduction in ROE. Eliminate  
21 the hardworking employees' 3 percent rate increase,  
22 which you've given to the St. George Island utility  
23 workers and other utilities. We come in and go the  
24 PAA route, we reduce the rate case expense in half,  
25 and now OPC says cut them in half again.

1           I -- I just -- at some point you establish  
2 rates at such a low level they fail to become  
3 compensatory, and I would respectfully submit that  
4 you're getting close to that point here.

5           And again, staff has reviewed this rate case  
6 expense. It's not just legal expense. There are  
7 consultants. In fact, the legal expense is not the  
8 major part of this rate case expense. But that --  
9 I'll leave it at that. It's a tough issue. I know  
10 it's tough times, it's late at night, but I'm just  
11 missing the point of why OPC wants us to go to  
12 formal hearing when we cut rate case expense in  
13 half.

14           CHAIRMAN GRAHAM: Commissioner Balbis?

15           COMMISSIONER BALBIS: Thank you, Mr. Chair.  
16 And this is something that I struggled with and I  
17 know I had discussions with staff as, you know,  
18 what prevents a utility just continuing to file for  
19 a rate case. And I understand where OPC is coming  
20 from on the sharing of a risk.

21           You know, I just have concerns that it may be  
22 somewhat arbitrary in nature, and regardless of  
23 whether it's a proposed agency action or a  
24 full-bore hearing, you know, the amount of  
25 discovery that's -- that OPC needs to become

1 comfortable with any decision is -- it is what it  
2 is. So whether it's, you know, through the PAA  
3 process or full hearing process, you know, the  
4 discovery is going to be the discovery for OPC to  
5 be comfortable. But again, I'm just concerned with  
6 the arbitrary nature of cutting it in half, whether  
7 it's arbitrary or not.

8 With that -- and this is just something that I  
9 struggled with, and I would open up to the other  
10 Commissioners to provide their comments as well.

11 MS. CRAWFORD: Commissioners, with your  
12 permission, Jennifer Crawford for legal.

13 I wonder if it might be helpful to take us  
14 back a step and look at the statute that addresses  
15 rate case expense, which is 367.081, subsection 7.  
16 It says that the Commission shall determine the  
17 reasonableness of rate case expenses and shall  
18 disallow all rate case expenses determined to be  
19 unreasonable.

20 So the touchstone question is, is the  
21 requested expenses, are they reasonable, are they  
22 not reasonable. No rate case expense determined to  
23 be unreasonable shall be paid by consumer.

24 Historically and by statute that is the test  
25 to determine rate case expense. We, to my

1 knowledge, have no historical basis for essentially  
2 implementing a risk sharing mechanism.

3 In determining reasonable level of rate case  
4 expense the Commission shall consider the extent to  
5 which the utility has utilized such things as  
6 indexes and pass-throughs and also such other  
7 criteria as it may establish by rule.

8 And I'm not aware of having the type of  
9 mechanism that OPC is discussing here having been  
10 established by rule. So I would urge caution. I  
11 think always the best place to start is the  
12 statute. Is there some room for flexibility,  
13 possibly? But I would always urge that we start  
14 there and see if that analysis is going to be  
15 sufficient to get the Commission where it needs to  
16 go.

17 CHAIRMAN GRAHAM: Well, I don't think that we  
18 are considering any type of risk sharing. Of  
19 course, I can only speak for myself. I think the  
20 big question is, and we've talked about this  
21 several times and we probably just need to go ahead  
22 and schedule it, is talk about the rate case  
23 expense. And I know with Mr. Willis's group we've  
24 talked several times in our briefings about maybe  
25 somehow tying it -- these rates to an indicator,

1 and so therefore they're not coming in every two  
2 years, you know, for another rate case, and then  
3 maybe large expenses, they may come specifically  
4 for those. And maybe that's something we need to  
5 look at moving forward.

6 But if it's -- if it's a prudent expense and  
7 if it was tied to the rate case, it is what it is.

8 Commissioner Edgar?

9 COMMISSIONER EDGAR: Thank you.

10 What seems like a very long time ago but was  
11 only a few hours ago, I think, I did put out there  
12 as kind of a strawman proposal to address all of  
13 the issues that are before us in kind of one fell  
14 swoop. And in that proposal I did suggest that  
15 this was one item that maybe we would make a change  
16 from the staff recommendation towards the request  
17 that OPC had made before us.

18 But I would point out that was in my mind part  
19 of kind of a package proposal, and since then, and  
20 with my full participation, we have on other pieces  
21 gone a slightly different direction, and therefore  
22 the fact I had put that out there, the  
23 circumstances have changed from where I was on  
24 that.

25 I on the break had the opportunity to talk

1 with our legal staff about the statute more  
2 specifically and some of the ways we have as a  
3 Commission dealt with that statute with other  
4 issues that have come before us. And, similar to  
5 the discussion that we have, I have a concern  
6 about -- I wish I could think of another word other  
7 than arbitrary. But for lack of it, arbitrarily  
8 reaching in and tweaking or disallowing, you know,  
9 small features here or there.

10 The fact of the PAA process in this instance  
11 being half or substantially less of a rate case  
12 expense than the full-blown hearing that we went  
13 through previously does resonate with me. I also  
14 have to say I have a little concern and I'm tired  
15 too, so I want to measure my words carefully. But  
16 I have -- you know, I have heard rhetoric. Maybe  
17 it's purely rumor, maybe it goes beyond that, that  
18 on, you know, all parties of this case or all  
19 interested persons, that no matter what we do  
20 today, we're going to hearing. No matter what we  
21 do today we're going full blown to the next steps  
22 to appeal. And again, maybe that's rumor, maybe  
23 it's rhetoric. I certainly don't want to give it  
24 any more than that.

25 But if indeed that perception were to be out

1       there anywhere, that concerns me, because that  
2       negates the hard work that has gone into this and  
3       somewhat, you know, presupposes a result that I  
4       wouldn't have known how to predict exactly how we  
5       were going to go on every issue, and I think when  
6       you take all of the issues as a whole, I have  
7       confidence that we as a body, with the assistance  
8       of our staff and all parties, have been very  
9       deliberative and thoughtful and thorough and have a  
10      strong rationale for all points.

11           Sure, some people, you know, one side maybe  
12      wins one here, another side wins one there, but  
13      when you take it all as a whole, it is thoughtful,  
14      it is rational. It -- our decisions comport with  
15      precedent and lay out a path to go forward that  
16      gives the company some certainty and the customers  
17      absolutely their deserved due and recognizes  
18      progress and issues to be dealt with.

19           So with all of that said, I am hopeful I would  
20      never ask any party to make a commitment one way or  
21      the other. They certainly need to go back, look at  
22      all the numbers, look at all of the results, do  
23      what is in the best interest of their client and  
24      their positions.

25           But I am hopeful that once the dust settles

1 from tonight, that perhaps there is no need to go  
2 into a full evidentiary hearing, and if that were  
3 the case then the PAA process would have well  
4 served all interests.

5 So with all of that very long explanation,  
6 Mr. Chairman, if I may at this point, I will move  
7 the staff recommendation on this last remaining  
8 issue, and after our discussion and vote on that,  
9 would just like the opportunity to maybe wrap up  
10 some loose ends.

11 CHAIRMAN GRAHAM: Amen and God bless  
12 Commissioner Edgar. It's been moved and seconded,  
13 staff recommendation on Issue No. 28.

14 Any further discussion?

15 Customers Brisé?

16 COMMISSIONER BRISÉ: Thank you, Mr. Chairman.  
17 And I -- just to indicate, I think I will support  
18 the motion, simply because I don't think we have  
19 any clear reason why the rate case expense should  
20 be reduced by 50 percent, just outright like that.  
21 And that's my issue with it. Neither do I believe  
22 that if there is a need to make a case that you  
23 should be punished for trying to make your case.

24 Do I believe that there are other challenges  
25 that are particular to this case? Absolutely. Do

1 I believe that there are other circumstances that  
2 make this case more interesting than maybe some  
3 others? Absolutely. But I don't think that we  
4 could just simply, because of some of the other  
5 issues that we cannot necessarily mitigate just by  
6 waving a wand, that we should address that issue  
7 through the rate case expense.

8 So for those reasons I'm going to support  
9 the -- the motion, but I do believe that this is an  
10 issue that we probably do need to talk about in the  
11 future with respect to rate case expense and sort  
12 of creating a system that doesn't allow for  
13 repeating rate cases to address the same issue over  
14 and over and over again.

15 So with that, I think -- I just want to make  
16 clear that I'm going to support that and those are  
17 the reasons why I'm going to support the motion.

18 CHAIRMAN GRAHAM: Thank you, Commissioner  
19 Brisé.

20 Commissioner Balbis?

21 COMMISSIONER BALBIS: Thank you, Mr. Chairman.

22 And not to repeat my earlier comments on this  
23 issue, but I do support the motion. And I do want  
24 to thank OPC. I mean, I think it might have been  
25 floated out there that, you know, these additional

1       interrogatories and responses and several hundred  
2       of them, you know, may have required additional  
3       work from the utility, but I would assume that, you  
4       know, the ability to do that and the hundreds of  
5       responses that, you know, when you feel comfortable  
6       that you -- the information was provided to you,  
7       you were able to present to us, you know, your side  
8       on each one of these issues. And I think that, you  
9       know, while the PAA process with \$700,000 in rate  
10      case expense, you know, being -- sounds exorbitant,  
11      but if it does avoid the full hearing process, you  
12      know, with the ability for OPC to provide all of  
13      that, or have provided to them all of that  
14      information, I think it's a successful process.

15               So with that I'll support the motion.

16               CHAIRMAN GRAHAM: Commissioner Brown?

17               COMMISSIONER BROWN: Thank you, Mr. Chairman.

18               And I just want to let the parties know that  
19      I've been struggling with this issue since I read  
20      the case and listening to the arguments and reading  
21      OPC's position. And I am having a hard time  
22      supporting OPC's position, which is why I wanted to  
23      get some comfort and ask you poignant questions  
24      regarding the haphazard standard of reducing it by  
25      50 percent.

1 I have a hard time just supporting a  
2 justification for just randomly selecting a  
3 50 percent reduction and nitpicking, particularly  
4 even expenses that staff has vetted and have found  
5 to be reasonable and prudent costs.

6 So I will -- I will support the staff  
7 recommendation, with the caveat that I hope, if  
8 this is protested, that -- and I hope, if this goes  
9 to hearing, that the parties are -- do not  
10 duplicate efforts and do not produce additional  
11 discovery that's already been addressed, to  
12 minimize and be sensitive to the fact that there  
13 has been a significant amount of discovery  
14 conducted at -- in the PAA process.

15 And I'd hate to see the parties come back with  
16 a 1.5 million request for rate case expense at the  
17 hearing level.

18 So I would just like to point that out. And  
19 with that, I would support -- I would like to move  
20 staff's recommendation on this item.

21 CHAIRMAN GRAHAM: It's already been moved and  
22 seconded.

23 COMMISSIONER BROWN: Oh, sorry. Whatever.  
24 I'm tired.

25 CHAIRMAN GRAHAM: Seeing no other further

1 discussion, all in favor say aye.

2 (Unanimous.)

3 Anybody opposed?

4 Commissioner Edgar?

5 COMMISSIONER EDGAR: Thank you, Mr. Chairman.

6 Just realizing that it is late and it has been  
7 a long discussion with lots and lots of technical  
8 issues and many numbers that are going to need to  
9 be calculated and reformulated and all of that, I  
10 would just ask that we give our staff kind of that  
11 over umbrella administrative discretion, working of  
12 course with the parties, to make whatever  
13 calculations are necessary in light of all of the  
14 decisions that we have made today, and including  
15 the modifications and errata, et cetera, on a  
16 go-forward basis.

17 MR. MAY: Mr. Chair?

18 CHAIRMAN GRAHAM: Yes?

19 MR. MAY: I just -- I'm compelled to ask one  
20 more question. We're talking about a monitoring  
21 period, and I don't think you all have ever  
22 articulated the duration of that period. And I  
23 think we're fully prepared to meet with OPC and  
24 Mr. Curtin and staff at your direction.

25 But I think it would be helpful if we put a

1 time period -- got some direction with respect to a  
2 time period from you all.

3 CHAIRMAN GRAHAM: Do you really want us to  
4 pick a time period?

5 MR. MAY: Could I pick one?

6 CHAIRMAN GRAHAM: Mr. Willis?

7 MR. WILLIS: Chairman, we did talk about that  
8 when we talked about that issue, and my suggestion  
9 was that that would be one of the things that we  
10 discussed with the intervenors and the utility  
11 company, as to exactly how long that monitoring  
12 period would last. We will bring that back to you  
13 in a future recommendation for your approval.

14 MR. MAY: That's fair.

15 CHAIRMAN GRAHAM: I believe Mr. Willis has got  
16 a lot of answers.

17 I want to thank OGC -- Public Counsel, rather.  
18 You guys put a lot of effort into this. I know  
19 sometimes people don't always feel like they win,  
20 people don't always feel like they lose, but I know  
21 a lot of effort went into this PAA, and hopefully  
22 it's a cost saving thing.

23 I want to thank the utility company. I know a  
24 lot of effort came from you as well, especially a  
25 lot of the hearings that were out there, and

1 sometimes you have to have thick skin. And trust  
2 me, I know. And I do appreciate what you went  
3 through.

4 And, staff, let me say it's been a long day.  
5 It started very early this morning, and we're still  
6 here, and yet we're coming back again tomorrow. So  
7 I do appreciate all that went into this. I know a  
8 lot of you, if not all of you, worked this past  
9 weekend to get this stuff worked -- to get this  
10 stuff finished, and I want it to be said or known  
11 that we do realize you did that and we do  
12 appreciate the effort that you put forth, and you  
13 guys did good work.

14 Commissioner Balbis? Nothing from  
15 Commissioner Balbis.

16 That all being said, I do thank you guys all,  
17 and travel safe home tonight. Hopefully everybody  
18 stays awake until they get all the way to their  
19 bed. And I look forward to seeing most of you  
20 tomorrow. Thank you very much. We're adjourned.

21 (Agenda Conference concluded.)

22 \* \* \*

23

24

25

## 1 CERTIFICATE OF REPORTER

2  
3  
4 STATE OF FLORIDA )5 COUNTY OF LEON )  
6

7 I, LORI DEZELL, RPR, CCR, certify that I was  
8 authorized to and did stenographically report the  
9 proceedings herein, and that the transcript is a true  
10 and complete record of my stenographic notes.

11 I further certify that I am not a relative,  
12 employee, attorney or counsel of any of the parties, nor  
13 am I a relative or employee of any of the parties'  
14 attorney or counsel connected with the action, nor am I  
15 financially interested in the action.

16 WITNESS my hand and official seal this 27th  
17 day of May, 2011.

18 

19 LORI DEZELL, RPR, CCR  
20 2894-A Remington Green Lane  
21 Tallahassee, Florida 32308  
22 850-878-2221  
23  
24  
25

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental cost recovery clause.

DOCKET NO. 070007-EI  
ORDER NO. PSC-07-0922-FOF-EI  
ISSUED: November 16, 2007

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman  
MATTHEW M. CARTER II  
KATRINA J. McMURRIAN  
NANCY ARGENZIANO  
NATHAN A. SKOP

APPEARANCES:

R. WADE LITCHFIELD, ESQUIRE, Vice President and Associate General Counsel, and JOHN T. BUTLER, ESQUIRE, Senior Attorney, 700 Universe Boulevard, Juno Beach, FL 33408-0420  
On behalf of Florida Power & Light Company (FPL).

JOHN T. BURNETT, ESQUIRE, Associate General Counsel, and R. ALEXANDER GLENN, ESQUIRE, Deputy General Counsel, 299 1st Avenue North, St. Petersburg, FL 33701 and GARY PERKO, ESQUIRE, and VIRGINIA C. DAILEY, ESQUIRE, Hopping Law Firm, Post Office Box 6526, Tallahassee, FL 32314  
On behalf of Progress Energy Service Company, LLC (PEF).

JEFFREY A. STONE, ESQUIRE, RUSSELL A. BADDERS, ESQUIRE AND STEVEN GRIFFIN, Beggs & Lane Law Firm, Post Office Box 12950, Pensacola, FL 32591-2950  
On behalf of Gulf Power Company (Gulf).

LEE L. WILLIS, ESQUIRE and JAMES D. BEASLEY, ESQUIRE, Ausley Law Firm, Post Office Box 391, Tallahassee, FL 32302  
On behalf of Tampa Electric Company (TECO).

CHARLES J. BECK, ESQUIRE, JOSEPH E. MCGLOTHLIN, ESQUIRE, AND PATRICIA CHRISTENSEN, ESQ., c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, FL 32399-1400  
On behalf of Office of Public Counsel (OPC).

Parties Staff Handout  
Internal Affairs Agenda

on 5/24/11  
Item No. 17

100330-WS + 080121-WS

DOCUMENT NUMBER-DATE

10331 NOV 16 2007

FPSC-COMMISSION CLERK

JOHN M. MCWHIRTER, JR., ESQUIRE, c/o McWhirter Law Firm, 400 North  
Tampa Street, Suite 2450, Tampa, FL 33602  
On behalf of Florida Industrial Power Users Groups (FIPUG).

MARTHA C. BROWN, ESQUIRE, Florida Public Service Commission, 2540  
Shumard Oak Boulevard, Tallahassee, Florida 32399-0850  
On behalf of the Florida Public Service Commission (Staff).

**FINAL ORDER APPROVING PROJECTED EXPENDITURES AND TRUE-UP  
AMOUNTS FOR ENVIRONMENTAL COST RECOVERY FACTORS**

BY THE COMMISSION:

I. CASE BACKGROUND

As part of the Commission's ongoing environmental cost recovery proceedings, a hearing was held on November 6, 2007, in this docket. At the hearing, the parties addressed the issues set out in Order No. PSC-07-0886-PHO-EI, the Prehearing Order. Part II of this Order addresses the stipulated generic issues in the case and Part III addresses the stipulated company-specific issues in the case.

II. STIPULATED GENERIC ENVIRONMENTAL COST RECOVERY ISSUES

- A. We approve as reasonable the following final environmental cost recovery true-up amounts for the period ending December 31, 2006:

**FPL**: \$1,563,849 over-recovery including interest.

**PEF**: \$2,446,714 over-recovery including interest.

**GULF**: \$2,258,385 over-recovery including interest.

**TECO**: \$11,895,683 under-recovery including interest.

OPC and FIPUG took no position.

- B. We approve as reasonable the following estimated environmental cost recovery true-up amounts for the period January 2007 through December 2007:

**FPL**: \$585,826 under-recovery including interest.

**PEF**: \$3,333,530 under-recovery including interest.

**GULF:** \$2,117,926 under-recovery including interest.

**TECO:** \$9,624,173 over-recovery including interest.

OPC and FIPUG took no position.

- C. We approve as reasonable the following projected environmental cost recovery amounts for the period January 2008 through December 2008:

**FPL:** \$44,712,161.

**PEF:** \$43,204,989.

**GULF:** \$49,861,194.

**TECO:** \$18,911,243.

OPC and FIPUG took no position.

- D. We approve as reasonable the following environmental cost recovery amounts, including true-up amounts for the period January 2008 through December 2008:

**FPL:** \$43,765,627, adjusted for prior period true-ups and revenue taxes.

**PEF:** \$44,123,551, adjusted for taxes.

**GULF:** \$49,720,735 excluding revenue taxes.

**TECO:** \$21,198,005 after the adjustment for taxes.

OPC and FIPUG took no position.

- E. We approve as reasonable the determination that the depreciation rates to be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2008 through December 2008 shall be the depreciation rates that are in effect during the period the allowed capital investment is in service.

- F. We approve as reasonable the following jurisdictional separation factors for the projected period January 2008 through December 2008:

<b><u>FPL:</u></b>	Energy Jurisdictional Factor	98.58121%
	CP Demand Jurisdictional Factor	98.76048%
	GCP Demand Jurisdictional Factor	100.00000%

**PEF:** The jurisdictional energy separation factor is calculated for each month based on retail kWh sales as a percentage of projected total system kWh sales.

Transmission Average 12 CP demand jurisdictional factor - 70.597%  
Distribution Primary demand jurisdictional factor - 99.597%  
Jurisdictional Separation Study factors were used for production demand  
jurisdictional factor as Production Base – 93.753%,  
Production Intermediate – 79.046%, and  
Production Peaking – 88.979%.

**GULF:** The demand jurisdictional separation factor is 96.42160%. Energy jurisdictional separation factors are calculated each month based on retail KWH sales as a percentage of projected total territorial KWH sales.

**TECO:** The demand jurisdictional separation factor is 96.66743%. The energy jurisdictional separation factors are calculated for each month based on projected retail kWh sales as a percentage of projected total system kWh sales. These are shown on the schedules sponsored by witness Bryant.

OPC and FIPUG took no position.

- G. We approve as reasonable the following environmental cost recovery factors for the period January 2008 through December 2008:

**FPL:** The appropriate factors are:

Rate Class	Environmental Recovery Factor (\$/kWh)
RS-1/RST1	0.00040
GS-1/GST1/WIES1	0.00040
GSD1/GSDT1/HLFT1(21-499 kW)	0.00038
OS2	0.00042
GSLD1/GSLDT1/CS1/CST1/ HLFT2 (500-1,999 kW)	0.00038
GSLD2/GSLDT2/CS2/CST2/ HLFT3 (2,000 +)	0.00035
GSLD3/GSLDT3/CS3/CST3	0.00034
ISST1D	0.00036
ISST1T	0.00031
SST1T	0.00031
SST1D1/SST1D2/SST1D3	0.00036
CILC D/CILC G	0.00035
CILC T	0.00034
MET	0.00039

OL1/SL1/PL1  
SL2/GSCU-1

0.00029  
0.00032

**PEF:** The appropriate factors are as follows:

RATE CLASS	ECRC FACTORS
Residential	0.118 cents/kWh
General Service Non-Demand	
@ Secondary Voltage	0.109 cents/kWh
@ Primary Voltage	0.108 cents/kWh
@ Transmission Voltage	0.107 cents/kWh
General Service 100% Load Factor	0.081 cents/kWh
General Service Demand	
@ Secondary Voltage	0.094 cents/kWh
@ Primary Voltage	0.093 cents/kWh
@ Transmission Voltage	0.092 cents/kWh
Curtailable	
@ Secondary Voltage	0.090 cents/kWh
@ Primary Voltage	0.089 cents/kWh
@ Transmission Voltage	0.088 cents/kWh
Interruptible	
@ Secondary Voltage	0.079 cents/kWh
@ Primary Voltage	0.078 cents/kWh
@ Transmission Voltage	0.077 cents/kWh
Lighting	0.094 cents/kWh

**GULF:** See table below

RATE CLASS	ENVIRONMENTAL COST RECOVERY FACTORS ¢/kWh
RS, RSVP	.436
GS	.431
GSD, GSDT, GSTOU	.423
LP, LPT	.411
PX, PXT, RTP, SBS	.401
OS-I/II	.391
OSIII	.413

**TECO**: The appropriate factors are:

<b><u>Rate Class</u></b>	<b><u>Factor (cents/kWh)</u></b>
RS, RST	0.104
GS, GST, TS	0.104
GSD, GSDT	0.105
GSLD, GSLDT, SBF	0.104
IS1, IST1, SBI1, SBIT1, IS3, IST3, SBI3	0.102
SL, OL	0.105
Average Factor	0.104

OPC and FIPUG took no position.

- H. For billing purposes, the new environmental cost recovery factors shall be effective beginning with the first billing cycle for January 2008, and thereafter through the last billing cycle for December 2008. The first billing cycle may start before January 1, 2008, and the last billing cycle may end after December 31, 2008, so long as each customer is billed for twelve months regardless of when the factors became effective.

III. **STIPULATED COMPANY SPECIFIC ISSUES**

OPC and FIPUG took no position on the company specific issues addressed below.

**Florida Power & Light (FPL)**

- A. We approve the following stipulation regarding whether FPL should be allowed to recover costs associated with its proposed St. Lucie Cooling Water System Inspection and Maintenance Project:

Yes. FPL must inspect and, as necessary, maintain the cooling water system at the St. Lucie Plant so that it remains in compliance with the federal Endangered Species Act, 16 U.S.C. Section 1531. FPL agrees that its recovery of project costs through the ECRC is subject to Commission audit to ensure such costs are not otherwise recovered in base rates.

- B. We approve the following stipulation regarding how the newly proposed environmental costs for the St. Lucie Cooling Water System Inspection and Maintenance Project should be allocated to the rate classes:

Capital costs for the St. Lucie Cooling Water System Inspection and Maintenance Project should be allocated to the rate classes on an average 12 CP demand and 1/13<sup>th</sup> energy

basis. Operating and maintenance costs should be allocated to the rate classes on an average 12 CP demand basis.

- C. We approve the following stipulation regarding whether FPL should be allowed to recover costs associated with its proposed Martin Plant Drinking Water System Compliance Project:

Yes. The Consent Order entered into by FPL and the Florida Department of Environmental Protection (FDEP) on September 22, 2006 requires FPL to implement a corrective action plan at the Martin Plant, which involves the implementation of a pilot test plan to determine the most cost-effective method to achieve compliance of levels of four certain trihalomethanes (THMs) and haloacetic acids (HAA5s) in the drinking water system. The projected and actual costs will be subject to the normal audit, true-up and review process that takes place annually in the ECRC proceedings. FPL agrees that its recovery of project costs through the ECRC is subject to Commission audit to ensure such costs are not otherwise recovered in base rates.

- D. We approve the following stipulation regarding how the newly proposed environmental costs for the Martin Plant Drinking Water System Compliance Project should be allocated to the rate classes?

Capital costs for the Martin Plant Drinking Water System Compliance Project should be allocated to the rate classes on an average 12 CP demand and 1/13<sup>th</sup> energy basis. Operating and maintenance costs should be allocated to the rate classes on an average 12 CP demand basis.

- E. We approve the following stipulation regarding whether FPL should be allowed to recover costs associated with its proposed Low Level Radioactive Waste Storage Project:

Yes. The Low Level Radioactive Waste Storage Project is required due to the Nuclear Regulatory Commission's (NRC) requirements and restrictions on how low level radioactive (LLW) waste may be disposed of, combined with FPL's loss of access to the LLW disposal facility in Barnwell South Carolina as a result of new provisions of South Carolina law that take effect on June 30, 2008. The projected and actual costs will be subject to the normal audit, true-up and review process that takes place annually in the ECRC proceedings. FPL agrees that its recovery of project costs through the ECRC is subject to Commission audit to ensure such costs are not otherwise recovered in base rates.

- F. We approve the following stipulation regarding how the newly proposed environmental costs for the Low Level Radioactive Waste Storage Project should be allocated to the rate classes:

Capital costs for the Low Level Radioactive Waste Storage Project should be allocated to the rate classes on an average 12 CP demand and 1/13<sup>th</sup> energy basis. Operating and

maintenance costs should be allocated to the rate classes on a 71% average 12 CP demand and 29% energy basis.

- G. We approve the following stipulation regarding whether the projected costs for FPL's Clean Air Interstate Rule (CAIR) and Clean Air Mercury Rule (CAMR) compliance projects that are reflected in FPL's March 30, 2007, supplemental filing are reasonable and prudent:

FPL's CAIR, CAMR and Clean Air Visibility Rules (CAVR) compliance plans as presented in its March 30, 2007, supplemental filing have been updated and modified in terms of proposed compliance actions and projected costs both in the Company's testimony of August 3, 2007 and again in the deposition of Company Witnesses LaBauve and Dubin on October 25, 2007. FPL's compliance plans, including the plan changes consisting of the 800 MW Unit Cycling Project and the "Similar Units" Continuing Emissions Monitoring Systems (CEMS) option implementation identified in the Company's testimony of August 3, 2007 and the scope changes associated with the installation of Wet Flue Gas Desulfurization (FGD) Unit and SCR with Ammonia Injection System on Scherer Unit 4 as identified in the deposition of witnesses LaBauve and Dubin on October 25, 2007, appear reasonable at this time. FPL shall file, as part of its annual ECRC final true-up testimony, a review of the efficacy of its CAIR and CAMR and CAVR plans, and the cost-effectiveness of its retrofit options for each generating unit in relation to expected changes in environmental regulations and ongoing state and federal CAIR legal challenges now being pursued by FPL. The reasonableness and prudence of individual expenditures, and the prudence of future decisions on the compliance plans made in light of subsequent developments, shall continue to be subject to the Commission's review in future proceedings on these matters.

**Progress Energy Florida**

- A. We approve the following stipulation regarding whether we should approve PEF's updated Integrated Clean Air Compliance Plan as a reasonable and prudent means to comply with the Clean Air Interstate Rule ("CAIR"), Clean Air Mercury Rule ("CAMR") and Clean Air Visibility Rule ("CAVR") and related regulatory requirements:

Yes. PEF's updated Integrated Clean Air Compliance Plan represents the most cost-effective alternative for achieving and maintaining compliance with CAIR, CAMR, and CAVR, and related regulatory requirements, and it is reasonable and prudent for PEF to recover prudently incurred costs to implement the plan. PEF shall file as part of its true-up testimony in the Environmental Cost Recovery Clause a yearly review of the efficacy of its Plan D and the cost-effectiveness of PEF's retrofit options for each generating unit in relation to expected changes in environmental regulations.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the stipulations and findings set forth in the body of this order are hereby approved. It is further

ORDERED that each utility that was a party to this docket shall abide by the stipulations and findings herein which are applicable to it. It is further

ORDERED that the utilities named herein are authorized to collect the environmental cost recovery amounts and use the factors approved herein beginning with the specified environmental cost recovery cycle and thereafter for the period of January 2008 through December 2008. Billing cycles may start before January 1, 2008, and the last cycle may be read after December 31, 2008, so that each customer is billed for 12 months regardless of when the adjustment factor became effective.

By ORDER of the Florida Public Service Commission this 16th day of November, 2007.



ANN COLE  
Commission Clerk

( S E A L )

MCB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request:  
1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within

fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.



## THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

### COMMITTEES:

Budget - Subcommittee on General Government  
Appropriations, *Chair*  
Agriculture  
Banking and Insurance  
Budget  
Budget - Subcommittee on Higher Education  
Appropriations  
Children, Families, and Elder Affairs  
Reapportionment

SENATOR D. ALAN HAYS

20th District

May 24, 2011

Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Dear Public Service Commission Members,

It is my hope that you will be extremely judicious in your evaluation of the rate increases sought by Aqua Utilities, Florida. The record of your predecessors, in my opinion, is completely unacceptable and allows this company to rip off the residents who are captive customers of the company.

The excuse I've heard from the company is that the systems they have purchased in Florida are in a run-down condition and it takes major funding to restore the systems to a condition of mechanical and technical suitability. That, in my opinion, is due to the lack of oversight by the PSC and the customers today should not be burdened with the cost of rebuilding. Today's customers should certainly not be expected to give the company a rapid return on their investment. The company should have known the condition of the systems before they bought them!!

I also find it COMPLETELY UNACCEPTABLE for you to allow the company to impose punitive rates for large consumption quantities. The ONLY additional cost to the company for someone to use 20 thousand gallons per month instead of 5 thousand gallons is the electricity to pump the water. The entire infrastructure is already in place and I find these rates allowed in the past to be State sanctioned extortion!! PLEASE do not allow such rate structures to be imposed on these captive customers!

Please remember that this company is taking from the ground a natural resource that belongs to all Floridians and the company is paying absolutely NOTHING for that resource. They are in turn charging the customer for the delivery of the water which is a necessity of life, not a luxury. Yes, they should be allowed to make a reasonable profit for delivering the water, but that return MUST be reasonable, not excessive and punitive.

### REPLY TO

☐ 871 South Central Avenue, Umatilla, Florida 32784-9290 (352) 742-6441  
☐ 324 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5014

Senate's Website: [www.flsenate.gov](http://www.flsenate.gov)

MIKE HARIDOPOLOS  
President of the Senate

MICHAEL S. "MIKE" BENNETT  
President Pro Tempore

Parties/Staff Handout  
Internal Affairs/Agenda  
on 5/24/11  
Item No. 17

100330WS and  
080121-WS

May 24, 2011

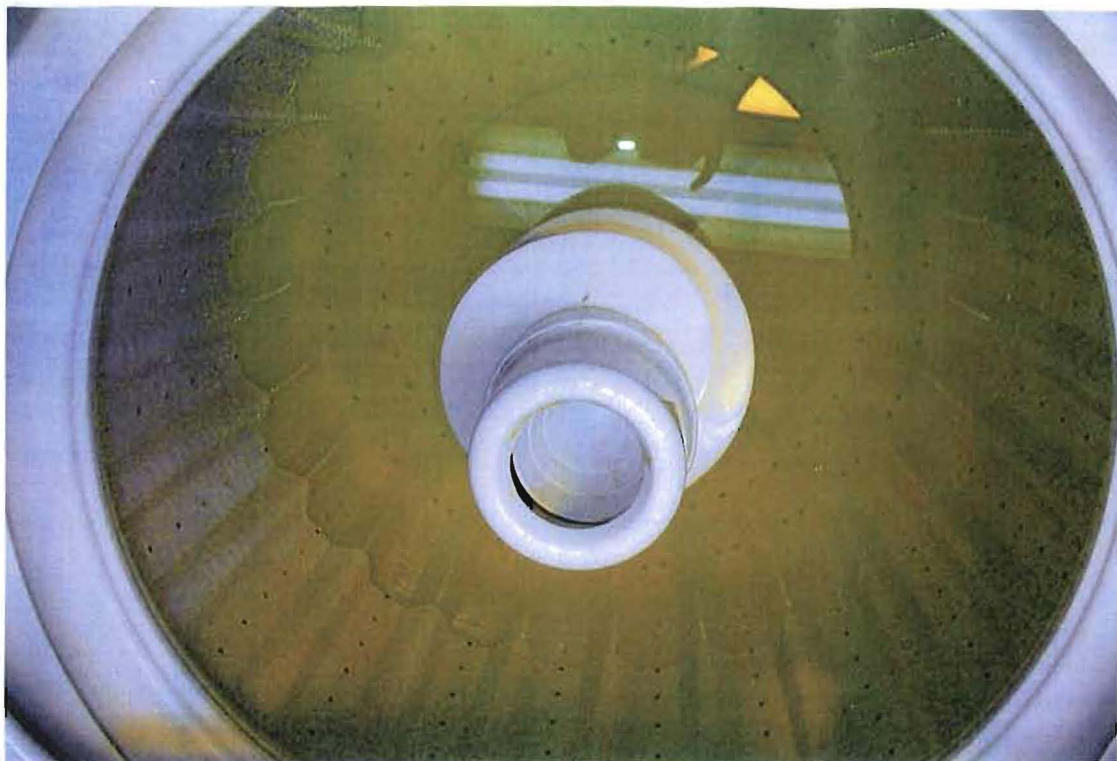
Page 2

Thank you for your time and please make us thankful for your service by not allowing this company to continue to rip off the customer.

Sincerely,

A handwritten signature in dark ink, reading "D. Alan Hays, DMD". The signature is fluid and cursive, with the first name "D." being a simple capital letter followed by a period, and "Alan Hays" written in a more elaborate script. The suffix "DMD" is written in a smaller, more straightforward font at the end of the signature.

D. Alan Hays, DMD  
State Senator, District 20



5-7-11

8:25 Am

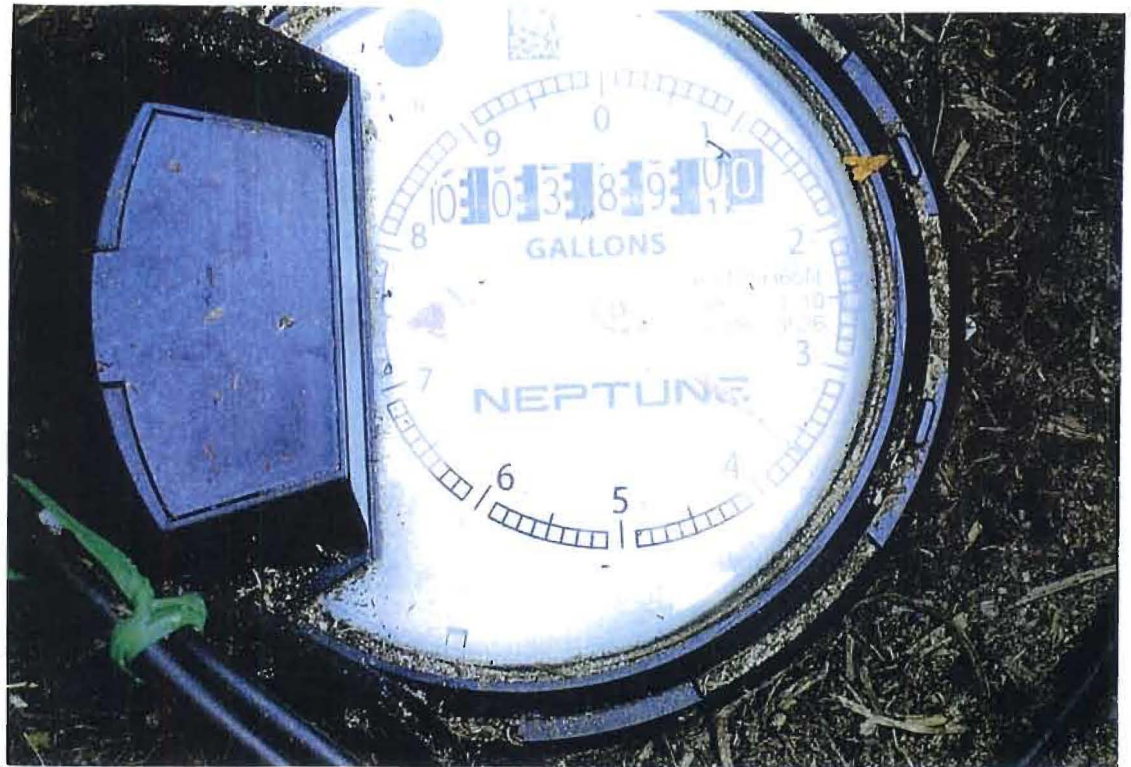
GUS ALEXAKOS

4625 Windy Ln

ZEPHYRHILLS, Florida 3354

Parties/Staff Handout  
Internal Affairs/Agenda  
on 5/24/11  
Item No. 17  
100330-WS and  
080121-WS

Parties/Staff Handout  
Internal Affairs/Agenda  
on 5/24/11  
Item No. 17  
100330-WS & 080121-WS



RONALD KUBINA  
4606 CLARICE AVE  
ZEPHYRHILLS, FL 33541

5-20-11

Parties/Staff Handout  
Internal Affairs/Agenda  
on 5124111  
Item No. 17

100330-WS & 080121-WS





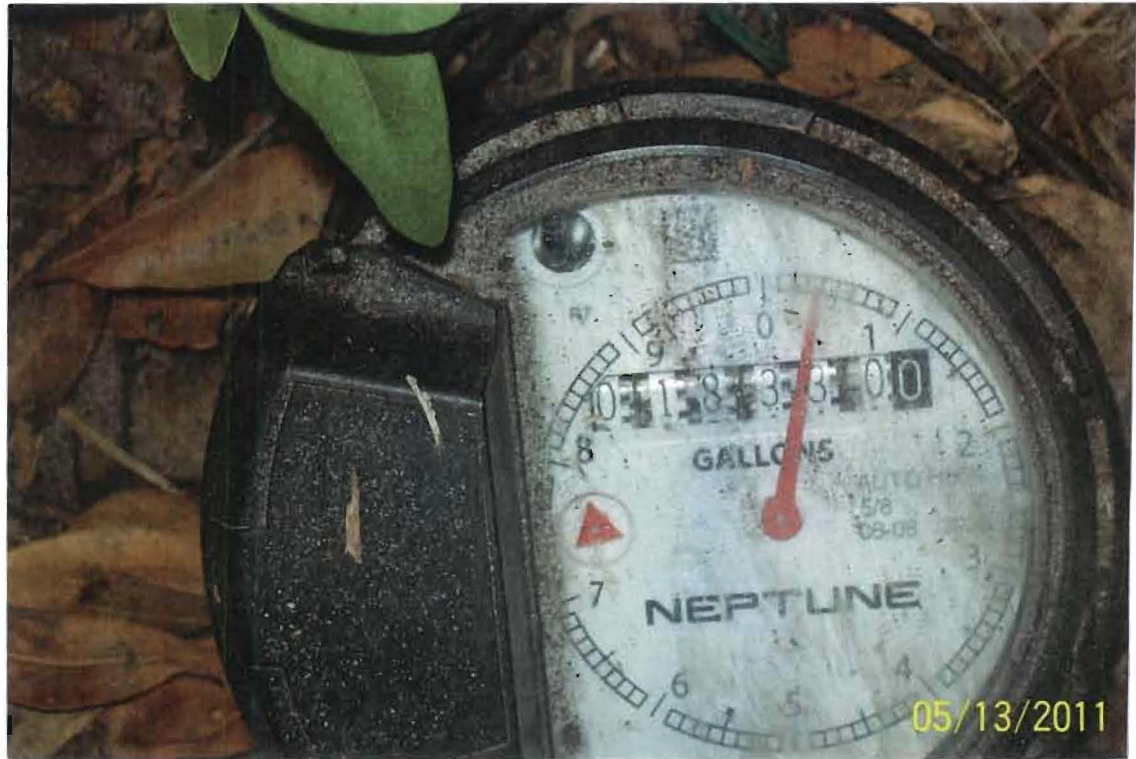




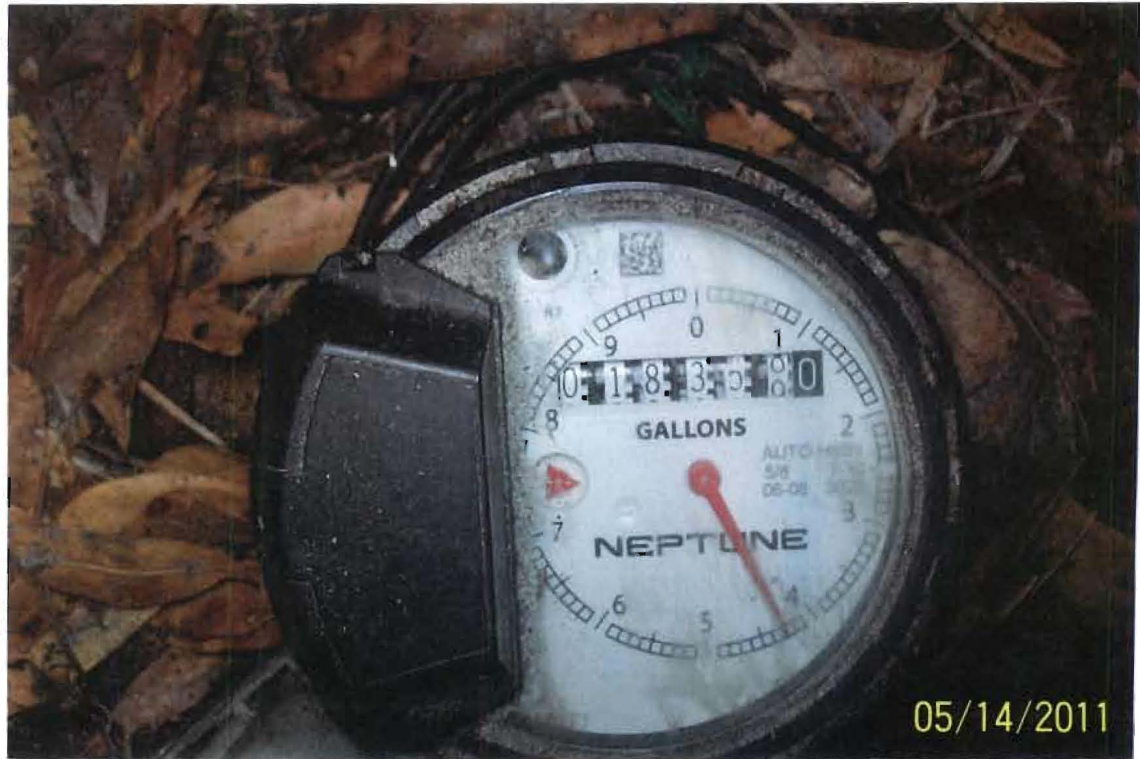


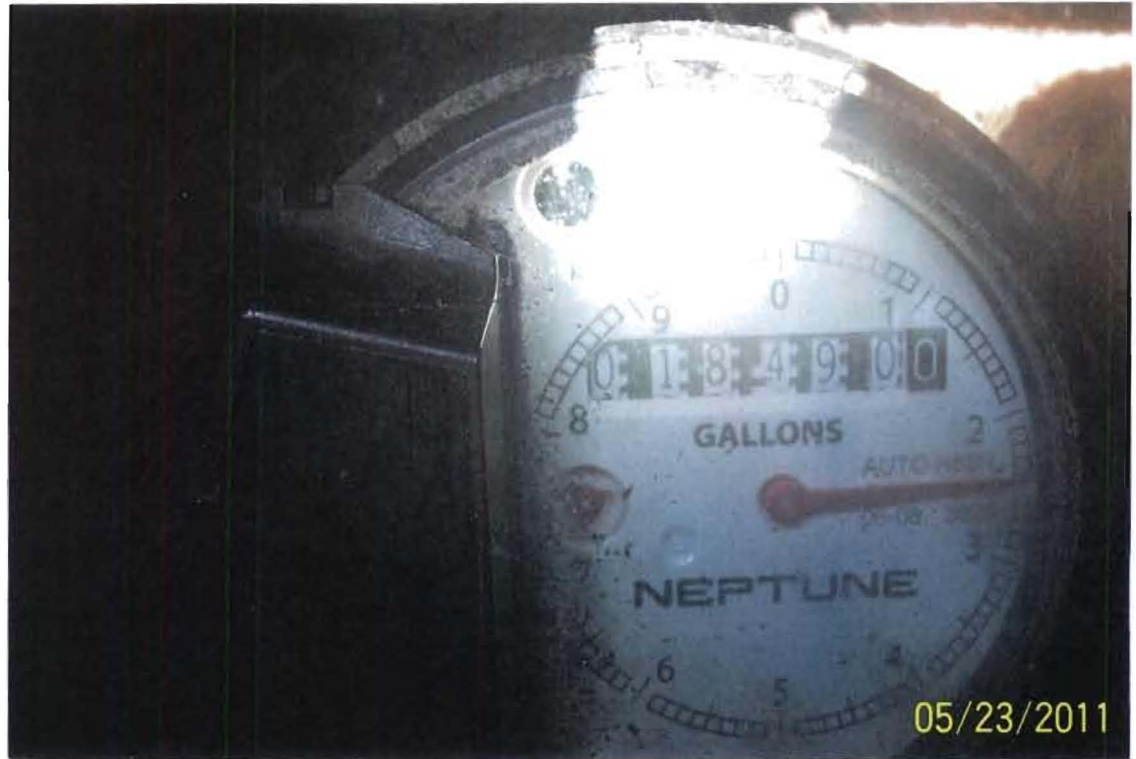


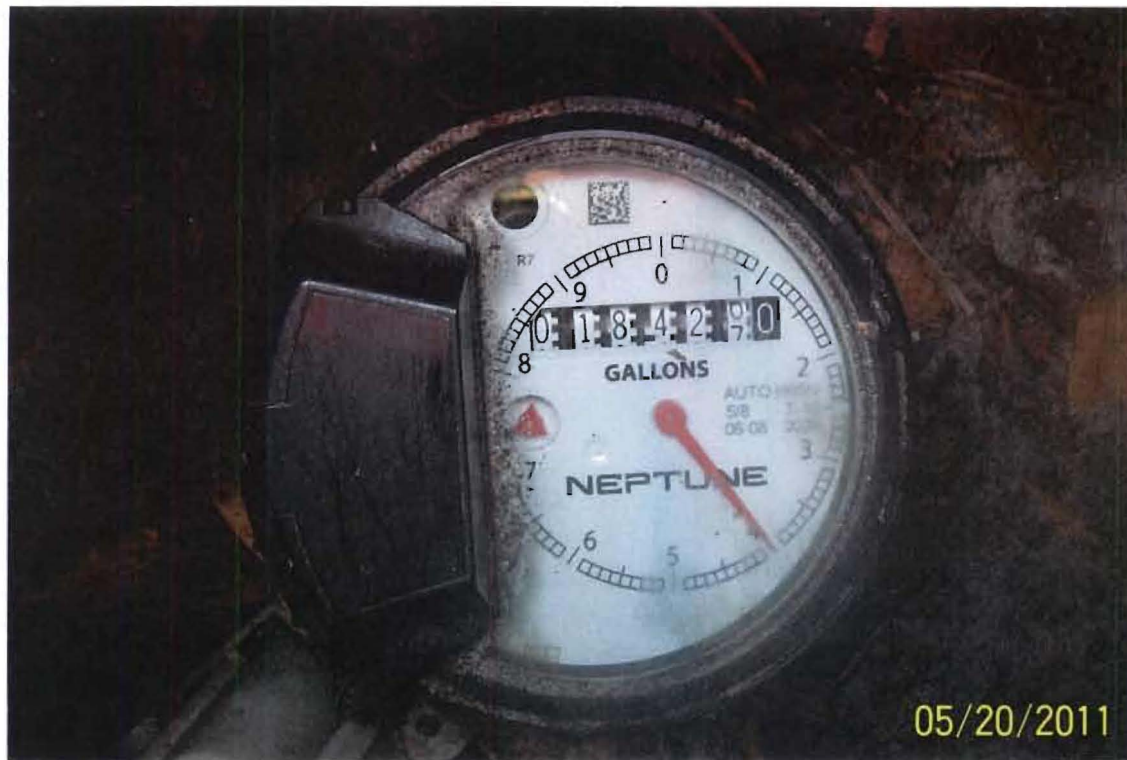




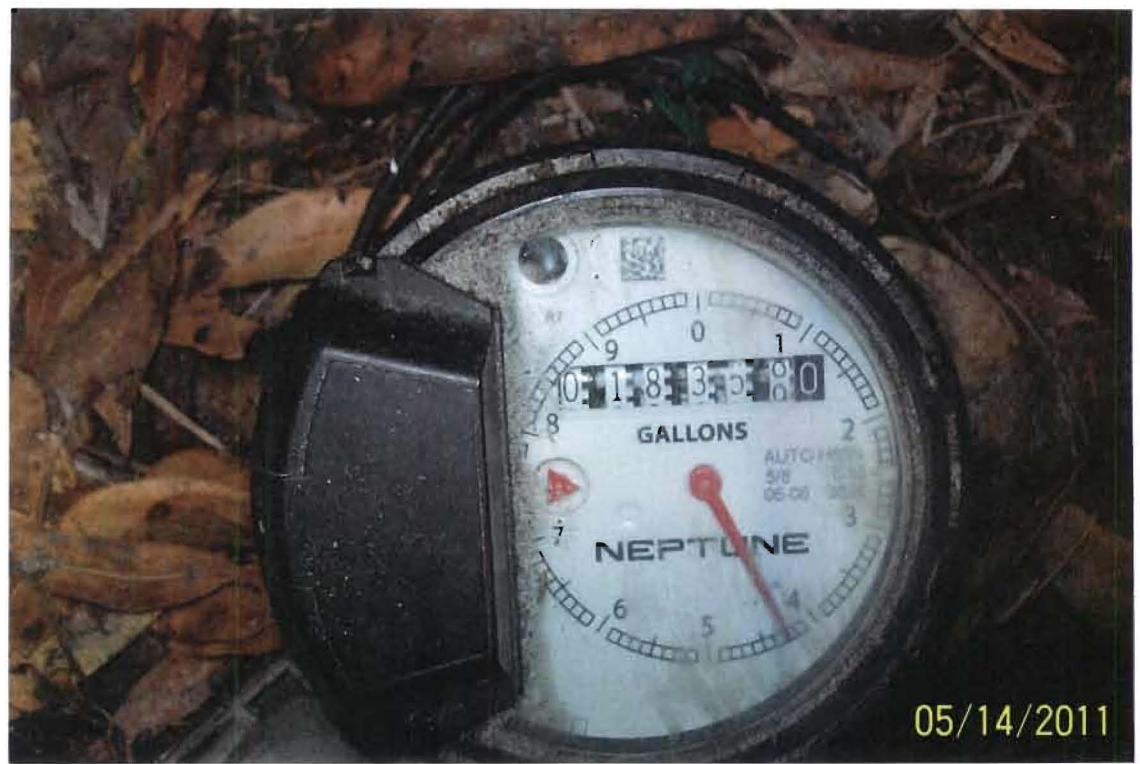
05/13/2011



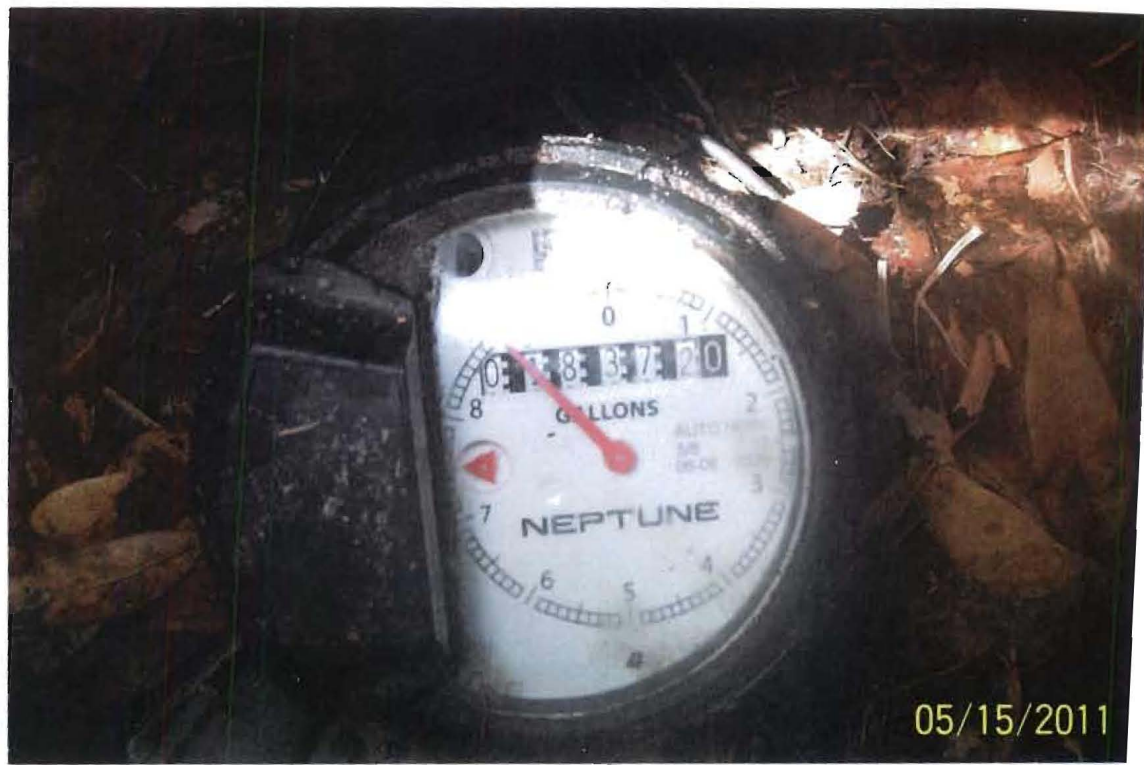




05/20/2011



05/14/2011



**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**In re: Application for increase in  
water/wastewater Rates in Alachua,  
Brevard, DeSoto, Hardee,  
Highlands, Lake, Lee Marion,  
Orange, Palm Beach, Pasco, Polk,  
Putnam, Seminole, Sumter,  
Volusia, and Washington Counties  
by Aqua Utilities Florida, Inc.**

**Docket No. 100330-WS**

**EXHIBITS FOR FINAL HEARING MAY 24, 2011**

**Parties/Staff Handout**  
**Internal Affairs/Agenda**  
on 5/24/11  
Item No. 17  
*100330-WS and 080121-WS*





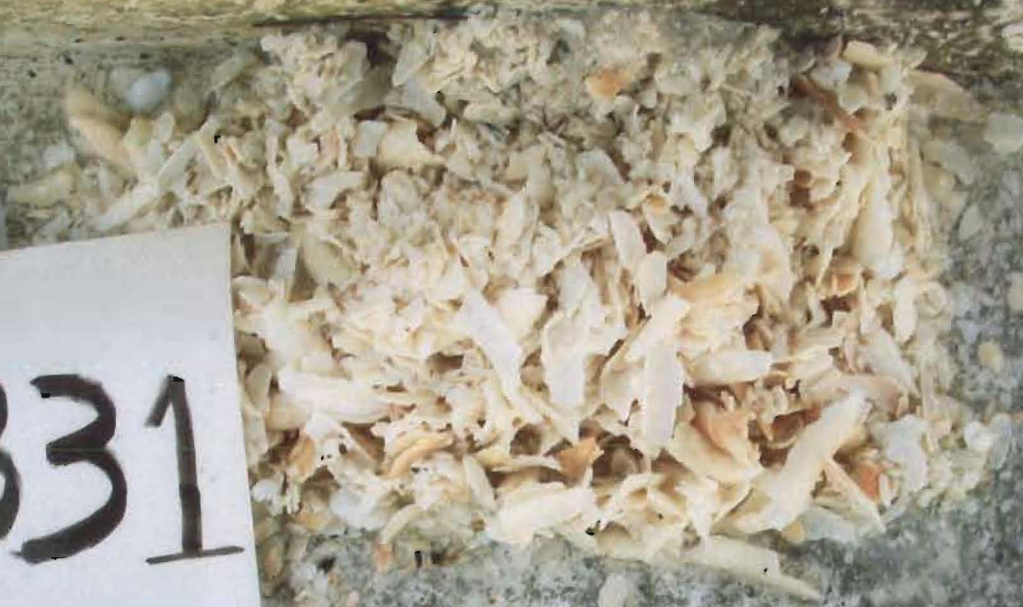


Lot 2331

04/02/2011

Lot 2331

04/02/2011







**AQUA PURE WATER & SEWAGE SERVICE, INC.**

10865 East State Road 40 • Silver Springs, Florida 34488-2349

(352) 625-2822  
FAX (352) 625-6638**Laboratory Analytical Report**  
Florida DOH Laboratory Certification # E83265

Aqua Utilities Florida

PO Box 490310  
Leesburg, Florida 34749-0310

Submission Number: 095231

System Name: **Arredondo Farms**  
Sampler Name: Mark March  
Date Sample Received: 04/28/09  
Time Sample Received: 2:18 PM

Sample Number	Sample Location	Date Collected	Time Collected	Parameter / (mdl) Units / Method	Result	DQ	Analysis Date	Analysis Time	Tech
095231-A	Lot 2638	04/28/09	1250 PM	Lead in (0.00050) mg/L by EPA200.8	0.0010	‡	05/04/09	13:22	DSK
				Copper In (0.00093) mg/L by EPA200.8	0.024	‡	05/04/09	13:22	DSK
				Hardness, Total as CaCO3 In (1.6) mg/L by EPA200.7	320	‡	05/04/09	15:31	TPI
095231-B	Lot 2638	04/28/09	1250 PM	Turbidity in (0.10) NTU by SM2130B	0.15	I	04/28/09	3:43 PM	JC
				Alkalinity in (5.0) mg CaCO3/L by SM2320B	260	†	05/01/09		JJ

**RECEIVED**

MAY 18 2009

Aqua Utilities  
Florida Inc.I - Analyte detected below quantitation limits.  
† - Parameter not included in current laboratory certification.  
‡ - Analysis performed by Pace Analytical # E83079.

Certainty &amp; validity of the reported data are based upon method specific calibration and QA / QC acceptance criteria (available upon request).

This document and the associated reported results meet NELAC standards or are qualified accordingly. DQ = Data Qualifier

The results presented herein relate only to the samples submitted. If you have questions regarding this report please call Lisa Saupp at (352) 625-2822.

Respectfully Submitted by:

Lisa K. Saupp, Charles B. Saupp, or Michael Morse

Technical Director

Date: May 13, 2009

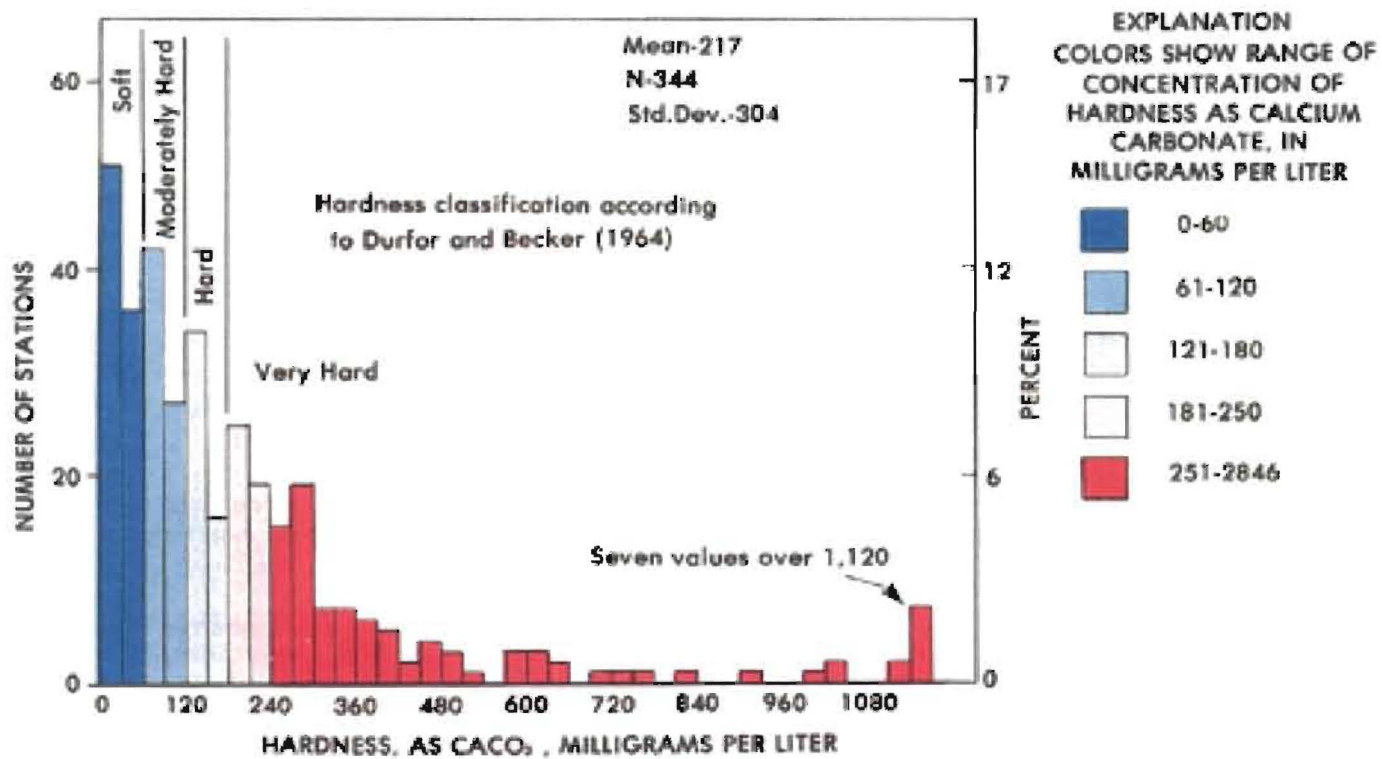
Page 1 of 2; Including Chain of Custody

AUF 019630

2



Level of Hardness	Grains per Gallon	Parts per Million or mg/l
Soft	Below 1.0	Below 17.1
Slightly Hard	1.0 to 3.5	17.1 to 60
Moderately Hard	3.5 to 7.5	61 to 120
Hard	7.5 to 10.5	121 to 180
Very Hard	10.5 and above	180 and above





Service To:  
**KATHERINE SMITH**  
 7117 SW ARCHER RD UNIT 35  
 GAINESVILLE, FL 32608-4671  
 Lot: 13261288 Block:

Account Number  
**001610932 0649332**  
 ARREDONDO FARMS  
 1336568 PWSID # FL2010042

Aqua Utilities Florida, Inc.  
 762 W. Lancaster Avenue  
 Bryn Mawr, PA 19010-3489

Tel: 877.987.2782  
 Fax: 866.780.8292

e Mail: [custserv@aquaaamerica.com](mailto:custserv@aquaaamerica.com)

Questions about your water/sewer service?... Contact us before the due date.

Bill Date

**February 10, 2011**

Total Amount Due

**\$ 802.28**

Current Charges Due Date

**March 04, 2011**

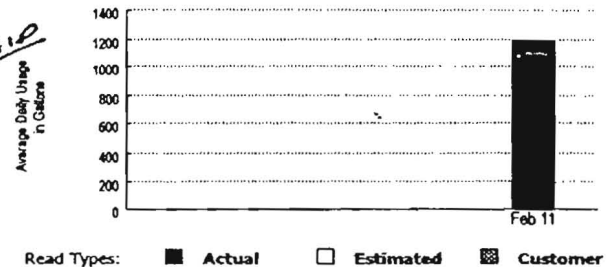
### Meter Data

Meter	Size	Billing Period	Days	Read Type	Meter Readings	Usage	Units
56585880	5/8	02/08/11	28	Actual	245200	33,800	Gallons
		01/11/11		Actual	211400		
Average Daily Usage = 1,207 Gallons		Total Days: 28		Total Usage:		33,800	Gallons

### Billing Detail

Amount Owed from Last Bill ..... \$ 123.16  
 Total Payments Received ..... 47.00  
**Remaining Balance ..... 76.16**  
 Water Base Facility Charge ..... 15.71  
 5,000 gallons @ \$0.00731 per gallon ..... 36.55  
 Next 5,000 gallons @ \$0.00898 per gallon ..... 44.90  
 Next 23,800 gallons @ \$0.02067 per gallon ..... 491.95  
 Current Water Charges ..... 589.11  
 Sewer Base Facility Charge ..... 35.44  
 6,000 gallons @ \$0.00711 per gallon ..... 42.66  
 Next 27,800 gallons @ \$0.00 per gallon ..... 0.00  
 Current Sewer Charges ..... 78.10  
 Utility Tax ..... 58.91  
**Amount Due ..... \$ 802.28**

### Water Usage History



### Message Center (see reverse side for other information)

- HIGH BILL ALERT - Your usage appears higher than usual. For information on high usage and leaks, visit <http://watersmart.aquaaamerica.com>
- 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.

## 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:  
**KATHERINE SMITH**  
 7117 SW ARCHER RD UNIT 35  
 GAINESVILLE, FL 32608-4671  
 Lot: 13261288 Block:

Account Number  
**001610932 0649332**

Amount Due

**\$ 802.28**

Current Charges Due Date

**March 04, 2011**

Amount Enclosed

\$

Please make check payable to Aqua Util. FL.  
 Print your account number on your check,  
 then mail to address on back.

Seq=36997 Cyc=33M9 1up=972917

36997 1 AV 0.335

0649332

\*\*\*\*\*AUTO\*\*5-DIGIT 32608 C 90 P 121  
 KATHERINE SMITH  
 7117 SW ARCHER RD LOT 35  
 GAINESVILLE FL 32608-4671



3/23 Kim spoke with Pam to inform Aqua  
 001610932064933200000000802285  
 HE ASKED US TO FORGIVE HIM.  
 AUL. \* 850-773-2626

Account Number  
**001454043 064915**  
ARREDONDO FARMS  
1336568 PWSID # F1221004

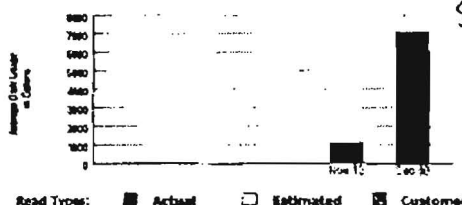
Current Charges Due 12

Meter	Size	Billing Period	Days	Read Type	Meter Readings	Usage
09003586	5/8"	12/13/10	31	Actual	258800	222,500
		11/12/10		Actual	36300	
7 Gallons		Total Days	31		001855	222,500
					Total Usage:	

### Billing Detail

Amount Owed from Last Bill .....	1,228.89
Total Payments Received .....	482.41
Remaining Balance .....	1,126.48
Water Base Facility Charge .....	15.71
5,000 gallons @ \$0.00731 per gallon .....	36.55
Next 5,000 gallons @ \$0.00698 per gallon .....	44.90
Next 212,500 gallons @ \$0.02067 per gallon .....	4,392.38
Current Water Charges .....	4,489.54
Sewer Base Facility Charge .....	35.44
5,000 gallons @ \$0.00711 per gallon .....	42.66
Next 216,500 gallons @ \$0.00 per gallon .....	0.00
Current Sewer Charges .....	78.10
Jility Tax .....	448.95
Amount Due .....	5,614.87

### Water Usage History



Supp. ~~XXXXXX~~ No netted  
# 10 #  
climber

Customer

YESTERDAY - COMMERCE  
BUT

**Message Center** (see reverse side for other information)

- **HIGH BILL ALERT** - Your usage appears higher than usual. For information on high usage and leaks, visit <http://watersmart.aquaservice.com>
- 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.

**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: **MARYANN WALKER**  
**7117 SW ARCHER RD UNIT 2205**  
**GAINESVILLE, FL 32608-4695**  
**Lot: 13201601 Block:**

Account Number  
**001454043 0649151**

Amount Due	Current Charges Due Date
<b>\$ 6,143.07</b>	<b>January 06, 2011</b>

Amount Enclosed

Please make check payable to Aqua Unit, F.L.  
Print your account number on your check,  
then mail to address on back.

001454043064915100000006143078

\*\*\*\*\*SINGLE-PIECE C L P L  
MARYANN WALKER  
7117 SW ARCHER RD LOT 2206  
GAINESVILLE FL 32608-4895

\_\_\_\_\_

Myers' cell

[REDACTED]

**Q 1.2**

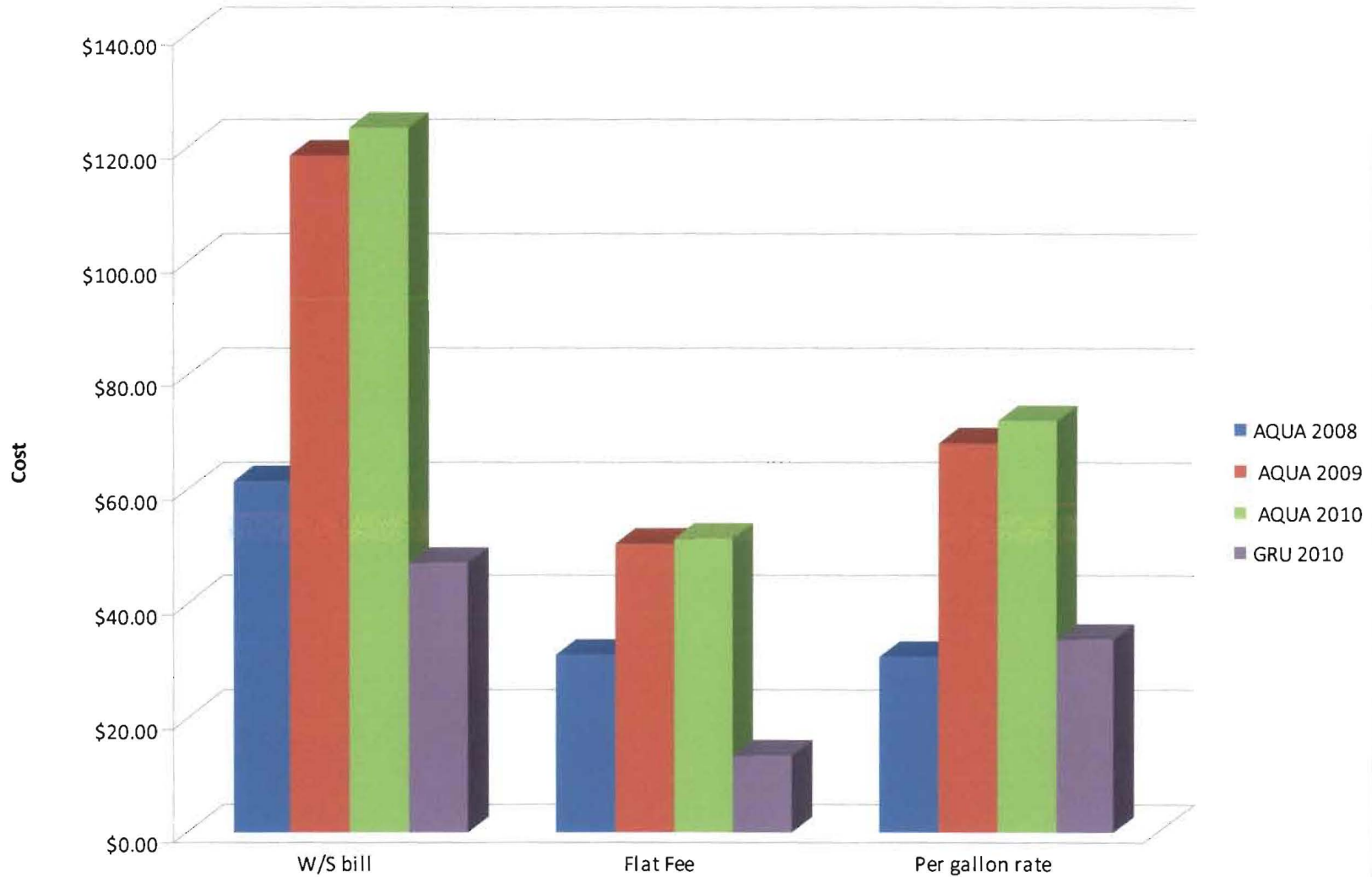
352 - 682 - 6668

- o { RECEIVE APPROVAL ?  
RECEIVE NEW BILL ?





## Arredondo Resident Water/Sewer Bill for 5,000 Gallons



101% Increase for Aqua bills from 2008-2010 AQUA charges rates 62% higher than GRU

# AQUA AMERICA

NEWS FROM OTHER STATES  
INDIANA, OHIO, NEW YORK, AND  
TEXAS

Parties/Staff Handout  
Internal Affairs/Agenda  
on 5/18/11  
Item No. 17

100330-WS and 080121WS

# Ohio HB 87

(B) No water-works company that serves fifteen thousand or more customers in Ohio, no sewage disposal system company that serves fifteen thousand or more customers in Ohio, and no water-works company that is also a sewage disposal system company that serves a total of fifteen thousand or more customers in Ohio may recover from its customers more than fifty per cent of the total amount of rate-case expenses that it incurs for an application filed under section 4909.18 of the Revised Code.

Company	Year	Rate case expense	50% of the expenses
Ohio American Water	1999	\$400,000	\$200,000
Aqua Ohio	2000	\$50,000	\$25,000
Aqua Ohio	2001	\$100,000	\$50,000
Ohio American	2001	\$246,000	\$123,000
Aqua Ohio	2003	\$100,000	\$50,000
Ohio American	2003	\$292,000	\$146,000
Ohio American	2006	\$399,960	\$199,980
Aqua Ohio	2007	\$75,000	\$37,500
Ohio American	2007	\$400,001	\$200,001
Ohio American	2009	\$523,417	\$261,709
Aqua Ohio	2009	\$96,000	\$48,000
Aqua Ohio	2009	\$172,000	\$86,000
Total		\$2,854,378	\$1,427,190
Office of Ohio CC			

# OHIO PUCO

- COLUMBUS OHIO August 24, 2009
- State regulators fined Aqua of Ohio \$132,000 for billing problems and will audit the company to insure these billing problems are resolved.
- In addition, Aqua must put \$25,000 in a high cost fund to help low income consumers.

# City of Fort Wayne In

- About 9,000 customers bordering the City of Fort Wayne have been transferred to City Services.
- This process has been happening over a period of four years.
- Lack of good service numerous quality problems led the City to Condemn this Facility

# NEW YORK PSC ORDER EFFECTIVE 1-29-2010 CUSTOMER SERVICE INCENTIVE MECHANISM (CSIM)

- |                             |                   |
|-----------------------------|-------------------|
| • PSC ANNUAL COMPLAINT RATE | • PROPOSED AMOUNT |
| • <3.7                      | • NONE            |
| • >3.8                      | • \$64,000.00     |
| • >4.5                      | • \$80,000.00     |
| • >5.3                      | • \$96,000.00     |

# NEW YORK 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 the ratepayers equal to the revenue requirement effect of the stay out premium for the period February 6, up to the date new rates next take effect, if before February 6, 2013.

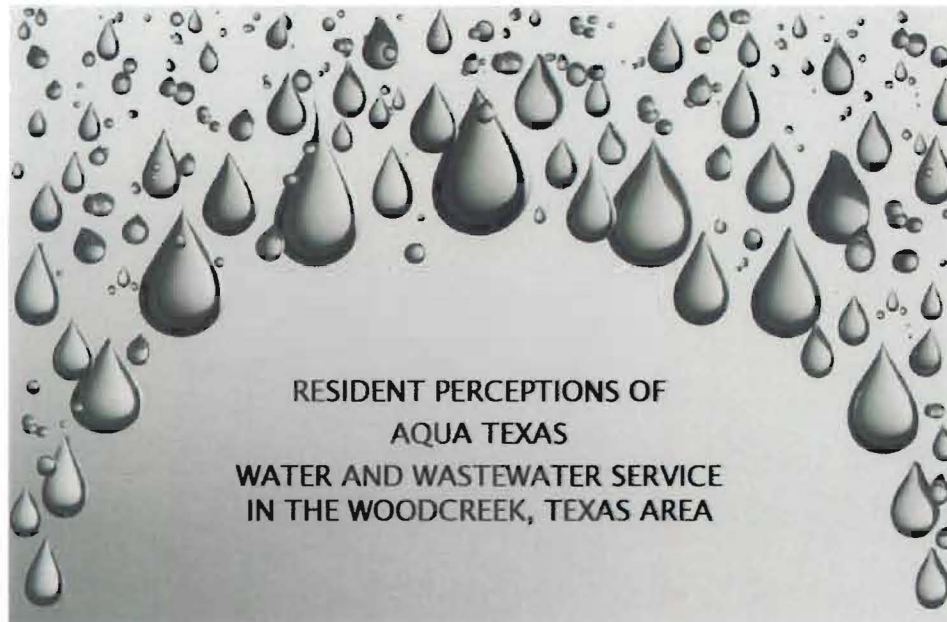
# NEW YORK

THE WATER AUTHORITY BOARD OF  
SOUTHEASTERN NASSAU

“TAKE OVER OF AQUA OF NEW YORK  
WON'T HAPPEN OVERNIGHT”

Residents pack first board meeting of  
reactivated Water Authority of Southeastern  
Nassau County.

Massapequa Patch December 3, 2010



RESIDENT PERCEPTIONS OF  
AQUA TEXAS  
WATER AND WASTEWATER SERVICE  
IN THE WOODCREEK, TEXAS AREA

APRIL 13, 2011

SURVEY SPONSORED BY  
THE CITY OF WOODCREEK  
AND  
THE WOODCREEK PROPERTY OWNERS ASSOCIATION

SURVEY ADMINISTRED BY  
CENTER FOR SOCIAL INQUIRY  
THE DEPARTMENT OF SOCIOLOGY  
TEXAS STATE UNIVERSITY-SAN MARCOS

PATRICK DEW, RESEARCH ANALYST

It would be an understatement to say residents are concerned about what they perceived as extremely high rates. Stories circulate about retired couples having to move away from the community because of the high rates. The rate situation with Aqua Texas, at least as it applies to the wastewater service in the area, is perhaps described as follows:

The monthly cost of service is in excess of \$125.00 and that is before a tap is turned on or a commode is flushed

A Total of 2150 surveys were mailed to registered voters in the city of Wood creek and surrounding area, including Wood creek North, along with a postage paid return envelope, and a request that the surveys be returned to the Center for Social inquiry by March 31, 2011. Returns were processed (coded, entered into a database, and analyzed) by personnel in the Department of Sociology Statistics Tutoring Lab. As of the deadline date of March 31, 2011 a total of 928 surveys had been received ( a return rate in excess of 43% and margin of error of less than 2.5% at a 95% level of confidence).

Word	Frequency	Percent		Word	Frequency	Percent
expensive	175	18.9		overpriced	48	5.2
thieves	30	3.2		greedy	29	3.1
No Response	28	3.0		poor	23	2.5
terrible	22	2.4		crooks	20	2.2
horrible	18	18		bad	17	1.8
rip-off	15	1.6		monopoly	14	1.5
sucks	14	1.5		unaffordable	14	1.5
outrageous	13	1.4		criminal	11	1.2
wasteful	10	1.1		awful	9	1.0
costly	9	1.0		exorbitant	8	.9
	334	36.0			193	20.7

# 4 Yr. Summary FL PSC Complaints 7 largest Regulated water companies

COMPANY	2007	2008	2009	2010	Total	ERC's
AQUA	186	166	176	142	670	23,524
ALAFAYA	6	63	27	7	103	7,260
LAKE UTILITY	2	5	14	6	27	9,390
NORTH SUMTER UTILITY	1	1	3	0	5	31,852
PEOPLE'S WATER SVC.	2	2	1	8	13	11,858
SANLANDO	2	2	1	2	7	12,125
UTILITIES OF FLORIDA	10	11	17	21	57	16,185
TOTALS	209	250	222	186	882	112,194

Percent of Total                      89%    66.4%   79.3%   76.3%   76.0%

Source Florida Public Service Commission (complaint activity tracking system)

## Commission Complaints Jan. 2007 March 31 2011 by County

COUNTY	SERV.	BILL	CUST.	COUNTY	SERV	BILL	CUST.	TOTAL
ALACHUA	26	60	526	BREVARD	1	7	246	94
DESOTO	2	8	556	HARDY	20	53	98	83
HIGHLANDS	17	41	891	ORANGE	4	3	268	65
PASCO	38	99	2940	POLK	3	11	1445	142
LAKE	22	70	4538	LEE	9	11		112
PUTNAM	15	13	1094	PALM BEACH	6	12	451	46
<b>SEMINOLE</b>	<b>32</b>	<b>59</b>	<b>1530</b>	SUMTER	6	9	63	15
MARION	10	31	1712	VOLUSIA	3	11	373	55
WASHINGTON	1	10	560					11
TOTAL	131	332	12,817	TOTAL	52	117	2,746	623

## First Quarter, Five Year Summary Commission Complaints Water& Wastewater

YEAR	2007	2008	2009	2010	2011	TOTAL
Aqua	35	34	34	40	36	179
All Companies with a Report	22	26	31	25	22	126
Total Reports	77	76	81	93	69	396
Percent Aqua	45.5%	44.7%	42.0%	43.0%	52.2%	45.2%
Percent of Co.'s with A commission complaint	13.7%	16.0%	19.0%	15.6%	13.7%	

OVER 100 COMPANIES WITH NO REPORTS

Source Complaint Activity Tracking System Florida PSC

## QUALITY PERFORMANCE REPORT

### Florida Customers

Dec-10		Percent	Total Calls
1	Move In or Move Out	17%	818
2	Pay by Phone - Speedpay	16%	773
3	Verify Account Balance	11%	540
4	Customer Account Changes	7%	354
5	Restore Service	6%	272
6	Shut-Off Notice	5%	266
7	Payment Confirmation Number	5%	229
8	Payment Arrangement	4%	200
9	Explain Bill	4%	192
10	Verify Receipt of Payment	3%	164
11	High Bill Complaint	3%	143
12	No Water	3%	134
13	Turn On or Turn Off Service	2%	96
14	Service Line Leak	2%	79
15	Dispute Bill	1%	62
16	Leak Adjustment	1%	56
17	Sewer Service Complaint	1%	49
18	Waive Late Fees	1%	49
19	Payment Location Inquiry	1%	40
20	Zip Check Sign up	1%	40
	All Other Calls	8%	374
Total calls		100%	4,932

Source AUF commission filing

## Florida Customer Contacts December 2010

System	CITY	CCS Reason	Total
ARREDONDO ESTATES	GAINESVILLE	BILL_DISP	1
		HIGH_BILL	3
		NO_WATER	29
		OTHER_WT_Q	4
		SERV_LEAK	4
	GAINESVILLE Total		41
ARREDONDO ESTATES Total			41
ARREDONDO FARMS	GAINESVILLE	BILL_DISP	1
		CLAIMS	1
		COLLECTION	2
		CURBBOX_M	1
		DUPL_BILL	2
		HIGH_BILL	1
		LEAK_ADJ	9
		LOST_PYMT	1
		METER_PROB	1
		NO_BILL	1
		NO_WATER	5
		SERV_LEAK	3
		SEWER	7
		ZERO_USE	1
	GAINESVILLE Total		36
ARREDONDO FARMS Total			36
BEECHERS POINT	WELAKA	OTHER_WT_Q	2
WELAKA Total		2	
BEECHERS POINT Total			2
BREEZE HILL	LAKE WALES	BILL_DISP	7
		CLAIMS	2
		HIGH_BILL	5
		METER_PROB	2
		RATES	2
	SEWER	1	
LAKE WALES Total		19	
BREEZE HILL Total			19
CARLTON VILLAGE	LADY LAKE	METER_PROB	1
LADY LAKE Total		1	
CARLTON VILLAGE Total			1

Source Aqua monthly "Florida Customer Contacts"

# 2010 quality of service monitoring

- Florida customer contacts
- May-December 2010
- Recorded by System
- 29 separate call entries
- **Total Calls 6,333**
- Regulated Customers
- Water 17,099
- Waste Water 6,425
- Quality Performance Report
- For Florida
- May-December 2010
- 20 call entries
- **Total Calls for period 43,309**
- Includes the following non-regulated systems.
- Sarasota Water 4842
- Sarasota Wastewater 7,113
- Citrus county 318

## 10 HIGHEST CUSTOMER CONTACT CALLS MAY-DEC 2010

CUSTOMER CONTACT	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	TOTAL
NO WATER	214	123	102	60	262	75	602	113	1551
HIGH BILL	107	120	131	177	112	119	93	118	977
SERVICE LEAK	60	61	46	52	62	58	70	69	478
BILL DISPUTE	46	57	46	53	54	54	45	45	400
LEAK ADJUSTMENT	55	39	46	55	49	50	49	47	390
OTHER WTR QUESTIONS	48	41	19	26	44	28	119	28	353
PRESSURE	82	15	54	33	40	19	48	28	319
METER PROBLEM	36	34	31	31	45	20	23	25	245
TASTE ODOR	31	21	93	23	15	17	7	44	211
COLOR	22	20	23	15	21	20	19	44	162
TOTAL	701	531	513	525	704	460	175	539	5086
TOTAL CALL CONTACTS	844	673	735	687	860	631	1269	634	6333

Aqua "Florida Customer Contacts" summarized by month

## Ten Highest Systems in number of customer contacts

System	Customer Calls	Customers
Palm Terrace	764	1064
Silver Lakes Estates	540	1568
Ocala Oaks	520	1712
Lake Gibson Estates	410	792
Jasmine Lakes	397	1418
Lake Osborne Estates	329	451
Arendondo Estates	256	202
Arendondo Farms	260	324
Lake Josephine	168	543
Sunny Hills	168	560

## CALL CATEGORIES APPEARING IN BOTH REPORTS

### CUSTOMER CONTACT

### TOTALS

### QUALITY PERFORMANCE REPORT

HIGH BILL	977	2270	1293	HIGHBILL
LEAK ADJUSTMENT	390	916	526	LEAK ADJUSTMENT
METER PROBLEM	245	450	205	METER PROBLEM
NO WATER	1551	3396	1845	NO WATER
SERVICE LEAK	478	1125	647	SERVICE LEAK
PRESSURE	319	668	349	PRESSURE
BILL DISPUTE	400	1040	640	DISPUTE BILL
TASTE ODOR	211	320	109	WTR QUALITY TASTE ODOR
SEWER	144	238	94	SEWER SVC COMPLAINT
ZIP CHECK	24	302	278	ZIP CHECK SIGN UP
TOTAL	4739	10725	5986	TOTAL

Source Aqua "Florida customer contacts" "Quality Performance Report" Florida Customers

## CUSTOMER CALL CONTACTS BILLING RELATED

CUSTOMER CONTACT	MAY	JUNE	JUL Y	AUG	SEP	OCT	NOV	DEC	TOTAL
NO BILL	19	17	14	16	27	23	19	10	145
DUPLICATE BILL	9	18	13	17	9	15	13	18	112
BILL CORRECTION	9	12	18	12	14	16	17	11	109
MIS-APPLIED PAYMENT	16	10	14	18	19	10	12	8	107
LOST PAYMENT	4	4	6	4	12	5	4	4	43
<b>TOTAL BILLING ERRORS</b>	<b>57</b>	<b>61</b>	<b>65</b>	<b>67</b>	<b>81</b>	<b>69</b>	<b>84</b>	<b>51</b>	<b>535</b>

NO CREDITS ISSUED FOR LOSS OF SERVICE AS 75 MAIN BREAKS WERE REPORTED IN THIS PERIOD.

OVER 500 REPORTS RELATED TO METERS WHICH SHOULD BE PART OF THE NUMBERS ABOVE. MANY OF THESE MAY HAVE BEEN RECORDED AS THE 1,040 "DISPUTE BILL" CALLS

Source Aqua "Florida Customer Contacts"

# Commissioner Argenziano

I fundamentally disagree with the decision of the majority to create a “cap-band” rate structure, in which the ratepayers of some systems subsidize other, higher cost systems. The decision of the majority is akin to putting a bandage on a suppurating wound. It is time that policy makers address the fundamental problems with the State’s patchwork system of public, quasi-public and private providers of essential water and wastewater services, such that the possibility of \$400 per month or higher rates being mandated is eliminated.

# Scottish Highlands Lake County

- As a result of the high cost of water with the last rate increase granted by the Florida PSC 110 residents have drilled irrigation wells to avoid the high water costs by Aqua.
- One resident who drilled a well was also able to get a permit for drinking the well water after having the water tested.

From Mildred Carter <millicarter@hotmail.com>  
Subject Aqua Water

Message Body:

I am a widow and live alone. Social Security is my only income.

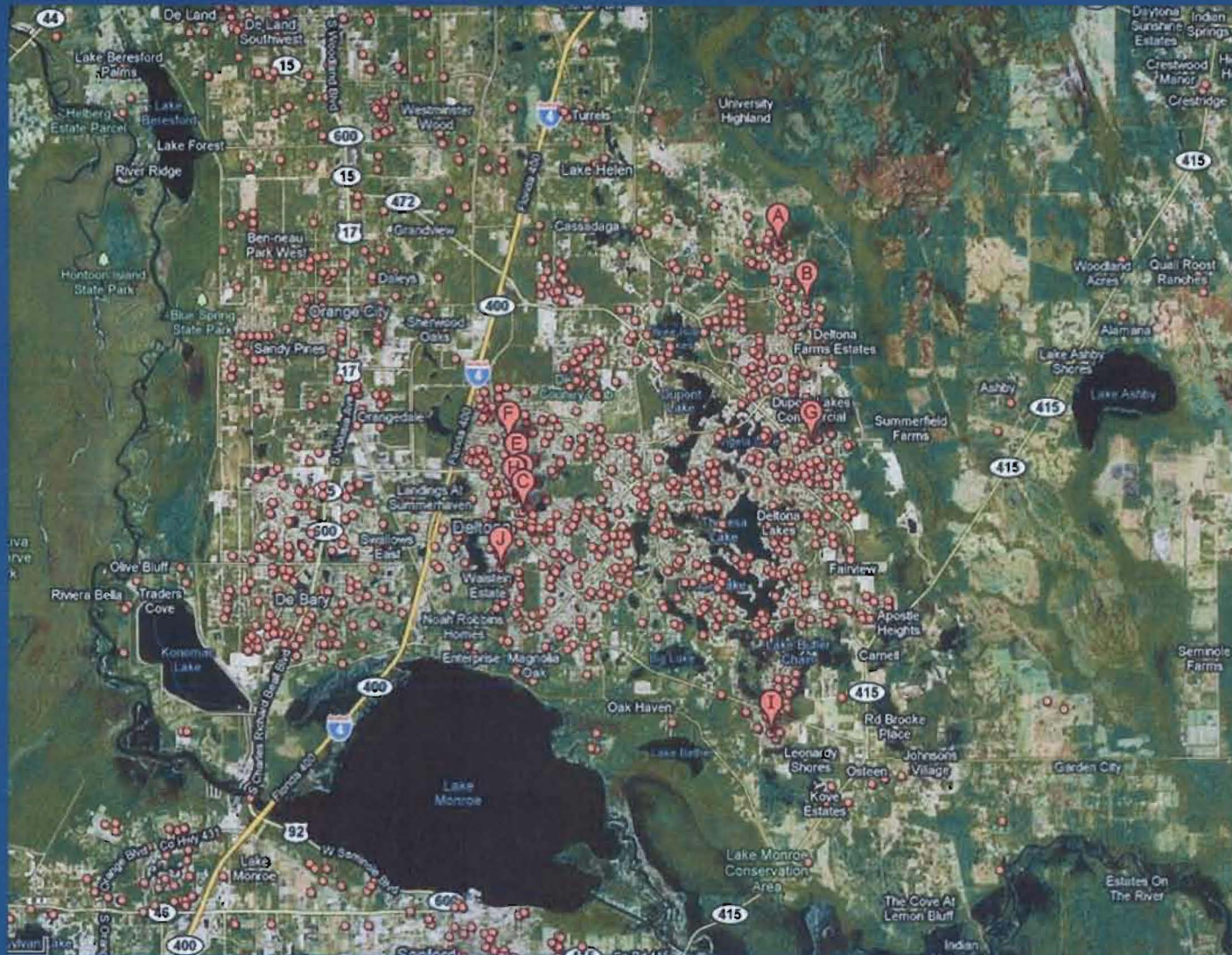
Aqua has almost tripled my water bill. And now going to raise rates again. As it stands now my water bill is more than my electric bill! In all my 83yrs. This has never happened before. This has got to stop!!! Just where is the ones that control utilities rates? I sometimes believe that they may be in on it, that Aqua is sharing the rates with them.

# FLORIDA HOME FORECLOSURES

- ORLANDO
- 1 IN 15 HOMES
- DELTONA
- 1 IN 17 HOMES
- LAKE LAND
- 1 IN 20 HOMES
- TAMPA
- 1 IN 20 HOMES

Source Realty Trac

## Deltona Home Foreclosures 1 in 17 Homes



Source Realty Trac

## AUF (May) Reply to citizens response to final Quality of Service Monitoring Report

In addition, AUF respectfully submits that the customer meetings upon which OPC So heavily relies should be placed in proper context. For example the number of customers that made comments at each of the meetings last fall in Docket100300WS are as follows:

System	Speakers	Customers	System	Speakers	Customers
Sunny Hills	7	560	Gainesville	8	526
Green Acres	10	451	Fort Myers	3	unknown
Palatka	11	1467	Sebring	21	891
Eustis	25	4538	NP Richey	33	2940
Lakeland	36	1445			

It is noteworthy that several of the same customers spoke at more than one customer meeting and repeated comments previously given. In particular, Mr. David Bussey and Mr. Frank Reams both spoke at the customer meetings in New Port Richey, Lakeland, Eustis, and Sebring. Mr. Bussey and Mr. Reams have advised the Commission that they are part of an organization that advocates government take-over of private water systems like those owned by AUF. Thus, AUF respectfully submits that is not a coincidence that those meetings where Mr. Bussey and Mr. Reams participated had the largest number of speakers by far.

# Florida House Bill 223

Provides for recovery through surcharge of costs for water & wastewater system improvement projects; requires PSC approval of surcharge; limits surcharge amount; provides requirements for surcharge billing, reconciliation, & adjustment; provides project eligibility criteria; provides requirements for notice, maintenance, & availability of certain records.

While we attended several customer hearings last fall it became very apparent that many of the customers have given up hope of seeing any positive changes with this company and have become complacent with the hopeless situation that they are captive to, unable to sell their homes at comparable market rates.

These communities will become blighted and properties impossible to sell forcing the abandonment of the property, and the need for increased rates to offset the loss of water by these properties.

# AQUA BUSINESS MODEL FLORIDA

- IT APPEARS, THAT AQUA'S FLORIDA BUSINESS MODEL WHICH CALLS FOR RATE INCREASES ON BI-ANNUAL BASIS, IS ALREADY AT AN UNSUSTAINABLE LEVEL FOR THE MANY RETIRED RESIDENTS OF FLORIDA
- IN ADDITION, AQUA HAS HAD OVER FOUR YEARS TO IMPROVE IT'S DELIVERY OF A QUALITY PRODUCT, ALONG WITH A CUSTOMER SERVICE PROGRAM THAT MATCHES, AND OR EXCEEDS THE CUSTOMERS EXPECTATIONS. THE SERVICE LEVELS BEING PROVIDED TODAY IS CERTAINLY NOT COMMESURATE WITH THE PRICE PAID, AND ITS SEEM OBVIOUS THAT AQUA HAS NO PLANS TO MAKE IMPROVEMENTS.

It is noteworthy, to mention that there is an extremely high level of customer frustration not only with Aqua Utilities of Florida, also the Florida Public Service Commission, and the Florida Legislature for lack of action to hold this company accountable for their lack of attentive, prompt, professional and courteous "Customer Service".

While there are no apparent rule violations by the letter of the law, Aqua certainly fails in the "Spirit of the Law"



Parties/Staff: Henderson  
Internal Affairs/Agenda  
on 5/24/11  
Item No. 15







## Aqua Florida Rate Request 100330-WS

### What Aqua said in Rate Request

- "\$8.4 Million in capital investments"
- "Consumption plummeted by 16%"
  - "Attributable to a large number of private wells"
- "2010 ROE projected to be 1% below PSC midpoint of 9.75%"
  - "Cannot realistically maintain a stable financial position"
- "Aqua is committed to provide excellent service"

Parties/Staff Handout  
Internal Affairs/Agenda  
on 5/24/11  
Item No. 17

100330-WS and 080121-WS

# AQUA FLORIDA RATE REQUEST 100330-WS

## ANALYSIS OF WHAT THEY SAID

- “\$8.4 Million in capital investments”
- “Consumption plummeted by 16%”
  - “Attributable to a large number of private wells”
    - In 2009 Florida ranked 4<sup>th</sup> in active foreclosure process
    - In 2010 Florida had 458,286 foreclosures
    - 11.1% unemployment
    - Installed wells to reduce expenditures
    - At interim rate, wells have <2-year payback period
    - Consumers reducing expenses to avoid foreclosure
- “2010 ROE projected to be 1% below PSC mid-point of 9.75%”
  - “Cannot realistically maintain a stable financial position”
    - In Florida in 2008 and ½ of 2009 73,879 businesses went bankrupt
    - Economic downturn affects everyone and obviously impacts forecasted revenue
    - Most companies can thrive on an 8.75% ROE
- “Aqua is committed to provide excellent service”
  - PSC tracking data from 2007 – 2010
    - AUF has 21% of the ERC's in Top 7 providers, yet has 76% of PSC complaints
    - Analysis of customer reports has not provided any indication of improvement to standards since 2007

# AQUA FLORIDA RATE REQUEST 100330-WS

## PSC STAFF STATEMENTS

### Quality of Service

Is the quality of service provided by the Utility satisfactory, and, if not, what action should be taken by the Commission?

- Staff Response – “Yes”

# AQUA FLORIDA RATE REQUEST 100330-WS

## ANALYSIS OF PSC STAFF STATEMENTS

### Quality of Service

Is the quality of service provided by the Utility satisfactory, and, if not, what action should be taken by the Commission?

- Staff Response – “Yes”
  - ❑ Office of Public Council (OPC)– “...Aqua’s quality of service and its persistent poor quality supports a finding of unsatisfactory.”
  - ❖ Data - Phase II Monitoring Plan 5/10 – 12/10
    - 7 Systems, 1792 customers, 8 months
    - 6,333 reports
    - 3.5 reports per customer in 8 months
      - ✓ Discount 600 reports for main break in November and the report rate is still 3.2 reports per customer in 8 months
    - “AUF reported receiving an average of 5,423 calls per month at the call centers from Florida customers during May 2010 through December 2010”

I have been a customer at the same location of water/waste since July 1994. First with Southern States Utilities cost monthly average \$25.00. Florida Water took over in February 1997, the monthly average \$36.00.

There are only two adults in my home, we are not wasteful people.

Aqua Utilities acquired my account in September, 2004 and my bills have been as high as \$264.18. After I received that bill I quit watering my sod, for which I had paid \$7,000.00. Due to the rate hikes my yard is full of weeds, ugly and dying thanks to Aqua's rates. We all cut back on water and Aqua rewarded us with another rate increase rates due to lost revenue as we had to tighten our belts. People move in and out when they encounter the water rates. This devalues our property and makes our once nice neighborhood undesirable. I have asked about a go meter for irrigation and was told no such thing with Aqua.

Many have lost their income due to the economy and like myself live on Social Security have not had a raise for 2 years, but my expenses keep increasing.

I also inquired about putting in a well and septic system and was informed couldn't do that either because of laws in the area, as we have utilities in place.

I pay taxes, as a property owner for Southwest Florida Water management to provide for me. We live on and have water all around us, not like we live in the dessert and the cost to get water is extravert.

We have County utilities and about ½ mile to my west from my house and city utilities about 1 mile from me on the east. I have a county bill from a friend (see attached) that is about \$50.00 a month and my current bill is \$130.00.

We need a cut in rates or a new supplier.

I have attached information from Water Utilities director – Greg Beottcher – that there are 769 water and only 303 waste users in our service area. That leaves 466 water customers only and seems we are paying for their waste portion also. We pay 40-50% more for waste than water.

The attached states that Aqua Utilities has made significant investment in existing private water/waste system with the rate increase being approved to enable them to recover such capital outlay at our (the customers) expense.

We did not have a right, a say, a vote, or any input in this matter of Aqua Utilities making the purchase \$3.1 million and charging us to recover their investment.

Parties/Staff Handout  
Internal Affairs/Agenda  
on 5/24/11  
Item No. 11  
100330-WS and 080121-WS

I have contacted many \*\*\* for assistance of this matter and all have the same response –  
CAN NOT HELP YOU!!!

Who CAN or WILL help us the consumers?

Aqua Utilities has a monopoly in place and we the consumers are being held hostage.

We are the voters and tax payers that placed these officials in the offices.

They have the duty to protect us - we the people.

\*\*\*Aqua Utilities

Florida Public Commission

Polk County Commissioners

Attorney General

Governors Office

Senators Office

Congress Office

City of Lakeland Mayors Office (Gwo Fields had Gregg Beottcher -Water Utilities  
director respond (see attached).

Lakeland Ledger newspaper – many articles

Bay News 9 TV – I was interviewed and aired at my home

AAPR

Sincerely,

A handwritten signature in cursive script that reads "Phyllis Johnson".

Phyllis Johnson

5918 Doe Cr. W

Lakeland, FL 33809

POLK COUNTY UTILITIES  
 POST OFFICE BOX 2019  
 BARTOW, FLORIDA 33831-2019



SERVICE ADDRESS			
4926 FOXWOOD LAKE DR 584			
ACCOUNT NUMBER	CYCLE	BILL DATE	DUE DATE
52587-97002	05-68	10/08/10	10/28/10

Total Current Charges 49.99  
 Balance Forward .00  
 Bank account drafted for: 49.99  
 Pay 55.99 After 10/28/10



1011 Jim Keene Blvd  
 Winter Haven, FL 3388  
 (863) 298-410  
 or TOLL FREE  
 1-800-301-603

7 - 1366

PAUL E VEILLEUX  
 4926 FOXWOOD LAKE DR  
 LAKELAND FL 33810-3026



\*\*\* Bank Draft \*\*\*

☐ Please check box if address is incorrect  
 and write corrected address on back of remittance.  
 DETACH AND RETURN THE TOP PORTION WITH YOUR PAYMENT



SERVICE ADDRESS 4926 FOXWOOD LAKE DR 584

ACCOUNT NUMBER	CYCLE	BILL DATE	DUE DATE
52587-97002	05-68	10/08/10	10/28/10

PAUL E VEILLEUX Same Month/Last Year Consumption  
 Last payment amount/date: 43.32 9/29/10 DATE: 9/09 USAGE: 3

	Service Period	Days	Meter Number	Units	Current	Previous	Usage
W	8/26/10 9/28/10	33	5410977	TGAL	270	268	2
<b>Service</b>				<b>Consumption</b>		<b>Charge</b>	<b>Total</b>
W	3/4 INCH BASE					7.59	
W	0-3 UNITS			2.00		2.88	
	TOTAL WATER						10.47
S	WASTEWATER RATE					28.31	
S	USAGE UNITS			2.00		10.16	
	TOTAL SEWER						38.47
	SERVICE TAX					1.05	1.05

Total Current Charges 49.99  
 Balance Forward .00  
 Your bank account will be drafted for: 49.99  
 Pay 55.99 After 10/28/10

The Southwest Florida Water Management District has revised the watering restrictions to 2 days per week between midnight and 10:00 AM or 4:00 PM and midnight. The schedule for Homes and Businesses are as follows: **Even Addresses:** Thursday and/or Sunday, **Odd Addresses:** Wednesday and/or Saturday, **Properties with No Determined Address:** Tuesday and/or Friday. Reclaimed Water Customers are to follow the same schedule.

Do you have Flooding Questions or Concerns? Polk County may be able to provide technical assistance or suggestions for your property or situation!  
 Call Stan Harris at (863) 534-6765 to setup a site visit.

All checks received for payment must be written in blue or black ink due to bank requirements. Thank you.

Only the current charges are due by the due date. The balance forward is already delinquent and subject to immediate shut off.  
 Payments that are received after 4:30 p.m. will be processed the next business day. If you have questions regarding this bill, please call (863) 298-4100.

1011 Jim Keene Blvd. • Winter Haven, FL 33880  
 (863) 298-4100 or 1-800-301-6039

POLK COUNTY UTILITIES

MAILING ADDRESS:

P.O. Box 2019 • Bartow, FL 33831-2019

KEEP THIS PORTION FOR YOUR RECORDS.

*Response*

## RE: eTown Hall Meeting

From: **Gow Fields** (Gow@Gowfields.com)  
Sent: Wed 7/07/10 7:00 PM  
To: 'Phyllis Johnson' (memawpmj@hotmail.com)  
Cc: 'Chadwell, Chris' (Chris.Chadwell@lakelandgov.net)

Ms. Johnson, below is a very detailed answer from our Water Utilities director, Mr. Greg Beottcher.

Let me know if you have any further questions. This is his reply to me and he included your questions below as well. They are highlighted in yellow followed by the answers. Let me know if you have any further questions.

Thanks,

## Gow Fields

Gow B. Fields, MBA  
Mayor, City of Lakeland  
228 South Massachusetts Ave  
Lakeland, FL 33801  
(863) 834-6005  
Gow.fields@lakelandgov.net  
www.Lakelandgov.net  
www.Gowfields.com

\*\*\*\*\*

Mayor Fields,

Aqua Utilities is a private water and wastewater utility along US 98 (Lake Gibson Area), serving approximately 769 water and 303 wastewater customers. Aqua Utilities secures water from its own wells and distributes this water to its customers. Aqua Utilities also operates a wastewater collection system and under a bulk wastewater service arrangement sends the wastewater to Polk County's Northeast Regional Wastewater Treatment Plant. These customers lie within Aqua Utilities designated service territory and Aqua Utilities is exclusively authorized to serve these customers under authorizations by the Florida Public Service Commission. The Florida Public Service Commission reviews and approves the rates charged to Aqua Utilities customers. Should Aqua Utilities be desirous of transferring these systems to Lakeland (said systems being upgraded to meet Lakeland's specifications prior to acceptance); and the City of Lakeland agreeable to taking over these conforming water/wastewater systems; such transaction would be subject to the approval of the Florida Public Service Commission. It has been indicated that Aqua Utilities has made significant financial investments in the existing private water/wastewater

systems with the rate increases being approved to enable recovery of such capital outlays.

Since Lakeland Water Utilities operates on a non-profit basis, the most equitable method of Lakeland acquiring this private water/wastewater system would require the existing customers to bear the costs of the transaction through a special taxing arrangement (municipal services benefits unit-MSBU). This is the type of arrangement that is being proposed to transfer a failed private utility system (Skyview Utilities) from Polk County's receivership to Lakeland's ownership. The Aqua Utilities system may not be released to Lakeland without some compensation for the business value plus an allowance for any stranded investment. Other cost to be added to a direct payment to Aqua Utilities may include the costs for upgrading the water/wastewater facilities to Lakeland's specifications plus payment of applicable water and wastewater impact fees. It is likely that these transaction costs would pose a significant burden for the Aqua Utilities customers; rendering this transfer impractical.

Aqua Utilities has been in contact with Lakeland to discuss the concept of transferring its system to public ownership with a preliminary discussion being schedule for July 29th. We have no further information as to Aqua Utilities' reasoning for this meeting, but have set the date for this discussion.

How can we get their contract cancelled and have the city of Lakeland supply our water direct.?

The franchise is regulated by the Public Service Commission and is held by Aqua Utilities. Lakeland is not allowed to infringe upon this franchise.

It is my understanding that the Aqua company gets our water from the city and we pay dearly for their handling service.

Aqua Utilities owns and operates the water supply well(s) serving these customers. Lakeland Electric provides electric service. Bulk wastewater service is by Polk County Utilities.

They keep raising our rates so we can pay for them back for buying the contract. The basic rate just for being connected to their company is \$60.00 even if we don't turn on any water or flush a toilet.

The rates are subject to the review and approval of the Florida Public Service Commission. I believe the rate information can be obtained from the Commission and some materials are also available from the PSC website.

I have wrote to everyone I can think of on our behalf, including the governor and get the same response from all - Sorry we can't help you. Well who can?

The Public Service Commission would appear to be the first point of contact for issues relating to the services and costs by Aqua Utilities.

AQUA UTILITIES FLORIDA, INC.  
762 W. LANCASTER AVENUE  
BRYN MARW, PA. 19010-3489

JANUARY 6, 2011

RE: ACCOUNT NUMBER 000908367 0650572

TO THE MANAGER OF THE ACCOUNT DEPARTMENT:

I HAVE BEEN WITH AQUA UTILITIES SINCE 1996 AND FOR MANY YEARS I HAVE PAID MY UTILITY BILL THRU ZIPCHECK AUTOMATIC PAYMENT PROGRAM. IN THE PAST, MY METER WAS READ EACH MONTH AND I PAID THE ACTUAL AMOUNT EACH MONTH. IN FEBRUARY 2010, I CALLED AQUA TO SEE WHY MY METER WAS NOT BEING READ AND I WAS GETTING AN ESTIMATED BILL EACH MONTH SINCE SEPTEMBER 2009. I WAS TOLD THAT AQUA WAS UNABLE TO READ THE METER. I REQUESTED THAT THE METER BE REPAIRED AND I WAS INFORMED THAT A WORK ORDER WOULD BE SUBMITTED. WHEN I ASKED HOW LONG IT WOULD TAKE FOR THE REPAIR WORK I WAS TOLD IT MAY TAKE A FEW MONTHS BEFORE THE METER WOULD BE FIXED AS THIS WAS NOT AN EMERGENCY SITUATION. MY OCTOBER 2010 BILL SHOWS THAT I AM STILL RECEIVING ESTIMATED USAGE BUT IT WAS FOR A PERIOD OF 397 DAYS WITH A SHORT NOTE ABOUT THE LONG BILL RECEIVED AND NEW RATES IN EFFECT. ENCLOSED IS A COPY OF THE OCTOBER BILL DATED OCTOBER 11, 2010. MONIES OWED FOR OCTOBER 2010 WILL BE PAID THRU ZIPCHECK AUTOMATIC PAYMENT PLAN.

ENCLOSED IS A SECOND BILL DATED NOVEMBER 5, 2010. THE BILL REFLECTS FOR THE FIRST TIME IN 13 MONTHS, I FINALLY GET AN ACTUAL READING. THE BILL SHOWS THAT I GOT A NEW METER WITH ACTUAL USAGE OF 1700 GALLONS. IT ALSO SHOWS AN ACTUAL READING ON MY OLD METER FOR 50,700 GALLONS. THE LAST ACTUAL READING DONE WAS SEPTEMBER 2009 AND NOW OVER A YEAR LATER, ON OCTOBER 15, 2010 I FINALLY GET THE ACTUAL READING WHICH I HAVE BEEN WAITING TO HAPPEN FOR MONTHS AND I GET HIT WITH AN ACTUAL USAGE OF 52,400 GALLONS AND I AM CHARGED FOR THIS ACTUAL READING AT THE NEW RATES!

I CALL AND SPEAK TO A CUSTOMER SERVICE REP NAMED KELLY TO DISPUTE THE CHARGES. SHE IS UNABLE TO ASSIST ME AND FORWARDS MY DISPUTE TO A BILLING SPECIALIST FOR REVIEW. I AM TOLD THAT NO PAYMENT WILL BE COLLECTED BY AQUA UNTIL THE MATTER IS RESOLVED AND THAT MY ZIPCHECK HAS BEEN SUSPENDED FOR NOW. I AM ALSO TOLD THAT IT CAN TAKE A FEW WEEKS FOR A REVIEW TO BE DONE AND THAT I WILL BE CONTACTED WHEN A DECISION IS MADE.

ON DECEMBER 3, 2010 I CALL AQUA AS I HAVE NOT RECEIVED ANY CALL OR CORRESPONDENCE ON THE MATTER AND I AM CONCERNED ABOUT THE DELAY TO REVIEW AND RESOLVE THIS DISPUTE. I TALK TO A CUSTOMER SERVICE REP NAMED TJ WHO CONTACTS THE SPECIALIST AND RELAYS TO ME THE ADJUSTMENT THAT WILL BE MADE ON MY ACCOUNT. I AGREE TO THE SETTLEMENT AND I AM GIVEN

Parties/Staff   Handout  
Internal Affairs/Agenda  
on 5/24/11  
Item No. 17  
100330-WS and 080121-WS

THE OPTION OF A PAYMENT PLAN BUT DECLINE AS I WANT TO RESOLVE THIS MATTER QUICKLY AND WITHOUT ANY MORE DELAYS AND GET MY BILL CURRENT. I AM INFORMED THAT MY DECEMBER BILL WILL REFLECT THE ADJUSTMENT FOR THE NOVEMBER CHARGES ALONG WITH THE ACTUAL READING FOR DECEMBER AND THAT TOTAL CHARGES FOR NOVEMBER AND DECEMBER WILL APPEAR ON THE DECEMBER BILL. I REQUEST THAT I HAVE ACTUAL READINGS EACH MONTH AND AQUA REINSTATE MY ZIPCHECK AUTOMATIC PAYMENT PROGRAM. I AM ASSURED I WILL HAVE NO ESTIMATED BILLINGS AND ALL FUTURE BILLS WILL REFLECT ACTUAL USAGE AND THAT THE ZIPCHECK AUTOMATIC PAYMENT PROGRAM WILL BE RESUMED BUT IT WILL TAKE A FEW DAYS FOR THE ZIPCHECK AUTOMATIC PAYMENT PROGRAM TO RESTART AND NOT TO WORRY IF THE DECEMBER BILL DOES NOT REFLECT ZIPCHECK AS THE PAPERWORK IS IN AND ONCE IT'S PROCESSED, THE MONIES WILL AUTOMATICALLY COME OUT OF MY ACCOUNT. I MAY POSSIBLY GET A DUPLICATE DECEMBER BILL REFLECTING THE REINSTATEMENT OF THE ZIPCHECK AUTOMATED PAYMENT PROGRAM BUT AT THE LATEST THE JANUARY BILLING WILL SHOW THE ZIPCHECK PAYMENT PROGRAM. ENCLOSED IS A COPY OF THE DECEMBER BILL SHOWING THE ADJUSTMENTS FOR NOVEMBER ALONG WITH THE DECEMBER ACTUAL USAGE AND THE BILL DUE DATE IS DECEMBER 29, 2010. IN MY CONVERSATION WITH TJ, THE AQUA REP, I MENTION THAT I AM GOING OUT OF TOWN AND WANT TO MAKE SURE THAT EVERYTHING IS OK AS I MAY NOT BE READILY AVAILABLE IF NEEDED FOR ANY REASON AND I AM AGAIN REASSURED BY TJ THAT THERE IS NOTHING TO WORRY ABOUT AND AQUA WILL NOT NEED ME AND THE MONIES WILL COME OUT OF MY ACCOUNT AUTOMATICALLY AS BEFORE AND THERE IS NO NEED FOR ME TO SEND ANY PAYMENT.

I GO OUT OF TOWN ON DECEMBER 23, 2011 FOR THE CHRISTMAS HOLIDAYS WITH THE ASSURANCE THAT THE AQUA DISPUTE IS RESOLVED. OVER THE CHRISTMAS HOLIDAY I RECEIVE AN AUTOMATED MESSAGE TO CALL ABOUT MY ACCOUNT. I THINK NOTHING OF IT AND THAT IT'S A COURTESY CALL TO LET ME KNOW THAT MY ZIPCHECK HAS BEEN REINSTATED. ON DECEMBER 28, 2011 I AM STILL OUT OF TOWN BUT I CALL AQUA AND I AM TOLD BY A CUSTOMER SERVICE REP NAMED KATRINA THAT MY ACCOUNT IS PASS DUE AND MY WATER IS BEING TURNED OFF FOR NONPAYMENT OF MY NOVEMBER BILL. I AM SHOCK AND I TELL THE AQUA REP THAT IS INCORRECT AND GO OVER ALL THE FACTS MENTIONED IN THIS LETTER AND I AM INFORMED THAT THERE IS NOTHING REFLECTED IN MY ACCOUNT ABOUT THE SETTLEMENT AND OR ADJUSTMENTS AND AQUA STOPPED THE ZIPCHECK CAUSE OF MY DISPUTE AND AQUA HAS NOT REINSTATED THE ZIPCHECK. I MUST IMMEDIATELY PAY OVER THE PHONE ALL CHARGES DUE TO AVOID SHUT OFF. I AM GIVEN A FIGURE THAT I SAY IS INCORRECT BUT I AM TOLD I MUST PAY \$283.77 TO AVOID ANY FURTHER ACTIONS. I ASK FOR A BREAK DOWN OF SAID MONIES AND AQUA REP REFUSES TO GIVE ME A BREAKDOWN. SINCE I AM OUT OF TOWN, I AM FORCED INTO A SITUATION TO PAY OR ELSE. I PAY \$280.55 PLUS A CONVENIENCE CHARGE OF \$3.27 FOR A TOTAL OF \$283.77 AND GET CONFIRMATION # 1703865 FOR PAYMENT THAT IS PROCESSED OVER THE PHONE. I AM INFORMED THAT THE AQUA REP CAN NOT RESTART THE ZIPCHECK AND THAT A REQUEST IS BEING SENT BY KATRINA TO THE MAIN OFFICE TO HAVE THE ZIPCHECK AUTOMATED PAYMENT PROGRAM REINSTATED.

I ASKED HER FOR AN ID BADGE NUMBER AND HER EXTENSION NUMBER AND I AM INFORMED THAT SHE HAS NO ID NUMBER OF ANY SORT AND NO EXTENSION NUMBER FOR ME TO CALL HER BACK IF NEEDED.

THE ONLY ID IS HER FIRST NAME KATRINA. THE OTHER REPS GAVE ME EXTENSION NUMBERS TO CONTACT THEM IF NEEDED BUT THAT WAS NOT THE CASE WITH KATRINA.

IN A MOMENT, MY ENTIRE CHRISTMAS HOLIDAYS WERE DESTROYED AS I WAS LEFT TOTALLY DISTRAUGHT AND DISTRESSED OVER THIS MISHANDLING OF A SIMPLE BILLING ISSUE WHICH WAS ALREADY RESOLVED. I CAN NOT BELIEVE THE LACK OF COMMUNICATION BETWEEN THE AQUA DEPARTMENTS AND THE NON PROFESSIONALISM OF THE EMPLOYEE KATRINA.

I RETURN HOME ON JANUARY 4, 2011 GET MY MAIL AND FIND A LETTER FOR SHUT OFF NOTICE. A COPY OF SHUT OFF NOTICE IS ENCLOSED.

THERE IS A DISCREPANCY BETWEEN THE AMOUNT DUE ON THE SHUT OFF NOTICE AND THE DECEMBER BILL. ENCLOSED IS A COPY OF THE DECEMBER BILL AND ACCORDING TO THE FIGURES ON THE DECEMBER BILL,

OWED FROM LAST BILL IS-----\$318.46  
CREDIT ADJUSTMENT IS -----\$171.50  
ENDING BALANCE IS -----\$146.96.

\$146.96 IS THE NEW FIGURE OWED ON THE NOVEMBER BILL

ONCE AGAIN, ACCORDING TO THE FIGURES ON THE DECEMBER BILL

CURRENT WATER CHARGES-----\$21.62  
CURRENT SEWER CHARGES-----\$58.90  
TOTAL-----\$80.52

NOVEMBER CHARGERS \$146.96 + DECEMBER CHARGES \$80.52= TOTAL \$227.48

\$227.48 IS THE AMOUNT DUE ACCORDING TO THE DECEMBER BILL

THE SHUT OFF NOTICE STATES OVERDUE AMOUNT IS \$200.05. THIS \$200.05 IS DIFFERENT FROM THE DECEMBER BILLING FIGURES. THE PHONE PAYMENT MADE ON DECEMBER 28 WAS FOR \$200.05 PASS DUE AMOUNT + \$35.00 RECONNECT FEE + \$50.00 SERVICE DEPOSIT FOR A TOTAL OF \$285.05 + \$3.27 CONVENIENCE CHARGE FOR A GRAND TOTAL OF \$283.77. MY SERVICE WAS NEVER TURNED OFF AND AQUA CHARGES ME A RECONNECT FEE WHEN NO SUCH SERVICE HAPPENED. THAT'S FRAUD!

AS I WRITE THIS LETTER, I AM REALIZING THAT ACCORDING TO THE DECEMBER BILL AMOUNT DUE IS \$227.48 AND THE AMOUNT PAID PER THE SHUT OFF NOTICE WAS \$200.05. WHEN I PAID THE \$283.77 ON DECEMBER 28, I THOUGHT THAT I WAS PAYING THE ENTIRE AMOUNT DUE AND THERE WAS A ZERO BALANCE LEFT BUT IN FACT IT APPEARS THAT I STILL HAVE AN UNPAID BALANCE OF \$27.43 (\$227.48 - \$200.05 = \$27.43) IT IS ONLY NOW THAT I AM HOME WITH ALL THE BILLS IN FRONT OF ME THAT I AM ABLE TO REVIEW BUT THE MORE I REVIEW, THE MORE CONFUSED I GET AND I AM CONCERNED THAT I NOW HAVE A PAST DUE OF \$27.43 WHICH WILL NOW CREATE ANOTHER NIGHTMARE FOR ME TO HANDLE AS A DIRECT RESULT OF AQUA'S UNPROFESSIONALISM AND LACK OF COMMUNICATION WITH EMPLOYEES AND THE VARIOUS DEPARTMENTS IN THE AQUA COMPANY.

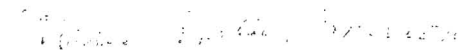
ONCE AGAIN, IF YOU REVIEW MY ACCOUNT HISTORY, YOU WILL SEE THAT I HAVE BEEN ON THE ZIPCHECK AUTOMATED PAYMENT PLAN FOR YEARS..... YOU WILL ALSO NOTICE THAT I HAVE NEVER DISPUTED A BILL, BUT THIS WAS A REASONABLE REQUEST TO REVIEW MY NOVEMBER 2010 BILL AND I AGREED TO YOUR RECOMMENDED SETTLEMENT SUGGESTION WITHOUT ANY FURTHER DISPUTE OR EXPLANATION. WHEN I TALKED TO YOUR REPS, I BELIEVED THAT THE FACTS GIVEN ME WERE TRUE AND THERE WAS AT THE TIME, NO REASON FOR ME TO BELIEVE THESE STATEMENTS MADE BY THE AQUA REP TO BE FALSE AND MISLEADING UNTIL I TALKED TO THE LAST REP KATRINA AND RECEIVED THE SHUT OFF NOTICE.

I DID EVERYTHING TO INSURE THAT THIS DISPUTE WOULD BE RESOLVED QUICKLY ESPECIALLY WITH CHRISTMAS HOLIDAYS ARRIVING AND KNOWING THAT I WOULD BE OUT OF TOWN. WITH THAT IN MIND, THE ONE FACTOR THAT NEVER OCCURRED TO ME WAS THAT AQUA COULD NOT BE TRUSTED TO INSURE THE SAME OUTCOME.

I AM DEMANDING MY RECONNECT FEE OF \$35.00, THE SERVICE DEPOSIT OF \$50.00 AND THE \$3.27 PROCESSING FEE FOR A GRAND TOTAL OF \$88.27 BE REFUNDED TO ME IMMEDIATELY. I DEMAND THAT MY ACCOUNT BE WIPED CLEAN OF THIS INCIDENT AND MY GOOD STANDING BE RESTORED IMMEDIATELY AND I WANT A CONFIRMATION LETTER STATING MY GOOD STATUS HAS BEEN RESTORED. I ALSO WANT A CONFIRMATION LETTER THAT MY ZIPCHECK AUTOMATED PAYMENT PROGRAM HAS BEEN REINSTATED.

THIS LETTER IS BEING SENT PRIORITY WITH A CONFIRMATION OF THE DATE THIS LETTER IS RECEIVED BY AQUA. YOU ARE HEREBY GIVEN 10 DAYS FROM THE RECEIPT OF THIS LETTER TO RESOLVE THIS DISPUTE IN MY FAVOR AS I HAVE LISTED OR IMMEDIATE LEGAL ACTION AND OR ANY OTHER ACTION DEEMED NECESSARY WILL BE TAKEN AGAINST AQUA COMPANY AND ANY OR ALL PARTIES ASSOCIATED WITH AQUA.

AWAITING A REPLY,



MARIE "KATHY" SKELTON

ENCLOSURES: OCT., NOV., DEC. BILLS,  
SHUT OFF NOTICE  
CC: COUNTY BOARD COMMISSIONERS  
JACK MARIANO, PAT MALIERI, HENRY WILSON  
CC: NICHOLAS DEBENEDICTIS, CEO OF AQUA UTILITIES



KATHY SKELTON  
7739 JASMINE BLVD  
PORT RICHEY, FL 34668

000908367 0650572

JASMINE LAKES

1336574

PWSID # FL6512070

Aqua Utilities Florida, Inc.

Tel: 877.987.2782

762 W. Lancaster Avenue

Fax: 866.780.8292

Bryn Mawr, PA 19010-3489

e Mail: [custserv@aquaaamerica.com](mailto:custserv@aquaaamerica.com)

Questions about your water/sewer service?... Contact us before the due date.

Bill Date

Total Amount Due

Current Charges Due Date

October 11, 2010

\$ 96.48

November 02, 2010

## Meter Data

Meter	Size	Billing Period	Days	Read Type	Meter Readings	Usage	Units
56623767	5/8	10/05/10	397	Estimated	36500	7,600	Gallons
		09/03/09		Actual	28900		
Average Daily Usage = 19 Gallons		Total Days:	397	Total Usage:		7,600	Gallons

## Billing Detail

Amount Owed from Last Bill .....	\$ 52.25	Current Sewer Charges .....	522.01
Total Payments Received .....	0.00	Amount Due .....	\$ 96.48
<b>Remaining Balance .....</b>	<b>52.25</b>		
Adjustments .....	679.56 Credit		
Water Base Facility Charge Water at Old Rate .....	25.52		
1,053 gallons @ \$0.00197 per gallon .....	2.07		
Current Water Charges At Old Rate .....	27.59		
Water Base Facility Charge Water at Current Rate .....	161.08		
Next 6,547 gallons @ \$0.002 per gallon .....	13.11		
Current Water Charges at Current Rate .....	174.19		
Current Water Charges .....	201.78		
Sewer Base Facility Charge Sewer at Old Rate .....	64.09		
1,053 gallons @ \$0.00701 per gallon .....	7.39		
Current Sewer Charges At Old Rate .....	71.48		
Sewer Base Facility Charge Sewer at Current Rate .....	404.02		
Next 6,547 gallons @ \$0.00711 per gallon .....	46.51		
Current Sewer Charges at Current Rate .....	450.53		

## Message Center (see reverse side for other information)

- Aqua is no longer billing for street light services in Jasmine Lakes. If you were billed for street lights this bill includes a credit adjustment for the charges billed since April 2010.
- LONG BILL ALERT - This bill covers a greater number of days of service than your normal bill. If you require payment arrangements, please call 877.987.2782.
- Aqua Utilities Florida is pleased to provide you with your annual Water Quality Report. If you do not receive a copy of the report by the end of June and would like to receive a free copy, please call 1.877.WTR.AQUA or visit our website at [www.aquautilitiesflorida.com](http://www.aquautilitiesflorida.com) to view your report.

Keep top portion for your records.  
Return this portion with your payment.

Service To:

KATHY SKELTON  
7739 JASMINE BLVD  
PORT RICHEY, FL 34668

## AQUA Water/Sewer Bill

Aqua Utilities Florida, Inc.

762 W. Lancaster Avenue • Bryn Mawr, PA 19010-3489

Account Number

000908367 0650572

Amount Due  
For this bill

\$ 96.48

To be withdrawn  
on or after

November 02, 2010

Seq=1197 Cyc=33PD 1up=923556A PC=A

ADST 0650572

\*\*AUTO\*\*SCH 5-DIGIT 34668 C E P E  
KATHY SKELTON  
9438 US HIGHWAY 19 PMB 235  
PORT RICHEY FL 34668-4623



## Do Not Pay

Your bill will be paid through ZipCheck  
Automatic Payment Program.

00090836706505720000000096485





Service To:  
**KATHY SKELTON**  
7739 JASMINE BLVD  
PORT RICHEY, FL 34668

Account Number  
**000908367 0650572**  
JASMINE LAKES  
1336574 PWSID # FL6512070

**Aqua Utilities Florida, Inc.**  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010-3489

Tel: **877.987.2782**  
Fax: **866.780.8292**  
e Mail: **custserv@aquaaamerica.com**

Questions about your water/sewer service?... Contact us before the due date.  
Bill Date **November 05, 2010** Total Amount Due **\$ 318.46** Current Charges Due Date **November 29, 2010**

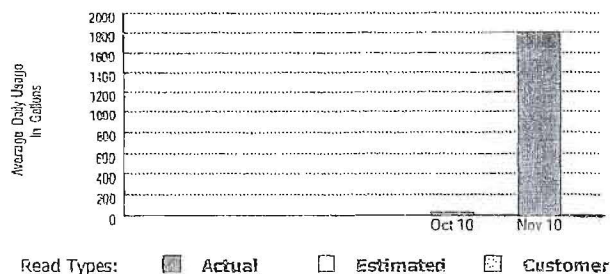
### Meter Data

	Meter	Size	Billing Period	Days	Read Type	Meter Readings	Usage	Units
New Meter	09092481	5/8	11/03/10	19	Actual	1700	1,700	Gallons
			10/15/10		Actual	0		
Old Meter	56623767	5/8	10/15/10	10	Actual	87200	50,700	Gallons
*We have exchanged your meter during this billing period.			10/05/10		Estimated	36500		
Average Daily Usage = 1,806 Gallons			Total Days: 29		Total Usage:		52,400	Gallons

### Billing Detail

Amount Owed from Last Bill .....	\$ 96.48
Total Payments Received .....	147.62
<b>Remaining Balance .....</b>	<b>51.14 Credit</b>
Water Base Facility Charge .....	14.13
5,000 gallons @ \$0.002 per gallon .....	10.00
Next 5,000 gallons @ \$0.00251 per gallon .....	12.55
Next 42,400 gallons @ \$0.00601 per gallon .....	254.82
Current Water Charges .....	291.50
Sewer Base Facility Charge .....	35.44
6,000 gallons @ \$0.00711 per gallon .....	42.66
Next 46,400 gallons @ \$0.00 per gallon .....	0.00
Current Sewer Charges .....	78.10
<b>Amount Due .....</b>	<b>\$ 318.46</b>

### Water Usage History



### Message Center (see reverse side for other information)

- Aqua is no longer billing for street light services in Jasmine Lakes. If you were billed for street lights this bill includes a credit adjustment for the charges billed since April 2010.
- 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.

Keep top portion for your records.  
Return this portion with your payment.

**AQUA Water/Sewer Bill**  
**Aqua Utilities Florida, Inc.**  
762 W. Lancaster Avenue • Bryn Mawr, PA 19010-3489

Service To:  
**KATHY SKELTON**  
7739 JASMINE BLVD  
PORT RICHEY, FL 34668

Account Number  
**000908367 0650572**  
Amount Due **\$ 318.46** Withdrawn On or After  
**November 29, 2010**

**Do Not Pay**  
Your bill will be paid through ZipCheck  
Automatic Payment Program.

Seq=39392 Cyc=33PD 1up=934056

0650572

KATHY SKELTON  
9438 US HIGHWAY 19 PMB 235  
PORT RICHEY FL 34668-4623

00090836706505720000000318469



Service To:  
**KATHY SKELTON**  
**7739 JASMINE BLVD**  
**PORT RICHEY, FL 34668**

Account Number  
**000908367 0650572**  
 JASMINE LAKES  
 1336574 PWSID # FL6512070

**Aqua Utilities Florida, Inc.**  
 762 W. Lancaster Avenue  
 Bryn Mawr, PA 19010-3489

Tel: **877.987.2782**  
 Fax: **866.780.8292**  
 e Mail: **custserv@aquaaamerica.com**

Questions about your water/sewer service?... Contact us before the due date.

Bill Date **December 07, 2010** Total Amount Due **\$ 227.48** Current Charges Due Date **December 29, 2010**

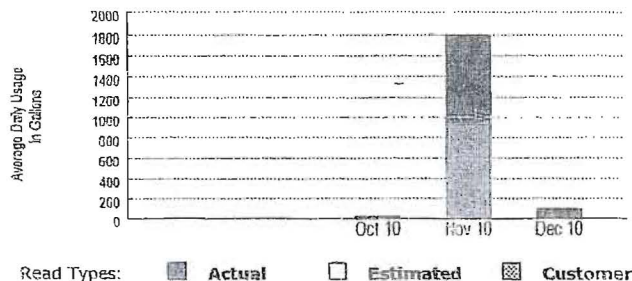
### Meter Data

Meter	Size	Billing Period	Days	Read Type	Meter Readings	Usage	Units
09092481	5/8	12/03/10	30	Actual	5000	3,300	Gallons
		11/03/10		Actual	1700		
Average Daily Usage = 110 Gallons		Total Days: 30		Total Usage:		3,300	Gallons

### Billing Detail

Amount Owed from Last Bill .....	\$ 318.46
Total Payments Received .....	0.00
<b>Remaining Balance .....</b>	<b>318.46</b>
Adjustments .....	171.50 Credit
Water Base Facility Charge Water at Old Rate .....	8.48
1,980 gallons @ \$0.002 per gallon .....	3.96
Current Water Charges At Old Rate .....	12.44
Water Base Facility Charge Water at Current Rate .....	6.26
Next 1,320 gallons @ \$0.00221 per gallon .....	2.92
Current Water Charges at Current Rate .....	9.18
Current Water Charges .....	21.62
Sewer Base Facility Charge .....	35.44
3,300 gallons @ \$0.00711 per gallon .....	23.46
Current Sewer Charges .....	58.90
<b>Amount Due .....</b>	<b>\$ 227.48</b>

### Water Usage History



### Message Center (see reverse side for other information)

- Aqua is no longer billing for street light services in Jasmine Lakes. If you were billed for street lights this bill includes a credit adjustment for the charges billed since April 2010.
- 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.

Keep top portion for your records.  
 Return this portion with your payment.

### AQUA Water/Sewer Bill

**Aqua Utilities Florida, Inc.**  
 762 W. Lancaster Avenue • Bryn Mawr, PA 19010-3489

Service To:  
**KATHY SKELTON**  
**7739 JASMINE BLVD**  
**PORT RICHEY, FL 34668**

Account Number  
**000908367 0650572**

Amount Due **\$ 227.48** Current Charges Due Date **December 29, 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=1959 Cyc=33PD 1up=945754

1959 1 AV 0.335

0650572

\*\*AUTO\*\*SCH 5-DIGIT 34668 C 5 P 5  
 KATHY SKELTON  
 9438 US HIGHWAY 19 PMB 235  
 PORT RICHEY FL 34668-4623



00090836706505720000000227487







762 W. Lancaster Avenue  
Bryn Mawr, PA 19010

www.aquaamerica.com

January 21, 2011

Kathy Skelton  
9438 USA Highway 19 PMB 235  
Port Richey, FL 34668-4623

RE: 7739 Jasmine Blvd Port Richey, FL  
Acct. No. 908367 650572

Dear Ms. Skelton:

This letter is in reference to the above-mentioned property. Please accept Aqua's apology for the error involving your Zipcheck account which was reinstated on January 18, 2011. We truly regret any inconvenience this situation may have caused you, Aqua is very sensitive to its customers' concerns and expectations, and we work very hard to meet or exceed those expectations.

If you should have any further questions or concerns, please contact our Customer Service Department toll free at 1-877-987-2782. The hours of operation are 7:30 a.m. to 5:00 p.m.

The Company appreciates the opportunity to serve you.

Sincerely,

Lesley M. Dix, Supervisor  
Consumer Solutions & Regulatory Compliance

/beh

Zipcheck was not reinstated. Lesley called on Feb. 2 and said do not pay will put zipcheck into affect on Feb. bill and Jan. monies owed will come out in Feb.

Account was credited with monies owed back to me per over payment made for shut-off notice.  $\$280.57 - \$227.48 = \$53.09$  (credit)

**Samuel K. Johnson**  
Commissioner, District 5



330 W Church Street  
Drawer BC01  
P O Box 9005  
Bartow, FL 33831-9005  
Tel: (863) 534-6049  
Fax: (863) 534-7655

[SamJohnson@polk-county.net](mailto:SamJohnson@polk-county.net)

*Board of County Commissioners*

May 23, 2011

Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Ref: Aqua Utilities Florida, Inc. PSC – Docket 1003300

Dear Commissioners:

Greetings! Thank you for this opportunity to share our concerns. The Polk County Board of County Commissioners (BoCC) continues to express significant concerns over the recently proposed rate increases by Aqua Utilities to its 1,600 customers in Polk County. Aqua Utilities serves the communities of Lake Gibson, Gibsonia Estates, Orange Hill, Sugar Creek, Rosalie Oaks and Village Water in Polk County and was allowed a rate increase in 2010 that effectively doubled customers' bills. The BoCC understands and respects that Aqua Utilities has a right to develop and charge its customers fair and equitable rates for the services it provides but it also has an obligation to their customers for consideration to the adverse impact of additional rate increases. The BoCC also has obligations to represent its citizens concerns who have expressed the impacts the proposed rates will have to their quality of life in these difficult economic times.

We are aware that the Public Service Commission (PSC) exercises regulatory authority over this matter in one or more of three key areas: rate/base regulation; competitive market oversight; and monitoring of safety, reliability and service to the customers in Polk County. The County is still at record levels of unemployment (11.3%) as of March 2011. At these levels with any additional increases in rates the BoCC is concerned that the citizens in these areas will not be able to pay the higher monthly charges and will be forced to choose between the basic needs of water and sewer over other essential life sustaining items. These choices may result in the cutting of water services to a number of customers leading to safety and reliability concerns for the citizens.

The BoCC supports the concerns expressed by the customers of these systems. The BoCC respectfully requests that the PSC deny this rate increase request and that the PSC aggressively review the justification for any future increases to the Polk County area. We would encourage you to advise Aqua Utilities consider longer term debt financing options that may moderate or even reduce current rates.

Parties/Staff    Handout  
Internal Affairs/Agenda  
on 5/24/11  
Item No. 17  
100330-WS  
080121-WS

Florida Public Service Commission  
May 23, 2011  
Page 2

Should you have any questions concerning the Polk County Board of County Commission do not hesitate to contact my office.

Respectfully submitted,



**Samuel K. Johnson**  
Polk County Commissioner  
District 5



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Parties/Staff Handout  
Internal Affairs/Agenda  
on 5/24/11  
Item No. 17

100330-WS and 080181-WS

2





(30)

# Aqua Utilities

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To whom this may concern:

During March 8, 2011 a meeting was held at the Jasmine Lakes Civic Association's Community Center. In attendance were 450 citizens of not only Jasmine Lakes but Palm Terrace also. The topic to be discussed was problems with Aqua Utilities and the quality of its water.

Listed below are 4 complaints echoed throughout the evening:

1. There is no such existence of an Aqua customer service unless you are lucky enough to get the Vice President in Pennsylvania!
2. 3 families have to move out of the area due to the Quality of Water and having young children.
3. We cannot give our animals "Tap Water" as this makes them sick, what do you think would happen if an unsuspecting mother gave her new born 4-6 month old baby this water?
4. Our children will not bathe in water that looks like and smells like urine.

If you think the water quality is not making our children sick think again. We nor you can allow this to continue. In light of these complaints we must take action now. We implore you to deny Aqua's rate increase. It is time to correct a disaster that is getting progressively worse and becoming a persistent health hazard.

Aqua insists they cannot service our community after September 2011. This is a perfect time to sever our relationship allowing a smooth transition for the county to begin providing our water needs.

On March 30<sup>th</sup> 2011 we received 2-3" of rain, Aqua's waste water treatment plant on Ranch Road was one flush away from overflowing into the community.

**Parties/Staff Handout**  
**Internal Affairs/Agenda**  
on 5/24/11  
Item No. 17

100330-WS and 080121-WS

Attn: Florida Public Service Commission

22 APRIL 2011

As a resident of Jasmine Lakes/Port Richey, FL

I feel that Aqua Utilities Florida is not a trust worthy company based on their poor Quality of Service, including quality of water, customer service and the affordability.

Aqua's business model is not sustainable, and it would be in the best interest of all parties if they would divest themselves of the Jasmine Lake system, and negotiate a sale to Pasco County.

I request that the Public Service Commission:

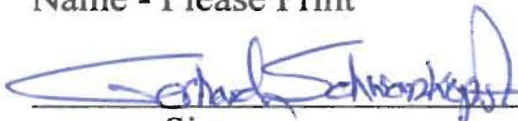
Parties/Staff Handout  
Internal Affairs/Agenda  
on 5/12/11  
Item No. 17  
100330-WS and  
080121-WS

1. Does not grant them any more increases on rates.
2. Investigate past and present operations in the state of Florida.
3. Investigate the rates of Aqua Water for possible over earnings.
4. Deny their ability to expand to other systems in the State of Florida.

Comments: EXCESSIVE WATER AND SEWER RATES!  
USING ZERO GALLONS PER MONTH THE BILL IS  
STILL OVER \$50! POOR WATER QUALITY WITH "CLOUDY"  
COLOR AND SMELL AT TIMES. LOW WATER PRESSURE AT TIMES.

GERHARD SCHWARZKOPF

Name - Please Print

  
Sign

10325 WILLOW DRIVE

address

JASMINE LAKES

PORT RICHEY, FL 34668-3351

PLEASE FILL OUT THE PETITION AND RETURN TO  
JLCCA. We will make copies and send to all  
commissioners. We will also provide  
copies to the Senators and Representatives.

**PETITION - Reference: Docket #100330**

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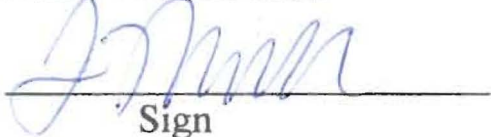
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4. Deny their ability to expand to other systems in the State of Florida.

Comments: I HAVE BILLS THAT I CAN PROVE  
AQUA WATER IS BILLING MY HOME 3 DIFFERENT  
RATES A MONTH MY LOWEST ABOUT 175.00  
TO 400.00 DOLLARS IN ONE MONTH ONLY  
3 people Live in my HOME

TERRE MILLER

Name - Please Print



Sign

7537 REDCOAT AVE

address

PORT RICHEY FL

34668

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Comments: April 6<sup>th</sup> 9<sup>42</sup>am Water was Yellowish Brown

I had to flush both my toilets 6x's and run the water in the sinks for 3 1/2 min's before it cleared -

On April 26 @ 7<sup>34</sup>am No Water.

I called Aqua they said they had several calls but did not know what the problem was. It came back on an hour later.

Deborah DiBona

Name - Please Print

address

Deborah DiBona  
Sign

10331 Willow Dr

Port Richey, FL 34668

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4. Deny their ability to expand to other systems in the State of Florida.

Comments: Snow Birds should not  
Pay 12 months when only  
use 5 months

Dan Jacobs

Name - Please Print

Dan Jacobs  
Sign

10440 Dianthus Ln

address

Port Richey Fla  
34668

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Comments: my Doctor advised  
me not to drink the water  
due to stomach ache of the  
runs

Helen Alvarado  
Name - Please Print

Helen Alvarado  
Sign

10321 Amadeus Dr.  
address  
Port Richey FL 34668

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Comments: will like to show support  
to the home owners but need to  
work to pay my bills. Cannot  
afford another rate hike. Thank you  
Jennie E. Smith

JENNIE E. SMITH

Name - Please Print

7936 Portage Drive  
address  
Port Richey, FL  
34668

Jennie E. Smith  
Sign

PLEASE FILL OUT THE PETITION AND RETURN TO JLCCA. We will make copies and send to all commissioners. We will also provide copies to the Senators and Representatives.

PETITION - Reference: Docket #100330

Attn: Florida Public Service Commission

As a resident of Palm Terrace/Port Richey, FL

I feel that Aqua Utilities Florida is not a trust worthy company based on their poor Quality of Service, including quality of water, customer service and the affordability.

Aqua's business model is not sustainable, and it would be in the best interest of all parties if they would divest themselves of the Palm Terrace system, and negotiate a sale to Pasco County.

I request that the Public Service Commission:

1. Does not grant them any more increases on rates.
2. Investigate past and present operations in the state of Florida.
3. Investigate the rates of Aqua Water for possible over earnings.
4. Deny their ability to expand to other systems in the State of Florida.

Comments: 2 months ago - my bill was \$92 - they claimed  
I used 700 gallons of water - I am a widow alone & hardly  
home to use that amount - The month after my bill was \$62 -  
I just received April bill - \$62 - using 400 gallons - something is  
very wrong here

GRACE WAGNER  
Name - Please Print

Grace Wagner  
Sign

1511 Tyson Drive  
address  
Port Richey, FL 34665

Attn: Florida Public Service Commission

As a resident of Jasmine Lakes/Port Richey, FL

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Comments: I have complained about To No avail of The charge of \$35.44 for sewer charges, my claim #1000272 with Florida Public Commission about Aqua Utilities Florida, Inc. I have used "0" Gallons Aqua called about my complain on phone # 1-610-525-1400 and told me that The Florida Public Commission had approved this charge why? Not one 4) Drop of Water has gone down our sewer. We need a new Public Commission that cares about the Tax payers in Florida.

\*  
Michael S. Thibodeau  
Norman W. Thibodeau  
Sue A. Thibodeau

Name - Please Print

Michael S. Thibodeau  
Norman W. Thibodeau  
Sue A. Thibodeau

7924 WAXWOOD DR

address

Port Richey, FL 34668

Sign

\*  
utilities services branch charges for "0" water usges of \$7.23 and sewer charge of \$14.32 a total of \$21.55.  
PLEASE FILL OUT THE PETITION AND RETURN TO JLCCA. We will make copies and send to all commissioners. We will also provide copies to the Senators and Representatives.

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Comments: NOT ONLY IS THE AMOUNT WE PAY  
FOR WATER FAR TOO EXPENSIVE, THE  
WATER IS UNDRINKABLE. WE DO NOT EVEN GIVE  
IT TO OUR PETS, YOU SHOULD NOT BE ABLE TO SMELL  
WATER. STOP THIS REDICULOUS CHARGE FOR WATER.

JEFF MOUNT  
Name - Please Print

Jeff Mount  
Sign

7902 WAXWOOD DR  
address  
DORTRICHEY FL  
34668

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Comments: Our bills are uncontrollable & out of  
sight. When we are away for weeks, our bill  
is as high as if we had been home!

BLASE & DIANE MANZO  
Name - Please Print

Diane Manzo  
Sign

7932 LOTUS DR  
address  
PORT RICHEY, FL 34668

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Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Pat Paluszek  
Name - Please Print

Pat Paluszek  
Sign

7535 BRIARWOOD DR  
address  
Port Richey, FL  
34668

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Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CAROL JONES  
Name - Please Print

Carol Jones  
Sign

7404 CHERRY LAUREL RD  
address  
Port Richey Fla 34668

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Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Lori Puma  
Name - Please Print

Lori Puma  
Sign

7523 LOTUS DR  
address  
PORT RICHEY FL  
34668

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Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Christopher Ruiz

Name - Please Print

Christopher Ruiz

Sign

11124 Tamarix Avenue

address

Port Richey, FL 34668

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Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

AMY DOER  
Name - Please Print

Amy Doer  
Sign

1124 TAMARIX AVE  
address  
PORT RICHEY FL 34668

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Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

PAMELA BOCCACCIO

Name - Please Print

PAMELA BOCCACCIO

Sign

10334 Holly DR

address

PORT RICHEY

FL 34668

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Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MARJORIE C. PACE  
Name - Please Print

Marjorie C. Pace  
Sign

7524 ROSEWOOD  
address  
Port Richey, FL  
34668

PLEASE FILL OUT THE PETITION AND RETURN TO  
JLCCA. We will make copies and send to all  
commissioners. We will also provide  
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May 24, 2011

P.S.C. Commission Meeting  
Tallahassee, FL

Submitted By:

MR. GENNARO V. CONTE  
10379 GRAPEFRUIT DR.

JASMINE LAKES

PORT RICHEY, FL 34668  
(771) 863-0445

AGENDA ITEM 17

Parties/Staff Handout  
Internal Affairs/Agenda  
on 5/24/11  
Item No. 17

100330-WS and  
080121-WS

QUESTION FOR THE COMMISSION:

1. WITH CONTINUED REQUEST FROM ADWA UTILITIES FOR RATE INCREASES WILL THE COMMISSION EVER PUT AN END TO THE REQUESTS AS THE RATE PAYERS HAVE REACHED A SATURATION POINT AND FIND IT IMPOSSIBLE TO PAY ANY LONGER.
2. DOES THE COMMISSION HAVE WRITTEN PROOF FROM ADWA OF ALL THESE IMPROVEMENTS THEY HAVE MADE IN JASMINE LAKES THAT THEY BASE THE NEED ON FOR THE RATE INCREASES AND EXTREME RATE OF RETURNS ON THEIR INVESTMENTS, AND CAN I SEE THE PROOF?

COMMENT: I AM NOT PART OF A POLITICAL THEATRE. I KNOW EVERYONE HERE WOULD LIKE TO OWN A COMPANY THAT WOULD BE ABLE TO OVERCHARGE CUSTOMERS, SPEND NO MONEY AND MAKE 100% PROFIT.

Aqua Water Meeting 5/24/11

State Capital

Pasco/Jasmine Lakes resident: 13 yrs

Water Bills: 2009 1/2 \$1033.00  
2010 1/2 \$1007.00  
2011 (4mo) \$342.00 } \$2382.00

Cost is more each year than my house/<sup>Property</sup> taxes or <sup>house/<sup>Property</sup></sup> insurance

Aqua Utilities (2yr. 4mo) = \$2382.00

Pasco Utilities (2yr. 4mo) = \$980.00

WHY ??

Nancy Kraft

7905 Minnosa Dr

Port Richey, FL 34668

(727) 863-2286

Parties/Staff Handout  
Internal Affairs/Agenda  
on 5/24/11  
Item No. 17

100330-WS and 080121-WS

We the people of the State of Florida, county of Polk, Lake Gibson Estates, Band # 3, and all other counties of Florida, here by request in person and by petition from the Public Service Commission, that AQUA UTILITIES FLORIDA<INC> be denied any and all rate increases and also be removed from doing business in the State of Florida, due to unfair practice.

We the people seem to have no protected rights from such practice.

Other utilities in our surrounding areas should be made available to us.

We understand we have no options to add wells or septic to our property as long as there are other utilities in our area, which gives us no choice but to be raped by Aqua utilities unreasonable rates.

It has been indicated that Aqua has made significant financial investments to purchase our existing private water/waste system and the continuing rate increase, being approved by Public Service Commission, is enabling there capital outlay to be recovered by increasing our rates to recover there initial cost, at our expense.

Unfair to us the users for us to pay for there decision to purchase the system. We had no say, vote, or input in this matter.

Justice will Prevail in due time.

I am sure you have all heard of Bin Laden!

Sincerely,

We the people!!!!

May 4, 2011

Parties/Staff    Handout  
Internal Affairs/Agenda  
on 5/24/11  
Item No. 17

100330-WS and 080121-WS

# Petition to the Florida Public Service Commission

We, the undersigned, are Aqua Utilities customers who are tired of high water bills and ever increasing rates. We petition the staff of the Florida Public Service Commission for the right to choose another water company that offers more reasonable rates.

Printed Name	Address	Phone	Signature
Sandra Monahan	5780 Jacaranda Ave	863-815-0630	Sandra Monahan
Gail Tom Hallford	5760 Jacaranda Ave.	863-738-8580	Gail Tom Hallford
Stanley Ferguson	5720 Jacaranda Ave.	863-858-1668	Stanley Ferguson
Rubel Dorman	441 Byrd St Lakeland	863-863-7695	Rubel Dorman
Luis D. Cavallhon	5702 Jacaranda ave	(863) 430 7241	Luis D. Cavallhon
Theresa Sterling	481 Windermere Dr		Theresa Sterling
James Simmons	480 Byrd St. Lakeland	863-8221	James Simmons
Leslie Simmons	480 Byrd St. Lakeland FL		Leslie Simmons
LINDA GARCIA Kahler	5820 Jacaranda Ave Lakeland	FL 33809	Linda Garcia Kahler
Grace Coltrone	5840 Jacaranda Ave Lakeland, FL	33809	Grace Coltrone
David E. Pantes	5846 Jacaranda Ave Lakeland, FL	33809	David E. Pantes
Hape Gering	711 S. Missouri Ave Lakeland FL	33805	Hape Gering
Gray Reckert	5746 JACARANDA AVE		Gray Reckert
Brandi Herold	5771 Jacaranda Ave.	863-808-6629	Brandi Herold
Witch Dent	5800 Jacaranda Ave	863-660-4375	Witch Dent
Kevin Henderson	5771 Jacaranda Ave	863-529-3189	Kevin Henderson
Paula Jean	5860 JACARANDA AV		Paula Jean
Donald & Ann Linn	440 Windermere Dr.		Donald & Ann Linn
Betty Blewks	460 Platt Ave.		Betty Blewks
Henry Tanelo	5881 Poinciana Ave Lakeland FL	33809	Henry Tanelo
Beth Warner	584 Poinciana Ave Lakeland FL	33809	Beth Warner
Jennifer Milton	5801 Poinciana Ave Lakeland, FL	33809	Jennifer Milton
Eleanor Lamage	420 Nephins St Lakeland FL	33809	Eleanor Lamage
Regina Holshuang	5712 Poinciana Ave		Regina Holshuang
Stephanie Siders	5712 Poinciana Ave		Stephanie Siders
Kayla O'Brien	121 Rosalyn Crde		Kayla O'Brien
Uzma Kizmi	5701 Poinciana Ave		Uzma Kizmi

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Printed Name	Address	Phone	Signature
Emilio Ramos	5614 Driftwood Dr	863-859-5897	Emilio Ramos
Johnny Parrish	5615 Driftwood Dr.	858-5723	Johnny Parrish
Jacob Gudwick	5611 Driftwood Dr.	858-3345	Jacob Gudwick
DOUGLAS TERER	5865 Daughtery Downs Loop	863-602-8621	Douglas Terer
JAMES DANIELS	5859 DAUGHTERY DOWNS LOOP	863-712-4431	James Daniels
ERICA White	5860 Daughtery Downs Lp	863-859-5170	Erica White
Steve Higgins	5853 Daughtery Downs Lp	863-397-4637	Steve Higgins
Diego Guerrero	5841 Daughtery Downs Loop	863-937-3669	Diego Guerrero
Jeff & Kim Henderson	5829 Daughtery Downs Lp	863-937-3669	Jeff Henderson
Chad Bludsoe	5817 Daughtery Downs Lp	863-661-6091	Chad Bludsoe
ROY AMOS	5805 Daughtery Downs Lp	863-229-9402	Roy Amos
Kim + John Esposito	5802 Daughtery Downs Loop		Kim Esposito
Rob LAM	5768 Daughtery Downs Loop	863-8386144	Rob LAM
Jose M. Lopez	5759 Daughtery Downs Loop	863-816-0391	Jose M. Lopez
LINDA CORBITT	5754 DAUGHTERY DOWNS LOOP		Linda Corbitt
Tammy Johnson	5753 Daughtery Downs Loop	Lakeland 33809	Tammy Johnson
Genise Bryan	5750 Daughtery Downs Lp.	863-853-7856	Genise Bryan
Staci Kelly	5747 Daughtery Downs Loop		Staci Kelly
Anton Williams	5710 Daughtery Downs Loop		Anton Williams
JUVEL NUGERA	5717 DAUGHTERY DOWN LOOP	Lakeland FL 33809	Juvel Nugera
Ruben Espinosa Jr	5711 Daughtery Downs Loop	Lakeland, FL 33809	Ruben Espinosa Jr
David Espinosa	5711 Daughtery Downs Loop	Lakeland FL 33809	David Espinosa
Katherine Gilland	5926 Doe Circle West	Lakeland 33809	Katherine Gilland
Shawn Gilland	5926 Doe Circle West	Lakeland 33809	Shawn Gilland
Heather Soschae	5926 Doe Circle W.	Lakeland 33809	Heather Soschae
DAVID MASTEN	5910 Doe Circle W.	Lakeland 33809	David Masten
Gilberto Figueroa	6009 Doe Circle West	Lakeland 33809	Gilberto Figueroa
Alice Stanley	6128 Doe Circle West	Lakeland 33809	Alice Stanley

# Petition to the Florida Public Service Commission

We, the undersigned, are Aqua Utilities customers who are tired of high water bills and ever increasing rates. We petition the staff of the Florida Public Service Commission for the right to choose another water company that offers more reasonable rates.

Printed Name      Address      Phone      Signature

Joseph O'Neill	6022 CRAFT DR	863-397-0135	Joseph O'Neill
Diane Jackie Wathen	816 Shirley Ann Trail	863-808-6266	Diane Wathen
Reed Kuch	Crafton Dr.	863-812-9208	
Alan Anderson	320 Blenheim	863-88-8365	
Bonnie Nelson	320 Blenheim	863-853-2957	
Raymond Pogroski	911 Shirley	863-859-0421	
Olivia Smith		863-797-3679	
R.G. Goeltzenkuchter		863-858-8888	R.G. Goeltzenkuchter
Kendala Jennings		863-709-3566	319 W. D. Smith
Thomas W. Couch		863-738-1142	
Michael Green		863-816-5279	
Beth Byroads		863-956-6817	Beth Byroads
Tammy Ellis		863-815-1736	Tammy Ellis
DAMIANA RAMIREZ		863-816-6240	Damiana Ramirez
JOE Reed		863-937-2231	Joe Reed
Don Blanchard		863-838-4101	
Crystal Pleasoe		863-661-5716	
Kenneth Sanderson		863-858-0543	
JoAnn & Ray Hatton		863-816-3090	
Jessica Laggate		863-440-4780	
DAMIANA RAMIREZ		863-816-6240	
Tony Robbins		863-805-2426	
Andrew Rodriguez		863-812-9208	
Lacey Sumrell		863-812-9208	
Phyllis Johnson	5918 Doe Ave	863-853-9373	Phyllis Johnson
Karl Sato		863-327-7221	
GORDON MCGIBBEN		863-259-3649	Gordon McGibben

# Petition to the Florida Public Service Commission


We, the undersigned, are Aqua Utilities customers who are tired of high water bills and ever increasing rates. We petition the staff of the Florida Public Service Commission for the right to choose another water company that offers more reasonable rates.

Printed Name	Address	Phone	Signature
AMIN MITHA	400 Windermere Dr	816-5377	<i>[Signature]</i>
Melissa de la Cruz	441 Windermere Dr.	(863) 370-4912	<i>[Signature]</i>
<del>Deborah E. Dezel</del>	<del>480 Windermere Dr.</del>		
BRENDA WILLIAMS	440 Byrd St.		
Dennis Greene	460 Hopkins St.		<i>[Signature]</i>
Deborah Greene			<i>[Signature]</i>
Marcy Rossiter	421 Hopkins		
Andrea Campbell	5861 Poinciana Ave.		
Kimberly Olson	461 Hopkins St		
ERICK OLSON	461 Hopkins St.		
Charles Grier	460 Byrd St.	(863) 858-6024	
Tennileah	461 Byrd St, Lakeland, Fla	33809	
C. Strevel	5580 Driftwood Lake	33809	
Patricia Minor	5870 Driftwood Dr. Lakeland, FL	33809	
Andres Jimenez	5840 Driftwood Dr (863) 816-9520		
LINDA MARAULTA	5841 DRIFTWOOD DR LAKELAND FL	33809	
Pamela Bearden	5827 Driftwood Dr Lakeland FL	33809	
Marlon Cedeno	6057 Hilltop lane west FL lakeland		<i>[Signature]</i>
MARIA CEDENO	58116 DRIFTWOOD DRIVE FL LAKELAND		<i>[Signature]</i>
NICK Sellens	5019 Driftwood Drive		<i>[Signature]</i>
Katherine Mikael	5700 DRIFTWOOD DR LAKELAND		<i>[Signature]</i>
Cordae Humphreys	5765 Driftwood Dr Lakeland, FL		
Guir M. Cph	5755 Driftwood Dr. Lakeland, FL		
Ron Koshi	5740 Driftwood Dr. Lakeland		<i>[Signature]</i>
Leea Rega	5745 DRIFTWOOD DR LAKELAND FL		
Krista Regan	5745 DRIFTWOOD DR. Lakeland FL		<i>[Signature]</i>
Jouise Gravel	5730 DRIFTWOOD DR LAKELAND FL		

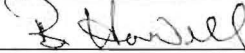
# Petition to the Florida Public Service Commission

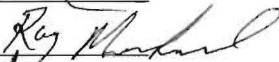
We, the undersigned, are Aqua Utilities customers who are tired of high water bills and ever increasing rates. We petition the staff of the Florida Public Service Commission for the right to choose another water company that offers more reasonable rates.

Printed Name	Address	Phone	Signature
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CARLOS	5756 BAMBIDR	863-310-2771	
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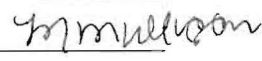
CALVIN	519, W Daugherty	863-709-3566	
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HOWELL BOB	6037 E. HILLTOP LN.	858-1120	
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RAY MICHAEL	5715 POINCIANA AVE	934-1666	
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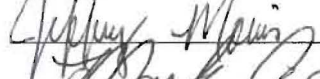
PATRICIA	5831 LAKE GROVE DR CANTON FL 32002		
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SANFAGO	5940 HILLTOP LANE		
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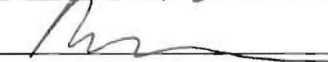
MARK MULLIGAN	218 Stanley Ave	863-370-5903	
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MIGUEL A. HERNANDEZ	158 Shannon Drive		
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JOE HERNANDEZ			
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JOE HERNANDEZ	5870 Bambid Dr	863-815-8343	
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GLORIA MITCHELL	6213 DOE CIRCLE EAST	863-934-9773	
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NATHAN Z. MARR	6213 Doe Circle East	(863) 934-9971	
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MONA DOWD	5810 Lake Grove Dr. Lkld. FL 33809		
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JOHN J. SULLIVAN	6123 Doe Cir East	863-815-8199	
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JAMES GREEN	5750 DRIFTWOOD DR.	863-816-5279	
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ANTHONY DIBBLE	6035 NORTON RD	863-510-6776	
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ERIC TOWLES	108 Roslyn Cr.	808-3676	
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EVA & KENNETH KELLY	6035 Norton Rd	863-443-9375	
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JENNIFER DIBBLE	5847 Gibson Shores Dr	863-409-7887	
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JENNIFER HARRISON	5926 Crafton Dr	863-230-0083	
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MUNNELA FIGUEROA	5918 E. Hilltop Lane		
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CHARLIE HENRY	6035 Norton Rd #66	1 863-509-8100	
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TATIANA HERNANDEZ	5936 W. Hilltop Ln	863-858-5768	
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ALONSO BEN	814 Shirley Ann	259-78 510-4072	
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MILAGROS GARCIA	726 W. Daugherty Rd.	(551) 200-1004	
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RAY & LINDA POGORSKI	911 Shirley Ann Tr.	338-09	
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HAZEL STEPHENSON	5845 Bambi Ct.	934-6773	
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# Petition to the Florida Public Service Commission

We, the undersigned, are Aqua Utilities customers who are tired of high water bills and ever increasing rates. We petition the staff of the Florida Public Service Commission for the right to choose another water company that offers more reasonable rates.

Printed Name      Address      Phone      Signature

JASON McCoy 5765 POINCIANA AVE 863 859-9305 [Signature]

ALFRED MARZOCCHI JR. 5918 DOE CIRCLE W 863-858-8425 [Signature]

Annette McCoy 5765 Poinciana Ave. 863-859-9305 [Signature]

RONALD S. ALEXANDER 6136 Doe Circle West 863 859 5295 [Signature]

Pam Jones 511 Jaume Pl, Lakeland FL 33809 (863) 853-5835 [Signature]

Pam Murphy 6232 Doe Circle W Lakeview FL (863) 378637 [Signature]

ESOP Seite 6120 NOR 88 LAKELAND FL - LAKELAND. [Signature]

Bobbie Hughes 511 W Daughtery Rd Lakeland D Hughes [Signature]

Richard B. Neal 523 W. Daughtery Rd. LKLD 863 859 0705 [Signature]

Jen Wynn 523 W. Daughtery Rd LAKELAND 863 859 6208 [Signature]

TOM LAUGHT 6064 DOE CR. E. LAKELAND, FL 778-1142 [Signature]

Viggo Petersen 6020 Doe Circle E LKLD 33809 [Signature]

Jim In 6318 Doe Circle Lakeland 33809 [Signature]

Chris Hold 6006 Doe Circle West 33809 [Signature]

Christy Gilbreath 6019 Doe Circle West 33809 [Signature]

Halle Davis 6136 Doe Circle West 33809 [Signature]

Mary Dgas Doe Circle West 33809 [Signature]

Laura Brenner 6007 Doe Circle E. 33809 [Signature]

Warren D Bowers 6104 Doe Cir. W Lakeland FL 33809 [Signature]

Henrietta Bowers 6109 Doe Circle W, 33809 [Signature]

Rosetta Allaway 6119 Doe Cir. W. 33809 [Signature]

Maria Anderson 6112 Doe Cir. W. Lakeland, FL 33809 [Signature]

Martin Anderson 6112 Doe Circle W Lakeland, FL 33809 [Signature]

D Davis 6136 Doe Circle W. Lakeland FL 33809 [Signature]

Krystal Davis 6136 Doe Circle W. Lakeland FL 33809 [Signature]

Michael Moya 6136 Doe Circle W. Lakeland FL 33809 [Signature]

Angel Knight 6209 Doe Circle W - Lakeland FL - 33809 [Signature]

Robert M. Kendrick 6208 Doe Circle W - Lakeland, FL 33809 [Signature]

Robert M. Kendrick

# Petition to the Florida Public Service Commission

We, the undersigned, are Aqua Utilities customers who are tired of high water bills and ever increasing rates. We petition the staff of the Florida Public Service Commission for the right to choose another water company that offers more reasonable rates.

Printed Name      Address      Phone      Signature

Linda Gadd 6110 Doe Cir E, 863 853 1932

Miranda Lopez 6029 Hilltop Ln

Julia Vargas 5918 E. Hilltop Ln. 614-3738

Erik Gardner 6326 DOE CIRCLE W. 863 937 2128

Paula Dujardin 5831 CH GROVE DR. 863 261-4496

Norma Lopez - 863-614-4451

Leather Dupont 863 661 4005 Shirley Ann Til

Veronica Capole 6022 Hilltop Ln W 272-7910

Jeery Sellers 5819 Driftwood Ln

Charli Henry 6035 Norton Rd #20 Lakeland FL 33809-863-612-5789

Darryl Joyner 645 Daughton Rd Lakeland FL 33809-863-430-1024

MARSHALL AUEL 221 STANLEY AVE. 797-3376

SANDRA FLORES 221 STANLEY AVE. 797-3376

CHRIS WRAY

DeAndre Brown Rosalynn Circle 660 8717

Andrew Rodriguez Crafton Dr. 863 812 9200

Kathleen Bursaw 5842 W Daughton

Samie Anderson 863-853-2957 320 Bluebird Ave.

Chilton Burkholder 863-660-4504 6211 Doe Cir. West

Crystal Belsue 863 661 5716 6211 Doe Cir. West Lakeland FL 33809

Arnie Groins 6225 Doe Circle West Lakeland (863) 815-7281

James Good 6303 Doe Circle West

James H. Dancy 6310 DOE CIRCLE W. 863-858-7203

Ray Taylor 6334 Doe Circle W

Kathleen 6333 Doe Cir E 863 858 7658

WAYNE MILES 6301 DOE CIR. E. 863 604-9982

Shirley Sullivan 6304 Doe Cir E. 863-398-6676

# Petition to the Florida Public Service Commission

We, the undersigned, are Aqua Utilities customers who are tired of high water bills and ever increasing rates. We petition the staff of the Florida Public Service Commission for the right to choose another water company that offers more reasonable rates.

Printed Name	Address	Phone	Signature
Reyna Black	6230 Doe Circle		Reyna Black
Tony Black	6230 Doe Cir		Tony Black
Bill Buchner	6222 Doe Circle E		Bill Buchner
WILLIAM LEE	6205 DOE CIR. E		William Lee
JOE Quigley	6206 DOE CIR. E		Joe Quigley
Karmon Chupka	6126 DOE Cir E		Karmon Chupka
Donna Singletary	6123 DOE Cir E		Donna Singletary
Margaret Mehrman	6134 Doe Cir E		Margaret Mehrman
Chris Quattlebaum	6107 Doe Cir E		Chris Quattlebaum
Charles Riel	6102 DOE CIR Circle and		Charles Riel
Sandra L. Owens	6023 Doe Circle E.		Sandra L. Owens
Richard B. Owens	6023 Doe Cir East		Richard B. Owens
Shane P. Davey	6015 Doe Cir East		Shane P. Davey
Elaine M. Shultz	6012 Doe Cir East		Elaine Shultz
Michael Brenner	6007 Doe Circle East		Michael Brenner
Craig Finn	565 Fawn Pl.		Craig Finn
Natalie Pelletier	6015 Doe Circle		Natalie Pelletier

# Petition to the Florida Public Service Commission

We, the undersigned, are Aqua Utilities customers who are tired of high water bills and ever increasing rates. We petition the staff of the Florida Public Service Commission for the right to choose another water company that offers more reasonable rates.

THEY SUCK...

Printed Name      Address      Phone      Signature

JASON McCoy 5765 POINCIANA AVE 863 859-9305  
 ALFRED MARZOCCHI JR 5818 DOE CIRCLE W 863-815-8925  
 Annell McCoy 5765 Poinciana Ave. 863 859 9305  
 RONALD S. ALEXANDER 6136 DOE CIRCLE WEST 863 859 5295 Ronald S. Alexander  
 Thomas Edwards 645 W. Lightsey Rd 33809  
 Wendall Jennings 519 W. Daugherty Road 863-934-9511  
 DAVID ELIOT 2111 LAKE GIBSON LN. 863-944-3343  
 Nick Chance 1510 W. Oak Dr - Lake Land FL  
 Kimberly Nipper Clanton Drive Lakeland FL  
 Misty Maxon Grafton Drive Lakeland FL  
 Thomas Moore 6018 Hilltop Ln. W. Lakeland, FL  
 Valmi Pollard 5846 LK GR DR LKLD FL  
 Cheryl Hall 6135 Doe Circle W Dawk  
 Melvin A Davis 903 Shirley Ann Trail Lakeland FL  
 Dorothy West 6056 Hilltop Ln. W 863 Dorothy West 33809  
 Sandra Acuff 221 S. Stearns Ave  
 Randy Morrison 5531 FLAMINGO AVE. LKLD. FL. 33809  
 MIKE WHITESIDE 1109 FOUNTAIN VIEW RD  
 Reginald Ardis 420 Platt Street 33809  
 Ken Esper 6118 DOE CIR. 33809

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for increase in water and  
wastewater rates in Alachua, Brevard,  
DeSoto, Hardee, Highlands, Lake, Lee,  
Marion, Orange, Palm Beach, Pasco, Polk,  
Putnam, Seminole, Sumter, Volusia, and  
Washington Counties by Aqua Utilities  
Florida, Inc.

Dockets Nos: 080121-WS  
100330-WS

**CITIZENS' ADJUSTMENTS**  
**MAY 24, 2011 AGENDA CONFERENCE**

<b><u>1. QUALITY OF SERVICE</u></b>	<b><u>OPC Recommended Adjustment</u></b>
<p>Based on review of the Company's Phase II report, comments from the customer meetings, and comments filed in the correspondence side of the docket, Aqua Utility's quality of service continues to be marginal. In the Company's Phase II report, the Company failed its own standards in several categories.</p> <p>OPC identified several areas of on-going concern: poor customer service representatives, difficulty reaching Aqua regarding service problems, billing issues including large back billing problems and otherwise high billing, untimely boiled water notices, failure to timely respond to problems, and on-going secondary quality issues such as taste, odor, and color. The Company continues to be subject to consent orders as documented by staff's recommendation which lists the 5 open consent orders. Contrary to staff's attempt to minimize the problem, the overall quality of service has not improved significantly and should be deemed marginal and subject to further monitoring.</p>	<p>See the adjustment on Issue 22- affiliate charges.</p>

**Parties/Staff Handout**  
**Internal Affairs/Agenda**

on 5/24/11  
Item No. 100330-WS and  
080121-WS

<p><b><u>II. Rate Base</u></b></p> <p>Issues 5-7 Used and Useful water and Issues 9-10 Used and Useful wastewater:</p> <p>OPC disagrees with Staff's consideration and treatment of built out conditions in the calculation of used and useful for the AUF facilities. No consideration is given to the fact that the customers are bearing the full cost of facilities that are oversized for the service territory and will provide no service to the customers.</p> <p>OPC further disagrees with Staff's reliance upon the used and useful determined in prior Orders to support higher used and useful percentages than what is calculated from the information submitted in the MFRs for this rate case. This has the affect of inflating the used and useful percentages and placing all of the negative financial impact due to changes in the system on the customers.</p>	<p>Water:</p> <p>Rate Band 1: (\$24,236)</p> <p>Rate Band 2: (\$5,094)</p> <p>Rate Band 3: (\$3,581)</p> <p>Rate Band 4: (\$105,104)</p> <p>Fairways: (\$6,827)</p> <p>Breeze Hills: (\$1,628)</p> <p>Peace River: (\$639)</p> <hr/> <p>Subtotal: (\$147,109)</p> <p>Wastewater</p> <p>Rate Band 1: (\$25,194)</p> <p>Rate Band 2: (\$61,815)</p> <p>Rate Band 3: (\$17,343)</p> <p>Rate Band 4: (\$74,627)</p> <p>Fairways: (\$41,572)</p> <p>Breeze Hills: (\$2,276)</p> <p>Peace River: (\$5,960)</p> <hr/> <p>Subtotal: (228,787)</p> <hr/> <p>Total: (\$375,896)</p>

### **III. NOI**

#### Issue 22- Affiliate Charges:

OPC response: Staff's own analysis of average O&M expenses for all utilities comparison to Aqua shows that Aqua's cost are 60% higher than the average. Staff's analysis of the average O&M expense per customer includes a mathematical error. When the error is corrected, the average O&M expense for all other water/wastewater utilities is \$241 versus \$392 for Aqua. OPC analysis of Class C costs similar to Management Fees confirms that Aqua's cost per ERC (\$201) is significantly higher than other Class C utilities (\$160), which do not supposedly enjoy the benefit of similar economies of scale to Aqua.

Moreover, Aqua's affiliated costs have increased by more than 250% in less than 2 years. Although Aqua claims that this is due to a shifting of expense, when this is taken into account there still is an unexplained increase in affiliated management fees in excess of 130% in less than 2 years. Further, Aqua has not explained why it would need to increase management fees even though its Florida customer base decreased by 1%.

It is OPC's understanding that the Virginia study used by staff in its analysis was only part of the study completed and used in the Virginia state case. Therefore, the market analysis would be incomplete.

Based on the case law cited in the recommendation that affiliate transaction costs should be evaluated based on whether the cost of transactions exceeds the going market rate or is otherwise inherently unfair, Aqua's requested increase in affiliated fees and costs should be denied in its entirety. See p. 80. Aqua's O&M costs driven by the affiliate costs are significantly higher than other water utilities, and Aqua's increase in excess of 130% in less than 2 years is inherently

Water:  
(\$886,702)

Waste Water:  
(\$456,393)

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Sub Total:  
(\$1,343,095)

unfair, unreasonable, and unaffordable.

Issue 26: Salaries and Wages – Employees

The Commission should remove the remainder of the proposed increase in salaries and wages of \$408,414. The Company agreed to reduce its requested amount for terminations and new hires by \$100,087. Staff also removed \$41,058 related to the proposed 4% salary increase. This amount reflects the difference between a 3% increase and a 4% increase. The state of the economy and the despair faced by most customers of Aqua calls for the Commission to reject any pay increases for employees of Aqua. Removing the remaining 3% proposed salary increase would reduce salary and wage expenses (relative to the Staff recommendation) by \$123,175. The remaining \$144,094 related to normalization and Market Study increases should also be removed.

Water and  
Wastewater:

(\$267,269)

Issue 28: Rate Case Expense

Rate case expense recommended by Staff should be reduced by 50% or \$348,634. OPC does not agree that all of the actual and estimated costs are reasonable or prudent. Moreover, OPC believes that rate case expense should be shared between ratepayers and stockholders. This would help ensure that the Company does not file frivolous or unnecessary “pancaked” rate cases. There is no reason to require customers to bear the entire burden of rate case expense. Customers do not directly benefit from a rate case and are not the party asking for rates to be increased. Aqua is the party asking for rates to be increased. Furthermore, the beneficiary of increased rates is predominately the Company’s stockholders. A primary motivation for filing a rate increase is to increase shareholder wealth. The Company's customer base has been hit by severe financial hardship which has only been compounded by the Company's filing of a rate case less than 2 years after the last rate case. The last rate case expense cost customers \$1,501,609, which

Water and  
Wastewater:

(\$348,634)

ratepayer are currently paying. The current rate case expense of \$778,269 is unreasonable given the “pancaked” nature of these rate cases, thus 50% should be disallowed.	
<b><u>IV. CONCLUSION</u></b>	
Used and Useful	Total
Affiliate Charges	(\$375,896)
Salaries & Wages	(\$1,343,095)
Rate Case Expense	(\$267,269)
	(\$348,634)
	<hr/> (\$2,334,894)

**Parties/Staff Handout**  
**Internal Affairs/Agenda**

on 5/24/11

Item No. 17

100330WS/080121-WS

**Water Treatment U&U**

System	OPC			OPC		FPSC
	Calculated 2010	AUF 2010	Staff 2010	Calculated 2008	Final Order 2008	
48 Estates	100.00%	100.00%	100.00%	100.00%	100.00%	
49th Street Villas	100.00%	100.00%	100.00%	99.00%	100.00%	
Arredondo Estates	79.60%	100.00%	100.00%	76.94%	100.00%	
Arredondo Farms	60.56%	100.00%	100.00%	76.94%	100.00%	
Beecher's Point	0.00%	NA	NA	0.00%	NA	
Belleaire	100.00%	100.00%	100.00%	99.00%	100.00%	
Bellview Hills Estates	100.00%	100.00%	100.00%	99.00%	100.00%	
Bellview Hills	100.00%	100.00%	100.00%	99.00%	100.00%	
Breeze Hill	25.74%	100.00%	100.00%	NA	NA	
Carlton Village	91.46%	95.00%	95.00%	92.58%	95.00%	
Chappell Hill	100.00%	100.00%	100.00%	99.00%	100.00%	
East Lake Harris/Friednly Center	40.97%	100.00%	100.00%	49.03%	100.00%	
Fairfax Hills	100.00%	100.00%	100.00%	99.00%	100.00%	
Faiways at Mt. Plymouth	78.09%	100.00%	100.00%	NA	NA	
Fern Terrace	67.88%	100.00%	100.00%	56.17%	100.00%	
Gibsonia Estates	80.12%	61.00%	61.00%	64.18%	61.00%	
Grand Terrace	100.00%	100.00%	100.00%	100.00%	100.00%	
Haines Creek	100.00%	100.00%	100.00%	100.00%	100.00%	
Harmony Homes	100.00%	100.00%	100.00%	100.00%	100.00%	
Hawks Point	100.00%	100.00%	100.00%	99.00%	100.00%	
Hermits Cove/St Johns Highlands	34.24%	31.00%	31.00%	30.83%	31.00%	
Hobby Hills	41.12%	100.00%	100.00%	38.50%	100.00%	
Holiday Haven	0.00%	NA	NA	0.00%	NA	
Imperial Mobile Terrace	100.00%	100.00%	100.00%	100.00%	100.00%	
Interlachen - Park Manor	76.25%	100.00%	100.00%	93.27%	100.00%	
Jasmine Lakes	100.00%	100.00%	100.00%	100.00%	100.00%	
Jungle Den	0.00%	NA	NA	0.00%	NA	
Kings Cove	100.00%	100.00%	100.00%	100.00%	100.00%	
Kingswood	0.00%	NA	NA	0.00%	NA	
Lake Gibson Estates	100.00%	100.00%	100.00%	100.00%	100.00%	
Lake Josephine/Sebring	25.24%	65.58	85	28.17%	91.51%	
Lake Suzy	0.00%	NA	NA	0.00%	NA	
Leisure Lakes	100.00%	100.00%	100.00%	100.00%	100.00%	
Lake Osbourne Estates	0.00%	NA	NA	0.00%	NA	
Marion Hills	100.00%	100.00%	100.00%	99.00%	100.00%	
Morningview	100.00%	100.00%	100.00%	100.00%	100.00%	
Oakwood	0.00%	NA	NA	0.00%	NA	
Ocala Oaks	100.00%	100.00%	100.00%	99.00%	100.00%	
Orange Hill - Sugar Creek	100.00%	100.00%	100.00%	100.00%	100.00%	
Palms MHP	100.00%	100.00%	100.00%	100.00%	100.00%	
Palm Port	100.00%	100.00%	100.00%	100.00%	100.00%	
Palm Terrace	0.00%	NA	NA	0.00%	NA	
Peace River	100.00%	100.00%	100.00%	NA	NA	
Picciola Island	55.96%	75.00%	75.00%	73.99%	75.00%	
Pomona Park	100.00%	100.00%	100.00%	100.00%	100.00%	
Piney Woods	100.00%	100.00%	100.00%	52.06%	100.00%	
Quail Ridge	100.00%	100.00%	100.00%	100.00%	100.00%	
Ravenswood	100.00%	100.00%	100.00%	100.00%	100.00%	
Ridgeview	100.00%	100.00%	100.00%	99.00%	100.00%	
River Grove	100.00%	100.00%	100.00%	100.00%	100.00%	
Rosalie Oaks	12.15%	100.00%	100.00%	10.00%	100.00%	
Sebring	25.24%	22.18%	85.00%	10.00%	45.00%	

# Water Treatment U&U

System	OPC			OPC		FPSC
	Calculated 2010	AUF 2010	Staff 2010	Calculated 2008	Final Order 2008	
Silver Lakes Estates	74.08%	93.71%	94.00%	88.75%	93.71%	
Silver Lakes Oaks	100.00%	100.00%	100.00%	100.00%	100.00%	
Skycrest	100.00%	100.00%	100.00%	67.38%	100.00%	
Stone Mountain	100.00%	100.00%	100.00%	100.00%	100.00%	
Summit Chase	100.00%	100.00%	100.00%	100.00%	100.00%	
Sunny Hills	100.00%	100.00%	91.00%	82.50%	91.00%	
Tangerine	100.00%	100.00%	100.00%	100.00%	100.00%	
Tomoka	57.78%	100.00%	100.00%	46.60%	100.00%	
Twin Rivers	23.76%	100.00%	100.00%	46.60%	100.00%	
Valenica Terrace	100.00%	100.00%	100.00%	100.00%	100.00%	
Venetian Village	62.50%	74.00%	74.00%	74.01%	74.00%	
Village Water	0.00%	NA	NA	0.00%	NA	
Welaka Saratgoa Harbour	73.96%	79.73%	80.00%	53.32%	79.72%	
Westview	100.00%	100.00%	100.00%	99.00%	100.00%	
Woodbury Forest	100.00%	100.00%	100.00%	99.00%	100.00%	
Wootens	100.00%	100.00%	100.00%	100.00%	100.00%	
The Woods	100.00%	100.00%	100.00%	100.00%	100.00%	
Zephyr Shores	25.93%	100.00%	100.00%	20.32%	100.00%	

Notes:

Stipulated 2010

Stipulated 2008

Interconnected no treatment

# Water Distribution U&U

System	OPC			OPC		FPSC
	Calculated 2010	AUF 2010	Staff 2010	Calculated 2008	Final Order 2008	
48 Estates	85.49%	85.00%	85.00%	73.74%	85.00%	
Arredondo Estates	89.29%	100.00%	100.00%	95.88%	100.00%	
Arredondo Farms	87.13%	88.00%	88.00%	95.88%	100.00%	
Beechers Point	59.04%	100.00%	100.00%	24.38%	100.00%	
Breeze Hill	92.73%	100.00%	100.00%	NA	NA	
Carlton Village	47.00%	47.00%	47.00%	56.00%	47.00%	
East Lake Harris	100.00%	100.00%	100.00%	100.00%	100.00%	
Fariways	98.77%	100.00%	100.00%	NA	NA	
Friendly Center	100.00%	100.00%	100.00%	100.00%	100.00%	
Fern Terrace	100.00%	100.00%	100.00%	100.00%	100.00%	
Gibsonia Estates	86.59%	100.00%	100.00%	92.22%	100.00%	
Grand Terrace	100.00%	100.00%	100.00%	100.00%	100.00%	
Haines Creek	100.00%	100.00%	100.00%	97.25%	100.00%	
Harmony Homes	100.00%	100.00%	100.00%	100.00%	100.00%	
Hermits Cove	83.16%	81.00%	80.00%	87.83%	81.00%	
Hobby Hills	100.00%	100.00%	100.00%	99.77%	100.00%	
Holiday Haven	76.69%	76.00%	76.00%	75.21%	76.00%	
Imperial Mobile Terr	100.00%	100.00%	100.00%	100.00%	100.00%	
Interlachen/Park Manor	79.02%	83.00%	83.00%	79.92%	83.00%	
Jasmine Lakes	100.00%	100.00%	100.00%	100.00%	100.00%	
Jungle Den	100.00%	100.00%	100.00%	100.00%	100.00%	
Kings Cove	100.00%	100.00%	100.00%	100.00%	100.00%	
Kingswood	98.48%	100.00%	100.00%	100.00%	100.00%	
Lake Gibson Est	100.00%	100.00%	100.00%	100.00%	100.00%	
Lake Josephine	55.93%	85.00%	55.00%	65.71%	85.65%	
Lake Osbourne	100.00%	100.00%	100.00%	97.86%	100.00%	
Lake Suzy	100.00%	100.00%	100.00%	98.16%	100.00%	
Leisure Lakes	84.18%	83.90%	84.00%	80.99%	76.00%	
Morningview	100.00%	100.00%	100.00%	88.10%	100.00%	
Oakwood	97.32%	100.00%	100.00%	94.61%	97.00%	
49th Street Village (Ocala Oaks)	100.00%	100.00%	100.00%	97.59%	100.00%	
Bellaire(Ocala Oaks)	100.00%	100.00%	100.00%	97.59%	100.00%	
Bellview Hills (Ocala Oaks)	100.00%	100.00%	100.00%	97.59%	100.00%	
Bellview Hills Estates(Ocala Oak:	100.00%	100.00%	100.00%	97.59%	100.00%	
Chappel Hill(Ocala Oaks)	100.00%	100.00%	100.00%	97.59%	100.00%	
Fairfax Hills(Ocala Oaks)	100.00%	100.00%	100.00%	97.59%	100.00%	
Hawks Point(Ocala Oaks)	100.00%	100.00%	100.00%	97.59%	100.00%	
Marion Hills(Ocala Oaks)	100.00%	100.00%	100.00%	97.59%	100.00%	
Ridge Meadow(Ocala Oaks)	100.00%	100.00%	100.00%	97.59%	100.00%	
Westview(Ocala Oaks)	100.00%	100.00%	100.00%	97.59%	100.00%	
Woodbury(Ocala Oaks)	100.00%	100.00%	100.00%	97.59%	100.00%	
Ocala Oaks(Ocala Oaks)	100.00%	100.00%	100.00%	97.59%	100.00%	
Orange Hill/Sugar Ck	94.55%	100.00%	100.00%	94.23%	100.00%	
Palms MHP	79.01%	87.70%	88.00%	73.49%	87.73%	
Palm Port	93.97%	100.00%	100.00%	79.56%	100.00%	
Palm Terrace	100.00%	100.00%	100.00%	100.00%	100.00%	
Peace River	78.63%	100.00%	100.00%	NA	NA	
Picciola Island	80.00%	80.00%	80.00%	79.41%	80.00%	
Piney Woods	90.22%	100.00%	100.00%	87.31%	100.00%	
Pomona Park	51.62%	100.00%	51.00%	69.03%	51.00%	

# Water Distribution U&U

System	OPC			OPC		FPSC
	Calculated 2010	AUF 2010	Staff 2010	Calculated 2008	Final Order 2008	
Quail Ridge	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Ravenswood	88.46%	100.00%	100.00%	95.90%	100.00%	100.00%
River Grove	99.12%	100.00%	100.00%	94.56%	100.00%	100.00%
Rosalie Oaks	79.67%	100.00%	100.00%	81.98%	100.00%	100.00%
Sebring	35.48%	85.00%	55.00%	18.00%	7.00%	7.00%
Silver Lakes Estates	87.40%	100.00%	100.00%	91.09%	100.00%	100.00%
Silver Lakes Oaks	83.02%	86.80%	87.00%	67.27%	68.00%	68.00%
Skycrest	94.17%	100.00%	100.00%	67.93%	100.00%	100.00%
Stone Mountain	47.62%	54.00%	54.00%	52.73%	54.00%	54.00%
St Johns Highlands	66.89%	81.00%	80.00%	74.44%	72.00%	72.00%
Summit Chase	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Sunny Hills	10.79%	13.00%	13.00%	11.66%	13.00%	13.00%
Tangerine	63.42%	60.00%	60.00%	58.51%	60.00%	60.00%
Tomoka	97.97%	100.00%	100.00%	98.18%	100.00%	100.00%
Twin Rivers	97.50%	100.00%	100.00%	98.18%	100.00%	100.00%
Valencia Terrace	99.72%	100.00%	100.00%	90.89%	100.00%	100.00%
Venetian Village	81.12%	84.80%	85.00%	74.62%	72.63%	72.63%
Village Water	67.32%	100.00%	100.00%	60.34%	100.00%	100.00%
Welaka	49.87%	51.50%	52.00%	46.68%	49.00%	49.00%
Wootens	44.23%	65.70%	66.00%	52.17%	65.66%	65.66%
The Woods	58.41%	75.50%	76.00%	61.75%	46.00%	46.00%
Zephyr Shores	99.22%	100.00%	100.00%	78.77%	100.00%	100.00%

Notes:

	Stipulated 2010
	Stipulated 2008

# Wastewater Treatment U&U

System	OPC			OPC		FPSC
	Calculated 2010	AUF 2010	Staff 2010	Calculated 2008	Final Order 2008	
Arredondo Farms	66.11%	100.00%	100.00%	76.67%	100.00%	
Beecher's Point	0.00%	NA		0.00%	NA	
Breeze Hill	25.17%	95.86%	56.00%	NA	NA	
Fairways at Mt. Plymouth	42.00%	100.00%	100.00%	NA	NA	
FL Central Commerce Park	40.99%	100.00%	100.00%	44.24%	100.00%	
Holiday Haven	59.93%	75.00%	75.00%	70.79%	75.00%	
Interlachen/Park Manor	100.00%	100.00%	100.00%	26.44%	100.00%	
Jasmine Lakes	100.00%	100.00%	100.00%	100.00%	100.00%	
Jungle Den	40.34%	100.00%	100.00%	41.81%	100.00%	
Kings Cove	46.36%	100.00%	100.00%	55.48%	100.00%	
Lake Gibson Estates	0.00%	NA		0.00%	NA	
Lake Suzy	100.00%	100.00%	100.00%	100.00%	100.00%	
Leisure Lakes	32.23%	39.00%	39.00%	38.42%	39.00%	
Morningveiw	32.98%	100.00%	100.00%	25.00%	100.00%	
Palm Port	51.96%	100.00%	58.00%	50.00%	58.00%	
PalmTerrace	100.00%	100.00%	100.00%	100.00%	100.00%	
Peace Rvier	57.97%	100.00%	100.00%	NA	NA	
Rosalie Oaks	51.70%	100.00%	100.00%	79.99%	100.00%	
Silver Lake Oaks	34.83%	42.00%	42.00%	41.67%	42.00%	
South Seas	39.74%	100.00%	100.00%	46.59%	100.00%	
Summit Chase	35.80%	100.00%	100.00%	41.55%	100.00%	
Sunny Hills	23.17%	49.00%	49.00%	57.50%	49.00%	
Valencia Terrace	40.37%	100.00%	100.00%	56.25%	100.00%	
Venetian Village	52.01%	100.00%	100.00%	29.54%	100.00%	
Village Water	36.91%	78.93%	79.00%	45.33%	45.00%	
The Woods	66.67%	100.00%	100.00%	61.34%	100.00%	
Zephyr Shores	0.00%	NA		0.00%	NA	

Notes:

Stipulated 2010

Stipulated 2008

Interconnected no treatment

# Wastewater Collection U&U

System	OPC			OPC		FPSC
	Calculated 2010	AUF 2010	Staff 2010	Calculated 2008	Final Order 2008	
Arredondo Farms	100.00%	100.00%	100.00%	99.72%	100.00%	
Beecher's Point	44.74%	100.00%	100.00%	50.76%	100.00%	
Breeze Hill	93.98%	100.00%	100.00%	NA	NA	
Fairways	98.77%	100.00%	100.00%	NA	NA	
Fl. Central Commerce Park	96.43%	100.00%	100.00%	84.05%	100.00%	
Holiday Haven	68.75%	75.00%	76.00%	68.01%	75.00%	
Interlachen Estates/Park Manor	100.00%	100.00%	100.00%	94.24%	100.00%	
Jasmine Lakes	100.00%	100.00%	100.00%	100.00%	100.00%	
Jungle Den	87.33%	100.00%	100.00%	92.01%	100.00%	
Kings Cove	100.00%	100.00%	100.00%	100.00%	100.00%	
Lake Gibson Estates	100.00%	100.00%	100.00%	100.00%	100.00%	
Lake Suzy	100.00%	100.00%	100.00%	100.00%	100.00%	
Leisure Lakes	85.03%	84.50%	84.00%	72.95%	75.00%	
Morningview	100.00%	100.00%	100.00%	92.50%	100.00%	
Palm Port	93.97%	90.80%	100.00%	86.67%	88.00%	
Palm Terrace	100.00%	100.00%	100.00%	100.00%	100.00%	
Peace River	79.20%	100.00%	100.00%	NA	NA	
Rosalie Oaks	93.14%	100.00%	100.00%	96.46%	100.00%	
Silver Lake Oaks	83.02%	86.80%	87.00%	67.27%	66.00%	
South Seas	100.00%	100.00%	100.00%	98.25%	100.00%	
Summit Chase	100.00%	100.00%	100.00%	100.00%	100.00%	
Sunny Hills	36.27%	55.30%	13.00%	41.31%	38.00%	
Valencia Terrace	100.00%	100.00%	100.00%	96.53%	100.00%	
Venetian Village	100.00%	100.00%	100.00%	100.00%	100.00%	
Village Water	39.91%	57.60%	100.00%	42.70%	47.00%	
The Woods	58.41%	70.90%	76.00%	56.99%	60.00%	
Zephyr Shores	99.81%	100.00%	100.00%	89.93%	100.00%	

Notes:

	Stipulated 2010
	Stipulated 2008

## MAY 24, 2011 COMMISSION AGENDA CONFERENCE AQUA UTILITIES OF FLORIDA

## 4 yr. summary of FL PSC Complaints 7 largest regulated water companies

Company	2007	2008	2009	2010	Total	ERC's
Aqua	186	166	176	142	670	23,524
Alafia	6	63	27	7	103	7,260
Lake Utility	2	5	14	6	27	9,390
North Sumter Utility	1	1	3	0	5	31,852
People's Water Service	2	2	1	8	13	11,858
Sanlando	2	2	1	2	7	12,125
Utilities of Florida	10	11	17	21	57	16,185
Totals	209	250	222	186	882	112,194
Aqua percentage of Total Reports	89%	66.40%	79.30%	76.30%	76.00%	21.0%

## First Quarter, five year summary Commission complaints Water and Wastewater

Company	2007	2008	2009	2010	2011	Total
Aqua	35	34	34	40	36	179
All companies with a report	22	26	31	25	22	126
Total reports 1qtr	77	76	81	93	69	396
Percent Aqua	45.5%	44.7%	42.0%	43.0%	52.2%	45.2%
Percent of Co.'s with a report	13.7%	16.0%	19.0%	15.6%	13.7%	

## 10 HIGHEST SYSTEMS CUSTOMER REPORTS

System	Customer Calls	Customer count
Palm Terrace	764	1064
Silver Lakes Estates	540	1568
Ocala Oaks	520	1712
Lake Gibson Estates	410	792
Jasmine Lakes	397	1418
Lake Osborne Estates	329	451
Arendendo Estates	256	202
Arendendo Farms	260	324
Lake Josephine	202	543
Sunny Hills	168	560

The above Commission complaints continue to remain high as a result of customers not receiving a realistic answer when calling one of the Aqua call centers. The call report provides detailed emphasis regarding customers lack of satisfaction with this company. It must be understood there is a very high level of mistrust of this company, and total lack of confidence in what they are told when calling in with an issue or complaint. Letters filed in the docket verify

FReams 5-24-2011

Parties/Staff Handout  
Internal Affairs/Agenda  
on 5/24/11  
Item No. 17  
100330-WS / 080121-WS

these statements. Aqua has very serious image issues and problems, which become very apparent that there is no concern on the part of the company to rectify these image issues, as there are no rule violations; as a result of the overwhelming number of customer complaints as well as complaints filed with the PSC, and they realize the PSC does not have the power to force them into compliance.

#### 10 HIGHEST CUSTOMER CONTACT CALLS MAY-DEC. 2010

CUSTOMER CONTACT	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
NO WATER	214	123	102	60	262	75	602	113	1551
HIGH BILL	107	120	131	177	112	119	93	118	977
SERVICE LEAK	60	61	46	52	62	58	70	69	478
BILL DISPUTE	45	57	45	53	54	54	45	45	400
LEAK ADJUSTMENT	55	39	46	55	49	50	49	47	390
OTHER WTR QUESTIONS	48	41	19	26	44	28	119	28	353
PRESSURE	82	15	54	33	40	19	48	28	319
METER PROBLEM	36	34	31	31	45	20	23	25	245
TASTE ODOR	31	21	93	23	15	17	7	44	211
COLOR	22	20	23	15	21	20	19	44	162
TOTAL	701	531	513	525	704	460	175	539	5086
TOTAL"CALL CONTACTS"	844	673	735	687	860	631	1269	634	6333

While the NO WATER NUMBERS are very high there was a drainage problem in the rear of several homes in Palm Terrace, Pasco County was on site to fix this problem and had coordinated with Aqua to be on site. However, Aqua did not come and the county proceeded with the work and cut an Aqua water line. In the process of attempting to shut off the water workman tried three different sectional valves none would work. As a result the water was shut off to the entire subdivision causing many reports of no water. This past week there was another main break and caused the water to be shut off to the entire subdivision this impacts about 1000 customers. Boil water notices were not posted to the individual homes until after midnight the day after the outage. Other than a meter upgrades which benefits Aqua no capital improvements have been made for this system, or Jasmine Lakes.

#### CUSTOMER CALL CONTACTS BILLING RELATED

Customer contact	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
No Bill	19	17	14	16	27	25	19	10	145
Duplicate Bill	9	18	13	17	9	15	13	18	112
Bill Correction	9	12	18	12	14	16	17	11	109
Mis Applied Paymt	16	10	14	18	19	10	12	8	107
Lost Payment	4	4	6	4	12	5	4	4	43
Total Billing Errors	57	61	65	67	81	69	84	51	535

No Credits issued for loss of service as 75 main breaks were reported in this period May- Dec.

Over 500 reports related to meters which should be part of the numbers above which would relate to billing problems. In addition there were 1040 calls coded and or recorded as "Dispute Bill" most assuredly related to billing issues. As can be seen, many problems remain with this billing system. There are also many bills sent within 10-12 days apart and each for a different amount. Mis-applied payment in one system there are two meters one for potable water and one for irrigation, Aqua requires that the customer submit two checks one for each meter as there are two accounts in the billing system, in receiving and posting of this payment one account was credited with both checks the other account became delinquent and Aqua shut off the service, however at the curb box Aqua had only installed one shut off valve for both meters so the paid up account with a credit was also shut off. Even with Aqua admitting there was a mistake it took several days before the lock was removed from the meter (see K Goodman's letter in docket file for complete details). These issues should be easily detected if a trial balance was run at the end of each day.

#### CALL CATEGORIES APPEARING IN BOTH REPORTS

Customer Contact		Total		Quality Performance Report
High Bill	977	2270	1293	High Bill
Leak Adjustment	390	916	526	Leak Adjustment
Meter Problem	245	450	205	Meter Problem
No Water	1551	3396	1845	No Water
Service Leak	478	1125	647	Service Leak
Pressure	319	668	349	Pressure
Bill Dispute	400	1040	640	Bill Dispute
Taste Odor	211	320	109	WTR Quality Taste Odor
Sewer	144	238	94	Sewer
Zip check	24	302	278	Zip check sign up
Total	4739	10,725	5986	Total

At first it appeared that the Customer contact calls were a part of the Quality Performance Report, however some categories have more reports in the customer contact column than what are shown in the Quality Performance Report, note "meter problem", "taste odor", "sewer"

THESE ARE VERY HIGH REPORTING NUMBERS WHEN CONSIDERING THAT THE WATER AND WASTEWATER SERVICE IS ALL BURIED AND UNDERGROUND, ONE MUST QUESTION THE CAPITAL EXPENITURE PLAN IF THE FUNDS WERE USED ON PROJECTS WITH THE HIGHEST PRIORITY.

We believe the business plan model that Aqua has for the Florida customers in requesting a rate increase about every 20 months is not a sustainable business model, this most recent rate increase has had the effect of many customers conserving and using less water, so too will this rate case before the commission. One system Scottish Highlands which is part of "Silver lakes Estates Western Shores" has drilled 110 wells simply as a cost avoidance measure. In fact one of the residents applied for and was granted a permit for potable water use, and yet another rate increase will simply manifest additional conservation measures by the rate base. It is estimated that nearly 80% of the customers are retirees on fixed incomes. We would hope that the Commission is cognizant of the fact that the

Florida home foreclosure rates are some of the highest in the US, here are four areas in Aqua's serving area and the numbers DeBary 1 in 17, Orlando 1 in 15, Lakeland 1 in 20, and Tampa 1 in 20. (realitytrac) More over the State of Florida has had to make drastic cuts as has several School districts just recently Pasco county announced the layoff of over 500 personnel within the school system and some schools are considering going to a four day school week. This certainly does not seem like a time when any company should be considering raising the cost of services rendered, but make a good faith effort to understand the dire straits that all citizens are dealing with, especially the retirees who have seen no increases in Social Security income several months, along with the many unemployed Florida residents.

Some, final comment which represents most of the retirees who are captive to this substandard service and paying the highest cost for water and waste water service in the state. This letter came via our FlowFlorida website.

From: Mildred Carter <[milliecarter@hotmail.com](mailto:milliecarter@hotmail.com)>  
Subject: Aqua water

**Message Body:**

I am a widow and live alone. Social Security is my only income. Aqua has almost tripled my water bill. And now going to raise rates again. As it stands now my water bill is more than my electric bill!! In all my 83yrs. this has never happened before. This has got to stop!!! Just where are the ones that control utilities rates? I sometimes believe that they may be in on it, that Aqua is sharing the rates with them.

We respectfully request that consideration be given to the many retirees who have no choice for this service but are captive to this company who has little concern for the customers only the "bottom line". It must be considered that these customers are captive to this company have no choice and must have this basic necessity of life. You must consider that the customer service that these customers are getting is nowhere near what they are forced to pay. In addition Florida has one of the highest unemployment rates in the US and many of these customers are surely living disconnected.

We feel this company has not met the intent of the March 16, 2010 order and are in agreement with the Office of Public Counsel that the customer service offered by Aqua to its customers is unsatisfactory, and feel the March 16, 2010 order should remain in effect for all of 2011, and if no measurable improvements by that time then more severe actions must be considered, and implemented if necessary. Also this company should not be permitted to purchase any additional water systems until they show substantial improvements to their existing systems.



