

1
2
3
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11
12
13
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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of :
Application for Rate Increase in :
Brevard, Charlotte/Lee, Citrus :
Clay, Duval, Highlands, Lake, :
Marion, Martin, Nassau, Orange, :
Osceola, Pasco, Putnam, Seminole, :
Volusia and Washington Counties :
by SOUTHERN STATES UTILITIES, :
INC.; Collier County by MARCO: :
SHORES UTILITIES (Deltona); :
Hernando County by SPRING HILL :
UTILITIES (Deltona); and Volusia :
County by DELTONA LAKES :
UTILITIES (Deltona) :

DOCKET NO. 920199-WS

FILED
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CLERK OF DISTRICT COURT OF APPEAL

PROCEEDINGS: Ocala SERVICE HEARING
BEFORE: COMMISSIONER SUSAN F. CLARK
DATE: Wednesday, August 19, 1992
TIME Commenced at 6:30 p.m.
Concluded at 11:10 p.m.
PLACE: City Auditorium
836 N. E. Sanchez Avenue
Ocala, Florida 34478
REPORTED BY: CAROL C. CAUSSEUX, CSR, RPR
Official Commission Reporter

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1 APPEARANCES:

2 KENNETH A. HOFFMAN, Messer, Vickers,
3 Caparello, Madsen, Lewis, Goldman and Metz, Post Office
4 Box 1876, Tallahassee, Florida, 32302-1876, Telephone
5 No. (904) 224-4359. BRIAN ARMSTRONG, 1000 Color Place,
6 Apopka, Florida 32703 Telephone No. (407) 880-0058,
7 appearing on behalf of Southern States Utilities, Inc.

8 JACK SHREVE, Public Counsel, Office of the
9 Public Counsel, Claude Pepper Building, Room 812, 111
10 West Madison Street, Tallahassee, Florida 32399-1400,
11 Telephone No. (904) 488-9330, appearing on behalf of
12 the Citizens of the State of Florida.

13 REX GOLDEN, Florida Public Service Commission,
14 Division of Legal Service, 101 East Gaines Street,
15 Tallahassee, Florida 32399, Telephone No. (904)
16 487-2740, appearing on behalf of the Commission Staff.

17

18 ALSO PRESENT:

19 MARSHALL WILLIS, BOB CROUCH and TOM WALDEN,
20 Florida Public Service Commission, Division of Water
21 and Wastewater.

22 BRENDA MONROE, Florida Public Service
23 Commission, Office of Public Information.

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25

I N D E X

1		
2	PRESENTATION BY MR. HOFFMAN	9
3	PRESENTATION BY MR. SHREVE	13
4		
5	<u>WITNESSES</u>	
6	<u>Name:</u>	<u>Page No.</u>
7	REPRESENTATIVE GEORGE ALBRIGHT Direct Statement	21
8	REPRESENTATIVE PAUL HAWKES Direct Statement	26
9		
10	LEON HAWKINS Direct Statement	31
11		
12	ANTHONY CONNOLE Direct Statement	34
13	Direct Examination by Mr. Shreve	40
14	CHRIS SHERIDAN Direct Statement	43
15	SALLIE DAVIS Direct Statement	46
16		
17	JAMES E. HARPER Direct Statement	51
18	J. C. NETTESCHEIM Direct Statement	58
19		
20	RAMON CRUZ Direct Statement	67
21	FRANK J. SPARACIA Direct Statement	74
22		
23		
24		
25		

1	Index of Exhibits Continued:	
2	<u>Name:</u>	<u>Page No.</u>
3	CHARLOTTE PATTON Direct Statement	87
4		
5	WILLIAM SIEMERS Direct Statement	89
6	RICHARD WILLIAMS Direct Statement	93
7		
8	ED SLEZAK Direct Statement	99
9	BOB SCHULTHEIS Direct Statement	101
10	Cross Examination by Mr. Golden	105
11	EVERETT DUNTON Direct Statement	106
12		
13	WILLIAM GEPPERT Direct Statement	115
14	ELIZABETH SJOGREN Written Statement inserted	125
15		
16	BART PAINO Written Statement inserted	125
17	MARCUS GIBBS (Adopting Testimony of Everett Dunton)	125
18		
19	GEORGE SMITH (Adopting Testimony of Bob Schultheis)	125
20		
21	BOB SPANGLER (Adopting Testimony of Bob Schultheis)	125
22		
23	MARK YERMAN Direct Statement	126
24		
25		

		<u>Page No.</u>
1	Index of Witnesses Continued:	
2	<u>Names:</u>	
3	TOM REYNOLDS	
4	(Adopting general testimony in opposition)	130
5	HERMAN SINEMUS	
6	(Adopting general testimony in opposition)	130
7	BOBBY MORRIS	
8	Direct Statement	131
9	RAYMOND CIUFO	
10	Direct Statement	138
11	CARLETTE MAX	
12	Direct Statement	145
13	Direct Examination by Mr. Shreve	149
14	Cross Examination by Mr. Golden	151
15	JULIE PIRONTI	
16	Direct Statement	154
17	Cross Examination by Mr. Golden	155
18	KARL NEUFELD	
19	Direct Statement	157
20	MICHAEL ROBERTS - (Adopts Mr. Neufeld's Testimony)	157
21	WALTER VAN HORN	
22	Direct Statement	161
23	(Also adopts Mr. Connole's Testimony)	161
24	JOE TROPEANO	
25	Direct Statement	169
	HARRY JONES	
	Direct Statement	174

1 Index of Exhibits Continued:

2	<u>Names:</u>	<u>Page No.</u>
3	LAURA BROWN	
	Direct Statement	177
4	Direct Examination by Mr. Shreve	179
5	COMMISSIONER WILBUR H. LANGLEY	
	Direct Statement	182

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 Index Continued:

EXHIBITS

2 Number:

Identified

Admitted

3 4 (Composite) Newspaper ads,
4 the Proofs of Publication,
5 and Customer Notice for
Ocala Service Hearing

13
~~41~~

13

6 5 (Citizens) Mr. Nettlesheim's
7 Comparison of Water and Sewer
8 Increases over a Ten-Year
9 Period

73

73

6 (Citizens) Dunton Charts

115

115

10 CERTIFICATE OF REPORTER

186

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

P R O C E E D I N G S

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

COMMISSIONER CLARK: Ladies and gentlemen, by my watch it's 6:30. We have a lot of customers here so I would like to start this proceeding on time.

Before I give introductions we have to do some housekeeping matters. To begin with, I'd like Staff Counsel to read the notice for this proceeding.

MR. GOLDEN: Pursuant to notice this time and place has been designated for the customer service hearing in Docket No. 920199-WS. This is an application for a rate increase by Southern States Utilities, Inc. and Deltona Utilities, Inc. in Brevard, Charlotte, Lee County, Citrus County, Clay, Duval, Highlands, Lake, Marion, Martin, Nassau, Orange, Osceola, Pasco, Putnam, Seminole, Volusia and Washington Counties.

(Audience response)

COMMISSIONER CLARK: Ladies and gentlemen. Ladies and gentlemen, we have a lot of testimony to take in a short period of time and I would very much appreciate it if we could keep this proceeding under order so I can hear from each one of you. Please be courteous to the people who want to testify, and please be courteous to the Staff.

1 Mr. Shreve, I'm going to take appearances and
2 then ask you to make your announcement about the list.

3 MR. SHREVE: Thank you, Commissioner.

4 COMMISSIONER CLARK: We'll take appearances.

5 MR. HOFFMAN: Thank you, Commissioner. My
6 name is Ken Hoffman. I'm with the Messer-Vickers law
7 firm in Tallahassee, Florida. The address is P. O. Box
8 1876, Tallahassee, Florida 32302, and I'm appearing
9 tonight on behalf of the utilities, Southern States
10 Utilities, Inc. and Deltona Utilities, Inc.

11 MR. SHREVE: Jack Shreve, Public Counsel,
12 Claude Pepper Building, Tallahassee, Florida, appearing
13 on behalf of the Citizens in opposition to the rate
14 increase. (Audience response.)

15 MR. GOLDEN: Rex Golden and Suzanne Summerlin
16 on behalf of the Public Service Commission Staff, 101
17 East Gaines Street, Tallahassee, Florida.

18 COMMISSIONER CLARK: Mr. Shreve, would you
19 like to go ahead and make your announcement?

20 MR. SHREVE: Before we really get started,
21 I'd like to tell you that Brenda Monroe is going to be
22 at the back table. A great many people have already
23 signed up to testify. We're here tonight really to
24 hear from you, not from us. So if any of you have not
25 signed up, either let Brenda know and later on if you

1 need to come and tell me about it, that's okay, too.

2 Please feel free, if you change your mind and
3 decide to testify, that's fine, during this. So just
4 let her know and we'll continue to communicate.

5 Thank you, Commissioner.

6 COMMISSIONER CLARK: Okay.

7 Good evening. My name is Susan Clark. I'm
8 here for the purpose of hearing from you with your
9 comments relative to the rate increase and the quality
10 of service you receive from your particular utility.

11 Your comments today will be recorded by an
12 official court reporter, right here, and they will
13 become part of the official record of this proceeding.
14 Your comments will be used by the Commission, along
15 with other evidence, to make a decision regarding the
16 requested rate increase.

17 I'd like to give you some background on the
18 rate process. It starts when the Utility files a
19 request for an increase. They provide financial,
20 engineering and accounting data in justification for
21 their rate increase. The whole proceeding takes about
22 eight months. After the Utility files its information
23 the Commission Staff and intervenors, such as Jack
24 Shreve, investigate the Utility and present evidence in
25 opposition to what the Utility may be asking for.

1 Some of the hearings, such as this one, are
2 specifically designed to get customer input and to hear
3 about the quality of service. The other hearings are
4 held to gather the technical information from the
5 experts presented by the Utility, by Jack Shreve and
6 the Staff.

7 After all the hearings have been conducted the
8 Commission meets once again in an Agenda Conference to
9 decide the issues.

10 I would like to introduce to you some more
11 members of the Staff who are sitting up here. This
12 gentleman right here is Marshall Willis, who is with
13 our Water and Sewer Staff. The gentleman sitting next
14 to Mr. Rex Golden, the attorney in this case, is Bob
15 Crouch. He is an engineer with our Staff. And next to
16 him is Suzanne Summerlin.

17 There are certain formalities we have to
18 follow in this proceeding so that we may rely on the
19 testimony you have given. Those formalities are that
20 you must be sworn before you give any testimony.
21 Please don't let this intimidate you; we want to hear
22 from everyone who has come tonight who wants to
23 testify.

24 As Mr. Shreve has said, if you want to
25 testify please sign the list in the back of the room,

1 and when I call your name please come forward to the
2 witness stand, give us your name and address and, if
3 you would, please spell your name so that the court
4 reporter can get it correct for the record.

5 What I would like to do is go ahead and swear
6 in everyone who wishes to testify. After I have done
7 that I will give the Utility's Counsel, Mr. Hoffman,
8 and the Public's Counsel, Mr. Shreve, an opportunity to
9 make brief opening statements. And I do hope they will
10 be brief because we are here primarily to listen to
11 you. So all those who wish to testify, please stand.

12 (Witnesses sworn collectively.)

13 COMMISSIONER CLARK: Mr. Hoffman, you may
14 proceed.

15 MR. HOFFMAN: Thank you, Commissioner Clark.

16 Ladies and gentlemen, as I said, my name is
17 Ken Hoffman and I'm a lawyer and I represent the
18 Utility, Southern States Utilities, Inc.

19 Now, this is a case which stems from an
20 application filed by Southern States with the Florida
21 Public Service Commission to increase its water and
22 wastewater rates. The application is extremely
23 comprehensive and covers virtually all of the water and
24 sewer systems operated by Southern States which are
25 regulated by the Florida Public Service Commission.

1 Specifically, the application encompasses 127
2 systems spread throughout 19 counties in this state.

3 Based on its present rates, Southern States
4 is earning a combined rate of return on the systems
5 included in this application of only 2.5%. Under
6 present rates -- (Audience response)

7 Under present rates investors in Southern
8 States are currently experiencing a negative overall
9 return on common equity of -8.32%, which means that
10 investors in the Company are losing money. In fact,
11 for each of the past three years Southern States has
12 not been able to recover through its present rates
13 sufficient revenues to cover the interest on the money
14 the Company is given by its lenders.

15 So the purpose of this application is to
16 bring the rates to a level so that Southern States will
17 have the opportunity to earn a fair and reasonable rate
18 of return on its investment in its water and sewer
19 facilities and would once again be able to attract the
20 necessary investment to meet customer growth and
21 increased environmental regulatory requirements.

22 Now, the Commissioners, the Commission Staff,
23 Florida Legislators, and virtually everyone involved in
24 the water and sewer industry, has recognized that
25 environmental regulation has increased and that,

1 therefore, the cost of providing water and wastewater
2 service to Florida residents has increased. It's no
3 coincidence that water and wastewater providers across
4 the state, whether they be privately owned or owned and
5 operated by counties and cities, are currently, have in
6 the recent past or will in the near future, have to
7 increase their rates in recognition of the increased
8 cost of environmental regulation.

9 The costs of achieving the State of Florida's
10 and this Utility's conservation and environmental goals
11 are high. Southern States is a leader in the
12 conservation and environmental areas, as recognized at
13 both the state and federal levels.

14 Now, many of the systems that are involved in
15 this particular application have not been subject to a
16 rate increase as part of a full-blown rate case for as
17 long as 12 or 13 years. (Audience response) While
18 that is not the fault of the customer, the fact remains
19 that since the time many of Southern States' systems
20 were last subject to a rate increase, Southern States
21 has incurred significant increases in operating
22 expenses and has constructed significant additional
23 water and sewer plant, in most cases to keep up with
24 customer growth, to plan for anticipated growth, and to
25 meet environmental requirements.

1 Now, the final hearing in this case will take
2 place in Tallahassee in November. At that time the
3 Commission will hear evidence on a number of technical
4 issues involved in this case, such as the amount of the
5 Utility's investment and the level of its operating
6 expenses incurred for each system which is part of this
7 application.

8 Southern States will be prepared to prove to
9 the Commission, and to justify to the Commission, that
10 it is entitled to the requested increase in its rates.
11 But tonight, this is a service hearing and it
12 represents your opportunity to address the Commission,
13 the Commission Staff, as well as the Company, and give
14 your feelings about the Company's service and its
15 proposed rates.

16 Speaking for the Company, we welcome the time
17 set aside this evening to hear you express any concerns
18 you have about the Company's quality of service or its
19 proposed rates. I would like to thank you for the
20 opportunity to provide a little brief background on the
21 case.

22 Commissioner Clark, as a housekeeping matter,
23 I would like to have marked and admitted into the
24 record Composite Exhibit No. 4, which is the newspaper
25 ads, the Proofs of Publication, and the customer notice

1 for this service hearing.

2 COMMISSIONER CLARK: It will be identified
3 and admitted into the record as Exhibit 4. Thank you.

4 (Composite Exhibit No. 4 identified and
5 admitted into evidence.)

6 COMMISSIONER CLARK: Mr. Shreve.

7 MR. SHREVE: Thank you.

8 We are here to listen to you tonight. This
9 is your meeting. But I feel compelled to point out a
10 couple of things that I would like for you to hear and
11 think about. I'm going to be saying some things that
12 are certainly going to make the Company unhappy, and
13 possibly the Public Service Commission and the Public
14 Service Commission Staff.

15 But before I do that I would like to point
16 out that yesterday, when the interim rate increase was
17 granted, Commissioner Clark voted against the rate
18 increase as proposed by the Public Service Commission
19 Staff. So I think everybody is going to know that to
20 start with. (Applause)

21 This case was filed, has been filed with 127
22 systems that belong to Southern States. They elected
23 to file it this way. The Public Service Commission has
24 accepted it. There has been absolutely no
25 consideration given to the customers or the people

1 considering the time frame. We're still under the same
2 time restrictions that we've had when we've represented
3 you in individual cases before. When we had Citrus
4 Park or when we had Marion Oaks or when we had Sugar
5 Mill Woods in one case, now we have 127 different
6 systems. Not only that, but the Company was granted an
7 additional 35 days to file their testimony when it
8 should have been filed initially, under the rules, with
9 the initial filing. That was allowed by the Chairman
10 of the Public Service Commission. That cut into our
11 time and benefited Southern States. So far it's all
12 been going their way.

13 One thing that you're going to hear a lot
14 about, and I think some people are going to mention it
15 tonight, all of the calculations that you hear are
16 based on a figure that is more than they have invested
17 in it. And I have raised it at every single public
18 hearing. I wish they would come out and at least lay
19 the figures on the table and tell you how much they
20 actually paid for a system and how much they got in the
21 rate base for it. (Applause) Now, maybe we won't win
22 on that issue, but why shouldn't the information be put
23 on the table for the customers who are paying the bill
24 to see, and at least have the honest truth in front of
25 them?

1 If the rates were recalculated based on just
2 what they invested, even the request would have to come
3 way down. They talk about a negative return. What
4 would it be if they weren't making the calculations on
5 money that they don't even have invested? It's not
6 fair. (Applause)

7 The Topeka Group came in and purchased
8 Southern States. Now, a lot of the systems were owned
9 by Southern States before they came in. Minnesota
10 Power owns Topeka Group. Now, I'm sure Minnesota Power
11 sat up there in Minnesota and said, "Hey, Florida needs
12 our help. We're going to go down there and we're going
13 to help them out." (Audience response)

14 They've come in here and purchased all of
15 these and you're supposed to receive the benefits of
16 all this administrative efficiency that Minnesota
17 Power, Topeka Group and now Southern States can offer
18 you. What is really strange to me is, as much trouble
19 as we had with Deltona and Southern States, why, when
20 the Topeka Group buys them, rates have to go through
21 the ceiling when we were doing quite nicely before. We
22 can't take much more administrative efficiency.

23 You're going to hear another thing from
24 several different corners; that because the Topeka
25 Group, Southern States, owns certain systems that the

1 rates are going to be astronomical and that's not fair.
2 And they're right, it's not fair, and those people
3 should not have to pay rates that go through the
4 ceiling that are unfair.

5 When Southern States and the Topeka Group
6 came in here and purchased these systems they made a
7 business decision. So now why do they come to you to
8 bail them out of that decision and pass a part of those
9 costs on to you? They're in here to make a profit and
10 nothing more. (Applause)

11 The rates that they have calculated, and that
12 the interim was based on, and this was not brought out,
13 didn't have the opportunity to do it, was based on a
14 rate base. Now, they calculated all of their
15 percentages on their investment in their rate base.
16 The systems that were purchased from Deltona, of which
17 Marion Oaks is one, did not even have a rate base
18 established yet. There was an agreement, and it was
19 signed by Commissioner Beard when the order came out,
20 that the rate base would be established at the next
21 rate case. And it has not been established yet. It's
22 being used to calculate the interim rates and the rates
23 that they have proposed. There is no base that's been
24 established; that hasn't been done yet.

25 The environmental regulations are going to be

1 paid for but they are not what is driving this case.
2 Now, one thing that is unfortunate, in past cases we
3 have had the hearings down in the service area where
4 you could have a group like you in the final case.
5 This time, because Southern States has elected to file
6 it in the way they did, you won't have your
7 opportunity. This is all you're going to get to do
8 unless you come all the way to Tallahassee, and that's
9 unfortunate. That is one more thing that is going to
10 prohibit the public input and the public participation,
11 by being there and seeing what is happening. And
12 that's unfortunate because it disenfranchises the
13 people, to a certain extent, and that i bad.

14 We're going to oppose this and try and get to
15 the bottom of and ferret out all the information that
16 we feel is not correct. I hope you'll continue to keep
17 up your interest in this because, really, without your
18 interest and participation there's not going to be a
19 chance. We're going to have to get all the information
20 out there and fight it to the very end.

21 Thank you very much. (Applause.)

22 We're going to take everybody in the order
23 that they came. Representative Albright is here
24 tonight and he's filed some legislation in the past to
25 try to solve part of the problems that we've talked

1 about. And I know he has another meeting that he needs
2 to go to so we would like to have him start us off.

3 COMMISSIONER CLARK: Can I interrupt for just
4 a moment?

5 MR. SHREVE: I beg your pardon?

6 COMMISSIONER CLARK: May I interrupt for just
7 a moment?

8 MR. SHREVE: I don't think so. (Laughter)
9 No, I'm sorry. (Laughter)

10 COMMISSIONER CLARK: I feel that I need to be
11 candid with you all. Mr. Shreve has said I didn't vote
12 for the interim increase. The fact of the matter is I
13 did find, and voted with the majority, that on an
14 overall basis there was an increase appropriate. My
15 disagreement with the majority of the Commission was
16 that I felt that it should be done on a
17 system-by-system basis, which did mean for some of you
18 there would be no increase and for others there would.
19 So I wanted you to know that.

20 MR. SHREVE: Commissioner Clark, if I could,
21 and I'm not arguing with what you're saying, that is
22 correct. But in the initial vote that was taken on the
23 total amount, which you did vote for, I don't think --
24 and I know it was raised by some of the Commissioners.
25 Some of the Commissioners tried to get to the bottom of

1 what the rate base was that we used, and it was not
2 pointed out that there had not been a rate base
3 established for the Deltona purchase.

4 And, as Commissioner Clark said, what she did
5 not vote for was the proposal that was there by the
6 Staff of the Commission, and she is absolutely correct
7 that she did not vote for that.

8 COMMISSIONER CLARK: Representative Albright
9 -- it is Representative?

10 REPRESENTATIVE ALBRIGHT: Yes.

11 COMMISSIONER CLARK: Have you been sworn in?
12 We generally swear people in.

13 REPRESENTATIVE ALBRIGHT: Yes, I raised my
14 hand up.

15 COMMISSIONER CLARK: Okay, fine.

16 REPRESENTATIVE ALBRIGHT: This is
17 Representative Hawkes, he has joined me as well, and he
18 needs to be sworn in.

19 COMMISSIONER CLARK: Would you allow me to
20 make a comment about interim rates, initially, because
21 apparently there is some confusion.

22 REPRESENTATIVE ALBRIGHT: Yes, ma'am.

23 COMMISSIONER CLARK: There are some people
24 here who were a part of the last rate case in which you
25 are still being charged, you were at some point being

1 charged interim rates. And there was a question as to
2 whether the interim rates voted on yesterday would be
3 on top of those passed in interim rates. The answer is
4 no, it will not.

5 The First District Court just a couple of
6 weeks ago affirmed the Commission's decision denying
7 any rate relief in that rate case. The time has passed
8 for the Utility to appeal that to the Florida Supreme
9 Court, so there will be a refund. Your new interim
10 rates are under your old rates, the way they were
11 before the previous interim rates were in effect.

12 MR. SHREVE: Commissioner Clark, if I could,
13 on that.

14 Commissioner Clark is absolutely right. That
15 battle is over; there is a stay that is in place now
16 and we have filed to remove that stay, or either filing
17 first thing in the morning to remove the stay and ask
18 that the entire refund be made to the public.

19 COMMISSIONER CLARK: With that,
20 Representatives, I'd like you to go ahead and make your
21 statements.

22

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1 called 80 or \$90 a month.

2 The real world consequences of that was the
3 fact that, due to their mortgage payment, add that on
4 top of the mortgage payment, a lot of people couldn't
5 make their mortgage payment. And, of course, you know
6 that we have a mobile society where people want to rent
7 their houses should they move somewhere else, and found
8 that they could not rent their houses due to the fact
9 that the renters couldn't afford to pay the utilities.

10 What we have got here is a real-world
11 consequence where the utility rates have driven down
12 the values of these people's houses drastically. And
13 I'd like to liken -- the analogy to this is to child
14 care, which I think all of us can realize and how much
15 we are concerned about in this country. The average
16 family can pay, say, \$40 a week for child care but once
17 you up that to \$45 you take a huge slice of the
18 electorate that simply can't afford that anymore. And
19 that, in and of itself, I think, is a reflection in
20 water and sewer rates. There becomes a point where
21 people simply can't afford it anymore.

22 So what you see is the people that -- and let
23 me just stop and say that the people that he and I
24 represent, and that Senator Langley represents,
25 overwhelmingly are one of two classes of people.

1 They're either making 5, 6, 7 or 8 bucks an hour on a
2 fixed income in our counties, or they're retired, and
3 that's it. The buck stops there. These people are
4 fixed income, 90% of the people we represent. There is
5 no more money and they have to build their lifestyle
6 and their planning around this. And it has become
7 absolutely frightening to these people that these rates
8 are going up drastically. when They come to these
9 meetings like this, driving 40 or 50 miles, they might
10 beat one down only to have the Utility come back and
11 file it again.

12 And I don't hold this against you because you
13 didn't write the laws, the Legislature did. I mean,
14 you're doing the best you can with what you've got.
15 But, I mean, it's almost as if the madness really never
16 stops.

17 I'd like to let you know, and you may already
18 know this, that Senator Langley and myself and
19 Representative Hawkes filed a bill this year, that
20 unfortunately did not pass, and it went as the
21 following, and so I may educate the public. You may
22 all know what is called the double-dip for rate
23 increases. And that goes as follows:

24 Let's say a person, a developer, has
25 developed a piece of property and they came in ten

1 years ago and built a public water system and had
2 \$100,000 in it. Then let's assume they built out the
3 property and then the developer went on and the system
4 ran down and then, of course, the value of the system
5 may ultimately be nothing, if not greatly under the
6 \$100,000.

7 Well, as you know, the people who are coming
8 and building, or buying these utility systems,
9 including Southern States Utilities, then come in. And
10 let's say they buy the system for a dollar because it's
11 run down, or a couple of thousand dollars. And let's
12 say they come in, because it has been run down, and
13 they have to spend another \$100,000. Well, common
14 sense would dictate to you that if they bought it for a
15 dollar and put \$100,000 in it that the rate base, or
16 the money for rate base setting ought to be \$101,000.

17 As you well know, under current law that's
18 not the case. They get to do what's called, or I call
19 double-dipping. The rate base is \$200,000, and that's
20 where they set -- that's where Southern States
21 Utilities, and all the rest of these companies that
22 have come in and bought these systems that are in
23 various states of disrepair, if not in total state of
24 disrepair, have come in and set the rates. And that, I
25 think, has set the seeds for destruction on this whole

1 process.

2 So this gentleman and I, and Senator Langley,
3 filed a bill this year to stop that. It just say, "You
4 bought it, you put \$100,000 in it, and that's what your
5 rate base is."

6 Obviously, Southern States was very much
7 against this. We sat down and even tried to work out a
8 deal where we would meet them halfway. Because I have
9 to say for Southern States in their defense, there are
10 certain utilities out there that if someone did not
11 have an economic impetus to buy, then if they are in a
12 rural area no one would buy. And then you would be in
13 having the chance of literally having a health hazard.
14 So there is some good public policy to try to encourage
15 people to buy these.

16 But I think this thing has gone awry and I'm
17 committing these people, on behalf of myself and
18 Representative Hawkes and Senator Langley, that we're
19 going to have -- this has gotten out of control. I
20 know you don't make the laws, we do, and we'll be happy
21 to take the heat for that, but it's time that we
22 totally looked at revamping the water and sewer laws in
23 the State of Florida. And I'm totally committed to
24 doing that this next legislative session. I want you
25 to know, you know, we'll be back on that.

1 COMMISSIONER CLARK: Thank you,
2 Representative Albright. (Applause.)

3 Representative Hawkes, in order for me to
4 rely on anything you might say, we have the formality
5 of swearing in witnesses. Have you been sworn?

6 REPRESENTATIVE HAWKES: No, ma'am.
7 (Witness sworn.)

8 COMMISSIONER CLARK: Thank you.

9 REPRESENTATIVE HAWKES: I thought you were
10 going to say "so help me God." (Laughter)

11 Representative Albright addressed the reality
12 of the economic side of the question, and some of my
13 constituents are going to have a very hard time paying
14 their water and their sewer bills if you allow a 100%
15 rate increase to go into effect, which some of the
16 communities in my district are looking at.

17 What I would like to address for the
18 Commission, besides the economic side because you're
19 going to hear from the people tonight that were able to
20 make it here, I would like to address the procedural
21 side.

22 I agree with the Public Counsel when he
23 speaks of 127 systems filing for a rate increase at one
24 time. That immediately puts my constituents, and the
25 people of the State of Florida, at a massive

1 disadvantage when, because of that rate filing, you
2 have one public hearing in Marion County and no public
3 hearings in Citrus County. Even though we have 10 or
4 11 communities in Citrus County that are going to be
5 affected by this, they don't have an ease of
6 opportunity to come out and present their views and
7 explain their side of the question to the Public
8 Service Commission. And I think that that's
9 unfortunate, and I think the Public Service Commission
10 ought to do something about that and go ahead and hold
11 public hearings in Citrus County to allow those folks
12 to have better access to come and give their testimony.

13 Furthermore, I think that a lot of my
14 constituents have expressed frustration with the Public
15 Service Commission because they don't feel that the
16 Commission is responsive. And I think that drastic
17 steps need to be taken to, (a), make sure that the
18 Commission truly is responsive but, (b), to make sure
19 that the perception of responsiveness exists. And that
20 would be through such things as public hearings
21 throughout the affected areas, in each of the
22 communities that are affected; things such as
23 disallowing a rate filing for 127 systems at one time;
24 and also, in an evening like this where these people
25 have taken their time to come and explain their

1 viewpoints, there's only one Commissioner here.
2 Obviously, if the full Commission was here they would
3 have a better opportunity to explain their side of the
4 question and their problems and their concerns.

5 I'll tell you, a lot of them call for the
6 Public Service Commission to return to being elected,
7 to restore that accountability to the people.

8 (Applause) And I think their point is well taken.
9 When the utilities seem to exercise so much influence
10 over the Commission, when the statewide Grand Jury
11 returns the presentment criticizing the Commission
12 handles itself and responds to situations, that creates
13 a great deal of distrust in the people that you are
14 supposed to be serving. And we, in Florida, do pay
15 higher utility rates than other Southeastern United
16 States where they do have elected Public Service
17 Commissions.

18 So I would ask that the Commission bend over
19 backwards, and especially in this case disallow the
20 127-unit case filing at one time; hold the public
21 hearings throughout. If it means delaying Southern
22 States, that's okay, they can be delayed, they've held
23 these people's money in the last case that they lost
24 for well over a year. They can be delayed and we can
25 go through this in a proper fashion to make sure that

1 due process is respected and then people's concerns are
2 aired.

3 And, with that, that's all I have. Thank you
4 for your time. (Applause)

5 COMMISSIONER CLARK: Thank you,
6 Representative Hawkes.

7 I want to tell you that I appreciate you
8 coming out here and giving your thoughts. I want to
9 assure you that I do not feel that the utilities
10 exercise undue influence over me, but I certainly
11 understand the perception of that. And I hope that
12 this proceeding will help dispel some of that
13 perception. Thank you very much.

14 REPRESENTATIVE HAWKES: Thank you for having
15 us.

16 MR. SHREVE: Madam Chairman, if I could, I
17 think the people should know this. One, I have had an
18 opportunity to work with Representative Albright and
19 Representative Hawkes and Senator Langley on this past
20 legislation. Also, in the last couple of weeks showing
21 their interest, I have had an opportunity to meet with
22 Representative Hawkes in Inverness at a very good
23 meeting in Inverness, and Representative Albright just
24 recently with some customers that are concerned about
25 this. This isn't just an appearance here tonight

1 because they have been continuing to work in this
2 direction on your behalf.

3 I would like to also tell you that I work for
4 them; they fund our office and the only instructions
5 that I have ever had from the Legislators, and they
6 have supported us, is to do the very best job we can
7 for you. And I appreciate, on behalf of the customers,
8 your support. Thank you. (Applause)

9 COMMISSIONER CLARK: Representative Albright,
10 I would hope that you send my regards to Senator
11 Langley. I always appreciate his candid and forthright
12 remarks, so we do miss him.

13 REPRESENTATIVE ALBRIGHT: I'm sure you will
14 see him soon.

15 COMMISSIONER CLARK: Thank you. (Pause)

16 One request I would like to make of you, when
17 you come up would you please identify the system from
18 which you receive service. Thank you.

19 Mr. Shreve, will you call your first witness?

20 MR. SHREVE: Yes, I will. Leon Hawkins.

21 (Applause)

22

23

24

25

LEON HAWKINS

1
2 was called as a witness on behalf of the Citizens of
3 the State of Florida and, having been duly sworn,
4 testified as follows:

5 WITNESS HAWKINS: It's a pleasure to be able
6 to give you my side. I've got a gentleman who has also
7 asked for time who will give you the details of what he
8 is going to represent.

9 I am the President of the Marion Oaks
10 community, that represents over 6,000 people, and we've
11 got 2,000 petitions that we have submitted on behalf of
12 our defense of this issue.

13 We have a community that is growing. It's
14 one of the fastest-growing communities in the country.
15 And what is important to us is this: We cannot
16 continue to grow when the people, that was stated so
17 beautifully by Senator, or Congressmen, and the
18 Representative -- I call them Congressmen because I'm
19 from Washington and people like him we need in
20 Washington. Because we cannot grow and we cannot pay
21 the effects. We've got 400 and better homes that will
22 be built in our community. Ground breaking is down.
23 We will lose the people that's going to retire and
24 build because they cannot pay the utility bills.

25 I've been a resident of Florida in my

1 retirement for eight years. I paid more in one month
2 for water than I paid for a nine-room house in
3 Washington and a nine-room house in Detroit, in one
4 month I pay more bill than I paid in a year.

5 (Applause)

6 We have got a community that is right now
7 being built. We've got -- in our community we're going
8 to get a community center, we've got a library and the
9 representative that will speak will tell you about
10 that. Secondly, we've got a shopping center, Winn
11 Dixie, and other people that's coming in.

12 Do you know what the business people is
13 telling me? "We love your community but we cannot
14 afford the expense that occur once we get here," and I
15 think it's a disgrace. If we are going to run
16 businesses out of our community how can we survive as
17 retirees? Because 90% of the people that we represent
18 is on retirement.

19 So I'm just stating, sir, and I appreciate
20 the fact that you give me this chance to open up a keg
21 of worms because you will hear more about it from our
22 great representative, Mr. Nettesheim, later.

23 Two points: I want to make one -- I know
24 you'll take notes of this. Two months ago we had a
25 meeting in our community center where the

1 representative from SSU stated that there was a 2% loss
2 in profit. Now, tonight, I hear 8%. Figure that out.

3 Thank you very, very much.

4 MR. SHREVE: Thank you, Mr. Hawkins.

5 (Applause)

6 COMMISSIONER CLARK: Mr. Hawkins, there may
7 be some questions of you. And would you spell your
8 last name?

9 WITNESS HAWKINS: H-a-w-k-i-n-s, Leon S.
10 Samuel is the middle name.

11 COMMISSIONER CLARK: Would you also tell me
12 what system you receive your service from?

13 WITNESS HAWKINS: I'm being serviced by SSU
14 and Marion Oaks, in this great Marion County.

15 COMMISSIONER CLARK: Thank you.

16 WITNESS HAWKINS: Thank you very much.

17 COMMISSIONER CLARK: Are there any questions?

18 MR. HOFFMAN: No questions.

19 MR. SHREVE: Thank you, Mr. Hawkins.

20 (Applause)

21 (Witness Hawkins excused.)

22 - - - - -

23 MR. SHREVE: Mr. Connole.

24

25

1 ANTHONY W. CONNOLE

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

5 WITNESS CONNOLE: My name is Anthony W.
6 Connole, C-o-n-n-o-l-e, my address is 44 Douglas Street
7 in Sugar Mill Woods. The postal address is Hommosassa
8 344446. My phone number is 904-382-4633. (Audience
9 response) Anybody who wants to sympathize with me go
10 right ahead and call me.

11 I've been sworn in, as a matter of fact since
12 July 16th when I first read in the local media that
13 this petition for an increase was going on. I have
14 been swearing ever since. (Laughter)

15 On August 3 I received a notice of today's
16 hearing and it was, according to that notice, to
17 discuss the above application for a water and
18 wastewater rate increase by Southern States Utilities,
19 Inc. I had assumed that that involved the total of the
20 increase application. It was a great surprise to me to
21 pick up the newspaper this morning and discover that
22 the Public Service Commission had taken action
23 yesterday to grant an interim increase. I had thought
24 that we would have an opportunity to discuss the nature
25 of that interim increase request and oppose it.

1 AUDIENCE: Yeah, right on.

2 WITNESS CONNOLE: Furthermore, I read in the
3 newspaper that two of my fellow Sugar Mill Woods
4 residents were not even allowed to testify, that that
5 interim rate approval by the Commission was far greater
6 than the amount that the Utility had sought for our
7 particular water system.

8 The action of the Public Service Commission,
9 in my opinion, was hasty, premature and unwarranted.
10 I'm not questioning the legality of what you did but I
11 am questioning the public relations of what you did. I
12 think you make a serious public relations error.

13 The Public Service Commission should have, in
14 my opinion, directed the applicant to file 127
15 different applications. And I want to note at this
16 time that I read in the press that the consumers'
17 friend, Jack Shreve, has taken that same position, and
18 I applaud that. It's impossible for me to believe that
19 the Public Service Commission Staff could have
20 investigated the impact of Public Service Commission
21 action on each of these 127 systems, all differing in
22 one or more aspects, before having made their decision
23 on the interim rates.

24 I applaud the reported negative votes by, the
25 paper said just Commissioner Luis Lauredo. I applaud

1 the reaction of Public Counsel, Jack Shreve, and the
2 reports that he is alleged to have made in the Daily
3 Press.

4 Now, regarding Sugar Mill Woods, regarding
5 the gallonage charge on the interim increase, the
6 Utility had asked for an interim reduction of 2 cents
7 per thousand gallons. The Public Service Commission
8 approved an interim increase of 30 cents. (Audience
9 response) This, to me, is unspeakable; I can't
10 understand, nor can anybody else in the Sugar Mill
11 Woods system understand how the Public Service
12 Commission could have granted an increase that was not
13 even sought, even though only on an interim basis.

14 Regarding the sewer gallonage, the Utility
15 had asked for an interim reduction of \$1.29, to 92
16 cents per thousand gallons. The Public Service
17 Commission approved an interim rate increase of \$1.05;
18 again, it's very difficult to understand the Public
19 Service Commission action which grants the Utility more
20 than it asks for, more even than the Utility asks for
21 as a final Public Service Commission determination.

22 Now, regarding the Utility's request for
23 final rate structure, as applied to Sugar Mill Woods,
24 for my home, with a one-inch residential service, the
25 Utility seeks an increase from \$6.67 to \$20.45 for

1 their basic water charge. This is an increase of
2 \$13.78, or the unspeakable 207% increase in that basic
3 charge. The Utility seeks an increase from \$8.06 to
4 \$15.73 for the basic sewer charge. This is an increase
5 of \$7.67, or a 95% increase.

6 I would suggest that this is prima facie
7 evidence that these basic charge requests are
8 preposterous and unwarranted.

9 The final request of the petitioners, or the
10 request of the petitioners for a final rate structure
11 regarding the gallonage water charge, the Utility asked
12 for a 3-cent increase, to 80 cents from 77 cents. The
13 Public Service Commission has already granted an
14 interim increase of \$1.07, 27 cents higher than the
15 Utility was seeking as a final rate.

16 Now, regarding the gallonage sewer charge,
17 the Utility asked for a decrease to 99 cents. The
18 Public Service Commission has already granted an
19 interim increase of \$1.05, 6 cents higher than the
20 Utility sought. It's extremely difficult for me to
21 understand the puzzling generosity of the Public
22 Service Commission.

23 There's another element in the rate case that
24 should be given serious Public Service Commission
25 attention. I detect an effort by the applicant to

1 transfer increasing amounts of monthly water bills to
2 the basic water and sewer charges. The impact would be
3 to assure the income of the Utility without regard to
4 the actual sales of water and sewer services. The
5 impact would also be to diminish the relative incentive
6 of the customers to conserve water in their use at
7 home, because a larger relative portion of their
8 monthly bills would not vary related to their actual
9 water use.

10 The media is replete with reports of water
11 shortages, water use restrictions, low ground water
12 levels, salt water invasion of some coastal
13 communities. The emphasis of the Public Service
14 Commission should, it seems to me to be obvious, be on
15 the conservation of water. If the Public Service
16 Commission approved the applicant's request it would
17 have the opposite effect because the relative effort of
18 the individual homeowners to conserve water use would
19 be less.

20 Now, I'm not a specialist, and I would defer
21 specifically to the consumers' friend, Jack Shreve, any
22 opposition to the application based upon cost
23 accounting and profit levels. I can't deal with that
24 because I am not equipped. But unnamed Southern
25 States' officials were reported in today's Citrus

1 Chronicle as saying that the Public Service Commission
2 interim increase, and I quote, "allows the Company to
3 increase its rate of return." This obviously implies
4 that their rate of return is not at a loss figure now,
5 otherwise that unnamed Company official would not have
6 phrased it in that fashion. And it also indicates that
7 the Public Service Commission cannot feasibly claim a
8 financial emergency in the Company as the basis for its
9 interim increase action.

10 This makes even more puzzling, of course, the
11 Public Service Commission interim decision. We urge
12 the Public Service Commission to review and revise
13 downward their interim decision.

14 I also make an urgent suggestion that if the
15 Public Service Commission makes a decision regarding
16 the final rate increase of the Company, they do not
17 approve the preposterous increases sought for basic
18 water and sewer charges.

19 I would urge that to grant approval would
20 have the undesirable effect that I have described and
21 expose the Public Service Commission to criticism of
22 not being sensitive to the acute water crisis that we
23 are experiencing.

24 In my particular situation the total impact
25 of the Utility's final request for both basic and

1 gallonage charges would increase my total water bill by
2 29.8%. I, personally, cannot afford this; my income
3 has not increased, I am retired and on static income,
4 nor has the general cost of living increased
5 sufficiently to warrant such an increase in these
6 rates.

7 I urge the Public Service Commission to
8 orient their decision in this case to the nature of the
9 water crisis and to the needs of the Utility customers.
10 I thank you. (Applause)

11 COMMISSIONER CLARK: Thank you. Would you
12 spell your last name, please?

13 WITNESS CONNOLE: C-o-n-n-o-l-e, that's
14 double "n" in the middle.

15 COMMISSIONER CLARK: Mr. Connole, would you
16 just wait a minute and see if there are any questions?

17 MR. HOFFMAN: No questions.

18 MR. SHREVE: I do have one.

19 DIRECT EXAMINATION

20 BY MR. SHREVE:

21 Q Mr. Connole, you had mentioned the criticism
22 of filing 127 systems, and I'm going to make this a
23 question rather than a statement.

24 Did you know, sir, my biggest objection to
25 filing 127 systems is that there is no arrangement made

1 to really give an opportunity to delve in and develop
2 the information? I'm going to be up front and say that
3 it is an impossible situation for us to handle. Staff
4 says they can do it; I don't see how they can.

5 The argument is going to be made, and you're
6 going to hear from other quarters that by filing all of
7 these together it's going to save the ratepayers a lot
8 of money in rate case expense. I think rate case
9 expense is one of the biggest problems we have in this
10 state. It's used like blackmail over the customers.

11 Now, they're asking for \$1.7 million in rate
12 case expense in this case. Most of the cases, most of
13 the systems that are in here could be handled in what
14 is called a Staff-assisted rate case. They're very
15 small and the company comes in and asks the Staff of
16 the Public Service Commission, "Tell us what the rates
17 should be," and there is very little rate case expense.
18 So I do not accept the argument that by filing this
19 massive case that it's going to save in rate case
20 expense when they're asking for that much when most of
21 the systems, probably 75% of them could be handled as
22 Staff-assisted rate cases. (Applause)

23 MR. HOFFMAN: Commissioner Clark --

24 A I completely agree with that viewpoint and I
25 would urge the Commission to revise this so that

1 corporation is required to file 127 separate petitions.

2 COMMISSIONER CLARK: I appreciate the
3 comments on the magnitude of this rate case, and I can
4 assure you that it is an issue that we will be looking
5 at.

6 Mr. Hoffman, did you want to ask a question?

7 MR. HOFFMAN: I have no questions. I was
8 waiting for Mr. Shreve's question.

9 MR. SHREVE: That was it; I asked him if he
10 knew that. (Laughter) (Applause)

11 COMMISSIONER CLARK: We have a lot of people
12 to hear from tonight, so I would like to go ahead and
13 move on. And, Mr. Shreve, I would appreciate it if
14 your questions would be a little shorter.

15 MR. SHREVE: Commissioner Clark, and I know
16 you and I agree on this and I know they're supposed to
17 be questions, and we went into this a good bit in
18 Deltona. I think when you have a public hearing, and
19 you're looking for public input, that we should make
20 every effort to inform the people and let them know
21 what is going on. And that's one reason that I like to
22 at least let them know what the points are so that they
23 can make comments on things that they should be aware
24 of, and I know you feel that way. (Applause)

25 COMMISSIONER CLARK: Would you call your next

1 witness?

2 (Witness Connole excused.)

3

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4 MR. SHREVE: Chris Sheridan.

5

CHRIS SHERIDAN

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

9 WITNESS SHERIDAN: Good evening, everybody.
10 Thanks for the opportunity to discuss the few little
11 things I have to say.

12 I became a resident of Pine Ridge --

13 COMMISSIONER CLARK: Could we have your name,
14 and spell it?

15 WITNESS SHERIDAN: Sure. It's Chris
16 Sheridan, S-h-e-r-i-d-a-n. The address is 4588 North
17 Rushmore Loop, Beverly Hills.

18 I became a resident of Pine Ridge in Citrus
19 County in September of 1987. One of my concerns before
20 moving in was water, its quality, its availability and
21 its rates. After much deliberation I chose Pine Ridge.
22 Its water quality seemed good and its rates seemed
23 reasonable. In September of 1987 the rates were \$10.76
24 per month, which included 5,000 gallons; 69 cents per
25 1,000 gallons for the next 15,000.

1 My bill of February of 1988 reflects an
2 increase in rates which went to \$19.79 per 5,000
3 gallons and \$1.22 per additional 1,000 gallons, an
4 increase which, to me, was exorbitant.

5 My bill of January 1991, the rate was \$20.04
6 for 5,000 gallons. My bill of February of 1991 went to
7 \$20.61 for 5,000 gallons and \$1.27 for anything over
8 5,000 gallons. Now, in August of 1992, the proposed
9 rates for a one-inch meter, which is what we have,
10 would be \$24.08, and there is no longer any allowance;
11 not five, not four, not three, not two, no allowance.
12 And \$1.46 for every 1,000 gallons.

13 The interim rate which was passed, the base
14 rate of \$20.61, I would now add \$1.23, which would be
15 \$21.84; and for every thousand gallons I would add to
16 the \$1.27 present rate, which would be an additional 30
17 cents, or 1.57. So, in other words, the 21.84, 1.57
18 times five, 7.85, my new rate for 5,000 gallons, which
19 I was furnished before, would be \$29.69.

20 So if you'll recap, since September of '87
21 I've gone from 10.76, to 19.79, to 20.04, to a proposed
22 24.08, to a 29.69 interim. You have increased the
23 rates to me beyond belief.

24 SSU has also eliminated the local agency in
25 April of 1992 where I could have paid my bill or asked

1 any additional questions. This means an additional 29
2 cents per month, unless the postal rates go up, or
3 approximately another 3.50 per year. SSU has now made
4 an office visit necessary for me to go either to Apopka
5 or to Ocala.

6 Citrus County residents also were not given
7 any location for a hearing by the PSC. We had to drive
8 to either Ocala or Brooksville. And according to
9 recent statistics that were furnished in the local
10 Chronicle Citrus County has, according to a 1990
11 census, 93,515 residents. Don't you think we deserve a
12 location for a hearing? (Applause)

13 In summary, we pay our bills on time; we
14 attempt to conserve water as much as possible. We are
15 interested and concerned subscribers; we're trying to
16 do our part. Please do your part. There is a saying
17 now throughout all of our country, "Say no to drugs."
18 Please say "No" to SSU. Thank you. (Applause)

19 COMMISSIONER CLARK: Thank you. Any
20 questions?

21 MR. HOFFMAN: No questions.

22 COMMISSIONER CLARK: Thank you, Ms. Sheridan.

23 (Witness Sheridan excused.)

24 - - - - -

25 MR. SHREVE: Sallie Davis.

1 SALLIE DAVIS

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

5 WITNESS DAVIS: Good evening.

6 Madam Chairman, I'm Sallie Davis, and you
7 spell that S-a-l-l-i-e, D-a-v-i-s, and I'm a consumer
8 of the Point-O'-Woods system, which is located on
9 Gospel Island in Inverness.

10 I have a prepared statement. I prepared it,
11 addressed it to Mr. Beard, the Chairman. I was under
12 the impression that we would have more than one
13 Commissioner available tonight. I will read it anyway.

14 I, Sallie Davis, am here to speak as a
15 long-time Point-O'-Woods system consumer provided since
16 July of 1988 by Southern States Utilities, and many
17 years prior to 1988 when the system was under other
18 ownership. It would be more accurate to say that I
19 have been a long-time sufferer, or victim, frequently
20 having water that was contaminated by rust and sand.

21 To prevent these elements from coming in with
22 water into our household, we installed a special
23 filtering device to eliminate these elements. And I
24 have some of the elements here, which I want to put up
25 here for show and tell. (Laughter)

1 If we had not installed this device it would
2 have been necessary to replace refrigerator-freezers,
3 washing machines, hot water heater, swimming pool
4 equipment, and other water-using appliances, as many of
5 our neighbors have had to do. If you think I
6 exaggerate when I show you these filters that we
7 purchase, and they are approximately \$20 each, and my
8 husband must replace them every three to four weeks.
9 They are supposed to last three to twelve months. And
10 this will show you what comes through the water lines
11 before going into our house. Now, I want to ask you,
12 after you look at these filters, if you or your family
13 members would utilize or drink the water that comes
14 through prior to the filtering.

15 One neighbor has replaced her hot water
16 heater twice within the past four years due to the
17 damage of the rust and the sand. And we have even --
18 this is a piece of copper tubing from her water heater,
19 which shows how it has been clogged, and her house
20 happens to be one of the first that is serviced by the
21 Point-O'-Woods system. It is closest to the plant
22 itself, to the wells. (Pause)

23 Now, Jacques Cousteau says that water is the
24 diamond of the universe but his insightful statement
25 applies to its rarity in places other than the earth,

1 not to the rate charge utility companies should be
2 permitted to impose on its earthly customers.

3 The water system in Point-O'-Woods, which
4 went into service in February of 1965, was adequate
5 when serving the smaller community it was built to
6 serve. But it has deteriorated severely since SSU took
7 over in July of 1988. Rust and sand has increased,
8 while water service is regularly interrupted as lines
9 are flushed or equipment breaks down.

10 I am sure you are aware that this is not the
11 first time SSU has requested an increase in rates,
12 having done so in 1990, at which time the Commission
13 approved their requested interim rate increase.

14 However, as you know, and I understand there was a
15 court challenge and SSU has been directed to refund to
16 the users approximately 7 or \$800,000 generated by the
17 increased rates and accumulated interest.

18 Since taking over the Point-O'-Woods water
19 system SSU has expanded its customer base by providing
20 water and sewer service to new customers in at least
21 two new housing developments, now approximately 350
22 customers total. This expansion has no doubt taxed its
23 ability to provide pure and usable water. We don't
24 understand, however, why we must bear the burden of
25 greatly-escalated rate hikes to make the original

1 system serve additional areas than originally intended.
2 Almost all of our Point-O'-Woods residents are retired
3 and with the cost of medical care, gasoline, electric
4 service, and other everyday living essentials
5 constantly going upward, this increase would truly be
6 one too many.

7 If we can be assured of an uninterrupted
8 supply of pure and usable water, a small increase in
9 rates would be acceptable for the system to modernize
10 the system for the area it was constructed for. Any
11 adjustment in rates should be fair and in line with
12 changes in the cost of living guidelines. I trust that
13 you will agree that good water at a fair price is not
14 too much to ask for.

15 I request that this presentation be made a
16 part of the permanent record for this matter. Thank
17 you very much. (Applause)

18 This is a dual filter. We have dual filters
19 which is installed after our meter, okay? There's two
20 of them goes in at the same time. This is what they
21 look like at the time my husband installs them. They
22 are supposed to last three to twelve months. (Pause)

23 And this is the dual filters which lasted
24 approximately three and one-half weeks. (Audience
25 response) (Applause)

1 COMMISSIONER CLARK: Ms. Davis, I certainly
2 think you have presented some evidence that bears some
3 further looking into. And what I would like you to do
4 -- Tom Walden, would you please stand up back there?

5 I'm going to pass this on to --

6 WITNESS DAVIS: I'm familiar with Tom.

7 COMMISSIONER CLARK: Okay, and the filters to
8 Tom. Would you please get with him so that he can work
9 with you to try and get this straightened out and
10 provide us more information about the water service and
11 the quality of service there?

12 WITNESS DAVIS: Yes.

13 COMMISSIONER CLARK: I appreciate your
14 coming, Ms. Davis.

15 WITNESS DAVIS: Thank you very much. I would
16 like to give this to you in order to have it made a
17 permanent part of the record. I addressed it to Mr.
18 Beard because I thought that he would be here.

19 COMMISSIONER CLARK: Ms. Davis, did you just
20 read that letter?

21 WITNESS DAVIS: Yes, I did.

22 COMMISSIONER CLARK: It's part of the record,
23 and your live testimony is better than that letter.

24 WITNESS DAVIS: I want it put in the record.

25 COMMISSIONER CLARK: Okay, we'll take it.

1 (Applause)

2 Ms. Davis, this letter will be placed on the
3 correspondence side of the docket. Thank you.

4 (Witness Davis excused.)

5 - - - - -

6 COMMISSIONER CLARK: Mr. Shreve, would you
7 call your next witness?

8 MR. SHREVE: Mr. James Harper.

9 JAMES E. HARPER

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

13 WITNESS HARPER: Good evening, ladies and
14 gentlemen. My name is James E. Harper, I'm President
15 of the River Park Utilities Management Association,
16 Inc., in Fruitland, Florida. The last name is spelled
17 H-a-r-p-e-r. My address is Star Route 2, Box 208-E, as
18 in easy, Crescent City, Florida.

19 I come here tonight with the intention first
20 of only elaborating on the water system. But after Ms.
21 Clark made the remark that we could talk in regards to
22 wastewater and water, I decided to do a little bit of
23 relating on a wastewater system.

24 Back in November, I believe it was, of last
25 year Southern States Utilities started wanting to

1 increase the wastewater rate in our park from \$15.40
2 per month to \$66.40, which was 400%. The people,
3 needless to say, the people got very upset. We formed
4 an organization, we started out first with a committee,
5 which I was the co-chairman on. We investigated it and
6 worked with the County.

7 Now, this wastewater system originally was
8 dropped on the County. The County wanted, as of
9 December 31st, to give it to somebody, Southern States
10 or us. The first of the year, the last of December and
11 the first of January, we incorporated. I was elected
12 President and we started a fight to take this system
13 over. We had our meetings and we finally did. We took
14 it over as of February the first.

15 We did have to increase our rate. Now, I'll
16 admit that Southern States did lose money. There's no
17 way they could operate it at the price they were
18 charging at that time. (Audience response) But we
19 studied it, we got us an attorney, we had meetings, and
20 we increased the rate 100% to \$35.00 a month. It
21 actually costs us per month to operate this system
22 approximately \$2,500. The balance we make in a month
23 goes in the bank.

24 We went from zero in the bank to an excess of
25 property and monies of \$35,000 as of the first of this

1 month. And the people here can do the same thing.

2 Now, in the initial part I heard somebody up
3 here on this Board request -- wondering what Southern
4 States offers when they purchase a system. Some of
5 what I'm going to tell you now is information that I
6 have received, and the people who gave this information
7 to me asked to be out of the picture until your last
8 meeting in November in Tallahassee. At that time they
9 will appear if they have to, to verify everything I am
10 going to say.

11 When Southern States purchases a system from
12 anyone their offer is \$400 per family per hookup for
13 water and wastewater combination. This has been
14 verified.

15 We had a meeting with Southern States
16 recently because we want to take over the water system.
17 Now, I don't know where the figures came from, or how
18 they come up with it, but we were offered to buy the
19 system by Mr. Sweat himself at \$600,000. That was
20 \$1,600 per hookup for the number of people on his
21 system. This I've got; I've got all of this in
22 documentation.

23 Now, I had the company who operates our
24 wastewater plant give me a option, or a schedule on
25 what they would charge us to operate this plant once we

1 purchase it, and we will purchase it I'll guarantee
2 you. The offer they gave us, and I have it right here
3 in documentation, was \$15,000 per year.

4 Now, considering Southern States, my wife and
5 I sat out here this evening and we got to talking about
6 this. At \$15,000, if that's what it costs for
7 chlorination, operation, and so on, we added 6,000 just
8 for billing. Then we added 1,200 for labor. This come
9 to a total of \$22,200 annually, approximately, now. I
10 don't say that they don't have some added costs or not.
11 Then we figured up what Southern States makes on our
12 water system for 368 customers per year. We used one
13 of our water bills as an average. We come up with
14 \$57,288 is what they actually make. Well, you take
15 22,000 away from that and they're making \$30,000 a
16 year.

17 Now, if they're making \$30,000 a year how can
18 it be that they only make 2%? This don't add up.

19 Now, I understand that they do have places
20 they lose money at, and I understand that there they
21 maybe should raise the rate. There's a place right up
22 there near where I leave called Wooten's. Wooten's has
23 approximately 25 customers on it; they do not even
24 afford to pay -- what they make off of that doesn't
25 even pay for the testing a year, and we understand

1 that. But if they're making this kind of money off of
2 us, why raise our rates? Go to the people where
3 they're not making money and raise their rates.

4 I've got no qualms on this. But any group
5 who has 6 and 7,000 people in them, if their rates are
6 anywhere near where they should be, they shouldn't. As
7 far as the testing, which is something in this paper
8 that I read, I have been told by people that I'm
9 associated with in my group -- I have attorneys, I have
10 engineers, I have loan grant people out of Ocala here,
11 and everyone that I work with. When I want information
12 I don't go direct, I go to the people on the
13 intermediate and let them get it for me.

14 But there is no reason for Southern States to
15 get this kind of a rate increase. And if we can
16 operate it at what we do and make money on it, and we
17 know now that we can operate the water system -- like I
18 say, it's a nonprofit organization and I don't got to
19 pay big monies out to engineers and I don't got to pay
20 big monies out to a bunch of attorneys and I don't got
21 to pay big monies out to people, investors and that.
22 But we do plan to make enough money so that when it
23 comes up to emergencies we can do the work, repair
24 work, people that work.

25 I have seen three different breaks in the

1 water system in River Park. Each time that they had a
2 break in the water system there was three Southern
3 States vehicles, three Southern States workers there
4 working. Except two of the guys were standing around
5 with their hands in their pockets and one of them was
6 digging the hole. (Applause)

7 And this I can't see. And as far as our
8 water system is, I understand, and I have some
9 documentation here which, like I said, the person asked
10 not to be identified at this time but will come up
11 later, I understand that three years ago Southern
12 States put in for a rate increase. I don't know if it
13 was all over Florida but I do know that it was in River
14 Park. This rate increase was to do upgrading. The
15 person who gave me this information said that 90% of
16 the upgrading listed in the application to the
17 Commissioners was not accomplished. There has been a
18 generator sitting on that site out there for 18 months
19 which has not even been hooked up. Just this year they
20 finally put in a gas tank and hooked it up to the gas
21 tank but the control system has not been done.

22 The water pressure in my home is extremely
23 low and, just like this lady showed the iron, I have a
24 copy of an Environmental Regulation Report which was
25 done recently because we put in to buy this property,

1 and we sent the Commissioners a copy of our Intent to
2 Purchase, and also the DER in Jacksonville, and they
3 did an investigation, or what they call a survey of the
4 plants. And it was wrote up. And on the iron, in one
5 of the systems, which according to DER safe limits is
6 .30, the iron in that plant was .52

7 So you can understand that information that I
8 have I have on record in my home, and I can verify most
9 everything I say. And on the document that I have here
10 it said the things that I have said on the information
11 with regards to upgrading, and so on, can be
12 documented.

13 Thank you, and I appreciate your time.

14 COMMISSIONER CLARK: Thank you, Mr. Harper.

15 (Applause)

16 Let me see if there are any questions.

17 Your information on the quality of the water,
18 would you also provide that to Mr. Tom Walden so we can
19 follow up on that? I want to make sure it is up to the
20 standards it needs to be for purposes of DER.

21 WITNESS HARPER: Yes, ma'am. If he wants to
22 come by my home I will let him read these documents
23 because they came straight from the DER.

24 COMMISSIONER CLARK: That sounds great.

25 Maybe we can get them from DER.

1 what I am presenting which you can have up there. Do
2 you want them now? (Pause)

3 My remarks pertain to the Marion Oaks
4 Utilities in Marion Oaks. The following pertains to
5 the water and sewer utilities serving the community of
6 Marion Oaks, Florida. The entire community is served
7 by the water system. Approximately 60% of the homes
8 are served by the sewer system. To establish a frame
9 of understanding for the comments I will make, let's
10 first look at billing increases in Marion Oaks for
11 water and sewer from 1983 to 1993, assuming the Utility
12 were to get the rate increase it is requesting at
13 present.

14 I have chosen 4,000 gallons per month as a
15 base, as that is close to the average monthly use for
16 Marion Oaks residents.

17 In 1983 the cost to the customer, water and
18 sewer combined, for 4,000 gallons was \$12.99. In 1993
19 the cost for 4,000 gallons will be \$64.74 if the
20 Utility gets the rate requested. This is an increase
21 of 398% over a ten-year period. This over a time
22 interval when the inflation rate for goods and services
23 has been relatively moderate.

24 Some other things relative to the Marion Oaks
25 Utilities. From 1985 to 1991 the number of ERCs on the

1 water system increased 72%. The number of ERCs on the
2 sewer system increased 25%. The capacity of the water
3 treatment plant in 1985 --

4 COMMISSIONER CLARK: Mr. Nettesheim?

5 WITNESS NETTESHEIM: Yes.

6 COMMISSIONER CLARK: I see your remarks here
7 are quite lengthy and I can assure you I can read that
8 chart. So if you want to summarize your remarks,
9 because I do want to make sure we hear from everyone
10 tonight. It goes on for several pages.

11 WITNESS NETTESHEIM: I will skip some of the
12 stuff, and I'm really only going to read the first four
13 pages.

14 COMMISSIONER CLARK: Great, all right.

15 WITNESS NETTESHEIM: The capacity in 1985 was
16 1,440,000 gallons. In 1991 the capacity is still
17 exactly the same, 1,440,000. The number of gallons
18 used per ERC in a year in 1985 was 84,630, and in 1991
19 it had decreased to 56,850, a decrease of 24%.

20 Total gallons billed has decreased over from
21 1985 to 1991, or has increased by only 18%. However,
22 the value of the plant in service in 1985 was
23 \$2,679,170. In 1991 it was \$6,612,835, an increase of
24 147%.

25 The rate base in 1985 was \$979,109 and in

1 1991 it has grown to 2,431,323, an increase of 148%.

2 The capacity of the sewer system in 1985 was
3 200,000 gallons, and in 1991 it's still exactly the
4 same. The number of gallons used per ERC, or treated
5 per ERC, has increased by a mere 6.5%. The total
6 gallons billed has increased by 30%. And a lot of this
7 is primarily due to the opening of a new elementary
8 school in Marion Oaks.

9 The value of the plant in service has
10 increased from \$1,863,294 to 3,072,092, for 65%. And
11 the rate base has gone from 1,277,814 to 1,860,136, or
12 45.6%.

13 The troubling part about this increase in
14 value of plant in service is that almost all of the
15 increase has occurred since year-end 1988. In 1989 is
16 the year Southern States Utilities took over Marion
17 Oaks Utilities from the Deltona Corporation. The
18 tremendous jump in value coinciding with the time of
19 ownership transfer is highly suspect.

20 A reading of PSC Order No. 24715 relating to
21 Docket No. 900329-WS indicates this very thing was much
22 on the mind of the PSC. On Page 5 of the Order that
23 dismissed that case this statement is made, and I
24 quote, "Plant received as part of an acquired operating
25 unit should be recorded at the cost to the person who

1 first devoted it to public service. The recorded
2 amount for subsequently purchased plant should be the
3 cost incurred by the utility." Nowhere in the MFRs
4 submitted by the Utility for Docket No. 920199-WS is
5 there a clear, clean, understandable indication of why
6 the sharp increase in recorded value occurred right
7 after the transfer of ownership. It is absolutely
8 imperative the PSC establish firmly, without
9 reservation, that there has been no illegal
10 manipulation of the value of the water system at the
11 time of transfer of ownership. An analysis of such
12 investigation should be included in the public records.

13 The same is true for the sewer system. The
14 value of plant in service at year-end 1987 is listed in
15 the MFRs as \$1,986,507. At year-end 1991 the value is
16 listed as \$3,072,092, an increase of 55%. Again the
17 sharp increase in value came right after the transfer
18 of ownership from Deltona to SSU. This with very
19 little evidence of any capital expenditures made to the
20 wastewater system, and a mere increase of 8.8% in the
21 number of ERCs added to the system.

22 Prior to 1984 Marion Oaks Utilities did not
23 impose any service availability charges when
24 connections were made to new homes. It was the
25 Utility's intent to recover its investment costs

1 through the rate base. In 1984, as part of the rate
2 increase granted for Docket No. 830413-WS, service
3 availability charges were authorized. In its summary
4 of this the PSC Staff stated that the plant capacity
5 charge was established so that the ratio of net CIAC to
6 net plant would be 75% at full capacity.

7 The main extension charges were designed to
8 recoup the total cost of the mains. Henceforth, the
9 Utility would recover its investment costs through the
10 service availability charges and not through the rate
11 base. The substantial rate increase at that time would
12 allow the Utility to recover any losses experienced
13 over the first ten years of operation. For a 5/8 by
14 3/4-inch meter the combined total water and sewer for
15 service availability and service installation was
16 \$1,650. I won't go into the breakdown.

17 COMMISSIONER CLARK: Thank you.

18 WITNESS NETTESHEIM: In 1989 for Docket No.
19 881406-WS, with Order No. 20944, the PSC authorized an
20 increase in the above service availability charges, and
21 also authorized the imposition of AFPI, which is
22 allowance for funds prudently invested, charges
23 covering both water and sewer system. AFPI charges are
24 charges designed to allow a utility to recover a fair
25 rate of return on portions of plant facilities which

1 were prudently constructed but which exceed the amount
2 necessary to serve current customers.

3 In view of the above, it is my belief that
4 any capital investment made by the Utility since 1984,
5 whether it's plant, mains, land, or other that adds to
6 the value of utility plant in service, and is so
7 recorded on the books, should also be recorded on the
8 books as nonused and useful, dollar for dollar.

9 When a new connection is made and the fees
10 are collected, the amount can be deducted from used and
11 useful and automatically credited to CIAC.

12 In brief, I believe it is the intent of the
13 PSC that any and all costs to the utility to increase
14 plant capacity, extend lines, or buy land are to be
15 recovered through the service availability and AFPI
16 charges.

17 A review of the MFRs indicates that they will
18 be amply rewarded. For the water system the Utility
19 places the cost to amortize their value of \$2,905,934
20 for nonused and useful at \$595.84 per remaining ERC.
21 The combined charges for service availability and AFPI,
22 after March of 1993, per ERC will be \$1,358.22. Thus,
23 the Utility will achieve a final return of \$2.24 for
24 every initial dollar invested. True, it will take a
25 number of years but that's why the AFPI charges are

1 allowed.

2 For the sewer system, the nonused and useful
3 is placed at \$394,844 for 329 remaining ERCs. This
4 equates to \$1,200 per ERC. The combined charges for
5 service availability and AFPI per ERC after March 1993,
6 which is the date when this caps, will be \$2,684.20.
7 Thus, the Utility will achieve a final return of \$2.24
8 for every initial dollar invested.

9 COMMISSIONER CLARK: Mr. Nettesheim, can I
10 ask you again to speed it up? Because there are a
11 number of people here who want to speak and the noise
12 level is getting pretty loud and I'm having difficulty
13 hearing you. (Applause)

14 WITNESS NETTESHEIM: Okay.

15 COMMISSIONER CLARK: I think it's not only my
16 request but I think it's the request of the audience
17 that you summarize it, and I can assure you --
18 (Applause) -- I appreciate that, but we'll get there
19 faster if you will let me finish what I'm saying and
20 move on. I can assure you that I will read this. You
21 have done a very thorough job of analyzing this and we
22 will look at it.

23 WITNESS NETTESHEIM: Uh-huh.

24 COMMISSIONER CLARK: Go ahead and summarize,
25 if you would.

1 WITNESS NETTESHEIM: Okay, I'll try to speed
2 it up. (Audience response)

3 To reiterate, I think that investment
4 expense, including the acquisition of land, is
5 essentially outside the rate base.

6 The only thing that should increase the rate
7 base over 1987 are taxes; income taxes and taxes other
8 than income taxes. Deltona did not pay income taxes
9 since they were in poor financial condition. I assume
10 that the "other taxes" category is mainly property
11 taxes, inventory taxes, Social Security, and
12 workermen's compensation. I question whether taxes
13 should be allowed in the rate base of 100%. If we look
14 at the rate of return of 11.5% that the Utility is
15 requesting, we find this is after taxes. Before taxes
16 the rate of return is more like 19%.

17 COMMISSIONER CLARK: Mr. Nettesheim, I have
18 to again assure you that I will read this. And if you
19 take another minute and conclude so I can have somebody
20 else testify. (Applause)

21 WITNESS NETTESHEIM: Okay.

22 COMMISSIONER CLARK: Thank you.

23 WITNESS NETTESHEIM: All right. I'll go down
24 to the last three paragraphs. (Audience response)

25 COMMISSIONER CLARK: They're short, I've

1 looked at them. Let him finish.

2 WITNESS NETTESHEIM: In the area of the
3 Utility's rate case expense of \$1,772,200, I note
4 \$677,136 is a carryover from Docket No. 900329-WS.
5 This case was dismissed by the PSC and the District
6 Court. No way should the Utility be allowed to recover
7 expenses for that case.

8 I guess I can end it up there.

9 COMMISSIONER CLARK: Thank you. (Applause)

10 MR. SHREVE: Thank you, Mr. Nettessheim.

11 (Witness Nettessheim excused.)

12 - - - - -

13 COMMISSIONER CLARK: It will be easier for me
14 to hear if you will keep the noise level down, and I'm
15 sure the people who are testifying will appreciate the
16 need to keep it brief. Mr. Shreve?

17 MR. SHREVE: Ramon Cruz.

18 RAMON CRUZ

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

22 WITNESS CRUZ: Good evening. My name is
23 Ramon Cruz, R-a-m-o-n, C-r-u-z, and I live,
24 unfortunately, at 4090 Southwest 143 Lane Road in
25 Marion Oaks. (Audience response)

1 Madam Commissioner, I'm sorry that your
2 colleagues deserted you. There's five Commissioners
3 and you are the Lone Ranger at this meeting. You are
4 taking a lot of flack.

5 According to the Ocala Star Banner, as well
6 as the Tampa Tribune, the vote in last night's approval
7 of the interim rates that SSU requested was
8 four-to-one. Mr. Shreve says that you voted against
9 and that should make it three-to-two. At any rate, you
10 and Mr. Lauredo seem to be the only sane people in the
11 Public Service Commission.

12 We have been doing battle, both with Deltona
13 and now SSU, since 1983, as Mr. Nettlesheim pointed
14 out. At that time I was the instigator in bringing the
15 Public Service Commission into Marion Oaks for at that
16 time Marion Oaks Utilities to justify their semiannual
17 rate increases in Marion Oaks. At that time they could
18 not. In response to a question from Mr. Leonard
19 Williams, a president of Marion Oaks, in 1983, and the
20 question was as follows, and the question was put to
21 representatives at that time of Marion Oaks Utilities.
22 The question was, "What is the quality of the water in
23 Marion Oaks?" The response, and I hope Mr. Shreve
24 remembers this, the response was, and I quote, "The
25 water in Marion Oaks has an A-1 category, meaning that

1 the water is so pure in Marion Oak that it hardly needs
2 any treatment." And that was the response given by
3 their accountant.

4 Last night the Public Service Commission
5 approved, and this should be in quotation marks, "an
6 interim rate increase." They've always been interim
7 but they end up to be permanent. (Applause) So it
8 appears that this meeting tonight is another one of
9 those that has already been set in concrete. Your
10 decision last night more than likely, if you don't read
11 those papers and listen to all the comments that have
12 been made and will be made here tonight, it's an
13 exercise in futility, it seems to me.

14 In Marion Oaks we are proud of our community.
15 We water our lawns like hell. 50% of the water in
16 Marion Oaks is used for lawn irrigation. That water
17 does not go through the sewer system and, therefore, it
18 is not treated. (Applause) Why in the world does SSU
19 keep asking for rate increases is beyond my
20 comprehension. I am not that smart but I can add two
21 and two and not come up with six. (Applause)

22 Somebody said if you tell a lie frequently
23 enough you end up believing it yourself. That's
24 exactly what these SSU, Marion Oaks Utilities, Deltona,
25 or whatever monicker they choose to use, is doing to

1 us. That's exactly what they are doing.

2 It is also said that a leech will suck enough
3 blood out of you and drop off when it's had enough.
4 Apparently these people haven't had enough yet.

5 (Applause)

6 I wrote a letter dated August 4, 1992, to the
7 Public Service Commission for which I received the same
8 letter form response. "We have received your
9 communication," et cetera, et cetera. I would like to
10 know where SSU buys their supplies because I would love
11 to do business with them. They haven't spent a dime
12 and they want to recoup \$10,000 for every dime they
13 spend. I'll do business with anybody under those
14 terms.

15 In conclusion, I, among many others that will
16 parade through here tonight, I'm against any rate
17 increase, especially when you don't have to treat the
18 water because the water is so pure it hardly needs any
19 treatment. When the capacity of the system, both water
20 service and wastewater management, has not increased
21 one iota, as Mr. Nettlesheim just pointed out to you.
22 Please take your time and read what he wrote.

23 In conclusion, inasmuch as SSU chose a court
24 system to hang onto our money they had collected, and
25 you gave them the authority to collect again under, and

1 quotation marks, "an interim rate increase," and you
2 subsequent voided that authorization, or denied it, and
3 they used the court system to appeal and appeal and
4 appeal and appeal in order to hang onto our money, make
5 a profit on it, gain interest on it and we are left
6 holding the bag, my recommendation is that the
7 residents of Marion Oaks withhold payment for water and
8 sewer service until such time as the monies are
9 returned to their rightful owners. Thank you.

10 (Applause)

11 COMMISSIONER CLARK: I do understand your
12 concern about interim rates and I did want to clarify
13 something an earlier witness had said, that it was a
14 court challenge to the interim rates that resulted in
15 the refund. That's not true.

16 The Commission ordered the refund. The
17 Commission determined that the rate case should not
18 proceed and ordered the refund. So the interim rates
19 will be coming to you. It was the court who said to
20 the Commission, "You did the right thing." So it was
21 the Commission who did it initially.

22 I appreciate your coming here and I think at
23 this time we need to take a break. We have a single
24 court reporter here, I'd like to visit the rest room,
25 and then we will begin the hearings again in five

1 minutes.

2 MR. SHREVE: Commissioner, the question that
3 was raised about the two votes, there were two votes
4 that were taken. One was for the total interim
5 increase, which had one in opposition, and then there
6 was the methodology that the Staff had proposed to
7 impose that rate on the customers, and that was the one
8 that had two votes in opposition. So there were
9 actually two separate votes.

10 COMMISSIONER CLARK: Right.

11 WITNESS CRUZ: At any rate, I won't set my
12 stove on tonight waiting for that rate increase to be
13 returned to us.

14 COMMISSIONER CLARK: Before we adjourn for
15 the break, I want to tell you if you don't want to stay
16 but you want us to get your comments, please fill out
17 this form which is on the back of the information sheet
18 and deliver it to Brenda in the back of the room.

19 Thank you. We will be back in five minutes.

20 (Brief recess.)

21 COMMISSIONER CLARK: Ladies and gentlemen, if
22 you will take your seats.

23 Mr. Shreve, I have had somebody come up and talk
24 to me about the detail included in Mr. Nettesheim's
25 testimony. What I would like to do, to assure you and to

1 assure Mr. Nettesheim that his thorough work will not go
2 unnoticed, I'm going to identify it as an exhibit, Exhibit
3 No. 5, and without objection it will be entered into the
4 record as evidence. (Applause)

5 (Exhibit No. 5 identified and admitted into
6 evidence.)

7 Mr. Shreve, will you call your next witness,
8 please?

9 MR. SHREVE: Mr. Lawrence.

10 COMMISSIONER CLARK: Mr. Lawrence?

11 MR. SHREVE: Mr. Howard Lawrence. (No
12 reponse.)

13 COMMISSIONER CLARK: It appears he's not
14 here. Would you move on to the next one?

15 MR. SHREVE: I beg your pardon?

16 COMMISSIONER CLARK: It doesn't look like
17 he's here. Mr. Lawrence? (No response)

18 MR. SHREVE: Mr. Frank J. Sparacia.
19 (Applause)

20 COMMISSIONER CLARK: Ladies and gentlemen,
21 it's difficult for me to hear up here. If you will
22 keep the noise level down that will assure that I hear
23 the testimony better. Thank you.

24

25

1 FRANK J. SPARACIA
2 was called as a witness on behalf of the Citizens of
3 the Stat of Florida and, having been duly sworn,
4 testified as follows:

5 WITNESS SPARACIA: Ladies and gentlemen,
6 Chairman of the Board, if you don't mind I would like
7 to be sworn in again.

8 COMMISSIONER CLARK: You have not been sworn?

9 WITNESS SPARACIA: I did but I'd like to be
10 sworn in again.

11 COMMISSIONER CLARK: I'll be happy to
12 accommodate you.

13 WITNESS SPARACIA: Thank you.

14 (Witness sworn.)

15 WITNESS SPARACIA: The whole truth, so help
16 me God, so help me God, because I despise a liar.

17 COMMISSIONER CLARK: Thank you.

18 WITNESS SPARACIA: Can I please ask one
19 important question? Is there anyone here from the
20 Utility Company itself, whether it's the main office or
21 that works in Marion Oaks, or whatever? I want to ask
22 one legal question.

23 COMMISSIONER CLARK: Go ahead and ask and Mr.
24 Hoffman is here.

25 WITNESS SPARACIA: Okay, please, it's very

1 important.

2 Now, when you acquired -- I don't mean you
3 but, anyway, Southern States acquired the utility
4 company from Marion Oaks Utility, did they acquire all
5 the wells that are driven in belonging to Deltona at
6 the time?

7 MR. HOFFMAN: I'm sorry, Mr. Sparacia, I
8 didn't hear the middle part of that last sentence. Did
9 they acquire what?

10 WITNESS SPARACIA: All the driven wells that
11 they have in Marion Oaks.

12 COMMISSIONER CLARK: All the wells in Marion
13 Oaks. Did they acquire the wells that belonged to
14 Deltona?

15 WITNESS SPARACIA: It's very important. If
16 you don't have the answers tonight I would like them as
17 soon as possible.

18 MR. HOFFMAN: I don't have that information
19 at my fingertips, Mr. Sparacia, but I'm sure that's
20 information that we could get to you.

21 WITNESS SPARACIA: This is very important,
22 please.

23 My name is Frank J. Sparacia. We have a very
24 highly sophisticated address now, also.

25 COMMISSIONER CLARK: Would you spell your

1 last name?

2 WITNESS SPARACIA: Yes. 287 --

3 COMMISSIONER CLARK: No, spell your last name
4 for me.

5 WITNESS SPARACIA: Oh, spell the last name?

6 COMMISSIONER CLARK: Yeah.

7 WITNESS SPARACIA: S-p-a-r-a-c-i-a. I reside
8 at 287 Marion Oaks Drive. Okay, and the zip code is
9 34473.

10 Now, it's very important, please, what I'm
11 going to say to you. I know just how everything took
12 effect here from the day one between the old Utility --
13 it's very important -- between the old Utility Company,
14 Marion Oaks. The way Minnesota Topeka got this is that
15 they had, I believe, about 45.5% of the shares in
16 Marion Oaks, the utility company.

17 When a certain time came and they couldn't
18 get their money they had to first try to take over the
19 Utility Company. In fact, Deltona didn't want to give
20 it up no way; they didn't want to.

21 Now, the reason I'm coming out with this is I
22 was able to -- this goes back to 1988 -- the Southern
23 States hadn't taken over, Minnesota Topeka hadn't taken
24 over yet the Utility. What did happen at that time was
25 that there was talk that they were going to get the

1 Utility Company from the old Utility, Marion Oaks
2 Utilities.

3 So what happened there is I got in touch with
4 Minnesota Topeka from here, Marion Oaks. I can make a
5 call anytime and reverse the charges and speak to the
6 President of Minnesota Topeka. Is Mr. Crook here
7 tonight, from the Utility Company?

8 COMMISSIONER CLARK: Did you ask if somebody
9 from the -- I didn't hear you exactly -- Mr. Crook, if
10 he was here?

11 WITNESS SPARACIA: Crook.

12 COMMISSIONER CLARK: You have asked if he was
13 here?

14 WITNESS SPARACIA: Yeah.

15 COMMISSIONER CLARK: Okay. I don't know.

16 MR. HOFFMAN: I don't believe he's here.

17 WITNESS SPARACIA: In fact, I can call him up
18 anytime and call collect. And I begged them, "Please,
19 before you take over Marion Oaks Utility, if you care
20 to take it over, come and take a look down here and see
21 what's doing." Never did anybody come.

22 In 1988, and that's the reason I brought this
23 up, in back of the Quick King I caught them with a
24 dummy sewer. They were pumping it out into the
25 alleyway there and it was going into the retention

1 area. Believe it or not. And that's why I wanted to
2 be sworn in again because I'd like to see somebody try
3 to sue me on that. Deltona included, too.

4 So now we're talking about the rate increase
5 and everything. I'm jumping the gun but, anyway, you
6 want to cut it a little bit short so we can give other
7 people time, too. What happened here after they did
8 take it over for a while there, because they were
9 asking like 30, 40, 20,000 to bring in the water mains
10 to the far area for to supply water. I got ahold -- I
11 didn't get ahold of them; in fact, they asked me if I
12 would do something about it.

13 One builder there saw me one day on 45th
14 Avenue there near the firehouse there. There were
15 three slabs down there ready to build three houses.
16 And he said, "I see that you're always involved here,"
17 and I think I am a little bit anyway. He said, "Look
18 what I just got, that they wanted to get paid a certain
19 amount of money to bring water mains up there." So he
20 give me that and I went to another big builder there,
21 Marco Polo, and I said to him, "Look what I've got,
22 Mr. Marco." And he said, "Frank, I've got the same
23 thing." I says, "Okay, do you mind giving me one
24 copy?" He says, "No."

25 So I asked him if he had a copy what Deltona

1 was giving the people when they bought property, and
2 after a certain amount of years is supposed to have
3 water in there, streets, and what have you. Okay.

4 So, now, I went and I got in touch with one
5 Commissioner and I said, "Please, can I come down and
6 see you?" He says, "Yes, Frank, come down." And I did
7 go down. So he brought me over to the Assistant
8 Attorney of the County and he took a look at that and
9 he said, "I'll give you an answer within a few days."
10 Believe it or not, again, building permits were stopped
11 for about eight months there, by the Board of Health,
12 and so forth. The building permits were stopped.

13 Then the trouble began. What happened? The
14 Utilities knew, Southern States and Deltona got
15 together and the Southern States gave the Deltona
16 Corporation \$7 million and they, in return, Deltona
17 Corporation gave them 80 pieces of property throughout
18 the whole state, whatever, they have the Utility
19 Company there.

20 Now, when they went before an increase, I
21 understand about a year ago, maybe a little less, and
22 they asked for this increase, and they said, "Well, we
23 gave them \$7 million," and I believe they were asked
24 did they get an appraisal on the property Deltona give
25 you and they said, "No, we didn't," and it knocked it

1 down right there and then, I heard, at that time.

2 Now, all of these facts here, I've got a bag
3 full if you care, if you want to go -- if it's legal.

4 I don't do anything unless it's legal.

5 COMMISSIONER CLARK: What is it you have
6 there?

7 WITNESS SPARACIA: These?

8 COMMISSIONER CLARK: Yes.

9 WITNESS SPARACIA: I'll tell you what they
10 are, and that's how come I got all the information.

11 COMMISSIONER CLARK: Okay.

12 WITNESS SPARACIA: I bought some shares of
13 the Deltona Corporation. I went to a stockholders'
14 meeting, too, in fact, in Miami. That was about three
15 years ago. Then about three and a half or four years
16 ago North Carolina, the Empire of North Carolina, had
17 29.5 shares, I believe, percentage of shares into
18 Deltona. That's what they had, and I also bought some
19 shares there.

20 COMMISSIONER CLARK: Can I tell you, you need
21 to speak very distinctly because at times I'm having
22 trouble understanding you. Go ahead.

23 WITNESS SPARACIA: Okay. So I went up and I
24 bought them and I was getting results from both. And
25 whatever you've been reading in the newspaper lately,

1 that a lot of people think now that the Dutch company
2 -- yeah, there's another one.

3 COMMISSIONER CLARK: Let me just say
4 something. The court reporter is also having trouble
5 hearing. If you can keep the noise level down we would
6 certainly appreciate it. Go ahead.

7 WITNESS SPARACIA: Okay, thank you. So what
8 happened here is a lot of people think that the Dutch
9 company bought into Deltona; they did not. What
10 happened there is the Empire of North Carolina had
11 29.5%, I believe it was, maybe a little more. I don't
12 remember the figures just now. Anyway, they bought the
13 shares from the Empire. Plus that Mr. Maurice, the
14 Chairman of the Board for Deltona, he had \$200,000 in
15 wages coming to him that he never got. So in order for
16 him to get rid of the shares to the Dutch company, he
17 said, "Forget about the \$200,000, you don't have to
18 give it to me." They're in the report here.

19 So that's where Southern States now wants to
20 make a killing because what Deltona didn't do years ago
21 the new company has done. So they couldn't go any
22 further; people didn't want to pay \$20,000 for a water
23 main.

24 Now, here's another important fact, and
25 that's the reason I do want to find out who owns every

1 well there, and I'm not talking the private wells; what
2 Deltona had when they had the water system.

3 About three weeks ago, maybe a month ago, I'm
4 coming out of the Quick King, if you know the area and
5 probably you don't, which is now Marion Oaks Drive, and
6 there's a hydrant there coming toward my house, and
7 there's a tanker filling up with water from the
8 hydrant. I see that and I go to the Utility Company.
9 I don't know if he's here tonight. And I asked the
10 young lady there, "Who's in charge here? I want to
11 talk to them." "I'm sorry, you can't talk to them,
12 they at a meeting," which there was a meeting being
13 held. So she says, "What's the matter?" I says, "I
14 saw a tanker filling up and he just picked up the hose
15 and away he went." "What's the name of the truck?"
16 "I'm not going to give it to you. Let the person in
17 charge here in Marion Oaks concerning the Utility
18 Company get in touch with me."

19 He said to me, "Mr. Sparacia," and I said,
20 "Yes, that's me." He says, "What is your problem?" I
21 said, "Are you aware that there's a tanker filling up
22 at the hydrant over there?" He said, "Yes." I said to
23 him, "How long has this been going on?" "A few days."
24 "A few days" could mean two days, three, four, five
25 days. He says, "A few days," and he kept repeating it.

1 I said to him, "Did you give the person
2 written permission that would allow him to get water
3 out of that hydrant?" He says, "No, I didn't, but
4 we're thinking about it. And, furthermore, we're
5 thinking about putting a meter at the hydrant." Lo and
6 behold, I passed the following morning ten minutes
7 after nine and there's a meter on that hydrant, and I
8 have the photograph right here, and the name of the
9 company, and so forth.

10 This is important. Even if it's a penny of
11 everybody's share, because you need electricity to pump
12 up that water to above ground. That's what I'm talking
13 about.

14 Now, is anybody here from Marion Oaks
15 Utility?

16 COMMISSIONER CLARK: I believe we do have
17 representatives from the Utility.

18 MR. HOFFMAN: Yes, ma'am, in the back.

19 WITNESS SPARACIA: Is that gentleman or the
20 lady here?

21 COMMISSIONER CLARK: I can't hear what you
22 said when you turn another way. What is it you said?

23 WITNESS SPARACIA: Okay.

24 COMMISSIONER CLARK: There are people in the
25 back of the room from the Utility. Please raise your

1 hands. If you want to talk to them about this tank
2 filling up from the hydrant, that would be a good idea.
3 And I would also like --

4 WITNESS SPARACIA: Okay, I'll cut it short.
5 But, please, will you bear with me? Just take a look
6 at this.

7 COMMISSIONER CLARK: Please, quiet, he's
8 finishing up. Thank you.

9 WITNESS SPARACIA: Just take a look at this
10 photograph here.

11 And another thing, on 484 where they're
12 building now across from the first part, there's the
13 meter there now and there's the date, and so forth.
14 Across 484 there they're starting to make roads there.
15 Now, there's plenty of tank trucks there filling up at
16 the hydrants. Who's paying for that water? And
17 Deltona's doing it.

18 This is very important because we are here
19 tonight to try and save some money. I can get a bill,
20 being along in my home, for \$27 and change, and I'm all
21 alone. Now, speaking with respect, you're young people
22 there, not of my age, and I'm talking so please bear
23 with me with respect. I'm a gentleman always.

24 When a person gets elderly and he has to go
25 and try and urinate, there's some problem, and talking

1 with respect, all you can get sometimes, believe it or
2 not, and I went through an operation, two or three
3 drops. Can you possibly flush your toilet bowl that
4 uses about seven gallons of water, and that will double
5 your amount of sewage. That is a fact.

6 Now, this is very important. Again, I beg
7 you to find out because I had somebody from Deltona
8 that came to my house and said to me, "Well, they
9 belong to Deltona. Now that the Utility Company took
10 over the utility part of the corporation; you think I
11 don't have the results? I've got plenty of results
12 here and I could still call up Minnesota Topeka at any
13 time because I told them, and I begged them, to please
14 come and take a look here because I caught them with a
15 dummy sewer and I says, "You ought to take a look
16 before you take it over." But, no, they wanted them to
17 take it over because they think they're to make a
18 killing. And I don't believe in that. I don't mind,
19 just what you're supposed to be getting, but don't go
20 overboard.

21 I want to thank you for your time and,
22 please, I want to give you the address again because I
23 do want to know, sir, who owns those wells now. I was
24 told only a week ago by somebody from the Deltona
25 Corporation to come to my house.

1 COMMISSIONER CLARK: Mr. Sparacia, I think
2 you have asked for a lot of information that I would
3 like for you to get. And, again, I'm going to ask Tom
4 Walden to get with you and collect the information on
5 your concerns, both as to the financing and how this
6 Utility is run with respect to its service.

7 WITNESS SPARACIA: And, first off, he's not
8 here right now but I think the --

9 COMMISSIONER CLARK: He's right here.

10 WITNESS SPARACIA: Well, the gentleman --
11 well, all of us are gentlemen and ladies here. But,
12 anyway, I spoke to Mr. Albright about a week and a half
13 ago, I had a meeting with him.

14 UNIDENTIFIED SPEAKER: That's enough, Frank.

15 WITNESS SPARACIA: Who said that's enough?

16 COMMISSIONER CLARK: Ladies and gentlemen,
17 let's let him finish and we'll get to you.

18 Mr. Sparacia, can you finish up?

19 WITNESS SPARACIA: Yes, please, I will finish
20 it.

21 COMMISSIONER CLARK: Okay.

22 WITNESS SPARACIA: That was Mr. Albright,
23 Legislator Albright, and he kept his word, and that's
24 what I like is a man or a woman when they keep their
25 word, believe me. But he was here tonight anyway.

1 didn't hear your last name and I'd like you to give
2 your address.

3 WITNESS PATTON: As in Patton, General
4 Patton, the same spelling.

5 COMMISSIONER CLARK: Thank you.

6 WITNESS PATTON: I have seen guys in SSU
7 trucks driving around Marion Oaks with no particular
8 place to go, wasting fuel. I live right next to a
9 sewage pump station. When that thing goes off, we have
10 four or five of them come down in separate vehicles,
11 again a waste of fuel.

12 If SSU wants to charge more money for better
13 water, why am I told that now there is not enough water
14 for me to water my lawn, my plants, or wash my car?
15 And yet they want more construction for more homes and
16 more people to put more in this area, and the water
17 table is not there to support it.

18 I wouldn't mind paying a couple of cents more
19 per gallon if you put in a desalinization plant. I
20 mean, let's get real. You all are out to make money,
21 and I understand that, money makes the world go around,
22 but you can't ask these people who are on limited
23 incomes to pay more and more and more and get nothing.

24 That's all I've got to say. Thank you.

25 (Applause)

1 (Witness Patton excused.)

2

- - - - -

3

MR. SHREVE: William Siemers.

4

WILLIAM SIEMERS

5

was called as a witness on behalf of the Citizens of

6

the State of Florida and, having been duly sworn,

7

testified as follows:

8

WITNESS SIEMERS: My name is Bill Siemers,

9

S-i-e-m-e-r-s. My address is Marion Oaks. I think

10

they've changed the street to 38th Circle now in the

11

last couple of days.

12

This is a lot of baloney, isn't it?

13

COMMISSIONER CLARK: I think they're asking

14

you to speak up and speak distinctly.

15

WITNESS SIEMERS: Isn't this basic rate

16

false, this 7.66 is what you're giving back to us, part

17

of it, from the last time? Shouldn't it be 5.10?

18

COMMISSIONER CLARK: Point to me where you

19

are.

20

WITNESS SIEMERS: I'm on the interim rate,

21

Marion Oaks, and I don't know what page it is. Page

22

A-2. It's says 7.66 base charge present monthly.

23

COMMISSIONER CLARK: We're going to check it.

24

(Pause)

25

That 7.66 is not -- if you will look up where

1 it says "present and proposed interim rates," and as I
2 indicated previously, there will be a refund.

3 WITNESS SIEMERS: What I'm saying is that
4 this chart, to figure it out, these figures are wrong,
5 because if they are basing the interim, what you say,
6 on 7.66, it should be about 5.10, which it was, then
7 that increase is a hell of a lot more than what it
8 shows on there percentage-wise.

9 COMMISSIONER CLARK: The new interim increase
10 that was approved yesterday is based on 5.10 current
11 rates.

12 WITNESS SIEMERS: Yeah. But then why wasn't
13 this given out? I hope we don't have to pay for these
14 things, too, with our taxes.

15 COMMISSIONER CLARK: I think the explanation
16 for that is, as you well know, that vote was taken late
17 yesterday, and I doubt if they had time to reprint the
18 number they needed. And that was why I gave that
19 explanation at the beginning of the proceeding.

20 WITNESS SIEMERS: I understand. I understand
21 that, but I just wanted to make sure that these are not
22 the rates, the percentage is higher. I don't know why
23 you even entertain an increase until the last interim
24 increase was either decided one way or the other so
25 everybody knows where they are. If they keep going,

1 they can have interim after interim without ever having
2 going through the courts, and we don't know where we
3 are.

4 Now, the basic facility is to run the water
5 to the house, right? The basic facility is to run the
6 water to a house?

7 COMMISSIONER CLARK: A base facility charge
8 is for putting in the equipment to deliver water,
9 that's correct.

10 WITNESS SIEMERS: To that house, right?

11 COMMISSIONER CLARK: Yes.

12 WITNESS SIEMERS: I happen to have two meters
13 at my house. One is what they call an irrigation meter
14 to take care of the lawn, and a house meter. They want
15 the same basic charge for running a pipe three feet
16 from where the other meter is. Now, they want a basic
17 rate, about \$33 if they got it there, for those two
18 meters. The next-door house has one meter and he pays
19 \$16, or \$18 is what it is. Where does that fit?

20 I don't mind paying for the water when I use
21 it, but the State and SSU keeps sending out cards "save
22 your water." They send out things with 13, 14, 15 ways
23 to save water so they can make a profit and sit there
24 and don't do a damn thing. They don't have to put the
25 first bit of chlorine in there if we are not using

1 water and they get a dollar check every month. That I
2 can't see.

3 I wish I could get that from my bank. I
4 don't even make 3% interest in the bank and he wants to
5 make 10 or 11% for his stockholders. I wish my stock
6 would give me that much money.

7 But until these figures are -- I don't know
8 why we are really here, or even started, until you get
9 these figures right so we know where we are really
10 sitting in dollars and cents.

11 I know Joe's figure is good but you couldn't
12 give them out because everybody didn't have a copy to
13 see what they are.

14 I can't see jacking up the rates yet. If
15 they keep jacking up the rates, you know, I hope that
16 eventually they will send us a jar of Vaseline with all
17 these damn new bills. Thank you.

18 COMMISSIONER CLARK: Thank you, sir.

19 (Witness Siemers excused.)

20 - - - - -

21 MR. SHREVE: Mr. Richard Williams.

22

23

24

25

1 RICHARD WILLIAMS

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

5 WITNESS WILLIAMS: I am Richard Williams from
6 the Jungle Den subdivision in Volusia County.

7 COMMISSIONER CLARK: Let me clarify something
8 before you start that has just been pointed out.

9 What you have attached here is what the
10 Company proposed, and that's why it's different. It's
11 not what the Commission approved. Go ahead.

12 MR. SHREVE: Commissioner, if I could. I
13 think what Mr. Siemers was trying to get at, and I
14 believe we were kind of missing each other there, where
15 the Company has listed the present rates, those are not
16 actually the rates that were approved by the
17 Commission. The Commission had disallowed that
18 interim.

19 So the complaint I've heard from Mr. Siemers,
20 and from some others, is when the Company put out the
21 notices, the people thought they were misleading
22 because all of the people that had an interim increase
23 were led to believe that the percentage increase was
24 much smaller because of the way the Company presented
25 it. And I think that's what Mr. Siemers was getting at

1 rather than a confusion with the new interim.

2 COMMISSIONER CLARK: All right. Thank you,
3 Mr. Shreve. Go ahead.

4 Would you give us your name and spell it for
5 us?

6 WITNESS WILLIAMS: Jungle Den subdivision is
7 where I am from in Volusia County. My name is Richard
8 Williams, 1606 Juno Trail, Esther, but we live in
9 Volusia. Esther is Lake County. That's 32102.

10 Number one, Southern States Utilities wants
11 to charge us \$4.54 per thousand gallons of water. Now,
12 they buy their water from Esther Water Company across
13 the river from us, across the St. Johns River, for
14 \$1.52 per thousand gallons. That leaves them a gross
15 profit of \$3.23 per thousand gallons. That's an awful
16 lot of profit for anybody in any business.

17 It just seems to me like they are over
18 doubling their money. They have no maintenance to
19 perform on those water lines. They do not have to pump
20 the water; they don't have any wells; they don't have
21 any electricity equipment involved in their water
22 distribution lines. All they have is the water main
23 and the individual pipes and meters for each property.

24 I was in the plumbing business for 40-some
25 years. I know what the life of those water pipes are.

1 And those water pipes will probably last anywhere from
2 60 to 80 to 100 years with very little maintenance.
3 Now, they are getting \$3.23 for each thousand gallons
4 of water for doing practically nothing but reading a
5 meter once a month. I think that's outrageous,
6 absolutely outrageous.

7 One example of how environmentally conscious
8 SSU is, about a year ago we had a stopped-up sewer main
9 on Juno Trail. The water was overflowing out of the
10 manhole, and this went on for over a week after SSU was
11 notified. Nothing was done about it. They claimed
12 they had a faulty pump in their lift station.

13 Somebody finally notified Florida Fish and
14 Game. When they showed up, SSU got very busy because
15 the water, the raw sewage coming out of the manhole,
16 was flowing into a canal that's connected directly with
17 St. Johns River. That went on for over a week, and
18 that happened more than once. So that's how their
19 environmental record is, as far as Juno Trail is
20 concerned. (Pause)

21 COMMISSIONER CLARK: Mr. Williams --

22 WITNESS WILLIAMS: We also have quite a bit
23 of minerals in our water, but I don't find that as a
24 serious problem.

25 I'm very disappointed with the Public Service

1 Commission allowing these rates to go in before all
2 this testimony has been heard. I would hate very much
3 to have them sitting as a judge and jury for me because
4 they would come up with the verdict before the trial
5 was complete. (Applause) At that rate you can't win.

6 COMMISSIONER CLARK: Mr. Williams, let me
7 just respond to that.

8 I appreciate your views on the fact that a
9 rate increase has gone into effect without the
10 opportunity for you to voice your concern. But what I
11 want to tell you is that there is a legal requirement
12 on the Commission to look at their request for interim
13 rates within, I believe it is, 60 days. And the law
14 puts on very tight constraints on the discretion that
15 we can exercise in granting that rate. (Audience
16 response.)

17 If you'll let me finish. There is a legal
18 requirement that if they make a prima facie case, we
19 must allow those interim rates to go into effect. And
20 the Legislature, in their wisdom, felt that it was a
21 good idea because if they cannot justify it, that money
22 will be returned to you.

23 Let me also point out that it works the other
24 way, and we have used it the other way. I don't know
25 who specifically you get your power or telephone

1 service from, but there have been cases where we have
2 found overearnings and we have said to the utilities,
3 "You may continue to charge but you need to know that
4 those earnings are going to be subject to refund and
5 you have gotten money." So it's a way of reducing what
6 we call "regulatory lag."

7 We realize it takes a long time to get this
8 evidence, and in the meantime, we're going to try to
9 maintain a status quo, both from the customer's
10 perspective and from the Utility's perspective. But
11 there are parameters, legal parameters, set on us that
12 limit our discretion. And, quite frankly, we don't
13 have the discretion to say no and fulfill our legal
14 duty when they make a prima facie case.

15 You may go ahead.

16 WITNESS WILLIAMS: Well, as usual, the little
17 guy is usually the loser anyway. (Applause)

18 COMMISSIONER CLARK: No, I don't mean to
19 argue with you but, Mr. Williams, there was an interim
20 rate. And the Commission said, you know, "You haven't
21 proved your case and we're sending it back to you," and
22 I hope you will remember that.

23 WITNESS WILLIAMS: Well, I hope that the PSC
24 and Mr. Shreve will check the type of accounting that
25 SSU is doing because, from what I see here, they are

1 probably doing the same accounting style as they do in
2 Washington, D.C., and that's not too much to the
3 citizens' advantage.

4 In Jungle Den subdivision, there's
5 approximately 94 units being served with water and
6 sewer. About 58 of those units are vacant six to nine
7 months of the year, and I presume that SSU is getting a
8 minimum charge for water and sewer on those roughly 58
9 properties. Approximately \$1,740 a month will be going
10 to them, or about \$12,180 a year, for doing absolutely
11 nothing for those 58 properties six to nine months out
12 of the year. The only way that I could be wrong here
13 is if those property owners get a turn-off for the time
14 that they are not here. But I'm sure that SSU charges
15 them a fee to turn the water off and on. (Audience
16 response.)

17 I could probably think of about 500 more
18 things to say here, but one thing I wanted to just show
19 here is that my recent invoice from SSU was \$36.08.
20 Refigured on the interim rates it will be \$61.83. And
21 for what we are getting, in addition to what we are
22 getting now, would be absolutely nothing. And I don't
23 think that that type of a raise is warranted to give
24 SSU investors a little more return on their money.

25 Thank you very much.

1 COMMISSIONER CLARK: Thank you, Mr. Williams.

2 (Applause)

3 MR. SHREVE: Mr. Williams, I just have one
4 thing. I know the notice and the information was sent
5 out by the Company, but did you realize that in the
6 Company's calculations you should be required, to bring
7 them up to what they want or what they feel they need,
8 your increase would be 627%? (Audience response.)

9 (Witness Williams excused.)

10 - - - - -

11 COMMISSIONER CLARK: Mr. Shreve, call your
12 next witness.

13 MR. SHREVE: Mr. Ed Slezak.

14 ED SLEZAK

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

18 WITNESS SLEZAK: My name is Ed Slezak. My
19 address is 4588 North Rushmore Loop, Beverly Hills,
20 Florida.

21 COMMISSIONER CLARK: Spell your last name,
22 please.

23 WITNESS SLEZAK: S-l-e-z-a-k.

24 Most of us are well aware the PSC is owned
25 and paid for by the utilities, free of the taxpayers'

1 money. If I was a PSC Commissioner appointed by the
2 Governor and the utilities are paying my salary, who do
3 you think I would back up? (Applause)

4 We are also aware SSU sold PSC a bill of
5 goods that the water level is dropping. In order to
6 stop it, you have to charge the customers more money.
7 This idea the PSC bought and pushed on to us.

8 The SSU says they are entitled by law to make
9 12 to 14% on their investment. The banks are only
10 paying 4%. The laws should be changed by the
11 Legislature to keep up with the times, perhaps 5 to 6%
12 return on their money.

13 Most people in Florida are retirees with a
14 fixed income and cannot afford these high water prices.

15 Three years ago SSU better than doubled our
16 water rates in Pine Ridge Estates, which was approved
17 by the PSC. SSU's excuse was that our homes were far
18 apart and only 125 homes in our area. They said that
19 once we got more homes our water rates would go down.
20 We have close to 500 homes now and our water rates are
21 going up to 55%. This is how SSU keeps its word.

22 I hope the County Commissioners of Citrus
23 County can see it in their hearts to take the SSU into
24 court to stop this thievery every couple of years, as
25 this is the only alternative recourse we have.

1 WITNESS SCHULTHEIS: Okay. -- we have been
2 talking a lot about privatization of some of the
3 government-operated things. We have talked about
4 privatizing our jails, we've talked about privatizing
5 our emergency medical services, we've talked about
6 privatizing our landfill. In the light of what is
7 happening here, perhaps the government should take back
8 over the facilities that the SSU has provided.
9 Governments are not notoriously efficient in operating
10 enterprise-type activities, but they are a darned sight
11 better at fixing rates that are fair to the public.

12 (Applause)

13 My comment now is addressed to the SSU
14 representative. I think after you listen to this
15 meeting, and the returns therefrom, and also the
16 follow-on public discussions you are going to have, if
17 I were a public relations expert, which I have been, I
18 would advise your firm to withdraw their application
19 and start over.

20 The rates are outrageous. I can understand,
21 and I would expect every corporation to make a
22 reasonable return on their investment. This is not a
23 reasonable return. If you get rid of the arithmetic
24 involving the two interim increases, the rate of return
25 on the investment is, as I can calculate it, something

1 on the order of 14%.

2 Winn Dixie, a private concern, a
3 profit-making concern, operates at about a 1.5 to 2%
4 return on their capital. I can't understand why you
5 need this kind of return for a public utility which,
6 essentially, operates as a -- what am I saying --

7 COMMISSIONER CLARK: A monopoly.

8 WITNESS SCHULTHEIS: Right, a monopoly. We
9 are a captive audience and it certainly would be nice
10 if they would accept a return such as a private
11 business would on the kind of investment that they
12 have.

13 Someone else has mentioned that when they
14 purchased these various utilities around the state over
15 the past several years, a lot of them were
16 deteriorated. They bought them at fire sale prices in
17 some instances, as I understand it. The repair of
18 those deteriorated facilities should have been part of
19 the initial risk capital invested by the utility
20 company and not gleaned from outrageous increases over
21 time. This is what I think has happened in many cases.

22 I don't believe that the return they are
23 expecting, which again is around 14%, is fair to the
24 people that they are serving. And I would urge that
25 the counties that are aware of this give serious

1 consideration to condemning them and buying out their
2 properties and operating it as a county utility, such
3 as we have around the state.

4 I had some questions that I want to just
5 quickly throw out to you. Is it your practice, when
6 you are reviewing proposed rates, to take a look at the
7 overhead accounts of the firm that is requesting the
8 rate increase? Do you have bigelows on the floor? Do
9 you have perks that are outrageous, also? Do you have
10 excessive salaries and golden parachutes? These
11 things, if you are not looking at them, I would
12 certainly hope that you will and consider that in your
13 deliberations because it's important that the utility
14 companies operate tightly with the funds that they get
15 from the customers that are monopolized by their firm.
16 And I hope you will do that, and perhaps you will
17 respond to that.

18 COMMISSIONER CLARK: We will look at it. Not
19 only will Staff look at it but I can assure that Mr.
20 Shreve will be looking at it, too.

21 WITNESS SCHULTHEIS: All right. I have
22 mentioned the 14% increase, which I think is more
23 accurate.

24 I have nothing further to say but I would
25 like to see that request, again, withdrawn and start

1 over and give us a reasonable return, would you please?

2 MR. GOLDEN: I have a quick question.

3 CROSS EXAMINATION

4 BY MR. GOLDEN:

5 Q What system were you with, again?

6 A I beg your pardon?

7 Q What system were you with?

8 A Point-O'Woods.

9 MR. GOLDEN: Thank you.

10 (Witness Schultheis excused.)

11 - - - - -

12 MR. SHREVE: I think some of the people have
13 left, and some people had mentioned they couldn't stay
14 very long, so this might be a good time to ask if
15 anyone would like to adopt some testimony, get their
16 name in the record and adopt past testimony in case
17 they have to leave.

18 COMMISSIONER CLARK: All right. Mr. Shreve
19 has made an excellent suggestion. Is there anyone who
20 has signed up to testify and who wishes to adopt the
21 testimony of somebody else in lieu of providing
22 testimony themselves? If you do, if you would raise
23 your hand, come up and state your name and state for us
24 that you are adopting that testimony. (Pause)

25 UNIDENTIFIED SPEAKER: I want to speak and I

1 don't want to wait here all night.

2 COMMISSIONER CLARK: Well, no, I'm afraid
3 unless you are simply going to adopt the testimony of
4 somebody who has spoken before, in fairness to those
5 people who are here, I have to go in order.

6 Go ahead, Mr. Shreve.

7 MR. SHREVE: All right, Commissioner, I will
8 continue to call them in the order taken. The next
9 witness would be Mr. Everett Dunton.

10 EVERETT DUNTON

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

14 COMMISSIONER CLARK: Go ahead, Mr. Dunton.

15 WITNESS DUNTON: Ladies and gentlemen, my
16 name is Everett Dunton, D-u-n-t-o-n. I live at 9160
17 North Caressa, C-a-r-e-s-s-a, Way, Citrus Springs,
18 Florida 32630.

19 I have passed this out to you but I assure
20 you I will refer to it very, very little. I will keep
21 my comments as minimal as possible. I apologize that I
22 didn't get this typed. I asked my --

23 COMMISSIONER CLARK: That's all right.

24 WITNESS DUNTON: -- daughter-in-law to do it.
25 She looked at it, she didn't answer me, but she didn't

1 type it, either. So if there are any mistakes on it, I
2 apologize for those, too. You do get kind of
3 fuzzy-headed going over all of this, just as we do
4 listening to an evening of conversation like this.

5 I live in Citrus Springs and I have a
6 daughter that lives in Pine Ridge so I am more or less
7 referring to both Citrus Springs and Pine Ridge
8 Utilities. And in this, I also make a reference to
9 Point-O'-Woods, which is Gospel Island, because they
10 were nice enough to invite us over to a meeting that
11 our community attended with them. We also had a
12 meeting in our community in which we invited them back
13 last night and had a symposium on these rate increases
14 that were very interesting.

15 I would like to build a house over near my
16 daughter's house in Pine Ridge, but I must confess to
17 you that my decision depends somewhat on your decision
18 in the next three or four months.

19 I am a civil engineer, and for over ten years
20 I have been a superintendent, cost-estimator and
21 project engineer for utility companies in Florida. As
22 a result, I do know most of the costs of installations
23 of utilities and I also know the directors of the
24 utility departments in our county. That is why I am
25 speaking for the concerned citizens of Citrus Springs

1 and, incidentally, for my own interest in Citrus
2 Springs and Pine Ridge.

3 I have studied the rate structures of water
4 and wastewater providers in our county and prepared
5 this composite that shows comparatively the rates in
6 our county, comparing the City of Inverness, the County
7 Utilities Division, to Pine Ridge, Citrus Springs and,
8 as I mentioned, just a little of Point-O'-Woods.

9 And let me say that if the newspaper report
10 that I read this morning is correct, I am very much
11 relieved to see that you, the Public Service
12 Commission, did not approve the interim rates, as
13 requested by SSU, but, rather that you granted a more
14 or less uniform increase across the 127 units. I hope
15 that I am correct in that and that I do not get
16 disappointed when I get back home.

17 I hope, sincerely, that that means that each
18 one of the communities served by SSU has an opportunity
19 to appraise their individual situations and that we may
20 present our cases to you, and that you will consider
21 our particular situations before approving the
22 horrendous outrageous final rates that you have heard
23 discussed so much tonight.

24 Referring to this just very briefly, the two
25 columns on my graph on both the first and the last

1 pages indicate the percentages that SSU's final
2 billings would exceed. On Page 1, that they would
3 exceed the City of Inverness' present charges. And I
4 am told that the City of Inverness Utilities Department
5 does support itself.

6 You will see that those figures on Page 1
7 depict SSU's water only charges for Citrus Springs,
8 varying from a 55.5% through a nearly 103% increase.
9 And that the combined water and sewer rates for Citrus
10 Springs over the City of Inverness, that is a
11 self-sustaining, and perhaps not profitable but at
12 least self-sustaining utility, from 42% to nearly 80%.

13 This has perplexed me from the beginning
14 because I read, again in the newspaper, and most of
15 what I know about you folks is what I read in the
16 newspaper, that you were already operating at a 2.5 to
17 2.7% average sewer/water return; that you would like to
18 have an 11.79, 11.9, whatever it was. In my experience
19 in business if I wanted to go from 2.5 to 11.5, my
20 inclination would be to raise my rates above 9%. Here
21 we are faced with, as I said from Page 1, anywhere from
22 55 to 103%.

23 On Page 3, again in the right-hand column
24 that I have highlighted and will minimize my comments
25 on, I show the percentages of Citrus Springs residents

1 will be required to pay in excess, more than they are
2 now paying if the proposed final rates were approved.
3 For water only above our current rates of from 785 to
4 98.8%. that's an increase, and that is what we will
5 pay more.

6 A lot of our citizens in Citrus Springs live
7 in water-only locations. Out of the ultimate final
8 32,000 residential lots in Citrus Springs, there are
9 probably going to only be 3,000 that will ever be
10 served by sewer. That leaves you about 29,000 lots
11 that you are going to collect these horrendous and very
12 disproportionate water rates on. Your water rates
13 increases are much more severe than your sewer rate
14 increases. You know that.

15 What I'm saying I'm sure applies very much to
16 the rest of the communities here. I know there are
17 many more communities here than just Citrus Springs and
18 Pine Ridge, but basically I think that what I'm saying
19 pretty much applies across the board.

20 Another thing that you will notice of Page 1
21 of this sheet that I have given you is that I crossed
22 out Pine Ridge. I would like to explain why I crossed
23 out Pine Ridge, and the proposed Pine Ridge rates that
24 are listed on Sheet 3 of your chart on the
25 presentation. At a community meeting that I referred

1 to that was held last night, I learned that SSU's
2 parent, and I might say surprisingly, indications of
3 decreased billings in Pine Ridge is not true. I was
4 quite encouraged by Pine Ridge when I first looked at
5 your proposed rate structure.

6 In the past any size of water meter came
7 under the same base rate of \$20.61. That also included
8 5,000 "free" gallons. What SSU has proposed is a lower
9 base rate, remarkably. They cut it in half. A lower
10 base rate for 5/8 by 3/4-inch meter. And that is what
11 is shown in this chart. But throughout Pine Ridge
12 there are no 5/8 by 3/4-inch meters. They are all,
13 almost exclusively, one-inch meters; therefore, that
14 basic rate is not the \$9.63 that you show here, it is
15 \$24.08. And the 13,172 average usage does not come out
16 to \$28.86, a decrease from 30.99 presently, it figures
17 out closer to \$44.

18 My daughter's 11,000-gallon usage could, or
19 will cost about 42% more than she is presently paying.

20 I learned from this, as you and all of these
21 people already know, we are dealing with very expert
22 people. They know their business.

23 And regarding the subject of escalating the
24 meter rates, having been in the business I know, and I
25 checked with some of the suppliers, that the difference

1 between a 5/8 by 3/4-inch meter and a one-inch meter is
2 probably about \$40. Now, if you take \$40 in a meter
3 that is really rented to us, we do not buy it, it
4 belongs to the utility company and they will keep it
5 therefore at least 10 years, sometimes they will stay
6 in for 20. If you take 120 months, the \$40, that
7 reduces down to about 33-1/3 cents per month. And yet
8 when you put in your escalating meter charges on your
9 base rate, you are going to jack up the prices from the
10 5/8 by 3/4 to the one-inch about \$3.49 a month. You
11 are -- well, should I say impolitely -- cheating your
12 customers by about \$3 a month by doing that.

13 On the bottom of the sheet also I have
14 highlighted two more items. One of them, impact fees
15 for Citrus Springs of \$1,053.42, for Pine Ridge of
16 \$1,542.68. we call those impact fees; correctly, they
17 should be called connection fees, except that a water
18 connection probably averages between \$250 and \$280.
19 Now, the difference between them, if you took the \$250
20 as a rough figure from the 1053.71, that will leave
21 about \$800 for the Utility Company for expansion.

22 In all of our Deltona communities, and I
23 happened to be a sales representative many years ago
24 and brought people down here, I know that Deltona
25 guaranteed water mains in every street. The guarantee

1 is very plainly written, I have copies of it, that when
2 we took title to our lot, the water main would be in
3 the street and it would be paid for by Deltona.

4 Now, this impact fee, which leaves SSU about
5 \$800, \$800 per lot, five more than that in Pine Ridge,
6 is used, I presume, to put the pipes in the ground that
7 we have already paid for in the price of our lots.

8 Another rather small item to you folks,
9 probably, is that of the 30,000 lots that are to be
10 built eventually in Citrus Springs, that \$800 impact
11 fee amounts to about \$24 million. That \$24 million I
12 would be willing to bet is not figured into any of your
13 rate increases.

14 Now, I know that time is getting late and
15 people are getting tired, and I know this is not the
16 time or the place to go into a lot of details
17 pertaining to any of our particular situations, and
18 right now I am speaking only for Citrus County. What
19 we would like, and seemingly what we deserve, is an
20 opportunity to sit down with you, the Public Service
21 Commission, to indicate to you perhaps each of our
22 individual community needs.

23 I would like to offer to bring to
24 Tallahassee, if necessary, one or two representatives
25 of each of the 11 communities in Citrus County, perhaps

1 a Commissioner or two, some of them who are with us
2 tonight, to present to you the facts that pertain just
3 to us.

4 Everyone of the "utility companies" present
5 unique problems. They were started as separate
6 entities, and even though Southern States owns 127 of
7 them now, it is grossly unfair to deal with them except
8 as individual situations dictate. What I respectfully
9 would ask of the Public Service Commission is to give
10 us a half a day, or perhaps even a day. We would come
11 to Tallahassee and we would sit down with you and we
12 would tell you what our problems are, specifically, and
13 in dollars and cents, and we would give you a
14 comparison of what going utility companies in our
15 county collect from their customers. And we would give
16 you a chance to evaluate Southern States' -- these
17 rates that are being imposed upon us in light of
18 competitive companies.

19 We understand, of course, that Southern
20 States has a monopoly in the area, but, even so, they
21 should be at least competing with valid utility
22 companies. Thank you very much.

23 COMMISSIONER CLARK: Mr. Dunton, please hold
24 on just a minute. (Applause)

25 What I would like to do is identify and admit

1 into evidence these charts that you have developed as
2 Exhibit 6. Is there any objection to that?

3 MR. HOFFMAN: No objection.

4 (Exhibit No. 6 marked for identification and
5 received into evidence.)

6 COMMISSIONER CLARK: With respect to your
7 desire to meet with the Commission further on your
8 particular interests, what I would like to do is have
9 the Staff get with you and at least have the Staff
10 arrange a meeting with you with some of their people so
11 that they can better explain and also listen to you.
12 To that end, I would like you to see Tom Walden back
13 there and give him your name and address and we will
14 see what we can do. Thank you. (Applause)

15 MR. SHREVE: Thank you, sir.

16 (Witness Dunton excused.)

17 - - - - -

18 MR. SHREVE: Mr. Geppert.

19 WILLIAM GEPPERT

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

23 WITNESS GEPPERT: My name is William Geppert,
24 G-e-p-p-e-r-t.

25 COMMISSIONER CLARK: I'm sorry, but would you

1 get closer and speak louder and say it one more time?

2 WITNESS GEPPERT: My name is William Geppert,
3 G-e-p-p-e-r-t, 3950 Southeast 19th Avenue, Citrus Park.

4 I was wondering, can I ask the representative
5 a question?

6 COMMISSIONER CLARK: Well, we'll see if he
7 can answer it. Go ahead and ask your question.

8 Ken, I think this gentleman would like to
9 direct a question to you.

10 WITNESS GEPPERT: Yes. What I would like to
11 ask you is this Pure Waters Act, what exactly are they
12 doing for this and what has to be done? In other
13 words, you told us before about all the Pure Water Act.
14 Do you realize that the Pure Water Act has been down in
15 Florida since 1985, has been the law?

16 MR. HOFFMAN: Right.

17 WITNESS GEPPERT: So why are you telling us
18 we've got to make improvements because of this Act?
19 Okay?

20 MR. HOFFMAN: Okay. (Pause)

21 WITNESS GEPPERT: Okay. Now, if I can go
22 over this real quick-like. This is supposed to be a
23 law of wastewater and fresh water. This is operator
24 certification. On the first page it tells us that they
25 are supposed to maintain a log at every plant. It's

1 supposed to be accessible for 24 hours, but they don't
2 do it in Citrus Park. They are supposed to be signing
3 in and signing out of this log to show what they do and
4 when they do it. And, accordingly to the DER, if it's
5 not logged, they didn't do it. And if it's not there,
6 they didn't do it. Okay?

7 We go down to Page 3 for Citrus Park, our
8 wastewater analysis. If you look down the line, we
9 have to check for chlorination residue five times a
10 week on No. 1, the BOD. If you'll look and find out
11 down in No. 7, it tells you this is once a month. And
12 down below it's quarterly. This is all they have to do
13 to it. Okay?

14 Now, they are charging us, my last two years
15 almost I have been paying between 160 and \$180 a month
16 for water and sewer -- or two months, I'll take that
17 back. I'm paying 80 and \$90 for what, okay?

18 And if we come down the line, we go back a
19 couple of pages where you'll find it outlined in
20 yellow. It will tell you about wastewater again. And
21 staffing by a Class C, or higher, operator one-half
22 hour a day and a weekend visit. This is what is
23 required.

24 COMMISSIONER CLARK: And your testimony is
25 that they are not doing this?

1 WITNESS GEPPERT: No, I'm not saying this. What
2 I'm saying is if we figure out what they have here, they
3 are allowed one-half hour a day for the wastewater. And
4 when we come down to the water, there on the last page, it
5 says that between 100 and 1 million gallons a day, all
6 they've got to do is visit it.

7 Now, in other words, I need a man down here,
8 what, 11 hours a week? Even if we figure two hours a
9 day. Where in hell can we pay out \$80? You've got 300
10 customers here and everyone is paying up here.

11 Now, at \$63, which would probably be a
12 minimum per person, or a \$63 bill a month, that's
13 \$190,000 a year. I believe if I have to pay a guy 40
14 hours a month to do this, and I'm making \$190,000, I'm
15 giving him \$500 a week, I love this job, I love every
16 bit of it.

17 Now, let's go a step further. What exactly
18 are they trying to do to us? The State has mandated
19 the County take over the water systems. I think it's
20 in 1997. What happens when these people show that they
21 are making \$1 million on each system? The County has
22 got to buy this? Now everybody gets affected and then
23 they can take their money and go back home to
24 Minnesota.

25 This reminds of back in the Old South time

1 when we had all the carpetbaggers come south to see how
2 well they could milk us.

3 Now, the last time they came up and they hit
4 the Public Service Commission with 116 units and the
5 Public Service Commission followed them up because they
6 went through and said, "Hey, you don't deserve it."

7 "Well, we'll really do the job, we'll give
8 you 126." Next year, if you don't give them the raise,
9 they'll come up with 136 or 140, because the Public
10 Service Commission is just a pawn and they're going to
11 push you any way and every way they can.

12 Can I break this for a minute?

13 I'm sorry for picking on you, Ms. Clark, but
14 one way or another they put you as the goat.

15 COMMISSIONER CLARK: I understand that.

16 WITNESS GEPPERT: I'm not really picking on
17 you, as picking on you, I'm just saying what I think is
18 my belief.

19 Now, what exactly are they going to do? They
20 sit back there and they say, "Wonderful, we'll make
21 fools out of that Public Service Commission. They
22 turned down a \$10 million thing. Now, we're going to
23 put a \$9 million and leave this guy out, and then when
24 we get this, we'll put in the other and get our 10
25 million. They are going to eat what I said." They

1 don't care about you. I've heard them people on the
2 phone tell me that the Public Service Commission, they
3 are a private organization, and I'm not the only one
4 that they told this to, that the Public Service
5 Commission is not going to tell them what to do.

6 When I called up, when you turned down their
7 rate, and they told me outright, "We'll take that to
8 every court in the land because they can't tell us what
9 to do."

10 Now, this is ridiculous. And when these
11 companies come down, and exactly what is happening to
12 these places, I can show you in Citrus Park, and you go
13 down in Marion Oaks, there are places up for sale like
14 there is no tomorrow. The people can't afford them.
15 But, of course, they can't sell them, either. So the
16 bank is taking them over. Now, sooner or later the
17 Federal Government is going to step in on this because
18 I know of seven quadriplexes in Citrus Park that has
19 been returned to the banks. I mean, you figure it out.
20 You're talking \$120,000 apiece, and they owe \$100,000.

21 All at once, what are we going to do?
22 Somebody has got to eat these bills. They are not
23 going to eat them because they are sitting back and
24 they keep on throwing it around. "Hell, I have to give
25 back to Minnesota so much money." "Well, why?"

1 "Well, they are advising us on this or that."

2 "Well, if this one piece of advice, this is one time
3 you got advice, you gave them \$5 million for it."

4 Let's go a step further. "Now, they turned
5 around and they took 4 or \$5 million from us, and now
6 they didn't make a profit because they had to pay us
7 interest on it."

8 Now, supposing they had 8% interest on this
9 \$5 million that they have to return. That's \$400,000,
10 isn't it? Am I figuring it wrong? And when you pay a
11 utility that they pay -- that they bought, basically,
12 Citrus Park, Salt Springs and Mill Dam, I believe it
13 was, for \$160,000, I believe, and you are making on
14 just one of them 180 or \$190,000 a year, boy, isn't
15 that beautiful money?

16 And this ain't the only place. These people
17 are down here because they ruined Minnesota and now
18 they are going to try to ruin us, as far as I am
19 concerned. This is my personal belief. And why they
20 are supposed to have logs up here, and I do know this
21 for a fact, I know at least one person that works for
22 Southern States Utilities that has been, what do you
23 say, caught for falsifying state records. (Pause)

24 I won't name him, but this is why, this is
25 one of the reasons why they tell me that they want --

1 now, I don't know -- but they say when you turn around,
2 anybody should be able to walk around and look at this
3 plant. Like I said, tell you the size of the plant,
4 what kind of treatment it is, when the guy was there,
5 and it tells you all on that sheet.

6 Now, if you have any questions, or you doubt
7 that that sheet is authentic, there is a person up in
8 Tallahassee, and she is a pretty smart girl, and that
9 is Barbara Mitchell, Dr. Barbara Mitchell in the DER,
10 which sets up the rules and the regulations for testing
11 for any wastewater and drinking water.

12 COMMISSIONER CLARK: Let me be clear. Are
13 you saying that Barbara Mitchell is familiar with the
14 case where the records were falsified?

15 WITNESS GEPPERT: No. No, what I'm saying is
16 the sheet I gave you --

17 COMMISSIONER CLARK: Oh, on this?

18 WITNESS GEPPERT: Okay. She would verify
19 that these are exactly what we are talking about, that
20 we are talking 40 hours a month. They are paying a man
21 \$500 a month, which breaks down, if you come down to
22 it, \$6,000 a year.

23 COMMISSIONER CLARK: I understand your point
24 on this.

25 WITNESS GEPPERT: And they're making 190,

1 that's a great profit. Don't you think so?

2 COMMISSIONER CLARK: Let me ask you a
3 question. You mentioned that you believed that there
4 was a Southern States employee that has told you that
5 they falsified their records?

6 WITNESS GEPPERT: Yes. I will say at least
7 two to three months ago he was working for Southern
8 States and, as far as I know, he is still working there
9 right now.

10 COMMISSIONER CLARK: As far as you know, he
11 still works there?

12 WITNESS GEPPERT: Pardon?

13 COMMISSIONER CLARK: Excuse me. As far as
14 you know, he still works there?

15 WITNESS GEPPERT: As far as I know, he is
16 still working there but I know two to three months ago
17 he was working for them.

18 COMMISSIONER CLARK: Can you tell me where he
19 is located and working for Southern States?

20 WITNESS GEPPERT: I would rather not say
21 anything more on it, but if I really get pushed, I can
22 do that one, too.

23 COMMISSIONER CLARK: I can tell you that we
24 will send our auditors in to look at these books to
25 verify that they are correct. But certainly if there

1 is someone with information that they are incorrect, we
2 would like to hear from them.

3 WITNESS GEPPERT: Well, it's just to the
4 point that this man got caught falsifying records.

5 COMMISSIONER CLARK: Speak up, I can't hear
6 you.

7 WITNESS GEPPERT: That this man got caught
8 falsifying records.

9 COMMISSIONER CLARK: I see.

10 WITNESS GEPPERT: Okay. For the State. What
11 I'm saying is how many more are there around? In other
12 words, I'm not saying that he is doing it again,
13 understand this. What I'm saying is how many people
14 will say, "Well, I was down there, okay, I will mark
15 this log," but if that log is not there, they were not
16 there.

17 COMMISSIONER CLARK: I understand what you
18 are saying. We will certainly look into the control
19 the Company exercises to make sure that there is not
20 the opportunity to falsify records.

21 WITNESS GEPPERT: Well, this is why they are
22 supposed to have the log at every plant, and it's
23 supposed to be, just like the book says, you put it out
24 of the weather, you put it in a case, and even if you
25 call for an inspector down there, he can walk over and

1 look at that book and see when somebody was supposed to
2 have been there.

3 COMMISSIONER CLARK: Thank you very much.

4 WITNESS GEPPERT: Okay, thank you.

5 MR. SHREVE: Thank you, sir.

6 WITNESS GEPPERT: Any other questions?

7 COMMISSIONER CLARK: I don't think so.

8 MR. HOFFMAN: No questions.

9 (Witness Geppert excused.)

10 - - - - -

11 MR SHREVE: Mr. Yerman. And while Mr. Yerman
12 is coming up, Elizabeth Sjogren has asked to put a
13 written statement in the record in lieu of testifying.

14 Mr. Bart Paino has a written statement to you
15 and to go into the record in lieu of testifying.

16 Mr. Gibbs, Mr. Marcus Gibbs, is adopting the
17 testimony of Mr. Everett Dunton.

18 Mr. George Smith and Mr. Bob Spangler are
19 adopting the testimony of Mr. Bob Schultheis.

20 COMMISSIONER CLARK: We will show those
21 individuals as adopting the testimony of the people
22 they named, and we will enter the written statements on
23 the correspondence side of the record.

24

25

1 MARK YERMAN

2 was called as a witness on behalf of the Citizens of
3 the State of Florida and, after being duly sworn,
4 testified as follows:

5 COMMISSIONER CLARK: I'm sorry, I didn't
6 catch your name.

7 WITNESS YERMAN: My name is Mark Yerman,
8 Y-e-r-m-a-n, and I am appearing tonight on behalf of
9 Pine Ridge and they are serviced by Pine Ridge
10 Utilities.

11 COMMISSIONER CLARK: Go ahead. Would you
12 speak directly into the microphone, please?

13 WITNESS YERMAN: All right. I would like to
14 thank you for being here tonight. I know the other
15 Commissioners must not have been able to be here.
16 Thank you for the opportunity to address you.

17 Pine Ridge is in Citrus County, and I would
18 like to express my disappointment and their
19 disappointment that the Commission did not think that
20 it was necessary to come to Citrus County and discuss
21 the rate increases.

22 We have 11 of the subsidiaries of SSU in that
23 county. I note also that Putnam County, which is has
24 13 of the subsidiaries, does not have a meeting. We,
25 too, have the highest number of subsidiaries of SSU in

1 those two counties, with one exception, and it would
2 have been, I think, better if the Commission would have
3 been more accessible to the people who are in our
4 counties. But, nevertheless, thank you for being here
5 tonight.

6 I would like to largely just adopt the
7 comments that were made by Bob Schultheis, because he
8 was so eloquent, short, sweet, and right on point as to
9 the unreasonableness of the fees which are being
10 requested at this time. The fees that we are talking
11 about for a normal person who works in Citrus County,
12 and it was alluded to at the beginning of this
13 discussion by Paul Hawkes and Mr. Albright, we're
14 talking about people who sometimes earn at the outside
15 \$7 an hour, okay?

16 If you use Southern State Utilities' figures
17 for what water would cost in Pine Ridge for the
18 three-quarter-inch meter, you would find that those
19 people, to pay for their water, needed to work about
20 seven hours in a month just to buy their water. That's
21 4 or 5% of their time. And the way I arrived at that
22 is just simply say \$7 an hour creates -- for four hours
23 it's \$28. That's their figure which is, by the way, a
24 low figure. But they don't really get that \$28, of
25 course, because they have to pay taxes and Social

1 Security on it. So it's more like seven hours that
2 they have to work for their water for the month. And 4
3 to 5% of their time seems like a lot of time to spend
4 working for a basic like water.

5 It's the purpose of the Public Service
6 Commission to protect the public health, safety and
7 welfare, not the profits of SSU. And to that end
8 people in Citrus County need that protection.

9 As we know, SSU is a government-regulated
10 monopoly. The reason that they are a monopoly is
11 because they should be able to deliver water more
12 efficiently than if there was a competitive situation
13 going on. It's obviously not economical to have two
14 eight-inch water mains running side-by-side down the
15 street serving every other house, but in this case we
16 actually may be in better shape if they were not a
17 monopoly. (Pause)

18 I would also like to comment on the fact that
19 SSU has purchased these utilities as an investment for
20 themselves.

21 One presumes that one does not purchase an
22 investment for one's self to lose money. Therefore,
23 one presumes that when they looked at the situation and
24 they bought these utilities, they knew that they were
25 going to make a reasonable return on their money and a

1 reasonable profit without escalating their rates 4 or 5
2 or 600%. Because they could not be assured that the
3 PSC would approve that kind of a rate increase; and
4 that kind of a rate increase, in my estimation, is
5 quite unusual and very exorbitant.

6 I talked about the people earning \$7 an hour,
7 but there is another group of people in Citrus County,
8 and those are the retired people. You have heard about
9 them but what hasn't been stated so far, I believe, is
10 that these people are now, who are living on their
11 retirement incomes, to the extent that they have been
12 able to save money, they are simply maybe earning 3 or
13 4% on whatever money they have been able to save. They
14 don't have any chance of increasing their -- going to a
15 PSC and asking the PSC to raise the rates on the banks
16 so that their interest income can now accommodate the
17 new water bills.

18 Since the PSC was created for the public
19 health, safety and welfare, I would ask that the PSC
20 maintain its vigilance over SSU.

21 The consumer advocate, Jack Shreve, was only
22 recently created to assist the consumers in these
23 things. Prior to that time, it was the entire -- it
24 was one of the main thrusts of the PSC to stand over
25 the government-regulated monopoly. It's protected by

1 the government. That's why we need the PSC to stand
2 there and tell them when their rates are being
3 unreasonable, when it's inappropriate for them to ask
4 for the money that they are asking for, when what they
5 are delivering is not up to the standards that the
6 people in this state deserve. Thank you.

7 COMMISSIONER CLARK: Thank you, Mr. Yerman.

8 (Applause) I don't think there are any questions.

9 (Witness Yerman excused.)

10

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11

COMMISSIONER CLARK: I would like at this
12 point to find out, are there any more people -- I know
13 there are more people here who wish to testify. Are
14 there any people who have not been sworn in who will be
15 testifying? Has everyone been sworn in?

16

All right, go ahead, Mr. Shreve.

17

MR. SHREVE: Commissioner, Mr. Tom Reynolds
18 and Mr. Herman Sinemus would like to adopt the general
19 testimony in opposition to the rate increase.

20

21

COMMISSIONER CLARK: All right, we will note
that.

22

MR. SHREVE: Bobby Morris.

23

24

25

BOBBY MORRIS

1
2 was called as a witness on behalf of the Citizens of
3 the State of Florida and, having been duly sworn,
4 testified as follows:

5 WITNESS MORRIS: My name is Bobby Morris. My
6 address is Route 1, Box 697-C, East Palatka, Florida,
7 and we are serviced by Palm Port subdivision utilities.

8 I have here three copies, and I would
9 emphasize the word "copies" because that's exactly what
10 these are, of petitions that have been signed by all of
11 the homeowners and residents in our little subdivision.
12 But the original, I think, and I'm almost positive, has
13 been mailed to the Public Service Commission in
14 Tallahassee. But I brought three copies for you.

15 COMMISSIONER CLARK: You are with Palm Port,
16 is that correct? The system you are with is Palm Port?

17 WITNESS MORRIS: Palm Port, that's correct.
18 It's Palm Port subdivision in Putnam County.

19 I would have loved to adopt someone's
20 testimony but, regrettably, I'm the only one here so
21 there wasn't anybody for me to adopt. It's very late,
22 and it's a long ways from Putnam County over here to
23 Ocala.

24 I have a couple of complaints I want to make
25 about the Commission. One is that we should have been

1 entitled to a hearing where the residents in our little
2 subdivision could have been properly heard on this
3 matter, because there is no way that we could get these
4 77 or 80 homeowners over here to Ocala to testify
5 before this Commission.

6 The second complaint is, regrettably I came
7 here with Clarence Darrow hat on to sway this
8 Commission to my point of view with beautiful rhetoric
9 and the Commission is not here. Now what am I going to
10 have to do? I'm going to have to go back home and put
11 my St. Paul hat on and sway them with letters because
12 that's the only way we are going to win in this thing.

13 Now, I have heard some disparaging remarks
14 tonight about the Commission, and I really would like
15 to apologize for that because we don't want to make any
16 disparaging remarks about the Commission. You are the
17 only salvation that we have. There's nothing left for
18 us but the Commission because this Company has been
19 referred to as a monopoly. A monopoly is a Company
20 that's the sole provider of that, and they're worse
21 than a monopoly because what they provide we cannot do
22 without it. Not only can we not get it anyplace else
23 but we also can't do without it.

24 Our loss are so small that even if we could
25 get permits we could not put septic tanks and wells on

1 there. So we are dependent upon this Company and we
2 are dependent upon you to protect us from that.

3 Now, our rates are already extremely high for
4 utilities in our little subdivision, and they're going
5 to go up. Now, we have heard lots of talk tonight
6 about 500% and 100%. I applied this 12% rate to my
7 bills for the first six months of this. It was very
8 hard to do because when I went, like any diligence
9 citizen should, I trotted down to my library to get
10 educated on this matter. And what did I find when I
11 got there? I found 2,000-plus pages of documents
12 submitted by this Company for a rate increase.

13 All right, and all I needed to do was find
14 the part about Palm Port. Where do I find it? I find
15 it in 45 or 50 difference places in every volume of
16 this report. But, guess what, our main complaint is
17 with water quality. And what did find about water
18 quality? Those volumes were not sent to the library,
19 only the ones that have to do with the rate increase.
20 There are no, what ever it is, volume four or five,
21 whichever one it is after the first 2,000 pages that
22 has to do with water quality, those were not there.

23 It has done me one though: I got a wonderful
24 response from Southern States on a complaint I made to
25 the Commission because after I had four water pipes

1 digested in my house by the water I complained to the
2 Commission. Two weeks after I complained to the
3 Commission I found a little note outside my door that
4 said, "We flushed the lines. If you have any further
5 problems please call us again." I did call again
6 because I didn't have any idea what it was about, and I
7 found out that that was the results of my complaint to
8 the Commission.

9 This water is so bad in our neighborhood that
10 it literally digests the copper pipes in the house.
11 The PVC pipes, they survive fine. Regrettably, none of
12 the people in our neighborhood have enough money to
13 build our own house, and the bank want finance one
14 unless you put copper pipes in it. So we all have
15 copper pipes and it only takes about eight years for it
16 to eat through these pipes. I have a house that is
17 nine years old and I have replaced four pipes already,
18 and I will now have my house replumbed because that's
19 the only way I can leave without turning the water off
20 at the street when I go.

21 We need some help. If I could have found any
22 place in this report that I would see any evidence that
23 Southern States was going to use a part of this money
24 to put back into this system so that we could expect to
25 have descent water from it, then I wouldn't be so much

1 opposed to it. But there's nothing in here except
2 greedy profit motive. That's all that is included in
3 this proposal. Nowhere does it say "We're going to
4 improve this plant."

5 I just have one other thing to say; that is,
6 I heard some very discouraging remarks made tonight
7 about the field employees of Southern States. Now, I
8 don't know where the people live that made those
9 comments, but there is no one in our neighborhood, I
10 don't believe, that will make disparaging remarks about
11 the field employees of this Company. We have had lots
12 of dealings with them and they are all very nice, they
13 are very polite, they act very professional and they
14 will come when you call them. There's nothing they can
15 do but they will come. Whenever the water in the house
16 smells like a swimming pool, we can call them and they
17 will come down there and open up the valves and flush
18 the chlorine out of the line and turn it back on, and
19 it will work until it gets back in there again. But
20 they have been very --

21 That's with one exception. I'll have to
22 admit that their evening answering service is run by a
23 lady that live in a coven someplace but, other than
24 that, all the rest of them are very great people.

25 I want to thank you for your time and letting

1 me get up here and talk. I really do appreciate that.
2 By the way, I have written a letter to the Commission,
3 a two-page letter, which expresses our opinion as much
4 as we can. I'm sorry that I didn't have a staff of 25
5 or 30 people that I could send out there to the library
6 to go through these documents so I could give you some
7 kind of a report on where we stand with the Company.
8 But we just simply can't do that.

9 COMMISSIONER CLARK: Mr. Morris, thank you
10 very much. I would like for you to get with Tom Waldon
11 again. I would like to find out what the Company --
12 the problem with the water digesting your pipes. I
13 would like Mr. Waldon to look into that.

14 Also, what library did you go to?

15 WITNESS MORRIS: To the Putnam County
16 Library. The little document that we got said that
17 there was a synopsis in the Clerk of the Court's
18 Office, in Mr. Brooks' office, and that there was a
19 full copy in the library. So we went to the library
20 because we wanted to see. We had no idea it was going
21 to be 2,000 pages, or we probably would have gone to
22 Mr. Brooks' office to see it.

23 COMMISSIONER CLARK: Mr. Hoffman, was it the
24 Company intention to have a full volumes of their MFRs
25 at the library? If it was, it appears that part of the

1 MFRs are not there and I would like for you to make --

2 MR. HOFFMAN: Commissioner Clark, it was
3 through our understanding with the Staff that, in terms
4 of supplying sets of the MFRs to the library, that we
5 were to supply the volumes that we did, in fact,
6 supply. I'm not sure which ones Mr. Morris is talking
7 about that were not there. But I think he's talking
8 about the engineering information volume, and the large
9 amount of maps, and we did not provide those. I don't
10 think we were under an obligation to provide those.

11 MR. SHREVE: Commissioner, if I could. Was
12 this in accordance with the rules or an agreement that
13 you had with the Staff, and when was that reached?

14 MR. HOFFMAN: It was in accordance with the
15 rules.

16 MR. SHREVE: Did you say that you had an
17 agreement with the Staff on this?

18 MR. HOFFMAN: I didn't say I had an agreement
19 with the Staff. I said I had an understanding with the
20 Staff.

21 WITNESS MORRIS: I looked at the little
22 volume that they had, which was supposedly the index
23 and the guide to finding these things, and it had
24 Volume I, Volume II, Volume III, Volume IV, and the
25 first 2,000 pages were in the first three volumes which

1 had to do with rate increases for all these different
2 utilities. Volume IV said "Water Quality Report," and
3 that's the one I looked for and it was not there.

4 COMMISSIONER CLARK: Mr. Waldon, would you
5 also get the information to him on water quality that
6 he would like to see and let me know if there's any
7 problem with that?

8 MR. WALDON: Yes, ma'am.

9 COMMISSIONER CLARK: Mr. Shreve, go ahead and
10 call your next witness.

11 Thank you, Mr. Morris.

12 MR. SHREVE: Thank you, Mr. Morris.

13 (Witness Morris excused.)

14

15 MR. SHREVE: Mr. DeChistoford. Mr. Samuel J.
16 DeChistoford. (No response.)

17 Mr. Herbert Quintana. (No response.)

18 Mr. Raymond Ciufo.

19 RAYMOND CIUFO

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

23 WITNESS CIUFO: I was just about to give up.

24 My name is Raymond Ciufo, I live at 199
25 Marion Oaks Lane in Ocala, Marion Oaks.

1 COMMISSIONER CLARK: Would you spell your
2 last name, and bring that microphone down to your
3 mouth, please?

4 WITNESS CIUFO: C-I-U-F-O. There are three
5 vowels, I-O-U. I'll be like California, I'll be owning
6 SSU pretty soon.

7 There was some questions I have but some of
8 them are redundant. The answer about the interim rate,
9 that was defeated but yesterday there was a new one and
10 I didn't see that one.

11 COMMISSIONER CLARK: Mr. Ciufu, you need to
12 speak into that microphone slowly and very distinctly.
13 I don't think our court report can pick up your
14 comments, and I'm having trouble understanding them.

15 WITNESS CIUFO: All right. Some of the
16 questions were redundant so it's just a matter of
17 questions as we go along what I'm thinking about.

18 Now, in the past I did 19 years of mechanical
19 drafting of engineering. One of the things that they
20 used to say to us is we are deadbeats because what
21 doesn't go out door can't pay us, so you have to have a
22 certain amount of money put up front to do that.

23 Now, how much money can SSU have to acquire
24 127 units? Now, this is something you ought to look
25 at. They're doing bad things with these increases,

1 they are putting a noose around our necks. A lot of us
2 are senior citizens and we got just about a three
3 percent increase on our Social Securities at the
4 beginning of the year, and all the increase goes up for
5 the additional Medicare, on all of the other utilities
6 going up, and where are we supposed to be getting the
7 money to live on?

8 So now they talk about improvements. What
9 kind of improvements were done since Deltona had it? I
10 came here in 1980, to Marion Oaks, so what kind of
11 improvement did the SSU do that Deltona didn't have?

12 And what do they claim about a fair return?
13 You notice now that a lot of the banks give very little
14 interest, the CDs give very little interest, and when
15 they say "by law," who made the law that they have got
16 to earn a certain amount of money, and why? We don't
17 earn this, yet SSU gets all of this. Why?

18 What chemicals are used to improve the
19 quality of the waste?

20 Now, Deltona has said in the past, and we
21 know a lot of times that a lot of our water has been
22 used to water the grass. Well, Deltona came out to the
23 point of saying that they want to have a nice community
24 around so that the people coming in here can see how
25 nice it is so they can move down here and live. What

1 are we going to be living on if they keep raising these
2 prices, increases?

3 I would like to know a question: Why is the
4 sewer rate so much higher than the water rate when you
5 use so many gallons of water? Why is the rate of the
6 sewer one-half to two times more than the waste
7 service? Can anybody give me an answer to that
8 question?

9 COMMISSIONER CLARK: You're asking why the
10 rates for this sewer service --

11 WITNESS CIUFO: Sewer rates, right.

12 COMMISSIONER CLARK: -- are so much more than
13 for water service?

14 WITNESS CIUFO: Right. Why?

15 COMMISSIONER CLARK: A short answer would be
16 because there are increased, or greater costs to deal
17 with the sewer than treat the water.

18 WITNESS CIUFO: Even though, as I say, for
19 example, now, I've been using in the last couple of
20 months 6,000 gallons of water. That bill has been
21 pretty high between the sewer and the water. So one
22 thing I'm saying is that this Public Service Commission
23 is suppose to protect the consumer, not the utilities,
24 or anything else, because they have got to watch what
25 they are going to do, otherwise they would be running

1 away. That's the reason why the Public Service
2 Commission helps, or supposed to be. What are supposed
3 to be the environmental regularities?

4 COMMISSIONER CLARK: What does the Department
5 of Environmental Regulation do?

6 WITNESS CIUFO: Yes.

7 COMMISSIONER CLARK: They to enforce the
8 water quality standards that the legislature has
9 adopted, or the federal government has adopted. They
10 assure that it is being treated to the proper
11 standards. They do the testing and the monitoring and
12 the certifying of the operators who serve in the plant.

13 WITNESS CIUFO: Because Frank Sparasio just
14 asked the question, and that's one that I had in my
15 mind, to. When I first came down here Deltona says,
16 "We've got plenty of wells here." Now, Frank asked a
17 good question on who owns these wells. That is my
18 question, too, is who owns the wells.

19 Now, I remember, too, in the past, in the
20 '80s where the Public Service Commission, when they had
21 a meeting down in Marion Oaks --

22 COMMISSIONER CLARK: Speak up and speak into
23 the microphone, I'm having trouble again.

24 WITNESS CIUFO: I think about 1985 the Public
25 Service Commission came down to Marion Oaks and granted

1 Deltona an increase. Now, about every six months they
2 automatically got an increase. And I don't about since
3 that time what made the change, but SSU seems to come
4 into the picture now and seems to be really upgrading
5 that a very great deal in pricing. So, now, when is
6 this going to stop so that we can, in turn, get a
7 little bit better living?

8 If you have noticed in the audience tonight,
9 there's a lot of senior citizens like me, and the
10 older, probably. I'm 70 years old. How are we going
11 to keep on going? What do we do to overcome this?

12 I buy my water for drinking now just so I see
13 less water being used through the system. And why
14 should SSU expect such a big return all the time? How
15 much are they investing that they need all this money?
16 This is a good question, too, I would like to know.
17 Can somebody answer that?

18 COMMISSIONER CLARK: What I can tell you is
19 that we will be looking into just they have invested,
20 whether it was necessary to invest that much, and how
21 much of a return they should get on it. That's part of
22 the rate case.

23 WITNESS CIUFO: That's about all I have,
24 because a lot of things are already answered in the
25 past when people come up to talk. I would just like to

1 say that it's late, but I figured that I would stay
2 just another 15 minutes and here you call my name. So
3 I hope the PSU (sic) can together, all five of you, and
4 three are missing tonight, can together to protect us.
5 We have been here a long time. Thank you.

6 COMMISSIONER CLARK: Thank you very much,
7 Mr. Ciufo.

8 (Witness Ciufo excused.)

9
10 COMMISSIONER CLARK: Mr. Shreve, can you tell
11 me about how many more people we have? I think at this
12 point I'm going to have to take a break.

13 MR. SHREVE: I don't know. I have 18 more
14 slips but I don't know how many who signed up are still
15 here.

16 COMMISSIONER CLARK: We'll take another
17 five-minute break -- well, a ten-minute break to allow
18 the court reporter to take a break and I will take a
19 break. Thank you.

20 (Brief recess.)

21
22 COMMISSIONER CLARK: I think we will resume our
23 hearing again.

24 I have been asked about the information that
25 was submitted on the requirement that the Utility

1 Company keep a log. What I'd rather do is that the
2 Commission can take what is call jurisdictional notice
3 of the rules of other agencies, and we would take
4 jurisdictional of the rules of DER, specifically
5 17-602.360, and the attachments thereto, setting out
6 the schedules of work and the logs to be kept. We will
7 take jurisdictional notice of that.

8 Mr. Shreve, would you call your next witness?

9 MR. SHREVE: Carlette Max.

10 CARLETTE MAX

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

14 WITNESS MAX: Good evening. My name is
15 Carlette Max.

16 COMMISSIONER CLARK: Bring that mike down to
17 your mouth. Can you bring it down?

18 WITNESS MAX: Carlette Max, M-a-x, and I am
19 from Pine Ridge in Citrus County.

20 A lot of the points I wanted to discuss this
21 evening have already been brought up. One of the
22 things that I felt was very important was that it
23 appeared to be misinformation that was given to the
24 people of Pine Ridge specifically in regards to the
25 rates on the 3/4-inch versus one-inch water line. I

1 don't believe there's more than a handful, if any, of
2 3/4-inch lines. I understand that approximately 10% of
3 our people were called and they found one person, one
4 of the older, older residents, that had it. We've got
5 one-inch lines. These people got this information, and
6 looked at, because it said the same rate here for the
7 3/4 and for one, and they said, "Oh, it goes down."
8 They are going to be really surprised when they find
9 out they've got a one-inch line because they don't even
10 realize it. And the Water Company should have known, I
11 feel, that there was this problem in Pine Ridge.

12 Secondly, in front of my house I have a
13 four-inch main; four inches, not eight. Six goes up to
14 the fire hydrant on our block and I live on a circle.
15 I have terrible water pressure, and I have been
16 fighting this for approximately four and a half years.
17 We'll talking about the water going from \$10.00 a month
18 to \$20.00 a month and then to \$30.00 a month.

19 I keep being told a new well is coming in. I
20 have been waiting for this well that should have been
21 on line in December of 1989. I talked to DER this
22 afternoon in Tampa and they are just starting to look
23 at some of the paperwork that has just come in to them.
24 They don't even know if they have it all. And I have
25 no way of knowing if, when that well goes in, I will

1 have water pressure. I have no guarantee of this, I
2 just have this promise all these years.

3 I cannot wash my hands and have my husband
4 taking a shower at the same time without him losing
5 water pressure. I'm talking sometimes -- I know 20
6 pounds is minimum, but 20 pounds isn't much when you
7 have 20 pounds at your outside faucet and you turn on
8 your water it can drop to six.

9 This afternoon it was at 32, which is low,
10 and it's something that you just have to experience to
11 know. In fact, the Company put the meter on the front
12 of my house, it's their meter, and it dropped to about
13 18 when I turned on the water faucet. This was just
14 this afternoon. I mean, it doesn't matter whether it's
15 morning, noon, or night, it can happen anytime.

16 The water goes off a lot and I understand its
17 because of the lightning storms that we have, that they
18 are so very severe. But the first year or two that we
19 lived there, we live about 20 feet up off the road,
20 every time the water would go off we would have air in
21 our line and they would have to come out. And finally
22 they would come out and flush the lines and let the air
23 out of the lines.

24 Then I found out maybe two years later that
25 they could have put in a very inexpensive shutoff valve

1 that closes and prevents the water from coming back
2 down the hill, which they finally did. They could have
3 done it all along. The cost was just nothing but it
4 was fight, fight, fight, fight, calling long distance
5 half the time and talking to these operators, and not
6 the ones during the day but those nighttime and evening
7 ones and the ones on the weekends. You call on a
8 Saturday afternoon at 6:00 at night and say, "I have no
9 water." And they say, "did you pay your bill"? And I
10 feel like saying, "What difference does it make? Do
11 you think the Company was working and an hour ago they
12 shut off my water? Of course I paid my bill. They
13 have no tact and that rubs us all the wrong way.

14 These rates schedules are not designed for
15 water conservation whatsoever. This is a point that
16 has been brought up and I think it is a point well
17 worth looking into. I think the whole thing should be
18 pulled back and stopped before it gets any further and
19 revised. If they need more money, if they need a rate
20 increase, then let's do it fairly for everybody.

21 Our income has been brought up. We are
22 retired, and you just can't keep going, going, going.
23 Everybody is going to start losing their homes, people
24 aren't going to be able to come in and build in our
25 community, they can't afford to come in here any more.

1 I don't what else to say. I do think -- I
2 appreciate your sitting here all these hours, as we
3 did. I never thought it would last this long. I do
4 fault the rest of your committee, or whoever is
5 responsible, for not having at least by county, at
6 least the Citrus County company. If you couldn't have
7 each individual one, you could have at least had
8 meeting in Citrus County because, a, a lot of these
9 people don't realize they've got a problem in Pine
10 Ridge, as I stated, because of the size of the meters.
11 And, too, they're not going to come all the way up here
12 on 200 late at night and sit through something like
13 this, they're just not going to do it. They're going
14 to do something else.

15 And I think you for your time and patience.

16 MR. GOLDEN: Ms. Max, I have a couple of
17 questions.

18 COMMISSIONER CLARK: Okay. Mr. Shreve, did
19 you have a question? Go ahead.

20 DIRECT EXAMINATION

21 BY MR. SHREVE:

22 Q I wanted to ask you, your are with Pine Ridge
23 Utilities, right?

24 A Yes, sir.

25 Q All right. And when you received your

1 notice, even on this printout here, the typical utility
2 bill, the example, goes from \$30.99 down to \$28.86?

3 A Yes, sir, that's on the 3/4-inch line.

4 Q And that's the point that you are making?

5 A Absolutely, please check.

6 Q Well, you see, the thing that doesn't make
7 any sense to me, either, in addition to that, is that
8 the utility is asking for approximately a 30%, 29.88%
9 increase in their revenues from your Utility?

10 A That's correct.

11 Q Yet they are saying that the average proposed
12 bill goes down by 6%?

13 A That's correct. It is not mathematically
14 probable.

15 COMMISSIONER CLARK: Did you have anything
16 else?

17 MR. SHREVE: That's it.

18 COMMISSIONER CLARK: Ms. Max, do you continue
19 to have water pressure problems?

20 WITNESS MAX: Oh, yes, ma'am. It's sort of
21 hard to explain, too. I personally feel there is an
22 engineering problem. I live on a circle and it looks
23 like a musical note. They came down with the water
24 pipes and, as I said, they are 6 inches to the fire
25 hydrant and then 4 inches around the rest of the circle

1 in front of my house, and then goes back out and hooks
2 to the same branch that comes down. There's no other
3 line over here, there's not water coming from two
4 directions, just one, that pump pushing it out, pushing
5 it out, and it's just not reaching us.

6 COMMISSIONER CLARK: I would like for our
7 Staff to look into your water pressure problem.

8 WITNESS MAX: Oh, I would appreciate that.

9 Q (By Mr. Shreve) Ms. Max, since they are
10 asking for 30% increase, but they are saying that your
11 average proposed bill is going down by 8% or 9%,
12 perhaps the Company would just go ahead let you pay the
13 proposed average bill and everybody could cut their
14 bill by 9%?

15 A Right. This sheet here shows 14.45, so
16 that's fine, you know, I'll accept that.

17 COMMISSIONER CLARK: Mr. Golden, did you have
18 a question?

19 MR. GOLDEN: Yes, I did.

20 CROSS EXAMINATION

21 BY MR. GOLDEN:

22 Q Ms. Max, do you have a one-inch meter on your
23 home?

24 A Yes, I do. As a matter of fact, we built our
25 home -- we had our home built, it wasn't just built --

1 and we personally, my husband and I, went to the water
2 company in Citrus Springs and paid the money and the
3 deposit, and what all it was. And she said to us, she
4 says, "Now, I need to know if you want a 3/4 or a
5 one-inch meter." And she says, "But everybody has got
6 one-inch and they are the same price." What would you
7 do? And they have been the same price all along, so
8 that's what we've got.

9 Q One more question: How is your customer
10 service now now that Deltona has --

11 A In regard to the telephone or the local
12 people, or what?

13 Q Overall, the telephone.

14 A The last couple of months, I felt that when I
15 -- well, I would like to be generous and I'm not too
16 tonight. I have met -- I have a list of some people
17 here, I'll say Carol, she's nice, and he's terrible,
18 and stuff like that, I keep a record of that stuff.
19 But I feel like -- first of all, you call from Pine
20 Ridge and they don't know Pine Ridge. You have got go
21 through a whole rigmarole to let them know who you are,
22 to start with. And I was told, well, give them your
23 customer number. Then you say, "Well, I have my
24 customer number," and they say, "I don't need that."
25 It depends on whether it's night or day, or Tuesday or

JULIE PIRONTI

1
2 was called as a witness on behalf of the Citizens of
3 the State of Florida and, having been duly sworn,
4 testified as follows:

5 WITNESS PIRONTI: I am Julie Pironti, I am
6 from Citrus Springs.

7 COMMISSIONER CLARK: Get that microphone
8 right in front of you and speak right into it, if you
9 would.

10 WITNESS PIRONTI: I am Julie Pironti.

11 COMMISSIONER CLARK: Spell your last name.

12 WITNESS PIRONTI: P-i-r-o-n-t-i, and I am
13 from Citrus Springs.

14 I would like to ask the attorney that
15 submitted the papers, when you read it, did I
16 understand you correctly that we had no increase, that
17 you had no increase for 13 years? Is that right?

18 MR. HOFFMAN: Yes, that's what I said.

19 WITNESS PIRONTI: How could you stand there,
20 straight-faced, and have us swallow that?

21 MR. HOFFMAN: Is that a question?

22 COMMISSIONER CLARK: Ms. Pironti, I think he
23 was stating, as I understood his opening statement,
24 that there were some systems that had not had a rate
25 increase for that long. That doesn't mean your system

1 has not had a rate increase for that period.

2 WITNESS PIRONTI: Well, we have had two
3 increases. One increase, I went to a meeting and they
4 had an increase. The other one, I received notice in
5 the mail that the increase was going through, period.

6 Now, if I owned the Company and I was making
7 progress, why are we, the consumers, being penalized
8 for the money that you have to extend your service? If
9 I owned the Company and I wanted to extend my service
10 and make more profit, that is to my benefit. I can
11 service more customers. Rather than having us, the
12 consumer, being penalized now and having a higher rate
13 so you can extend all the facilities that you need.
14 And a lot of people don't buy in Citrus Springs because
15 of the utilities being very high.

16 And another thing, what has happened to our
17 deposit that we originally put down for our utilities?
18 I have understood that it was abolished, forgotten,
19 it's lost.

20 CROSS EXAMINATION

21 BY MR. GOLDEN:

22 Q How long ago was your deposit?

23 A I beg your pardon?

24 Q How long ago did you have this deposit?

25 A I have been in Citrus Springs 18 years now.

1 COMMISSIONER CLARK: Go ahead.

2 WITNESS PIRONTI: And, also, this increase
3 that the people are paying, when can they expect to get
4 their money back?

5 COMMISSIONER CLARK: Say that again.

6 WITNESS PIRONTI: With the new increase that
7 they have gotten, is it going to be a year, two years?

8 COMMISSIONER CLARK: When is this scheduled
9 for final?

10 MR. WILLIS: February.

11 COMMISSIONER CLARK: It's going to be about
12 February before a decision will be made on whether a
13 refund is due. I want to distinguish that between if
14 you were one of the systems for which they asked for a
15 rate increase a while back, or recently where we denied
16 that rate increase and required them to give back the
17 interim increase, that should be within the next two
18 months.

19 WITNESS PIRONTI: They're certainly working
20 on our money, aren't they?

21 COMMISSIONER CLARK: Say that again.

22 WITNESS PIRONTI: They are working on our
23 money, aren't they?

24 MR. SHREVE: Commissioner, just one thing.
25 It is true that the hearing will be after the first of

1 the year, but should you have the same situation where
2 the Company continues to appeal, then that time might
3 be extended because the refund for the customers that
4 had this interim the last time are working on a year
5 and a half or two years.

6 WITNESS PIRONTI: Okay, thank you.

7 COMMISSIONER CLARK: Thank you. (Applause)

8 (Witness Pironti excused.)

9

- - - - -

10 MR. SHREVE: Mr. Karl Neufeld.

11 Let the record reflect Mr. Robert's applause,
12 and that he is adopting Mr. Neufeld's testimony in
13 advance.

14 KARL NEUFELD

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

18 WITNESS NEUFELD: My name is Karl Neufeld,
19 N-e-u-f-e-l-d, I live at 4441 Southeast 21st Court in
20 Ocala, Citrus Park.

21 The first question I have is we would like to
22 notify our customers, or our residents in Citrus Park
23 when this refund is going to be made. Can SSU or
24 somebody tell us approximately what the schedule is
25 going to be for repayment, since the denial has already

1 been made?

2 MR. HOFFMAN: Commissioner Clark, the first
3 thing the Company was waiting for was a final decision
4 or mandate from the Appellate Court. A copy of that
5 came into my office this morning, and I have it with me
6 this evening. But that's as far as I have gotten with
7 it. And I just have not discussed the mechanics in
8 terms of the timing as to when that refund would
9 follow, following the mandate issued by the Appellate
10 Court. The mandate was issued yesterday, and the
11 mandate, sir, essentially said nothing, which means
12 that the decision of the Public Service Commission
13 originally was upheld in full.

14 WITNESS NEUFELD: Is there any time frame?

15 COMMISSIONER CLARK: Mr. Neufeld, let me just
16 try, I'll give you an estimate. Typically, refunds
17 take about three months to get back to you all.

18 WITNESS NEUFELD: Three months?

19 COMMISSIONER CLARK: Yes.

20 WITNESS NEUFELD: Isn't there a limit?

21 COMMISSIONER CLARK: Is there a limit?

22 WITNESS NEUFELD: Isn't there a limit of 30
23 days that they must be paid back?

24 COMMISSIONER CLARK: Well, in this case we
25 had the court delay our decision, then they submit to

1 us, I believe, their refund plan, which we have to
2 approve, and then they implement it. Because we need
3 to make sure that their accounting is right, that they
4 have allocated the proper interest to get back to you.
5 It takes that much time to do the mechanics.

6 WITNESS NEUFELD: So it takes three months.

7 MR. SHREVE: Mr. Neufeld, there is a stay in
8 effect and we are asking that the stay be lifted, and
9 we will ask for expedited hearings at every step of the
10 way. And I don't think that there is any reason that
11 the Company should not be able to determine the total
12 refunds. With their computers, they should have been
13 able to keep with that on a person-by-person basis, and
14 we will push to get that just as soon as we can.

15 WITNESS NEUFELD: Okay. We are informed that
16 the Public Service Commission and the Public Counsel
17 will be having a difficult time handling this request
18 for 127 utilities properly. Is it possible for the PSC
19 to turn this request down on these grounds and request
20 the SSU to present a reasonable amount of utilities in
21 each case, that the PSC and the Public Counsel can
22 handle?

23 COMMISSIONER CLARK: Mr. Neufeld, that
24 certainly is an issue in this case, and our Staff is
25 conducting its investigation and will reach a

1 recommendation to us as to whether or not they felt
2 they had enough time to adequately address it. That
3 certainly will be looked into, as it was in the last
4 rate case.

5 WITNESS NEUFELD: And the third item is that
6 it's fairly hypocritical for the PSC to even consider
7 this request when they just got done turning down a
8 similar request. Aren't you a little embarrassed? I
9 would be.

10 COMMISSIONER CLARK: Mr. Neufeld, I can only
11 give you an analogy to a lawsuit. You can't prevent
12 people from filing lawsuits. We cannot prevent
13 utilities from filing for rate increase when they
14 believe that they are entitled to it.

15 WITNESS NEUFELD: Yes, but you just turned it
16 down.

17 COMMISSIONER CLARK: Well, after we look at
18 the evidence and determine whether or not it is
19 appropriate. They have filed a new rate case and we
20 have to investigate that separate from the last one.

21 WITNESS NEUFELD: Okay, thank you.

22 MR. SHREVE: Thank you, Mr. Neufeld.

23 (Witness Neufeld excused.)

24 - - - - -

25 MR. SHREVE: Mr. Van Horn. Mr. Van Horn?

1 WALTER VAN HORN

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

5 WITNESS VAN HORN: I am Walter Van Horn,
6 that's V-a-n, H-o-r-n. I live at 14631 Southwest 41st
7 Avenue, Marion Oaks, serviced by SSU, the Marion Oaks
8 facility.

9 I would like to have the testimony given by
10 Mr. Connole as part of my testimony, he did such a good
11 job.

12 MR. SHREVE: Okay.

13 WITNESS VAN HORN: I have a few concerns that
14 I would like to share with you. My largest concern is
15 with the Commission, or my perception of the
16 Commission. If I read your brochure correctly, it says
17 that it was designed to explain some of the policies
18 and procedures that relate to customers of
19 investor-owned water and/or wastewater utilities
20 regulated by the Florida Public Service Commission.
21 And it goes on to say, "The Public Service Commission
22 in Florida is responsible" -- that's you -- "for the
23 economic regulation of investor-owned water and
24 wastewater facilities in certain counties," the
25 counties which we represent, "throughout the state,

1 assuring adequate service and fixing just, reasonable,
2 compensatory and unfairly discriminatory rates."

3 What is interesting, I have been listening to
4 all of these people tonight -- I had a lot more to say,
5 I have about six pages of notes, but I'm going to not
6 go by them because it comes down to this: My
7 perception is that you have never heard any of this
8 testimony before, and yet all of the testimony given is
9 more than two or three years old. Do we continually
10 reinvent the wheel? Is that the objective? Is that
11 the policy of the Commission?

12 What preventative measures does the
13 Commission take, when dealing with these utilities, to
14 assure to the public, which is part of your name,
15 "Public Service Commission," what preventative actions
16 do you take to make sure that these events don't occur,
17 other than to act as a referee, the utilities on one
18 side the public on the other side? We both give you
19 testimony; that's not controlling, that's judging.
20 That's my perception. And the reason why we are having
21 a problem with SSU is because the Commission is not
22 doing its job. To me, it's just that simple. If you
23 are controlling, regulating, then you are supposed to
24 be managing. Is that true or false?

25 COMMISSIONER CLARK: Mr. Van Horn, we do not

1 manage utilities, they are managed by the people that
2 they employ.

3 WITNESS VAN HORN: I didn't say that. I'm
4 taking your words out of your brochure. It says what
5 you do. It says you are "responsible." Now, if you
6 are responsible how do you make this happen without
7 managing?

8 COMMISSIONER CLARK: We do not manage the
9 utility. We review how they manage it and we regulate
10 them by reviewing their quality of service and
11 requiring them to make changes if the quality of
12 service is not good.

13 WITNESS VAN HORN: But it's all remedial.

14 COMMISSIONER CLARK: And it is through this
15 proceeding that we regulate them to determine what they
16 fair, just and reasonable rates are. That's what this
17 proceeding is about.

18 WITNESS VAN HORN: But it's remedial, that's
19 archaic. What action has to take place is to preclude
20 this from happening in the future. In other words, if
21 you are making a decision and you had to keep on making
22 the decision over and over again, that is a generic
23 decision, which means it's the wrong decision. The
24 decisions that should be made are those that preclude
25 further negligence, such as ridiculous rate increases

1 that are not justifiable in any way, shape or form. I
2 haven't heard anyone even suggest -- how could you
3 possibly go two times the basic rate? What is your
4 justification for this? What costs have increased? I
5 haven't heard that from anybody.

6 COMMISSIONER CLARK: That is the subject of
7 the hearings in November. They will have to justify
8 the request for the increase at the time. That's what
9 this proceeding is all about, regulating this Utility.

10 WITNESS VAN HORN: But you realize that this
11 is going to go on forever?

12 COMMISSIONER CLARK: Excuse me?

13 WITNESS VAN HORN: This is going to go on
14 forever.

15 COMMISSIONER CLARK: Well, utilities do come
16 in on a frequent basis, about every three years, when
17 their operating circumstances change, when they have to
18 make more investment or they have to change how they
19 operate or they are serving the new customers. Yes, it
20 is an ongoing regulation that results in rate cases
21 being filed on a periodic basis.

22 WITNESS VAN HORN: I hear you, but I don't
23 agree with you, okay?

24 The SSU premise is based on one premise,
25 that's expansionism, to buy up as many utilities as

1 they possibly can and keep on buying them. And they
2 use all kinds of methods, manipulations, to increase
3 the rates so they can buy more companies. That's the
4 name of the game. I don't think it's right, I don't
5 think it's fair, and I don't the Public Service
6 Commission is doing their job.

7 If you talk to SSU, SSU says, "Well, we do
8 that because that's what the Commission says to do."
9 For instance, I travel a lot, I do consulting. I was
10 gone, or I was going to go for six months. I called up
11 and I said, "I want to get my water turned off." The
12 guy said, "What for?" I said, "Well, I'm going away."
13 He says, "Well, that doesn't matter, we're going to
14 charge you anyway. And we're going to charge you \$15
15 more." My electric company gives a vacation rate, my
16 phone company gives me a vacation rate, but the water
17 can't. Why?

18 COMMISSIONER CLARK: Well, you still get an
19 electric bill every month, do you not?

20 WITNESS VAN HORN: At a reduced rate.

21 COMMISSIONER CLARK: Because of the usage,
22 and the same would be true for the water and sewer
23 companies, that you don't --

24 WITNESS VAN HORN: When it's turned off, the
25 basic rate goes down.

1 COMMISSIONER CLARK: May I finish? There is
2 no need to turn it off because you won't be using the
3 water, is that correct? It seems to me, why do you
4 need to turn it off if you're not there using the
5 water?

6 WITNESS VAN HORN: Why charge me the basic
7 rate if I'm not using it?

8 COMMISSIONER CLARK: Because there are
9 certain ongoing fixed costs which need to be recovered.
10 Water and sewer companies recover it, the power
11 companies recover it, and the telephone companies
12 recover it.

13 WITNESS VAN HORN: You didn't hear what I
14 said. I said at a reduced rate with the electric
15 company and the phone company.

16 COMMISSIONER CLARK: You're still being
17 charged the base facility charge.

18 WITNESS VAN HORN: At a reduced rate, at
19 least I have. You didn't listen to me.

20 Anyway, I kind of lost my train of thought
21 here. My concern is that if we don't begin to manage
22 -- oh, my point was this: it is that SSU blames the
23 Commission; the Commission blames the Legislature; the
24 Legislature blames the voters; the voters blame SSU,
25 and around and around we go. And who's going to fix

1 the problem? Who is really going to fix the problem?

2 That is the frustration, and that's what I see.

3 I think it is a serious issue but I don't
4 think I hear anybody who wants to change the status
5 quo.

6 Incidentally, the figures -- there's one
7 thing here that I did notice -- are not correct for
8 Marion Oaks. On Attachment 2, Interim, it says that
9 the typical bill is \$18.46. That's Attachment A-2.
10 Whereas in the WS Document, and I don't remember what
11 that number is -- do you know what I'm talking about?
12 It's the big thick document. On Page 0172, these
13 figures were both prepared by SSU. So it's not a
14 matter of the Commission of anybody else. They say
15 that the average water bill is \$31.96, and that's on
16 Page 0172. So there is a difference of \$11, maybe \$12.
17 And that's not the required amount, that's not the
18 proposed amount.

19 I would like to request the Commission to
20 seriously consider, if they are going to regulate and
21 if they're going to control, even if they don't want to
22 manage, which I think they should, they should have
23 some type of screening device to knock out these
24 ridiculous requests. Yes, I know you can file a
25 lawsuit, you can do a lot of things. But I think it's

1 a waste of your time and your money. I would to do
2 something more positive with my time than to know that
3 when somebody has 172, or 127, or whatever the magic
4 number is, all lumped together, to look at that and
5 say, "Now, is that logical? Is that reasonable? Can
6 we do a good job with this?" And if the answer is no,
7 do what is right. Don't do it just to do it.

8 This whole thing here -- you heard all of
9 these people that came up here today are very unhappy
10 because they had to drive so far, they were not
11 represented, and everybody knee-jerked. You gave 35
12 extra days to SSU, or thereabouts, to file their thing
13 and you took it away from the people. Is the Public
14 Service Commission really taking care of the people? I
15 would say not. That's my perception. I could be
16 wrong, but I'll bet I'm not.

17 COMMISSIONER CLARK: Thank you, Mr. Van Horn.

18 WITNESS VAN HORN: Thank you.

19 COMMISSIONER CLARK: Any questions?

20 MR. HOFFMAN: No questions.

21 MR. SHREVE: Thank you, Mr. Van Horn.

22 (Witness Van Horn excused.)

23 - - - - -

24 MR. SHREVE: Mr. Tropeano

25

1 JOE TROPEANO

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

5 WITNESS TROPEANO: My name is Joe Tropeano,
6 from Citrus Park, 1190 Southeast 38th Street.

7 COMMISSIONER CLARK: Your last name again,
8 and would you spell it?

9 WITNESS TROPEANO: T, as in Tom,
10 r-o-p-e-a-n-o, Tropeano.

11 Okay, I'm going to make mine short. I just
12 have a couple of questions.

13 We were up in Tallahassee and met with some
14 of the Staff, and Jack and representative Albright
15 Monday. While I was there, I got this docket from
16 Marshall there in regards to the purchase of three
17 systems by Southern States which were previously owned
18 by -- gee, I can't remember it -- Industrial Utilities.
19 Anyway, they purchased all three of those systems for
20 \$174,618. And the Commissioners granted them a rate
21 base of \$352,178 due to the necessary -- well, we'll
22 call it the work they had to do on the system. But it
23 also states, from the engineer's point of view, that
24 there wasn't anything drastic that had to be done to
25 these systems.

1 The reason I bring this up is that that was
2 for three systems, and now the rate base for Citrus
3 Park alone now is what they are calling for has gone
4 up. And if you calculate that on the back sheet with a
5 magnifying glass there that I've got, then say it's
6 \$110,100, that \$110,100 was the base rate, the original
7 base rate at the time of purchase, allowing for the 352
8 instead of the 174. Now we are up to, according to
9 Southern States, 708,635 as a base rate.

10 I'm not a CPA, and I can see why there are so
11 many of them up in Tallahassee. My wife -- also, by
12 the way, they were not available at the Marion County
13 Library, either, the MFRs. We went to Marion Oaks, my
14 wife, to get them. And what we would like to know, as
15 the Homeowners Association, is what -- how our base
16 rate, rate base got as high as it did, considering the
17 initial purchase, and it started out at \$110,100.

18 One of the questions I asked the Staff was did
19 they go over all of these figures, and a Mr. Swafford, I
20 believe, was there and he assured me that they did and
21 that we were, I guess you would call it -- as George
22 Albright called it that a double-diggy, or whatever, or a
23 positive rate acquisition, or whatever.

24 But, anyway, when we look at these figures
25 here, I look at the -- take, just for example, salaries

1 for employees. They are showing \$19,900 for the water
2 and \$23,681. That's pretty good wages, considering.
3 That would mean that they should have two people there
4 at that site, at least, you know, in an 8-hour day all
5 week long.

6 And that brings my point that as a resident
7 one night me and my wife were sitting there and we hear
8 water running. I go outside and the meter is busted.
9 The water main is busted on the other side of the
10 meter, their main. So we called Southern States and
11 after about three different people, we finally get hold
12 of a guy. He asked me the size of my water meter, and
13 I said, "Well, it's a one-inch feed and the main is
14 busted, the pvc is busted." And he says, "Well, we'll
15 send somebody out there."

16 Well, we went to bed, listening to the water
17 run, and at 8:00 in the morning, the next Sunday
18 morning, an SSU employee shows up. I asked him --
19 meanwhile, Southeast 20th Court is just flooded with
20 water clear down to the end of the road. He told me
21 that the company policy was that a one-inch line, or
22 lower, they don't pay overtime to fix it, and he was
23 there at 8:00 in the morning to fix it.

24 So I just don't understand. Like I said,
25 we're not accountants and we just look at some of this

1 stuff.

2 Also, we have one other thing we would like
3 to bring up under the taxes. They are showing property
4 taxes of \$2,271 under the water and \$8,805 under the
5 sewer. We went to the County Courthouse, to the
6 Property Appraiser, excuse me, and the only thing that
7 we can find under Southern States is that they paid a
8 bill, their taxes were \$2,205.91. They only owned four
9 pieces of property in Marion County, one of them is out
10 200 where their tax bill was \$661, and the other was
11 the South 40 in Salt Springs. Now, maybe we're missing
12 something. Like I said, we're not accountants. But we
13 just don't see where Citrus Park, where does the other
14 \$8,805 come in there?

15 And I think that's it. That's all we have.
16 This is just something that we wanted to know and I
17 thought maybe Marshall could look at that and check
18 into those figures because we did mention that. And we
19 would also like to know, as far as the base, our rate
20 base goes, why this was considered at the initial
21 purchase. Thank you very much.

22 COMMISSIONER CLARK: Mr. Tropeano, you have
23 obviously worked with Marshall, and if you would supply
24 him with those figures, they will be looked into. They
25 are being looked into.

1 WITNESS TROPEANO: I would like to say
2 another thing, too. These figures that they give you,
3 my wife went to get these and, I mean, I know that
4 we're a customer and everything and they are not real
5 crazy about giving them to you. But when you walk in
6 their office, they just point over there, and there's
7 three boxes sitting over there on the floor just loaded.
8 I think those should be made to the public a little
9 more -- I mean, we have never looked at it before and
10 most people don't look. I mean, we are involved with
11 this now, we are talking with Albright, and I know it's
12 not your problem, but we want to try to change it. And
13 I think that Albright and Hawkes and these guys, maybe
14 we can get some of of this stuff changed, these
15 enormous interim rates, so that it doesn't hurt all of
16 these people.

17 That's all we've got to say. Thank you.

18 COMMISSIONER CLARK: Thank you.

19 WITNESS TROPEANO: Thanks again, Jack.

20 MR. SHREVE: You've covered it, thank you.

21 (Witness Tropeano excused.)

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23 MR. SHREVE: Mr. Jones.

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HARRY JONES

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

WITNESS JONES: My name is Harry Jones, that's spelled J-o-n-e-s.

COMMISSIONER CLARK: It's nice to see you again.

WITNESS JONES: It's nice to see you, too.

Thank you very much, Commissioner Clark, for your help yesterday evening. We felt that you certainly had some awareness of the concerns that we felt and what was going on in this case, and we think that, as we have the opportunity to study it further, perhaps there will be a lot more data unfold which will indicate why we think this case should have been thrown out yesterday, so that it would have followed the same pattern as the previous case in 1990-'91, except it took four months before that one was finally thrown out because there's still plenty of errors in the documents that we reviewed today.

Unfortunately, there is not enough time for the average customer to go over the things that are available in order to really know what is going on. Now, we happen to be very fortunate in that one of our

1 residents is almost an expert in this kind of stuff,
2 since he has been doing it for about 12 years. And he
3 knows some of the people that worked in the Public
4 Service Commission and the Staff maybe better than some
5 of you know them. So we are going to continue to work
6 on this and that's the reason that we filed for
7 intervention, which happened on Monday. And I just
8 felt like I needed to come tonight to have the
9 opportunity to somewhat finish the testimony, or
10 whatever you want to call it, that I was doing last
11 evening when time ran out.

12 According to my records there is something
13 like 29 utilities that could have been represented at
14 this meeting tonight. Now, those would be only the
15 three counties who are on that yellow page that you
16 passed out to us. And it seems to me like that's a
17 tremendous crowd for anyone to try to take care of,
18 even in four or five hours. So I really feel sorry for
19 you having to do all of this, and I will try to make
20 the rest of my comments as brief as possible.

21 What we have discovered so far, and I think
22 we tried to bring this out, and perhaps you and one of
23 the other Commissioners may have felt this last night,
24 is that the interim rates, either of the interim rates
25 that were recommended by the Staff, are higher than

1 what the Utility's final requested rate is. And it
2 just seems like you fly in the face of logic when you
3 actually authorize someone to charge more for a product
4 than they really want to charge. Because it's hard to
5 think of that if you go in to buy something and realize
6 that you are not going to get a credit back from this
7 person because you have overpaid. You might if you are
8 one of their best customers, but so far the utilities
9 have not acted as though they thought we were their
10 best customers.

11 So I really think that that is something that
12 was totally wrong, and I feel that under the
13 circumstances, it should not have been allowed last
14 night. And those are my sentiments, and I thank you
15 very much.

16 COMMISSIONER CLARK: Thank you very much, Mr.
17 Jones. We will enter your comments on the
18 correspondence side of the docket.

19 WITNESS JONES: I'm sorry, I didn't hear you.

20 COMMISSIONER CLARK: You passed out some
21 comments, is that right?

22 WITNESS JONES: That's right, and that pretty
23 much is what I said last night.

24 COMMISSIONER CLARK: All right, and we will
25 enter it on the correspondence side of the record.

1 Thank you, Mr. Jones.

2 MR. SHREVE: Thank you, Mr. Jones.

3 (Witness Jones excused.)

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5 MR. SHREVE: Melvin Ollman. Melvin Ollman.

6 Mr. Ollman? (No response)

7 Mr. A. Van Duren. Mr. A. Van Duren. (No

8 response) Mr. Robert Brown. Mr. Robert Brown.

9 COMMISSIONER CLARK: Maybe this would be the
10 easier: Who remains that wants to testify? Okay.

11 Why don't we take Commissioner Langley, and
12 have you signed up? Let me ask both of you: Have you
13 been sworn in? Okay, you have.

14 Mr. Langley, why don't you -- if he wants to
15 defer to you, come on up and give your testimony.

16 LAURIE BROWN

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

20 WITNESS BROWN: We can almost say good
21 morning, but I've got a different point of view for
22 you.

23 My name is Laurie Brown, B-r-o-w-n. I'm with
24 Heritage Management Corporation here in Ocala. We
25 represent an owner of warehouse space in South Forty,

1 approximately 123,000 square feet of warehouse space,
2 equalling 13 warehouses and it represents about 35 to
3 \$40,000 of income per month to the owners we represent.

4 This rate increase stuff is fairly new to me.
5 Within the past 30 to 60 days I was told that this area
6 would be getting -- it's just sewer service, it's not
7 water, just sewer. I was told it would be
8 approximately a 203% increase on sewer charges.

9 I was fortunate enough tonight, I talked to
10 an SSU representative. She is going to get me some
11 more information on why this great of an increase, some
12 comparisons to Ocala rates, and she would have somebody
13 contact me to, you know, explain some of this.

14 I am a little puzzled because the tenants
15 that we lease to, I have not heard from any of them so
16 I don't know if they got notice and didn't care, or
17 didn't get notice; I don't know. It's just sewer
18 service that they receive. I'm going to find out
19 tomorrow in talking to them. I may be up here for no
20 reason.

21 Anyway, that's all I have to say. A 203%
22 increase just raises your eyebrows, and I don't know
23 many details on it yet. We are warehouse, we're not
24 residential, we're not retired, it's strictly
25 commercial.

DIRECT EXAMINATION

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BY MR. SHREVE:

Q Do your tenants provide their own sewer service or do you provide that for them when they rent from you?

A They provide it themselves. They get their own utility hookup. It is not through us. We just notify them who provides the service.

Q They should have received notice then?

A I'm sure -- well, I would be really surprised if they received notice of a 200% increase and did not call us, because they usually would.

Q One of the problems that they may not have realized, in the Company's notice they sent out they included the interim, which you and your tenants have been paying and we have now won that and that should be refunded. But when the Company put that increase out, put the notice out, their notice made it appear that the increase was much less than it really was. So that may be a part of the problem.

A Yes. Hopefully, I'll get to see one of those notices. We certainly represent the interest of the owner from the point of view of increased utility costs make it harder to lease in a certain area, if that certain area is not serviced by city utilities. And,

1 say, SSU has got outrageous rates, which I have not
2 been able to verify yet, for this location.

3 We just wanted to be on the record that we
4 were here looking out for the interest of the owner.
5 As far as marketability, as hard as it is, we've got
6 some of the highest vacancies we've had in the past ten
7 years, but that could be attributed to many factors.

8 COMMISSIONER CLARK: Thank you, Ms. Brown.

9 MR. SHREVE: Thank you.

10 (Witness Brown excused.)

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12 MR. HOFFMAN: Commissioner Clark, let me just
13 make a statement in response to Mr. Shreve's last
14 statement. Because I think he said this evening on a
15 number of occasions that the Company sent out the wrong
16 information, in terms of using the interim rates to
17 base the percentage. I know that the Staff
18 recommendation that was considered on interims
19 yesterday, in fact, used the rates in effect prior to
20 the interim rates that were put in effect in December,
21 I believe December of 1990.

22 But at the time the Staff recommendation was
23 issued, the court decision had been issued which pretty
24 much confirmed, short of some further appeal or
25 reconsideration, that it would be those pre-December

1 1990 rates that should be used.

2 In contrast, when the Company sent out these
3 notices those, in fact, were the current rates.

4 COMMISSIONER CLARK: Okay. Thank you, Mr.
5 Hoffman.

6 MR. SHREVE: Commissioner, I'm going to have
7 to respond to that. I'm sorry --

8 COMMISSIONER CLARK: Now, Mr. Shreve, I think
9 that --

10 MR. SHREVE: These customers have a right to --

11 COMMISSIONER CLARK: I know that, Mr. Shreve,
12 but I think this issue has been spoken to on several
13 occasions. What I would like to do is go ahead and
14 take Commissioner Langley and then we'll let you
15 respond to it.

16 MR. SHREVE: I would like to respond, since
17 Mr. Hoffman has just responded to that.

18 COMMISSIONER CLARK: All right, Mr. Shreve.
19 You have one --

20 MR. SHREVE: The rates that were approved by
21 the Public Service Commission were the rates that the
22 Staff used yesterday. The interim rates in no way
23 could have been the final rates. Those would be
24 measured against the final rates determined in the
25 case. So those interim rates could not have been the

1 present rates that were approved. It was impossible.
 2 So that the interim rates being added to that would
 3 have had the tendency to make the request of the
 4 Company look like a smaller percentage.

5 COMMISSIONER CLARK: Commissioner Langley,
 6 would you like to come up and I'll swear you in.

7 (Witness sworn.)

8 COMMISSIONER WILBUR H. LANGLEY
 9 was called as a witness on behalf of the Citizens of
 10 the State of Florida and, having been duly sworn,
 11 testified as follows:

12 WITNESS LANGLEY: I'm Wilbur H. Langley,
 13 County Commissioner from Citrus County. I'm here
 14 tonight in support of all the customers that are having
 15 a rate increase, not just in Citrus County but the
 16 whole area that has been here tonight.

17 I think the rate increase is away too much,
 18 personally. I think that it looks like whoever set up
 19 these meetings has set the meetings up in areas where
 20 the most utilities was not located.

21 The Citrus County Board of County
 22 Commissioner has asked the PSC to have a public hearing
 23 in Citrus County; we have not heard anything from the
 24 PSC thus far about that. But we have 11 of these
 25 facilities, which there is many, many customers, and

1 tonight is one of the things that you might look at
2 because there has been so many people here to express
3 their interest in this.

4 This is something that touches the lives of
5 these customers daily, the increase, and it's going to
6 touch them in years to come. It's something that we
7 really need to hear from. Me being a County
8 Commissioner, I'm always hearing that you don't get
9 enough public input before you make a decision. I feel
10 that the Public Service Commission should have had a
11 hearing in the counties where the most utilities are,
12 and then possibly in other counties.

13 I think that what needs to happen, instead of
14 one application being put out for all these utilities,
15 they should have put out an application for each
16 county. If there's ten utilities in one county, make
17 that an application; if there's 20 in another county,
18 make that another application; if there's one in
19 another county, make that another application, and not
20 have all these counties joined together, but have an
21 application for each county, for one or 20 utilities,
22 whatever it might be. I think that would be a better
23 way to do it. You possibly wouldn't want to have 180
24 so I think county-by-county would be a better range to
25 have rather than just one.

1 I think that's probably all I have to say. I
2 went to a meeting last night in Citrus Springs. The
3 people really aren't upset at having some kind of a
4 rate increase, but it's the amount of the increase. I
5 know I have been in the well drilling business
6 personally for 35 years. If I'd had a rate increase
7 like this one year or two years, man, I'd really feel
8 good. I probably haven't had this kind of a rate
9 increase over the 35 years.

10 So it would be much greater to have less of
11 an increase, and I think have more public hearings in
12 our local counties.

13 COMMISSIONER CLARK: Thank you, Commissioner.

14 WITNESS LANGLEY: Thank you.

15 I know the people appreciate you all having
16 this hearing tonight, but we need to have them locally.
17 Thank you.

18 COMMISSIONER CLARK: Thank you.

19 (Witness Langley excused.)

20 MR. SHREVE: Anyone else? (No response)

21 - - - - -

22 COMMISSIONER CLARK: Is there anything else
23 we need to do?

24 This hearing is adjourned. Thank you all for
25 coming very much, and I appreciate those of you who

1 have stayed to the end.

2 (Thereupon, the hearing was adjourned at

3 11:10 p.m.)

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F L O R I D A)

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CERTIFICATE OF REPORTER

COUNTY OF LEON)

I, CAROL C. CAUSSEUX, CSR, RPR, Official

Commission Reporter,

DO HEREBY CERTIFY that the Service Hearing, in the captioned matter, Docket No. 920199-WS, was heard by the Florida Public Service Commission at the time and place herein stated; it is further

CERTIFIED that I reported in shorthand the proceedings; that the same has been transcribed under my direct supervision, and that this transcript, consisting of 185 pages, inclusive, constitutes a true and accurate transcription of my notes of said proceedings; it is further

CERTIFIED that I am neither of counsel nor related to the parties in said cause and have no interest, financial or otherwise, in the outcome of this docket.

IN WITNESS WHEREOF, I have hereunto set my hand at Tallahassee, Leon County, Florida, this 1st day of September, A.D., 1992.

Carol C. Causseux
CAROL C. CAUSSEUX, CSR, RPR
FPSC Bureau of Reporting
Fletcher Building, Room 104
101 East Gaines Street
Tallahassee, Florida 32301-0871
Telephone No. (904) 488-5980