

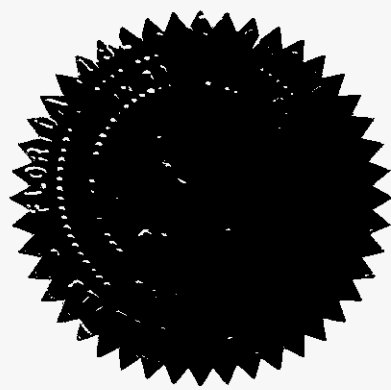
BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of

Application for rate increase
and increase in service
availability charges by SOUTHERN
STATES UTILITIES, INC. for
Orange-Osceola Utilities, Inc.
in Osceola County, and in
Bradford, Brevard, Charlotte,
Citrus, Clay, Collier, Duval,
Hernando, Highlands,
Hillsborough, Lake, Lee, Marion
Martin, Nassau, Orange, Osceola,
Pasco, Polk, Putnam, Seminole,
St. Johns, St. Lucie, Volusia and
Washington Counties.

DOCKET NO. 950495-WS



PROCEEDINGS: KISSIMMEE SERVICE HEARING

BEFORE: COMMISSIONER J. TERRY DEASON
COMMISSIONER JULIA L. JOHNSON
COMMISSIONER DIANE K. KIESLING
COMMISSIONER JOE A. GARCIA

DATE: Tuesday, September 19, 1995

TIME: Commenced at 6:00 p.m.
Concluded at 7:35 p.m.

PLACE: City of Kissimmee Civic Center
Cypress Room
201 East Dakin Avenue
Kissimmee, Florida

REPORTED BY: JOY KELLY, CSR, RPR
Chief, Bureau of Reporting
Official Commission Reporter

DOCUMENT NUMBER-DATE
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5 (904) 681-6788, appearing on behalf of **Southern States**
6 **Utilities, Inc.**

7 **LILA A. JABER** and **ROSANNE CAPELESS**, Florida Public
8 Service Commission, Division of Legal Services, 2540 Shumard
9 Oak Boulevard, Tallahassee, Florida, 32399-0870, Telephone No.
10 (904) 413-6199, appearing on behalf of the **Commission Staff.**

11 **JACK SHREVE** and **CHARLIE BECK**, Public Counsel, Office
12 of Public Counsel, 111 West Madison Street, Room 812,
13 Tallahassee, Florida 32399-1400, Telephone No. (904) 488-9330,
14 appearing on behalf of the **Citizens of the State of Florida.**

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I N D E X

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RUSSELL THOMPSON (Resumed stand)

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EXHIBITS

NUMBER

IDENTIFIED ADMITTED

3 (Southern States) Letter
Verifying Publication of
Notice of Hearing

60

P R O C E E D I N G S

(Hearing convened at 6:00 p.m.)

COMMISSIONER DEASON: If I could have your attention, please, we'll call the hearing to order. We'll begin by having the notice read.

MS. CAPELESS: Pursuant to notice this time and place has been designated for a customer service hearing in Docket 950495-WS, application for rate increase and increase in service availability charges by Southern States Utilities, Inc.

COMMISSIONER DEASON: Thank you. Take appearances.

MR. ARMSTRONG: Brian Armstrong, Southern States Utilities, Inc., 1000 Color Place, Apopka, Florida 32703, on behalf of Southern States Utilities.

MR. SHREVE: Jack Shreve and Charlie Beck, also Public Counsel, Claude Pepper Building, Tallahassee, Florida representing the Citizens of the State of Florida in opposition to the rate increase.

MS. CAPELESS: Rosanne Capeless and Lila Jaber with the Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida, appearing on behalf of Commission Staff.

COMMISSIONER DEASON: Thank you. Let me take this opportunity to welcome you here to the hearing this evening and let me introduce myself. My name is Terry Deason, I'm a

1 Commissioner on the Public Service Commission and I'll be
2 chairing the hearing this evening. To my immediate left is
3 Commissioner Julia Johnson. To my far left is Commissioner
4 Joe Garcia, and to my right is Commissioner Diane Kiesling.

5 We also have a number of Staff members from the
6 Public Service Commission who are here this evening. You may
7 have met some of those at the table in the rear of the
8 auditorium. There are some others in the room. I'm going to
9 ask those who are here to please raise your hands, and if you
10 have any questions, any of these persons will be more than
11 happy to assist you with your questions.

12 At the table to my left and to your right is seated
13 the representatives from the Public Counsel's office. His
14 office represents customers in cases before the Public Service
15 Commission in opposition to requested rate increases such as
16 this that is pending before the Commission at this time. And
17 if you didn't hear, that's Mr. Jack Shreve and
18 Mr. Charlie Beck to the near side of me on my left, and then
19 there's representatives from the Public Service Commission,
20 Mr. Marshall Willis, and then the attorney, Rosanne Capeless.
21 And then to the table to my right and to your left is the
22 representative from Southern States Utilities Company,
23 Mr. Brian Armstrong.

24 Sitting to the back of the table to my left is
25 Mr. Stan Rieger. Stan, could you raise your hand? Stan is

1 going to be around after the conclusion of the hearing. He's
2 an engineer with the Commission. If any of you have questions
3 concerning your service or the operation of the utility, I'm
4 sure he'll be glad to assist you in any way that he can.

5 I want to take just a moment and give you some
6 background information concerning some of the general
7 procedures followed by the Commission and some of the
8 specifics of this case pending before the Commission.

9 When a rate case like this begins, if a utility
10 files its petition with the Public Service Commission, this
11 petition is a legal document that summarizes the reason for
12 the increase and is accompanied by voluminous documentation,
13 which we call minimum filing requirements, which sets forth
14 the reasons for the rate increase.

15 This case began when Southern States made their
16 application with the Commission for increased water and
17 wastewater rates. Southern States has requested a two-tiered
18 uniform rate increase -- I'm sorry, a two-tiered uniform rate
19 for water and a single uniform rate for wastewater. The
20 amount of the increase would vary from system, and it would
21 depend on what your current rates are.

22 For your information, the Commission made a decision
23 earlier -- I want to say this week, I guess it was actually
24 last week -- concerning the structure of rates of Southern
25 States Utilities. As you know, the rates that were set

1 earlier were set on a uniform basis and there was a decision
2 by a District Court of Appeal in Tallahassee which said that
3 was not an appropriate rate structure. And so there is a
4 decision currently pending before the Commission which will be
5 made, I believe, on the 26th of September to reset those
6 rates. Given that complexity it is difficult to make an
7 analysis of the potential impact of the requested rates
8 because we don't know how your current rates are going to be
9 affected by the change, which was necessitated by the District
10 Court of Appeal decision. I wish I could give you some more
11 specifics but unfortunately we don't have that information at
12 this time.

13 Let me also indicate that there apparently was some
14 difficulty in issuing the notice for this hearing this
15 evening. Perhaps Mr. Armstrong will discuss that a little bit
16 further when he gives his opening statements. It's my
17 understanding that the notice was not adequate, and that there
18 may be a necessity, and most likely will be the necessity for
19 another hearing, if not at this specific location, another
20 hearing in this general vicinity concerning this rate
21 increase. When we get further information on the specifics,
22 you will be getting further notification of that and,
23 obviously, if you wish you may attend that hearing as well.

24 I'd like to emphasize that the purpose of the
25 hearing this evening is to hear from you, the customers of the

1 utility. We want your comments concerning the quality of the
2 service rendered by Southern States Utilities to you. We want
3 your comments concerning the structure of the rates, if you
4 have concerns or input concerning that. We want your input
5 concerning the requested rate increase.

6 At the rear of the room there is a publication
7 labeled "Special Report" which gives some of the more
8 specifics concerning this particular case that's pending
9 before the Commission. Hopefully, you were given a copy of
10 that. If not, you're certainly welcome to avail yourself of
11 that resource.

12 Attached to the back of that document is a page
13 which may be detached and folded and sent to the Public
14 Service Commission. You're invited to do that if you do not
15 wish to come forward and actually make comments live this
16 evening.

17 Let me go over the procedure which we're going to
18 follow this evening. When I conclude my opening remarks here
19 I'm going to give the opportunity to Southern States Utilities
20 to make a brief opening statement of no more than five
21 minutes. I likewise will give an opportunity to Public
22 Counsel's Office to make a brief opening statement of no more
23 than five minutes.

24 Following those opening statements, I'm going to ask
25 all members of the public who wish to testify to stand and be

1 sworn in. This is necessary so that your testimony can become
2 part of the official record in this proceeding and can be
3 relied upon by the Commission in making this ultimate decision
4 in this case.

5 This hearing is being recorded by an official court
6 reporter of the Public Service Commission and it will become
7 part of the official record of this proceeding.

8 Mr. Shreve, the Public Counsel, will be maintaining
9 a list of customers who have signed up to testify this
10 evening. When Mr. Shreve calls your name, if you'll please
11 come forward to the podium and if you could begin by giving us
12 your name and your address and the system of Southern States
13 Utilities to which you are a customer. Also, if you believe
14 it would be helpful to the court reporter, you may wish to
15 spell your name.

16 Then you'll be given an opportunity to give your
17 statement. At the conclusion of giving your statement, if you
18 will wait for just a moment because there may be some
19 clarifying questions.

20 I believe that pretty much covers the preliminaries.
21 At this point I'm going to ask Mr. Armstrong to give us his
22 opening statement. Mr. Armstrong.

23 **MR. ARMSTRONG:** Thank you, Commissioner Deason.
24 Good evening ladies and gentlemen. Southern States will
25 establish through witnesses testifying under oath in this

1 proceeding that \$100,000 of additional utility equipment has
2 or will be placed in service since rates last were established
3 for Southern States. The last rate investigation for the
4 majority of the service areas in this case was based on 1991
5 investments. None of the \$100,000 of additional equipment I
6 just referred to is included in the rates you are now paying
7 to Southern States. Another way of saying this is that the
8 Company has not earned a return or a profit on investments we
9 have made since 1991. We are sure that nobody here would
10 place millions of dollars in a bank and be satisfied if the
11 bank said it would not pay interest on the money deposited.
12 But that is, in effect, what Southern States has been subject
13 to since we began placing approximately \$20 million of
14 equipment into service each year since 1991.

15 What has been the result of these large
16 expenditures? Southern States has provided proof to the
17 Commission that our company earned less than a 3% return in
18 1994 on the money we had invested in utility equipment at that
19 time. Because we are spending approximately \$20 million each
20 year, even at 3% return in 1994 will disappear in 1995, so
21 that our company will be losing money in 1995 and 1996 under
22 current rates.

23 It could be asked why are we spending \$20 million a
24 year for additional equipment if we're earning so little or
25 actually losing money? In large part the answer is because we

1 have no choice.

2 We have all read the newspapers and magazines, so we
3 all know that both federal and state governments have
4 increased the number of laws and rules regulating water
5 quality and supply and wastewater treatment and disposal
6 requirements. You have heard of the water contamination in
7 Milwaukee which made many people ill and the bursting of
8 wastewater pipes beneath Biscayne Bay in Miami which harmed
9 the environment. These type of events obviously are to be
10 prevented. Federal and state laws have been designed to
11 prevent these type of events and in recent years the standards
12 have tightened and enforcement of public health and
13 environmental protection laws and rules have increased
14 dramatically.

15 The result is that Southern States has been required
16 to make the investments we seek to recover in this case. To
17 the extent anyone has any doubts about whether a particular
18 investment was the right investment to make, such questions
19 will be raised in this proceeding and addressed by witnesses
20 under oath. These questions are raised in every rate
21 proceeding, and Southern States is confident that in this
22 case, as in past cases, our experts will demonstrate that
23 Southern States has invested wisely and in a manner to protect
24 the health of our customers and the quality of our
25 environment.

1 The last issue we would like to bring to your
2 attention is that Southern States has requested a uniform rate
3 structure in this proceeding. As Chairman Deason, or
4 Commissioner Deason, indicated a court recently ruled that the
5 Commission first must find that Southern States has operated
6 as one functionally related utility system before uniform
7 rates can be charged.

8 As a result, it is likely that with the exception of
9 our customers on the Buena Ventura Lakes system, or service
10 area, that your rates will change in the very near future.
11 The rates will change to some form of rates other than uniform
12 rates, and probably rates which have been called "stand-alone
13 rates" which are rates more specific to each service area.

14 However, it's important that you know that only some
15 months ago the Commission ruled that Southern States does
16 operate as one functionally related system. We have presented
17 evidence in this proceeding which will permit the Commission
18 to make the same finding in this case. But please understand
19 that the appropriate rate structure to be charged by a utility
20 always is an issue in a rate proceeding. So the Commission
21 could refuse our request for uniform rates in this proceeding.

22 The choice of rate structure is beyond Southern
23 States's control but it will impact every one of our
24 customers, including all of you here today. Many, if not all
25 of you, in this room will pay lower rates under the uniform

1 rate structure than under the so called stand-alone rate
2 structure. But customers in two service areas which Southern
3 States serves have contested the reasonableness of rates.

4 From Southern States' perspective, it is no surprise
5 that customers in those two service areas are among the
6 highest users of water and wish to continue to pay less than
7 \$1 per 1,000 gallons of water which they use. Southern States
8 continues to maintain that if customers in any service area
9 consume such high amounts of water, their so-called
10 stand-alone rates will be lower than the rates charged to
11 customers who use water wisely and thus conserve water.

12 Southern States opposes reverting to stand-alone
13 rates which keeps rates low for large users and place higher
14 rates on the more conservative users of water. In fact,
15 approximately 8% of the service areas we serve under uniform
16 rates would benefit under the uniform rate structure, and, in
17 fact, use less water than the two service areas which are
18 contesting the uniform rate structure.

19 So Southern States appreciates you all being here
20 and we look forward to hearing from you regarding your
21 comments about the quality of our service and particularly the
22 rate structure which you prefer.

23 Commissioner Deason, we have a letter dated
24 September 12th, 1995, from the Orlando Sentinel confirming
25 newspaper publication which we have --

1 **COMMISSIONER DEASON:** We'll take up exhibits and
2 proof of publication at the conclusion of the customer
3 testimony. Just remind me, and we'll take it up at that time.

4 **MR. ARMSTRONG:** All right. Thank you, Commissioner.

5 **COMMISSIONER DEASON:** Mr. Shreve.

6 **MR. SHREVE:** Thank you, Mr. Chairman. I'm going to
7 be very brief because we're here to hear from the customers
8 tonight. And I'm not able to follow, and I don't think anyone
9 here tonight can tell you what type of rate increase or what
10 size rate increase you are facing the possibility of.

11 This is one of the problems that we have, and we
12 have filed several notices to dismiss and ask that Southern
13 States be limited to the rates that they have informed you
14 they are asking for. We don't want you to assume from what
15 you have been told in notices and letters that that's the only
16 exposure you have. They have not made it clear at all or even
17 placed the information anywhere in their minimum filing
18 requirements as to what the additional revenue that they are
19 asking from each individual system is. If you do not have
20 uniform rates, then you, in that individual system, would be
21 facing a much larger rate increase and you are entitled to
22 have that type of information.

23 We are going to test and check the investments that
24 they say they have made and many of them have not been made at
25 that point, but we're talking about projected investments.

1 One of the problems that we have is is they have
2 filed around 150 different systems that are owned by Southern
3 States, Topeka Group, Minnesota Power. I don't think there's
4 any way that anyone can really do a thorough job on behalf of
5 the people of the state of Florida when you're still under the
6 same time frame as if we were handling one case for you.

7 We're very much in opposition of this increase,
8 particularly the way that it's structured and the way that
9 Southern States is trying to get it. We feel that you have
10 not been properly informed as to what is really happening and
11 won't be for some time and hope we can get the case dismissed.
12 Thank you.

13 **COMMISSIONER DEASON:** Thank you, Mr. Shreve.

14 At this point I'm going to ask all members of the
15 public who wish to make a statement to the Commission this
16 evening to please stand and raise your right hand.

17 (Witnesses collectively sworn.)

18 **COMMISSIONER DEASON:** Mr. Shreve, you may call your
19 first witness.

20 **MR. SHREVE:** Yes, sir. Mr. Douglas.

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1 **MARK DOUGLAS**

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

4 **WITNESS DOUGLAS:** I just want to say that my rates
5 are to me real high.

6 **COMMISSIONER DEASON:** Sir, excuse me, you need to
7 begin by giving us your name and address and system to which
8 you are --

9 **WITNESS DOUGLAS:** Orange-Osceola Utilities, BVL. My
10 name is Mark Douglas.

11 Do you want the address, too?

12 **COMMISSIONER DEASON:** Please.

13 **WITNESS DOUGLAS:** 115 Alameda Drive in BVL.

14 **COMMISSIONER DEASON:** Now please proceed.

15 **WITNESS DOUGLAS:** I think my rates are too high. We
16 get no service from the Company. I had a house that was
17 rented next door to me, when they broke my riser pipe for my
18 irrigation I asked the Company to fix it. They would not do
19 it. I wrote several letters to request they move it. They
20 moved my riser pipe without telling me where they were going
21 to move it and it's not where I wanted it move.

22 Now, every time I get my bill -- my sewer rates are
23 ridiculous, they are out of proportion with the water rates;
24 sewer rates should be less.

25 You can't drink the water. The water is

1 undrinkable. It destroys the tiles in my shower. It turns it
2 black and it clogs up the pipes on a yearly basis. And that's
3 all I have to say.

4 COMMISSIONER DEASON: Let me ask you a question.

5 WITNESS DOUGLAS: Sure.

6 COMMISSIONER DEASON: You mentioned pipes being
7 clogged. Is that the drain pipes or is that the water --

8 WITNESS DOUGLAS: The water pipes under the sink.

9 COMMISSIONER DEASON: Where the water goes down
10 or --

11 WITNESS DOUGLAS: It's like an accumulation of
12 minerals; every year.

13 COMMISSIONER DEASON: Other questions? I'm going to
14 ask -- if you don't mind, I'm going to ask Mr. Stan Rieger to
15 get some more information about the line that you mentioned,
16 your irrigation riser.

17 WITNESS DOUGLAS: Yeah. I discontinued the service
18 but it took me a while before they would do it. But I had to
19 pay every month until I got this.

20 COMMISSIONER DEASON: Mr. Rieger, could you get some
21 more information on that and follow up with that complaint?

22 WITNESS DOUGLAS: Anything else?

23 COMMISSIONER DEASON: I don't think so. Thank you
24 for coming.

25 WITNESS DOUGLAS: Thank you.

1 **COMMISSIONER DEASON:** Mr. Shreve, you may call your
2 next witness.

3 **MR. SHREVE:** Mr. Crotty.

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CLYDE CROTTY

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

9 **WITNESS CROTTY:** My name is, R. Clyde Crotty. I
10 live the 1442 Neptune Road, Kissimmee 34744.

11 I own a four-plex apartment located at 108 Booth
12 Lane in Buena Ventura Lakes.

13 I have here four of the last water and sewer bills
14 for that four units which has three persons per unit living in
15 the apartments. The water and sewer bill averages \$308 and
16 11 cents per month. That's over the four-month period. Now
17 that is ridiculous to be paying that kind of sewer and water
18 rates.

19 I have tried to get Orange-Osceola Utilities to let
20 me put in another meter and make two units per meter. They
21 still say it comes under a commercial rate, which in the city
22 of Kissimmee and St. Cloud, any two units is considered as
23 residential. And I don't understand why we have to pay such a
24 high commercial rate for a residential complex.

25 The gentlemen spoke about the amount of his

1 investment and I understand that it costs money because we
2 deal in sewer ourself, my family does. I have sold the
3 business. But he did not mention anywhere about the number of
4 customers that they have increased and added to their roll.
5 And I feel like that with the rates that we're paying already,
6 that there's some inefficiency in the operation of their
7 company or something, or otherwise they wouldn't need the rate
8 increases, because they have -- I can cite a letter here that
9 was sent out to the customers on -- I'm sorry, there's
10 apparently not a date on it -- the 1994 change, which is an
11 inflation change. They increased the rates by 1.95%. Now
12 that is done, you know, on an annual basis because of
13 inflation. Well, not every business in our businesses don't
14 get to increase our prices by the amount of inflation every
15 year, so I feel like their rates are too high already. Thank
16 you.

17 **COMMISSIONER DEASON:** Could you wait for just a
18 moment, please. I have a question.

19 Your apartment complex, does it have one meter or
20 two meters.

21 **WITNESS CROTTY:** It has one meter at the present
22 time. When the apartment complex was built it was built with
23 two lines going into the building. I could add another meter
24 which would make two units on each meter, but they say that
25 that would still be a commercial rate.

1 **COMMISSIONER DEASON:** So you pay the water and sewer
2 bill for your occupants?

3 **WITNESS CROTTY:** I have too because I can't resell
4 water and sewer. And the way the -- it was that way when I
5 bought the property, and I didn't realize that there would be
6 a problem there but it has been.

7 **COMMISSIONER DEASON:** Okay. I believe it's
8 permissible if you just pass through those costs, that it
9 would be permissible, but that's something you may want to
10 discuss with some of the Staff personnel.

11 The construction of that complex is such that each
12 individual unit could not be metered?

13 **WITNESS CROTTY:** It cannot be -- as far as I know we
14 investigated it one time and like I say, there's just two
15 lines that go in to one line to each side of the unit.

16 **COMMISSIONER DEASON:** I see. And the \$308 that you
17 mentioned, that's an average for all four units?

18 **WITNESS CROTTY:** That is for the four units.

19 **COMMISSIONER KIESLING:** I just wanted to know what
20 the average consumption is for those four units that was
21 covered by that three?

22 **WITNESS CROTTY:** It's interesting that you would ask
23 that because they mentioned a moment ago that the average -- I
24 think that he said the average was a \$1 per thousand gallon,
25 it figures out almost \$2 per thousand gallons.

1 **COMMISSIONER KIESLING:** I think you misunderstood.
2 He was talking about water rates at a different system.

3 **WITNESS CROTTY:** Okay. Anyway, the water
4 consumption was 36,000 gallon or 36,937 gallons. That was, I
5 think, probably about the high. Three twenty-nine, thirty-two
6 nine, forty-one seventy and thirty-six seventy.

7 **COMMISSIONER DEASON:** Do your tenants, do they have
8 a lawn that they irrigate or is that not --

9 **WITNESS CROTTY:** No. The only thing that they have
10 is laundry facilities in each unit.

11 **COMMISSIONER DEASON:** Okay. Any further questions?
12 Thank you, sir.

13 **MR. SHREVE:** Thank you, sir. Mr. Thompson.

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15 **RUSSELL THOMPSON**

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

18 **WITNESS THOMPSON:** Russell Thompson, 2510 Conifer
19 Court. And I'm with Pine Ridge Homeowners Association, I'm
20 the president, and I want to represent the people.

21 We had a meeting with the representatives from
22 Southern States Utilities here last month and we had around 50
23 homeowners at the meeting complaining. And the biggest
24 complaint we had was the odor and the pipe -- a lot of people
25 complained about the pipes plugging up, rusting away and the

1 water pressure. Our water pressure is pretty bad.

2 And to give you a little information, back in 1993
3 our development -- we have one hundred and I think it's
4 sixty-nine homeowners in the development, and back in 1993
5 Southern States Utility came into our water plant or their
6 water plant, but came into our land and tapped into the water
7 line and took it across the street to another development
8 across the street without informing nobody what was going on
9 or telling nobody. So when this happened that's when I
10 started getting complaints about the people about the water
11 pressure, the smell, the odor and everything else about the
12 water in our development.

13 A lot of people, you know, are just concerned since
14 they've done this, there's no notification to nobody that they
15 done this, they just came in and went across. And the
16 development across the road is only 300 homes. So we're going
17 from 169 homes on one water plant, they're going to add
18 another 300 homes on to it within the next two or three years.
19 And this is, you know, I don't know whether they are going to
20 upgrade the pumps or not, but they said this can handle all of
21 these homes. And I kind of doubt it because like I say, our
22 water pressure dropped down as soon as they done this.

23 Another thing I'd like to bring out, back in
24 September of '93 the rates was \$1.19 a thousand. In November
25 of in 1993 they went up to \$1.21 a thousand. In July of 1994

1 it went to \$1.23 a thousand. Now what they want to do is jump
2 it up to \$2.16 a thousand. To me that looks like a 75% gain
3 in a three- or four-year period. I wish I could get a raise
4 in my salary that much in four years, I'd be happy.

5 So as president of the Pine Ridge Homeowners
6 Association we are against this rate increase for Southern
7 States Utilities.

8 **COMMISSIONER DEASON:** Thank you. Let me ask you a
9 quick question.

10 The other area which is being served, you mentioned
11 that across the street, is that part of Pine Ridge or is that
12 a totally development?

13 **WITNESS THOMPSON:** It's a different development.
14 Windmill Point is the name of that development. So their
15 customers are paying the same rate we're paying, so what they
16 done, they are going to triple the amount of money they are
17 bringing in from this one plant within the next two or three
18 years.

19 **COMMISSIONER DEASON:** When was the connection made
20 from your system to Windmill Point?

21 **WITNESS THOMPSON:** March 1993.

22 **COMMISSIONER DEASON:** Has your water pressure
23 problems continued ever since that time or has there been any
24 improvement since '93?

25 **WITNESS THOMPSON:** Since the meeting we had with

1 Southern States Utilities last month the water pressure has
2 improved a little bit, yes, it has. We still have the odor
3 along with it.

4 COMMISSIONER KIESLING: What kind of odor is it?
5 Like chlorine?

6 WITNESS CROTTY: An iron or sulfur odor.

7 COMMISSIONER KIESLING: I didn't know if it was too
8 much chlorine.

9 WITNESS THOMPSON: No. They have an aerator on the
10 water plant, they pretty well, you know --

11 COMMISSIONER DEASON: Mr. Rieger I'm going to ask
12 you to first of all make sure that was an authorized
13 connection and then look to see if there were any upgrades in
14 facilities to look to see if there should have been a
15 degradation in water pressure or if there should not have
16 been, and just give us some additional information on that.

17 Are there further questions from Mr. Thompson? Mr.
18 Shreve.

19 EXAMINATION

20 BY MR. SHREVE:

21 Q Mr. Thompson, did the customers request this meeting
22 that you had with Southern States or how did that come about?

23 A Yes. I had four, five people contact me complaining
24 about the water, so I set up the meeting with Southern States
25 Utilities.

1 Q Did they go into the rate case and explain the rate
2 increases that they might be asking for from your system and
3 the other systems in Osceola County?

4 A They went into it, yes, they did.

5 Q Did they give you any figures different than the
6 ones that you had been furnished in the notices?

7 A As far as I know, no.

8 Q Okay.

9 MR. SHREVE: Thank you, sir.

10 WITNESS CROTTY: You're welcome.

11 COMMISSIONER DEASON: Any other questions? Thank
12 you, Mr. Thompson.

13 MR. SHREVE: Mr. Downing.

14 - - - - -

15 JAMES DOWNING

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

18 WITNESS DOWNING: My name is James Downing. I live
19 at 192 Raintree Drive in Longwood 32779. I'm here to talk
20 tonight about a property I own at 290 Flower Lane in the Buena
21 Ventura Lakes area.

22 I'm a Southern States Utilities customer in three
23 different counties, and I'm happy with all the properties I
24 have except this particular one. It happens to be a six-unit
25 apartment complex with one meter.

1 I bought it about six or seven years ago and the --
2 when it was fully rented out the average bills would be \$50,
3 \$100, in that range. Now when it is fully rented out the
4 water bill and sewer bill ranges upwards as high as \$600 per
5 month.

6 So I took a look at a commercial property I have in
7 Seminole County, a Southern States Utilities customer there,
8 on a commercial rate and compared it to the commercial rate I
9 am being charged, even though this is a residential unit, and
10 I'll give you the numbers on that: Last month in Seminole
11 County with 30,000 gallons of usage the bill was \$52. Last
12 month in Buena Ventura Lakes at my six-unit apartment with
13 40,000 gallons of usage the bill was \$387. One-third more
14 usage, eight times more cost. These apartments rent for \$480
15 to \$500 a month. The water and sewer bill on them is \$100 to
16 \$125 a month.

17 I guess I have two complaints. One, I don't
18 understand why, when I'm providing housing, moderate income
19 housing, just because there is one meter I'm classified as
20 commercial, yet if I were to put six meters in, expend the
21 money to put in six meters in, somehow it would be
22 residential. The same high cost would be passed on to these
23 homeowners but there's no benefit to me of -- well, there
24 would be a benefit if I had the money to put the additional
25 meters in. So that's one problem I have.

1 The second problem I have is the rate itself seems
2 exorbitantly high even if we did have six meters.

3 The third problem I have is I've called
4 Orange-Osceola Utilities over the last several years. I've
5 asked my managers -- I've had two different managers to call
6 Orange-Osceola Utilities to help me understand why these rates
7 are so high. And in every case, in almost an arrogant
8 fashion, they refused to even discuss it with us. I asked
9 them, just as I have done with electric utilities in other
10 areas, do they have anybody that comes out and could look for
11 leaks. I thought maybe it was a leak problem. Do they have
12 anybody that could come out and give me some hints on how to
13 cut back on the usage? They don't have any of this available,
14 or at least if they do, I wasn't able to get past anybody on
15 the phone to get answers to these questions.

16 So the high rates -- the salt is added to the wound
17 of the high rates by the arrogant attitude that the Orange-
18 Osceola Utilities has which is completely different from what
19 I find with Southern States Utilities in the other two
20 counties where I have properties. That's all I have to say.

21 **COMMISSIONER DEASON:** Did you have a question?

22 **COMMISSIONER KIESLING:** Well, no. I also hope that
23 our Staff can look at this but I certainly think that SSU
24 needs to look at it, too, since we don't have enough facts to
25 figure out exactly what is happening, but what he says makes

1 sense to me.

2 **WITNESS DOWNING:** What I'll do if you like -- I
3 didn't realize I had to go to the Public Service Commission to
4 get these sort of questions answered -- I will be happy to
5 pull together statistics, I'll show you the bills I've had,
6 I'll show you the usage. I'll go back in time as far as I
7 have them, I'll send it all to you, I'll make it available to
8 you.

9 Something is clearly wrong in Buena Ventura Lakes,
10 and something that is doubly wrong, because the gentleman two
11 ahead of me has exactly the same problem with his four-unit
12 apartment -- something is terribly wrong with the way things
13 are being billed down there.

14 **COMMISSIONER DEASON:** Let me see if I understand.
15 You asked the Company for some assistance to come out and just
16 see if there may be a problem about a leak or something?

17 **WITNESS DOWNING:** Sure, sure. I mean I'm paying
18 almost one-fourth of the rent that I'm able to get in water
19 and sewer. And I called myself, personally, twice. I've
20 asked my managers that I have had in the past to call and
21 we're never able to get any kind of an answer. We weren't
22 even able to get past the person we talked to on the phone, to
23 pick up the phone, to get any answers.

24 **COMMISSIONER GARCIA:** Both properties are
25 commercial?

1 **WITNESS DOWNING:** Yeah. The ones I brought, the
2 Seminole one is commercial and the one in Buena Ventura Lakes
3 is zoned commercial but it's a six-unit apartment. These
4 people are one-year-or-more type tenants. It happens to be
5 zoned commercial. That's why I brought my commercial. If I
6 would have brought my residential property from Seminole
7 County, the statistics would be even, you know, more
8 unbelievable because I pay about half the rate up there on my
9 residential than I do. So that would have been not a third
10 more and eight times more expensive -- that would have been a
11 third more and 16 times more expensive. I just can't believe
12 the water in Osceola County is 16 times more expensive to
13 provide than it is in Seminole County. Or if it is, I'd like
14 to see why.

15 **COMMISSIONER DEASON:** The property in Seminole
16 County which is also commercial; is that correct?

17 **WITNESS DOWNING:** Yes, that's right.

18 **COMMISSIONER DEASON:** The service is provided by
19 Southern States Utilities there?

20 **WITNESS DOWNING:** Sure it is, yeah. I have the bill
21 right here.

22 **COMMISSIONER DEASON:** I'm going to ask you if you
23 can share that with Mr. Rieger and see why there's that
24 disparity, especially since it's my understanding there were
25 uniform rates in that area, but I maybe mistaken. There were

1 some minor exceptions.

2 **WITNESS DOWNING:** I don't know what area you're --

3 **COMMISSIONER KIESLING:** I may be able to at least
4 offer some information. Buena Venture Lakes was not under the
5 uniform rates that had been in place. It was a stand-alone
6 system.

7 **MR. ARMSTRONG:** Commissioners, if I may, Buena
8 Ventura Lakes is not owned yet by Southern States at all.
9 They are only in this case for the 1996 test year. It's an
10 acquisition which is pending before the Commission at this
11 time. Mr. Thompson's questions about service that he's
12 received, it's not service from Southern States, Mr. Thompson
13 at this point in time --

14 **WITNESS DOWNING:** I'm Mr. Downing. No, I have no
15 complaint with Southern States per se. My problem is
16 Orange-Osceola Utilities. I still don't see them here. I
17 still haven't seen anyone from Orange-Osceola Utilities.

18 **COMMISSIONER DEASON:** I made the statement that
19 there was a problem with the notice; that is the problem with
20 the notice and that -- apparently that system was not
21 adequately noticed and that's the reason that I indicated that
22 we're going to have to come back down to this area again so
23 that we can hear from those customers.

24 **WITNESS DOWNING:** Let me assure your, Mr. Deason,
25 they have been notified by me, or at least I've tried to call

1 them just in a questioning mode to find out what is going on
2 here.

3 **COMMISSIONER KIESLING:** Do we regulate
4 Orange-Osceola at this point?

5 **MS. JABER:** Yeah. They are within our jurisdiction.
6 The transfer is pending.

7 The noticing problem really doesn't even address
8 that. I believe that you know that SSU is about to acquire
9 Orange-Osceola.

10 **WITNESS DOWNING:** Well, I learned that tonight. I
11 must say I'm not an expert in the utilities or water -- I've
12 never had a problem until I had the six-flat in Buena Ventura
13 Lakes, Kissimmee.

14 **MS. JABER:** Commissioners, what I would suggest is
15 that since Orange-Osceola is still within our jurisdiction,
16 we'd certainly be glad to have an engineer contact them and
17 find out what is going on. We could still do that.

18 **COMMISSIONER DEASON:** Well, I think so. Especially
19 since the customer apparently made a request for some
20 assistance and apparently that assistance was not forthcoming.

21 **WITNESS DOWNING:** Well, what's clear to me now, if I
22 could, Mr. Deason, is it's not a leak and it's not usage
23 problem; it's clearly the rate and the classifications.
24 Because the gallon usage comparison that I gave you -- you
25 know, maybe there's a leak but that isn't the problem that

1 we've got here.

2 COMMISSIONER DEASON: I understand.

3 MS. JABER: We'll follow up.

4 MR. ARMSTRONG: Commissioner Deason, I have just two
5 questions.

6 EXAMINATION

7 BY MR. ARMSTRONG:

8 Q Mr. Downing, I'm sorry for getting your name wrong.
9 You mentioned you received service from Southern
10 States in two other counties, one of which was Seminole?

11 A And Orange.

12 Q And Orange is the other. Do you happen to know the
13 name of the service areas, communities in which those houses
14 are located?

15 A I honestly don't. Again, I'm not -- I pay my bill
16 every month. It's reasonable. I'm happy with Southern
17 States. I've no beef with Southern States Utilities. My
18 whole problem is Orange-Osceola Utilities and this particular
19 property.

20 Q We appreciate your testimony, coming tonight.

21 A Thank you very much.

22 EXAMINATION

23 BY MR. SHREVE:

24 Q Could I ask you which systems you're on in Seminole
25 County?

1 A Systems? Southern States Utilities.

2 Q They have several, Fern Park?

3 A Apple Valley. You know, I get my bill, I pay my
4 bill, I don't know what.

5 Q I was just comparing the rates, was going to try to
6 do some comparison.

7 A I gave my address in the record. You can check what
8 I'm on or call me.

9 Q I'll be glad to check with you. And you've received
10 the notice that was sent out by Southern States on their
11 proposed increase for the rates here in Buena Ventura Lakes?

12 A I received it at my home in Longwood.

13 Q Concerning the rates here?

14 A Yes.

15 Q Okay. Thank you.

16 A Thank you.

17 **COMMISSIONER DEASON:** Thank you, sir. Mr. Shreve.

18 **MR. SHREVE:** Mr. Scott.

19 - - - - -

20 **JIM SCOTT**

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

23 **WITNESS SCOTT:** Jim Scott from BVL, 233 Florida
24 Parkway.

25 I'd like to know how come you guys are looking for a

1 rate increase when you haven't actually took over the waterway
2 yet? Where is the answer to that?

3 **COMMISSIONER DEASON:** Mr. Scott --

4 **MR. SHREVE:** I think Mr. Armstrong should give them
5 that.

6 **COMMISSIONER DEASON:** Mr. Armstrong is with the
7 utility company. Mr. Shreve is the Public Counsel.

8 **WITNESS SCOTT:** I'm aware of that. I just want
9 somebody to give me an answer.

10 **COMMISSIONER DEASON:** Okay. Did you hear the
11 question, Mr. Armstrong?

12 **MR. ARMSTRONG:** Yes, I did.

13 **COMMISSIONER DEASON:** Could you give us any
14 additional information?

15 **MR. ARMSTRONG:** The Company is not requesting a rate
16 increase until the 1996 test year for the Buena Ventura Lakes
17 facility, and all of the information concerning investments in
18 the Buena Ventura Lakes utility equipment and expenses are
19 included in this rate filing for the test year 1996. So for
20 the same reason that we would request a rate increase for any
21 facility, we provide that same amount of information to the
22 Commission regarding Buena Ventura Lakes.

23 **WITNESS SCOTT:** Yeah. But when you guys came out to
24 the community association down there, you guys gave a
25 wonderful spiel saying that our rates was high as it was and

1 the guy said he didn't think they'd go any higher. I mean
2 somebody ain't telling the truth somewheres. I don't know
3 who.

4 **MR. ARMSTRONG:** To address that briefly, at that
5 time we spoke to the community association at Buena Ventura
6 Lakes, we at that point had anticipated filing a rate case
7 last year in which we indicated Buena Ventura Lakes would not
8 be included. We've also not included them for the 1995 year.
9 And as I said, now we're back three years later to 1996. At
10 that point, in 1996, the revenue deficiency experienced at
11 Buena Ventura Lakes would be significant enough to have them
12 participate in this rate proceeding as part of the one utility
13 that we serve.

14 **WITNESS SCOTT:** In other words, you're going to
15 raise the rate again, is that what I'm getting at?

16 **MR. ARMSTRONG:** It would be the first time I believe
17 in several years in my information, sir.

18 **WITNESS SCOTT:** You guys haven't owned it for
19 several years. You guys are just taking it over. It's bad
20 enough here we're getting robbed right on, now you guys are
21 coming along and going to rob us again?

22 **MR. ARMSTRONG:** I hope that we can rectify that
23 feeling that you might have toward your old utility once we do
24 have ownership if the Commission approves the transfer, sir.

25 **WITNESS SCOTT:** We'll see what happens. I don't

1 think much of it.

2 COMMISSIONER DEASON: Any other questions? Thank
3 you, sir. Mr. Shreve.

4 MR. SHREVE: Mr. Costanzo.

5 - - - - -

6 TONY COSTANZO

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

9 WITNESS COSTANZO: Tony Costanzo, BVL. I live at
10 331 Buttonwood Drive and I'm under the Orange-Osceola Utility
11 at the present time until it becomes Southern States.

12 And I'm a residential owner, I only own my home, and
13 I moved in BVL 12 years ago. You could have had all the water
14 you want for \$12 flat rate; \$5 for water, \$12 for sewage, and
15 after that it just went crazy.

16 And now before Southern States even sells us a drop
17 of water they want a raise already. If I can get into a
18 business like that, I'd like somebody to tell me because it's
19 very profitable to give somebody a raise before you even start
20 service with them.

21 This water by myself -- I don't like to talk about
22 where I'm from. I'm from Philadelphia. I was born and raised
23 in Philadelphia and nobody ever talked about the cost of
24 water. And down here in Kissimmee, Kissimmee looked at that
25 plant and Orange-Osceola Utilities wanted \$14 million for it.

1 Kissimmee was interested. They sent consultants in and looked
2 at it and they said no, no way is it worth \$14 million.
3 Southern States went in there and thought \$14 million was a
4 giveaway. When they came to us at our community association
5 and told us all about it, we asked that question, "Did you
6 think 14 million was a little high?" And the president of
7 Southern States says, "No, we think that's a good price." If
8 that's -- if the situation is just buy a utility company and
9 let the people pay for it regardless of the price, that's a
10 great business. Personally, coming over to your side of the
11 table, I think that's what the state has to look into. The
12 state has now all of the insurance -- I don't want to go
13 astray, but all of the insurance companies in Florida are
14 getting out because of hurricanes and costing so much money
15 because they can't make no money no more, so the state has to
16 look at being an insurance company or everybody. And I think
17 the states ought to look into the water companies. There
18 shouldn't be a multitude of water companies. Either the city
19 runs the water companies in the local areas, or if it's in the
20 counties, then the state has take put a facility in. Because
21 every time you turn around -- it would be cheaper to go buy a
22 case of Perrier water at the rate we're going, and the water
23 is not much to brag about. The water is all full of sulfur.

24 I have a filter system in my house. I filter it
25 myself again because it's not consumable. And for another

1 perfect example, just to bring up something for an example, is
2 these pizzarias. When they moved into BVL, I think it was
3 Pizza Hut or somebody, they wanted Land Star or Orange-Osceola
4 to filter the water three times over so it wouldn't take away
5 from the taste of the pizza. They said, "No, we don't do
6 that." You don't have good pastry in Florida because that
7 sulfur is in the water. And I know you only have one place to
8 get it out of the ground. We don't have natural springs.
9 They say natural springs but it's all polluted with sulfur.
10 You can take any glass of water and hold it up, after you fill
11 it up you can see that sulfur all floating around in there.
12 It corrodes pipes, it corrodes heating elements. I'm always
13 changing the heating element in my hot water heater. They're
14 saturated with baked on sulfur and the heating element just
15 don't function no more. And the price has gone out of sight.
16 So I seriously think that the state should look into
17 state facilities. That's the way you're going to have to go.
18 And up north -- I know that's a bad word, "up north", but we
19 always used to get our water utility bills once every three
20 months and they were very minor. Nobody even considered water
21 and sewer. Didn't even give it a second thought.
22 Philadelphia had one of the finest water and sewer systems in
23 the United States. But everybody -- and this is a business.
24 Everybody can get in the business for selling water. And what
25 can you do without water? You can't do nothing without water.

1 Can I ask you a question, please?

2 COMMISSIONER DEASON: Sure.

3 MR. ARMSTRONG: Yes, you can, sir.

4 WITNESS COSTANZO: You've got everything in here
5 about the price of the water and different pipe sizes. What
6 are you going to charge for your irrigation lines? I think
7 they charge a flat rate. I think they charge -- it's a flat
8 rate of \$4 a month right now if you don't even use them. If
9 you don't even turn the water on it's \$4. What do you plan to
10 charge? Because most of the people with pools use the
11 irrigation line.

12 MR. ARMSTRONG: I wish I could answer that question
13 for you at this time. I don't have that information, but I
14 have your name, and we have several people from Southern
15 States in the audience. If you can contact one of them we'll
16 get back to you with that answer pronto.

17 WITNESS COSTANZO: I'm the president of the
18 community association. If you want to get with me and come
19 back to our people and talk to us, I could put you as a guest
20 speaker sometime. We have the county commissioner coming this
21 month, the 25th, but October is open if you are interested.

22 MR. ARMSTRONG: I would be glad to.

23 WITNESS COSTANZO: All right. Thank you. But
24 seriously, the state ought to look into this. This can't be a
25 business. Water can't be a business. Without water you've

1 got the people's backs to the wall. Thank you. Any questions
2 for me?

3 COMMISSIONER DEASON: Any questions. Don't think
4 so.

5 COMMISSIONER GARCIA: I wanted to ask you, you said
6 that the City tried to purchase the plant?

7 WITNESS COSTANZO: Yes, they did.

8 COMMISSIONER GARCIA: Could we have Staff look into
9 what the appraisals that the City made on that plant, ask the
10 local board what they thought the local plant was worth and
11 why they didn't buy it, just out of curiosity.

12 WITNESS COSTANZO: Orange-Osceola wanted 14 million.
13 Kissimmee sent consultants and looked at it and it was nowhere
14 close worth the 14 million with the real estate and everything
15 else involved. And they backed off on it. Because we tried
16 to annex into the city and it would have been a plus for us if
17 they had the water, they would have bought the water and
18 annexed into the city. And the city -- my daughter lives in
19 the city. She doesn't even consider water and sewage.

20 COMMISSIONER DEASON: I'm sorry, there's another
21 question.

22 MR. SHREVE: You say the City, when they came to the
23 meeting did they tell you they were paying 14 million for the
24 system?

25 WITNESS COSTANZO: No.

1 **MR. SHREVE:** Not the City, but SSU.

2 **WITNESS COSTANZO:** The president of Southern States
3 said -- we asked them, "Why did you pay the 14 million?"
4 Because the City sent consultants in and the City walked away
5 because they wouldn't pay 14 million. It was too much money.
6 And they said they felt it was well worth \$14 million.

7 **MR. SHREVE:** This is one of the things we'll be
8 going in into the rate case, is whether or not they are
9 receiving a return on a larger investment than they actually
10 have because it would appear that what they have now is about
11 18.3. But I'll contact you and talk to you about that as to
12 how they came out with the rate base that they have if they
13 paid 14 million for it.

14 **WITNESS COSTANZO:** Thank you.

15 **MS. CAPELESS:** Mr. Costanzo, I have one further
16 question. Which city are you talking about that thought about
17 purchasing the plant?

18 **WITNESS COSTANZO:** Kissimmee. Right here. We're in
19 their building right now.

20 **MS. CAPELESS:** Thank you, sir. We'll check into
21 that.

22 **MR. SHREVE:** Mr. Concel.

23 - - - - -

24

25

JOSE P. CONCEL

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

4 **WITNESS CONCEL:** My name is Jose P. Concel, 110
5 Carolwood Circle, Kissimmee, in BVL. I believe you heard
6 enough from them already about BVL.

7 We have this problem in BVL for quite a long time.
8 I believe the water was -- belong to Long Star before. They
9 were charging us an estimate. We still pay that kind of
10 estimates because that's the way that was running there.

11 The water we have here is undrinkable. We have to
12 buy water outside to drink because it come in so yellow
13 sometime, and the sink, you can see, in the bathroom, in the
14 toilet, you see the bowl, my wife has to buy a lot of
15 detergents to clean it. You say this water, sometimes you
16 take a shower and you can notice in the hair. It's not good.

17 We don't mind to pay what is supposed to be paid for
18 the quality, but this is not quality what we have there.

19 I went to Orange-Osceola to discuss this. They
20 never answer nothing. My second one, they never read meters
21 there. But we are looking to see when they send a guy to read
22 the meter, I even put a sign there, put some kind of a sign
23 and when they remove you can see; remove everything, the meter
24 is under the ground, you can read. You can pull glass, it's
25 covered and stay there for two or three months, nobody coming

1 to read it. Therefore you notice they are gypping you on your
2 rates.

3 The bill is right here. One day I was talking to
4 the guy who was coming, they read the meter. Forty dollars
5 and change. And next month they jump it to you to \$73. Three
6 people living in the house. We don't use the water much. As
7 a sample I can leave you this bill. You can take a look and
8 go through. They are telling you they are coming through. We
9 don't mind to pay for quality, for in BVL we had no quality at
10 all in water. You don't see this full of BVL people,
11 residents because they don't believe too much in Public
12 Commission. Because we had -- and we hear from you the Public
13 Commission approve. This Public Service, where's the line?
14 Public Commission approve. You approve everything. But what
15 happened, the salary in Kissimmee is only \$5.50, you lucky you
16 make it. A lot of people can't survive here if the Public
17 Service Commission continuing jumping on top of us.

18 We don't mind paying for quality and we also like --
19 we'd love for the Public Commission to take a look at the
20 style of life we've got here. This type of life is fantastic
21 here. I look to that fantastic. We'd love you look to those
22 fantastic. Thank you. Any questions?

23 COMMISSIONER DEASON: Questions?

24 MR. ARMSTRONG: No questions.

25 COMMISSIONER GARCIA: I want to ask the Staff to

1 look at his bills just to make sure and maybe we can explain
2 what is going on, whether the Company is checking on his bills
3 on a monthly basis. Hold on. Don't leave. Before it's over
4 Staff is going to talk to you.

5 **MS. CAPELESS:** I have one other question, if you
6 would, please Mr. Concel. You mentioned that the utility put
7 some kind of a sign on your meter?

8 **WITNESS CONCEL:** I say I put some kind of sign to
9 notice if they are coming to read or not, because they had to
10 remove. But they never do it.

11 **COMMISSIONER KIESLING:** I don't think he means like
12 a sign painted on paper. He just means he put something over
13 the meter to see if they came and read it and they didn't.

14 **MS. CAPELESS:** Thank you.

15 **MR. SHREVE:** Kathleen Owens.

16 - - - - -

17 **KATHLEEN OWENS**

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

20 **WITNESS OWENS:** My name is Kathleen Owens, and I
21 live at 353 Florida Parkway in BVL.

22 I just bought this house about six months ago and I
23 am outraged at the sewer and water bill. Every month it comes
24 it's like \$60. We can't afford in our house to get diarrhea.
25 I wouldn't be able to flush the toilet. I said to myself how

1 come it's so outrageous? I called the Orange-Osceola utility
2 company and I asked. The lady told me she don't know nothing
3 about it. She's only here to collect the money. I said,
4 "Fine." Well, when I received this letter in the mail, well,
5 I have to come and find out what is going on, why is it so
6 high.

7 It is outrageous the quality of the water, like the
8 gentlemen said, it's terrible. The toilet bowl is brown. You
9 have to clean it every other day. The water, when I wash my
10 dishes in the sink, it's brown. If I drain my dishes on the
11 drain rack, the next morning I get up the water has a very
12 foul smell to it, the water that drains from the dishes. And
13 that is not good for your health.

14 For the price that they are charging for this water
15 and sewage it's terrible. There's no quality to the water.
16 They should not be charging so much money. You can't afford
17 to pay that kind of money every month. Sometimes it's \$68.
18 And that's all I have to say.

19 **COMMISSIONER DEASON:** Questions?

20 **MR. SHREVE:** Thank you. Paul Woolery.

21 **COMMISSIONER DEASON:** Let me ask a question before
22 you begin, sir. Mr. Shreve, are these people that originally
23 signed up or are these some additional people that came in?
24 Because Commissioner Kiesling pointed out that perhaps some of
25 these witnesses have not yet been sworn.

1 **MR. SHREVE:** I'm not sure.

2 **COMMISSIONER DEASON:** Were you here earlier when we
3 swore in witnesses?

4 **WITNESS WOOLERY:** No. And I was just going to
5 mention that because I'm not even sure who I'm speaking to.

6 **COMMISSIONER DEASON:** Okay. If there are any other
7 members of the public who came in a little bit later after we
8 first swore in witnesses, if you'll please stand and raise
9 your right hand.

10 (Witnesses collectively sworn)

11 **COMMISSIONER DEASON:** Please proceed.

12 - - - -

13 **PAUL WOOLERY**

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

16 **WITNESS WOOLERY:** My name is Paul Woolery, and I
17 live at 329 Blue Bayou Drive, Kissimmee, BVL. Again --

18 **MR. SHREVE:** Excuse me, again, Mr. Chairman. Did
19 you want to know who the different -- who you're talking to?

20 **WITNESS WOOLERY:** Yes, please.

21 **COMMISSIONER DEASON:** Oh, I'm sorry. I apologize
22 for that. You weren't here when I made the introductions.
23 You probably can see our names up front here and we're
24 Commissioners on the Florida Public Service Commission, and to
25 my left and to your right are representatives from Public

1 Counsel's Office, Mr. Jack Shreve, and his associate
2 Mr. Charlie Beck. He represents customers opposing rate
3 increases such as this. And the lady and gentlemen are
4 members of the Staff of the Public Service Commission, and of
5 the staff of the Public Service Commission. And this
6 gentlemen right over here is an attorney representing Southern
7 States Utilities Company.

8 **WITNESS WOOLERY:** Thank you.

9 Thanks for the introduction of everyone.

10 I'm sorry that I attended this meeting late and for
11 that reason we have to go through this right now, but from
12 what I've heard, after walking in here, these are very, very
13 strong points and concerns that are brought up by residents of
14 BVL. And I am very interested in finding out exactly what is
15 going to be done with the sale of the water utility company;
16 whether or not we, as a resident, can do anything to prevent
17 something such as this to go on.

18 The main reason why I'm saying that is because of
19 the concern that there's an intention of the rate to be
20 increased before this Company even purchased the utility
21 company.

22 Already brought up by many of the residents, we feel
23 that right now we're paying a very, very high utility bill.
24 And with the quality of the water, again, brought up by some
25 of the residents that have been up here speaking, there's not

1 good quality, and it might be a curse word like the gentlemen
2 said before -- I'm also from "up north," New York, and there's
3 a really big difference in the quality of the water. And I'm
4 sure being a resident here people are not so much concerned
5 about paying for water as well as they are about the quality.
6 And I find that's one of the reasons why people actually go
7 out and purchase water from the store as opposed to consuming
8 it right from their home, even if they purchase and place a
9 water filter system. It's still not enough quality for
10 someone to consume without having to worry about whether or
11 not they are going to be sick.

12 It' really outrageous that a company can actually
13 come in to this community and want to purchase a utility
14 system and have to want to increase the current rate that
15 we're paying now and not even have any concern about how the
16 residents feel right now about the quality of the water and
17 the way it is being managed. And so it's a very important
18 concern.

19 Now, the most important question that I have is what
20 can we do as residents to prevent this from happening. And I
21 turn my back and I'm looking here, and this is not a large
22 amount of people that would shout to say we don't want this to
23 happen and really have any impact. And I'm outraged about
24 this because I thought I was going to come in here and wasn't
25 even going to be able to find a seat to sit down. Even with

1 this little amount of people, I think something should be able
2 to be done to prevent this from happening. And I would
3 personally like to know how can he do that.

4 **COMMISSIONER KIESLING:** What is it you want to
5 prevent from happening? Do you want to prevent SSU from
6 buying Orange-Osceola?

7 **WITNESS WOOLERY:** Yeah, because --

8 **COMMISSIONER KIESLING:** Or do you want
9 Orange-Osceola to do a better job?

10 **WITNESS WOOLERY:** Well, that's two different issues.

11 **COMMISSIONER KIESLING:** I thought so too. That's
12 why I'm trying to figure out what you want.

13 **WITNESS WOOLERY:** Again, like the other gentlemen
14 said before, I believe it's Mr. Concel when he stated, I don't
15 believe so much that the people are so much concerned about
16 the amount of money they have to pay for the water, but if
17 that's going to happen, let's talk about quality before we
18 talk about increase. Because we could actually have increase
19 and then we get no quality afterwards. We have to get some
20 quality in the water before we start talking about increasing
21 rates.

22 **COMMISSIONER KIESLING:** Let me just tell you a
23 couple things and they may help you.

24 First of all, until SSU owns this system your rates
25 are not going to increase under this. You are noticed about

1 this proceeding because if the sale goes through, and SSU owns
2 the system sometime in 1996, then once they own it, the rates
3 would be included. So right now that sale is the subject of
4 another entirely separate proceeding. The Commission has to
5 approve that transfer. And that's not what this case that
6 we're here about is about. There's another whole separate
7 case to decide whether to let SSU buy Orange-Osceola. Did
8 that help you at all?

9 **WITNESS WOOLERY:** Well, to a certain degree, and
10 excuse me if you can correct me on this.

11 **COMMISSIONER KIESLING:** No, I'd be happy to.

12 **WITNESS WOOLERY:** But if you can inform myself then,
13 and probably other people may have that question, what exactly
14 this particular proceeding is about?

15 **COMMISSIONER KIESLING:** This proceeding is about an
16 application that SSU filed to increase their water and sewer
17 rates for all of their systems. And they own 150-some-odd
18 systems in the state of Florida.

19 **WITNESS WOOLERY:** And that would include this one
20 here in BVL?

21 **COMMISSIONER KIESLING:** Well, because this one is
22 under consideration for purchase, you have a right to get
23 notice of this proceeding. But unless or until SSU actually
24 purchases the system, none of these rates or none of this will
25 apply to you. So if the sale to SSU or the transfer is not

1 approved by the Commission, then you don't have to worry about
2 the rates that are going to be set here.

3 **COMMISSIONER GARCIA:** Let me add to that, sir, that
4 -- over here -- that your attorney is Mr. Shreve here. And he
5 represents you and the consumers in this case. So I would
6 suggest you take his number down because you didn't hear that
7 there will probably be another hearing just like this one
8 here, which we expect to be better attended since there will
9 be a broader notice. But in this case he is your
10 representative before us and represents you during the legal
11 part of what goes on at the Commission in Tallahassee.

12 **WITNESS WOOLERY:** Okay.

13 **COMMISSIONER DEASON:** Staff, do we have any
14 information at this point what the status of the pending
15 transfer docket is so that this gentlemen can be informed as
16 to what that status is?

17 **MS. CAPELESS:** The Staff of the Commission has filed
18 a recommendation which will come before the Commission at the
19 next agenda conference scheduled for this Tuesday,
20 September 26th. The Commission should vote on that transfer
21 application, and we'll have more information at that point and
22 we'll know whether your system will be included in this
23 particular rate case.

24 **COMMISSIONER DEASON:** Let me further question. Is
25 that transfer, is it being done as a proposed agency action or

1 is there a time period for customers to be involved, or is it
2 not being handled in that manner?

3 **MS. JABER:** Commissioner, the actual transfer is
4 done by final agency action. But an initial notice of that
5 application did go out and there would have been 30 days to
6 file an objection to the notice of the application. The only
7 PAA issues will be like the rate base issues, the acquisition
8 adjustment issues, and probably the final -- no, even the rate
9 issue is final, because I don't think they are proposing to
10 change any kind of rate in that docket.

11 **COMMISSIONER DEASON:** Would it be possible to
12 send -- I'm sorry, Mr. Woolery?

13 **WITNESS WOOLERY:** Correct.

14 **COMMISSIONER DEASON:** -- send Mr. Woolery a copy of
15 your recommendation that's going to be coming before the
16 Commission?

17 **MS. JABER:** I have a copy with me, and I'll be glad
18 to give it to him.

19 **COMMISSIONER DEASON:** Okay. That should give you a
20 lot of background information.

21 **COMMISSIONER GARCIA:** Mr. Woolery, just to let you
22 know that what she said in plain English is that the transfer
23 is -- they have recommended for a transfer. The
24 recommendation is in favor of that, but there is no rate
25 increase associated with that. The rate increase is part of

1 this docket that you're here for.

2 WITNESS WOOLERY: But she also said that it's final.

3 COMMISSIONER GARCIA: Final is the transfer of
4 ownership. In other words, they are recommending to allow the
5 sale to occur. But that doesn't include the rate increase, if
6 I'm not mistaken, correct?

7 MS. JABER: Yes. And I also need to make clear that
8 that is just Staff's recommendation. Staff is recommending
9 that the Commission approve the transfer. The Commissioners
10 have not made that decision yet. They will make that decision
11 at next Tuesday's agenda conference, and I'm sure Mr. Shreve
12 will be there and I'll be glad to give you a copy of the
13 recommendation and tell you more about it one-on-one.

14 COMMISSIONER DEASON: But what she meant by final is
15 that once the Commission makes the decision, that decision
16 will be issued as a final order. Some of the decisions the
17 Commission make are what we refer to as a proposed agency
18 action, which means we give notice that this is the action
19 we're going to take unless someone protests, and they give
20 customers or other interested persons an opportunity to
21 protest. Apparently, transfers are not handled in that matter
22 except for some very specific issues or subissues within the
23 broader question as to whether the transfer should be approved
24 at all or not.

25 MS. JABER: That's correct.

1 **MR. SHREVE:** Just so that I'm -- maybe I'm the one
2 that's confused, but I wouldn't want Mr. Woolery to be
3 confused. I know there's not going to be a rate increase. I
4 thought their rates were higher than the stand-alone rates and
5 they were going to bring those down to -- I mean, down to --
6 higher than the uniform rates, were going to bring those down
7 to the uniform rates the way they brought the other ones that
8 were below the uniform rates up to those?

9 **COMMISSIONER DEASON:** Is that addressed in Staff's
10 recommendation, Ms. Jaber?

11 **MS. JABER:** Quite honestly, I haven't even looked at
12 Staff's recommendation yet. I'm not aware of that.

13 **COMMISSIONER DEASON:** Mr. Armstrong, do you have any
14 information on that?

15 **MR. ARMSTRONG:** Yes. That's not accurate.

16 **MR. SHREVE:** They are not above the uniform rates?

17 **MR. ARMSTRONG:** The rates would remain the same as
18 they are right now. There would be no change in the rates as
19 a result of that transfer.

20 **MR. SHREVE:** They are not above the uniform rates,
21 then?

22 **MR. ARMSTRONG:** They are above the uniform rates.
23 They are paying more than the uniform rates.

24 **MR. SHREVE:** You're just not bring them down.

25 **MR. ARMSTRONG:** They'll pay the same rates right now

1 until they are part of this proceeding.

2 **COMMISSIONER DEASON:** It's obvious that there's a
3 difference of opinion, and this is something I'm sure will
4 probably discussed in greater detail on Tuesday. And I'm sure
5 that recommendation will probably give you a lot of background
6 information. And I would invite you, if you have any
7 questions after you read that recommendation, there's Staff
8 personnel which are designated on the front page, you can call
9 them at our 800 number in Tallahassee or if you want to speak
10 to a Commissioner about that since your a customer we can
11 discuss that matter with you. So, first of all, you need to
12 look at that recommendation and then see if you do have any
13 further questions.

14 **WITNESS WOOLERY:** Okay. Thank you.

15 **MR. SHREVE:** Thank you, sir. That's the last.

16 **COMMISSIONER GARCIA:** Someone stood up and I think
17 was sworn in.

18 **COMMISSIONER DEASON:** That was the lady that
19 testified just previously, I believe.

20 **COMMISSIONER KIESLING:** This is another lady.

21 **COMMISSIONER DEASON:** I'm sorry. She indicates that
22 she has nothing to say.

23 Let me ask, are there any other customers who wish
24 to testify who have not yet done so? If you would just raise
25 your hand?

1 UNIDENTIFIED SPEAKER: I've testified. I'd like to
2 come back up and say a couple of more words.

3 COMMISSIONER DEASON: First of all, let me see if
4 there anyone that hasn't testified yet. Is there any customer
5 that has not yet testified? Okay. Let the record reflect
6 there are no other individuals.

7 Sir, if you'll come back forward again and give us
8 your name again for the record and then give us your
9 additional statement.

10 COMMISSIONER KIESLING: While you're coming up, let
11 me just tell everyone that on Page 3 of the special report
12 within this box that's up at the top is where our 1-800 number
13 is. It's in bold print, so I didn't want you to overlook it.
14 If you want to call us, you can do so for free.

15 - - - - -

16 RUSSELL THOMPSON

17 resumed the stand as a witness and, having been duly sworn,
18 testified as follows:

19 WITNESS THOMPSON: Russell Thompson, Pine Ridge
20 Estate.

21 Here's just a couple of points I forgot to bring up
22 the last time I was up here, mainly about the service with
23 Southern States Utilities.

24 Within the last year we have had two breakdowns in
25 our water plant and both breakdowns lasted over eight hours,

1 both times. One time both pumps went out at one time, and the
2 second time they had electrical problems they couldn't locate,
3 and we was without water both times.

4 Within this time frame, I tried to contact Southern
5 States Utilities to find out what was going on. I could not
6 reach nobody. We did not have no notification whether to boil
7 water or not to boil water. Then I finally did get ahold of
8 somebody. He told me, yes, I should boil the water. But he
9 told me, and nobody else was notified in the development to
10 boil the water when the water came back on. And I have, you
11 know, people, my neighbors, that did get sick two or three
12 days after the water came back on because they were never
13 notified about boiling the water.

14 And the taste of the water in Pine Ridge is -- it's
15 not too good. I know a lot of people, me and my family which
16 buy our water to drink. We do not drink the water that comes
17 out of the water plant.

18 And Southern States Utilities said they're only
19 making 3%, they're not making no money at all, but yet they
20 can spend \$14 million to buy BVL. I don't see it.

21 Thank you.

22 **COMMISSIONER DEASON:** Mr. Thompson, before you
23 leave, you mentioned that one of the outages was caused by a
24 power failure.

25 **WITNESS THOMPSON:** That is correct. It wasn't a

1 power failure from the utility company; it was an electrical
2 problem inside the plant.

3 **COMMISSIONER DEASON:** I'm going to ask Staff to see
4 if this system is required to have an auxiliary generator for
5 power outages; and, if so, why wasn't it operational?

6 **WITNESS THOMPSON:** It did have a generator, but the
7 generator didn't kick over for some reason.

8 **COMMISSIONER DEASON:** Our engineers will take a look
9 at that first, what caused that, and see -- make sure
10 something similar doesn't happen in the future.

11 **WITNESS THOMPSON:** When you have an outage like that
12 are you supposed to boil the water when the water plant has
13 been down for so many hours?

14 **COMMISSIONER DEASON:** That's a good question.
15 Perhaps Staff has an answer. That may be something that comes
16 under the jurisdiction of the Health Department or
17 Environmental Regulation. I'm not sure, but we can get an
18 answer to your question.

19 **WITNESS THOMPSON:** Both times we were never notified
20 about what to do or not to do.

21 **COMMISSIONER GARCIA:** If you do have problems in the
22 future, that 1-800 number, you can call that number during
23 business hours, and they also will try to contact the company
24 for you and try to get information for you.

25 **WITNESS THOMPSON:** Okay. Thank you.

1 **COMMISSIONER DEASON:** Let me ask one more time, are
2 there any other customers who wish to make a statement to the
3 Commission at this time? Let the record reflect that there
4 are none.

5 I understand, Mr. Armstrong, you have an exhibit
6 which you wish to have identified?

7 **MR. ARMSTRONG:** Yes, Commissioner Deason, it's a
8 letter from the Orlando Sentinel dated September 12th, 1995,
9 verifying newspaper publication of this hearing. We request
10 it be identified with the next available exhibit number.

11 **COMMISSIONER DEASON:** That will be identified as
12 Exhibit No. 3.

13 (Exhibit No. 3 marked for identification.)

14 **COMMISSIONER DEASON:** Do you have a copy for the
15 court reporter?

16 **MR. ARMSTRONG:** Yes, we do, Commissioner Deason.

17 **COMMISSIONER DEASON:** Mr. Shreve, do you wish to
18 review this exhibit?

19 **MR. BECK:** I've looked at it already.

20 Mr. Armstrong are you offering it or just
21 identifying it?

22 **MR. ARMSTRONG:** We are identifying it at this point.
23 I assume we're going to offer everything at the conclusion of
24 the hearing in Tallahassee.

25 **COMMISSIONER DEASON:** That will be fine. We can

1 take it up.

2 Let me ask: Public Counsel, would you prefer that
3 this be taken up at a later time? Mr. Armstrong, do you
4 prefer it be taken up at a later time? We can handle it
5 either way.

6 **MR. ARMSTRONG:** I'd prefer to have it taken up now
7 and have it introduced as an exhibit in the record. However,
8 what I'm trying to do is shortcut if we're going to have a
9 question raised at each customer service hearing,

10 **COMMISSIONER DEASON:** Let's do this, Mr. Shreve, if
11 you need some time to review this exhibit before it's
12 admitted, I'll give you that opportunity before we take up
13 whether it is going to be admitted into the record or not. Do
14 you need additional time to review the exhibit?

15 **MR. BECK:** We have reviewed the exhibit. When it is
16 offered, we'll object to it. It doesn't provide notice to the
17 customers to the extent which their interests are affected by
18 this proceeding. We have no objection to the fact that this
19 notice was sent and it's the actual notice. We object to the
20 content.

21 **COMMISSIONER DEASON:** I'm going to be consistent
22 with the hearing we had last week, and I will admit Exhibit
23 No. 3 for purposes of it being in the record to indicate the
24 notice that was sent, but that ruling is not a ruling on the
25 adequacy of that notice. And to the extent that there is a

1 question concerning adequacy, that will be a subject for a
2 future time.

3 **MR. ARMSTRONG:** Commissioner Deason, you also asked
4 that I remind you, I believe, about the notice of this service
5 hearing itself and the difficulty experienced, and if I could
6 clarify that, 30 seconds.

7 **COMMISSIONER DEASON:** Please proceed.

8 **MR. ARMSTRONG:** August 28th, and 29th, Southern
9 States did serve notices on our customers of this service
10 hearing, on all of Southern States' current and existing
11 customers in Orange-Osceola counties. Due to an oversight,
12 the customers in the proposed service area of Buena Ventura
13 Lakes, which is now in a pending acquisition mode, did not
14 serve that notice and that notice did not go out to Buena
15 Ventura Lakes September 12, seven days prior to the hearing,
16 which does not conform with the 14-day requirement. We admit
17 to that. I apologize for that oversight.

18 **MR. SHREVE:** Along those same lines, it might not
19 have been clear here to the customers from BVL. I think it
20 should be made clear to them that Southern States is asking
21 for a rate increase in BVL. Of course, if the acquisition
22 were to be turned down that, of course, would not take place.
23 But as far as the acquisition, the time for protest and
24 requesting that is beyond the time and everything, so it's
25 very close to being over, and they have requested an increase

1 at BVL.

2 COMMISSIONER DEASON: Yes. That is correct.

3 Any other final matters before we adjourn for this
4 evening? Staff?

5 MS. CAPELESS: Staff has none.

6 MR. ARMSTRONG: Company has none.

7 MR. SHREVE: Thank you.

8 COMMISSIONER DEASON: Okay. Once again I want to
9 thank you all for coming out this evening, and there will most
10 likely be another hearing of this nature in this area, if not
11 here in this exact location at some future time. You will be
12 getting notice of that as well. Thank you for coming this
13 evening. This hearing is adjourned.

14 (Thereupon, the hearing concluded at 7:35 p.m.)

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1 STATE OF FLORIDA)
 2 :
 3 COUNTY OF LEON)

CERTIFICATE OF REPORTER

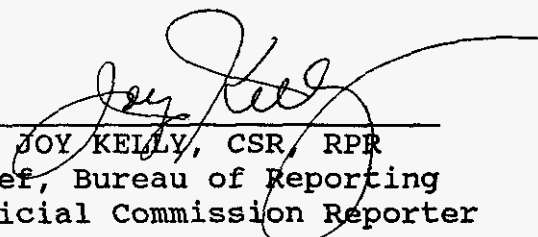
4 I, JOY KELLY, CSR, RPR, Chief, Bureau of Reporting,
 5 Official Commission Reporter,

6 DO HEREBY CERTIFY that the Kissimmee Service Hearing
 7 in Docket No. 950495-WS was heard by the Florida Public
 8 Service Commission at the time and place herein stated; it is
 9 further

10 CERTIFIED that I stenographically reported the said
 11 proceedings; that the same has been transcribed under my
 12 direct supervision; and that this transcript, consisting of 62
 13 pages, constitutes a true transcription of my notes of said
 14 proceedings.

15 DATED this 25th day of September, 1995.

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 JOY KELLY, CSR, RPR
 Chief, Bureau of Reporting
 Official Commission Reporter
 (904) 413-6732

DOCKET 950495-WS
EXHIBIT NO. 3
CASE NO. 96-04227

The Orlando Sentinel

633 North Orange Avenue
P.O. Box 2833
Orlando, Florida 32802-2833

September 12, 1995

Ms. Donna L. Henry
Legal Department
Southern States Utilities
1000 Color Place
Apopka, FL 32703

Dear Ms. Henry:

This letter is to certify that Southern States Utilities placed advertising in the Orange & Osceola sections of *The Orlando Sentinel* on the following date:

August 27, 1995

2 x 7"

Please accept this letter as proof of publication.

Sincerely,

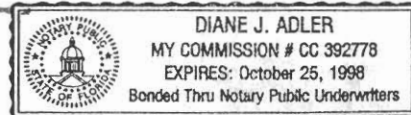
Donna Wolk
Account Executive
General Advertising
(407) 420-5358

The foregoing instrument was acknowledged before me this 12 of September, 1995, by Donna Wolk, who is personally known to me.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950495-WS EXHIBIT NO. 3
COMPANY/ WITNESS: SSU
DATE: 9/29/96

NOTARY

STATE OF FLORIDA
COUNTY OF ORANGE



**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
NOTICE OF SERVICE HEARING
DOCKET NO. 950495-WS**

Docket No. 950495-WS – Application by Southern States Utilities, Inc. for rate increase and increase in service availability charges for Orange-Osceola Utilities, Inc. in Osceola County, and in Bradford, Brevard, Charlotte, Citrus, Clay, Collier, Duval, Hernando, Highlands, Hillsborough, Lake, Lee, Marion, Martin, Nassau, Orange, Osceola, Pasco, Polk, Putnam, Seminole, St. Johns, St. Lucie, Volusia and Washington Counties.

Notice is hereby given that the Florida Public Service Commission will conduct a service hearing to discuss the above application for a water and wastewater rate increase and changes to service availability charges. The service hearing for the utility's customers in Orange and Osceola County(ies) will be held at the following time and place:

**September 19, 1995
6:00 p.m.
City of Kissimmee Civic Center
Ballroom
201 E. Dakin Avenue
Kissimmee, FL 34741**

All persons who wish to testify are urged to be present at the beginning of the service hearing as the hearing may be adjourned early if no customers are present. Any persons requiring some accommodation at this hearing because of a physical impairment should call the Division of Records and Reporting at (904) 413-6770 at least five calendar days prior to the hearing. If you are hearing or speech impaired, please contact the Florida Relay Service by using the following numbers: 1-800-955-8770 (VOICE) or 1-800-955-8771 (TDD).

PURPOSE

The purpose of the service hearing is to allow customers and any substantially affected person an opportunity to present comments and information to the Commission about the utility's quality of service, the proposed rate increase, or other matters related to the rate case or the utility. The utility is requesting that customers served water under conventional treatment methods be classified as a separate and distinct service classification from customers receiving water service from reverse osmosis facilities. Under the utility's proposal, the base facility and gallonage charges assessed to customers will be uniform within each service classification. All wastewater customers are included in one service classification and would be charged the same base facility and gallonage charges. The utility's application indicates that the utility has or will have placed nearly \$100 million of additional water and wastewater plant into service since 1992 and through the period ending December 31, 1996. The application also indicates that the majority of these plant additions were required by environmental laws, rules or regulations. The utility's requested service availability charges include charges for meter installation, main extension, service installation, plant capacity, and allowance for funds prudently invested (AFPI). These charges will be assessed only to new customers who connect after Commission approval of the charges. Existing customers will not be assessed service availability charges. Plant capacity and main extension charges for water treatment are classified by conventional and reverse osmosis treatment methods. The utility proposes plant capacity and main extension charges which are uniform within each water service classification. The utility proposes only one service classification for wastewater service, and the plant capacity and main extension charges proposed for wastewater are uniform.

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