

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

----- DOCKET NO. 920199-WS

In the Matter of

Application for Rate Increase in Brevard,  
Charlotte/Lee, Citrus, Clay, Duval, Highlands, Lake,  
Marion, 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)

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FILED  
OCT 13 1992  
1:30  
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PUBLIC SERVICE COMMISSION

PROCEEDINGS:

SERVICE HEARINGS

BEFORE:

**RECEIVED**  
Division of Records & Reporting

COMMISSIONER BETTY EASLEY

DATE:

**OCT 5 1992**  
Florida Public Service Commission

Tuesday, August 11, 1992

TIME:

Commenced at 6:30 p.m.  
Concluded at 8:28 p.m.

LOCATION:

Jacksonville Civic Auditorium  
Little Theater  
300 Water Street  
Jacksonville, Florida

REPORTED BY:

MARIE C. GENTRY

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

**MARIE C. GENTRY**  
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A P P E A R A N C E S

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3  
4           CATHERINE BEDELL, ESQUIRE, Division of Legal  
5 Services, Florida Public Service Commission, 101 East Gaines  
6 Street, Tallahassee, Florida 32399-0863, Telephone No. (904)  
7 487-2740, appearing on behalf of Florida Public Service  
8 Commission.

9  
10           JACK SHREVE, Office of the Public Counsel, Claude  
11 Pepper Building, Room 812, 111 West Madison Street,  
12 Tallahassee, Florida 23299-1400, Telephone No. (904)  
13 488-9330, appearing on behalf of the Citizens of the State of  
14 Florida.

15  
16           KENNETH A. HOFFMAN, ESQUIRE, Messer, Vickers,  
17 Caparello, Madsen, Lewis, Goldman & Metz, a Professional  
18 Association, Suite 701, First Florida Bank Building, Post  
19 Office Box 1876, Tallahassee, Florida 32302-1876, appearing  
20 on behalf of Southern States Utilities.

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MARKED

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Composite Exhibit No. 1  
(Affidavit, proof of publication,  
copy of customer notification and  
notice of hearing.)

12

P R O C E E D I N G S

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

COMMISSIONER EASLEY: Call the hearing to order.

Read the notice, please.

MS. BEDELL: This time and place is noticed for service hearing in Docket No. 920199-WS, 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; Hernando County by Spring Hill Utilities; and Volusia County by Deltona Lakes Utilities.

COMMISSIONER EASLEY: Take appearances of counsel, please.

MR. HOFFMAN: Madam Chairman, my name is Ken Hoffman. I'm with the Messer law firm, P. O. Box 1876, Tallahassee, Florida 32302. I represent the company, the Applicant in this case, Southern States Utilities, Inc. Directly to my left is Mr. Greg Phillips, who is the president of the company.

COMMISSIONER EASLEY: Thank you, sir.

MR. SHREVE: Jack Shreve, Public Counsel, Claude Pepper Building, Tallahassee, Florida, appearing on behalf of the Citizens of the State of Florida.

1 MS. BEDELL: Catherine Bedell, 101 East Gaines  
2 Street, Tallahassee, Florida, representing the Commission  
3 Staff.

4 COMMISSIONER EASLEY: And my name is Betty Easley.  
5 I'm a member of the Florida Public Service Commission.

6 Because of the number of hearings that are being  
7 held in this case, as you will see from that yellow  
8 information sheet that you have been given, we have had  
9 to kind of spread the Commissioners thin in taking  
10 these hearings, one or two Commissioners at a time,  
11 but because we are on the official record, you're not  
12 just talking to me. You will be talking to all five  
13 of the Commissioners and we will all be reviewing the  
14 record of those public hearings we were not privileged  
15 to attend prior to the evidentiary hearing that takes  
16 place in this case. I believe it's in November.

17 The procedure here tonight, while it is of  
18 necessity somewhat formal, it is really designed to  
19 give us an opportunity to hear from the customers as to  
20 anything the Commission needs to hear about the rate  
21 proposal, about service from the company, anything that  
22 you feel is pertinent and that you need to tell us about.

23 In order that your testimony may be used in the  
24 official record, it will be necessary that we swear you  
25 in so that the court reporter can put it into the formal

1 record of the proceedings. You will be required to wait  
2 just a minute after you testify to see if anybody has  
3 any questions. Usually they don't, but don't let that  
4 intimidate you, but it is part of the process.

5 If you're reluctant to testify, you will see on  
6 the back of these yellow information sheets there is a  
7 place for customer comments. Just tear that off and  
8 fold it into thirds. If you wish, you may fill that out  
9 -- whether you testify or not, you may fill that out  
10 and send it to us and it will become part of the  
11 correspondence side of the docket, but, nevertheless,  
12 part of the official docket in this case.

13 The reason for having you sworn in and going  
14 through this slightly formal proceeding is not to  
15 intimidate you or to discourage you from testifying.  
16 It is merely to meet the requirements that we have  
17 your testimony as part of the record.

18 After these hearings, the evidentiary proceeding  
19 that I was talking about in November will be held in  
20 Tallahassee. It is scheduled for almost two full weeks,  
21 as I recall, and we will listen to the testimony of the  
22 company, all of the Public Counsel's witnesses, there  
23 will be cross-examination. It is very similar to a civil  
24 proceeding in a regular trial court, about as close as  
25 you can get without actually being in a trial court.

1 So the proceeding from the time of what we call these  
2 service hearings, when it goes to the hearing in  
3 Tallahassee it becomes extremely formal, a very  
4 in-depth investigation and many of the questions you  
5 may ask tonight will probably be asked at the hearing.

6 In a minute I'm going to ask the company and  
7 Public Counsel, I understand they wish to make a brief  
8 opening statement. After that is done, I believe,  
9 Mr. Shreve, you have gotten a list of the people who  
10 wish to testify. We will swear everybody in at one  
11 time to save a little time and then what I will do  
12 is ask you to come probably to that microphone. If  
13 for some reason you want to come up here, feel free  
14 to do so, that microphone will be a little easier  
15 for you, and give your name and address for the  
16 record and make any statement you wish to make.

17 If somebody testifies before you that makes the  
18 same point that you would make, feel free to say, "I  
19 agree with Mr. or Mrs. So-and-So and thank you very  
20 much."

21 I'm not going to put a time limit on anybody, it  
22 just keeps the last one from going home. So I just ask  
23 you to be reasonable but I'm not going to put a time  
24 limit on anybody.

25 All right. We'll proceed now with the opening



1 statements.

2 Mr. Hoffman.

3 MR. HOFFMAN: Thank you very much, Madam Chairman.

4 Ladies and gentlemen, as I said, my name is Ken  
5 Hoffman. I'm a lawyer. I'm from Tallahassee and I  
6 represent the company, Southern States Utilities, Inc.

7 This is a case which began with an application  
8 that the company filed with the Public Service Commission  
9 asking that its water and sewer rates be increased.

10 Now, this application is extremely comprehensive.  
11 It covers virtually all the water and sewer systems  
12 operated by Southern States which are regulated by the  
13 Florida Public Service Commission. Specifically, there  
14 are 127 systems which are located in 19 counties included  
15 in this application.

16 Based on its present rates, Southern States is  
17 earning a combined rate of return on its investment on  
18 the systems included in this application of only two and  
19 a half percent.

20 Under the present rates, folks who invest in  
21 Southern States are experiencing a negative return on  
22 common equity of minus 8.33 percent. So we think that  
23 you can understand that the purpose of this application  
24 is to bring the rates to a level where the company has  
25 the opportunity to earn a fair and reasonable rate of

1 return on its investment in water and sewer facilities  
2 and to once again be able to attract the necessary  
3 investment to meet customer growth as well as increased  
4 environmental regulatory requirements.

5 Now, the Commissioners, Commission Staff, Florida  
6 Legislators, virtually everyone involved in this industry  
7 has recognized environmental regulation has increased and  
8 that such regulation increases the cost of providing  
9 water and wastewater service to Florida residents.

10 I would also point out that a number of the  
11 systems, again there are 127, but a number of the systems  
12 involved in this case have not been subject to rate cases  
13 and rate increases going back as far as 12 or 13 years.  
14 In your case that's not true. Clay County, Duval County  
15 and Nassau Counties, the rate case does not go back that  
16 far, but the last rate case, for example, for the  
17 Lakeview Villas system does go back as far as 1985.

18 Now, that's not your fault, but the fact remains  
19 that since the time many of the systems were last  
20 subject to a rate increase, this company has incurred  
21 significant increases in operating expenses, it has  
22 constructed additional water and sewer facilities in  
23 many cases to keep up with customer growth, to plan for  
24 anticipated growth and to meet environmental regulations.

25 I would also point out that over the past three

1 years this company has not been able to recover through  
2 its present rates sufficient monies to cover the  
3 interest that the company owes to its lenders.

4 As Commissioner Easley told you, this is a service  
5 hearing. This is not the final hearing, but it's a  
6 service hearing and it represents your opportunity  
7 to address the Commission, the Staff of the Commission  
8 and this company and give us your feelings about any  
9 concerns you may have about the quality of service  
10 and about the proposed rates and we welcome the time  
11 set aside this evening to hear any concerns you may have.

12 Commissioner Easley has also told you that the  
13 final hearing in this case will take place in November in  
14 Tallahassee. At that time the Commission will hear  
15 evidence on a number of more technical issues such as  
16 the amount of the utilities' investment and the amount  
17 of its operating expenses. Southern States intends to  
18 be there, Southern States intends to prove its case to  
19 the Commission and justify that it's entitled to the  
20 requested increase in this case.

21 Madam Chairman, I thank you for the opportunity  
22 to make a brief statement. I would point out that I  
23 have already given to the court reporter and to  
24 Mr. Shreve what we would ask be marked and admitted as  
25 Composite Exhibit 1, which consists of the newspaper ad

1 published in the Florida Times-Union providing notice of  
2 this service hearing, the affidavit and proof of  
3 publication, as well as a copy of the customer notice.

4 COMMISSIONER EASLEY: The affidavit and proof of  
5 publication and the customer notice copy will be marked  
6 as Composite Exhibit 1.

7 MR. HOFFMAN: Thank you, Madam Chairman.

8 (The document last above referred to was marked for  
9 identification as Composite Exhibit No. 1.)

10 COMMISSIONER EASLEY: Mr. Shreve.

11 MR. SHREVE: Thank you. I will be brief.

12 When you had a rate case in the past, you had  
13 a case, generally speaking, with an individual system,  
14 and at some times possibly on a countywide basis. In  
15 that situation, you could take an individual system  
16 and look at its investment, you could take an individual  
17 system and look at the expenses that the company has.

18 I think the operating and maintenance expenses for  
19 this company are inordinately high compared to the past  
20 that the company has incurred. We are delving into that  
21 in our case now.

22 The difference you're going to find in this case is  
23 they filed 127 different systems. This is not normal  
24 because there are about 90 different rate cases. There  
25 has been no extension of time. The company puts all the

1 time it wants in preparing this case, probably about a  
2 year and a half. When it's filed, we're still under the  
3 same time constraints that we are in an individual case.  
4 There has been no consideration at this point and the  
5 time given to the people to prepare the case and it is a  
6 mega case. It is the largest single water and sewer case  
7 that's ever been in this state and I do not think there's  
8 been adequate time to properly prepare the case for you.

9 We're going to do our best. We're going through  
10 discovery as best we can at this time and we will try and  
11 stay in touch with you that have signed up as best we  
12 can.

13 When they talk about the return on equity and the  
14 return they're receiving, one of the things I want you to  
15 know that we thoroughly object to is the fact that  
16 they have in their calculations of return, the rate  
17 base they're calculating a return on is money that  
18 they have not invested in many cases and we're trying  
19 to get this information together and I think we should  
20 have an opportunity to place in the record and argue  
21 this issue out. They have paid less for the system  
22 than they are placing in the rate base and they're  
23 being granted a return on. With rates going up like  
24 this, there's no reason to have anything that would  
25 actually give a company a return on money they don't

1 have invested or depreciation they don't have invested.  
2 That's one of the main things we're going to be looking  
3 at in this case.

4 We would like you to talk about your service  
5 tonight. If you have any complaints along those lines  
6 please point that out, but also give us any complaints or  
7 any questions you want concerning the rate case. It is  
8 a very, very complicated, complex rate case, the most  
9 complex water and sewer case that's ever been in the  
10 State of Florida.

11 Thank you.

12 COMMISSIONER EASLEY: Thank you, Mr. Shreve.

13 How many witnesses do we have at the present  
14 time?

15 MR. SHREVE: We have ten that's signed up now.

16 COMMISSIONER EASLEY: All right. There's a lady  
17 out here. Let's take about five or ten minutes and  
18 allow you to check to see if anyone wants to sign up  
19 to speak.

20 Mr. Shreve, here's one that didn't get to sign  
21 the list.

22 And since we only have one court reporter, it  
23 will be necessary to interrupt in about a hour or so  
24 and give her a chance to rest her hands, and, when I  
25 do that, please understand.

1 Thank you.

2 We'll take about five or ten minutes.

3 (Short recess.)

4 COMMISSIONER EASLEY: If all of you who signed  
5 up who wish to speak, would you please stand up and  
6 I'll swear you all in at one time?

7 (Whereupon, all witnesses present were sworn in.)

8 COMMISSIONER EASLEY: Mr. Shreve, will you call  
9 the first witness, please?

10

- - -

11

DAVID CARGILL,

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

14

DIRECT STATEMENT

15

BY THE WITNESS:

16

Madam Chairman, my name is David Cargill and I live  
17 in Woodmere and the address is 6071 Briarforest Road North,  
18 B-r-i-a-r forest, all one word.

19

COMMISSIONER EASLEY: Thank you, Mr. Cargill.

20

BY THE WITNESS: (CONT'D)

21

I'll try and be brief on this.

22

I've been on SSU's facility since I moved here in  
23 '83. I'm known otherwise as a damn Yankee where our water is  
24 cold when it comes out of the tap and not boiling as it is  
25 here in Florida. And that's no reflection on your water

1 system.

2           Having been a civil engineer for 31 years, I know  
3 the depth has a lot to do with the coldness, but that's not  
4 my point.

5           In April of '91, I was forced to retire as a civil  
6 engineer with a major engineering firm here in Jacksonville,  
7 having put in some of Southern States or designing some of  
8 Southern States' utilities, because I have multiple sclerosis  
9 and I'm only 53 years old and I still have teenagers that I  
10 have to put through college maybe.

11           And my rates, based on a very humble engineer's  
12 calculations, look like they will increase 150 percent plus.  
13 Now, that may be off a little, but I don't think it's off  
14 much because, if I take my two-month charge of \$66 currently  
15 and apply the new rates to a two-month process, they will be  
16 over a hundred-and-some-dollars. And I'm saying a hundred  
17 because I'd like to say a hundred and twenty because I think  
18 that's what they will be.

19           I live on a social security income, which is  
20 minimal, and an increase of that effect -- I'd love to see an  
21 increase of my payment for social security considering I paid  
22 the fees to our government for 30-and-better years, I would  
23 like to see my income increase a hundred-plus percent. Just  
24 because I made mistakes and couldn't manage my own company, I  
25 don't think that's fair. That's my feelings here.



1           When I see a company applying for a rate increase  
2 such as that, where have they been? They have waited too  
3 long. They're going to drag us back to septic tanks and  
4 wells and, believe me, if it's against the law, I don't care  
5 because I am not going to quit eating so that I can afford to  
6 pay my water bill.

7           My electric bill this month was only \$167. I cut  
8 my use this last two months from 29,000 gallons every two  
9 months to 19,000 gallons to show you how our family has  
10 economized to save us money, and do you know what it saved us  
11 on a \$66 bill? Seven bucks. I didn't use 10,000 gallons of  
12 their water and I only got a savings of seven bucks. That  
13 doesn't make sense.

14           Somewhere -- the sewer is the real demon. I  
15 talked to one of their people out on the porch tonight and he  
16 explained to me the fact they had to build a line up  
17 University and out into the river by the new development up  
18 there and a pump station and I know what those things cost  
19 because I designed them for many years. But why didn't they  
20 plan for it? Why all of a sudden do us poor people that live  
21 in Woodmere, and I hope there are others here that live out  
22 there like me, we can't afford to finance 127 other systems  
23 if that's what I hear perhaps is the case. They put them all  
24 in one package and want to raise the rates to cover all of  
25 the systems, not just Southern States system in Woodmere.

1 That's the way it appears to me.

2           And it's easy to stand here and look at the  
3 chairman of SSU and see him swallow hard, and I'd swallow  
4 hard too, but I don't think we should have to be combined  
5 with 127 other systems. I think they ought to be individual,  
6 Duval County individual, Clay County individual, et cetera,  
7 et cetera. Let us stand on our own because the next thing  
8 I've got to cut is total use of their water and sewer and  
9 break the law and then I'll be arrested and I don't want to  
10 be arrested but I also want to eat. And I'm living on \$1560  
11 a month. You try it and then have a \$60 a month increase.  
12 That's too much to swallow. If there were calories in water,  
13 I'd swallow them.

14           And I thank you for your time.

15           I must say something positive. I've been very  
16 happy with SSU, their service has been good, their people  
17 have been kind. I missed paying one bill by three days and  
18 they sent me a reminder that made me angry, but it wasn't a  
19 rude reminder. I just forgot to pay it and I've been on  
20 their system since '83 and I've paid every bill and I'm very  
21 happy with SSU until now.

22           Thank you very much.

23           COMMISSIONER EASLEY: Thank you, Mr. Cargill.

24           Any questions, Mr. Hoffman?

25           MR. HOFFMAN: No, Madam Chairman.

1 MR. SHREVE: No questions. Thank you, sir.

2 COMMISSIONER EASLEY: Thank you. We appreciate  
3 your coming in.

4 (Witness excused)

5 - - -

6  
7 FRED THUP,

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

10 DIRECT STATEMENT

11 BY THE WITNESS:

12 My name is Fred Thup. I live at 595 Madiera  
13 Drive, Orange Park, Florida.

14 COMMISSIONER EASLEY: Sir, do me a favor. The  
15 court reporter couldn't understand your last name.

16 THE REPORTER: I couldn't understand any of it.

17 THE WITNESS: T-h-u-p.

18 COMMISSIONER EASLEY: T-h-u-p? Fred, I believe,  
19 is the first name?

20 And state your address again.

21 THE WITNESS: 595 Madiera Drive, Orange Park,  
22 Florida.

23 BY THE WITNESS:

24 Madam Chairman, I'm regional manager of ABC  
25 Liquors out of Orlando, Florida, and we have a number of

1 stores in the service areas that's affected by the proposed  
2 change. They asked me to appear before this hearing in  
3 Jacksonville.

4 Business is tough all over and it appears that it  
5 will be that way for some time to come. All businesses are  
6 having to streamline and become more efficient to compete  
7 like ours.

8 The current returns by Southern States is 3.07  
9 percent and 1.74 percent are certainly in line with what  
10 businesses in general are returning today.

11 The request of Southern States Utilities to  
12 increase their rate of return of 11.57 percent is not valid  
13 in today's business environment. I feel that it would be  
14 unfair to grant them a rate increase of this size when  
15 businesses must sharpen their operation to achieve a much  
16 reduced rate of return.

17 COMMISSIONER EASLEY: Is that all you have,  
18 Mr. Thup?

19 THE WITNESS: Yes, ma'am.

20 COMMISSIONER EASLEY: Any questions?

21 MR. HOFFMAN: No questions.

22 COMMISSIONER EASLEY: Thank you very much.  
23 I appreciate your coming in.

24 (Witness excused)

25 - - -

1 VICTOR W. HARRELL,  
2 having been produced and duly sworn as a witness, testified  
3 as follows:

4 DIRECT STATEMENT

5 BY THE WITNESS:

6 I'm Victor W. Harrell of the Jacksonville  
7 Community Council, Incorporated, 1001 Kings Avenue,  
8 Jacksonville, Florida.

9 Good evening. I'm the chairman for the  
10 Communication Task Force for the Jacksonville Community  
11 Council Study on Adequate Water Supply for Northeast Florida.

12 The study which was completed in 1991 resulted in  
13 two recommendations, one of which was specifically directed  
14 towards the Florida Public Service Commission. It reads as  
15 follows:

16 Public and privately-owned water utilities should  
17 establish rate structures which provide an incentive to  
18 conserve water. The Florida Public Service Commission should  
19 adopt and enforce a policy requiring the use of conservation  
20 and water rates.

21 Beginning in January of 1992, we have been in  
22 touch with Miss Patty Daniels of your staff concerning the  
23 study and what the stated position is of the Commission  
24 regarding the setting of rates.

25 We know that the St. Johns River Water Management

1 District has recently declared the entire district to be a  
2 water conservation area. We also note that Duval County is  
3 still restricted in the use of groundwater for some purposes  
4 and the declining lake levels, the dropping of water tables  
5 and the dropping of wellhead pressure are ultimate signs that  
6 the resources that we all depend on for our drinking water  
7 supply is under stress. Therefore, we urge you to give full  
8 consideration to our plea to take the first step in the  
9 approval only of rate structures which use flat rate charges  
10 for water services instead of declining rates for wholesaling  
11 of our water supply.

12 Thank you.

13 COMMISSIONER EASLEY: Thank you, sir.

14 Are you a customer of the company at this point?

15 THE WITNESS: No, ma'am, I'm not.

16 COMMISSIONER EASLEY: You're just representing  
17 your organization?

18 THE WITNESS: Yes, ma'am.

19 COMMISSIONER EASLEY: Let me tell you that there's  
20 one instance that we will be getting a report on in  
21 about six months, I believe, on the current rate  
22 structure that was installed specifically to see  
23 what the effect would be on conservation as a test  
24 program and with that report we will have some better  
25 information as to what that inverted rate structure

1 may be. It's difficult to tell at this point.

2 THE WITNESS: Thank you.

3 MR. SHREVE: Thank you, sir.

4 MR. HOFFMAN: Madam Chairman, --

5 COMMISSIONER EASLEY: Yes, sir. I'm sorry.

6 Mr. Harrell, Mr. Hoffman has a question.

7 MR. HOFFMAN: Mr. Harrell, can you give me the  
8 ZIP code of your business address?

9 THE WITNESS: 32207. It's Suite 201.

10 MR. HOFFMAN: Would you mind giving me your  
11 business phone number?

12 THE WITNESS: I don't have it here.

13 COMMISSIONER EASLEY: Perhaps you all could  
14 exchange cards after the meeting and get that  
15 information.

16 THE WITNESS: I can recall it now. It's  
17 396-3052, and all inquiries should be directed to  
18 Mr. David Swain, S-w-a-i-n. That's a staff member.

19 MR. HOFFMAN: Thank you, sir.

20 COMMISSIONER EASLEY: Thank you, sir. I  
21 appreciate it.

22 (Witness excused)

23 - - -

1 MR. SHREVE: Mr. Reed.

2 JIM REED,

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

5 DIRECT STATEMENT

6 BY THE WITNESS:

7 Madam Chairman, my name is Jim Reed. I am an  
8 environmental specialist. I represent the Clay County School  
9 Board, 900 Walnut Street, Green Cove Springs, Florida 32043.

10 COMMISSIONER EASLEY: Thank you, sir.

11 BY THE WITNESS (cont'd):

12 As representation, the Clay County School Board has  
13 25 schools in this district. We deal with four utilities,  
14 one of them being Southern States. We have nine full  
15 wastewater treatment plants in operation under our control.

16 As an afterthought, before I get into our  
17 statement, as was mentioned about the St. Johns River Water  
18 Management District and conservation, because we do have nine  
19 water plants in our district and we have a total of 16  
20 subterfuge water currents, we're required by the St. Johns  
21 River Water Management District to monitor our gallons of  
22 capital usage per day. We have since reviewed 14 of those 16  
23 permits this past year. St. Johns River Water Management  
24 District has lowered all our gallons of capital usage per day  
25 due to the fact of the water conservation measures that we



1 have implemented.

2           The Clay County School Board would like to share  
3 with the Public Service Commission the impact that the  
4 present rate increase would have on the schools in the  
5 Keystone Heights area in Clay County.

6           Specifically, expenditures for July of '91 and '92,  
7 fiscal year for both Keystone Heights Elementary and Keystone  
8 Heights High School totaled \$16,817.61. This is just for  
9 water, no sewer. The base facility charge accounts for  
10 approximately 41 percent.

11           We would like to express our concern that if the  
12 proposed rate increase and these base charges would  
13 drastically put these schools in a deficit situation.  
14 Further, we would like to express our dissatisfaction with  
15 the service we've had with SSU with the Clay County School  
16 Board having to pay for private fire protection service  
17 charges. These charges are incurred on the School Board  
18 constructing additional facilities to accommodate the  
19 increases it will have on us. Indeed, the Department of  
20 Education would not approve construction of these facilities  
21 unless fire protection was provided.

22           The City of Keystone Heights would not provide  
23 protection forcing us to hire Southern States Utilities to  
24 provide the service. We feel that since this fire protection  
25 is readily available for both school and public use, we

1 should reexamine those charges. Negotiations between the  
2 School Board and Southern States Utilities failed to provide  
3 an adequate solution. We have formally contacted both the  
4 City of Keystone and Southern States Utilities regarding our  
5 problem.

6 I would like to note that in none of our 23 schools  
7 in the district we have this situation.

8 COMMISSIONER EASLEY: You say at none of the  
9 others or that it is the same?

10 THE WITNESS: We do not have the same situation  
11 in any of our other schools.

12 COMMISSIONER EASLEY: Thank you.

13 BY THE WITNESS (Cont'd):

14 Finally, since Southern States Utilities does not  
15 provide sewer service in the area of Keystone Heights where  
16 we are locating our schools, the Clay County School Board had  
17 to construct its own wastewater treatment plant and water  
18 facility this past year at a cost to the taxpayers of over  
19 \$300,000. And that is just construction costs. That is not  
20 the operational cost that's going to be involved in that day  
21 to day.

22 Since the proposed rate increase that Southern  
23 States Utilities is seeking reflects on other full service  
24 utilities we deal with charge us the level of service does  
25 not seem commensurate with this increase.

1           The Clay County School Board would like to tell the  
2 Public Service Commission that we are opposed to this rate  
3 increase. Thank you.

4           MR. SHREVE: Just to make sure I understood, did  
5 you say that the charge that Southern States is making  
6 to you for water is relatively not the same -- you're  
7 paying less for -- more on the water than you're paying  
8 for the sewer and water and the other services?

9           THE WITNESS: Right. In all of our other services,  
10 Kingsley service -- of course, there are two other  
11 municipalities, they provide water and sewer to most  
12 schools. The nine schools I indicated are in rural  
13 areas that have just utilities available. Additionally,  
14 the School Board at any such point that they could  
15 construct a facility for a school, we have to provide it.  
16 We have no choice. Our main concern was the base  
17 facility charge. We are a water conservationist school  
18 district. We're acknowledged by the St. Johns Water  
19 Management District for that. We are not here  
20 to be opposed to the increased cost of per gallonage  
21 usage, we are here to be opposed to the base facility  
22 charge that we pay on meters. Some of these meters  
23 are in excess of a thousand dollars for every two boxes.  
24 The taxpayers in the county are paying this and that's  
25 what we're going to be faced with. And since we are

1 in such a deficit it hasn't been too good to come up with  
2 an additional, as it looks right now, \$17,000.

3 MR. SHREVE: You would be opposed to that  
4 increase, the total of the increase, if you had the  
5 same increase?

6 THE WITNESS: Yes.

7 MR. SHREVE: Thank you very much.

8 COMMISSIONER EASLEY: Thank you, Mr. Reed.  
9 Appreciate your being here.

10 (Witness excused)

11 - - -

12 MR. SHREVE: Mr. Snelling.

13 ROLLINS SNELLING,

14 having been produced and duly sworn as a witness, testified  
15 as follows:

16 DIRECT STATEMENT

17 BY THE WITNESS:

18 My name is Rollins Snelling, R-o-l-l-i-n-s  
19 S-n-e-l-l-i-n-g. I'm from Amelia Island Plantation, Nine  
20 Water Oak Drive. And I'm here not to offend anyone but to  
21 protest the increase in the rate structure and I would like  
22 to relate some of my concerns.

23 I've been living in Amelia Island Plantation. I  
24 was the first one to move there. I have seen some rate  
25 increases and I understand it was arbitrary up until this

1 particular hearing.

2 I think the present rates are compensatory and the  
3 reason I say that is because sometimes -- there's two of us  
4 living in my home. Sometimes the water and sewer rate  
5 exceeds my electrical rate, and I have proof of that. And  
6 recently, about three months ago, I got a bill for \$157 for  
7 two people in my house and I complained to the company, to  
8 the 800 number, and they said they would send someone out.  
9 So I asked them when and they said they didn't know. So I  
10 waited two or three days around my house for them to arrive  
11 and, when they did, I never got to see them. And instead of  
12 -- and then they notified me that they had made a mistake but  
13 they did not return my money. They just gave me a credit for  
14 the next two or three bills, which I consider empathy, to say  
15 the least.

16 So the people do not -- the water meter readers do  
17 not read the meters. I know this because occasionally I put  
18 a shovel of sand on top of the meter and it stays there for  
19 months. I think it's just a guess.

20 And the water pressure has never been satisfactory  
21 during my 21 years of living there.

22 And I have a couple of letters here from my  
23 neighbors that I would like to read. They're short.

24 When they come out and put on -- put a gauge on  
25 there and it indicates 50 pounds per square inch, but I

1 cannot flush any of my toilets with a single flush and, if  
2 I'm taking a shower or someone else, you cannot flush the  
3 toilet. This happens to be a single piece unit.

4 Let me read these letters.

5 COMMISSIONER EASLEY: How many do you have?

6 THE WITNESS: Just two. They're very short.

7 COMMISSIONER EASLEY: I was going to suggest that  
8 you put them in the record.

9 THE WITNESS: Very short.

10 COMMISSIONER EASLEY: Yes, sir.

11 BY THE WITNESS (cont'd):

12 "Concerning our conversation yesterday, I agree  
13 with you that the water pressure in our neighborhood is  
14 terrible. In my house you cannot run two things at once,  
15 i.e., take a shower and wash dishes. Helen Mullen."

16 COMMISSIONER EASLEY: What was the last name  
17 on that letter, please?

18 THE WITNESS: Mullen, M-u-l-l-e-n.

19 There are six people that live on my street and  
20 only three people are there during the summertime.

21 BY THE WITNESS (cont'd):

22 "To whom it may concern:

23 "The pressure in the water pipes in my house is  
24 too low. A person upstairs cannot take a shower at the  
25 same time as a person downstairs. This is very annoying

1 every day but especially with guests."

2 I would like to read this from a legislator.

3 "Mr. Snelling:

4 "I do understand the problems you mentioned  
5 regarding the high rates of a private utility company.  
6 Your situation is not unique in our area and our  
7 delegation has tried for several years to pass  
8 legislation which would place the regulatory powers  
9 over private utilities with the county rather than  
10 with what has become an ineffective regulation by the  
11 Public Service Commission. Unfortunately, we have  
12 been unable to get the vote we need from the rest of  
13 the House and Senate membership to pass the bill into  
14 law. You may rest assured that we will keep trying."

15 That tells me that the Political Action Committee  
16 isn't very effective. I don't know how much they spend on  
17 it.

18 I would like to say that this water is so abrasive  
19 that everybody at that plantation that has copper pipes will  
20 have to replumb their house. I had to replumb my house six  
21 years after I got started. It will literally consume a  
22 copper pipe, and in the public reservoirs there's sand and  
23 metal bits and it's poorly filtered before it comes into the  
24 house. It deteriorates all metal in the toilet, bronze and  
25 copper. It's so full of chlorine that I think it's a hazard

1 to drink, and I use a filter system. And I had one Culligen,  
2 I think, or something, but my doctor advised me there was too  
3 much salt in it and it's not very healthy. So I decided to  
4 have a different filter, which now I'm thinking about going  
5 to bottled water, but I understand that's not healthy either,  
6 so I'm not sure whether I should have some rain water.

7 Now, I happen to have a couple of warehouses in  
8 Macon, Georgia, and my bill for water is \$8 a month, so  
9 compare it.

10 Well, again, I don't want to offend anybody. I  
11 believe in live and let live, but I want to strongly oppose  
12 any rate increase.

13 Thank you very much.

14 COMMISSIONER EASLEY: Thank you, Mr. Snelling.

15 Any questions?

16 Mr. Snelling, Mr. Shreve has a question.

17 MR. SHREVE: Mr. Snelling, I just wanted to ask  
18 you a question about -- you probably have not received  
19 sufficient information. I just want to see if you're  
20 aware of this situation, that according to the company's,  
21 the water and sewer company's calculations, during  
22 the test year the customers on Amelia Island paid  
23 approximately \$98,000 more than was needed by the  
24 company to reach a fair return, about 18 percent  
25 more than was needed by their calculations. By



1 our calculations, we think, it's probably going to be  
2 a bigger difference than that. However, you are not  
3 receiving a rate decrease, you're receiving about a  
4 5.9 percent rate increase. And, on sewer, they  
5 calculate that you're not paying enough, so they're  
6 asking there for approximately a 30 percent increase.  
7 So that \$98,000 is going to pot.

8 THE WITNESS: Well, I have approximately 96  
9 sprinkler heads and my sewer bill includes the water I  
10 spill on the ground from the sprinkler heads, and I  
11 object to that.

12 And I don't recall whether I mentioned the fact  
13 that I had to replumb my house. It cost me \$4,000 and  
14 I seriously considered suing the utility company for  
15 the type of water they put in my house that caused that  
16 and I thought about the possibility of devaluating my  
17 neighbors' houses by letting it be known publicly that  
18 the copper pipes might disintegrate.

19 COMMISSIONER EASLEY: Thank you, Mr. Snelling.

20 (Witness excused)

21 - - -

22 MR. SHREVE: Mr. Schafer.

23 PAUL SCHAFER,

24 having been produced and duly sworn as a witness, testified  
25 as follows:

## DIRECT STATEMENT

1  
2 BY THE WITNESS:

3 My name is Paul Schafer, S-c-h-a-f-e-r. I live at  
4 4067 Big Hollow Lane, Jacksonville 32211. That's in the  
5 Woodmere area.

6 COMMISSIONER EASLEY: Thank you, sir.

7 BY THE WITNESS (cont'd):

8 And I've lived in the residence at the same  
9 location, as of the 27th of this month, 16 years, and,  
10 generally speaking, we have always been pleased with Southern  
11 States Utilities service, also with their present company, I  
12 believe it's called Woodmere Utilities. Their customer  
13 service representatives are always courteous; no problems  
14 with billing. The only thing adverse I can say is the  
15 occasional off-taste of the water that goes from day to day.

16 My comments are directed to the final proposed  
17 rates, more specifically to the charges resulting from those  
18 rates. That's the total rates for the water and for the  
19 sewage.

20 Based on my last bill, which was for the period of  
21 April 15th through June 17th, a total of 63 days, our usage  
22 was 12,670 gallons. Exclusive of the tax, the total charge  
23 on our bill was \$54.17. Again, predicated on the final  
24 proposed rates, the total charge would go from the \$54.17 up  
25 to \$94.04. That's a total increase of \$39.87 or 73.6

MARIE C. GENTRY

1 percent. So my comments are directed to what the resulting  
2 total charges are rather than to the rates themselves.

3 I think that every company is entitled to a fair  
4 rate of return and certainly Southern States is, but it  
5 appears to me that, based on my bill, that an increase in the  
6 charges of 73.6 percent appears excessive.

7 Thank you.

8 COMMISSIONER EASLEY: Thank you very much.

9 Any questions?

10 (No response.)

11 COMMISSIONER EASLEY: Thank you so much.

12 MR. SHREVE: Mr. Schafer, your calculations --

13 THE WITNESS: This is based on the information that  
14 Southern States sent in the mail to us. It's titled at  
15 the top "Woodmere/Duval County monthly rates." Ours is  
16 on a two-month basis. The date on the bottom of it is  
17 July 24, '92. It's a single page that came in the mail  
18 separately.

19 MR. SHREVE: On their calculations, did you  
20 realize that they're asking for a hundred percent  
21 increase in revenue?

22 THE WITNESS: In what, sir?

23 MR. SHREVE: In revenue from your system.

24 THE WITNESS: A hundred percent?

25 MR. SHREVE: Yes, sir.

1 THE WITNESS: In rates or in charges?

2 MR. SHREVE: On the sewer rates be a hundred  
3 percent and they're asking for a 36.68 proposed increase  
4 on water.

5 THE WITNESS: I did not try to break it down as  
6 to what percent for sewage and what percent for water.  
7 The total bill would be up 73.6 percent and I think  
8 the gallonage used during this period is fairly  
9 representative for us anyway. We have three adults.  
10 We have a sprinkler system but it's fed by a well.  
11 It's just the total house usage.

12 MR. SHREVE: Thank you.

13 COMMISSIONER EASLEY: Thank you very much,  
14 Mr. Schafer.

15 (Witness excused)

16 - - -

17 MR. SHREVE: Mr. Kelly.

18 CHARLES F. KELLY,  
19 having been produced and duly sworn as a witness, testified  
20 as follows:

21 DIRECT STATEMENT

22 BY THE WITNESS:

23 Madam Commissioner, thank you for letting us come  
24 here.

25 Are you hearing me?

1                   COMMISSIONER EASLEY: Yes, sir, and if you would,  
2                   give us your name and address, please.

3 BY THE WITNESS (cont'd):

4                   My name is Charles F. Kelly, K-e-l-l-y, and I live  
5                   at 4475 Charter Point Boulevard. That's C-h-a-r-t-e-r,  
6                   Charter Point Boulevard in Jacksonville. The ZIP code is  
7                   32211.

8                   I represent myself at the hearing and the Charter  
9                   Point Community Association of which I am president.

10                  Charter Point is a residential community of some  
11                  230 homes in Arlington and is served by Southern States  
12                  Utilities. Several of our community association members are  
13                  with me here at the hearing and one or two of them will have  
14                  a statement to make.

15                  We are opposing the increase in charges that  
16                  Southern States Utilities seeks because the amount of the  
17                  increase is excessive by any reasonable standard.

18                  In support of that statement, I want to say that,  
19                  according to the information I obtained from a representative  
20                  of Southern States Utilities, their last rate adjustment  
21                  became effective October 17, 1990, just a little less than  
22                  two years ago. Since that time we have had inflation at the  
23                  rate of about four percent annually or a total inflation of  
24                  some eight or nine percent, and that's being generous.

25                  The increase being requested by SSU is several

1 times the rate of inflation. Using SSU's figures, I have  
2 calculated the present water bill for a customer who uses  
3 10,000 gallons per billing period and what it would be if the  
4 requested increase is granted, somewhat like Mr. Schafer did.

5 Not including taxes, the present charges result in  
6 a bill of \$48.02, but the proposed charges would result in a  
7 bill of \$92.14. That's an increase of 92 percent.

8 Now, the amount of water used by our residents  
9 varies, of course. It depends upon people's habits and the  
10 season. Some of us uses as little as 10,000 gallons per  
11 billing period and some use considerably more. My own usage  
12 during the past three billing periods, a billing period being  
13 two months, was 41,200 gallons, 66,320 gallons, and 65,550  
14 gallons. This covers a period from mid-February until  
15 mid-June.

16 I use water from the utility for watering my lawn  
17 and this probably accounts for the large amount of water we  
18 used. Now, the rate structure favors us, the large water  
19 user, or we can say it penalizes the small amount of water  
20 user. The result is that a user of 10,000 gallons per  
21 billing period will see an increase of 92 percent if the rate  
22 increase is granted. A user of 20,000 gallons will have an  
23 increase of 54 percent. The user of 40,000 gallons will have  
24 an increase of 46.5 percent and at 80,000 gallons it  
25 increases 27 percent.

1           But the smaller number, the last number, 27  
2 percent, is three times the rate of inflation and it is being  
3 requested at a time of recession when most companies are  
4 pulling in their belts, reducing expenses and struggling to  
5 hold prices in line.

6           And so, ladies and gentlemen of the Commission -- I  
7 guess we have some gentlemen with the Commission --

8           COMMISSIONER EASLEY: Yes, sir, just not here  
9 tonight.

10          THE WITNESS: The Commission is well represented.

11          COMMISSIONER EASLEY: Thank you.

12 BY THE WITNESS (cont'd):

13           We feel that the increase being requested is  
14 unreasonable and it should not be allowed. After considering  
15 all the facts available to you, if you feel that some  
16 increase must be granted, we earnestly request that it be  
17 limited to approximately the rate of inflation, hopefully  
18 less, because the income of most of us has not kept pace with  
19 the rate of inflation.

20           Thank you very much.

21          COMMISSIONER EASLEY: Thank you, sir.

22           Staff has a question for you.

23          MISS BEDELL: You live in the Charter Point area.

24           Do you know which Southern States system serves you?

25          THE WITNESS: Southern States what?

1 MISS BEDELL: System.

2 THE WITNESS: It's the one on Edenfield Road. Does  
3 that answer your question?

4 MISS BEDELL: Would it be in Edenwoods?

5 THE WITNESS: I believe it's Woodmere.

6 MISS BEDELL: It's Woodmere?

7 THE WITNESS: The office where I went to talk with  
8 the lady and to obtain the information on rates and so  
9 forth is on Edenfield Road. The address is in this  
10 yellow sheet, I believe.

11 MISS BEDELL: Thank you.

12 COMMISSIONER EASLEY: Thank you, sir; appreciate  
13 it.

14 (Witness excused)

15 - - -

16 JOHN W. MANGUM, III,

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

19 DIRECT STATEMENT

20 BY THE WITNESS:

21 Madam Chairman, my name is John W. Mangum,  
22 M-a-n-g-u-m, III. I live at 4444 Fern Creek Drive, and  
23 that's Jacksonville 32211.

24 COMMISSIONER EASLEY: Thank you, sir.

25 BY THE WITNESS (cont'd):



1 I came here tonight in support of most of us  
2 feeling that a rate increase of this magnitude is just  
3 completely out of proportion with everything we are seeing in  
4 today's economy.

5 And I wasn't planning on speaking tonight but a few  
6 things have come up that I would like to address to the  
7 Commission, and mainly, Madam Chairman, initially with a  
8 hearing of this magnitude and this large -- I didn't realize  
9 the rate increases were this large and for this many  
10 different municipalities as I found out here tonight. I feel  
11 like that a full representation from the Public Commission is  
12 warranted and I believe that a lot is lost in transition from  
13 our verbiage and from our actions here tonight to the written  
14 words. I don't think that our expressions can fully be put  
15 on paper. I have seen some people tonight that their words  
16 were not saying what their actions were saying and I think  
17 that we all can be aware of that or are aware of that.

18 COMMISSIONER EASLEY: Mr. Mangum, let me tell you  
19 that I share your concern on that, but I will tell you  
20 that we have eight major rate cases this year and the  
21 scheduling is just incredible, and, to be honest with  
22 you, this was the only way we could get them all in  
23 and we all regret it.

24 THE WITNESS: Then postpone it. I mean, you  
25 can stop this somehow or another. This is not the

1 right way of going about it.

2 COMMISSIONER EASLEY: I understand, sir.

3 THE WITNESS: Of this magnitude and what these  
4 people are bringing to us tonight, we could have filled  
5 this room if we would have advertised it in the paper.  
6 This is a major undertaking that these people are  
7 trying to do.

8 COMMISSIONER EASLEY: Yes, sir, I'm aware of  
9 that.

10 THE WITNESS: Obviously, there are very few of  
11 us that are.

12 BY THE WITNESS (cont'd):

13 But another thing I've got that I would like to  
14 bring up at this point is that we have all seen an austerity  
15 program, we are well aware of what the economy is doing, we  
16 all can see what is happening in our election arena, national  
17 election arena, because of what's happened for the last three  
18 or four years, and we can see from the polls that the  
19 American public is truly upset with the direction we're going  
20 and we want change.

21 Well, this, what we're hearing tonight, is totally  
22 unacceptable to the average public. I just can't believe  
23 that we're going to let this continue in this country.

24 My company is a very large company in the city that  
25 I work with. We have looked at the rate structures and

1 salaries. Nowhere have we given these types of monies  
2 anywhere near these. It's just ridiculous. We're looking at  
3 trying to maintain the rate structures with a three, four or  
4 five percent rate base and you're lumping us together with a  
5 lot of different areas, and what I can figure, my rate, and I  
6 use about 60,000 to 65,000 gallons of water a month, and my  
7 bill now runs somewhere around \$95 to \$100 every two months,  
8 if I'm calculating it right. Maybe it's 65,000 gallons every  
9 two months, but the key is, we're very large water users, we  
10 have a lot of activities going on in our home, but this type  
11 of rate increase is just totally unacceptable. I think we  
12 all need to look at the austerity programs. Our companies  
13 have looked at several ways to cut back. This company, are  
14 they going to bring in facts showing what they have done  
15 since their last rate increase which was in 1990, which at  
16 that time I thought was excessive, but a lot of us, for  
17 whatever reasons, and I think a lot of these type of people  
18 know that and my own company, they feel like that our voices  
19 are falling on deaf ears.

20 COMMISSIONER EASLEY: While you looking there,  
21 let me ask the company or staff or Mr. Shreve -- you're  
22 in the Woodmere system?

23 THE WITNESS: Yes, ma'am, I am.

24 COMMISSIONER EASLEY: Was Woodmere in the that last  
25 rate case?

1 THE WITNESS: We had a rate increase in 1990.

2 COMMISSIONER EASLEY: There was another rate case  
3 filed by this company a year and a half or two years ago  
4 that was denied and I was trying to remember.

5 THE WITNESS: They sent us letters telling us to  
6 send them some money and they'd give us an eight percent  
7 return on our money but they don't do that right now.

8 MR. SHREVE: What was that?

9 THE WITNESS: They sent us a little letter saying,  
10 "Hey, why don't you give some money to Southern States  
11 Utilities and we can pay you some return on your money."  
12 About four years ago before the economy started going  
13 down, they were trying to figure out a way to get  
14 some money.

15 MR. SHREVE: I didn't realize they had done it that  
16 recently.

17 THE WITNESS: Well, my biggest thing is they're  
18 talking about they need these monies to support new  
19 customers and things like that. Why should the current  
20 basic customers have to support that growth? To me they  
21 should be going after the new customers to tax that  
22 customer's base for these new services. We pay for our  
23 services at those rates. Now they're asking us to help  
24 support them to build new plants to make new money from  
25 new customers. I'm saying take that to the new customer

1 basis and let them do that, not at the 70 percent  
2 increase either.

3 Another thing, a lot of people have said that  
4 Southern States Utilities has done a real good job,  
5 they're a good company as far as they are concerned.  
6 We deal with them quite often. I have talked with a  
7 representative four times since June, but we're calling  
8 them because we have actually put them in our little  
9 homeowner's telephone book, we've got their number  
10 in there, and I'm calling them complaining about the  
11 raw sewage coming out of the manhole, the latest case  
12 being in June. It normally will happen at the corner  
13 of Fern Creek and Oak Bay and you can see that one  
14 happen first, and when that one happens, sometimes  
15 the one at the corner of Oak Bay and Charter Point will  
16 overflow, but if you see the one at Oak Bay and Charter  
17 Point overflowing, you know that Fern Creek is okay  
18 because the one at Charter Point and Oak Bay is  
19 about 12 to 14 inches greater. When that one overflows  
20 at Charter Point and Oak Bay, the Walker home cannot  
21 flush their commode in the front of the house because  
22 it backs up into the bathroom. And that's happened at  
23 least three times this year.

24 We call them and we get very good response. They  
25 have very good customer relations people. They do a good

1 job dealing with customers. The people are well-trained  
2 and they are to be commended for that, how they deal with  
3 customers, but their service hasn't been that good. I  
4 mean raw sewage -- children -- the water in the  
5 curbsides, children don't realize if that's raw sewage or  
6 what. You see them riding their bicycles through it and  
7 you explain to them not to get in it. But that's the  
8 situation.

9 COMMISSIONER EASLEY: Mr. Mangum, how often does  
10 that happen?

11 THE WITNESS: Three times this year. Last year, I  
12 can't remember exactly. Maybe -- I used to mention it to  
13 Bob once in a while. Like it happened twice in one week  
14 and then it missed a week and then it happened like three  
15 times in a row. I leave for work pretty early, about  
16 20 minutes to 7:00 in the morning, and it's normally  
17 at that time of the morning when it's there.

18 COMMISSIONER EASLEY: Is it connected with heavy  
19 rain or anything like that?

20 THE WITNESS: Normally it's after -- not while the  
21 rain is going on but normally the day after that. And  
22 also you smell a lot more chlorine in the water after a  
23 rain, too. These are things that I imagine you all are  
24 very much aware of.

25 COMMISSIONER EASLEY: We're looking into it,

1 Mr. Mangum.

2 THE WITNESS: And the average public knows this is  
3 going on, too. I know what time the sun is going to rise  
4 in the morning, and I know if it's going to rain, I'll  
5 have chlorine in the water tomorrow night.

6 But I'm not saying anything against that, because  
7 they do do a good job PR-wise, but as far as the  
8 strainers in our house, I clean them out in January --  
9 I have a little laundry list of things I have to do and  
10 one of them is to clean the strainers on each one of our  
11 spigots in the house and it's not unusual to find a lot  
12 of things like that. I used to think maybe it's because  
13 my home is new, but now some 13 years later I still find  
14 the rocks and all and a lot of the grit in there. I'm  
15 sure all of that is not coming from my copper pipes.

16 Another thing, and I'll close with this statement,  
17 a few years back, I believe it was in 1967, Duval County,  
18 the City of Jacksonville, said they were going to go out  
19 and buy a lot of these little water companies and they  
20 did that. Well, initially, when they bought these little  
21 water companies, the JEA rates were higher than the  
22 little water companies because they really compressed  
23 these companies, wouldn't let them have rate increases,  
24 and that makes it real difficult for them to make an  
25 honest living in the water industry at that time. JEA

1 bought them but didn't raise the rates. But the reverse  
2 is true now where JEA has the water, their rates are  
3 actually cheaper than what we're hearing from these  
4 other people. And surely, if us in the private  
5 sector can't run something better than the public sector,  
6 we are really in a lot of trouble in this country.

7 And that's all I have.

8 COMMISSIONER EASLEY: Thank you very much.

9 MR. SHREVE: Thank you.

10 COMMISSIONER EASLEY: Wait just a minute.

11 Mr. Hoffman has a question.

12 CROSS EXAMINATION

13 BY MR. HOFFMAN:

14 Q Mr. Mangum, you had mentioned earlier something  
15 I'll refer to as a "send us money" type letter.

16 A Yes.

17 Q Do you recall approximately when you last received  
18 a letter of this nature from your water and sewer company?

19 A Mr. Hoffman, to the best of my recollection, it was  
20 about -- it was something like eight and three-quarters  
21 percent on your money if you give. At that time it was  
22 pretty easy to most of us to go out on the money market and  
23 get nine and nine and a quarter, and I guess the last time  
24 that was happening was probably in 1989, 1988-1989 time  
25 frame.



1 MR. HOFFMAN: Thank you.

2 COMMISSIONER EASLEY: Thank you, sir;  
3 appreciate it.

4 (Witness excused)

5 COMMISSIONER EASLEY: By the way, I would like  
6 some information from the company as to the raw sewage  
7 situation and what is going on out there and what is  
8 being done to take care of it.

9 - - -

10 MR. SHREVE: Mr. Mears.

11 VAUGHN MEARS,

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

14 DIRECT STATEMENT

15 BY THE WITNESS:

16 My name is Vaughn Mears, 4066 Sabel Drive. I'm on  
17 the Woodmere.

18 COMMISSIONER EASLEY: Thank you, sir.

19 BY THE WITNESS (cont'd):

20 The rate increase from 1990 was about 22 percent on  
21 the usage of mine -- a household of my usage. This rate  
22 increase is 90 percent for me. I find it hard to believe  
23 that a whole rate case in 1990 and then three years later or  
24 two years later they're going for a 90 percent increase. I  
25 think it needs to be justified.

1 I'm kind of nervous here. I'm not used to  
2 speaking.

3 COMMISSIONER EASLEY: That's all right, don't  
4 worry about it. You're doing fine.

5 THE WITNESS: Okay.

6 BY THE WITNESS (cont'd):

7 They do have very good service.

8 I work for a utility myself and we are going for a  
9 rate increase ourself, but it's 12 percent, and we haven't  
10 had a rate case in ten years.

11 I just think something -- they really need to be  
12 looked at real careful for a 90 percent increase.

13 That's all. Thank you.

14 COMMISSIONER EASLEY: Thank you, Mr. Mears.

15 We appreciate it.

16 MR. SHREVE: Thank you.

17 (Witness excused)

18 - - -

19 MR. SHREVE: Mr. Wood.

20 E. E. WOOD,

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

23 DIRECT STATEMENT

24 BY THE WITNESS:

25 My name is E. E. Wood. I live at 8202 Coral Brook

1 Road in Keystone Heights 32656, telephone number 475-1208.

2 COMMISSIONER EASLEY: Thank you, sir.

3 BY THE WITNESS (cont'd):

4 My complaint is in connection with the postal  
5 retirement village. This is a retirement community and most  
6 of the people living in our section of Keystone Heights,  
7 which is about two miles east of Keystone on Lake Hutchinson,  
8 are retired people.

9 Looking at the basic rates that they're proposing,  
10 it looks like what we were paying on 15,000 gallons, the  
11 increase is going to be around 30 percent on that basic rate,  
12 and then when you come down to the overage gallons it's going  
13 to be 150 percent on every thousand gallons that are to be  
14 used.

15 I know that Southern States bought this unit from  
16 an old country boy out there that built it and they have  
17 improved it tremendously and they have put in crosscut valves  
18 where you don't have to cut off the whole system when you  
19 want to connect a new customer, and, if you have a complaint,  
20 if something is wrong, they will come in short order and give  
21 us service.

22 We do have a lot of chlorine in the water after the  
23 rain as someone else mentioned.

24 COMMISSIONER EASLEY: Any raw sewage?

25 THE WITNESS: No raw sewage, because we have no

1 sewage. We live on septic tanks.

2 COMMISSIONER EASLEY: All right.

3 BY THE WITNESS (cont'd):

4 We feel like the increase in the rates -- they are  
5 justified to have some increase in the rate because of the  
6 improvement of the system, but it should be a reasonable  
7 amount, which we're not complaining about, but we feel like  
8 -- we are on a fixed income. Our incomes don't go up like --  
9 they give us three or four or five or ten percent raise at  
10 state levels and such, but we don't get any. Ours stays the  
11 same. And so we're opposed to this increase in the rates up  
12 to a just a normal amount.

13 COMMISSIONER EASLEY: Thank you very much,  
14 Mr. Wood.

15 Mr. Wood, Mr. Shreve has a question for you.

16 MR. SHREVE: Mr. Wood, I was listening to your  
17 calculations and I didn't know if you understood or had  
18 all the information, but the proposed revenue increase  
19 they're asking for from Postmaster's Village --

20 THE WITNESS: Yes.

21 MR. SHREVE: -- is 383 percent with an average bill  
22 increase of 553 percent.

23 THE WITNESS: Thank you for getting me straight.  
24 I'm an old retired firefighter and I'm not a  
25 mathematician, so I appreciate you getting me straight.

1 I think it's way yonder too much.

2 MR. SHREVE: Yes, sir.

3 (Witness excused)

4 - - -

5 COMMISSIONER EASLEY: Anyone else, Mr. Shreve?

6 MR. SHREVE: Ms. Selfridge.

7 CINDY SELFRIDGE,

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

10 DIRECT STATEMENT

11 BY THE WITNESS:

12 Madam Chairman, my name is Cindy Selfridge,  
13 S-e-l-f-r-i-d-g-e.

14 COMMISSIONER EASLEY: Thank you.

15 BY THE WITNESS (cont'd):

16 My address is 4757 Sweet Cherry Lane East. That's  
17 in the Riverwood subdivision. I have lived there for three  
18 and a half years.

19 And I am unfamiliar with coming before  
20 Commissioners as I am, but I have received such poor service  
21 -- I wish I could testify like some of the others that  
22 they've had good service. I wanted to relate to the  
23 Commission a couple of situations that I have encountered,  
24 the first of which occurred approximately in March and April  
25 of 1992, this year. We have been fortunate enough to have a

1 24-inch forced main placed in our front yard because of the  
2 growth, I assume.

3           What occurred, we were getting flags in our yard  
4 and one Friday morning about 7:00 o'clock I woke up to a  
5 backhoe in my front yard with no notification whatsoever. I  
6 went out and talked to the construction crew and basically  
7 said, "Who in the hell are you and what are you doing in my  
8 front yard?"

9           The utility made no effort to notify the residents  
10 of our subdivision that they were going to be doing this  
11 construction work.

12           I work for a utility and I can appreciate irate  
13 customers, but let me say this is no little trench. We are  
14 talking about a two and a half foot by six foot ditch in my  
15 front yard, so this is by no means a small operation.

16           I got in touch with one of their engineers in  
17 Apopka. A couple of the comments I received, a very friendly  
18 lady, nothing against her at all, but made a couple of  
19 comments -- I guess I have a hard time understanding why you  
20 can't plan and engineer a facility to capacity. Basically  
21 I've lived there three and a half years and I was the first  
22 resident on the street. It was not a case where they had  
23 been there for a long time. The subdivision was well planned  
24 out. Me, as a consumer going in, I knew where all the houses  
25 were going to go and I'm an engineer so I think I could

1 figure out the capacity needed when they put the pipes in  
2 originally. It seemed to be a very poor job of planning and  
3 engineering.

4           When I discussed this with the engineer near at  
5 Apopka, she told me that the Commission only allowed them to  
6 put in capacity for one year. My reaction back to her was,  
7 "Does that mean next year they're going to come and dig up my  
8 yard again since you're only putting in capacity for one  
9 year?"

10           That was the first such incident.

11           And I can't commend Southern States Utilities, once  
12 I talked to the engineer in Apopka and raised such a stink  
13 with them, they did at my suggestion make up a flier and  
14 deliver it door to door, so they did respond to that. But I  
15 can't tell you how appalling it is to wake up at 7:00 o'clock  
16 in the morning and see a backhoe in your front yard. I just  
17 cannot relate to you the astonishment.

18           As far as the water quality goes, I have the  
19 pleasure of living four doors down from the plant in River  
20 Woods. The fluctuation in service quality of the water is  
21 just unbelievable. One day it is so chlorinated, I can't  
22 even describe it, and the next day it smells like rotten  
23 eggs. Either day you can't use it for coffee or anything  
24 like that. So it's pretty appalling.

25           Overall, very poor service.

1 I did not look into detail, even being an engineer,  
2 at the numbers. When I saw the rate hearing here, I was so  
3 opposed to any rate increase that I came. I can tell you  
4 that these numbers are blowing me out of the water here. I  
5 mean, I think any rate increase is completely unheard of  
6 based on the quality of service I've been getting, and, if  
7 I'm not mistaken, I think I may have been included in the  
8 rate increase a couple of years ago. I recall one, so I was  
9 a little confused when I heard the statement of counsel  
10 earlier.

11 The other thing that hit me, it seems like the  
12 smaller users are subsidizing some of the larger users. My  
13 husband and I don't use that much water but it sounds like  
14 we're going to be subsidizing some other users.

15 Also, I would be very interested, Mr. Shreve, in  
16 what type of revenue increase, the percentage you were  
17 quoting to some other people, what the percentage of increase  
18 is for River Woods for revenue.

19 MR. SHREVE: Are you in Woodmere?

20 THE WITNESS: In River Woods.

21 COMMISSIONER EASLEY: Well, River Woods is going  
22 to be on another system because I don't have a system  
23 by that name.

24 THE WITNESS: Well, it's on Sweet Cherry Lane is  
25 the address.



1 COMMISSIONER EASLEY: Is that still Woodmere?

2 A VOICE: It would be in Beacon Hills.

3 COMMISSIONER EASLEY: Beacon Hills, somebody with  
4 the company or somebody just said.

5 A VOICE: I live right down the street and I'm  
6 in Beacon Hills.

7 COMMISSIONER EASLEY: Thank you.

8 MR. SHREVE: Would you like for me to calculate it?

9 THE WITNESS: Yes, if you wouldn't mind.

10 MR. SHREVE: They have calculated that in the water  
11 system there will be a 33.82 percent increase to reach  
12 the level they feel they are entitled to.

13 THE WITNESS: Which is not a true expense?

14 MR. SHREVE: But they have asked for more than  
15 that. From you, instead of 33.82 percent they have asked  
16 for 36.06 percent.

17 For sewer they have calculated that they need  
18 50.25 percent. However, they are asking for a total  
19 revenue increase of 52.88 percent.

20 THE WITNESS: Okay. I do apologize. If I had  
21 understood these numbers to be as high as they are, I  
22 assure you that the people from our homeowner's  
23 association would have been here. I certainly did not  
24 understand the magnitude of it. I was simply just so  
25 disturbed with the service that I wanted to come and

1 voice that.

2 COMMISSIONER EASLEY: I appreciate that. And  
3 let me tell you, because that kind of echo has come  
4 from other comments, it's perfectly permissible in  
5 addition to sending in that fact sheet from this  
6 yellow information sheet, perfectly permissible to  
7 urge your people to write letters. I would suggest  
8 to you that they be individual letters, not a form  
9 or petition type of thing. But it's perfectly  
10 acceptable to do that.

11 THE WITNESS: Okay.

12 COMMISSIONER EASLEY: Thank you very much for  
13 being here.

14 MR. SHREVE: Thank you.

15 (Witness excused)

16 - - -

17 MR. SNELLING: Would you mind repeating what the  
18 Amelia Island rate increase request is?

19 COMMISSIONER EASLEY: Could I get you to do me a  
20 favor and get with Mr. Shreve on those figures so that  
21 we're not cluttering the record? I would appreciate  
22 that very much.

23 MR. SHREVE: Mr. Boyd.

24 JEFFREY W. BOYD,

25 having been produced and duly sworn as a witness, testified

1 as follows:

2 DIRECT STATEMENT

3 BY THE WITNESS:

4 My name is Jeffrey W. Boyd. I live at 4463 Charter  
5 Point Boulevard, Jacksonville, Florida. The ZIP is 32211.  
6 I'm on the Woodmere system.

7 COMMISSIONER EASLEY: Thank you. You anticipated.

8 BY THE WITNESS (cont'd):

9 Madam Commissioner, I'm here mainly to support the  
10 comments made by Charles F. Kelly. I live in the same  
11 neighborhood as he and also feel that the amount of this  
12 increase is unjustified and unnecessary.

13 I was listening to the comments of counselor for  
14 SSU, and is it permissible for me to ask him questions?

15 COMMISSIONER EASLEY: Well, it is not the usual  
16 routine. Is it something that you feel is important for  
17 me to hear the question and the answer?

18 THE WITNESS: Well, it is for me, because it  
19 seems --

20 COMMISSIONER EASLEY: Try the question and let me  
21 see.

22 THE WITNESS: All right. Well, SSU said that there  
23 are some systems that they are including in this rate  
24 increase that had not been increased in 12 to 15 years.

25 COMMISSIONER EASLEY: Uh-huh.

1 THE WITNESS: We had an increase two years ago.  
2 And my question is, are all the systems independent or  
3 are we subsidizing part of their past lack of request  
4 for rate increases through our increase in our area?

5 COMMISSIONER EASLEY: I'm going to let you ask  
6 him that question at the break, and let me tell you the  
7 reason for that. The potential answer to your question  
8 is going to become evidence in this case, and to be  
9 truthful with you, I don't want Mr. Hoffman testifying.  
10 I would rather you get that information from the company.

11 Mr. Shreve, are you agreeing with me?

12 MR. SHREVE: I think the people have -- it's going  
13 to come to you and I think the staff knows that everybody  
14 has tried to understand their filing. From the other  
15 side of it, I would welcome the company to give their  
16 answer.

17 COMMISSIONER EASLEY: Well, I understand,  
18 Mr. Shreve, I'm just having trouble -- do you see my  
19 point? I'm concerned about hearing testimony from an  
20 attorney when I'm going to get testimony at the hearing.  
21 That's the point I'm trying to make.

22 MR. SHREVE: Let the president of the company give  
23 it. I just think they're entitled to it.

24 COMMISSIONER EASLEY: I think they're entitled to  
25 an answer, but I'm concerned about putting it on the

1 record at this point. That's my only concern. And  
2 I'm not trying to argue or be difficult about it. I'm  
3 concerned that I listen to the answer prior to an  
4 evidentiary hearing.

5 MR. SHREVE: I understand what you're saying. We  
6 discussed the amount of the increases, we've discussed  
7 service here, and I really don't see any problem with  
8 the customers in front of you being told how they  
9 calculated these increases that they have.

10 COMMISSIONER EASLEY: Mr. Hoffman, do you want to  
11 answer that to the extent that you can?

12 MR. HOFFMAN: Mr. Boyd, let me do the best I can  
13 with your question.

14 First, let me respectfully correct a statement that  
15 you made. In my brief opening statement, I stated that  
16 some systems in this application have not had rate  
17 increases for 12 or 13 years, not 12 to 15 years.

18 Secondly, the substance of your question deals, as  
19 I understand it, with subsidies going back and forth.  
20 I am not an expert in rate design, I'm a lawyer, but I  
21 can tell you this, that the proposal in this application  
22 is not based on a stand-alone revenue requirements basis.  
23 Let me try and explain that. What that means is if one,  
24 for example, of the 127 systems had filed a rate increase  
25 and the revenue requirements based on the investment and

1 expenses of that system showed, at least from our  
2 standpoint, that your average bill and average usage  
3 should be a certain amount, that is not how we approached  
4 this. What we did in this case, what we try to make  
5 service affordable for all of our customers and we have  
6 proposed, proposed to the Commission to hear the evidence  
7 and decide whether or not they will accept it. But we  
8 have proposed a rate design in which there will be a  
9 maximum bill to help the customers who would have what  
10 we believe are excessive rates if their system had been  
11 filed in a stand-alone basis.

12 THE WITNESS: So I guess what you're saying is,  
13 yes, you are subsidizing some of the rates with the  
14 others simply because the rates don't necessarily  
15 reflect what your cost is of operating our specific  
16 system; is that correct?

17 MR. HOFFMAN: I think that's correct.

18 THE WITNESS: Okay.

19 MR. HOFFMAN: Let me just say this. I don't know  
20 which system you were talking about. If you were  
21 talking about the Woodmere system, I would have to go  
22 back with people who know more than I do and look to  
23 determine whether or not there is some subsidy flowing  
24 back and forth with respect to that system.

25 THE WITNESS: Well, I guess my main concern would

1 be, if there are systems that have not had a rate  
2 increase in, say, 10 to 13 years -- if I misunderstood  
3 you, I apologize -- in 10 to 13 years, it appears that  
4 you have not been very aggressive in increasing those  
5 rates to maintain your rate of return as opposed to some  
6 of the other systems, and I would wonder why you want  
7 to correct that by piling it onto our rate structure.

8 MR. HOFFMAN: Well, one thing I said --

9 I'm sorry, were you going to say something,  
10 Madam Chairman?

11 COMMISSIONER EASLEY: Go ahead to the extent that  
12 you can. I think Mr. Shreve wanted to say something.  
13 I think we need to get back to testimony by the witnesses  
14 rather than by the attorney.

15 MR. HOFFMAN: One thing I tried to make clear in  
16 my opening statement, Mr. Boyd, was to the extent that  
17 that situation has occurred and it has occurred with some  
18 of the systems. That is not the fault of the customer.  
19 I recognize that.

20 THE WITNESS: Okay, thank you.

21 MR. SHREVE: Could I give a little bit further  
22 explanation?

23 The company calculated on each individual system  
24 what they considered a required revenue to them, what  
25 they thought they needed to reach a certain level, and

1 then they total that up. Then they also had what was  
2 called a proposed rate or revenue they asked for from  
3 each citizen, and Woodmere, you're paying a little bit  
4 more than what they requested, than what was required  
5 in their calculations.

6 When they have a system, and I think this is what  
7 Mr. Hoffman was trying to say, is when they have a  
8 system which stands alone would have inordinately higher  
9 rates and some of the systems that they calculated had  
10 a required increase of over a thousand percent. One of  
11 them was, and I heard it on here mentioned, Lakeview in  
12 Clay County. They came out with about the same  
13 increase as Postmaster's Village. Lakeview is going to  
14 be over a thousand percent in the required and they  
15 wouldn't pay the full amount.

16 But what Southern States has said, these people  
17 will be paying too much. We, Southern States, will not  
18 absorb that because they are paying too much. We think  
19 they shouldn't pay that much, so we'll pass it on to some  
20 of the other customers. In other words, the customers  
21 are the ones picking up the deficit or the overage, not  
22 Southern States.

23 THE WITNESS: Okay. I guess that answers the  
24 question I had. I apologize if I got in the wrong  
25 direction.



1           COMMISSIONER EASLEY: Mr. Boyd, let me share  
2 so that everybody here understands my concern with what  
3 I voiced to Mr. Shreve and to Mr. Hoffman, I'm sure you  
4 picked up on it, because I will sit on this case as a  
5 trier of the facts and must base my decision on the  
6 record that will proceed at that point, the testimony,  
7 the exhibits that's subject to cross-examination and I  
8 am required by law to limit myself to the record. You  
9 are considered part of the record because you have been  
10 sworn and you are subject to cross-examination, which  
11 are the questions received from here.

12           Attorneys aren't sworn, they can't give testimony,  
13 and I'm concerned that I hear information here from the  
14 company or Mr. Shreve or my staff that I will later hear  
15 in the official record and I want to be very careful  
16 that I am not in the position of being prejudgmental in  
17 anything that I'm going to hear in that hearing. So I  
18 get very cautious about what I listen to in this  
19 capacity from them. You can say anything you please  
20 because you are an official formal witness, but I start  
21 worrying when you start questions and answers with the  
22 company or with Mr. Shreve or with my staff hearing  
23 information that is not part of the formal record. So I  
24 wanted you to understand my concern. In the dialogue I  
25 had with Mr. Shreve, I was trying to remain as judicial

1 as I could possibly be.

2 MR. SHREVE: I'd like to say that I understand  
3 where Commissioner Easley is coming from and I think that  
4 it is to her credit that she's trying to make sure that  
5 she does not hear anything inappropriate and I appreciate  
6 that and I understand it.

7 COMMISSIONER EASLEY: Thank you, sir.

8 MR. SHREVE: But from my standpoint, I think maybe  
9 we could discuss changing the system. One of the  
10 problems I have with public hearings with the public is  
11 too many times they are not given all of the facts, so  
12 perhaps we should change and put out all the information  
13 to the customers somehow in a form that they can absorb  
14 and understand it because you're the ones paying the  
15 bill. Maybe it's something we should look at and see  
16 how to handle that.

17 THE WITNESS: Okay.

18 MR. SHREVE: But she is exactly right.

19 COMMISSIONER EASLEY: Thank you, Mr. Shreve.

20 Anything else?

21 THE WITNESS: That concludes my statement.

22 COMMISSIONER EASLEY: Thank you very much and I  
23 appreciate your taking the time.

24 (Witness excused)

25

- - -

1  
2 MR. SHREVE: If you would like to take a break,  
3 I will check to see if there is anyone else.

4 COMMISSIONER EASLEY: All right. We're going  
5 to take a ten-minute break. If anyone else wishes to  
6 testify that has come in, please see Mr. Shreve.

7 Ten minutes.

8 (Short recess.)

9 COMMISSIONER EASLEY: Were you sworn in at the  
10 very beginning?

11 THE WITNESS: No.

12 COMMISSIONER EASLEY: Let me do that, please,  
13 then.

14 LYNN SAWYER,

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

17 DIRECT STATEMENT

18 BY THE WITNESS:

19 My name is Lynn Sawyer. I live at 4423 Fulton  
20 Road, Jacksonville, ZIP code 32225. I'm on the Beacon Hills  
21 system.

22 I come before you unprepared because I heard about  
23 the proposed increase only this morning from my neighbor. My  
24 husband reads the mail, so I didn't see the flier, nor did I  
25 understand it when I saw it, I might add, but I understood it

MARIE C. GENTRY

1 enough to see that it represented a huge percentage increase  
2 in the base rate for water and sewer.

3 I moved to Beacon Hills a little bit less than a  
4 year go. My prior residence, I was on JEA for water, and I'm  
5 not an expert in utility matters, but I know that for 400  
6 cubic feet, which my understanding is about 4,000 gallons a  
7 month, I was paying \$14.89 a month to JEA and it appears from  
8 just doing a quick calculation based on rates in this flier  
9 that that quantity of water would cost me \$32.42 a month with  
10 Southern States Utilities under the proposed final rates.

11 I just -- I have to ask myself why is it that it  
12 costs them twice as much to supply water that's half as good.  
13 I say that because whatever the shortcomings of JEA's water  
14 might be, I could never smell the chlorine in the laundry nor  
15 did it smell like sulfur, and although the main criteria,  
16 obviously -- I mean I'd rather have the chlorine than the  
17 bacteria, but my point is that whatever they're spending the  
18 money on does not produce what is in the customer's view a  
19 superior product.

20 I work for a small consulting firm. We have not  
21 had an increase in our rates in over five years and our last  
22 rate increase was less than ten percent. We're out there  
23 bidding on jobs against other consultants. If I called my  
24 clients tomorrow and tell them, "Say, fellows, I would like a  
25 90 percent rate increase," you know, they're going to roll in

1 hysterical laughter on the floor before firing me maybe two  
2 minutes later.

3           And I think the whole -- the reason that Southern  
4 States Utilities maybe can do this is because they're not in  
5 a competitive situation. They don't have to answer to the  
6 ratepayers. What are we going to do? We stand up here and  
7 complain and then we go away and next week our water bill  
8 goes up anyway. It doesn't matter.

9           It seems as though I'm really frustrated and  
10 disillusioned and that's because I am really frustrated and  
11 disillusioned. I don't believe for one second that my  
12 standing up here is going to make one bit of difference in  
13 this rate case, but I have to do it anyway, by God, because  
14 I'm an American citizen and I have that right and it just  
15 really frosts my cake. I didn't get a raise this year. My  
16 neighbors, some of them, have had pay cuts this year because  
17 of our economy, but Southern States Utilities is a 90  
18 percent. I would like a 90 percent increase, too, I really  
19 would, but I'm not going to get one. That's not the state of  
20 the economy today. Instead I'm going to pay my water so they  
21 can line their pockets while they have sewage overflowing at  
22 a neighbor that's down the block from me.

23           I don't think I'm really saying anything that  
24 everyone else hasn't already said, but I need to get my two  
25 cents worth in. Thank you very much for listening.

1 COMMISSIONER EASLEY: Thank you, Mrs. Sawyer.

2 I appreciate your being here. And you would be surprised  
3 how much the customer comments do sometimes affect the  
4 rate increase.

5 THE WITNESS: That would be nice to think so.

6 MR. SHREVE: Thank you.

7 (Witness excused)

8 - - -

9 MR. SHREVE: Irene Ekkawi.

10 IRENE EKKAWI,

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

13 DIRECT STATEMENT

14 BY THE WITNESS:

15 I am Irene Ekkawi. I live at 4431 Fulton Road,  
16 Jacksonville, Florida 32225, Beacon Hills subdivision. I  
17 move in there in late 1989. Last year I received a rate  
18 increase in the water and I looked at the figures and I was  
19 not alarmed, a little increase probably should have been  
20 there, inflation keeping up with things. This rate increase  
21 when I got the figures, I said, wait a minute, what would  
22 justify this much.

23 I called the number and I asked the same question  
24 also. They have said that their purpose is to increase the  
25 rate of return.

1 My husband is in retail and on commission, straight  
2 commission. He received a 50 percent pay cut this year. I  
3 opened a day care in my home to take care of my children,  
4 still I'm really concerned of how they can justify this  
5 amount of increase.

6 And my second concern is, how many of us do you  
7 need to hear from? Because the only neighbor that came with  
8 me was the only neighbor that would come with me. The other  
9 neighbors I contacted didn't realize the magnitude of this  
10 problem. Therefore, I'd like to know how many neighbors do I  
11 have to contact? The whole subdivision? Seriously, how  
12 many? What makes you not let them have this increase?

13 COMMISSIONER EASLEY: It is difficult for me to  
14 tell you that if you have everybody writing in and saying  
15 they oppose the increase that we won't give them an  
16 increase or some increase.

17 Florida law requires that they may ask for and  
18 upon proper showing may get the right to have the  
19 opportunity to earn a reasonable return. Now, what a  
20 reasonable return is is something else. I don't know.  
21 I wouldn't even venture a guess. But to tell you that  
22 if you went and got a hundred percent of your people  
23 in your neighborhood to write a letter that it would  
24 guarantee that this case would go away would be a wrong  
25 thing to tell you. Obviously, it's important for us to

1 hear from as many customers as wish to let us hear from  
2 them. It is important for us to know about the service  
3 problems. That has an impact on the things that are  
4 looked at in a rate case.

5 So it's not just I oppose the rate increase, but  
6 it's hearing about service problems, the quality of  
7 the water, the quality of service and some of the other  
8 things that we're interested in hearing, too. So, it  
9 may be that what would be the most helpful to us would  
10 be comments from the customers on service problems in  
11 addition to any comments on the rate case.

12 Does that help?

13 THE WITNESS: I understand.

14 COMMISSIONER EASLEY: I can't tell you that 90  
15 percent automatically makes it go away. I can't do  
16 that.

17 THE WITNESS: I understand. I just want to go on  
18 record saying that I would feel much better about an  
19 increase that was justified by an increase in costs but  
20 not for a profit. I don't think they need to make more  
21 money than right now. That increase at the rate of  
22 inflation. That's all it should increase and I would  
23 like that to go on record.

24 COMMISSIONER EASLEY: I appreciate it.

25 MR. SHREVE: You were talking about a profit and it



1 was brought up a little earlier and I want to be sure  
2 that it's made clear. The figure that was brought out  
3 that they were asking for was 11-point-something return.  
4 That's really not -- that is a true figure, but they are  
5 asking for over 13 percent return on equity, which is  
6 included in the profit. If you were to put your money  
7 in something, you get interest, and that's after taxes.  
8 But that is a part of this case and that is the level of  
9 profit of return that they're asking for.

10 The rate case is asking you to pay approximately  
11 1.7 million dollars in rate case expenses.

12 COMMISSIONER EASLEY: Thank you, Mrs. Ekkawi.

13 Is that C-o-w-a-r-t, Mrs. Cowart, the spelling  
14 of your last name?

15 MR. SHREVE: E-k-k-a-w-i.

16 COMMISSIONER EASLEY: Let her say it because I  
17 can't understand it.

18 THE WITNESS: E-k-k-a-w-i.

19 MR. HOFFMAN: Madam Chairman, could I just respond  
20 very briefly while Ms. Ekkawi is there? It will take me  
21 about ten seconds.

22 COMMISSIONER EASLEY: All right.

23 MR. HOFFMAN: I don't have the application or the  
24 MFRs in front of me, but the figure that Mr. Shreve  
25 gave of over 13 percent is not ringing true to me.

1 I thought that it was somewhere in the neighborhood  
2 of 12.83, one; two, that is a figure that has been  
3 approved by the Commission under a formula that  
4 it uses that the company is using in this application.

5 MR. SHREVE: Which after taxes would bring it up  
6 into the neighborhood of 19.8 percent.

7 COMMISSIONER EASLEY: All right, gentlemen, we're  
8 not going to do this now. I appreciate the  
9 clarification.

10 Anyone else?

11 MR. SHREVE: Would anyone else like to speak?

12 COMMISSIONER EASLEY: Anyone else who wishes to  
13 testify?

14 (No response.)

15 COMMISSIONER EASLEY: All right. I want to thank  
16 all of you for coming. I'm sorry that some of the others  
17 left early. Many of the questions that have been raised  
18 here tonight will be addressed in depth at the time of  
19 the hearing. In fact, you'd be surprised of how close  
20 some of the questions are to the types of questions that  
21 will be asked in the evidentiary hearing itself.

22 I do want to thank you for being here and  
23 participating in this process.

24 If there is no one else to be heard from tonight,  
25 this hearing is adjourned.

1 Thank you.

2 (Whereupon, the hearing adjourned at 8:28 o'clock  
3 p.m., Tuesday, August 11, 1992.)  
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STATE OF FLORIDA)

COUNTY OF CLAY )

I, MARIE C. GENTRY, do hereby certify that the matter of application for rate increase in various counties by Southern States Utilities, Inc., was heard by the Florida Public Service Commission on August 11, 1992; that I was authorized to and did report in shorthand the proceedings and evidence in said proceedings and that the foregoing pages numbered 1 through 75, inclusive, constitute a correct record of the proceedings in said matter.

IN WITNESS WHEREOF I have hereunto set my hand this 24th day of September, 1992.

  
Marie C. Gentry, Notary Public, State of Florida at Large. My commission expires January 21, 1993.