

BEFORE THE

DOCKET 900025-WS

FLORIDA PUBLIC SERVICE COMMISSION

CASE # 93-03339

VOLUME II

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In The Matter of	:	DOCKET NO. 900025-WS
Shady Oaks Mobile-Modular	:	
Estates, Inc., For a Staff-	:	
Assisted Rate Case in Pasco	:	<u>CUSTOMER MEETING</u>
County.	:	

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 Division of Records & Reporting
DEC 28 1990
 Florida Public Service Commission

Recreational Center
 1702 Highway 39 South
 Zephyrhills, Florida

Wednesday, November 28, 1990

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 JON S. WILKINSON
 CLERK OF DISTRICT COURT
 1ST DISTRICT

Met pursuant to notice at 7:00 p.m.

IN ATTENDANCE:

THOMAS PALMER, FPSC Division of Legal
 Services, 101 East Gaines Street, Tallahassee, Florida
 32399-0863, Telephone (904) 487-2740, on behalf of the
 Commission Staff.

GREG SHAFER, Bureau Chief, Bureau of Special
 Assistance, Division of Water and Sewer, FPSC, 101 East
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 Telephone (904) 488-8482.

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MARY SYMON, FPSC Division of Consumer
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REPORTED BY: CAROL C. CAUSSEUX, CSR, RPR
Chief, FPSC Bureau of Reporting

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P R O C E E D I N G S

(Meeting convened at 7:00 p.m.)

MR. SHAFER: How are you doing this evening? Pretty good? You'll be a whole lot better in a little while.

My name is Greg Shafer. I'm the Bureau Chief of the Bureau of Special Assistance in the Division of Water and Sewer for the Public Service Commission.

With me here this evening, to my immediate left is Carol Causseaux. She is our court reporter, and she is here this evening to take down everything that's said. She is a real good court reporter, but nobody that I know of is capable of reporting two people talking at the same time and getting everything that is said. So as we go through the program this evening, you're going to have to be courteous for her sake, and for one another's sake, and try not to talk over top of one another.

To my immediate right here is Tom Palmer. He is the Staff Attorney assigned to the case. To his right is Mary Symon, and she is our public information person who prepared this little report for you that gives you a little background on the case.

There is a gentlemen here also this evening from the Public Service Commission that was here a

1 little earlier standing over here by the refrigerator
2 with a coat and tie on. That's Mr. Bill Lowe, and he
3 is my boss. And he's here this evening to kind of
4 observe me, and to make sure that I'm minding my
5 manners during this meeting.

6 I want to explain a little bit to you why
7 we're here this evening. As you all are aware by now,
8 the Shady Oaks Utility, and Mr. Sims, has petitioned
9 the Public Service Commission for a rate increase.
10 One of the early steps in the process that we do at the
11 Public Service is to come and talk to the customers for
12 two particular reasons.

13 One reason is to try to get feedback from the
14 customers regarding the quality of the service that
15 they get from the Utility. That's the kind of thing
16 that we can't know just by sending an engineer down to
17 inspect the plant for a week or so, or having auditors
18 come in and look at the books. That's not going to
19 tell us over the long haul what kind of service you get
20 from Mr. Sims when you have a complaint, and what kind
21 -- how the water tastes and whether the sewer plant
22 smells real bad all the time, or things like that we're
23 not going to find out in just a couple of days down
24 here. That's the kind of thing we need to get from
25 you.

1 So that quality of service testimony that we
2 will be asking you to provide tonight is very, very
3 important.

4 The other purpose of us coming down is to try
5 to give you all -- or answer whatever questions you
6 might have to give you some insight into how the
7 process works, and these reports that were available,
8 if we can answer any questions that you may have, or
9 anything about the process, or for whatever reason. We
10 will try to answer that.

11 Obviously, we're not going to be able to
12 answer every single question that you have, or usually
13 we are not able to. I did not prepare the reports
14 myself; people who work for me prepared the reports.
15 And so there's going to be some things that I'm just
16 not going to know, and I'm going to have to get back to
17 the people who prepared the reports and get back to you
18 by telephone or letter, or what have you, and let you
19 know what the answer is.

20 I fully intend to do that. If a question
21 comes up that I cannot answer, I want to make sure that
22 we have your name and address before we leave tonight
23 so somebody can get back in touch with you and answer
24 that question.

25 I believe Mary did send around two notepads

1 for you all to fill in your name, address and phone
2 number. So, please, as those pads go around, put your
3 name on there. It's not going to cause any problems.
4 We started on the outside of the room, so it could be
5 that it's going to take some time to make its way all
6 the way around. At the end of the meeting, come on up
7 front and we'll have another pad so we can get
8 everybody's name.

9 As far as the quality of service goes, and
10 the kind of testimony we are looking for -- again,
11 service-related problems, water cut-offs, backups of
12 the sewer plant, or strong odors -- those are the kind
13 of things we would like to know about. We'd like to
14 know when it happened, whether it was a continuing
15 problem, and that sort of thing.

16 One thing I would like to emphasize is the
17 rates that appear in the reports that were made
18 available earlier in this little handout tonight are
19 preliminary. We are early in the process. Frequently,
20 we get asked at these meetings why the customers didn't
21 -- why we didn't have this meeting earlier so we were a
22 long way down the road. The fact of the matter is we
23 are very early in the process. This is our first
24 attempt to coordinate the information that we have
25 learned so far.

1 So, like I say, the rates are preliminary and
2 something that we learn here tonight may affect those
3 rates. There may be some information outstanding that
4 we will get from the Utility between now and when the
5 Commissioners make their first decision that will have
6 an impact on those rates.

7 So, again, keep in mind that they are
8 preliminary; that nothing has been voted on by the
9 Commissioners; no decision has been made yet as to what
10 the rates are going to be, or anything like that. So
11 keep that in mind as we go through the process tonight.

12 Okay. At this point I'm going to let Tom
13 Palmer explain the legal process and what other
14 opportunities you all may have to participate down the
15 road beyond this particular customer meeting. So I
16 will ask Tom to do that right now.

17 MR. PALMER: Thank you, Greg. Good evening,
18 ladies and gentlemen.

19 My name is Tom Palmer. I am a Staff Attorney
20 with the Public Service Commission in Tallahassee
21 assigned to this case.

22 This meeting tonight is but one part of a
23 long process that is involved in this kind of a rate
24 proceeding. Heretofore, the -- actually, the Utility
25 has applied for this rate case and an auditor has come

1 down and looked at the books of the Utility to find out
2 whether or not the expenses of this Utility have been
3 applied to the correct accounts, or are properly
4 justified with backup information. An engineer has
5 also come down and looked at the plant to find out what
6 he can.

7 This evening is your first opportunity to
8 give input into the record of this case. The testimony
9 this evening will be taken down verbatim and will be
10 transcribed, will be disseminated among the Staff
11 members in this case for their consideration.

12 If things are raised this evening that cause
13 problems that the Commission feels need to be
14 corrected, they can impose mechanisms on the Utility,
15 or see to it that the problems that are recurring and
16 need correction can be taken care of.

17 After this evening the Staff will, on the
18 first week of January, file a written recommendation to
19 the five Commissioners, who are the individuals who
20 decide this case in Tallahassee. This is a document
21 that usually consists of about 15 or 20 pages, and
22 numerous exhibits; and what it does, it is to specify
23 the data and the logic and the reasoning and the law to
24 apply to the case as to the basic reasoning that the
25 Staff recommends to the Commission.

1 In this particular case, the Commissioners
2 will hear this case at what is called an Agenda on
3 Tuesday, January the 15th, 1991. And you will have an
4 opportunity, if you wish, to come to that meeting and
5 speak to the Commissioners. They sit up on a dais, and
6 there are five of them, and you have a right to have
7 input.

8 Now, this report that the Staff prepares in
9 the first week of January can be made available to
10 about ten of you folks if you will either put a star
11 beside or circle your name on the name list that's
12 being passed around. We will mail you a copy of this
13 document at no charge to you, and you can see what the
14 Staff's recommendation is to the Commissioners. And,
15 therefore, if you do not agree with certain aspects of
16 that, you will have an opportunity to come to the
17 Commissioners and argue that it is incorrect; that the
18 conclusions are not based on the facts, or that the law
19 has been misapplied.

20 The Commissioners can either accept the Staff
21 recommendation, they can modify it, or they can reject
22 it, or they can refer it back to Staff for
23 modification. Depending on what the Commission does on
24 January the 15th, the Staff will then write a proposed
25 order, or what is known as proposed agency action. And

1 that order must go down to the Records and Reporting
2 Department not later than 20 days after January the
3 15th. And then that action, if you do not agree with
4 that -- you can actually have an opportunity to look at
5 that; and if you do not agree with that document, you
6 have the right, within a 21-day period of time, to
7 protest that order.

8 If an order is protested, the matter starts
9 over again and we have a trial, much like before a
10 Judge, where we will prepare testimony and the right of
11 cross examination, to a man or a woman who has the
12 title of a Hearing Examiner. It's much like a formal
13 trial.

14 Incidentally, I'd like to mention that this
15 case is what is known as a Staff-assisted rate case.
16 In Florida, large utilities that have incomes in excess
17 of \$150,000 a year must hire their own accountants,
18 auditors and attorneys and rate analysts and formally
19 present a case to the Commission, and that is very
20 expensive. What that Utility, if the expenses are
21 approved, and they generally are unless they are
22 unreasonable, get involved in the calculation of what
23 the rates for the Utility will be, eventually those
24 costs are rolled in the rates and it will cost the
25 ratepayers more money.

1 The purpose of these Staff-assisted rate
2 cases for small utilities that have annual revenue of
3 \$150,000 and less, and to which this Utility applies,
4 the Staff of the Public Service Commission, its
5 engineers, auditors, attorneys and accountants get
6 involved and prepare the recommendation. This saves
7 the Utility and yourselves money in that they do not
8 have to go out.

9 Now, to go to a hearing, these expenses have
10 to be incurred, by and large, and it does incur some
11 expenses. So the Staff, what it tries to do is do a
12 reason analysis, a detailed investigation, and write a
13 supportable recommendation to the Commission, that the
14 Commission will, hopefully, be satisfied with, or
15 approve, and the matter will not be protested.

16 If, in fact, the matter is protested, it goes
17 before a hearing and the Hearing Examiner prepares an
18 order, which comes back in written form to the
19 Commissioners. And then they have the opportunity,
20 when it comes to Agenda thereafter, to either accept
21 that or reject that or modify it.

22 Then if that is not satisfactory, there is an
23 appeal process through the Court of Appeals in
24 Tallahassee, where the matter can be resolved by a
25 court of law if it gets to that point.

1 Now, as Greg said, we are very interested in
2 what you have to say this evening. One aspect is if
3 you want to make a complaint to the Utility, we are
4 interested in whether or not there has been a timely
5 and satisfactory response to those complaints. Because
6 if there has not, the Staff can make a recommendation;
7 then if it is still not satisfactory, steps can be
8 taken so that things can be corrected.

9 Now, those of you who wish to testify this
10 evening, and who know you are going to testify, please
11 stand up and be sworn in. Those of you who are not
12 sure that you are going to testify, would you also
13 please stand, also, because being sworn in does not
14 compel you to testify this evening.

15 We also ask that you give your name, and
16 spell your name for the reporter, so that when we
17 review this matter we will have it clear who it is who
18 is speaking. Quite often what transpires at these
19 customer meetings
20 gets in the recommendations sometimes in quite detailed
21 particulars. So we are interested in what you have to
22 say this evening.

23 And with that, I will turn the meeting back
24 over to Greg Shafer.

25 MR. SHAFER: Thank you, Tom.

1 I notice sitting back there that it sounds a
2 little bit fuzzy. Is it better if I keep the mike away
3 from my mouth a little bit?

4 AUDIENCE: Yes.

5 MR. SHAFER: Okay. Thank you.

6 As Tom said, we need to swear in those of you
7 who wish to speak tonight. So you go ahead and stand
8 up and then Carol can administer the oath and we will
9 be on our way.

10 Those of you who know you want to speak, go
11 ahead and stand. And if you're sitting there and
12 you're not sure but you think you might, go ahead and
13 stand up. It doesn't cost anything and it doesn't
14 hurt, so you might as well have it.

15 (Witnesses collectively sworn by reporter.)

16 MR. SHAFER: Thank you, Carol.

17 All right. Do I have a volunteer to be
18 first? Somebody has got to be first. Who is it going
19 to be? All right, sir.

20 ROBERT M. BIRD

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

23 MR. BIRD: My name is Robert M. Bird. My
24 residence is 38553 Monet Drive.

25 Now, I have a number of questions, and I

1 would ask if you wish them to be called out one at a
2 time and wait for an answer, or should I go through my
3 whole spiel?

4 MR. SHAFER: How long is your list?

5 (Laughter)

6 MR. BIRD: It's six pages.

7 MR. SHAFER: Okay. We'd probably better go
8 one at a time.

9 MR. BIRD: Okay. This is a statement which I
10 intend to turn in to the Commission, so I will skip
11 over some of the background that I have here, if it's
12 okay, in the interest of keeping it short. (Pause)
13 Well, I think I'd better go right on through it.

14 We have carefully reviewed the following
15 documents pertaining to this case: The application for
16 Staff-assisted rate case by Shady Oaks Mobile-Modular
17 Estates, Inc., Document No. 00298, dated January 10th,
18 1990; the memorandum dated September 20th, 1990; an
19 engineer's report prepared by Hank Landis; and a
20 memorandum dated October 15th, 1990, a report prepared
21 by Denise Vandiver, economic analyst.

22 We offer the following comments and
23 questions: On background, Item 10 of the restrictions
24 and covenants recorded in 1972 by Mr. Richard Sims,
25 owner of Shady Oaks Mobile-Modular Estates, Inc.

1 states, "A yearly charge of \$300 payable in advance
2 will be made for water, sewage, cable TV and
3 recreational center, including shuffleboard court."

4 Since that time Shady Oaks Mobile-Modular
5 Estates has received \$300 annually from each of its
6 homeowners.

7 Without going into the various court cases
8 ordering compliance by Mr. Sims, we submit the
9 following acts of nonperformance of contract, which we
10 believe to be true:

11 Cable TV has never been provided.

12 The clubhouse is badly in need of repair, and
13 has been for some time. The owner provides only
14 electric and water, and has on occasion failed to do
15 even that.

16 The shuffleboard courts are also in need of
17 repair. The surface of the courts has been maintained
18 and paid for by the residents since 1987.

19 The pool was taken out of service by the
20 owner in 1986. In 1988 the homeowners made and paid
21 for repairs to put the pool in operation.

22 The entrance to the park was landscaped
23 through homeowners' contributions and labor since 1988.
24 They also provide the maintenance. Prior to that time,
25 it has been let go and was becoming an eyesore.

1 Garbage pickup was discontinued in 1979,
2 except to those who paid extra. The same is true of
3 streetlights, which the residents now pay for directly
4 to the County.

5 Street paving, implicit in each resident's
6 property purchase, was never completed in Phase II of
7 the development. Mr. Sims refused to fulfill his
8 obligation in this regard.

9 In 1988 a group of individual property owners
10 paid approximately \$25,000 to have these streets paved.
11 Although Mr. Sims owned six lots with frontage on these
12 streets, he refused to pay for his share of the paving.
13 Maintenance of the streets in the entire park since
14 that time has been provided and paid for by the
15 residents.

16 For the past two or three years Mr. Sims has
17 posted a disclaimer, stating that he does not carry
18 insurance on these facilities and will not be held
19 liable for injuries occurring on his property.

20 In his application, on Page 8, Mr. Sims --
21 that's the application for the rate case -- Mr. Sims
22 stated he had 178 customers in 1986 and 179 in 1987.
23 At \$300 per customer, this would amount to an annual
24 income of over \$53,000. Even using the figures that
25 the PSC allowed for utility income in the previous rate

1 case -- that's Docket No. 840360-WS -- of \$22.54 per
2 customer per month, he would have had an income of
3 \$48,000-plus.

4 On Pages 3 and 4 of the application, combined
5 revenues show only \$31,392 in 1986 and \$28,814 in 1987.
6 The percentage of Shady Oaks Mobile-Modular Estates'
7 total income applied to utilities service was 59% in
8 1986 and 54% in 1987. We question where the balance of
9 this income was applied. The only service being
10 provided by the owner, besides water and sewer, was
11 electricity to the recreation hall and pool, and that
12 was reflected in Mr. Sims' statement of operating
13 costs.

14 In the engineer's report he states, on Page 2,
15 that 23 customers are voluntarily paying \$35 per month
16 in support of the Utility. These customers were
17 actually receiving other services from Mr. Sims,
18 including garbage pickup. This was discontinued by
19 Mr. Sims in August of 1990.

20 On Page 6 of his report, Mr. Landis states
21 that he interviewed several customers with regard to
22 quality of service. May we ask who they were? Only a
23 small percentage of residents were in the park during
24 July, and we have not been able to locate anyone who
25 was interviewed. Do you wish to address that?

1 MR. SHAFER: Why don't you go ahead and then,
2 if you don't mind, I'll take the document and go
3 through it.

4 MR. BIRD: Okay.

5 MS. BIRD: Why don't you give a copy of the
6 document to read while you are going through it?

7 MR. BIRD: All right. (Supplied.)

8 I'm on the last paragraph on Page 2.

9 On Page 11, concerning unaccounted-for water,
10 some of that should be allocated to the pool, jacuzzi,
11 recreation center, and to the laundromat that Mr. Sims
12 provides on the premises as a revenue-producing
13 facility.

14 Also, as Mr. Landis points out on Page 10,
15 tap water was used for gas chlorination at the sewer
16 plant, and water consumption at the sewage treatment
17 plant was not metered. Was that taken into
18 consideration?

19 198 gallons per day per ERC, I believe that's
20 -- well, you'll have to explain that one to me. ERC,
21 what is that?

22 MR. SHAFER: Equivalent residential
23 connections.

24 MR. BIRD: Equivalent residential
25 connections, okay.

1 198 gallons per day per equivalent
2 residential connection has been allocated to customer
3 usage. This figure, multiplied by 185 existing
4 customers, equals 36,630 gallons per day pumped. If
5 the Table of Average Home Water Consumed Per Day, which
6 is attached, is at all representative, then this
7 community would realistically use only 20,905 gallons
8 per day, even assuming there were two people in every
9 household and every house was occupied year-round.

10 In the economic analysis, Issue 1 asks, "Is
11 the quality of service satisfactory?"

12 We have been residents of Shady Oaks since
13 November, 1986. Water service, with the exception of
14 the test year, which was markedly improved, has been
15 inconsistent, running from to almost nonexistent. In
16 that time frame there were many outages. Even now the
17 pressure varies considerably.

18 The engineer's report took notice that the
19 PSC records were checked for complaints and none were
20 found. This was because the residents of Shady Oaks
21 were not aware of the PSC's complaint line. In the
22 spring of 1987, particularly, there were constant water
23 outages and extreme pressure reductions for a period of
24 several months. Our complaints at that time were
25 addressed to the local Health Departments and to the

1 DER, who worked with us. Its records should show
2 numerous complaints about service.

3 Then in Issue 5 the question is, "Should the
4 cost of the projected plant improvements be included in
5 utility plant in service?"

6 According to the engineer's report, and
7 stated in Issue 3, both water and wastewater facilities
8 are 100% used and useful. We presume that to mean
9 operating to capacity. If this is so, are the
10 ratepayers expected to share the costs of plant
11 expansion to accommodate the development of the
12 remainder of the park? Sewer and water lines have
13 already been run to a portion of these lots. We do not
14 believe costs for expansion should have to be paid by
15 existing customers.

16 Also, on Page 6, Paragraph 1: "Staff does
17 not believe that the retirement of the old pond is
18 through any negligence on the part of the owner." Does
19 the DER agree that there was no fault on the part of
20 the owner? If it does, why did it fine him so heavily?
21 And why were there so many directives from the DER to
22 Mr. Sims for noncompliance? For over five years the
23 DER has been ordering improvements, and Mr. Sims seems
24 to have been ignoring them.

25 It is our belief that the Utility's current

1 state of disrepair is due to neglect of maintenance by
2 Mr. Sims. We believe he should be required to produce
3 true and accurate maintenance expense records from 1972
4 forward so that a comparison can be made between costs
5 and revenues.

6 Further, was the contract for the sale of
7 4.65 acres in 1985 consummated? What was the exact
8 location of that acreage? Who was the seller and who
9 was the buyer? \$48,000 per acre seems to be an
10 excessively high valuation for the site of the new
11 pond. This site is included in Tract 1 of Shady Oaks,
12 and is currently valued by the Pasco County Tax
13 Appraiser at an average of \$11,804 per acre, fair
14 market value.

15 Under Issue 6: Who owns the land?

16 The statement in Paragraph 1 of the Staff
17 analysis, that transferring the entire utility from the
18 mobile home park to a separate entity, "will assist in
19 accounting for the Utility separately, as well as
20 protecting the property from any liens due to unpaid
21 property taxes on the remaining property."

22 According to Pasco County Tax Office, the
23 Pasco County Tax Office, Department of Delinquent
24 Taxes, subdividing the property does not protect it
25 from liens, and the properties are still considered to

1 be one tract for delinquent tax purposes.

2 There is a lien against Tract A for \$16,500
3 by Nationwide Mutual Fire Insurance Company, as well as
4 liens by Fleetwood, Fashion Pools and the DER. This is
5 the property that the well and the pumphouse are
6 situated on. It was subdivided in October 1990, but
7 carries tax liens from 1983 to the present. Tract A is
8 scheduled to be sold at tax auction on January the
9 17th, 1991.

10 The property that the present sewer facility
11 occupies, as well as the proposed expansion, is a part
12 of Tract 1, which also carries tax liens from 1983
13 forward. The present sewer facility has been
14 subdivided out in October 1990, and there is no
15 application for a tax deed at the present time. But
16 the property is subject to that liability.

17 Under Issue 12: What is the appropriate
18 amount and cost rate for long-term and short-term debt?

19 Is all of the debt to be assigned against the
20 Utility? Shouldn't it be prorated between the Utility
21 and Shady Oaks Mobile-Modular Estates?

22 Under Issue 15: Staff Analysis, Page 14,
23 Paragraph 2. If the two customers with additional
24 empty lots are not connected to the system, why should
25 they be required to pay for the service? If these two

1 lots are included in the rate base, why do you not also
2 include the remaining empty lots in the developed
3 section, Phase I and II, as well as the unsold lots
4 with sewer lines in place in the undeveloped portion,
5 Phase III of the development? You would then be
6 dividing the cost among 242 lot owners, as opposed to
7 185.

8 Can you explain to us what you mean by
9 "annualized revenues prior to adjustment for increased
10 rates"?

11 Under Issue 16, we believe that the
12 appropriate level of operating expenses to be grossly
13 inflated.

14 Purchased Power: We believe that the
15 electric service should be placed on separate meters
16 for the Utility, the office, and the recreational
17 facilities.

18 Under contractual services: Was a contract
19 maintenance service used by the Utility prior to the
20 test year? If not, the use of contract service figures
21 seem to have the effect of inflating utility costs by
22 approximately \$11,000 for the test year; that is, 3,217
23 plus 7,488 equals \$10,705.

24 Under Issue 22: Does the Commission have the
25 authority to increase the water and wastewater rates

1 and charges?

2 We believe you will find that 6,000 gallons
3 per month per customer is an overly optimistic figure,
4 and that actual usage, as will be accurately shown by
5 meters, will find Mr. Sims operating at a considerable
6 reduction in income. Will the resulting adjustment in
7 rates then be just, fair, compensatory, and not
8 unfairly discriminatory to the ratepayers?

9 If the Public Service Company is empowered to
10 set the utility rates regardless of the courts'
11 decisions upholding \$25 for services fee, does this not
12 have the net effect of invalidating the deed covenant
13 requiring payment of the fee, since the proscribed
14 services are no longer being provided? Mr. Sims
15 himself, in requesting Public Service Commission help
16 in an assisted rate case, seems to be violating this
17 covenant, which also applies to him.

18 While you are setting up the structure for
19 the owner of the Utility to recoup his investment, on
20 Page 23, will there also be a PSC mechanism to monitor
21 the Utility's physical and financial performance? And
22 will the ratepayers have guaranteed access to the
23 Utility's records and financial statements? Are we
24 required to purchase services from S&D Utility Company?

25 Issue 23: What is the appropriate rate

1 structure, and what are the recommended rates?

2 Our question concerns the rate of return on
3 investment. Most businesses with which we are familiar
4 expect a profit of about 6% in today's economic
5 structure, utilities included. We believe that a
6 13.42% rate of return on investment seems overly
7 generous, especially for a protected utility.

8 Question: Are the costs of meters, meter
9 installation and meter reading incorporated into the
10 rate base, as described? And how is it that Pasco
11 County can provide meters for 40% less?

12 In conclusion, in addressing these issues, we
13 believe, as the Public Service Commission does, that
14 flat rates and unmetered service are not conducive to
15 conservation. We are not objecting to a metered base
16 rate gallonage system; neither are we objecting to a
17 fair rate structure. We are objecting to rewarding Mr.
18 Sims for past errors in judgment, and for his inability
19 to provide documentation to prove the accuracy of his
20 figures. We question the accuracy of much of the
21 information and data used in determining the rate
22 structure.

23 We are very much concerned about Mr. Sims'
24 ability to manage a utility company for the public
25 good.

1 We have no reason to believe that Mr. Sims
2 will amend his manner of doing business and dealing
3 with his customers. Therefore, if the Public Service
4 Commission is empowered to act for the public welfare,
5 and does not attempt to compensate the Utility owner
6 for mismanagement, then why not use that power to
7 disenfranchise the present Utility owner/operator and
8 allow the ratepayers to connect with nearby County
9 facilities?

10 (Applause)

11 MR. SHAFER: Okay. Thank you, Mr. Bird.

12 Does everybody have a copy of this letter?

13 MR. BIRD: No.

14 MR. SHAFER: Okay. So I will have to go
15 through it and identify what item we're talking about
16 here.

17 I guess what I will start by doing is
18 allowing Tom to address the issue concerning the --
19 well, the legal issue on whether or not the Commission
20 has the authority to establish the rates. Before that,
21 I want to also try to reinforce to you that what the
22 Public Service Commission is looking at is attempting
23 to narrowly focus on the Utility.

24 The Public Service Commission doesn't have
25 the authority to force Mr. Sims to uphold his deed

1 restrictions, nor do they have the authority to force
2 Mr. Sims to provide Cable TV or keep the swimming pool
3 in operation or pave the roads. Their jurisdiction and
4 authority is very narrowly defined to utility
5 regulation.

6 We frequently have situations that are
7 similar to this in the sense that an individual owns
8 and develops the mobile home park, or neighborhood, or
9 what have you, and also provides a utility service and
10 owns and maintains the utility service. And depending
11 on the way the developer chooses to set those things
12 up, we sometimes have a hard time drawing a real
13 clear-cut line between what is utility and what isn't.
14 But that's what the Commission attempts to do, and to
15 focus primarily on the utility.

16 Now I'll let Tom go ahead and talk about the
17 legal issue.

18 MR. PALMER: Mr. Bird raised a question about
19 what is known as Issue No. 22, which is shown on Pages
20 22 and 23 of the primary recommendation of the
21 accountant in this particular case.

22 What has happened heretofore in regard to the
23 court cases, we take no issue with whatsoever. What
24 happened, in our opinion, was perfectly proper because
25 this Commission has never formally set the rates for

1 this Utility. Until such time as this Commission sets
2 rates after a rate case, which is distinguished from
3 grandfathering rates, or merely confirming preexisting
4 rates, developer agreements can be found binding by the
5 court of law. However, if this Commission, after
6 reviewing the record, finds that a contract unduly
7 restricts rates whereby the Commission -- on
8 recommendation the Commission finds that if the
9 contract is upheld prospectively, looking forward, the
10 rates will not be compensatory.

11 The Commission's actions in setting rates in
12 excess of those set by a contract, in effect, voids the
13 contract to that effect. That would be the effect of
14 this. Mr. Bird specifically asked would that not be
15 the effect, and the truth of the matter is that that is
16 the effect.

17 In the recommendation, there were a number of
18 court cases cited which squarely hold this principle of
19 law. This particular matter of law, as you might well
20 imagine, has happened time and time again in the state
21 of Florida. It is really not a new issue. However, in
22 order for the Commission to do so, they must find that
23 the rates, if they were going to continue to be limited
24 by such a contract, they must find that they would not
25 be compensatory; that is the decision-making process.

1 It is Staff's recommendation that the rates,
2 as restricted by the contract, the \$300 per year,
3 inclusive of other services, do not represent
4 compensatory rates.

5 The other aspect I might just want to mention
6 to you briefly, and I want to clarify -- not give you
7 legal opinions about liens. The point of that
8 particular recommendation is that if this land is
9 transferred to a corporation, that will in no way void
10 preexisting liens. The preexisting liens will be
11 attached to that land and will be tattooed to it as it
12 goes over to the corporation. However, debts cannot be
13 imposed on that land after the transfer; that is, debts
14 that are not preexisting, unless they are debts
15 incurred by the corporation.

16 There's another point that Mr. Bird made that
17 I think probably might have been a little bit of an
18 overgeneralization about liens in subdivisions. He
19 made the broad statement -- and if I don't state it
20 correctly, I'll stand corrected -- that basically liens
21 in subdivisions do not recognize property lines.

22 That may be true in some cases, but it is
23 certainly not true as a universal statement; or if your
24 neighbor failed to pay the taxes on his property, the
25 government could not impose that tax obligation against

1 your lot. And I think you would be mad if they
2 attempted to do so. And that is the principle that we
3 are making. If this property is transferred into the
4 Utility, or the corporation, only the corporation's
5 legal responsibilities will attach to the property;
6 certainly, none of yours.

7 If there's anything later on that comes up on
8 a legal matter, I'm sure Greg will give me an
9 opportunity to explain. Thank you very much.

10 MR. SHAFER: I will attempt to go through
11 these one by one and give you the best answer I can.
12 At this point I can tell you right now that there are
13 some of these questions that are so technical that I
14 can't answer them here tonight. I'm going to have to
15 go back and get some of the people who worked directly
16 on the case to provide me the information to answer the
17 questions.

18 But what I believe is the best thing to do in
19 this case is to provide the written response to the
20 entire letter as a follow-up to whatever we say here
21 tonight. And then Mr. Bird can make that written
22 response available to all of you for review at a later
23 date. But I'll do my best to try to address everything
24 that's in here.

25 On Page 2 of the letter, he talks about

1 revenues that Mr. Sims allegedly received and the
2 analyst that worked on the case recognizes revenues
3 received. The tariff that is, as you well know, in
4 effect for the Utility indicates that the rates
5 received by Mr. Sims are some unspecified portion of
6 the \$25 a month that you all have to pay. That leaves
7 quite a lot to be desired in terms of accurately
8 identifying what he should have received in the
9 particular test year that we're looking at. So the
10 best approximation, what the analyst did was to compare
11 what was entered in the annual report as received,
12 versus a straight calculation of the \$25 per month per
13 customer for all customers indicated during the test
14 year.

15 Given the somewhat sketchiness of the
16 information, I believe we should make the judgment that
17 the best thing to do was just to recognize that 184
18 customers paid \$25 each for water and for sewer and go
19 with that as what he should have received as revenues.
20 And if there were some people in there that didn't pay
21 that amount, then that basically imputed that revenue
22 so that other people didn't wind up subsidizing it. So
23 that's about all I can say about that particular item.

24 Okay. The engineer, when he came down, he
25 does indicate in his report that he spoke to several

1 customers. The report doesn't indicate those names and
2 I don't know who he spoke to but I can certainly check
3 with him and have him provide those names if he can
4 remember, or if he made notes as to who he spoke with,
5 and we can provide that in a letter.

6 Now, I need to refer to what was written
7 about unaccounted-for water. (Pause) Okay. What we
8 do on the unaccounted-for water, what we are looking
9 for there is to see if the system is in such disrepair
10 that there is a big discrepancy between the water that
11 was pumped by the well, which has the master meter, and
12 the amount of water that was sold. In this particular
13 case, since it's not metered, we don't have much to go
14 on in that case.

15 What Hank indicated here is that the Utility
16 produced about 198 gallons per day per customer, which
17 he indicated in the report was slightly high. So that
18 means that in his opinion there may be some
19 unaccounted-for water, but he goes on to say that he
20 does not believe that it is abnormally high. Again,
21 when the customers, individual customers, are not
22 metered, it's very difficult to determine whether there
23 is a problem with unaccounted-for water. So given the
24 information at hand, his judgment was that it wasn't so
25 out of line that it was a problem in this particular

1 case.

2 The comments you make about the pool and the
3 jacuzzi and the recreation center, and all of that,
4 could contribute but it's difficult to tell. But, yes,
5 he did take that into consideration; in other words,
6 the engineer did recognize that there were those things
7 here on the premises.

8 Okay. The next item was a fairly complicated
9 calculation involving the gallons per day, and what I'm
10 going to do is defer on that and let the engineer get
11 back and respond to that one.

12 Okay. "Is the quality of service
13 satisfactory?" And you go on here to mention several
14 cases of there being some water outages and pressure
15 variations and reductions. What I'm going to do on
16 that one is to come back, once I've gone through this,
17 and give you an opportunity to tell me when those
18 occurred, and whether they're still occurring on a
19 regular basis. And it's probably better just to let
20 the individuals make those comments because that's why
21 we're here tonight. I can't tell you whether there has
22 been a problem because I don't live here every day, and
23 you folks can tell me that.

24 MR. BIRD: Well, we're talking largely
25 history.

1 MR. SHAFER: Right. Again, you mentioned the
2 possible future expansion. My understanding of what is
3 being allowed for in this particular rate case is
4 improvements to the plants to get them up to compliance
5 with the current standards, given the number of
6 customers that are currently being served. Should
7 those improvements in some way increase the capacity of
8 the plant beyond what is necessary to serve the
9 existing customer base, then we would have to come back
10 and take a look at it and determine whether or not --
11 exactly how much of that is over capacity. We do not
12 want current customers to pay for plant that will be
13 used by future customers if we can avoid it. But you
14 have to understand that that's not an exact science.
15 We do the best we can to try to recognize that through
16 service availability charges or hookup charges when you
17 customers come on line through used and useful
18 percentages.

19 There was an issue on used and useful and, as
20 you pointed out in there, it's currently over 100%. If
21 something were to happen to change that, then we would
22 want to recognize that, such that if the plant is now
23 exceeding the necessary -- I want to make sure I say
24 this right and don't get my tongue twisted up -- if the
25 plant were bigger than it needed to be to serve the

1 current customers, then we would want to reflect that
2 in the used and useful; rather than 100%, it would be
3 something less than that.

4 The engineer's judgment regarding the
5 improvements that are currently on the drawing board to
6 be made would be that that would not accommodate future
7 expansion. So his judgment was that 100% is
8 appropriate.

9 Okay. He mentioned that there is -- talking
10 about the fact that the Staff did not believe that
11 retirement of the old percolation pond was not through
12 any negligence on the part of the owner. Certainly, if
13 the Department of Environmental Regulation came out and
14 said that it was not up to snuff and something needed
15 to be done, that's a sign that something isn't right.
16 That doesn't necessarily mean that there was a mistake
17 previously made, it just means that something needs to
18 be done to correct it.

19 I believe the engineer's judgment was that,
20 given the geographical here and the highness of the
21 water table, that that percolation pond just wasn't
22 functioning as well as it needed to be and that perhaps
23 -- that probably it wasn't because it was a poor
24 decision for locating it or anything like that, it was
25 as good as any other available location at the time

1 perhaps.

2 And so what he is saying is -- what we're
3 saying is the fact that it is not up to code does not
4 necessarily mean that there was mismanagement. If it
5 stays in violation over a period of time, that's
6 another story entirely. But what he is talking about
7 when he made that statement was at the time it was
8 installed that was a reasonably good judgment to locate
9 it where it was located, and the size, and so forth.
10 And in his opinion there was nothing particularly wrong
11 with it.

12 Okay. He raised the issue about the sale of
13 the additional acreage and the cost per acre. I'm
14 going to have to get back to you on that one as well.
15 I reviewed the report this morning very carefully for
16 the first time and that jumped out at me as well. That
17 seems like an awful high price for the value of the
18 land in this particular area. So I'm going to have to
19 get back with the people who wrote the report and try
20 to see what their basis for accepting those numbers was.

21 Okay. Tom already responded to the tax issue
22 of about protecting it from liens. (Pause)

23 Okay. He raised the issue of whether or not
24 some of the debt that is currently assigned against the
25 Utility shouldn't be prorated between the Utility and

1 the mobile home park as a separate entity. All I can
2 say to that at this point is that the Staff did come in
3 and perform an audit on the books and records, and they
4 were attempting to get as much documentation for
5 everything as they possible could. So to the extent
6 that they assigned all that debt to the Utility, then
7 it was their best judgment at the time that that was
8 where it correctly belonged and that the documentation
9 was sufficient to do that.

10 I don't believe that they would have assigned
11 it to the Utility if they weren't fairly confident that
12 that's where it belonged. But, again, when we prepare
13 a written response I will have them address that issue.

14 (Pause)

15 Okay. You say that if the two customers with
16 additional empty lots are not connected to the system,
17 why should they be required to pay for the service.
18 Our, or the Commission's, policy in that regard is that
19 there is a certain amount of investment in plant that
20 is there ready to serve. And if those lots have been
21 purchased from the developer but no one has made the
22 decision to locate a home there, the developer doesn't
23 know whether or not that could happen tomorrow or
24 whether it's going to be five years from now or ten
25 years from now, and the Utility doesn't. But the

1 Utility knows that at some point, if someone decides to
2 locate a home there, that they're going to have to be
3 ready to provide the service. So at the point that the
4 lot is sold to someone, then they're going to have to
5 pay at least the base facility charge with the idea in
6 mind that the plant is there ready to serve, regardless
7 of whether it's being used or not.

8 MR. BIRD: May I address that point?

9 MR. SHAFER: Sure. Yeah, sure.

10 MR. BIRD: The point regarding the two lots
11 that were to be charged is why aren't the remainder of
12 the lots that are serviced in the park, the unsold
13 lots, also equally responsible for part of the charges?

14 MR. SHAFER: Again, the determining factor
15 there is whether the lot has been sold or not. The
16 Utility and the developer, if the developer and the
17 Utility are one and the same, then they know their
18 intention. They know that that area is not going to be
19 using utility service. And that can be reflected in
20 the used and useful percentages to the extent that it's
21 significant.

22 Okay. "Explain what is meant by annualized
23 revenue prior to adjustment for increased rates."

24 Annualized revenue is an attempt to say what were the
25 -- what should the Utility have gotten under a normal

1 situation in income for an entire year. And that
2 means, like I explained earlier, that we took the \$25 a
3 month times the number of customers for 12 months in
4 order to come up with the amount of revenue for an
5 entire year that the Utility should have gotten if they
6 abided by their tariff, given the number of customers
7 they have.

8 So, for example, if there were some customers
9 out there who didn't pay and the actual booked revenues
10 were something less but on a going-forward basis we
11 have to expect that at some point they're going to make
12 those customers pay, we want to recognize that as money
13 that the Utility would have under normal circumstances
14 received so that the rest of the customers don't have
15 to make it up.

16 Again, it's an imputation, or a way to get to
17 a number of what they should have been so that there
18 isn't an extra amount in the increase to cover for
19 previously uncollected amounts. Yes?

20 MR. BIRD: I believe you addressed my major
21 points and I'll wait for the Staff comments on the
22 written questions so that you can go ahead and address
23 other people's questions.

24 MR. SHAFER: Okay. Thank you very much.

25 Who wants to be next? All right, sir.

HERBERT J. McCLAIN

1
2 appeared as a witness and, having been duly sworn,
3 testified as follows:

4 MR. McCLAIN: My name is Herbert J. McClain,
5 and I live at 3738 Muller Drive. My remarks will be in
6 respect to the memorandum prepared by Denise Vandiver.

7 On Page 3 refers to quality. The quality of
8 service has been recently satisfactory since final
9 judgment with the DER was signed by Judge Cobb. We do
10 have occasional interruptions of the water system,
11 apparently due to the negligence of the operator.

12 On Page 5, the memorandum agrees on the four
13 acres of land for the new percolating pond location to
14 be \$193,988, or \$48,497 per acre. This is not
15 realistic for this area.

16 The land on the north side of the entrance to
17 Shady Oaks is now for sale at the asking price of
18 \$125,000 for 3.78 acres, or \$33,088 per acre. It then
19 follows that the price per acre could be further
20 reduced from the asking price. Without a reduction in
21 price, the value of the land for the new pond would be
22 reduced by \$61,636 for the four acres.

23 Since the owner is anxious to recover his
24 investment in the 3.78 of an acre, it seems realistic
25 that an offer of \$100,000 might be accepted. This

1 would then result in a reduction of \$83,348 in the
2 price stated in the memorandum.

3 The memorandum states that Mr. Sims provided
4 a sales contract for the sale of 4.65 acres in 1985 at
5 \$68,817, indicating a sale of the property. The fact
6 is that Mr. Sims never sold the property. The 3.7
7 acres now for sale is a part of the 4.65 acres referred
8 to in the Sims sale. Actually, the property was
9 purchased for the delinquent taxes.

10 Property along the west side of Highway 39
11 has been for sale for several years, without any sale
12 except for delinquent taxes. The PSC Staff should
13 consider the area of growth in the Zephyrhills area
14 that's north and west of the Village. South of the
15 Village remains stagnant, which certainly affects the
16 value of property along Highway 39. Even the tax
17 appraiser values the land at under \$16,000 per acre.

18 The indications are that the bypass from
19 Highway 301 to Highway 54 East will have little effect
20 on land values for years to come. Truckers state that
21 they will not use it extensively, as it ends up in the
22 middle of nowhere.

23 Page 6. The present percolating pond
24 occupies approximately one acre of land, according to
25 the Staff. The fenced-in area around the pond consists

1 of approximately 2.1 acres. In the past, the acreage
2 around the pond has been used for cattle and goat
3 pasture and for storage of motor homes and travel
4 trailers. Since a lot of the land exclusive of the
5 pond was used for things other than wastewater, is it
6 necessary to purchase four acres of land for the new
7 pond?

8 As I understand it, the new pool will be two
9 and a half times as large as the present pool. Why
10 then isn't three acres of land adequate?

11 A fair return on capital investment should
12 not exceed 10%. This is supported by an article in the
13 Tampa Tribune business and finance section dated
14 November the 23rd, 1990. "Mortgages are now averaging
15 9.93% for 30 years." I'm sure most of the customers of
16 the Utility would be more than satisfied with a 10%
17 return on their personal investments.

18 Mr. and Mrs. Sims are both part-time
19 employees of the Utility. Businesses do not
20 customarily provide free hospitalization policies for
21 part-time employees. In fact, many businesses, both
22 large and small, avoid fringe benefits by the use of
23 part-time employees. In my 20 years experience in the
24 field of employee relations, I can state that payments
25 for hospitalization for part-time employees is the

1 exception rather than the general practice.

2 From time to time Mr. Sims has employed
3 part-time workers and I do not believe he can produce
4 any evidence that he paid for their hospitalization
5 insurance. (Applause)

6 The employment of Mathis Water and Waste
7 Systems, Incorporated, to operate the sewer plant at
8 \$350 per month, to be increased to \$450 per month, is
9 rather odd. At a bankruptcy hearing before Judge
10 Paskay involving Mr. Sims, an inspector of the water
11 and wastewater systems from either the DER or the
12 Health Department testified under oath that he could
13 teach a person with reasonable intelligence to operate
14 the Shady Oaks sewer plant in 15 to 30 minutes, 15 or
15 30 minutes. (Laughter)

16 Is the employment of this company now being
17 employed to assist in building the higher rates, only
18 to be replaced later with cheaper employees? That's my
19 question.

20 The Staff engineer recommends the Utility
21 should have an increase of \$1,700 per month for
22 preventative maintenance. No one can disagree that
23 preventative maintenance isn't a good idea; but,
24 unfortunately, in the 14 years I have lived in Shady
25 Oaks, I have yet to observe any preventative

1 maintenance. Even when we were paying monthly fees of
2 \$35, and later \$40, in the late '70s and the early
3 '80s, the maintenance didn't change.

4 Apparently, preventative maintenance is not
5 in the makeup of the present owner. Presumably, the
6 additional monies for that purpose will probably wind
7 up in some other place than for preventative
8 maintenance.

9 Allowing \$250 for rent for the office for
10 Shady Oaks is not in line with rents in this area.
11 Part of the office is used by a real estate company.
12 The remainder can hardly be called an office. It is in
13 poor condition, with the very poor entrance. I doubt
14 if it could be rented to anyone as an office in its
15 present condition. As a comparison, a fairly modern
16 duplex apartment can be rented -- that's a two-room --
17 can be rented furnished for \$200 per month in
18 Zephyrhills.

19 Page 18. Considering the amount allowed for
20 transportation includes car insurance, and apparently
21 this is mostly for the travel to the office from the
22 owner's home in Tampa, transportation to and from the
23 office to work is definitely a personal cost and should
24 be eliminated from the cost applied to the rate
25 structure. The trip would involve a minimum of 50

1 miles to and from the office. Transportation, after
2 Mr. Sims reaches Zephyrhills, would only be a few miles
3 per day. Plus he doesn't appear at his office more
4 than 50 or 60% of the time.

5 The test period does not truly represent a
6 fair criteria for transportation, as I tend to believe
7 Mr. Sims has been traveling extensively to accumulate
8 figures to build up the structure as high as possible
9 for the PSC.

10 It is proposed to include taxes and
11 assessments in the rate structure to avoid a risk that
12 the Utility could be lost to the tax collector. Who is
13 going to police the payments? Does the PSC have any
14 way to ensure the customers of the payments?

15 As a matter of fact, the PSC is doing the
16 customers an injustice by including the taxes in the
17 rate structure. To lose the property in question to
18 the tax collector could be one of the greatest benefits
19 ever received from Shady Oaks. It would be most
20 difficult to find ourselves in a worse situation than
21 with the present owners.

22 In conclusion, actual experience speaks
23 louder than words. I must then conclude that it is
24 questionable whether our service will improve under
25 present management. A fair rate for utilities

1 competitive with surrounding small water and waste-
2 water utilities is not objectionable. Since the Public
3 Service is an impartial agency, should we not expect a
4 more balanced evaluation than has been proposed?

5 Thank you. (Applause) (Pause)

6 MR. SHAFER: Okay. Thank you, Mr. McClain.

7 Before I get too much farther along here, let
8 me ask if I could see a show of hands of those of you,
9 the rest of you, who have letters like that? (Show of
10 hands) Okay.

11 What I would prefer to do, rather than read
12 every one of those letters, because I suspect that
13 there is a bit of commonality in all of them, is to go
14 ahead and take -- go ahead and collect those letters
15 and take them back to Tallahassee and prepare one
16 response that covers everything that's addressed in all
17 the letters, and then send out copies of that response
18 to everybody that prepared a letter. Then they can
19 distribute it around to their friends.

20 I do want to try to address several of the
21 things that Mr. McClain raised. First, again, as I
22 spoke regarding the value of the land, my first
23 impression when I read that was that it was very high,
24 and I do intend to look into that. I can't really
25 respond to that this evening. I will have to take

1 another look at that.

2 Okay. And he mentions why four acres is
3 going to be required rather than three for the new
4 pond. The Department of Environmental Regulation has
5 standards regarding the amount of land that has to be
6 used for any particular sized percolation pond. And
7 these standards include easements surrounding the pond.
8 So that according to the engineer, in conversation with
9 DER, it was their judgment that four acres was going to
10 be necessary in order to accommodate the standards that
11 Mr. Sims is going to have to live up to. So that's why
12 four rather than three was the chosen amount.

13 The rate of return: The Commission has a
14 standard approach in establishing rate of return for
15 utilities, and one of the big things they look at is
16 the cost of debt that the Utility has incurred and
17 whether or not, when the Utility incurred that debt,
18 did they do so at a reasonable rate given the time and
19 the circumstance that the debt was incurred.

20 I think in the analyst's report, one of the
21 amounts that was borrowed at an extremely high interest
22 rate, the analyst said that was way out of line and it
23 should not be recognized. However, in this particular
24 case it wound up in the area of 13%. And when we
25 looked at that, it did not appear, except in that one

1 particular instance, that, given the situation, the
2 length of the terms of the debt, and so forth, that the
3 rate that was being paid was terribly out of line.

4 Again, I need to emphasize that much of what
5 this report reflects is judgment. We can't know
6 everything there is to know about every facet of the
7 existence of this utility and how they do business on a
8 day-to-day basis. So there are many judgments that we
9 make that we do just based on experience, having done
10 many, many rate cases just like this, comparing one
11 system to another when that's appropriate -- a lot of
12 times that's not appropriate. And so the analyst goes
13 through and the engineer goes through; and in areas
14 where the information is a little soft or they are
15 making an educated guess, that's exactly what they are
16 doing: they are making their best professional
17 judgment based on their experience, and based on the
18 information that is available.

19 And then in other areas we have Commission
20 policies that have to be followed; rules and practices
21 that we do over and over again for every utility, and
22 sometimes the numbers come out a little different. So
23 that's about all I can say on that particular one.

24 Okay. He mentioned about the part-time
25 nature of Mr. Sims. I do believe that the analyst made

1 an adjustment on the insurance expense to reflect the
2 fact that they were only part-time employees, but I'll
3 have to go back and confer with her on that. (Pause)
4 Okay. Tom points out to me that it's cut in half.

5 Okay. We took a look at the number of hours
6 Mr. Sims had indicated he was spending, and the looked
7 out of line. And the number of hours as an employee of
8 the Utility was reduced to reflect what we believe he
9 ought to be doing on an ongoing basis, and not what was
10 reflected in the test year because of the difficulties
11 he was having, and having to spend a lot more time. So
12 the analyst made a judgment to reduce the amount of
13 time on a going-forward basis, and then a commensurate
14 adjustment in the cost of the insurance.

15 I'm sure, you know -- I understand what Mr.
16 McClain is saying with regard to part-time employees
17 being paid hospitalization, and that sort of thing; on
18 the other hand, I'm sure some of you were small
19 businessmen yourself and, you know, at some point felt
20 like you needed to have the business pick up a portion
21 of your health care.

22 The Mathis Water and Wastewater allotment,
23 again, the engineer makes a judgment. He comes out and
24 he looks at the condition of the plant, and we're
25 trying to look and say, "What does this utility need to

1 do on an ongoing basis, and what monies do we believe
2 they need?" Not necessarily always what they spent in
3 the last test period. And recognizing that the Utility
4 was somewhat run down, the engineer believed that if he
5 increased the expense for operation and maintenance --
6 or for maintenance in the contractual services, that
7 perhaps that would improve the quality of service over
8 the long haul.

9 Again, the Public Service Commission can't be
10 here every day holding Mr. Sims' hand and making sure
11 he does what he is supposed to do. (Audience
12 response.)

13 He does have standards that he has to live up
14 to.

15 AUDIENCE: He doesn't have any; no way.

16 (Pause)

17 MR. SHAFER: Not only with our agency but
18 with other agencies. But, as is true with much
19 government, is sometimes slow to respond to problem
20 areas. What I'm trying to get at is that the
21 Commission can't deprive the Utility of the necessary
22 funds to operate it effectively.

23 What we can do is say, "Well, what has been
24 the past history?" And maybe we need to devise some
25 way to hold this person's foot to the fire to make sure

1 that these things get done. And, you know, we'll try
2 to do some thinking about that and see what we can
3 arrange in order to get that accommodated. Because we
4 can't withhold from the Utility the necessary operating
5 funds to do what needs to be done on an ongoing basis.

6 DAN COLE

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

9 MR. COLE: I think you're missing the point.

10 My name is Dan Cole. I'm new here. Now,
11 Sims turned the streetlights off for spite. You notice
12 there's no streetlights out here? You have to watch
13 out you don't fall out, you guys, and get hurt out
14 there. There's no streetlights out in front.

15 Is it cool in here? No. Because the power
16 is off on the air conditioner.

17 What we're worried about, more than anything
18 else, is that Dick Sims will do just exactly what he
19 did before: fall down on the job. And are you guys
20 going to be responsible, or have we got to take him
21 back to court again?

22 JOE ROWDY

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

25 MR. ROWDY: When we go after the public for

1 passing the thing they give him a permit to do it, and
2 we fight you then. If you have an incompetent man
3 doing the job that you okay, and we tell you and he
4 doesn't do it, can we sue you? (Laughter) Can I sue
5 you?

6 (Simultaneous conversation)

7 MR. SHAFER: Wait a second, please. Would
8 you please identify yourself, sir?

9 MR. ROWDY: Mr. Rowdy, Joe Rowdy. And will
10 you protect us?

11 MR. SHAFER: The Public Service Commission
12 has a limited amount of ability to, as I indicated, to
13 enforce -- not to enforce, but to force Mr. Sims to be
14 a good boy on a day-to-day basis. Most of the
15 standards that have to do with quality in the operation
16 of a utility are primarily the Department of
17 Environmental Regulation standards.

18 As you know, he has been in trouble with the
19 Department of Environmental Regulation, and they have
20 slowly but surely put the pressure on him to the extent
21 that he has now come to the Public Service Commission
22 to try to get a rate increase so that he can get the
23 improvements done that need to be done to be in
24 compliance.

25 MR. ROWDY: Which he should have done a long

1 time ago.

2 MR. SHAFER: That very well may be true. And
3 should he continue to be a problem -- this is the first
4 rate case that Mr. Sims has actually applied for with
5 the Public Service Commission. When we first
6 discovered the utility and certified the utility, the
7 Commission did not set rates, even though at that point
8 the Staff had recommended that they do.

9 Mr. Sims has come to us, finally, to ask for
10 a rate increase after a period of about four years. So
11 we really are in somewhat of a difficult situation, in
12 terms of trying to force him to do things on a
13 day-to-day basis. And, again, I must emphasize that
14 many of the things that have to do with meeting
15 standards for water quality, and that sort of thing,
16 are really DER and the local County Health Board
17 standards. And those are agencies that need to also be
18 involved in trying to put the pressure on Mr. Sims.

19 Certainly, the Commission can do some things
20 to encourage him to spend the money in the way that
21 he's supposed to spend the money but, again, those
22 avenues are not perfect.

23 One thing that can be done, for example, and
24 has been done, is that the rate increase monies be
25 escrowed and the monies not be allowed to be used until

1 such time as whatever improvements need to be done have
2 been completed and the money can be released that way.
3 Again, that's not always the way to go, and that
4 depends on the unique circumstances.

5 I certainly understand your frustration, and
6 I wish I had a statement I could make, a positive
7 statement that if he doesn't do the job we're going to
8 get the scoundrel out. And, again, I'm not agreeing or
9 disagreeing whether Mr. Sims is a scoundrel. But it's
10 just not an easy situation.

11 MR. McCLAIN: May I ask you a question?

12 MR. SHAFER: Yes, sir.

13 MR. McCLAIN: Is this type of utility
14 required to provide an annual statement to their
15 customers?

16 MR. SHAFER: Yes. To their customers?

17 MR. McCLAIN: Yes.

18 MR. SHAFER: No. They are required to file
19 an annual report with the Public Service Commission and
20 that is a public document. If you wish to get a copy
21 of it, if you would contact the Commission, then they
22 will provide it to you. (Pause)

23 Yes, ma'am. Please identify yourself.

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CAROL WILSON

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

MS. WILSON: I'm sorry. Carol Wilson.

On his report there, he asked you one
question that was not answered, as to someone else
having the facility other than Dick Sims. Why do we
have to go with his corporation and not the City or the
County, or whoever?

MR. SHAFER: Currently, he is the one who is
certified by the Public Service Commission to serve the
customers in this area. Occasionally, the situation
arises where the Department of Environmental Regulation
has had such a long history of problems, and there
happens to be a nearby system that would not be that
expensive to interconnect with, and they have forced
utilities out of business, more or less, and to
interconnect with those systems.

But, again, that is not exclusively in the
purview of the Public Service Commission. There are
other agencies involved and there are a lot of issues
that need to be addressed in that particular case.

Should the homeowners wish to purchase the
system from Mr. Sims, they could probably make him an
offer on it, or something like that, and take the

1 system over. (Audience response)

2 You know, there are alternatives but, again,
3 the Commission alone cannot force that kind of a
4 situation. Yes, sir.

5 CHARLES BACON

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

8 MR. BACON: My name is Charles Bacon. I live
9 at 3558 Castle Drive.

10 One of the things that troubles me about this
11 whole thing -- and I know the Legal Department is going
12 to take care of us as they see fit, or whatever suits
13 the law -- but I don't think there's a person in this
14 room that had anything to do with this price that was
15 set in 1972. I have told Mr. Sims this many times;
16 that anybody that would guarantee a price for 28 years
17 down the road was out of their mind, and he should have
18 pleaded insanity at the hearing that they had because
19 he might have got some relief. (Laughter) And he
20 would have got some relief, possibly, if he would have
21 taken some records up there.

22 But here we are, none of us had anything to
23 do with this rate that he established. To me, looking
24 back, it was a fine sales tool.

25 Now, I don't know where the Public Service

1 Commission, and I'm not -- I say this with all due
2 respect to you gentlemen -- but why isn't the Public
3 Service Commission involved in this thing at the
4 outset, when they develop these projects, so we don't
5 come up with a situation like this 18 years after the
6 fact?

7 Now, we're going to be penalized -- and what
8 somebody said here about why do we have to go with Mr.
9 Sims, and you mentioned buying the system. Well, he
10 has tried to sell the system to the residents prior to
11 now and who would buy it in the condition that it's in?
12 And, in addition to that, the problems to operate it.

13 But someone asked why we can't go with some
14 other supplier? And you indicated that it would be a
15 problem unless we bought the system.

16 But just in comparison, I talked to some
17 people in the City of Zephyrhills -- and if this rate
18 that you proposed, based on 6,000 gallons a month, the
19 total cost as I figured it, and I could be wrong, could
20 total a cost to each individual of \$46.92 a month.

21 In the City of Zephyrhills for the same
22 service, and this is in the City, it's \$19.06. And if
23 the City of Zephyrhills would furnish this water out of
24 the City, which they do in some cases, it would be
25 \$28.09.

1 Now, it looks to me like -- I don't know what
2 your rates will be, I know this is a preliminary, and
3 we're hopeful that it will be more realistic than that
4 \$47. Because we're not sure at this point where we're
5 at. I mean, we were paying 25, some was paying 35,
6 some 40. But whatever we were paying, that was for
7 sewer, water, and the other services that we were
8 supposed to receive, which we really haven't.

9 But now they're saying that if we have to pay
10 this \$46.92, what about the other services? Do we have
11 to pay for it? We don't get them but, I mean, is there
12 still going to be a fee for a maintenance that we're
13 not getting?

14 I don't understand how this all works. I
15 mean, I thought the deed restrictions and covenants
16 were forever unless they were removed by all parties --
17 you know, agreed on by all parties.

18 But here we are. Now we've got these that
19 are supposedly in effect until the Year 2000, and we're
20 10 years from that almost, and now you're saying your
21 rulings can override that.

22 I'm not saying that's not correct, and I
23 understand in the interest of conservation that's
24 probably what you hang your argument on, and I can
25 understand that, too.

1 But, anyhow, if we have to pay more for the
2 water and sewer, fine, but let it be competitive.

3 (Applause)

4 MR. SHAFER: Thank you for your comments,
5 sir.

6 FRANK MALLON

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

9 MR. MALLON: Can I put something from the
10 newspaper into your file? Would you put it in the
11 file?

12 MR. SHAFER: Yes, sir.

13 MR. MALLON: I would like to present that.

14 I'm Frank Mallon, I live at 38646 Stafford
15 Drive. I have lived in this park 10 years.

16 Back in 1985 -- now, the newspaper clipping,
17 we are not going to read it but you can read it later,
18 you'll find that it's very identical to what we're
19 doing right here tonight.

20 At that time I was President and we did not
21 involve the Homeowners Association in the utilities.
22 We had a separate committee for that. But here's a
23 letter I wrote to Mr. Bruce Deterding:

24 "After reading the enclosed article, 'State
25 May Set Fees on Utilities' from the East Pasco Tribune,

1 Wednesday, May 22nd, we, as residents, are very much
2 disturbed that Shady Oaks Park developer is trying
3 another angle to continue his harassment of us. We are
4 senior citizens who paid our money to him and now he is
5 doing everything imaginable to break his written
6 contract to us.

7 "He hasn't made any improvements or spent any
8 of our monthly maintenance fee on the park since 1980.
9 The clubhouse ceiling was falling in at that time and
10 water pours in when it rains. The toilets and water
11 faucets all leak. He turned out the lights,
12 disconnected the air and heat, and refused to clean up
13 the swimming pool. Last summer he put a junk fence
14 around it and made no entrance. The streets were never
15 completed.

16 "This was all promised to us with our deeds.
17 We own our lots. After several lawsuits, with a
18 favorable result in our favor, he is still disobeying
19 the law. It is just not right to be treated this way.
20 We are all between 65 and 85 years old, and only want
21 what we paid for, and then be left to enjoy our
22 retirement.

23 "Please do not approve anything that will
24 make things worse." (Applause)

25 MR. SHAFER: Okay. Thank you.

1 Yes, sir, come on up.

2 JOHN WILLIAMS

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

5 MR. WILLIAMS: My name is John Williams and I
6 live at 38602 Stafford Drive here in the Shady Oaks
7 Mobile Home Park.

8 I guess the question I have that I consider
9 significant, looking at the document memorandum, on
10 Page 4 it talks about the average test year plant for
11 the water system and the wastewater system, comes up
12 with a figure of \$37,872 for water system and \$103,546
13 for the sewer system.

14 Now, when lots were purchased by persons in
15 Shady Oaks, we all paid for those services. In other
16 words, when we bought lots in here we bought improved
17 lots. And the lots included a charge for the water and
18 sewer systems and the necessary hookups for the water
19 and sewer systems. And the document, as I read it,
20 seems to indicate that we are going to now be required
21 to pay again for those services that we have already
22 purchased.

23 In other words, my view of this is that the
24 people that own the property in Shady Oaks actually own
25 the water and sewer system; we paid for it. Mr. Sims

1 did not give that system to us. I realize that he got
2 the contracts out to put the system in place and was
3 supposed to have paid the people that put the system
4 in, but now we arrive at a point where we are going to
5 try and establish a rate base and we find that there's
6 a tremendous amount of debt here. This thing says 100
7 and what, \$150,000, or \$140,000.

8 Why are we being required to pick up the tab
9 for those debts when we, in fact, have already paid our
10 money? I don't know what each individual situation is,
11 but mine is paid for, and I believe that's the case
12 with everyone else here.

13 I also believe that these people are
14 responsible people that pay the \$25 a month without
15 fail, every month. Also, the people that live in Shady
16 Oaks paid more money per month, not only \$25 but, as
17 some indicated, as much as \$45 a month. The big
18 complaint that resulted was that Mr. Sims was still not
19 providing the services. That's when all these court
20 cases ensued.

21 It wasn't because the people that live in
22 Shady Oaks were trying to be unreasonable and trying to
23 hold Mr. Sims to that \$25, as such. It was only after
24 these monies were paid by the people that live here and
25 the services were not provided that the court case

1 ensued.

2 This is our big concern. We have paid for
3 this system; now we're being asked to pay for it again.
4 That's all I have to say. Thank you. (Applause)

5 MR. SHAFER: Okay. Let me just address a
6 couple of things that you mentioned.

7 Generally speaking, when you buy a home or a
8 lot usually it's a good idea for the developer to have
9 water and sewer service available or he's not going to
10 have much luck selling the lot. And so a portion of
11 what you pay for when you pay for the lot goes towards
12 paying for a portion of the utility system.

13 The Public Service Commission recognizes that
14 as what we call contributions in aid of construction.
15 And that is, we try to recognize that -- take the total
16 cost of the plant and the distribution system and net
17 out the contribution made by the customers at the time
18 they purchased their lot, and the balance is what is
19 left in rate base. That is a one-time deal, in terms
20 of what your contribution is towards the plant, towards
21 the system.

22 Any time the Utility has to maintain the
23 system or make improvements to the system, then that
24 increases the rate base, that increases his investment.
25 The utility owner has an investment in the system above

1 and beyond what the customers have contributed. And
2 that's what the Commission tries to identify and they
3 want to net out the contribution that you have made, in
4 terms of those initial hookup fees when you bought your
5 lots, and so forth.

6 So the rate base value has already taken into
7 account the fact of what you paid when you bought the
8 lot. It also has taken into account any improvements
9 that have been made to the Utility, capital
10 improvements, from the time of the Utility's inception.
11 Additionally, it retires those things that have
12 depreciated over time. So it's an ongoing viable
13 economic entity and it's not just what it was like when
14 it was first built and then it just lasts forever and
15 ever and ever and nothing has to change. It just
16 doesn't work that way.

17 Yes, ma'am, you in the back.

18 CORA MEEUSEN

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

21 MS. MEEUSEN: I'm Cora Meeusen, 3524 Castle
22 Drive.

23 MR. SHAFER: Would you spell your last name
24 for us?

25 MS. MEEUSEN: M-e-e-u-s-e-n. I have two

1 questions.

2 One, who do we pay our water bill to, to go
3 to the meters? Who do we pay the water bill to?

4 MR. SHAFER: You'll pay that to the Utility.

5 MS. MEEUSEN: Who collects that?

6 MR. SHAFER: I presume Mr. Sims will do that.

7 (Audience response)

8 MS. MEEUSEN: Are you sure you're going to
9 get it then, if he's going to collect it?

10 MR. SHAFER: Well, he's the utility; he's the
11 one that has to collect it. (Audience response)

12 People, please, if you would keep the
13 conversation down, we could hear better.

14 MS. MEEUSEN: Number two: Are we still going
15 to have to pay that \$25 a month that we've been paying?

16 MR. SHAFER: I can't really say that one way
17 or another. I think Tom indicated earlier on that
18 should the Commission's decision ultimately stand, that
19 that would have the effect of voiding the original
20 agreement, if I understood that correctly. Maybe he
21 ought to go ahead and address that.

22 MR. PALMER: As I understand the details, the
23 \$25 per month is reflected in these recommendations as
24 income being received by the Utility for utility
25 services. Therefore, that has been already taken into

1 account for these rates. So that would not affect that
2 charge at all; in fact, they have been netted out.
3 Those figures have been taken into account as revenue
4 received by the Utility. So that would not change that
5 payment. (Audience response)

6 MR. SHAFER: Okay. So what you're saying is
7 that the charges that we set will be in addition to the
8 yearly charge?

9 MR. PALMER: Yes. (Audience response)

10 MR. SHAFER: That is an item that you
11 definitely would have to work out with Sims. (Audience
12 response)

13 What I'm trying to say is that the Public
14 Service Commission sets the utility rates and they
15 don't have anything to do with the rest of the
16 maintenance items that supposedly were included in that
17 annual fee, whether they were provided or not.

18 UNIDENTIFIED SPEAKER: Then how can you break
19 the Judge's decision when he said it goes to the Year
20 2000?

21 AUDIENCE: That's right.

22 UNIDENTIFIED SPEAKER: Why do you want to go
23 with Dick Sims and do that?

24 MR. SHAFER: It's not that anybody wants to
25 go and do that. I'm sure Mr. Sims does.

1 UNIDENTIFIED SPEAKER: Then why are you
2 butting in?

3 MR. SHAFER: By statute he has come to the
4 Commission for assistance and we have to provide that
5 assistance up to a certain point. And you all
6 certainly have the opportunity to challenge what we're
7 saying is the Commission's authority. You have that
8 opportunity to challenge it. You don't have to accept
9 what we say here tonight as the final word on it.
10 Certainly, the courts are going to be a final word on
11 that.

12 MS. MEEUSEN: Who's going to read the meters?

13 MR. SHAFER: Mr. Sims is going to read the
14 meters. (Audience response)

15 All right. Let me get this lady in the back.
16 Yes, ma'am, your name, please.

17 LOUISE MILLER

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

20 MS. MILLER: My name is Louise Miller, and I
21 live at --

22 MR. SHAFER: Would you please come up so
23 everybody can hear you? The rain is kind of giving us
24 a hard time up here.

25 MS. MILLER: I have some more things that I

1 want to say on this letter but they've been pretty well
2 covered. The only thing that I can think of that I
3 have a question on is this is a retirement community,
4 and with just one or two people per household we don't
5 use a large amount of water for our personal use. We
6 do use quite a large amount of water to water our lawns
7 and shrubs.

8 I don't see anything fair or just about
9 charging us a sewer charge for water that goes on our
10 lawns and never goes through the treatment system. I
11 would certainly hope and trust that an allowance would
12 be made for a certain amount of water used that will
13 not be going through the septic system.

14 MR. SHAFER: Okay. The maximum on sewer
15 rates is designed to accommodate that; in other words,
16 there's a cap at 6,000 gallons. That cap is there to
17 recognize the fact that not all of the water that goes
18 through the meter winds up in the sewer. So that is
19 recognized in the rate structure.

20 Yes, sir, in the purple shirt.

21 MR. WARNER
22 appeared as a witness and, having been duly sworn,
23 testified as follows:

24 MR. WARNER: My name is Warner, at 3750
25 Castle.

1 What I'm concerned with is, does this group
2 have any alternative to your Commission, in terms of
3 water and sewer resources? I think you've partially
4 answered that, but I'm prevailing on your expertise in
5 this area.

6 For instance, could we apply to the Pasco
7 County for water, as an example, and bypass this
8 circumstance? Is that feasible?

9 MR. SHAFER: No, sir, I don't believe it is.
10 The County and the Public Service Commission do not
11 have overlapping territories. And the Public Service
12 Commission is responsible for regulating systems like
13 this that are independently owned and not part of the
14 municipalities, and we establish the service territory
15 for those systems. So, really, there isn't an
16 alternative.

17 There was something else you touched on that
18 I wanted to talk about and now I've forgotten.

19 MR. WARNER: Well, it may be reflected in my
20 second question. Could we provide someone qualified to
21 run the system? (Audience response)

22 MR. SHAFER: I'm not sure what your exact --
23 how far-reaching you are proposing.

24 MR. WARNER: As an association. As an
25 association, would it be feasible, and it may not be,

1 but would it be feasible for us to select someone to
2 run this system through the Commission?

3 MR. SHAFER: As long as Mr. Sims owns the
4 Utility, then you would have to --

5 MR. WARNER: I'd thought of that probability.

6 MR. SHAFER: You would have to get his
7 agreement to that. (Audience response)

8 One of the things that I did want to comment
9 on further was the idea of possible septic tanks or
10 water well, or whatever, in lieu of taking service from
11 Mr. Sims. And those restrictions are typically handled
12 County-by-County. I would assume that Pasco County
13 prohibits individual wells and septic tanks in this
14 particular area, but I don't know that for a fact. So
15 I would suggest that if you are considering that as an
16 option that you contact the County to find out what
17 their position is on that.

18 Yes, sir, way in the back with the yellow
19 shirt.

20 RONALD SLOSSER

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

23 MR. SLOSSER: I'm Ron Slosser, and I think
24 you can all hear me without the mike.

25 I want to take exception to your attorney's

1 remarks on this \$25 fee for water and sewer. It's
2 specifically stated in the provisions that there are
3 other factors also involved in that \$25.

4 MR. SHAFER: Okay. Thank you, sir.

5 MR. PALMER: My information is that that \$300
6 charge includes a number of services, which you may or
7 may not be getting. (Audience response) That I don't
8 want to get into.

9 The point is the Commission, for purposes of
10 deciding how much additional revenue is needed for the
11 purpose of this rate calculation, has assumed a certain
12 amount of that money is going for those bills. That
13 assumption actually reduces the rates. Because if, in
14 fact, none of that was assumed to go to the water and
15 sewer system, that amount of revenue that is assumed to
16 be coming in would not be assumed to be coming in.
17 And, therefore, what is known as the revenue
18 requirement would be increased and, therefore, the
19 recommendation for the rates would be increased.

20 So the more that is imputed to build the
21 water and sewer system from that annual charge reduces
22 the rates to that degree. So it is not a calculation
23 that harms you; that calculation reduces the rates.
24 (Audience response)

25 MR. SHAFER: Yes, sir, in the striped shirt.

1 Quiet, please, so we can understand the
2 gentleman.

3 OSCAR HULBER

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

6 MR. HULBER: I'm Oscar Hulber and I live at
7 38609 Jackson Drive.

8 MR. SHAFER: Could you spell your last name,
9 please?

10 MR. HULBER: H-u-l-b-e-r.

11 MR. SHAFER: Thank you.

12 MR. HULBER: You people don't seem to
13 understand. He has been beaten in the courts on this
14 \$25 case deal and all he has brought you people in for
15 is so that he can get this money from another source.
16 He's in contempt of court in everything that he has
17 done to this park.

18 We had to maintain our own pool, we had to
19 fix the cabana, we had to fix the clubhouse roof. He
20 had a guy get him out of jail, sworn to an affidavit
21 that all the work was done. It's not done.

22 And do you people think you've got more clout
23 that a court has got, who can't do anything with this
24 guy? You can't do anything with him. All he's doing
25 is trying to get another rate increase around the back

1 door from the courts. That's all he's doing.

2 (Applause)

3 MR. SHAFER: Okay. The Public Service
4 Commission is effectively not taking a position in
5 things that have been decided before in the courts. We
6 are proceeding along the lines that we have to proceed
7 on in order to process this case. And at some point
8 down the line, should the homeowners choose to go back
9 to court and attempt to fight it, then the court will
10 answer the question that you have regarding whether or
11 not the Public Service Commission has authority.

12 Our Legal Staff believes we do have the
13 authority and we are proceeding on that assumption. We
14 could be wrong. We haven't tested it in the court so
15 we could be wrong.

16 MR. McCLAIN: Pardon me. You told me you had
17 had a case in court over things similar to ours.

18 MR. SHAFER: I'm sorry, Tom said that. I
19 stand corrected.

20 MR. PALMER: I don't want to give you legal
21 advice on matters apart from utilities. But the court
22 has jurisdiction over that \$300, and whether or not you
23 should have to pay that and what services you get for
24 that, for everything but utility service. So if you
25 want to get a lawyer and go back to court on that

1 matter, that is an issue of fact as to whether or not
2 you are receiving those services, and whether or not
3 you have got to continue paying that \$300 a month for
4 services you allegedly are not receiving.

5 The court still has jurisdiction over all of
6 those other services and what you were paying for them.
7 The only thing the court does not have jurisdiction
8 over after a full-blown rate case is the amount of
9 money you pay for these utility services.

10 So this decision of the Commission, if and
11 when it is made, will have no bearing on all other
12 aspects of that charge that you pay to Mr. Sims.

13 (Audience response)

14 MR. SHAFER: Yes, sir.

15 LONNIE RUTLEDGE

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

18 MR. RUTLEDGE: My name is Lonnie Rutledge and
19 I live at 3803 Stafford Drive.

20 Are you folks going to make the decision as
21 to what happens here in this park? I mean, you folks
22 are out of town; you don't know what goes on here.
23 I have been here 15 years and I've seen things you
24 wouldn't believe.

25 One thing I would like to tell you is that he

1 does have a heart -- not very big. But I was in the
2 hospital when he got out of jail. And when I got out
3 of the hospital, he called me up and he says, "Lonnie,"
4 he says, "If you'll stay out of the hospital, I'll stay
5 out of jail." (Laughter)

6 MR. SHAFER: Thank you. Yes, ma'am, in the
7 back.

8 ANN ROIX

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

11 MS. ROIX: I'm Ann Roix, R-o-i-x, 3619 Castle
12 Drive.

13 I was a plaintiff in many of these suits.

14 AUDIENCE: We can't hear you.

15 MR. SHAFER: Come on up front, please, ma'am.

16 MS. ROIX: I thought I had a bigger mouth
17 than that. (Laughter)

18 I'm Ann Roix, R-o-i-x, 3619 Castle Drive.

19 I was the plaintiff in all of these suit
20 cases, my husband and I, and I was known as "French" at
21 that time. We have taken Mr. Sims to court, as you
22 know and as has been discussed here all evening. And I
23 have heard all evening that the \$25 or the \$300 went
24 for maintenance and all these things until the Year
25 2000.

1 It does go until the Year 2000; however,
2 after that it can only be changed by 51% of the
3 residents in the park. If that is not -- if no one at
4 the end of the Year 2000 puts any changes in, it will
5 go for 10 years. Every 10 years it comes up for a new
6 vote, but not before. That has been through all the
7 courts. It went to the appellate court when Mr. Sims
8 appealed it. And nine judges there ruled on it.

9 In 1985 we went to Tallahassee before the
10 Board. At that time he had asked for a rate, and they
11 had set up a rate which we didn't think was right, it
12 was too high. We asked them where they had come up
13 with this rate and they had come up with it from
14 Tallahassee. At that time we mentioned that there was
15 no way that they could use Tallahassee rates for us
16 down here in Zephyrhills.

17 There were people there from the FBI, there
18 was the State Attorney, there were many others there
19 who had tried to get records from Mr. Sims on all of
20 these different things, and they all got up, even the
21 FBI, and said that he had burned them. Now, there's no
22 way that I could burn records that you people would
23 want to see and get away with it.

24 The Utility had stated that all records on
25 the original water and sewer costs were purposely

1 destroyed by the owner. Also, the accountants for the
2 utility had been -- that the assets, on the base of the
3 verbal figures furnished by the owner with no
4 documentary support.

5 The Water and Sewer Staff's recommendation
6 suggested that rate base should be established at zero.
7 The reasoning was the lack of cooperation on the part
8 of the Utility. At this time they asked that Mr. Sims
9 keep records for one year on water and sewer so they
10 could come up with these base rates. That was in '85.
11 He did not do it.

12 Why he is doing this now, he has reason.
13 What his reasons are, no one knows, unless you people
14 know. But we don't know. Any time he gets pressed for
15 something, he runs to somebody else to try to get him
16 out of problems, and this is exactly what he's doing
17 now.

18 Our concern on this -- as it has been brought
19 up by many people, because in the past we know exactly
20 what has happened -- the DER has gone after him; they
21 have fined him but couldn't collect the fines. They
22 told us three years ago they couldn't afford to take
23 him into court; the State could not afford to take him
24 into court.

25 Where does that leave us? We've spent over

1 \$9,000 taking him to court. We've put him in jail, but
2 he lied and got out of jail.

3 All these water systems he cut, he cut water
4 pipes. We got a permanent injunction against him; he
5 cut them again. We called the judge, who called the
6 deputy. He came out, he talked to the judge. The
7 judge said, "You'll have to go to court again." The
8 deputy said, "Why? I have this paper in front of me
9 with your name on it, that you signed it." He said,
10 "It makes no difference, they have to go into court
11 again."

12 Now, the deputy hung up and said, "I can't
13 believe this. His name is on this permanent injunction
14 and we are supposed to be able to pick him up and take
15 him to court."

16 Now, you tell us just a few moments ago that
17 there are ways of making him run this Utility
18 efficiently and right. There is no way, gentlemen,
19 that you are going to do that. I am sorry.

20 AUDIENCE: Right. (Applause)

21 MR. SHAFER: Okay. Thank you for your
22 comments.

23 One thing that I guess I need to make clear,
24 and that is that nothing has been decided yet. The
25 Commissioners themselves will make the decision based

1 on what evidence is presented to them. That evidence
2 will include the transcript of this meeting tonight.
3 Should you all, or some of you, wish to come to
4 Tallahassee on January the 15th and address the
5 Commissioners when they consider their Staff
6 recommendation, you have every opportunity and right to
7 do that.

8 And as you quite rightly indicated, the Staff
9 had recommended that rates be set for this Utility once
10 before and the Commissioners chose not to do that.
11 They may very well choose not to do that again. We
12 can't presuppose that particular outcome so we have to
13 go about doing our job the way we usually do it,
14 regardless how unique the circumstances may be.

15 So what I'm suggesting to you is that nothing
16 is set in stone. This report is preliminary and it may
17 very well be that the Commissioners will choose, once
18 again, not to set rates for this utility, just like
19 they did the last time. I don't have any insight on
20 that, to be quite frank with you. I don't know what
21 they'll do. For the most part, they tend to accept
22 most of what the Staff recommendation is; but in this
23 particular utility, they didn't do that once before and
24 they may very well not do it again.

25 Okay. We're going to take one more person

1 and then we'll take a ten-minute break. The court
2 reporter is getting a little tired so we'll take one
3 more individual. Is there someone who hasn't spoken
4 yet who wishes to? Yes, sir.

5 CHARLES KENT

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

8 MR. KENT: I'll be short and brief.

9 My name is Charles Kent, K-e-n-t, 38522
10 Stafford Drive, Zephyrhills, Florida, Shady Oaks Park.

11 I don't want to be repeating a lot that has
12 been going on but there's just two or three things here
13 that I would like to read.

14 I submit to the Florida Public Service
15 Commission that if you overrule the court decision and
16 break the contract between Richard Sims and the Shady
17 Oaks Park homeowners, then you will represent the best
18 interest of Shady Oaks Park homeowners, as well as the
19 Utility. Would it be a better solution for Shady Oaks
20 Park to be connected to the County water and sewer
21 lines?

22 As a homeowner in Shady Oaks Park, I
23 respectfully request that the Florida Public Service
24 Commission make a cost study of connecting the park to
25 the County water and sewer lines and submit the costs

1 to the Shady Oaks Park homeowners before making a final
2 decision.

3 In conclusion, if a water and wastewater fee
4 is assessed over and above the \$300 per year that the
5 homeowners now pay, and will they still be obligated to
6 pay the \$300 per year fee, and what services will they
7 will receive? That has been covered. Thank you.

8 MR. SHAFER: Okay. Thank you.

9 Let's take a ten-minute break. My watch says
10 9 o'clock now, so we'll pick up again at 10 after 9.

11 (Brief recess.)

12 - - - - -

13 MR. SHAFER: All right, let's reconvene.

14 I guess we'll just go ahead and continue
15 taking comments. Yes, sir, in the back.

16 DONALD STORR

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

19 MR. STORR: My name is Donald Storr,
20 S-t-o-r-r. I don't think I need a mike.

21 I moved in this park a year ago. I had, very
22 shortly after I moved in, had reason to find out how
23 good the water system was. We were running some water
24 and it wasn't running too good; and the next thing I
25 knew, I went to get some hot water later and I didn't

1 have any. Because the stream was so damned small, I
2 drained the water out of my hot water tank and I lost
3 the heating coils, which cost me 74 bucks. So it
4 didn't give me too good a feeling toward the system.

5 The first of the next month he showed up at
6 my door quite upset because I had sent him a check
7 which, for the second time in 60 years of writing
8 checks, I had forgot to sign. And, believe me, he can
9 get mad. And the only reason I didn't is that, and it
10 didn't come to me until I got the check back, but
11 anybody that can read my writing it's a miracle. So I
12 thought I'd be nice and type it so it could be read.
13 So when I get done typing it, I wheeled it out of the
14 machine and stuck it in the envelope.

15 But that it just one out of I don't know how
16 many times that the water -- I live down here, right
17 down across here -- that the water supply has been so
18 poor that there's almost no pressure.

19 When we go out, and we're going to be out for
20 any length of time, we shut off the hot water heater
21 because I don't want to pay any more \$76.

22 Now, that's one of my main problems. But I
23 have another one, but it's personal and which I won't
24 mention on the water supply. But I think you're
25 beginning to get a point of view from some of these

1 people here that we would like a change some way.

2 You know, if the man cannot supply us water
3 with the system he's got, how can we trust it when we
4 get another raise that we're going to get any better
5 services than we're getting?

6 Now, I know, and I agree that you people
7 cannot be here every day to find out. But it seems to
8 me if this is what the thing is going to be, there
9 should be somebody set up so that they can report to
10 you on the conditions that we have on our water in this
11 park.

12 Another thing that I was asked to bring up,
13 out here we have a swimming pool that leaks water.
14 He's talking about water conservation. I'm told that
15 it leaks two inches a day, at least, out of that just
16 by leakage. How many gallons is that per month?

17 That's all.

18 MR. SHAFER: Thank you, sir. Yes, sir?

19 BOB LINDAHL

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

22 MR. LINDAHL: This is Bob Lindahl.

23 MR. SHAFER: Would you spell your last name
24 for us?

25 MR. LINDAHL: Lindahl, L-i-n-d-a-h-l.

1 I worked for a utility in Michigan and we
2 were pretty well controlled by the Public Service
3 Commission. Does the water utilities down here have to
4 submit policy procedures? Do they have to require --
5 you know, can you set pressures that they have to
6 maintain on their systems that they have to follow:
7 Are those the kinds of systems they are?

8 MR. SHAFER: Yes, sir. There are standards
9 that they have to meet. Many of those standards are
10 primarily the Department of Environmental Regulation
11 and the local Health Board standards. What our agency
12 tries to do, in cooperation with those other agencies,
13 is provide the financial incentive for those people to
14 do what they should do and try to provide a carrot and
15 a stick kind of a situation.

16 MR. LINDAHL: So we would have to go to the
17 DER to find out. They're saying we don't have proper
18 pressure. Who controls that? I don't even think
19 there's any fire protection in this park, either.

20 AUDIENCE: No, there isn't.

21 MR. LINDAHL: To me, that should be in here,
22 too.

23 MR. SHAFER: Okay. That there are no fire
24 hydrants in the park? That is also probably a County
25 ordinance.

1 MR. LINDAHL: Well, I just wondered if there
2 was policy and procedure on those.

3 MR. SHAFER: Yes. There are standards that
4 they have to meet, and certainly pressure is one that
5 we are concerned about. How frequent are the pressure
6 problems, all the time?

7 MR. LINDAHL: You'll have to ask the rest of
8 the people. I just moved in in May.

9 MR. SHAFER: Yes, sir. That's one of the
10 reasons that we're here is to find out those kinds of
11 things. We can't know that without talking to you
12 folks.

13 RALEIGH SCOTT WRIGHT
14 appeared as a witness and, having been duly sworn,
15 testified as follows:

16 MR. WRIGHT: Pardon me. I'm Mr. Raleigh
17 Scott Wright, and we've been having trouble with our
18 pressure. Every weekend you'll notice the water
19 pressure is down. He'll always say, "Everybody is
20 sprinkling." That's his excuse.

21 Right now, where he pumps the water he has a
22 pipe laying out there. It was supposed to be used for
23 the rain water, the drain is running out a big pipe
24 they put in where they're pumping the water out to keep
25 the excess rain water from going into our drinking

1 water. That has been laying out there for two years.
2 He was supposed to have put that in and he has not done
3 it yet.

4 Now, why hasn't he done it? He doesn't fix
5 it. That's the question. Now, if he don't do that,
6 then he will not take care of your water.

7 MR. SHAFER: Thank you. Yes, sir, in the
8 back.

9 ELWOOD ROIX

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

12 MR. ROIX: My name is Elwood Roix, and I am a
13 new babe in this park.

14 MR. SHAFER: Can you speak up just a little
15 bit?

16 MR. ROIX: My name is Elwood Roix, and I am a
17 new babe in this park. But at home we were always
18 taught that good common sense should rule the roost.
19 And I'm sure that we pay part of your salary, at least.
20 And I don't understand personally, after hearing what
21 you've heard here tonight, how you can even take a
22 recommendation for an increase to the Commission.

23 What you should be doing, as far as I'm
24 concerned, is going to the Commission and saying, "Hey,
25 we've got a bad boy up here and he should be

1 straightened out." That's what you should be doing.
2 But you're going to take a recommendation for an
3 increase for him. Thank you. (Applause)

4 MR. SHAFER: Okay. Yes, sir?

5 UNIDENTIFIED SPEAKER: Just a quick one.

6 There's other things that could affect us
7 ratepayers in here, and that would be any maintenance
8 that might happen later on. Let's say that a line
9 broke, or something like that, where is that cost going
10 to be effective? Are we going to pay it in this other
11 fee, or is that going to come out in these rates, or
12 what?

13 MR. SHAFER: What the rate case process is
14 attempting to do is to set up a situation for an
15 extended period of time where the Utility will have the
16 necessary resources to take care of what we consider to
17 be routine problems, things like day-to-day
18 maintenance.

19 You know, lines break occasionally, things
20 break down once in a while, and especially when they've
21 got some age on them. So what we're attempting to do
22 in this case is set up a situation where for some
23 period of time in the future, at least, there won't be
24 a need for a rate increase or any additional monies but
25 there will be money available to do the day-to-day

1 maintenance. That's one of the things that the
2 engineer --

3 UNIDENTIFIED SPEAKER: If it does break down,
4 does he have the right to go back and charge us for
5 fixing it over and above what you've got?

6 MR. SHAFER: Not for the part of the system
7 that is owned by the Utility.

8 UNIDENTIFIED SPEAKER: He can only charge us
9 for turning it on and turning it off, and I will be
10 billed for that. There's no other charges he can
11 charge us?

12 MR. SHAFER: That's correct. He should not
13 be charging you for fixing or repairing something that
14 is the Utility's property. He should not be charging
15 you individually for that.

16 UNIDENTIFIED SPEAKER: He owns up to my meter
17 if he puts a meter in?

18 MR. SHAFER: If he puts a meter in, he owns
19 up to the meter, that's correct.

20 UNIDENTIFIED SPEAKER: And he has the
21 responsibility for repairs?

22 MR. SHAFER: That's correct.

23 Yes, ma'am, in the blue dress.

24

25

1 JANICE PIEROTTI

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

4 MS. PIEROTTI: I'm Janice Pierotti, 3632
5 Castle Drive.

6 What I would like to know is does he put the
7 meters? Do we have to pay for these meters to be put
8 in?

9 MR. SHAFER: In a sense, you pay for the
10 meters. Now, you are not going to be charged
11 individually for each meter. How that is going to work
12 is that it will be considered as a capital improvement
13 to the plant. It will go into what's considered his
14 investment and then he will earn a return on that to
15 recover that money.

16 MS. PIEROTTI: In other words, we're paying
17 for the meter. (Audience response)

18 MS. MCGREEVY: May I have my envelope back?
19 I didn't think I was going to speak, but I am going to.
20 I'm Mildred McGreevy, 38602 Beniger.

21 MS. PIEROTTI: Excuse me, I had another
22 question.

23 MS. MCGREEVY: Oh, I'm sorry.

24 MS. PIEROTTI: If this goes through and we're
25 paying 35 or \$40 a month for water and sewage, and we

1 are still paying \$25 a month on top of that?

2 MR. SHAFER: If Mr. Sims was to try and
3 enforce that for the other services that he is
4 responsible to provide, that's up to him, between the
5 customers and him.

6 MS. PIEROTTI: But he has already -- by doing
7 this and taking the water and sewage out of the \$25, he
8 has already broken the contract. Now, why should we be
9 liable for the contract if he isn't?

10 MR. SHAFER: I think that Tom indicated
11 earlier that everything other than water and sewer
12 service is subject to the previous decisions by the
13 court.

14 UNIDENTIFIED SPEAKER: Which we don't get.

15 MS. PIEROTTI: The water and sewage was in
16 that, too, in that \$25.

17 MR. SHAFER: Yes, ma'am, I understand that.

18 MILDRED MCGREEVY

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

21 MS. MCGREEVY: I'm sorry, Jan, I didn't mean
22 to interrupt you.

23 MS. PIEROTTI: That's all right, Mildred.

24 MS. MCGREEVY: But when they were talking
25 about this -- you fellows, the only thing I can think

1 of to tell you is to make him fix the lines, bring all
2 the lines up to code, the garbage plan up to code,
3 before you give him any consideration about a rate.

4 MR. SHAFER: Thank you. Yes, sir, in the
5 back.

6 BEN WELD

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

9 MR. WELD: My name is Ben Weld and I live on
10 Willoughby Drive.

11 MR. SHAFER: What was your last name again,
12 sir?

13 MR. WELD: Weld, W-e-l-d.

14 MR. SHAFER: All right, sir.

15 MR. WELD: I live here probably five months.
16 Am I going to have to pay for seven more, or can I turn
17 the meter off? I sure as hell don't want to pay \$45 a
18 month for 12 months, not when I only use it five.

19 MR. SHAFER: No, sir. What you'll have to
20 pay is the flat rate portion of the rate.

21 MR. WELD: Even though I don't use it?

22 MR. SHAFER: Yes, sir. The rationale there
23 is that that plant has to be there ready to serve you
24 whether you are there or not.

25 MR. WELD: I've got another question. These

1 lagoons out here, what is it, a two-lagoon system? The
2 lagoons out here on the sewer plant, are there going to
3 be two lagoons?

4 MR. SHAFER: Lagoons -- I assume you're
5 talking about the percolation ponds.

6 MR. WELD: Yeah.

7 MR. SHAFER: I believe the current pond is
8 going to be retired and there will be a new one
9 constructed, so there will only be one in operation,
10 and that's the plan.

11 MR. WELD: Can anybody operate that? Can
12 anybody walk in and seed it, or whatever they have to
13 do, to keep a perc up on it?

14 MR. SHAFER: No, sir. The operator has to
15 have a certification by the State in order to do that.

16 MR. WELD: Does Dick have that?

17 MR. SHAFER: I'm not sure if he is certified
18 or whether he hires someone to come in to keep the
19 necessary amount of time. I believe that the Mathis
20 Company was the operator.

21 MR. WELD: Some systems there has to be
22 someone there seven days a week. Does it have to be
23 like that in order for it not to get salty, and
24 whatever?

25 MR. SHAFER: I believe that the -- I'm not

1 sure of the exact amount of the time requirements, but
2 a small system like this the requirements are something
3 in the neighborhood of 15 or 20 hours a week. It's not
4 a full-time situation.

5 Yes, ma'am?

6 DOROTHY BIRD

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

9 MS. BIRD: My name is Dorothy Bird, B-i-r-d.
10 I live at 38533 Monet. And I would like to address a
11 few concerns that I don't believe were addressed here.

12 With exception that I think Mr. Palmer said
13 that we might be able to look into individual wells and
14 septic tanks. Did you say that?

15 MR. PALMER: No.

16 MS. BIRD: Oh, that is not an option?

17 MR. PALMER: That would not be permissible,
18 no.

19 MS. BIRD: I don't think so. That's part of
20 the covenants.

21 MR. PALMER: State law also will not allow
22 septic tanks if there's a functioning wastewater
23 system.

24 MS. BIRD: All right. That's what I
25 wondered.

1 Another thing is if in your rates, as
2 proposed, you have charges for connections, business
3 violations, whatever, if you opt to disconnect your
4 water while you are away, can you charge for the
5 disconnection as well as reconnection?

6 MR. SHAFER: Yes.

7 MS. BIRD: Because it doesn't say disconnect
8 specifically. It just says connections. Because
9 sometimes that might be preferable to the rates that
10 are being proposed here right now.

11 Okay. Could you tell me where the Mathis
12 Wastewater Company is located? Do you have that
13 information?

14 MR. SHAFER: I don't know the answer to that.

15 MS. BIRD: All right. That's another
16 question that I had.

17 Now, my personal observation on this is that,
18 the way it has been described, the \$300 that we pay
19 annually seems to be a down payment on the monthly
20 charges that we will -- is that correct, sir?

21 MR. PALMER: I would like to make one
22 clarification.

23 Any of you folks who are paying more than the
24 \$25 per month, the \$25 charge, that you are doing that
25 voluntarily, you will not have to pay that anymore.

1 This does not affect -- as I understand it, you pay an
2 annual fee of \$300.

3 MS. BIRD: Right.

4 MR. PALMER: That continues. But if you are
5 a person who is paying in addition of your own
6 volition, 35 or whatever, that differential ceases.
7 The only thing you have got to pay now is the rates
8 that you use that you are individually billed for and
9 the \$300 charge. You won't have to pay that
10 differential at 45, or whatever it was, voluntarily.
11 That stops.

12 MS. BIRD: One other concern that I had, I
13 think Mr. Palmer partially answered it to me
14 personally. This was a concern that my father stated,
15 and he is not here tonight. If the Public Service
16 Commission is basing the rate case on figures supplied
17 from Mr. Sims' personal income tax, he feels that this
18 does not reflect the corporation income. And he
19 suggests that a thorough and detailed audit by a CPA
20 should be required in this case. That was something he
21 wanted to say.

22 One other question that I have: As a
23 corporation does Shady Oaks Mobile/Modular Estates have
24 a legal right to sell the utility to someone else, for
25 instance, Richard Sims, without first offering it to

1 the homeowners?

2 MR. PALMER: I cannot answer that question
3 without reviewing the specific documentation on that.
4 Absent some kind of a binding contract, unless there is
5 something in the rules of the corporation or the
6 corporation's charter, normally any corporation
7 property, including land, can be sold at above an 80%
8 of the stockholders at the time of the sale.

9 MS. BIRD: Thank you, sir.

10 Okay. I just have a couple of comments then
11 with regard to what we have heard here tonight. It
12 seems, from what we have been hearing, from what others
13 have been saying is that most of us here do not object
14 to fairness. And we really feel that probably a
15 metered rate would be a good idea. But we do realize
16 that you have had 15 years of experience.

17 And one final comment: The Public Service
18 Commission in their letter that we all received noted
19 that they have an 800 number complaint line. And I
20 propose that if we have problems that we use it. Thank
21 you.

22 MR. SHAFER: I couldn't emphasize that
23 enough. That's one of the things that we look at in
24 every case. And when you have a problem getting a
25 response from the Utility or getting something

1 corrected, you need to let us know.

2 Yes, ma'am. You may have to come up to the
3 front. With the rain coming down it's hard to hear.

4 MS. ROIX: I think I can be heard from here.

5 On this \$300 a year which we would be paying
6 by the year, the \$300, in the first court session that
7 we had the Judge asked if it would be all right to pay
8 the \$25 a month rather than the \$300 a year, and Mr.
9 Sims said yes. So it is not compulsory that it's \$300
10 a year.

11 MR. SHAFER: Okay. Thank you. Yes, sir.

12 UNIDENTIFIED SPEAKER: I would like to ask
13 the attorney, Mr. Palmer, assuming that we wind up with
14 the rates that are proposed here, and the installations
15 are made and we receive a bill for water and sewer and
16 we pay it, and we refuse to pay the \$25, can he cut the
17 water off?

18 MR. SHAFER: No. Absolutely not.

19 MR. PALMER: No. The way these rates were
20 calculated, that is a matter between you and him. You
21 have to pay now the utility bill that you receive for
22 your monthly water usage.

23 MR. SHAFER: He absolutely does not have the
24 authority to do that if these rates are approved and
25 put in place. (Pause) Yes, sir.

1 CHARLES McCLELLAND

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

4 MR. McCLELLAND: I'm Charles McClelland,
5 38603 Monet Drive.

6 I thought maybe I could shed some light on
7 why the frequencies for the water shut-offs. It's
8 mainly because of leaks at one individual home.
9 Because there's no shut-off available between the main
10 line and the service, the whole system, or parts of the
11 system, has to be shut down. There are valves
12 installed but they were never boxed, as such -- in
13 other words, covered with dirt. And if you dig them up
14 now, they're inoperable. So to make repairs he has to
15 shut down the whole system.

16 MR. SHAFER: Okay. Is there someone else?
17 Yes, sir.

18 MR. WILLIAMS: I just have another question
19 on the \$1,700 that has been allowed in the base rate
20 case. I'm John Williams, by the way, again. On the
21 \$1,700 that has been allowed in the base rate case for
22 preventative maintenance by Mr. Sims, and I believe it
23 was mentioned Mr. Shannon, is there any specific items
24 of preventative maintenance that's supposed to be
25 performed, or is that just a flat fee, or what is

1 entailed in that \$1,700?

2 MR. SHAFER: Okay. That was a judgment made
3 by the engineer that, given the condition of the system
4 and the age of the system and the size of the system,
5 and what have you, that that would be a pretty good
6 approximation of what it would cost the Utility in a
7 year's time to fix the leaks that came up, and the
8 normal kinds of problems that come up. You know, it's
9 an allowance for that. It's not -- well, that's what
10 it is.

11 MR. WILLIAMS: Well, I guess my only comment
12 about that is that \$1,700 a month seems like a pretty
13 good salary for a part-time job.

14 MR. SHAFER: Okay. Thank you. Anyone else?

15 UNIDENTIFIED SPEAKER: "Preventative" means
16 you do it beforehand. Are you going to give him \$1,700
17 to do work so it doesn't break down, or are you just
18 going to give him \$1,700 in case it breaks down?

19 (Laughter)

20 MR. SHAFER: Is that a trick question?

21 (Laughter)

22 I understand what you're saying. You know,
23 doing things like keeping the machinery in good working
24 order, and that sort of thing, would fall under that
25 preventative maintenance. Probably a better term would

1 be routine maintenance; not only to include things that
2 would be preventative but things that could come up
3 when a line breaks, and what have you.

4 Okay. Anyone else? Yes, ma'am.

5 MS. BIRD: You're saying then that there are
6 no mandated requirements or guidelines for preventative
7 maintenance provided to the operator of the Utility?

8 MR. SHAFER: There are no specific things
9 that we are suggesting along the lines of preventative
10 maintenance; at least, there's nothing that is
11 currently reflected in the report. Now, the final
12 report, we can get with the engineer and identify the
13 kinds of things that he was talking about.

14 Now, there are some of the larger expense
15 items, like things he needs to do to get in compliance
16 with DER, and those are some specific things that have
17 been identified.

18 MS. BIRD: But he does not have guidelines
19 that he has to follow, that you put out?

20 MR. SHAFER: No. There are no published
21 guidelines other than, you know, perhaps the pump, when
22 he purchased the pump he had a piece of paper in the
23 box, like lots of things do, on how to take care of it.
24 I almost hesitate to say this, but it's common sense.
25 (Laughter) Yes, sir, in the glasses.

1 UNIDENTIFIED SPEAKER: I think I can just
2 speak from here. I was just wondering on this \$1,700 a
3 month here, and if we pay that forever, we ought to
4 have a pretty good system in here in a couple of years'
5 time. (Laughter)

6 MR. SHAFER: Yes, sir.

7 UNIDENTIFIED SPEAKER: If he's getting that
8 kind of money, why hasn't he fixed this pool out here
9 that's leaking a thousand gallons a week?

10 MR. SHAFER: I'm not sure why he hasn't done
11 that. That's a good question.

12 Yes, ma'am, I can hardly see you there, in
13 the pink.

14 SYLVIA VAN GEISON

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

17 MS. VAN GEISON: I'm Sylvia Van Geison, 3559
18 Castle Drive.

19 MR. SHAFER: Would you spell your last name
20 for us, please?

21 MS. VAN GEISON: Van Geison. I've got six
22 pages, and a lot of this has been covered.

23 On Page 29, I understand you propose each
24 household to pay a charge of \$1,200 for the percolating
25 pond plus a \$200 charge for water. Is this over and

1 above the rates that you --

2 MR. SHAFER: Okay. That's under the service
3 availability charge. That would be for a new customer
4 coming on line.

5 MS. VAN GEISON: Okay. And then I wanted to
6 ask you did the engineer consider in his report the
7 broken pipes and water leaks, just running and wasting?
8 There has been one a long time out west and slightly
9 north of the clubhouse, north of the pool. And there
10 was one on Muller Drive at an unoccupied home that was
11 just -- oh, it just run gallons and gallons and gallons
12 of water.

13 MR. SHAFER: How long ago was that?

14 MS. VAN GEISON: That was this past winter,
15 and it just -- finally, people complained and
16 complained to Dick and finally he did get it turned
17 off. But I don't know how many thousands of gallons of
18 water that was.

19 MR. SHAFER: Okay. He probably considered
20 the ones he found. And one of the reasons we're here
21 tonight is to find out things like that, that we
22 couldn't otherwise have known about.

23 MS. VAN GEISON: Well, he couldn't have
24 missed it. All he had to do was drive down the street
25 and see it. (Pause)

1 Let's see, I was going to ask something else.
2 (Pause) Oh. Personally, my husband and I, we do not
3 feel that Mr. Sims or Mrs. Sims are qualified to do the
4 reading of the meters. We do not believe Mr. Smith is
5 qualified to administer this business of selling
6 utilities. If he was so, we do not think that all this
7 land he is supposed to own in here would be up for tax
8 sale, not if he was qualified.

9 UNIDENTIFIED SPEAKER: Let me just ask Mr.
10 Mellon a question.

11 Frank, wasn't there a leak in the place
12 next-door to you this past summer that leaked for a
13 considerable period of time?

14 MR. MELLON: Yeah. It leaked in there until
15 it dissolved the floor and it caved it in.

16 UNIDENTIFIED SPEAKER: When was that, June or
17 July, that that happened?

18 MR. MELLON: That was in July.

19 UNIDENTIFIED SPEAKER: That was in July.

20 MR. SHAFER: Was that an occupied dwelling?

21 MR. MELLON: At that time it was not
22 occupied.

23 (Simultaneous conversation.)

24 MR. SHAFER: People, you're going to speak
25 one at a time so we can get it all down.

1 MR. MELLON: No, I take that back. It was
2 occupied when the floor gave way. That was in April.

3 MR. SHAFER: All right, sir. Thank you.
4 Yes, ma'am.

5 UNIDENTIFIED SPEAKER: Is there any way that
6 you can make them bring all the lines in the sewer
7 plant up to code before you give them a water rate?
8 Have you ever considered it?

9 MR. SHAFER: There are ways sometimes to get
10 the utility to do things before they get the money.
11 Now, that could mean that the rate increase goes into
12 effect and the money is held in an escrow account until
13 the work is completed.

14 UNIDENTIFIED SPEAKER: No, no, no, I mean
15 make him pay for it. He's supposed to have been paying
16 for it all these years, he has done no maintenance,
17 nothing. Why can't he fix all the lines in the sewer
18 plant on his own before he wants to go into another
19 business?

20 MR. SHAFER: Well, I guess he doesn't have
21 the money to do that. (Audience response) It may be
22 that he's not a very good businessman. (Audience
23 response)

24
25

1 BARBARA McBRIDE

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

4 MS. McBRIDE: I'm Barbara McBride, 3538
5 Castle Drive.

6 The DER hasn't been able to make him do
7 anything. Do you have more power? Does the PSC have
8 more power than the DER? He had to dig out the pond
9 back there. He did that; he did it, but at the time he
10 was doing it he put a pipe in there on the back side of
11 it, and on weekends he went and opened up the pipe and
12 let it drain out. And it smelled like the dickens.
13 This is the kind of work he does.

14 MR. SHAFER: Okay. Whether or not the PSC
15 has more power than DER, I don't know about that. I
16 hope we do.

17 Yes, sir.

18 RON BRADWORTH

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

21 MR. BRADWORTH: My name is Ron Bradworth,
22 3758 Castle Drive.

23 If I understand you correctly, the settlement
24 pond is not doing a correct job. Then why, a year ago
25 this past summer, was the Alligator Septic Tank Pumping

1 System allowed to bring their tank trucks in here and
2 empty them into that system? I talked to the driver.
3 They were paying him to empty them trucks. They were
4 not pumping out, they were emptying them tankers. Now,
5 how come?

6 MR. SHAFER: How long ago did that happen?

7 MR. BRADWORTH: A year ago this past summer.

8 MR. SHAFER: Has it happened since then?

9 MR. BRADWORTH: I'm on the golf course and I
10 could care less what he does. It's going on, I think,
11 all the time. He pulls so many shenanigans that --

12 MR. SHAFER: Well, that should not be allowed
13 and you should report that to the County Health
14 Department when that occurs.

15 MR. BRADWORTH: Well, it was going on a year
16 ago this past summer day in and day out; mostly on the
17 weekends when nobody was around to catch him.

18 MR. SHAFER: Well, that definitely should not
19 be happening and you need to report that as soon as it
20 happens.

21 MR. BRADWORTH: Well, I talked to the driver
22 when they did it, and they were paying him to come in
23 here and empty their tanks because the County was on
24 their back. They had been dumping it in the fields
25 and the County was on their back and they wanted to get

1 a place to unload their trucks.

2 MR. SHAFER: Well, that's not a good
3 situation. Yes, sir.

4 WAYNE McBRIDE

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

7 MR. McBRIDE: Wayne McBride, 3538 Castle
8 Drive.

9 When those trucks were bringing that here and
10 dumping it, on weekends he would rent a big gasoline
11 pump and pump his whole system out. He used to laugh
12 and say he was going to start a fertilizer plant like
13 Milwaukee.

14 Now, there's a manhole down next to the sewer
15 plant where their trucks backed up and dumped that.
16 Then on weekends he would rent a big gasoline pump and
17 pump his whole system out on the ground. Then when he
18 did dig that pond out and put that pipe in the levee so
19 he could drain it on weekends, we took pictures of that
20 and sent it to the DNR, and that pipe is in there
21 today.

22 So if you folks don't have no more power than
23 they do, we're in bad shape.

24 All right. Thank you, sir.

25 UNIDENTIFIED SPEAKER: Can you comment on

1 that?

2 MR. SHAFER: My only comment is that that's a
3 very incorrect and problematic situation, and probably
4 the County Health Department and the DER is who you
5 need to be contacting every time that happens. You can
6 contact us, too, but they are -- really, that's more
7 their area of expertise.

8 MR. McBRIDE: They have pictures of it
9 because it was sent to them by the President of the
10 Association.

11 MR. SHAFER: Did you all get any response
12 from the agency at all?

13 MR. McBRIDE: I don't know. Nothing has ever
14 been done, so --

15 MR. SHAFER: All I can suggest to you is to
16 continue to report it every time it happens. Go ahead
17 and report it to us, too, when it happens. Yes, ma'am.

18 MS. ROIX: I hate to keep getting up, but all
19 of these things are coming out.

20 About three years ago we called the Health
21 Department in because we didn't have water pressure.
22 They came in and did spot checks in some of the homes.
23 There was a home over here where a lady was very, very
24 ill and had to have the nurse come in and give her
25 baths, and this sort of thing, every day. And she

1 didn't have water enough to give that lady a bath;
2 there was not pressure enough.

3 So this girl from the Health Department came
4 in and took these spot checks and found only two or
5 three pounds of pressure was all she could get out of
6 these particular homes.

7 She went back and reported it; and in a few
8 days, she came back and said that she wanted to do some
9 more. The third time, she didn't come back; and we
10 called the Health Department, and she was no longer
11 with them.

12 UNIDENTIFIED SPEAKER: And when this water
13 has been bad -- the Health Department told us when they
14 took the test of this water here that it was supposed
15 to be taken at the supply and at the far end, each way.
16 And I'll bet you you can ask anybody in here that there
17 has never been a test -- if they're taken, they're
18 taken right out here. They've never been taken no
19 place other than right out here.

20 And another thing, when he gets the report
21 back from the Health Department and the Health
22 Department says it's the law, they only have to tell
23 him to report. So we don't know what we're drinking.

24 MR. SHAFER: Well, most utilities are willing
25 to share that information with the customers if they

1 ask. Have you asked Mr. Sims to review the reports?

2 (Laughter)

3 MR. SHAFER: I take that to be a "yes."

4 (Laughter)

5 UNIDENTIFIED SPEAKER: One thing, if you
6 don't police it, it won't happen. It's as simple as
7 that.

8 MR. SHAFER: All right. Anyone else? Yes,
9 ma'am, please identify yourself.

10 JANE SCHNEIDER

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

13 MS. SCHNEIDER: I am Jane Schneider, 3733
14 Muller Drive.

15 I have a question about methane gas. I just
16 understood that things are being done, and I live in
17 that area, okay. I did live in another mobile home
18 park and it was brought up also because of the dumpage
19 that there could be possibly methane gas. Well,
20 underneath my house the genie opened its bottle and
21 decided to come out.

22 Well, DER and the Health Department both were
23 out. Both my husband and I had lung problems. It
24 seemed like everybody was passing the buck. Nobody
25 could prove that there was methane gas underneath that

1 house. But a doctor here in town told me how to do it,
2 to police it myself.

3 It was bought out by finally the Health
4 Department. And I saw this doctor only a few weeks ago
5 -- because I work for the County -- and he asked me how
6 I made out. I said, well, we had to move because
7 under, you know, his specifications this house was not
8 pliable for us to live in, okay? And he said, "Well,
9 I'm glad you got out because there's no way," he said,
10 "on this earth that we could prove you had methane gas
11 underneath that house." That house has never been
12 sold, has never been relived in for two years.

13 Now, the dumpage statement that he's doing
14 over here is the same thing that when we lived there in
15 that other mobile home park, that was being done also.
16 And they said that this is another problem that can be
17 created, the gases that are underneath the ground will
18 come up and then they start working their way around.
19 I don't know how methane gas forms, and I was just
20 curious about it.

21 MR. SHAFER: I know that it is a by-product
22 of sewage sometimes, but beyond that I don't know too
23 much about it, how it would travel through the ground
24 or anything.

25 MS. SCHNEIDER: I do have another thing I

1 want to touch on. I do home health, I'm a Certified
2 Nursing Assistant. I have worked in the park with
3 people in here, going into the homes, getting them up,
4 getting them dressed, getting them around and about
5 early in the morning. I can honestly say, and I can
6 swear under oath, that there was no water pressure in
7 two of the homes that I have been in within the past
8 two years, where I could not even get a basin of water
9 out to wash the patient, or have the patient soak their
10 feet in water. That is how bad it was. And that is
11 two years going on.

12 MR. SHAFER: All right. Thank you very much.
13 Okay. Anybody else? (No response)

14 All right. Well, I thank you all very much
15 for coming out. If you want to receive a copy of the
16 final recommendation, we've got the name sheets over
17 here and if you will please come up and star your name.

18 Let me tell you that on April 15th, when the
19 Commission is addressing that item, there's going to be
20 a lot of items that are going to be --

21 (Simultaneous conversation)

22 MR. SHAFER: Well, if you want to hear what I
23 said, come on up and I'll tell you.

24 (Thereupon, meeting adjourned at 9:50 p.m.)

25

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1 F L O R I D A)
2 :
3 COUNTY OF LEON)

CERTIFICATE OF REPORTER

3 I, CAROL C. CAUSSEAU, CSR, RPR, Notary Public, State
4 of Florida, At Large,

5 DO HEREBY CERTIFY that I reported the Customer
6 Meeting held by Commission Staff in the above matter at
7 the time and place indicated; it is further

8 CERTIFIED that I placed the witnesses under oath to
9 tell the truth; it is further

10 CERTIFIED the foregoing transcript, consisting of
11 114 pages, constitutes a true and accurate transcription
12 of my shorthand notes of said proceeding; it is further

13 CERTIFIED that I am neither of counsel, nor am I
14 related to any parties of this proceeding, and that I have
15 no interest, financial or otherwise, in the outcome of
16 this docket.

17 IN WITNESS WHEREOF, I have hereunto set my hand and
18 seal this 27th day of December, A.D., 1990.

19
20 MY COMMISSION
21 EXPIRES:
22 DECEMBER 3, 1994

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