

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

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-----DOCKET NO. 980214-WS  
IN RE: THE APPLICATION FOR A RATE INCREASE :  
IN DUVAL, ST. JOHNS and NASSAU COUNTIES BY :  
UNITED WATER FLORIDA, INC. :  
----- :

PROCEEDINGS: CUSTOMER HEARING

BEFORE: MARSHALL W. WILLIS, C.P.A.

DATE: Thursday, September 10, 1998

TIME: Commenced at 6:32 p.m.  
Concluded at 9:55 p.m.

LOCATION: Prime F. Osborn Convention Center  
Ballrooms North and South  
1000 Water Street  
Jacksonville, Florida 32204

REPORTED BY: MARIE C. GENTRY, Court Reporter  
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(Hearing convened at 6:32 o'clock p.m.)

- - -

MR. WILLIS: Ladies and gentlemen, if we can have your attention, we'll go ahead and get started.

For the record, we're here tonight for Docket No. 980214-WS on the application by United Water Florida, Incorporated, for a rate increase in four of their systems in Duval, Nassau and St. Johns Counties.

First of all, let me introduce myself. Some of you I recognize as being here earlier and yesterday.

My name is Marshall Willis. I am a bureau chief with the Florida Public Service Commission. I work for the Division of Water & Wastewater. I work strictly with water and wastewater regulation.

I'm specifically in charge of dealing with utilities who file rate increases with formal applications, legal proceedings and other means.

With me tonight to my left up on stage here is Mr. Troy Rendell, who is one of my supervisors, and to his immediate left is Mr. Bob Crouch, my engineering supervisor on my staff.

As you came in tonight some of the staff who is also with me -- I have a lot of staff members in the back of the room over here -- handed you a green

1 report called "Special Report."

2 This special report runs down for you just some  
3 general information about the company and the rate  
4 increase. It goes through and gives you the  
5 backgrounds of the five Commissioners, which is on  
6 Page 2 of the report. It gives you a brief background  
7 of the five Commissioners who have been appointed by  
8 the Governor to sit on the Florida Public Service  
9 Commission.

10 And, by the way, just so there's no  
11 misunderstanding, we're staff with the Commission.  
12 There are no Commissioners here tonight. We actually  
13 work for the Commissioners. We're their staff.

14 If you go further back through the green sheets  
15 on Page 4, 5 and 6, you're going to see some listing  
16 of rates.

17 The upper part on Page 4 where it says  
18 residential water service and you are a residential  
19 customer, this would be the bill that's currently --  
20 the actual rate structure that you're currently being  
21 billed where it says present rates, right in the  
22 middle of the page.

23 What the company is proposing are the proposed  
24 rates on the right-hand side.

25 General service customers are not residential

1 customers. They are basically your commercial  
2 customers and maximum meter customers.

3 On Page 5 you will see where it says  
4 "Wastewater." That starts the listing of the present  
5 and proposed wastewater rates. And, again, the  
6 residential rates are at the very bottom of the page.  
7 Page 6 gives the general service classifications.

8 The final page of the special report, the very  
9 last page of the special report has basically been  
10 designed as a rip-off sheet where you can just rip it  
11 off and fill in any comments that you might want to  
12 make if you decide that you don't want to talk here  
13 tonight. This form works just as well. You can write  
14 your comments down on this side, turn it over and  
15 you'll see some lines going across, fold it twice,  
16 staple it or put a piece of tape on it and a stamp and  
17 send it off and it comes to me. We will have these  
18 comments written down just like you will tonight.  
19 These comments are taken just as much as comments are  
20 tonight on the record.

21 In fact, when you leave tonight, there are --  
22 probably you will need extras, so we usually always  
23 try to bring extra copies in case some of your friends  
24 and neighbors could not make it tonight or this  
25 morning. There are extra copies back there. If you

1 would like to take some, feel free. Take as many as  
2 you want and your friends and neighbors can do the  
3 same thing. Just write on here and send it in.

4 I'd like to also make note that we do have  
5 company representatives here. They're here to listen  
6 to comments, because there are many comments that  
7 you're going to make that probably will be things we  
8 may not have that they're going to need to respond to,  
9 and they're here mainly to do that. That's their  
10 purpose.

11 The whole meeting tonight is being recorded. We  
12 have a court reporter who has recorded the morning  
13 session today and we'll be recording everything that  
14 is said here tonight, and because of that we have to  
15 do sort of a formal process. We have to have  
16 everybody come up one at a time to a microphone so we  
17 can get everything you say down correctly. It's very  
18 confusing when you have people in the audience raising  
19 hands and talking at the same time, and with that  
20 going on, it would be impossible to get a good record.  
21 That's what happens sometime.

22 The record that is being done will be presented  
23 to the Commissioners. They will have it. They will  
24 have heard everything you say here tonight. They'll  
25 know all your comments, they'll know all your



1 problems, they'll know exactly how you feel about this  
2 case.

3 Let me talk a little bit about how this case is  
4 being handled by the Commission.

5 Many years ago the Legislature decided that it  
6 would be a cheaper process if we didn't have to go to  
7 formal hearings every time a company filed a rate  
8 case. And, because of that, they passed a law that  
9 said the company has a choice, if they so desire, to  
10 request the Commission to process a rate case under  
11 what we call a proposed agency action process.

12 Let me sort of explain what that is.

13 Under that process, the company makes a filing.  
14 The Staff and Commission takes that filing and we --  
15 the normal thing we do every time we get a formal  
16 case, we would actually do another process. We'll  
17 tell you about that later.

18 We take that case when it comes in the door.  
19 Once we accept a filing, has made a complete filing  
20 according to our rules, we assign auditors, engineers,  
21 rate people, economists and accountants. We start  
22 examining the filing, start looking for issues.

23 We currently have auditors in the field. They're  
24 just about done with their complete audit of the  
25 company. They have been here local in Jacksonville

1 for many weeks. They have been in New Jersey last  
2 week, I believe, and part of the week before, and they  
3 should be within the next two weeks finalizing that  
4 audit report. It is basically a complete audit of the  
5 company.

6 Now, we also have engineers who are on site.  
7 They have been here for this week and they're going to  
8 be here next week, and they're examining the actual  
9 facilities. They just don't look at the books of the  
10 company, they look at the actual facilities.

11 There will be many customers probably tonight, as  
12 there were this morning, who we may want to follow up  
13 with and some of our engineers will likely be  
14 contacting customers next week to talk to you about  
15 some of your problems that have come up during these  
16 meetings to see if we can't find a solution to those  
17 problems. We're finding out more about these  
18 problems.

19 Once all this process is done, it's what we call  
20 discovery process, and we believe we have as much  
21 information as necessary to complete a recommendation  
22 to the Commission -- and, by the way, by law, this  
23 recommendation has to be to the Commission in time for  
24 them to vote within a five-month time frame. By law,  
25 we have five months to process the case from the day

1 we accept the application as being complete to the day  
2 the Commission acts upon it.

3 We, in this case, are going to issue a  
4 recommendation on November 5th. That's the deadline  
5 we have to meet to make a recommendation to our  
6 Commissioners, and that recommendation is basically  
7 going to say the company has filed a recommendation  
8 and here is what we believe we should do with that --  
9 they filed a rate case and here is what we believe you  
10 should do with that rate case. Here are the issues we  
11 see, here are all the problems we see, and here is the  
12 outcome that we believe should be the right outcome.

13 We don't know what that is now. We certainly  
14 haven't finished our investigation, so there's no way  
15 to know what the outcome will be.

16 The Commission will actually set an agenda  
17 conference where they decide all documented matters on  
18 November 17th. That's an open forum. Anybody who  
19 wishes to be there for this case can actually be there  
20 and talk about it. You can present your side of it.  
21 And I'll tell you how that can be done.

22 If at the end of the meeting you believe you  
23 would like to have a copy of staff's recommendations  
24 so you can see actually what we're recommending and  
25 you're able to also share that with many of your

1 friends and neighbors or your homeowners associations,  
2 I'd like you to come forward and take one of these  
3 white forms and just fill out your name and address on  
4 it like you were asked to do with the speaker forms,  
5 and that will assure that you will get an exact copy  
6 of that staff recommendation sent to you, and we'll  
7 also make sure that you will get a copy of the final  
8 order that comes out in this case. It's called a  
9 proposed agency action order. That will also be sent  
10 to you.

11 The reason they're being sent to you is because  
12 with this process you have a right, as a customer of  
13 this company, to protest the action of this Commission  
14 for this docket. You, as a customer, and also the  
15 company has the same right, could protest whatever the  
16 Commission decides to do in this case, and, by doing  
17 that, you're saying we don't like what you did, we  
18 think you didn't do it right and you need to start  
19 over again. Well, what happens under this process at  
20 that point is that we start under a brand-new  
21 procedure. It's a very formal procedure.

22 If you remember the last case that we just  
23 recently went through, it was a formal procedure. We  
24 had Commissioners that came to Jacksonville. We had  
25 what's called a hearing, which is basically like a

1 court trial. We had people with sworn testimony. All  
2 the customers who testified were asked to raise their  
3 right hand and swear to tell the truth, just like you  
4 would in a court of law. We had witnesses for the  
5 company, we had witnesses for the staff, and we had  
6 witnesses from the consumers' counsel, which is the  
7 Office of Public Counsel, who all governs and  
8 basically gave their opinion on what to do with the  
9 rate case.

10 That's a very expensive process and that's why  
11 the Legislature has decided to try and come up with a  
12 less expensive method of handling this, and that's how  
13 it came up with the proposed agency action process.

14 If everybody believes that's a fair resolution of  
15 the case, it wouldn't be protested and we won't have  
16 to go through the more expensive process.

17 The company has elected to do that in this case  
18 and that's how we're proceeding.

19 The customer meeting that we're having tonight is  
20 part of that process. It's where we actually -- can  
21 actually meet you, the customers, and talk to you.  
22 Along with the customer meeting we had this morning  
23 and we're having tonight, we met yesterday with civic  
24 associations, which were your homeowners associations,  
25 who have called and asked to meet, and we tried to sit

1 down with them one on one and answer their questions  
2 as best as we could.

3 Also tomorrow we're here and available. If you  
4 decide that you'd like to have an individual meeting  
5 with the Commission staff, if you'll just contact one  
6 of the people in the back of the room with the staff,  
7 they can set you up a time in the morning to meet with  
8 us. We do have at this time a little meeting set up  
9 for tomorrow. Many customers asked to meet with us.  
10 And if you would like to do that, we're available.

11 When you came into the back of the room we also  
12 asked that you fill out one of these, what we call,  
13 speaker forms. This is how we call customers forward  
14 to come to the podium to do that one at a time and we  
15 do it as you signed in and as they were collected.  
16 So, as you came in, you will be called in that order.

17 The last thing I would like to talk about and let  
18 you know about before we -- well, actually, there are  
19 two things. I talked about the consumers' counsel in  
20 the beginning. The Legislature many years ago,  
21 probably 15 or 18 years ago, set up what's called the  
22 Office of Public Counsel. They were formed by the  
23 Legislature and are counsel for the consumers and they  
24 are only for the consumers.

25 They are available for you, and I imagine you

1 might want to contact them if you don't like what's  
2 coming out of this proposed agency action  
3 recommendation. They can assist you in Tallahassee.  
4 We can assist you in Tallahassee if you want to say  
5 something about this case and how it's being handled.  
6 If you don't want to come, you can contact the Office  
7 of Public Counsel and they can do that for you. They  
8 have an office in Tallahassee, they practice before  
9 the Commission, many of them for water, wastewater,  
10 electric and telephone cases before the Commission,  
11 and they are there to assist you.

12 So if you do need them, they're there. If you  
13 need the number, anybody in the back of the room can  
14 give you their number. They have an 800 number to  
15 call.

16 The last thing I wanted to talk to you about is  
17 the company's application. This company filed this  
18 rate case and in their application they state the main  
19 force driving this rate case is a \$32 million capital  
20 project budget that's going to be occurring in the  
21 next two years, through December 31, 1999. In those  
22 two years they intend to spend \$32 million to improve  
23 portions of the system that they have in place. Many  
24 of those improvements are for replacement of systems  
25 or upgrades necessary to improve the quality of the

1 water to meet environmental problems.

2 From our review, there isn't that much of it  
3 that's actually there for capacity. We always require  
4 a company to break that down between what we call  
5 nonrevenue-producing plant and revenue-producing  
6 plant, and that's how we can tell which is there for  
7 growth and which is there just for the present  
8 customers to improve their quality of water or to  
9 replace certain plant throughout portions of the  
10 system.

11 The company in this case has requested a final  
12 increase in the water system of 21 percent on the  
13 revenues. Now, this is a 21 percent increase in the  
14 revenues.

15 For the wastewater system, they requested a 16.4  
16 percent in their wastewater revenues.

17 Well, we're here tonight to listen to you, any  
18 problems you may have with this company or the rate  
19 application itself. We're also here to attempt to  
20 answer as many of your questions that we can. We had  
21 another meeting this morning where we tried to do the  
22 same thing. And we tried to do that on Wednesday  
23 afternoon.

24 If we can't answer all your questions, we'll be  
25 glad to get back with you. If you have individual



1 questions and you just don't want to come forward to  
2 the microphone and ask, we have people in the back  
3 room which you can actually go ask those questions of,  
4 too.

5 With that, I'm going to start calling customers  
6 forward to the microphone. And I do ask that when you  
7 come forward, if you would, please come forward and  
8 state your name first and spell your name, please, for  
9 the court reporter so she can get it accurately down,  
10 and then just go ahead and ask your questions or make  
11 whatever statements you desire to make.

12 With that, the first person to sign up tonight is  
13 Roy Mason.

14 Mr. Mason?

15 ROY MASON,  
16 called as a witness on behalf of the customers, testified  
17 as follows:

18 WITNESS MASON: I'm Roy Mason. I live at 5547  
19 Green Forest Drive. That is R-o-y M-a-s-o-n.

20 I've been living at my current address for  
21 approximately 24 years. During that time I've seen three  
22 different companies own that utility that I use. Each one,  
23 they've asked for an increase, the state has granted it,  
24 sometimes half of it, sometimes all of it. Where does it  
25 stop? It's got to be stopped somewhere.

1           We've had problems with it. Within the past year  
2 -- I live right next to one of their water plants. I've  
3 called them on numerous occasions for problems with that  
4 water plant. It's taken them anywhere from two to six  
5 hours to come out and fix the problems with the plant  
6 itself. They say, "Oh, well, we didn't think it was  
7 important." That's the feedback I get from their office or  
8 from the person doing the fixing.

9           Another occasion they had a sewer line just  
10 outside of my fence, which they control it, and it took  
11 them four and a half hours to get anyone to come over there  
12 to take care of it. It wasn't the sewer line, it was sewer  
13 main. It was coming -- the sewage was coming out of the  
14 ground. There is a storm drain approximately ten foot from  
15 it. It was flowing directly into that storm drain. And  
16 for over four hours while it took them to get there, it  
17 flowed. How long it took them to fix it, I don't know. It  
18 was late at night. I went to bed.

19           But after they got it fixed, they did not clean  
20 up the sewage that flowed out on the ground. They did not  
21 clean out around the hatch where the sewage flowed out. It  
22 was still stuck there after a month and a half because the  
23 rainwater did not wash it away.

24           And --

25           MR. WILLIS: That was a month and a half ago?

1 THE WITNESS: Approximately, yes. Like I say,  
2 I'm not too good on dates, but, like I say, it hasn't  
3 been -- you can go out and still see on the ground,  
4 the sewage waste, paper and whatever that come out of  
5 the main.

6 MR. WILLIS: Which area do you live in now?

7 THE WITNESS: I live off of 103rd.

8 MR. WILLIS: 103rd? Do you know sort of the  
9 system name?

10 THE WITNESS: Offhand, no, I don't.

11 MR. WILLIS: We can track down the address. I'm  
12 trying to zero in on the plant we're talking about.

13 THE WITNESS: Well, like I say, the sewage plant  
14 is over in the -- well, it's Oak Hill Subdivision, my  
15 subdivision.

16 MR. WILLIS: Okay. That helps.

17 THE WITNESS: But the plant is down off of --  
18 it's actually quite a ways from the main sewage plant.  
19 They recently remodeled the plant. It's been  
20 upgraded. But where the clog was, I don't know, but I  
21 just know that it was flowing out of that one main  
22 right there where I was. Apparently it was where  
23 they've got the grade set up when they initially  
24 designed the system. For a long ways, that must be  
25 the low point in the system so it can flow out and

1 into that storm drain right there.

2 And, like I say, any time they want a rate  
3 increase, they get it. I wish I could get wage  
4 increases that way.

5 MR. WILLIS: Well, I'm going to have an engineer  
6 that's going to be here this week and next week and  
7 they're going to be out in that area checking that to  
8 find out what caused that problem and exactly what  
9 occurred.

10 THE WITNESS: Well, like I say, if you wish to  
11 talk to me, I do not get home until around 5:30. I'm  
12 more than willing to talk to them anywhere between  
13 5:30 and 7:00 in the morning when I go back to work.

14 MR. WILLIS: Okay. Thank you.

15 THE WITNESS: Thank you.

16 MR. WILLIS: Appreciate it.

17 (Witness excused.)

18 - - -

19 MR. WILLIS: The next person I have is George  
20 Parandes. I hope I said that correctly.

21 GEORGE PARANDES,  
22 called as a witness on behalf of the customers, testified  
23 as follows

24 WITNESS PARANDES: Concerning service, a few  
25 months back --

1 MR. WILLIS: Would you give us your name first?

2 THE WITNESS: Oh, I'm sorry. George Parandes,  
3 8545 Royalwood Drive 32256. That's the Royal Lakes  
4 Subdivision.

5 A few months back, the particular day I forget  
6 what day it was, we had water that was very, very putrid,  
7 couldn't do anything with it. And, of course, we were  
8 getting ready for work.

9 I guess many of these things happen. I called up  
10 and reported it. I asked to be called back at work. I  
11 didn't get a call back, so I had to call them again to talk  
12 -- to try to talk to someone about it.

13 I finally got through to someone and then they  
14 were telling me that, well, it's because of the overusage  
15 of the water that morning, and so I just let it go. I  
16 figured I wasn't going to get anywhere. This was the  
17 person working on it. But it certainly did not appear to  
18 be overusage. If they're treating the water properly and  
19 maintaining the proper chemicals, I would think that that  
20 should take care of it. However, not being an engineer,  
21 I'll have to let your engineers worry about that. Maybe  
22 some good people from Royal Lakes remember that particular  
23 day.

24 One of the things I'm concerned about, having  
25 been and still an auditor and accountant, is what's

1 happening with the money. We seem to have -- we've had  
2 several rate increases over the past couple of years,  
3 several years, and it's always for improvements, and now  
4 they're asking for another large increase for additional  
5 improvements.

6           The question is, what improvements have been  
7 made? Has that past money been used for improvements?  
8 Maybe your auditors can find out specifically.

9           MR. WILLIS: It has. I can tell you that.

10          THE WITNESS: Pardon me?

11          MR. WILLIS: It has. I can tell you that. We've  
12 been following up in the last few days, and when the  
13 company -- when the Commission awards a company money  
14 for improvements, part of our responsibility is to  
15 follow up to make sure that money was spent where it  
16 was supposed to spent and spent properly, and the  
17 company has invested in those improvements since the  
18 last rate case. They have made those improvements.

19          THE WITNESS: I guess they provided you a new  
20 schedule of these improvements that are going to be  
21 made with the rate increase they're now asking for?

22          MR. WILLIS: Yes, they have.

23          THE WITNESS: Okay. And I guess you will check  
24 that out to see whether those improvements are, in  
25 fact, warranted before they grant it?

1           MR. WILLIS: Yes, we will. Part of our  
2 responsibility when we look at rate cases, by law, we  
3 can only pass along the costs which are approved to  
4 the customers to actually give you quality service.  
5 We can only pass along prudent expenses and prudent  
6 investment. Now, if we look at something and decide  
7 that they spent too much money on it or they didn't  
8 spend it at all, we adjust that out. Then the  
9 company, basically, has to recover that from the  
10 stockholders, not from the customers.

11           THE WITNESS: Do you also make a comparison of,  
12 say, normal administrative expenses as compared to  
13 other utilities and the profits that they make versus  
14 other utilities as well to see if they're in line?

15           I noticed that the rate increase as it's  
16 scheduled is going to be quite higher -- quite a bit  
17 higher than the Jacksonville rates, the city rates.  
18 So I wonder just how their expenses over the years  
19 have fallen in line with the other expenses of other  
20 utilities, say, around the state, et cetera.

21           MR. WILLIS: Well we actually have benchmarks  
22 which we look at for water and wastewater companies  
23 around the state. It's very difficult for us compare  
24 with municipal systems because their costs are  
25 somewhat different. They don't have to pay income

1 taxes, property taxes, and they can get cost-free --  
2 not cost-free but tax-free bonds. So sometimes they  
3 have a more level -- an easier playing field, you  
4 might say, which causes their costs to be a little bit  
5 lower, and sometimes they can operate even cheaper and  
6 they operate well.

7 But we do have benchmarks that we look at when we  
8 start auditing them. The auditors will always do  
9 that. They'll have benchmarks. They look for certain  
10 things that fall out of the prospective. In those  
11 areas, they actually key in on one in other areas. We  
12 do that type of stuff.

13 THE WITNESS: Just looking at the percentages --  
14 of course, you can't just tell by percentages. But  
15 the percentage increase that they want, it certainly  
16 is an awful high percentage. And, you know, how well  
17 that is warranted to put in any improvements they want  
18 to make is really amazing.

19 But, anyway, we'll have to let you people fathom  
20 that all out with your auditors and what you're  
21 looking at.

22 Thank you very much.

23 MR. WILLIS: Thank you for coming tonight.

24 (Witness excused.)

25 - - -



1 MR. WILLIS: The next person I have is Myrtle  
2 Goldblatt.

3 Did I get that one right?

4 MYRTLE GOLDBLATT,  
5 called as a witness on behalf of the customers, testified  
6 as follows:

7 WITNESS GOLDBLATT: Myrtle Goldblatt, 8516  
8 Royalwood Drive, 32256.

9 MR. WILLIS: Would you spell your last name for  
10 the court reporter?

11 THE WITNESS: G-o-l-d-b-l-a-t-t.

12 MR. WILLIS: Thank you.

13 THE WITNESS: What I am complaining about and  
14 what my neighbors, we're all complaining about the same  
15 thing, with water that stinks, we can't drink it, We have  
16 to buy our water. And our faucets and fixtures are being  
17 eaten with lime and rust and everything else, and my  
18 commodes are the same way. I can't get them clean anymore.  
19 They're black inside, not only in the bottom part but in  
20 the tank itself.

21 And we get a severe lime build-up and if the  
22 water sits in your toilet for a couple of days, it's rust.  
23 And try to get rid of that. You can't live without  
24 the CLR or the Lime-Away and all that stuff, and it still  
25 doesn't do any good, it's so bad.

1           Now, I've lived in that house for 22 years and it  
2 just keeps getting worse. And our dishes don't come clean,  
3 our glasses and everything are -- it's awful looking. You  
4 can't get them clean.

5           MR. WILLIS: Which area do you live in?

6           THE WITNESS: It's Royal Lakes.

7           MR. WILLIS: Royal Lakes?

8           THE WITNESS: Yes.

9           MR. WILLIS: We heard many of the same complaints  
10 about Royal Lakes this morning.

11          THE WITNESS: Yes. So I'm complaining for  
12 several of the neighbors that couldn't come tonight,  
13 the same thing, and we're just wondering if they want  
14 to come clean our toilets and replace our faucets and  
15 everything? I mean, why should we have to replace  
16 that? It's going to happen again if they don't do  
17 something.

18          MR. WILLIS: Let me let my engineer speak to you  
19 for a minute. He's -- they're actually putting a  
20 project in Royal Lakes that might help that, one of  
21 the projects in this case. So let me just let him  
22 address that for a second and some of the problems  
23 you're having with that.

24          MR. CROUCH: We have a list of approximately 29  
25 projects that they're asking for funding for, and one

1 of the top listed on this is hydrogen sulfide  
2 treatment in the Royal Lakes area. They will go in to  
3 rectify the taste and odor problem, and this is one of  
4 their top-dollar projects in the Royal Lakes area.

5 So, hopefully, this will alleviate many of the  
6 problems you're talking about.

7 But the hydrogen sulfide, which is reacting in  
8 some of the other -- your faucets and pipes and things  
9 like that, this should clear up that problem.

10 So this is one of the projects that the utility  
11 is asking for funding for.

12 So, hopefully, within the next year you will see  
13 great improvement.

14 THE WITNESS: I hope so. Thank you.

15 MR. WILLIS: Thank you very much.

16 (Witness excused.)

17

- - -

18 MR. WILLIS: The next person I have is Claude  
19 Hooper.

20

CLAUDE HOOPER,

21 called as a witness on behalf of the customers, testified  
22 as follows

23 WITNESS HOOPER: Claude Hooper, 3854 Sandy Shores  
24 Drive, Jacksonville 32277. That's C-l-a-u-d-e H-o-o-p-e-r.

25

And I'm retired, fixed income, and I don't mind

1 them asking for a rate increase, because I know prices of  
2 many things have gone up and it's cost involved.

3           However, I would like to have water that I can  
4 drink coming out of the faucets. Now, I know the water is  
5 drinkable because I've treated it, and I also use ozone on  
6 it, and I drink some of the best water, probably, in this  
7 town, but it's only because I treat it.

8           Now, they can treat it or I can treat it, but if  
9 I'm going to pay for it, I expect them to treat it.

10           I lived on the Westside of town for about ten  
11 years and we had no problems with the water there. It was  
12 drinkable. But, in the Arlington area, the water is like  
13 drinking out of an old shoe. That's the best I can  
14 describe it.

15           But I just found out tonight that the state  
16 regulations require water to have a certain amount of  
17 chlorine.

18           MR. WILLIS: Yes.

19           THE WITNESS: And I can't quite understand why  
20 things like that are still being perpetuated when so many  
21 of the cities, over 2500 throughout the country and the  
22 world, have gone to ozone, which eliminates practically all  
23 of the problems that are associated with chlorinated water.

24           And like the City of Los Angeles is totally on  
25 ozone. Moscow, Paris, many of the cities in Europe, and

1 this is not a new process, it's something that's been  
2 around for years. And certainly I would think that it  
3 would be worthwhile to look into, because it is so  
4 effective.

5 MR. CROUCH: We only have one microphone. We  
6 keep passing it back and forth.

7 You're absolutely right, sir, on the ozone, and  
8 there is even a third generation of treatment called  
9 ultraviolet that they're looking at, too.

10 The big drawback --

11 THE WITNESS: Ultraviolet also produces ozone.

12 MR. CROUCH: The biggest problem is going to be  
13 the equipment to convert to it and there would be a  
14 capital cost to do that.

15 But this is something we're looking into and  
16 encouraging many utilities to improve their  
17 disinfection system because of the problems with  
18 chlorine, the hazards with chlorine, the by-products  
19 of chlorine.

20 Chlorine was useful in its day, but there are new  
21 generation facilities, and you are absolutely right.

22 THE WITNESS: I thank you.

23 MR. WILLIS: Thank you very much.

24 (Witness excused.)

25 - - -

1 MR. WILLIS: The next person I have is Franklin  
2 Warner.

3 FRANKLIN WARNER,  
4 called as a witness on behalf of the customers, testified  
5 as follows

6 WITNESS WARNER: Good evening. I'm Franklin  
7 Warner, that's F-r-a-n-k-l-i-n W-a-r-n-e-r. I live at 10832  
8 Executive Drive, and that's Zip Code 32235. That's  
9 Hollywood Forest. I've lived there for 24 years.

10 And I've heard some of our people here mention  
11 some of the things that I was going to bring out.

12 The quality of the water during the time that  
13 we've lived at this address has not improved noticeably.  
14 It has somewhat a corrosive effect. In fact, we've had to  
15 replace several faucets because it eats through from the  
16 inside.

17 We also have to condition the water to make it  
18 drinkable. It's very hard. And it is -- my last  
19 recollection was that there's no point in bringing it up.  
20 So there has been no noticeable improvement in the quality  
21 of the water.

22 I was looking at the numbers on the rate  
23 increases and it brings to mind several questions. There's  
24 two significant factors that we are -- we find ourselves  
25 in. In the areas that I'm in in particular, as I recall,

1 our covenants of the neighborhood mandates that we  
2 subscribe to the services of this facility, not that  
3 there's any other to subscribe to. There's no competition.

4           In many cases, I think that the fact where there  
5 is no competition sometimes breeds a tendency to not be  
6 quite as frugal or not quite as careful to keep down  
7 overhead necessarily, they can just ask for a rate  
8 increase.

9           Like the gentleman said earlier, I don't know of  
10 one of the all too frequent requests for rate increases  
11 that have been turned down. And the percentage on this one  
12 is significant. Hopefully the improvements they would make  
13 would be felt by everyone concerned.

14           But one of the things that bothers me about the  
15 rate structure is that they go to the trouble of setting  
16 out rates for wastewater as opposed to the rates for  
17 non-wastewater. This at least suggests that there is some  
18 proportionate.

19           Now, I get billed on a cubic one-foot unit  
20 system, and, for instance, my bill this last quarter was 18  
21 cubic one-foot units. My wife and I travel quite a bit,  
22 and so we try to conserve. And whatever proportion that  
23 the water company in its infinite wisdom determines should  
24 be attributable to wastewater versus the proportion that's  
25 drinking water makes no difference.

1           For instance, if my 18 cubic one-foot units is  
2 two-thirds wastewater and one-third otherwise, I would  
3 think that the wastewater rate would apply on the  
4 wastewater part and the drinking water rate would apply on  
5 the drinking water part. Instead, they multiply each rate  
6 times the total volume that's consumed and just add them  
7 together. There is no separation of the actual rate even  
8 though they set out separate rates on their rate sheet.  
9 And they just charge you the total rate on the total volume  
10 of those rates and add them together.

11           MR. WILLIS: Let me see if I can explain the rate  
12 structure that's being used here. There is a  
13 differential.

14           In wastewater rates, you're only being charged  
15 for 80 percent of the water that you use. There's a  
16 factor built into that even though it looks like  
17 you're being charged for every thousand gallons,  
18 they're factored out, those rates are factored out,  
19 has a factor built in, which charges you for only 80  
20 percent of the actual water which you used. And,  
21 along with that, every residential customer has a cap  
22 put on the water system where you will not be charged  
23 for any gallons used above the cap at that point.

24           THE WITNESS: I understand.

25           MR. WILLIS: After that, you can use all the



1 water you want and you will not be charged for any  
2 more wastewater service.

3 THE WITNESS: Okay. That's 36 cubic one-foot  
4 units. I never go that high. And even though you say  
5 that that is a factor built in, I can multiply -- I've  
6 got my bills right here.

7 MR. WILLIS: Exactly.

8 THE WITNESS: And they took the current -- they  
9 took the total consumption and multiplied it by the  
10 rate to get the charges. That don't look like a  
11 factor to me.

12 MR. WILLIS: Well, exactly. It's not going to  
13 look that way in your bill. We design the rates that  
14 they get to charge. We build into that factor, those  
15 calculations, as how we spread the revenue to be  
16 collected from the customers. We actually had people  
17 go in and look at the actual revenue to work with and  
18 factored in how that's to be spread over the uses, the  
19 general service customers and residential customers.

20 And there are factors that we used to make sure  
21 that you will only get charged for 80 percent of your  
22 water consumption, even though all you do on your bill  
23 is multiply the factor times something to see what  
24 you're being charged, and that's done that way so you  
25 can see that you're being charged correctly. You're

1 not going to see the factor portion on your bill,  
2 which is hard to understand.

3 THE WITNESS: This is the part of the bill that  
4 don't make me feel too good. If it were, in fact, as  
5 you say, that it was structured and printed in that  
6 fashion, I would personally feel better knowing that  
7 they made some reduction, and then we -- as a matter  
8 of fact, the drinking water rate is applied to the  
9 total consumption, too.

10 MR. WILLIS: Yes, it is.

11 THE WITNESS: And why not apply the drinking  
12 water rate on the total including that 80 percent  
13 that's wastewater. That's double charging.

14 MR. WILLIS: No, it's not really, because we set  
15 the rates separately for water and wastewater based on  
16 the costs of the individual systems.

17 THE WITNESS: Well, if you multiply that same  
18 rate times the total to get an answer -- I mean, I  
19 know a little about math and I know how to compute  
20 these things and --

21 But, be that as it may, I said what I meant.

22 Also, in my history, I have seen cases where --  
23 when you say a base facility rate, this allows for a  
24 minimum charge that's established and it includes some  
25 basic gallonage of water so that if you don't exceed

1 that number of gallons of consumption, then you aren't  
2 charged for the water. And, in this case, they don't  
3 do that.

4 Another thing is when I ordered my irrigation  
5 meter, I paid for the meter, I paid for them to  
6 install it, I paid to have the meter hooked up to my  
7 sprinkler system, I paid to have the sprinkler system  
8 installed, and just because the meter is in the  
9 ground, they keep charging me a base charge on that  
10 thing when I bought it in the first place. And I  
11 don't understand things like that.

12 So, therefore, I don't understand a base charge  
13 on that. They have no maintenance on it. There's  
14 nothing they have to do referring to that meter. Just  
15 let it sit there and measure the water.

16 I guess most of us are trying to really get  
17 inside the Commission's mind and see what would  
18 constitute justification for a rate increase.

19 Looking at the handout here -- I didn't know this  
20 until I got this handout. 25 percent profit looks  
21 like a darn good return on investment to me, and 11  
22 percent on the drinking water, and this is just off  
23 the top proportioning.

24 MR. WILLIS: Well, let me --

25 THE WITNESS: I know a lot of companies that

1 operate on three, four, five percent return, and here  
2 they've got 25 percent on their wastewater and this  
3 isn't enough. I mean, I guess they want to work it to  
4 where those of us on a fixed income can just assign  
5 our pension to them and, if there's any left over that  
6 they don't feel like they want to use, they'll forward  
7 it to us.

8 MR. WILLIS: Now, let me explain the number so we  
9 all know where we're coming from.

10 The numbers here when you see the \$4 million when  
11 you say that's a 25 percent return, that's what's left  
12 over after they pay their expenses. It's called an  
13 operating income at that point.

14 THE WITNESS: Okay.

15 MR. WILLIS: The money that's left over, the \$4  
16 million, it goes to pay the debt cost. Out of that \$4  
17 million they have to pay the interest on their debt.  
18 And if you want to really look at the return they're  
19 earning, we have to take that \$4 million and divide it  
20 by the investment for any improvements they're  
21 actually going to earn before they pay the bank, to  
22 have any kind of return over for equity, because the  
23 equity is the last thing they have left over, any kind  
24 of return left over after paying off the banks and  
25 bond obligations are being met.

1           These numbers are sort of deceiving, I would  
2 confess to you.

3           THE WITNESS: Well --

4           MR. WILLIS: These numbers are deceiving right  
5 here. It looks like 25 percent. I can tell you what  
6 they actually earned --

7           THE WITNESS: Uh-huh.

8           MR. WILLIS: -- was for 1997 -- I thought I had  
9 those numbers.

10           What the company was looking -- what the company  
11 actually earned in 1997 for water was 9.5 percent, for  
12 wastewater it was 8.64 percent. After paying off the  
13 bank, that's the actual return they had.

14           Now, that's --

15           THE WITNESS: That's still a fair return.

16           MR. WILLIS: If the company had no more  
17 investment after putting in for years and then wait  
18 for more investment, they would have the money because  
19 of the return they were earning from investments.  
20 But, apparently, what they're trying to tell us is  
21 because we're having to put in \$32 million worth of  
22 investments over the next two years, because of that,  
23 if we put that in, our return is going to be less  
24 where we're not going to have much left at all.

25           That's what they're trying to tell us with this

1 rate application.

2 THE WITNESS: Well, thank you for that  
3 explanation. That helps me feel better anyway.

4 But looking at a request for a rate increase, as  
5 I said, I don't know of one that's ever been turned  
6 down.

7 MR. WILLIS: There has.

8 THE WITNESS: It starts me thinking about what  
9 isn't happening now to what's recently happened in the  
10 last rate increase and everything, and I've got my  
11 bill here from May of 1996, and the rates that they  
12 charged for all the different things, and this is  
13 what's going on all over the place, it was never the  
14 same rate for two quarters in a row up until November  
15 of '97 and it settled in at a dollar one and two and a  
16 half.

17 But, in May of 1996, drinking water was 75 cents.  
18 Now, it's a dollar one. Now, they want to take it to  
19 a dollar twenty something. That's a considerable  
20 increase. And, likewise, it was \$2.22 for the  
21 wastewater. It went to two and half, and now they  
22 want to take it on up again.

23 And, again, I don't begrudge anyone a fair -- a  
24 really fair return, but it's just hard for us who are  
25 on a fixed income who can't get these increases year

1 by year.

2 We see where 20-something percent this time and  
3 20-something percent next time, a year apart, I mean,  
4 this is hard to grasp. And those who are responsible  
5 for saying yea or nay, we would hope that you would  
6 keep the little ones like us in mind when we're paying  
7 the tab on this thing.

8 Well, I guess I've said everything I can I think  
9 of. Thank you.

10 MR. WILLIS: Thank you very much. I appreciate  
11 it.

12 I would -- you brought up one thing about cases  
13 being turned down, and I would note that between the  
14 last rate case and this rate case, the company had  
15 submitted a -- what we call, an interim proceeding to  
16 recover some, what we call, other pensions and  
17 benefits cost. It was an expense that they didn't get  
18 in the last rate case, and they tried to recover it in  
19 the interim proceeding, \$11 million worth of actual  
20 investment that they were looking to recover. And  
21 that was two and a half years ago and it was denied by  
22 the Commission. The Commission said we're not going  
23 to allow that recovery.

24 THE WITNESS: You keep seeing those and getting  
25 them in the mail all too frequently about the proposed

1 rate increases, and I can tell you, one of those I  
2 haven't seen turned down. I didn't know about this  
3 one.

4 MR. WILLIS: Those are the ones you never know  
5 about.

6 THE WITNESS: But it's a phenomenal increase in  
7 the rates over just two years ago, and I hope that  
8 fact is not lost in the shuffle.

9 MR. WILLIS: It will not be lost.

10 THE WITNESS: Thank you.

11 MR. WILLIS: We're very well aware of the high  
12 rates.

13 (Witness excused.)

14 - - -

15 MR. WILLIS: The next person I have is Phillip  
16 Buhler. Did I get that right?

17 WITNESS BUHLER: Close enough.

18 MR. WILLIS: Close enough?

19 PHILLIP A. BUHLER,  
20 called as a witness on behalf of the customers, testified  
21 as follows:

22 WITNESS BUHLER: My name is Phillip Buhler.  
23 That's B-u-h-l-e-r. I live at 2180 Segovia Avenue, 32217.  
24 That's in the San Jose Forest neighborhood.

25 I'd like to address two distinct points, and one



1 of them was brought up by the previous gentleman. Like  
2 him, we also have covenants on our property and we are  
3 required to purchase our water from this company or --  
4 well, it was its predecessor at the time our houses were  
5 built.

6           So, in addition to it being the only show in  
7 town, if you will, as far as a pipeline, we're legally  
8 bound by it. I can't build a single well in my backyard  
9 and put the water in my house and put a septic tank in for  
10 the sewage because I'm legally bound. So I'm -- we're  
11 looking at the company tap, and I hope that fact is not  
12 lost on the Commission either in deciding the rate  
13 increase.

14           Again, I'm as much in favor of a company making a  
15 profit as anyone, but when we have a regulated industry  
16 like this, the trade-off for the guaranteed income they're  
17 getting is that the rate has to be regulated reasonable and  
18 not massive increases.

19           And this brings me to my second point. In their  
20 application, United Water specifies in this Paragraph 7 of  
21 their application that they're looking for a basic rate of  
22 return of about 8.69 percent on both the water and the  
23 wastewater.

24           Well, I did a little research. Unfortunately,  
25 with less than two weeks notice on this hearing, I could

1 only do so much.

2           But searching in Fortune's website, and these are  
3 rates I picked up to today, a survey of the Fortune 500  
4 utilities, and there are 71 utility companies listed in the  
5 Fortune 500, there's a listing of the profits as a  
6 percentage of revenue, and for the Fortune 500 utilities,  
7 the average profit as a percentage of revenue is 6.68  
8 percent. Now, this is Fortune 500 companies, mind you.  
9 This is not to downgrade United Water because they're not  
10 in that category. And this is 6.68 percent.

11           Now, you look at Fortune Global 500 utilities,  
12 there's 16 of those, and their profits as a percentage of  
13 revenues are 3.11 percent. Then if you do a survey of the  
14 mean return on revenues for the entire Fortune 500  
15 companies, that averaged 5.72 percent, and it showed  
16 utilities -- and, again, the return on revenues for the  
17 Fortune 500 was 6.4 percent.

18           Now, all of these rates are more than two percent  
19 beneath what they're asking as a rate of return now, and  
20 they're about equal to what the rate of return is that  
21 they're currently making.

22           And, you know, a regulated industry like this, I  
23 think maybe a term of fairness is that this regulated  
24 industry should not be allowed -- or should not be readily  
25 granted a rate of return that exceeds the average of the

1 Fortune 500, which are, by definition, some of the most  
2 profitable companies in the country.

3 And these figures are readily available, as I  
4 said. They're probably available in the Wall Street  
5 Journal or any other number of sources, but those are the  
6 ones I picked up today.

7 And I'd just like to leave the Commission with  
8 those thoughts.

9 MR. WILLIS: I appreciate that.

10 THE WITNESS: Thank you.

11 MR. WILLIS: Thank you.

12 (Applause.)

13 (Witness excused.)

14 - - -

15 MR. WILLIS: The next person I have is John  
16 Waddell.

17 Mr. Waddell?

18 JOHN WADDELL,

19 called as a witness on behalf of the customers, testified  
20 as follows:

21 WITNESS WADDELL: We meet again.

22 MR. WILLIS: We meet again.

23 We met with Mr. Waddell on Wednesday afternoon.

24 THE WITNESS: I read better than I talk.

25 I'm John Waddell, W-a-d-d-e-l-l. I reside at

1 8444 Grayling Drive South in Jacksonville, Florida 32256,  
2 which is the Royal Lakes Subdivision.

3 I addressed this body in 1997 concerning a rate  
4 increase that exceeded 44 percent, as did many other  
5 people. The end result, you granted them 32.4 percent for  
6 water and 16.6 percent for wastewater.

7 Today, I again challenge the need for an increase  
8 of more than 18 percent when the previous increase just  
9 went into effect May 19, 1997.

10 In reviewing documentation available to me, I  
11 noted that in the application for adjustment of rates, a  
12 summarized document, stated "In order to allow the  
13 Applicant (United Water) to earn a fair, just, reasonable  
14 and compensatory rate of return on its investment," and it  
15 continues on. The same paragraph asks for a rate of return  
16 of 8.69 percent on water and 8.69 percent on wastewater.  
17 This is up from the current estimated rate of return of 5.26  
18 percent on water and 5.80 on wastewater. The average  
19 profit margin among Fortune 500 companies at this time is  
20 roughly 4 to 5 percent, which Mr. Buhler just stated a few  
21 moments ago, which is already lower than that which United  
22 Water receives.

23 Additionally, in the United Water 1997 Annual  
24 Report, and this was dated March, I believe, of '98,  
25 Mr. Donald L. Correll, Chairman and Chief Executive

1 Officer's letter to the stockholders dated May 9, 1998,  
2 states, "Our people over the next five years --

3 MR. WILLIS: Mr. Waddell --

4 THE WITNESS: Yes, sir.

5 MR. WILLIS: You maybe need to slow down a little  
6 bit because the court reporter is having a hard time  
7 keeping up with you.

8 THE WITNESS: I bet she was.

9 MR. WILLIS: She's over there and her fingers --

10 THE WITNESS: I thought she was using a tape  
11 recorder.

12 "Our key goals over the next five years are to  
13 double the population we serve, achieve an annual growth in  
14 earnings per share of 8 to 10 percent, and increase our  
15 dividends as earnings permit." Of course, this is the goal  
16 of every business in the free world. On the other hand,  
17 one must remember that in actuality United Water Florida  
18 operates, as do all utility companies, a monopoly, and as  
19 such is monitored by Public Service Boards/Commissions, to  
20 assure that they do not exceed their real "Fair Share" of  
21 profits.

22 Further, in reviewing the 1997 Annual Report, it  
23 should be noted that on one of those pages, the Rate  
24 Matters, Florida is the highest rate of any of the  
25 companies that United Water operates. Granted, the

1 creation of water reservoirs is almost impossible due to  
2 the flat land, therefore, water must be obtained from the  
3 aquifer instead. You can't build a dam in Florida and  
4 build a decent size lake.

5 A VOICE: Rodman.

6 THE WITNESS: Rodman, yeah. And we're trying to  
7 destroy that.

8 The rate of inflation in this country for the  
9 past two years has been less than 3 percent, and, as of  
10 July 31, is running at 1.68 percent. The Consumer Price  
11 Index between May of 1997 (160.1 - the date of the last  
12 increase) and July 1998 (163.2) has only risen 3.1 percent.  
13 This being true, how can you entertain and/or approve an  
14 increase which multiplies the rate of inflation by more  
15 than four times.

16 United Water is a corporation just like every  
17 other corporation in the United States with a goal of  
18 maximizing its profits - the difference between a monopoly  
19 and any other business is competition. Without  
20 competition, a monopoly such as United Water can run  
21 rampant over its customer base, unless controlled by a  
22 regulatory body such as yours.

23 In a review of United Water's Quarterly Report of  
24 August 10, 1998, under Operation Revenues, they reported a  
25 \$6.1 million decrease in revenues from the same period in

1 1997. They also attributed it to the factors of other  
2 utilities a profit of \$2,900,000, a 1.7 percent increase,  
3 their consumption was low, 2,325,000, a 1.4 percent  
4 decrease, and growth of 939,000, for a 6 percent increase.  
5 Their real loss was with other operations, real estate  
6 5,248,000, a 3.1 percent drop, other operations 2,372,000,  
7 a 1.4 percent drop.

8           In actuality, the water made about a .9 percent  
9 profit. It's the only profitable thing they've got  
10 operating, yet they have most of their investments,  
11 apparently, in real estate. The way I see the figures, the  
12 figures are higher for real estate.

13           It is time to stop the granting of exorbitant  
14 increases, stop Florida from being the highest ratepayer of  
15 all their divisions, and bring the company back to reality.  
16 A business invests in itself internally and finds ways to  
17 reduce operating costs, and reinvests from earnings and  
18 savings, whereas United Water goes to its regulatory body  
19 and asks for an increase rather than earning, saving, and  
20 cutting operating costs.

21           A comparison of water rates between JEA and  
22 United Water clearly shows that the normal user pays more  
23 now than he would if he were connected to the City. Now  
24 they want even more. One excuse is they have to pay taxes,  
25 whereas, the city does not. They paid a million-some-odd

1 thousand dollars in taxes last year. We, the users, do  
2 not care, we want the lowest rate.

3 In addition, I have several areas of concern  
4 regarding the water being provided to my house.

5 1. Strong chlorine taste.

6 2. Mineral deposits left on dishes after  
7 washing.

8 3. Spotting of my car when washed with their  
9 water.

10 4. Corrosion of piping.

11 5. Clogging of piping causing me to repipe my  
12 home at a cost of over \$2300.

13 Various bottled water companies and those who  
14 sell filtering systems, continue to increase our fears by  
15 using various chemical tests to show unsafe chemical  
16 content, contaminants, impurities, as well as improving the  
17 taste of the water by using their systems.

18 One thing that really surprises me is a man could  
19 take chlorinated water in the swimming pool and water from  
20 the tap and show more chlorine in the tap than in the  
21 swimming pool, yet we use the chlorine in the swimming pool  
22 supposedly stronger.

23 I urge you not to increase the current rates of  
24 United Water and, in fact, demand that they improve the  
25 quality of water they provide to their customers.



1           Is it within the PSC power to deny a rate  
2 increase, yet require United Water to implement these  
3 capital improvement projects from monies they've already  
4 gotten or investment monies that they can obtain?

5           And I thank you for your time.

6           MR. WILLIS: Thank you.

7           Do you have a copy of that you can give the court  
8 reporter?

9           THE WITNESS: Yeah.

10          Answer the question there: Is it within your  
11 power?

12          MR. WILLIS: Thank you, Mr. Waddell, I just want  
13 to tell you, it was -- I appreciated the opportunity  
14 to sit down with Mr. Castro and Mrs. Hendry and you  
15 the other day. It was a pleasure.

16          (Applause.)

17   (Witness excused.)

18   - - -

19          MR. WILLIS: Barry Morris.

20   BARRY MORRIS,  
21 called as a witness on behalf of the customers, testified  
22 as follows:

23                 WITNESS MORRIS: I am Barry Morris. That's  
24 B-a-r-r-y M-o-r-r-i-s. I live at 7576 Deer Cove Lane,  
25 Jacksonville 32256.

1           And I'm newly moved to Florida, at least I think  
2 I moved to Florida. With the price of the water, maybe I  
3 moved to Arizona or New Mexico or moved to Death Valley or  
4 someplace like that.

5           I'm from Michigan and I'm used to water bills  
6 that are around \$20 every two months. Down here I'm paying  
7 approximately \$230 every three months, and I really don't  
8 understand, you know, why the water is so expensive in  
9 Florida. I mean, this is not a desert by any means. There  
10 is water. You can go down 22 inches in our subdivision and  
11 you find water. I know, because most of my neighbors are  
12 putting in wells to try to avoid paying the exorbitant  
13 rates to United Water.

14           The product -- their product is actually a  
15 terrible product. It tastes horrible, you know, and it  
16 smells like the bottom of a parrot's cage. I try brushing  
17 my teeth with it, and, you know, it seems like the entire  
18 Chinese Army just marched through my mouth's territory,  
19 it's that bad.

20           But, you know, they do have a monopoly and I  
21 don't have any choice. If I had a choice in the matter, I  
22 would certainly, you know, hook up with JEA.

23           I don't know -- the neighbors tried to get a  
24 petition. The lady came around with a petition and now  
25 she's not here tonight. I don't know what happened with

1 that.

2 Another one of the neighbors told me that we  
3 could get JEA. I called JEA and they didn't know anything  
4 about it.

5 So I guess, you know, we're pretty much stuck  
6 with United Water.

7 The company, United Water, is a terrible company  
8 to deal with. I had my water bill sent to Michigan because  
9 I had to close on my home here in Jacksonville. You know,  
10 I was paying a water bill even though I wasn't using any  
11 water, which, to me, was kind of foreign. That's something  
12 else that's different in Michigan. If you don't use any  
13 water, you don't get a bill.

14 But, at any rate, I was paying for this usage.  
15 And when I moved down here, unfortunately, the bill wasn't  
16 forwarded down here. So one day when I came out of my  
17 house, there was a little red notice on my doorknob and  
18 said that if I didn't pay the bill that very day they were  
19 going to turn my water off. And I didn't know anything  
20 about it. I called up right away and explained that the  
21 bill hadn't been forwarded to me, and they said, "Well, I  
22 can see how it could happen, but if you don't come out  
23 here, come on out to north of Regency and pay the bill  
24 today, we're going to turn your water off."

25 And I said, "Okay, I'll be out there, but could



1 BARBARA LaBELLE,  
2 called as a witness on behalf of the customers, testified  
3 as follows

4 WITNESS LaBELLE: Good evening.

5 Barbara LaBelle, L-a-B-e-l-l-e, 2944 Madrid  
6 Avenue East, related to Patty, but I drink the United  
7 water.

8 Unfortunately, you're going to hear a lot of the  
9 same things.

10 We redid our kitchen in the spring, got top of  
11 the line faucets, top of the line dishwasher, the  
12 Kitchenaid, stainless steel inside. My faucets are already  
13 corroded. I keep Lime-Away in the kitchen and bathrooms.  
14 You have to put it in the toilet tank or it won't flush.  
15 Our plumber told us to do that because we were having  
16 trouble with our toilets.

17 My dishwasher, I had a repairman out three times,  
18 and he said, "Mrs. LaBelle, this is the worse water I have  
19 ever seen and I've lived here all my life." The lime,  
20 couldn't do anything about that. My glasses are dirty,  
21 they're spotted, they've got rings around them. It's  
22 embarrassing to have family and friends over. I say,  
23 "Excuse me, but this glass -- this is a brand-new  
24 dishwasher."

25 My washer gets all corroded in the back, my

1 clothes are dingy. We just came from South Carolina to  
2 visit my son, and I looked at my whites and her whites and  
3 it was visibly different.

4 I have the same problems in my toilets. This has  
5 just recently occurred. I didn't know what was wrong.  
6 Dirty water just keeps coming in, I can't get the ring out.  
7 There's a smell in the bathroom. I can't get my tub clean.  
8 Every morning when I turn the faucet on, the water is  
9 bright orange, and, heaven forbid, if you're gone for more  
10 than three or four days, then it's red.

11 My hot water heater, we can't flush that anymore,  
12 it's so corroded. We'll probably have to -- we got a new  
13 one last time. We also had our house repiped. We got it  
14 just in defense getting our house repiped. We didn't want  
15 the hot water heater to go bad.

16 Icemaker, it corrodes. Not only does the water  
17 taste bad, but I have a pitcher, as well as bottled water,  
18 and if we use the ice, it still makes the water taste bad.

19 I noticed that awhile back I came in to, you  
20 know, get a sip of water perhaps in the morning, and it  
21 almost made me gag, and that's when I stopped making my  
22 coffee with the water.

23 And the man brought up about the car. You cannot  
24 -- I mean, you have to hurry when you wash your car to go  
25 immediately to get the towels and start drying it or it

1 spots if you want to wash it yourself. I could take it and  
2 have it done, but I like to wash it myself.

3           Also, I recently developed a skin problem on my  
4 head, and until I talked to a few neighbors that I realized  
5 it could be from my water. I went to a dermatologist and  
6 he said you have clogged hair follicles, whatever that is.  
7 I've always had healthy, shiny hair, and recently, in the  
8 last couple of years, I've noticed it getting dry and  
9 brittle. And I have a dickens of a time rinsing it. I  
10 have to put vinegar in my rinse water, sometimes in my  
11 clothes, sometimes in my bath water. It's just a real  
12 nuisance.

13           And I was raised in the Riverside area and my  
14 mother came over recently and I tried to persuade her to  
15 drink water out of a bottle, and she said, "No, I'll get it  
16 from your sink," and she said, "Barbara, your water is  
17 horrible," and she couldn't drink it.

18           But we've lived at United Water, several name  
19 changes, since 1969. We lived in Ponce de Leon, the other  
20 side of St. Augustine, and now we live on Madrid, and with  
21 each increase we've been promised to get improvements, but  
22 we have not.

23           Thank you.

24           MR. WILLIS: Thank you, Ms. LaBelle.

25           (Applause.)

1 (Witness excused.)

2 - - -

3 MR. WILLIS: The next person is Leon Martin.

4 LEON MARTIN,

5 called as a witness on behalf of the customers, testified  
6 as follows:

7 WITNESS MARTIN: I brought samples.

8 MR. WILLIS: We had samples this morning.

9 WITNESS MARTIN: My name is Leon Martin, L-e-o-n  
10 M-a-r-t-i-n. I live on Jolynn, St. Johns Bluff.

11 This is a water filter, charcoal. I've had it  
12 three months.

13 Do you want this?

14 MR. WILLIS: Sure.

15 THE WITNESS: Everybody in here needs to taste  
16 their water. You go to Wal-Mart, you get water filters and  
17 you get a commercial grade water softener. You need to  
18 replace all your pipes in your house, hot water heater,  
19 dishwasher, washing machine, all your faucets, all your  
20 toilets, and you can't drink the water. This is  
21 ridiculous. And you want more money for this? I'm sorry.

22 Thank you.

23 (Applause.)

24 MR. WILLIS: Mr. Martin, could I just ask one  
25 question? You might be able to answer right there.



1 Do you know what subdivision you live in? Can  
2 you tell me?

3 THE WITNESS: No. It's on Jolynn. It goes off  
4 St. Johns Bluff.

5 MR. WILLIS: Okay. Thank you.

6 THE WITNESS: We have a water treatment plant on  
7 the corner.

8 MR. WILLIS: Thank you.

9 THE WITNESS: It stinks.

10 (Witness excused.)

11 - - -

12 MR. WILLIS: George Mecke.

13 GEORGE MECKE,

14 called as a witness on behalf of the customers, testified  
15 as follows:

16 WITNESS MECKE: My name is George Mecke,  
17 M-e-c-k-e, 7210 Pizarro Court.

18 I've been taking notes as we go along and a lot  
19 of my questions have been answered. But, unfortunately,  
20 all these complaints we're getting if they justify this \$32  
21 million, or whatever, you know, the money they want to make  
22 all these improvements.

23 But what's sad -- something I don't understand,  
24 United Water, they bought the other water company out about  
25 three or four years ago, and I've talked with some of their

1 New Jersey reps and they tell me they're the second largest  
2 utility in the nation, water utility, I guess. I really  
3 don't compare it with GE and some of the other companies  
4 and stuff like that.

5           But they bought this company -- I don't know how  
6 these other people feel. You know, they should have known,  
7 you know, what they were buying. If they made a bad  
8 investment, then I don't see why we ought to be paying for  
9 it.

10           The second thing that concerned me, though, is  
11 you mentioned that your engineers and your auditors will  
12 have to confirm all these improvements and all. Well, I  
13 assume that they did that from the previous utility and the  
14 previous utility before that. So they're out there seeing  
15 all these things are developed, well, maybe the state is  
16 screwed up in letting things get to where they are and  
17 where we are now with all the problems these people are  
18 having.

19           So it seems to me that -- I know the electric  
20 utilities, they're deregulating those. That's a lot easier  
21 said than done, I'm sure, with water, with the transmission  
22 lines and all. I think maybe the state needs to just get  
23 the private people out of this business and get everybody  
24 on the same pace. Your auditors and engineers in the past  
25 have overlooked this stuff, but who knows for what reasons

1 that they needed to make up for it. But the state needs to  
 2 take control of the municipalities and get it all  
 3 straightened out. It's crazy for somebody to pay ten or  
 4 fifteen dollars a month for the same water while drinking  
 5 it and while flushing it.

6 And, you know, another thing, too, that came up.  
 7 You use so much water, you don't get charged for that, but,  
 8 Lord, you can see everybody is trying to conserve, so  
 9 there's very few of us that go over the maximum. So I  
 10 think, you know, you ought to just pay for what you use.  
 11 Like the guy that came down from Michigan, he hadn't used  
 12 any so he shouldn't be paying for it. You know, that's no  
 13 incentive with all these outrageous rates to go ahead, you  
 14 know, and conserve as much as you can. You look at the  
 15 bottom-line figure, that's kind of nuts.

16 But that's about all I have.

17 MR. WILLIS: Thank you, sir.

18 (Applause.)

19 (Witness excused.)

20 - - -

21 MR. WILLIS: The next person is A-s-a Williams.

22 Asa?

23 WITNESS WILLIAMS: Yes.

24 MR. WILLIS: Did I get that right?

25

1                                   ASA WILLIAMS,  
2 called as a witness on behalf of the customers, testified  
3 as follows:

4                   WITNESS WILLIAMS: Good evening. My name is Asa  
5 Williams, A-s-a Williams, 6266 Cranberry Lane West. That's  
6 in Treetop Estates.

7                   My family moved back here in September of 1994.  
8 The neighborhood that we moved into, it looked like a fine  
9 neighborhood. And some people these days choose their  
10 neighborhood for the schools or for the crime rate or  
11 whatever, but nowadays, we're going to have to start  
12 choosing our neighborhoods for the water utility that we  
13 have.

14                   Since moving to Treetop Estates, crime has  
15 dropped due to the fact of more police and the neighborhood  
16 Crime Watch Association.

17                   The people at Treetop have taken more pride in  
18 their homes and the place has continued to look good.

19                   Also, since that time I've experienced two water  
20 rate hikes, one with the company prior to United Water,  
21 Suburban Utilities, and the other one just a few months ago  
22 with United Water.

23                   Personally, as a result of the last action, I'm  
24 not sure why we're employing you guys with PSC, because at  
25 present it seems as though you're looking out for these

1 folks right over here and not the consumer, us.

2           And the last improvements have been made that you  
3 gave them, if they had been made according to your  
4 statement, or your answer to a question that someone asked,  
5 and we're still paying that high rate, what is the actual  
6 money going for? Where is that money going and why are we  
7 giving them another increase on top of that rate?

8           MR. WILLIS: In answer to your question of where  
9 did the money go, I guess what you're looking for is  
10 why haven't the rates gone down from the last case?

11           THE WITNESS: True.

12           MR. WILLIS: In the last case, the company made  
13 an investment, and I'm not quite sure of the dollar  
14 amount, but it was somewhere around fifty to sixty  
15 million dollars. It was a lot more in that case than  
16 this one.

17           The last case was for basically revenue to cover  
18 the cost of them going out and getting the investment  
19 from banks and putting in their own equity to afford  
20 that much money. They didn't get the fifty million  
21 dollars from the customers in one year.

22           THE WITNESS: I understand.

23           MR. WILLIS: It's basically to be able to go out  
24 and deal with borrowers and banks and get equity from  
25 their own funds to come in and fund these

1 improvements.

2 And that's what -- they're not asking for \$32  
3 million from you in this case, they're asking for  
4 their funding to cover the cost of going out and  
5 borrowing that from whatever source they can get it  
6 from. And that borrowing is paid back over a number  
7 of years just like a mortgage.

8 THE WITNESS: I understand that. But they're  
9 able to amortize that over a certain period of time,  
10 and, at a certain point, it should go down.

11 MR. WILLIS: If all stays the same, it will go  
12 down over time.

13 THE WITNESS: And have you looked at that?

14 MR. WILLIS: Yes, we have.

15 THE WITNESS: Okay. I've been in business and  
16 I'm aware of the cost associated with doing business,  
17 but two raises in less than two years, that's unheard  
18 of. A good performance appraisal of an employee would  
19 justify a raise on any job, but, as you've heard and  
20 we're hearing, United Water for the last year, and  
21 even before, has not performed up to par.

22 Yes, they've got new trucks, but the water is  
23 still smelling and causing plumbing problems.

24 Yes, United Water has a brand-new logo, but the  
25 water still comes in at low pressure.

1            Yes, everyone at United Water has got nice new  
2 salaries and bonuses, but the water still causes  
3 spotting on vehicles and rashes and skin irritation.

4            While the water stays status quo, United Water,  
5 with the last pay increase, pay raise that you guys  
6 gave them, has lined their pockets and coffers with  
7 our money.

8            We, the people, have relied upon you, the members  
9 of the PSC, to deny this unwarranted increase. Help  
10 us to stand up for our neighborhoods, like the  
11 Sheriff's Office did to help stop the crime and lower  
12 the crime, and help us stop the home invasion by  
13 United Water. Stand up for us and don't help United  
14 Water commit this legal robbery.

15            (Applause.)

16            MR. WILLIS: Thank you.

17    (Witness excused.)

18    - - -

19            MR. WILLIS: Sean Jennings.

20    SEAN JENNINGS,

21 called as a witness on behalf of the customers, testified  
22 as follows:

23            MR. WILLIS: Go ahead, Mr. Jennings.

24            WITNESS JENNINGS: I'm Sean Jennings, spelled  
25 S-e-a-n J-e-n-n-i-n-g-s. I live on Joylnn, off of

1 St. Johns Bluff.

2           One of the questions that comes to mind is that  
3 if they're making all these improvements, where are they  
4 making them? If they made improvements on the last few  
5 price increases, we haven't seen them.

6           I've lived in my house for 17 years. In the last  
7 12 years I purchased bottled water, not just for drinking  
8 but for cooking and brushing my teeth and making ice. We  
9 don't drink the water.

10           Now, the gentleman spoke about drinking his  
11 water, but we don't even dream of it.

12           I hear people talking about people having rashes  
13 on their skin. What if you put it in your stomach? Not  
14 me.

15           Every three or four -- we've already replaced the  
16 plumbing. You call them guts in the toilet. It just  
17 stopped flushing.

18           You take the rings off the sink and there's a  
19 sediment now that you can hold in your hand.

20           In 17 years, I'm on my second water heater,  
21 second set of valves, and for this -- you can complain  
22 about the quality that you're getting, but when the price  
23 increase comes, you've just got to stand up and say no,  
24 please, no.

25           Thank you.



1 MR. WILLIS: Thank you.

2 (Applause.)

3 (Witness excused.)

4 - - -

5 MR. WILLIS: F. J. Paffe.

6 F. J. PAFFE,

7 called as a witness on behalf of the customers, testified  
8 as follows:

9 WITNESS PAFFE: Good evening. I'm Joe Paffe. I  
10 live in the Villas of San Jose. I'm retired, I'm a  
11 gardener, and I use water.

12 I think everybody understands a little bit more  
13 about United Water Florida. I'm sure they all realize it's  
14 for-a-profit organization. They're a wholly-owned  
15 subsidiary of a national company, United Water out of New  
16 Jersey.

17 Well, ever since United Water has taken over  
18 Jacksonville Suburban Utilities, they have been soliciting  
19 one increase after another from the Commission, and I  
20 really think that if all our consumers here understood what  
21 they're doing, they would really be up in arms.

22 Now, this is a shareholder-owned organization and  
23 while I think it's nice that they make a profit, I also  
24 think that the shareholders have some risk there and I  
25 don't think the Commission has been addressing this. And I

1 wrote them back in 1996, when all this started, pointing  
2 this out to them. They come down and bought a bunch of  
3 dilapidated facilities and now they're making themselves  
4 well on the backs of the consumers that's using that  
5 facility.

6 (Applause.)

7 THE WITNESS: I don't think that's right.

8 I don't think the Commission has addressed it.  
9 I've written them. They didn't pay too much attention to  
10 me, because if you take the two comparisons -- look at JEA.  
11 That's a public service company. It's owned by the people,  
12 really. Their water rates now, I think, are 58 cents a  
13 hundred cubic feet. These folks are -- let's see if I can  
14 find those. If you'll bear with me for just a second.

15 They got an increase in the summer of 1996. They  
16 were charging 77 cents. They got an interim rate increase,  
17 which was temporary. They increased those to a \$1.01, and  
18 now they're looking for \$1.23, more than double JEA's  
19 rates.

20 Their base rate for a 5/8" meter has gone from  
21 \$6.79 to \$17.39, and now they want to up it to twenty-one  
22 dollars and something. JEA costs a fraction of that.

23 I don't think that's right. I don't think the  
24 Commission has been regulating it, I don't think they've  
25 been paying attention to the fact there should be some

1 shareholder risk in a publicly -- shareholder-owned company  
2 and I'm asking the Commission to go back and take a look at  
3 this. Why should they get another increase now on top of  
4 the increases that have been piled on since the summer of  
5 1996? That's barely two years.

6 One other thing I would like to point out, I  
7 talked to people at United Water and they pointed out to  
8 me, we're reducing your sewer so that you only have to pay  
9 on 3600 cubic feet every three months from 4,000 cubic  
10 feet. That's nothing, really nothing.

11 So I hope that while the rest of us retired -- I  
12 listened to Mr. Greenspan and the other folks up in  
13 Washington tell us that the inflation rate is one and a  
14 half percent, I don't know how these fellows can get 20  
15 percent. Why doesn't the Commission limit them to what the  
16 rest of us have to deal with here? Give them the one and a  
17 half percent inflation and let it go at that. Back the  
18 rates up to where they were back in 1997, in the summer,  
19 and see how things come out then. You fellows are really  
20 riding hard on our backs.

21 (Applause.)

22 (Witness excused.)

23 - - -

24 MR. WILLIS: Justina Stevenson.

25

1 JUSTINA JUDGE STEVENSON,  
2 called as a witness on behalf of the customers, testified  
3 as follows:

4 WITNESS STEVENSON: My name is Justina  
5 Judge Stevenson. That's J-u-s-t-i-n-a J-u-d-g-e  
6 S-t-e-v-e-n-s-o-n.

7 I live in the San Jose Acres development, at 2926  
8 Caballero Court. We've lived in this home for nine years  
9 and in that time we have seen another utility buy out  
10 Jacksonville Suburban, and there's no improvements  
11 whatsoever.

12 I have the same concerns that most of my  
13 neighbors have. The water smells. I no longer drink the  
14 water. My ice smells like garlic. When I have guests  
15 over, I'm embarrassed, so I usually buy ice. If I touch  
16 the ice, my fingers smell like garlic and it takes quite a  
17 few washings with soap to remove that odor.

18 We recently renovated two bathrooms in July of  
19 '98. We made the mistake of purchasing white toilet  
20 fixtures. Since July there are rust stains, there are gray  
21 rings in the toilet. I was brought up to the close lid  
22 when you're through with the toilet. I can no longer do  
23 that because a terrible odor builds up, so I have to leave  
24 the seat up.

25 My concern is that with these additional rate

1 increases, if they don't get these rate increases, will  
2 there be no improvements? I mean, is that what we're  
3 looking at here?

4 MR. WILLIS: Well, that's up to the Commission to  
5 decide. We're looking at whether or not they can make  
6 improvements like these without a rate increase.  
7 That's part of our responsibility.

8 THE WITNESS: All right.

9 Well, I'm just concerned that if improvements  
10 were on the agenda the last rate increase, I haven't seen  
11 them. I don't know how they decide which area gets them.  
12 But I haven't heard anybody here say they've noticed any  
13 improvements in several years.

14 And then I also have another comment to make,  
15 which was touched on by someone else, and that's on the  
16 recreational meter. Our well just ran dry with the last  
17 drought that we had, so we have a recreational meter and we  
18 began using it. The problem is we got a note on our door  
19 the other day that our water would be turned off if we  
20 didn't pay this bill. We already paid our last statement.  
21 And it turns out it's for the recreational meter and they  
22 charge a \$44 quarterly rate for that recreational meter  
23 whether you use it or not.

24 So I think that's a little bit exorbitant and  
25 extortionist.

1                   So I guess that's all I have to say. But I'm  
2 not satisfied with the quality of the water I receive.

3                   MR. WILLIS: Thank you.

4                   Which area are you in, ma'am?

5                   THE WITNESS: San Jose Acres.

6                   MR. WILLIS: San Jose.

7   (Witness excused.)

8   - - -

9                   MR. WILLIS: Nona Rice.

10   NONA M. RICE,

11 called as a witness on behalf of the customers, testified  
12 as follows:

13                   WITNESS RICE: Good afternoon. I am Nona Rice,  
14 N-o-n-a R-i-c-e. I live at 5519 Selton Avenue,  
15 Jacksonville 32277. I live in University Park.

16                   And my main concern is the rate increase. I  
17 approve with everything that everybody said. It was  
18 correct. I am having the same problem that they are  
19 having. But this rate increase is really -- it's too much  
20 for me. I'm on a fixed income. By the year 2000 I'll be  
21 paying over \$250 every three months for water. Only one  
22 person lives in my household and that's me.

23                   That's all I have.

24                   MR. WILLIS: Thank you. I appreciate that.

25                   (Applause.)

(Witness excused.)

- - -

MR. WILLIS: David DeSousa.

While the next gentleman is coming up, there's been one concern since the last case, and I asked a lot of people about it this morning, and that's pushing from quarterly residential to monthly rates.

Could I just get a show of hands of the people here who are residential customers who would like to switch to monthly rates than quarterly?

VOICES: What's the difference?

MR. WILLIS: Well, the charge would be one-third of the base charge. It works out to be exactly the same.

The only difference -- let me explain. The only difference would be that you would be getting a monthly bill instead of a quarterly bill, and basically your base charge would be one-third of the quarterly.

VOICES: Then they would want reimbursement for their administrative charges.

MR. WILLIS: Well, obviously, there's not much interest. I only saw one hand go up. If you have any comments like that coming up, feel free to talk about it. I just thought I'd ask.

1                   Go ahead.

2                                   DAVID DeSOUSA,  
3 called as a witness on behalf of the customers, testified  
4 as follows:

5                   WITNESS DeSOUSA: My name is David DeSousa.  
6 That's D-e-S-o-u-s-a. I live at 6220 Lake Lugano Drive,  
7 Jacksonville, Florida, and that's in The Lakes  
8 Condominiums.

9                   I bring you greetings from the Board of Directors  
10 of The Lakes.

11                   You've heard speaker after speaker get up and  
12 talk about the lousy quality of the product that this  
13 company offers. I can stand here and I can share with you  
14 more horror stories of replacing dishwashers, replacing  
15 water heaters, spending money to replumb a perfectly new  
16 home because of the quality of the product that they put  
17 through is lousy. We need to do something about this.

18                   Every other company, public company, goes out and  
19 raises their own funds and makes the improvement, comes to  
20 the marketplace with a quality product and says, "Folks,  
21 buy me, because I'm better than the next guy."

22                   I challenge the Commission to start forcing these  
23 people to do the same thing. Bring me a quality product, I  
24 don't mind paying for it.

25                   We're all on a fixed income. I don't care



1 whether you're working one job, two jobs, three jobs or no  
2 job, your income is fixed.

3 I resent any entity going to a governmental body  
4 and saying, "We're not making enough." Dial 1-800-whine,  
5 whine, because that's about where we're going to start.  
6 Give me a product and I'll pay you for it. Give me a lousy  
7 product, I don't want it.

8 What do the consumers have to do, launch a  
9 class-action suit against United Water, force them to do  
10 what they need to do and give us a good quality product?

11 I lived in Ocala for twelve years before I moved  
12 to Jacksonville years ago. I had a well, I had good water  
13 that came out of the well. I didn't pay anything for it  
14 other than the electricity to pump it. I came here and my  
15 wife said, "Oh, great, we don't need a water softener  
16 anymore, we're on city water." Guess what, the water  
17 softener that we would have to put in is more expensive  
18 than what we used in Jacksonville, simply because we wanted  
19 to do it. We like to feel a soft water.

20 I had the water tested four times since I've been  
21 in Jacksonville in the last two years. The first time I  
22 tested it, at 24, and the guy that tested it said, "Oh, you  
23 must be on United Water."

24 The next time I had it tested, he said, "Oh, this  
25 is 27. You must be on United Water."

1           These are all separate people testing it.

2           I had it done today just for jags, it was 31.

3           That's ridiculous, folks.

4           We bought new glasses in January. They've gone  
5 through the dishwasher, I don't know how many times, they  
6 look like somebody sandblasted them. And I'm paying for  
7 that poor quality? I resent that as a taxpayer. As a  
8 customer of yours, I resent that. You're giving me a lousy  
9 product and then you have the nerve to go to the Commission  
10 and say, "Give me more money."

11           Go out and raise the money, do the work that you  
12 need to do, bring us a quality product and then we'll pay  
13 you for it. Until you bring us a quality product, please  
14 don't -- let's start forcing these guys who are a public  
15 corporation to do business in the public sector. Don't  
16 guarantee them anything.

17           The best way to get them to improve their system  
18 and improve their product is to say no, we're not giving  
19 you any rate increase until you get the water quality up to  
20 where your customers are satisfied and then you come back  
21 and talk to us about a rate increase and then we'll give  
22 you the appropriate increase. But as long as you guys,  
23 every time they come along and want more money to help fix  
24 their infrastructure, they have no incentive to give you a  
25 better product, or to give us a better product.

1           In The Lakes Condominiums there is one meter. I  
2 understand it's about ten feet from their pump station.  
3 The other company, or whoever owned them at the time, when  
4 the company, the original developer, came and put in all  
5 the piping on the infrastructure, we pay the same rate that  
6 everybody else does. They do not maintain any of the  
7 infrastructure but we still pay for it as if they were  
8 maintaining it.

9           Something needs to be done, folks. It's up to  
10 you guys to take a hard line and it's up to the Commission  
11 to take a hard line.

12           Personally, I'm disappointed that none of the  
13 Commissioners saw fit to be here tonight or over these past  
14 few days. I know you guys work with them all the time, but  
15 I would still prefer them to hear. And I may make a trip  
16 to Tallahassee, because I think it is necessary that they  
17 hear the word spoken and not simply look at it on a sheet  
18 of paper, because when you start seeing page after page  
19 after page of the quality problems, they all start running  
20 together and not really having that much of an emphasis.

21           So my recommendation to start, if that's  
22 appropriate, is grant them nothing. If they need \$32  
23 million, go out and borrow it on the open market and pay  
24 for it the way any other company pays for it, whether it be  
25 Merck, Pfizer, any of them, go out and borrow it the same

1 way. Let their stockholders start bearing some of the  
2 responsibility for your inefficiency, not us.

3 Thank you very much for your time.

4 (Applause.)

5 MR. WILLIS: Thank you.

6 (Witness excused.)

7 - - -

8 MR. WILLIS: Ralph Cary.

9 While he's coming down, too, I would like to  
10 explain that there is an agency in the State of  
11 Florida called Department of Environmental Regulation  
12 that actually regulates the quality of service for  
13 both municipal and private companies. They actually  
14 set the standards that companies have to follow.

15 We, as the Public Service Commission, are  
16 basically in charge of the financial end of it.

17 If you have problems, it might be advisable -- as  
18 far as quality goes, it might be advisable to contact  
19 the Department of Environmental Protection also. They  
20 might be the actual solutions to the problem. They're  
21 the agency that needs to know that you're having  
22 problems because they have enforcement actions that  
23 they can go about taking care of those problems.

24 We don't have that type of enforcement action to  
25 really deal with their problems, with the quality

1 problems, to make the company go in and correct them  
2 just prior to the rate case. We can hold a stick over  
3 their head with the rate increase, but as far as going  
4 in prior to the rate case, we have problems. That  
5 agency is the one that deals with that on a yearly and  
6 monthly basis and they're the ones responsible for  
7 going out and testing and looking at the quality  
8 that's being produced in the wells and how the  
9 wastewater treatment is being run.

10 Mr. Cary.

11 RALPH CARY,

12 called as a witness on behalf of the customers, testified  
13 as follows:

14 WITNESS CARY: My name is Ralph Cary, C-a-r-y.

15 I've been listening to everybody, and I'm  
16 surprised nobody has approached this exactly the same way I  
17 have.

18 First off, I just wanted to say that the last  
19 time there was an opportunity to come to talk about a rate  
20 increase, I didn't come because I said that's such a big  
21 increase, there's no way they'll approve that. So this  
22 time -- I mean, the increase happened, so this time I'm  
23 here to express my opinions about it.

24 My approach basically was just talk as  
25 objectively as possible about -- this is the rates that

1 they're proposing and try to compare them with what JEA is  
2 charging right now and to compare -- this is what  
3 improvements that United Water is talking about and this is  
4 what JEA is doing and then to talk a little bit about some  
5 technical questions that have come up here in the  
6 discussion by -- many people have complaints. I mean,  
7 they're supposed to improve some things. Well, are some of  
8 these improvements going to really impact us here, and, if  
9 they are, exactly where they're going to happen.

10           So I looked at my water bill and then I got the  
11 little brochure from JEA about what their rates were and I  
12 compared the base rates and the cubic -- the charge per  
13 hundred cubic feet and the base rate for residential for  
14 United Water's 5/8" line is \$17.39. The base rate for JEA  
15 for the same size, multiplied by three, because they have a  
16 monthly bill, is about \$11. So that's a rate hike.

17           The base rate for United Water's on a per hundred  
18 cubic feet, they have a fixed charge of -- right now of  
19 \$1.01. JEA has three rates starting as low as 58 cents for  
20 the first 15 cubic -- hundred cubic feet, and then above  
21 that it's like 63 cents, and then for the next 15, and then  
22 above that it's 97 cents, but in no case is it higher --  
23 it's lower than this rate now.

24           For the wastewater base charge, JEA charges about  
25 \$8.45 base rate times three is about \$26. United Water is

1 charging \$34 right now and they want to increase it to \$39.

2           Okay. The charge per cubic hundred cubic feet  
3 for United Water's right now is \$2.50, and JEA actually is  
4 \$2.91. So there's something in their favor.

5           But in terms of -- my goal here is to try to not  
6 have this increase happen, I think, which is what a lot of  
7 other people are addressing.

8           And the main reason I would like it not to  
9 increase is they just increased it. Now, they're asking  
10 for 21 percent and we heard other people say, you know,  
11 comparing utilities, it seems like the PSC could choose to  
12 set United Water to profit at about five percent, five and  
13 a half percent, and take that difference and, you know,  
14 only allow an increase that would account for any  
15 differences would be between what they're proposing at 8.6  
16 and 5.5, say, or 6 percent. I mean, that seems kind of  
17 practical.

18           But the other part of this is -- okay. So  
19 United Water wants to spend \$32 million over the next two  
20 years for improvements and there's no promise that they  
21 won't come back in two more years and ask for another  
22 increase.

23           Comparing that with JEA, in December -- excuse me  
24 -- July -- June or July of '97, JEA agreed not to increase  
25 their rates, not to consider an increase in their rates for

1 the next five years, so 2002.

2           At that same time they're doing infrastructure  
3 improvements of about \$250 million. So \$250 million, no  
4 increase for five years, compared to \$32 million in two  
5 years plus an increase now. This doesn't seem equitable.  
6 I mean, I know that the service territories are different  
7 size, so it doesn't directly relate, but there's got to be  
8 some correlation.

9           Anyway -- so on a couple of technical points  
10 here, we were talking about hydrogen sulfide projects in  
11 different places. What I'd like to find out is, is that  
12 going to improve the hardness of the water or does that  
13 make it cleaner? And the same question for the chlorine  
14 versus ozone.

15           MR. WILLIS: I'll let my engineer explain.

16           MR. CROUCH: The hydrogen sulfide treatment that  
17 they're putting in in a number of places should  
18 greatly improve the quality of the water. It will get  
19 some of the hardness out, but primarily it will get  
20 the odor out, it will reduce the requirement for the  
21 chlorine, the chlorine that you have in there now to  
22 try to compensate for some of that hydrogen sulfide.  
23 It will cut down on the black water, the scum in your  
24 commode, things like that.

25           Unfortunately, the hydrogen sulfide treatment by



1           itself will not alleviate all of the hard water  
2           problems. Hard water is just a fact of life on the  
3           east side of the St. Johns River primarily, and the --  
4           basically those treatments, the hydrogen sulfide  
5           treatment may or may not clear out some of the sand.  
6           It should have some filtrations with those packed  
7           tower aerators and they should hopefully take out some  
8           of the sand out of the water.

9           But we do have a number of projects here,  
10          approximately 39 projects. Most of them are dedicated  
11          to water improvement functions throughout the  
12          Jacksonville area.

13          So by the time we get finished looking at these  
14          and prioritizing them, I think many of you will see  
15          some improvements in the very near future. Some of  
16          these projects are ongoing, ready to get started. The  
17          engineering work has been done already. They're ready  
18          to go in there and make these corrections.

19          I think you will see improvements in many of the  
20          areas.

21          THE WITNESS: Can you say specific areas that  
22          maybe people here can relate to?

23          MR. CROUCH: I was just going through here  
24          looking at it. Primarily of the 39, we have quite a  
25          few in the San Jose area. Royal Lakes is getting a

1 packed tower air stripper and scrubber. Let's see  
2 where some of the others are right offhand. Ortega  
3 Hills is getting a water treatment plant upgrade,  
4 replace failing and obsolete equipment, structures,  
5 and taste and odor, they're trying to improve.

6 They're replacing chlorine gas with a different  
7 type of chlorination, what they call hydrogen  
8 chloride.

9 Many of the old-fashioned chlorine systems have  
10 it. It's a dosage that would come on sporadically.  
11 So all of a sudden you'd get a high dose of chlorine,  
12 it would taper off, they had to add more chlorine, go  
13 up again. And, as I explained to some of the people  
14 yesterday and again this morning, many of you who are  
15 on a very long service line will find that if you're  
16 close to the water treatment plant, you will get a  
17 dose of chlorine out of proportion to those at the far  
18 end of the line. The utility is required to keep a  
19 residual chlorine at the entire length of the line, so  
20 in order to do that, at the farthest extremity, they  
21 have to put a high dosage closer to the well. This is  
22 why you're getting a high chlorine. Going to the  
23 hydrogen chloride, that should change that.

24 Now, whether they will go to ozone on these  
25 projects, I have not seen any right now on these

1 projects for them to go to ozone. But as one  
2 gentleman brought out earlier, it is a thing of the  
3 future and we're going to see more and more people go  
4 that route.

5 But I think many of you will see an improvement  
6 in the water quality in the near future. We're going  
7 to hold their feet to the fire on that, and I hope the  
8 next time I see you here, you'll be able to say that  
9 you've had some improvement.

10 THE WITNESS: With regard to the ozone, what  
11 does ozone do versus these other things?

12 MR. CROUCH: There are several systems of  
13 disinfection. Chlorine came out a number of years ago  
14 and they have found recently that chlorine does have  
15 some by-product, carcinogenic by-products, and they're  
16 trying to cut down on chlorination in the water.

17 Ozone is just a different chemical that they add.  
18 If you're familiar -- if you're ever around a  
19 lightning storm or something like that, you can  
20 actually smell the ozone in the air. It's an actual  
21 occurring product. And to the best of their  
22 knowledge, ozone does not cause the by-products that  
23 chlorine does.

24 The equipment necessary to generate or create the  
25 ozone is expensive and it would cost an outlay of cash

1 to convert to ozone. But it is a modern system. The  
2 third type, the ultraviolet lights that they go in and  
3 actually filter the water with ultraviolet radiation.  
4 Here, again, it's an expensive initial outlay for the  
5 equipment to do that.

6 But there's just new trends, new generations of  
7 equipment that people have found out about that will  
8 improve the quality of the water without giving you  
9 the residual taste of the chlorine.

10 THE WITNESS: Okay. I've got a couple of other  
11 points I want to make and then I will be done.

12 What is the history of rate increase, turning  
13 down or accepting? Do we have -- based on history, do  
14 we have any reasonable expectation that this rate  
15 increase will not come to be?

16 MR. WILLIS: Well, just like I stated earlier, we  
17 have no idea what's going to happen.

18 THE WITNESS: But based on history -- based on  
19 history.

20 MR. WILLIS: Based on history, we have turned  
21 down rate increases. The Commission has voted down  
22 rate cases before.

23 THE WITNESS: Okay.

24 MR. WILLIS: Just like I mentioned a few minutes  
25 ago, with this very company a week and a half ago,

1 with a request covering million dollars in a rate case  
2 and expenses to be amortized over 15 years and they  
3 denied that.

4 THE WITNESS: Okay. Another practical question,  
5 since a lot of us are unhappy, is there any reasonable  
6 way -- I live near the edge of the service territory  
7 between JEA and United Water. Is there any reasonable  
8 way to say to -- is there a method to say we want do  
9 get off of United Water and get onto JEA? Is there  
10 any way to do that?

11 MR. WILLIS: The only way to do that is for JEA to  
12 take over the system.

13 (Applause.)

14 MR. WILLIS: Municipal and private companies  
15 basically have territories that they're allowed to  
16 serve and if the territories are worked out between  
17 the two -- and there are legal areas that they can  
18 operate in. The only way for JEA to come into another  
19 utility's territory or this utility to go into any  
20 other utility's territory is to basically just take  
21 over the system.

22 THE WITNESS: Buy it, basically, is what you're  
23 saying?

24 MR. WILLIS: Yes.

25 THE WITNESS: And I just want to make one more

1 comment -- one comment about the monthly versus  
2 quarterly. Most of the people like quarterly.  
3 Personally, I don't like it. Now, I think some people  
4 are reacting to the idea that by going from monthly to  
5 quarterly, you could disguise some charges.

6 Now, assuming that that is not going to happen, I  
7 would prefer to have a monthly billing, because, I  
8 mean, paying a bill quarterly, that's a lot bigger  
9 expense. And it's the only bill that I have that does  
10 come quarterly.

11 But if it was to come monthly, it would be nice  
12 if there was a little more flexibility in how quickly  
13 you had to pay it. Because I get my bill -- I mean,  
14 it has to come, I guess, at a certain time, and I  
15 always pay my bills at the end of the month, and  
16 because I get the bills at the beginning of the month  
17 and I pay it at the end of the month, then about three  
18 days later I get a notice saying you're going to get  
19 -- I don't remember what it says exactly. But,  
20 basically, a nasty letter saying, "Pay your bill."

21 And I'm sure you all could do something about  
22 that. I mean, put a little more -- somebody sends  
23 their bill always by the end of the month and you send  
24 it to them the beginning of the month, it seems like  
25 you could do something about that.

1 Okay. That's all I have to say.

2 MR. WILLIS: Thank you. We appreciate it.

3 (Applause.)

4 (Witness excused.)

5 - - -

6 MR. WILLIS: I believe it's Dr. Zaenger.

7 I would like to announce that I put some of these  
8 white forms to request the staff's recommendation on  
9 the back table, because I notice that a lot of people  
10 are starting to filter out and I wanted to make sure  
11 you had an opportunity to request the staff  
12 recommendation. They're on the back table back there  
13 with staff and you can just go back and get one of  
14 those and make sure you turn it back into one of the  
15 staff members.

16 Go ahead.

17 DR. PEGGY ANN ZAENGER,  
18 called as a witness on behalf of the customers, testified  
19 as follows:

20 WITNESS ZAENGER: My name is Peggy Ann Zaenger.  
21 It's Z-a-e-n-g-e-r. I live in Royal Lakes.

22 As I sat here and listened the last couple of  
23 hours, we all seem to have the same familiar feeling,  
24 concerns, costs. Mine is a little bit different.

25 My concern is health. I've had a fairly

1 distinguished career in the last 30 years. I've been a  
2 medical practitioner, an educator and a student. And I  
3 have learned and I have taught all those years that it is  
4 inappropriate to treat chemicals -- chemical side effects  
5 with chemicals. But isn't that what we're doing?

6           We have a product that is unacceptable, and  
7 you've heard a wide array of people here tonight talking  
8 about the chemicals they must use to be able to make the  
9 water palatable, to make the water softer, to make the  
10 water less corrosive. That's what concerns me. We're  
11 treating some chemicals to treat chemicals.

12           I understand your business, sir, as an engineer.  
13 They need help, but, Lord, so do I.

14           Let me share with you what I -- I don't know if  
15 you gentlemen reside in Duval County, in Jacksonville, but  
16 let me share with you one concern that I have. Hopefully,  
17 you know, but, if you don't, I will share it with you, that  
18 Duval County has the highest rate of lung cancer and kidney  
19 stones in the country every year. I'm not going to be so  
20 silly to stand before you and say water causes lung cancer.  
21 I haven't got a clue what causes lung cancer and that's why  
22 a coalition was formed here in Jacksonville to look at why.

23           But there has been many postulations over the  
24 years as to why we have the highest rate of kidney stones  
25 in the country, and kidney stones are not necessarily



1 related to genetics. Kidney stones are related to  
2 environment, kidney stones are related to how we live.

3 One concerned gentleman is, as someone has given  
4 you a filter this evening. What in the world does the  
5 kidney do? It is a filter.

6 I've listened to people talk tonight just as I  
7 had to repipe my house, as I have had to replace fixtures.  
8 I am beginning to wonder if this water company is not a  
9 public health threat. You are a Public Service Commission.  
10 It's appropriate to bring this here.

11 Maybe we shouldn't be talking about water  
12 increases but investigations into health. I'm real versed  
13 in public health campaigns and research. Many of you are,  
14 too. And, you know, I probably -- I know why only a  
15 handful of qualified expert witnesses on chemicals in Duval  
16 County, and there's a basic tenet. Until you can prove  
17 that a chemical is a causative agent to harm, then it must  
18 be considered as such. Basic tenet and our costs  
19 affect relationships in this court of law in this county as  
20 everywhere.

21 I'm afraid, sir. I'm afraid of how things are  
22 handled now. I'm afraid for the health of our people, and,  
23 for heaven's sake, I live in that area that is served. And  
24 until we can prove that there isn't a relationship there, I  
25 think we should deny a rate increase and have an

1 investigation.

2 (Applause.)

3 (Witness excused.)

4 - - -

5 MR. WILLIS: John Brant.

6 Mr. Brant?

7 JOHN BRANT,

8 called as a witness on behalf of the customers, testified  
9 as follows:

10 WITNESS BRANT: My name is John Brant, B-r-a-n-t.  
11 I live at 4811 Ducheneau Drive, Jacksonville, Florida  
12 32210.

13 And I'm a little different than everybody else.  
14 I'm not complaining about the water, because recently I had  
15 a Rainsoft water softener installed in my home, and when  
16 the man checked my water -- and we have some -- what's the  
17 name of the company -- Zephyrhills drinking water. My tap  
18 water was that of Zephyrhills drinking water.

19 But I had a Rainsoft water softener put in my  
20 home because soft water cleans better.

21 So what I am speaking of -- I live right next  
22 door to one of their pumping stations, and every time there  
23 is a problem if they need three, four, five people, each  
24 one comes in their own truck. There is never a crew truck  
25 and yet they want an increase in their rates, and I think

1 it's -- they need to get with their management.

2 I want to thank you.

3 MR. WILLIS: Thank you.

4 (Applause.)

5 (Witness excused.)

6 - - -

7 MR. WILLIS: The next person is David Green.

8 The next speaker is Richard Engel.

9 DAVID GREEN,

10 called as a witness on behalf of the customers, testified  
11 as follows:

12 WITNESS GREEN: That's David Green, 8621  
13 Royalwood Drive. That's the Royal Lakes Subdivision.

14 Again, not much can be added, especially the ones  
15 here that reside in Royal Lakes have not already added that  
16 I can add to this this evening, except that I moved to  
17 Royal Lakes here and built a home and chose this  
18 neighborhood in 1987 and decided to raise my family there.

19 Over that period of time, most expenses have  
20 remained the same there. The taxes seem to remain the  
21 same. Even the civic association rates have managed to  
22 stay down, keep that cost down. It's always been the same  
23 there.

24 It's just, you know, basically the water rates  
25 that have risen during this period of time. And first I

1 didn't pay too much attention to it, but I wish I had.

2           When I moved there our rates with being a family  
3 of four were around \$30 for the month and now they're  
4 averaging around \$70 a month. I know things increase, but  
5 -- cost of living and everything increases, but these seem  
6 to be expanding at too fast a pace.

7           I know I received countless of times over the  
8 past few years these cards in the mail notifying that there  
9 will be a situation like this and asking for an increase,  
10 and, obviously, when this happened or occurred, most times  
11 this increase has occurred.

12           My wife cannot be here, but her complaints are  
13 the same as the other ladies here. The fixtures in the  
14 house, deterioration, spotting, the toilet stains, water  
15 stains on the glass and the shower stalls, deterioration of  
16 the dishes that you purchase, the water taste, the smell.  
17 She can go away on vacation, the itching stops, she comes  
18 back, in days and she's back itching again.

19           We have basically given up on drinking the water  
20 a long -- quite awhile back, and as everybody else here,  
21 put in a type of system or they're toting in jugs of water  
22 or whatever you do, you just don't drink the water. If you  
23 drink any of the water, it's a real task to try to get it  
24 down if you didn't happen to have a bottle of water present  
25 at the time.



1                                   RICHARD ENGEL,  
2 called as a witness on behalf of the customers, testified  
3 as follows:

4                   WITNESS ENGEL: My name is Richard Engel. That's  
5 spelled E-n-g-e-l. I live at 11048 Raley Creek Drive  
6 South. That's in the Raley Creek Subdivision in east  
7 Arlington in Jacksonville.

8                   My wife and I moved here three years ago and the  
9 last time you had one of these sessions, I came. I wrote a  
10 two-page letter to the Commission and I came and spoke. I  
11 didn't hear anything back. I didn't know if the rate  
12 increase went through until I received it in the mail.

13                   I am, too, disappointed that none of the  
14 Commission are here tonight and I think that this is a  
15 significant enough increase request, having come upon the  
16 one that was just granted, less than -- or asked for 22  
17 months ago. And I noted that all of the Commissioners,  
18 except for one are attorneys. I don't know if that has  
19 anything to do with it. That raises some suspicions in my  
20 mind.

21                   MR. WILLIS: None of us up here are attorneys.

22                   THE WITNESS: I'm not going to repeat everything  
23 that everybody has said, but I believe that United Water is  
24 peddling, selling, promoting, forcing upon its customers an  
25 inferior product. It is distasteful, it causes extra

1 expense, causes extra work, it is very hard, it is an  
2 irritant for my wife, especially with her skin and so  
3 forth.

4           But the one thing I want to add that perhaps is  
5 intriguing to me, and it's very personal, but I have a  
6 24-year-old daughter who just spent a year in a tiny  
7 village of Macho in Zambia, in the southern part of Africa,  
8 where she taught in a mission school. While she was there,  
9 she had to boil every drop of water she drank. She boiled  
10 every drop of water that she used for cleaning. Zambia has  
11 a water problem. But when she came home, she becomes  
12 nauseated when she drinks water from our tap. She cannot  
13 make herself a glass of iced tea with the water from our  
14 tap. She dare not use the water from her vanity because  
15 she becomes nauseated.

16           Now, that's a critical country we're talking  
17 about. They have a water problem. For her to satisfy her  
18 water needs over there, she had to go outside her home to  
19 purchase water, and she has to do the same thing here. And  
20 I find that pretty strange.

21           The last time when I went to United Water  
22 offices, which, by the way, is a pretty nice campus, and I  
23 talked about that with the management. And he was very  
24 helpful in explaining to me that they deserve that because  
25 it had some old properties, and he took his time to explain

1 to me about the 150-year history, about the parent  
2 organization and how they applied for -- and not missing  
3 any dividends in many, many years, and that since 1996 they  
4 had been paying a 9.1 percent dividend.

5           But the one thing that appalled me about this  
6 presentation was the next day I received in the mail not  
7 any further explanation -- they couldn't explain to me  
8 about the rate increases, at least I didn't understand, but  
9 he sent to me a prospectus as if I was interested in  
10 investing in the company. He took our conversation and my  
11 inquiry about the company as an interest, so he sent me a  
12 prospectus. And I think that was pretty brass of him to do  
13 that. And I wrote him again and I never heard.

14           But these kinds of things are irritating to  
15 customers. It is an inferior product. We've heard that.  
16 I haven't seen any or haven't heard any evidence of what  
17 they propose to do with this rate increase that's going to  
18 help these people or myself to have a better product. I  
19 agree with the gentleman who said, "Give us a good product  
20 and I'm willing to pay for it."

21           But to increase the rates that they're asking for  
22 with no promise of improvement of the product, that appalls  
23 us.

24           Thank you.

25           MR. WILLIS: Thank you.



1 Do you by any chance remember the gentleman's  
2 name you talked to?

3 THE WITNESS: Yes, I do. It's hard to pronounce.  
4 It's hard to understand. His name is -- oh -- Mapolly  
5 Zanballo (phonetic).

6 MR. WILLIS: Thank you. Appreciate that.

7 (Witness excused.)

8 - - -

9 MR. WILLIS: Ernest Winney, W-i-n-n-e-y.

10 (No response.)

11 Charles Hastings.

12 The next person I have is Mack McCuller.

13 CHARLES HASTINGS,

14 called as a witness on behalf of the customers, testified  
15 as follows:

16 WITNESS HASTINGS: My name is Charles Hastings,  
17 H-a-s-t-i-n-g-s. I live at 8500 Royalwood Drive,  
18 Jacksonville 32256.

19 I've been here this evening and listening to most  
20 of what these people have said, and it all bears upon  
21 product. And I've got a little confused because of  
22 comments that you had made that maybe we're talking to the  
23 wrong body, we should be talking to EPA, as far as the  
24 quality of water is concerned.

25 I'm just -- I have been at my residence for 28

1 years and I have seen three utility companies come in and  
2 ask for rate increases and ask for rate increases. It's  
3 standard. And, of course, yes, inflation does go up. But  
4 this amount of an increase from United Water is -- seems  
5 ridiculous.

6           And it appears to me -- it's sort of like the  
7 government. I've had 38 years, I'm retired now, in  
8 government, and it's the old -- it seems like the old  
9 government deal of, well, the last of the little league.  
10 Maybe we'll get some of the stocks. It seems like they're  
11 asking for this big rate increase, and, with all this  
12 protest, I would hope the Commission would not grant that  
13 to them and I would hope the Commission wouldn't grant any  
14 increase to them.

15           The water is terrible. I just had an analysis  
16 done on my water on June 15th of this year and they came  
17 back with several things. One was the hardness, at 20-plus  
18 in hardness. The pH is well over -- it's 8.4 percent pH,  
19 which is very alkaline, and anything over 7 is not in the  
20 ballpark. It has -- I believe it's pronounced tannins in  
21 the water, which is decayed organic matter which imparts a  
22 light brown and yellowish colored clothing and also causes  
23 stain. It has .6, and anything over .5 can cause a stain.

24           In essence, the water is terrible. And it's kind  
25 of interesting. I'm on my fourth dishwasher. And I

1 replumbed my house like so many other people here, and  
2 anybody that's under this water system is going to be doing  
3 this. I also have just remodeled my kitchen and, in so  
4 doing -- this fourth dishwasher, I got the top of the line  
5 because I wanted to get the best. And I got the first  
6 osmosis water system for the drinking water. I spent about  
7 two thousand dollars on the water system in my house so I  
8 can use it and not have to replace everything, and now they  
9 come up and they want another 21 percent.

10           Another interesting thing that I found out when I  
11 replaced my dishwasher with the top of the line, it still  
12 came out with all the stains on the dishes and everything,  
13 and I had the repairman out, and he said, "Well, it's your  
14 water. You've got to get a water softener," and -- which I  
15 did. I put in a water softener, and it solved the problem.

16           But the thing is, in doing this, I've been  
17 subsidizing Mayo's dermatology unit with a rash I've had  
18 for two years. And it's been really interesting from  
19 hearing what the doctor had said here earlier, and some  
20 other people indicated about skin conditions, itching, that  
21 I couldn't get it cured and then I put in the water  
22 softener and, lo and behold, I haven't had a problem in the  
23 last -- I guess week and a half since I put it in, which  
24 leads me to suspect that the water has been the problem.  
25 Because I also remember going to Texas last year and while

1 I was in Texas I didn't have the problems that I've had  
2 here. And I thought at the time it might be the water. I  
3 even mentioned it to my son, and he said, well, that's kind  
4 of off the wall, so I just ignored it.

5 But I do think it is a health hazard. I think it  
6 needs to be corrected.

7 Another thing, as I've been listening here  
8 tonight -- I just don't think that we, the taxpayers of  
9 Duval County and Nassau County and the other counties  
10 served by United Water, should have to subsidize their  
11 inefficiency in management. I mean, if they bought the  
12 system, then, obviously, they must have investigated what  
13 the condition was and they figured they could make a  
14 profit, then they ought to be held to that measurement and  
15 not be allowed to pass on their mismanagement or  
16 misjudgment, or what else, to the taxpayers, to the  
17 customers.

18 And another thing, maybe you can answer this. I  
19 don't know whether you're from Duval County, any of you.  
20 But, as a taxpayers of Duval County, I don't understand why  
21 I should have to pay more for my water than the other  
22 citizens in the city that are serviced by JEA. And is  
23 there a situation that maybe we here should be addressing  
24 our council and our city government that, hey, you need to  
25 take over these suburban utilities and so forth and put

1 them under the city so everybody is paying the same thing?

2 I shouldn't be paying taxes to the city and  
3 paying more for my water than somebody else in the city.  
4 It doesn't seem equitable to me. And I don't know if you  
5 can address that or if you have an answer for that. In  
6 other words, should we be addressing our city council to  
7 see about this? Because you had mentioned earlier about,  
8 you know, JEA would have to take it over. Can JEA take it  
9 over?

10 MR. WILLIS: Yes, they can.

11 THE WITNESS: And what has to be done for JEA to  
12 take it over?

13 MR. WILLIS: Well, JEA would have to either  
14 negotiate with the company to sell their systems to  
15 the county, JEA or the city council, or they could  
16 take it through legal proceedings and let the court  
17 decide how much it would cost for them to purchase the  
18 system. It's not a matter of them just walking in and  
19 saying we're taking it now. It's a matter of -- they  
20 have investment and the courts, as you know, is a  
21 paying problem, so they would have to come in and pay  
22 for that property to be able to do that. And JEA, as  
23 you are aware, have taken over other utilities in  
24 Duval County, just like other counties have also.  
25 St. Johns is doing the same thing.

1               It doesn't necessarily mean that they're going to  
2               put you under the same rate either.

3               I can tell you St. Johns County took over a  
4               large private utility in St. Johns County called  
5               St. Augustine Shores and they didn't put in county  
6               rates in that system. They put in a much higher rate  
7               for that system.

8               So you're not guaranteed.

9               THE WITNESS: But at least you'd have a voice  
10              through your voting process and so forth to petition  
11              those.

12              I certainly appreciate your time and your reply  
13              to my question, and I think that basically covers what  
14              I want to say and I said what I needed to say.

15              Thank you very much.

16              MR. WILLIS: Thank you. Appreciate it.

17              (Applause.)

18   (Witness excused.)

19   - - -

20              MR. WILLIS: Charles Hastings. Oh, I'm sorry,  
21              that was you.

22              Mack McCuller.

23              A VOICE: He had to leave.

24              MR. WILLIS: He had to leave?

25              Bob Tucker.

1           The person I have after that is, I believe, W. L.  
2           Creighton.

3                                 ROBERT TUCKER,  
4           called as a witness on behalf of the customers, testified  
5           as follows:

6                                 WITNESS TUCKER: My name is Robert Tucker,  
7           T-u-c-k-e-r. I also live in Royal Lakes, been there 18  
8           years. My daughter, son-in-law and my grandchildren all  
9           live there.

10                                And I'm like everyone else. I replaced my  
11           plumbing, I'm on my fourth water softener, I drink bottled  
12           water. I've called over the years and talked to various  
13           people at the utility. And until recent years I think the  
14           attitude was the water is being treated to minimum state  
15           standards, which means it won't kill you.

16                                I agree with the engineer, anyone who lives east  
17           and south of the St. Johns River is going to have a lousy  
18           source water to begin with. We all know that. Drilled  
19           wells on the Northside and Westside, houses rebuilt, and  
20           got excellent water out of the ground without having to  
21           treat it all.

22                                So I won't dwell on that, particularly in view of  
23           the fact that you said I need to talk to the DER.

24                                MR. WILLIS: Well, let me explain. The  
25           gentleman before you made a statement, and I'm sorry

1 if I misled you on it. We do look at the quality of  
2 service when we look at utility companies who come in  
3 for a rate case and we can make a difference.

4 What I was saying is the DEP, which is the State  
5 Department of Environmental Protection, needs to know  
6 these things, too. They are the ones who actually  
7 constantly, year by year and month by month, oversee  
8 the quality that's being produced out of the parent  
9 company system, whether it's municipal or private.  
10 And a lot of times they don't get that feedback.

11 I think in Duval County it's actually the Health  
12 Department that serves the DEP in Duval County. They  
13 need to have that constant feedback. If you're not  
14 getting the service you need out of the company and  
15 they're not fixing the problems that you think need  
16 fixing, it may be a good idea to contact them also  
17 and let them know about that.

18 But, as far as quality, we do definitely want to  
19 know about quality of service. It is a fact in our  
20 rate cases.

21 THE WITNESS: Okay. Well, I made my case. I  
22 agree with what everyone else has said about the lousy  
23 water. We all know the problem with the water.

24 When I received the rate increase, the first  
25 thing I did was sit down and do my own little spread



1 sheet so I could see how much more it was going to  
2 cost me. And I went back -- I had the ability, so I  
3 went back in 1994 and I compared my usage for a  
4 hundred cubic feet from then until now and I concluded  
5 what the rate increase told me that from roughly a  
6 year and a half ago what I was paying, if this is  
7 granted for the same amount of water and sewer  
8 combined, I will be paying roughly a half more today  
9 than I did a year and a half or two years ago.

10 And having swallowed that, I went downtown to the  
11 library and read the public file and made a copy of  
12 the actual application to your agency, which I have  
13 distributed to various people in my subdivision, and  
14 part of the application I couldn't locate it in the "H  
15 Files" they call them. I didn't know where to look,  
16 so I called Mr. Moseley, who was very gracious,  
17 offered to let me look at them. I went out to their  
18 office. The Chief Financial Officer set me and my  
19 grandson up in that nice board room and we rummaged  
20 through the whole file.

21 And I would have to say, looking at the reports  
22 of inspections by the Duval County Health Department  
23 and the chemical analysis, about which I know nothing  
24 except that somewhere somebody says this is okay, that  
25 there has not been a problem with meeting state

1           minimum requirements.

2           MR. WILLIS: That's something DEP may be facing  
3           in the future.

4           THE WITNESS: It's a broader issue. And I agree  
5 with Dr. Zaenger. Since we have a problem with the source  
6 water -- and my daughter specifically lives within a  
7 hundred yards of the Royal Lakes water plant. We live at  
8 the other end of the subdivision about a half a mile away,  
9 and, historically, that part of Jacksonville 50 years ago  
10 was practically all swamp. So where the well is located,  
11 and I discussed this with the fine gentleman at the water  
12 company that they were drilling in a swamp. I don't know  
13 how they deep they have to go. I said you're below the  
14 surface water.

15           But it's a lousy product. It's affected by the  
16 St. Johns River and it should be subjected to a higher  
17 level of quality improvement than water, say, from the  
18 Westside, which is right in the aquifer, which is fairly  
19 pure. And I can drill a well off of Main Street and  
20 Oceanway and drink the water and it's perfectly clear and  
21 it has an excellent taste and doesn't stain the dishes.

22           So I think that should be probably an area  
23 addressed by the state, maybe not your agency but someone,  
24 that there needs to be a higher minimum standard for water.

25           We're also concerned about the treating at the

1 sewer plants and what to do with that.

2           So, anyway, my grandson and I rode up to their  
3 office, and after reading everything, I got out the actual  
4 application, which gives much more detail, and it goes on,  
5 as you guys all realize, about all the increases they're  
6 going to implement, and we were given three or four little  
7 binders and we rummaged down through a couple of them,  
8 because my grandson wanted to find out what they were going  
9 to do in Royal Lakes. So he found it, the packed towers  
10 being installed and that should increase our water quality.

11           And he says, "Well, they're already spending a  
12 lot of this money," the 11-year-old. So he and I keep  
13 everything. And I said, "Yeah, it looks to me like they've  
14 already spent a lot of it and they've already committed to  
15 spending it, so where are we going from here?" He said,  
16 "What are they going to do with the money?"

17           So we looked a little further and they are  
18 concerned about a new effluent breathing system, which we  
19 all agree is a problem that has to be dealt with. We all  
20 want that to be purified, so it's part of \$32 million.

21           When we get down to operating revenues for water,  
22 they're proposing, and this year, if I understand this  
23 correctly, that they will have operating revenues for water  
24 of about \$10.4 million, for wastewater of \$18.7 million.  
25 After taxes and expenses they'll have utility operating

1 income of about \$2 million on water and \$3.6 million on  
2 wastewater.

3           Now, here's the question. I don't understand  
4 what the rate base means. There's a rate base of \$38  
5 million for water and \$62 million for sewer, and doesn't  
6 bear any direct correlation to their operating revenue.

7           Can you tell me at this juncture what that means?

8           MR. WILLIS: The rate base is the actual  
9 investment the company has made in their capital  
10 costs, their plants, their lines. That's the rate  
11 base. That's what we call the rate base.

12           THE WITNESS: Is it depreciated?

13           MR. WILLIS: It's depreciated over time.

14           THE WITNESS: What depreciation level?

15           MR. WILLIS: The depreciation rates vary from --  
16 by the type of facility --

17           THE WITNESS: Average.

18           MR. WILLIS: The average probably is somewhere  
19 around 20 years.

20           THE WITNESS: Okay. So this is a net figure  
21 based on all the investments this company has ever  
22 made and it's depreciated down to \$38 million.

23           And with that \$2 million in water income,  
24 operating income, that's about, what, 2.6 percent rate  
25 of return on their investment, and the \$3.6 million in

1 wastewater is 5.8 percent.

2 Well, at that point, I understand it. And  
3 they're already spending the money, the \$32 million.  
4 They're raising those moneys in the marketplace.

5 My son-in-law says, "What's it's going to cost  
6 me?" I mean, my grandson. I said I don't know.  
7 They're an investor company.

8 He said, "Well, what rate of interest were you  
9 going to charge me to give me a thousand dollars to  
10 mow the lawn?"

11 I said, "Well, I don't know exactly, but I can't  
12 charge you very much."

13 But I think it's stabilized at 18 percent and the  
14 prime rate is eight and a half and war bonds is five  
15 and a quarter.

16 MR. WILLIS: That's about right. Their debt cost  
17 is about 17 percent.

18 THE WITNESS: He said, "Well, what's that times  
19 \$32 million?" I said, "You do the math. I don't  
20 know. It sounds like two or three million, or  
21 something like that."

22 So then he said -- I'm not making this up. My  
23 grandson said this. He said, "Well, they want to  
24 increase their operating revenues on water to \$12.6  
25 million and wastewater to \$21.7 million, which will

1 increase their water operating income from \$2 million  
2 to \$3.3 million, their wastewater from \$3.6 million to  
3 \$5.4 million, and you add that all up and it's about  
4 \$5.2 million a year."

5 MR. WILLIS: Now, part of that is debt cost and  
6 part of it will be actual equity cost that they would  
7 get.

8 THE WITNESS: No. The \$5.2 million is all of  
9 additional utility operating income.

10 MR. WILLIS: Right, just to cover what you're  
11 talking about.

12 THE WITNESS: It covers expenses. That's what  
13 they have left over after paying their expenses. And  
14 that money is available for debt; am I correct?  
15 That's what you said earlier.

16 MR. WILLIS: I'm still lost with what you're  
17 talking about.

18 THE WITNESS: Look on Page 4 of the application.

19 MR. WILLIS: Here it is.

20 THE WITNESS: Up top there, utility operating  
21 income now with the current rate base and they have  
22 already invested some of it. I don't know how much.  
23 I didn't take time to wade through the whole thing  
24 and figure out how much they've spent, but they've  
25 spent some portion of the \$32 million and they will

1           commit the rest of it over the next year and three  
2           months, if I understand it.

3           MR. WILLIS:  They started spending portions of  
4           it.  They started -- just like Mr. Crouch said, they  
5           started engineering some of these things.  The plan is  
6           to put it in '98 through '99.

7           THE WITNESS:  So they will have spent all of the  
8           \$32 million?

9           MR. WILLIS:  By next year.

10          THE WITNESS:  So right now, nine months into the  
11          year, they've spent some of it?

12          MR. WILLIS:  Yes.

13          THE WITNESS:  And they have taken the effects of  
14          that into account in their operating expenses, which  
15          only went up very slightly, just a very nominal amount  
16          from their current rate structure to their proposed  
17          rate structure.  The entire dollar amount of the  
18          increased rate goes right down to the utility  
19          operating income.

20          MR. WILLIS:  Yes.

21          THE WITNESS:  Okay.  So we now have \$5,200,000  
22          more money, hypothetically, to deal with as a  
23          corporation than we had before we put the rate in.

24          MR. WILLIS:  Right.  Well, let me explain.

25          THE WITNESS:  That's what I'm asking, what you

1 going to with that five million?

2 MR. WILLIS: That is the debt cost.

3 THE WITNESS: Well, the \$32 million --

4 MR. WILLIS: This is why I didn't understand  
5 where you're going. When you get down to utility  
6 operating income where it says \$5,543,000, that takes  
7 care of the normal operating expenses, but it doesn't  
8 cover the debt cost.

9 THE WITNESS: Correct.

10 MR. WILLIS: The \$5,543,000, you're talking about  
11 the wastewater, and the \$3.3 million is what's left  
12 over to deal with the interest expense they have to  
13 pay on debt before any return on equity they have  
14 invested in their plant.

15 THE WITNESS: Correct.

16 MR. WILLIS: That's the return that they have  
17 available to pay for their investment cost of \$62  
18 million and \$38 million.

19 THE WITNESS: I understand. And that is going up  
20 by five million two hundred and something thousand  
21 dollars. So nothing has changed, except they have  
22 more money in their operating income.

23 MR. WILLIS: All right. What they're saying here  
24 is that if we don't get a rate increase by 1999, we're  
25 going to have a rate of return of about 5.8 percent



1 and 5.26 percent, which doesn't give us sufficient  
2 funds to cover our debt cost and equity obligations.  
3 We'll have some, but we're not going to have enough to  
4 cover our debt entirely.

5 THE WITNESS: What is the debt cost a year?

6 MR. WILLIS: Pardon?

7 THE WITNESS: What is the debt cost per year?

8 It's been \$16 million one year and --

9 MR. WILLIS: Debt cost is right 7 or 8 --  
10 somewhere around eight and a half percent, somewhere  
11 in there. Equity costs are running right now --  
12 they're making a return equity right around between  
13 nine -- nine percent, ten percent.

14 THE WITNESS: We're talking about two different  
15 things. I'm asking you what their debt cost is.

16 MR. WILLIS: Well, it's like I said, the debt  
17 cost is running about eight and a half percent, nine  
18 percent, right in there.

19 THE WITNESS: What's the dollar amount?

20 MR. WILLIS: Well, I don't have it in front of  
21 me. If I did, I could tell you that.

22 THE WITNESS: Well, I'll read it to you.

23 MR. WILLIS: I have some accountants in the back  
24 of the room there that can take these figures and tell  
25 you exactly what they are.

1 THE WITNESS: Well, 8 percent on \$32 million --

2 MR. WILLIS: Well, the \$32 million is the  
3 additional. They already have debt cost on the rate  
4 base they have in place.

5 THE WITNESS: Yeah, and that's fine. That's it.  
6 That's the old rate.

7 What it states in their application is United  
8 Water Florida's requested rate increases are being  
9 primarily driven by capital investments. And then it  
10 goes on about the \$32 million. So I'm isolating on  
11 the \$32 million. That's what they want.

12 Now, if they spent all of that \$32 million in  
13 January 1st of 1998 and they borrowed the money at 8  
14 percent, what's their debt cost?

15 MR. WILLIS: What I'm trying to tell you, not all  
16 of the \$32 million is funded through debt. A portion  
17 of it is funded through equity investment. Most  
18 companies rarely fund all of their expenditures  
19 through debt obligations alone. That deals with both  
20 publicly-traded companies and private corporations,  
21 not just private utilities.

22 THE WITNESS: So what are we talking about?  
23 We're not talking about how much you -- you made a  
24 comment earlier in one of your discussions and you  
25 were using as an example that they had to have money

1 to pay the bank. They're not paying the bank, they're  
2 paying the shareholders.

3 MR. WILLIS: What I said before is they had to  
4 have the money to pay the bank and a return on their  
5 equity, which is a return to shareholders.

6 THE WITNESS: Right.

7 MR. WILLIS: An equity investment company is just  
8 like getting money from the bank.

9 THE WITNESS: But the return on equity, the  
10 terminology you're using, their equity is their fixed  
11 asset investment in this utility. Their rate of  
12 return to their shareholders is based on the  
13 capitalization of the company. It has nothing  
14 whatever to do with fixed assets.

15 MR. WILLIS: What I'm trying to say is the rate  
16 of return that this Commission allows is based on  
17 their investment only. It's not a number we draw out  
18 of a hat. This is a strict formula approach. We'll  
19 be looking at their investment, the file --

20 THE WITNESS: What is that rate that you allow?

21 MR. WILLIS: Do you have the standards?

22 THE WITNESS: You could have said that at the  
23 top of the show, we allow a rate of return of X  
24 percent and they're going to need to make this many  
25 dollars, so they're going to get a raise. As far as

1 the water quality is a bunch of wind over the water.

2 MR. WILLIS: Well, I beg to differ with that. I  
3 tend to disagree with you.

4 THE WITNESS: I'm asking you. That's a question.

5 MR. WILLIS: What I'm telling you is that part of  
6 their increase goes to capital cost, but whether or  
7 not they need the funds to do that is something that  
8 we're looking at right here in this proceeding.

9 THE WITNESS: I haven't heard anything about it  
10 yet.

11 MR. WILLIS: Well, I'm sorry you haven't.

12 THE WITNESS: I've heard a lot about water  
13 quality, and that's a problem, but that's not what  
14 we're talking about.

15 MR. WILLIS: If you're looking at a dollar  
16 breakdown and -- I'll give you a return of five  
17 million dollars here. You look at the dollar  
18 breakdown of how much money goes to debt, their  
19 interest expense out of that five million amounts to  
20 \$2,554,000. The money they have left over is to pay  
21 any stockholders for their investment in that portion  
22 of that plant out there and infrastructure is  
23 \$2,899,000.

24 THE WITNESS: Is that after the rate increase?

25 MR. WILLIS: That would be after the rate

1 increase.

2 THE WITNESS: What is it before the rate  
3 increase to the shareholder? About.

4 MR. WILLIS: About a million dollars. That's it.

5 THE WITNESS: And so the increase paid out to  
6 the shareholders is how much?

7 MR. WILLIS: I'm saying they didn't get an  
8 increase. What they're showing is they have a million  
9 dollars left for the stockholders without any  
10 investment.

11 THE WITNESS: What was it with the rate  
12 increase?

13 MR. WILLIS: With the rate increase, \$2,899,000.

14 THE WITNESS: So about 30 percent of the total  
15 dollar of the rate increase is being paid to the  
16 shareholders?

17 Do the math.

18 MR. WILLIS: It's equity investment. If you  
19 think they've invested money for nothing -- I don't  
20 know -- I don't understand where you're coming from.

21 THE WITNESS: They've already made the  
22 investment. The company has already spent some  
23 portion of the money. They've already raised that  
24 money either from selling additional stock to their  
25 existing shareholders, preferred stock, or from a

1 bank in some way, shape or form, and I know these  
2 guys are sharp enough they have a capital plan laid  
3 out so they have a plan on when they're going to bring  
4 it in and how they're going to bring it in. I haven't  
5 looked at that. I don't know whether they've already  
6 raised the capital or whether they've raised some  
7 portion of it.

8 MR. WILLIS: They've raised a portion of it, yes,  
9 they have.

10 THE WITNESS: Okay. So some portion of that has  
11 been raised knowing what their rates were and knowing  
12 what they're pro forma income figures are going to be  
13 without any promise of this raise.

14 So they're not entitled to a rate increase on  
15 those moneys that have already been raised, because it  
16 was raised and disclosed to those shareholders with  
17 their current rates.

18 Now, from their Annual Report, which I was  
19 allowed to have a copy of, on Page 39, and Mr. Waddell  
20 alluded to this in his letter, "Under rate matters,  
21 the following rate decisions were rendered to United  
22 Water's regulated utilities during 1997." And it  
23 lists various states from New York down to New Jersey.

24 The percent of increase in the State of Florida  
25 for water was 32.4; for wastewater, 14.6. The next

1 highest rate of increase anywhere in the United States  
2 to a United Water company was 21.6 percent in Greater  
3 York, wherever that is, and the next one was 16.1  
4 percent in Virginia, and after that, 13.6 percent in  
5 Arkansas, and then they go on down into the single  
6 digits.

7 So your Commission last year allowed them within  
8 their company the highest rate of return -- highest  
9 rate of increase in rates anywhere in the country in  
10 which that company operates. And they propose --  
11 they're proposing to ask you for the same thing. And  
12 as we have just proven, about 30 to 35 percent of that  
13 goes straight to the shareholders in additional  
14 dividends that they otherwise would not have received  
15 without the rate increase for an investment which has  
16 already been made knowing they were going to get a  
17 rate another rate increase.

18 That's my point.

19 (Applause.)

20 (Witness excused.)

21 - - -

22 MR. WILLIS: The next person I had was  
23 Creighton.

24 (No response.)

25 MR. WILLIS: He left?

1 Susan Raye.

2 The person I have after that is Ferguson.

3 SUSAN RAYE,

4 called as a witness on behalf of the customers, testified  
5 as follows:

6 WITNESS RAYE: Good evening. My name is Susan  
7 Raye, R-a-y-e. I live in San Jose. I just feel terrible  
8 standing up here. I don't know why I'm doing this. I do  
9 know why I'm doing it.

10 United Water Company -- I have my water with  
11 them. It's the only way I can get water. There's no  
12 competition in my neighborhood and they can just increase  
13 it as much as they want to. You've heard this all night.  
14 But I just had to come, because it's the only thing I can  
15 do is come here and just tell you that I don't think they  
16 should have the increase. The only thing I can do is move  
17 to another place that has cheaper water. There's nothing  
18 else I can do.

19 I used to have flowers. I can't have flowers. I  
20 can't water my grass. Now with the rate increase I'll have  
21 to maybe flush the toilet less or something. I don't know.  
22 I've got to use less water because I can't -- be able to  
23 pay the bills. It's getting real hard for me.

24 I don't really believe that they need money. I  
25 really believe that a person -- a company can figure out



1 what they need to do on paper. They don't care how they  
2 look at it.

3 I really appreciate that man who just spoke to  
4 you that took care of that. I don't have time to do that.  
5 I'm taking my own life in my hands to come downtown tonight  
6 as it is. And I'm going to walk out the door -- anybody  
7 that wants to take me to my car, I'd appreciate it.

8 But I just feel like -- I just don't believe -- I  
9 believe that they are lucky enough to be able to increase  
10 any time they want to and they know exactly what they need  
11 to do on paper to get you all to agree to it, and there's  
12 nothing we can do. But you need to do a study to try to  
13 find those problems, which I have to go home in the morning  
14 and you all will have a chance to try and do that.

15 I also want to say that apparently everyone in  
16 this room has water treatments, as do I. We all have it.  
17 But there are a lot of people that don't -- they're a lot  
18 of poor families that don't have the money or the know-how  
19 to hook it up or people that aren't smart enough to realize  
20 they need to have their water fixed.

21 There are thousands of children in the Duval  
22 County schools that drink that water every day, all day  
23 long, 180 days out of the year, right out of the tap, and  
24 if it's not good, it's hurting a lot of people.

25 MR. WILLIS: Thank you.

1 (Applause.)

2 (Witness excused.)

3 - - -

4 THE REPORTER: Mr. Willis --

5 MR. WILLIS: Yes.

6 THE REPORTER: Could we take a break?

7 MR. WILLIS: Yes, we can.

8 Our court reporter has been at it for quite a  
9 while now. I'm sure her fingers need a little break.  
10 We'll just take a ten-minute recess.

11 (Short recess.)

12 LYNNE FERGUSON,

13 called as a witness on behalf of the customers, testified  
14 as follows:

15 WITNESS FERGUSON: My name is Lynne Ferguson,  
16 2871 Madrid Avenue, 32217, and that's the San Jose area.

17 Basically, my water quality is as bad as everyone  
18 has described tonight, even to the point where it smells  
19 like sewage and tastes like chlorine at the same time.  
20 Somebody complained about that, and the man wanted me to  
21 stay home from work so he could come out and smell it and  
22 see for himself. You know, here I am taking my day off  
23 from work so he can come fix this problem.

24 Two things -- I'm going to keep it real brief.  
25 One is I'm a little concerned that this gentleman,

1 Mr. Tucker, that just spoke made some very valuable points,  
2 and you were on the defensive. It was almost like you were  
3 defending the water company and --

4 MR. WILLIS: Mr. Tucker and I were having a hard  
5 time in cross -- kind of in cross areas here.

6 THE WITNESS: Well, I was talking about why you  
7 were on the defensive, and that concerns me.

8 MR. WILLIS: I wasn't on the defensive. I'm  
9 sorry if it came across that way. Mr. Tucker and I  
10 were having a hard time communicating. He was wanting  
11 numbers and I thought he wanted percentages. We were  
12 having a hard time communicating that to each other.  
13 I was talking to him over here and he understood.

14 THE WITNESS: Okay. Well, that really concerns  
15 me. That was my concern that it was a done deal and  
16 this was just a formality. And that's just a fear  
17 that I think a lot of us have, that you're going  
18 through the motions and you're saying that you're  
19 listening and then it's going to go through, whether  
20 it's 21 percent or 13 percent. We're saying that we  
21 don't think there should be a percentage increase  
22 because they do not deserve it. The water quality is  
23 poor. We haven't seen any increases. There's a thick  
24 book over there full of, I guess --

25 MR. WILLIS: Projects.

1 THE WITNESS: -- projects that are -- we haven't  
2 seen it.

3 And has that money already been allotted that was  
4 from our last increase? Was that the allotment, or is  
5 that what is to come?

6 MR. WILLIS: That's planned for what's occurring  
7 right now in 1998 and what they want to do in 1999?

8 THE WITNESS: So the money hasn't been approved  
9 yet, is that what you're saying?

10 MR. WILLIS: We haven't approved an increase.

11 THE WITNESS: No, for those increases. Has it  
12 already been approved? Well, earlier this evening,  
13 you were saying, "They will do this." So that also  
14 concerns us. It makes -- it sounds like unless we get  
15 -- I mean, the increase has already been approved  
16 because that is going to happen.

17 MR. WILLIS: Well, I can assure you, this is not  
18 a done deal. I have no clue what's going to happen.

19 THE WITNESS: Okay. My other question, if it's  
20 not approved, that will not happen?

21 MR. WILLIS: I don't know if that will happen.  
22 If this Commission sees that there are quality  
23 problems, which apparently there are, those quality  
24 problems need to be resolved.

25 THE WITNESS: I agree --

1 MR. WILLIS: Now, whether or not this is -- they  
2 have sufficient funds now to handle that investment is  
3 one thing that we're going to make that determination  
4 on. We're not even close to being done with our  
5 analysis of this case. Once that is done and  
6 finalized, we will be at the point where we can make  
7 that determination on whether or not their current  
8 level of revenue is sufficient.

9 THE WITNESS: So if you determine that  
10 improvements should be made and then you don't do an  
11 increase, what is going to do?

12 MR. WILLIS: Well, we can still order them to  
13 make those improvements.

14 THE WITNESS: Where will that come from?

15 MR. WILLIS: If they already have the revenue to  
16 do it, it will come from the revenue they have.

17 THE WITNESS: Is there a way to find out if they  
18 already have the revenue?

19 MR. WILLIS: Well, part of this -- if they do  
20 need additional revenues to make these improvements,  
21 the improvements that have got to be made, then the  
22 Commission will have no place to get this for them to  
23 do that.

24 THE WITNESS: We just hope that you will take a  
25 careful look at this situation, because I think it

1 goes beyond just wanting an increase. I think we're  
2 asking that you really scrutinize this carefully.

3 Thank you.

4 MR. WILLIS: Thank you very much.

5 (Applause.)

6 (Witness excused.)

7 - - -

8 MR. WILLIS: Nancy Pettis, P-e-t-t-i-s.

9 WITNESS FERGUSON: Kelli Bohn was also on my  
10 paper.

11 MR. WILLIS: Oh. I'm sorry. I wondered if that  
12 was a --

13 Kelli Bohn.

14 WITNESS BOHN: I brought some samples, too.

15 MR. WILLIS: I wondered about that. It said  
16 Kelli Ferguson to start with.

17 KELLI BOHN,  
18 called as a witness on behalf of the customers, testified  
19 as follows:

20 WITNESS BOHN: We are just now, today, as a  
21 matter of fact, have replaced our plumbing in our master  
22 bath, because it was so bad we had to replace them, and our  
23 plumber just told us today, "You know what, Kelli, you  
24 really need to have the whole house replumbed."

25 For the record, my name is Kelli Bohn, K-e-l-l-i

1 B-o-h-n. I live at 2871 Madrid Avenue East, Jacksonville,  
2 and that's also in the San Jose area.

3 We just moved to this house two years ago. We  
4 had previously lived in Mandarin, had JEA water, and that  
5 was a brand-new house, never had problems, new appliances,  
6 obviously, when we moved in, and we lived there for nine  
7 years, and we moved to this house in 1996. We replaced our  
8 dishwasher in 1997. It already needs to be replaced again.  
9 The dishes are not clean. I could go on and reiterate what  
10 everyone has said. And I guess the bottom line is, I can't  
11 believe that they would even ask for another increase.

12 Thank you.

13 MR. WILLIS: Thank you.

14 Nancy Pettis, P-e-t-t-i-s.

15 (No response.)

16 MR. WILLIS: Sandra Watts, W-a-t-t-s.

17 (No response.)

18 MR. WILLIS: Mrs. Dee Kennedy.

19 Mrs. Kennedy?

20 (No response.)

21 MR. WILLIS: Ann Lord, L-o-r-d.

22 (No response.)

23 MR. WILLIS: Eric VanDenhende.

24 Did I get that last name right?

25 THE WITNESS: That's close.

1                                   ERIC VanDENHENDE,  
2 called as a witness on behalf of the customers, testified  
3 as follows:

4                   WITNESS VanDENHENDE: I'm Eric VanDenhende.  
5 E-r-i-c V-a-n-D-e-n-h-e-n-d-e. I live at 3439 Grenoble  
6 Drive. That's Raymur Villa Subdivision, in the old  
7 Arlington part of town.

8                   Unlike most of the people who have spoken  
9 tonight, our water service generally is fine. Maybe if you  
10 ask people, I have no taste buds, but I generally have no  
11 complaints about that.

12                   Generally it's the price that I have a problem  
13 with. Everybody has the same complaint. It's too much.

14                   Now, granted, you can say there's differences  
15 between the JEA and United Water is a private company, but,  
16 as consumers, frankly, we just don't care about that. We  
17 see somebody and people ask you what are you paying, a  
18 considerably lower rate. There's no reason why we  
19 shouldn't pay that rate as well. At least on the surface  
20 it seems that way. I don't think I'm too far different,  
21 too far wrong on that.

22                   The for-profit company has to make a profit, and  
23 this is what this is all about. They want to make a profit  
24 on their business. And, frankly, I don't care if they make  
25 a profit. If I had a choice, I'd go somewhere else. If it



1 was an automobile and they wanted too much for a crummy  
2 car, I would find another one.

3           In the business I'm in, we from time to time  
4 acquire other companies, and we have acquired companies  
5 where we acquired their bad debts, we acquired their bad  
6 purchases, we acquired all of their debts and all of their  
7 responsibilities, and when we look at these, we make sure  
8 that what we acquire is something that we can make money  
9 on, and we occasionally have made acquisitions that were  
10 bad acquisitions.

11           It seems to me United Water has made a bad  
12 acquisition with Jax Suburban, and now we need to pay for  
13 that. It's not fault that Jax Suburban had a bad  
14 infrastructure. It's not my fault that United Water now  
15 needs to make a profit on that.

16           I want a reasonable rate. I want something that  
17 is equitable.

18           The state may allow private utilities a certain  
19 profit, but a maximum profit is a maximum profit. They  
20 don't deserve that profit. They should have less. And I  
21 can see by following their stock they must be making a  
22 pretty good profit, because their shareholders seem to like  
23 that stock.

24           I've followed their stock since the approximate  
25 time of the last Commission hearings here in Jacksonville.

1 The stock went up significantly from that time and it's  
2 held its value for well over a year. In the recent stock  
3 market plunge, their stock was rock solid. They lost very,  
4 very little.

5           So, obviously, their investors don't see any  
6 problem with it. Investors apparently must think it's a  
7 multi-million stock because they're not unhappy with it.  
8 It's a very good stock. I wish I had some to pay for these  
9 rate increases. Unfortunately, it's a little late now.

10           I feel very sorry for all these people who have  
11 all these problems. I wish that there was some way that  
12 United Water could solve their problems and not cost  
13 everybody a very large amount of money. They need to do  
14 that. They should be morally obliged to take care of these  
15 problems. It seems that it's been getting worse and worse.

16           I understand that the water here can be a problem  
17 to treat, but that's what they're expected to do. That's  
18 what they're paid to do. They need to solve those problems  
19 and they should have solved those problems right up front  
20 instead of continually asking for rate increases.

21           It's too much, it's too often. When will it  
22 stop? It has to stop. If it's loss of profits for them,  
23 so be it. It's not my responsibility to pay their profits.

24           Thank you.

25           MR. WILLIS: Thank you.

1 (Applause.

2 (Witness excused.)

3 - - -

4 MR. WILLIS: Polly Powell, P-o-w-e-l-l.

5 (No response.)

6 MR. WILLIS: Charlotte -- last name is hard.

7 It says 70 St. Mark Trail.

8 (No response.)

9 MR. WILLIS: Benjamin Cyrus.

10 BENJAMIN B. CYRUS,

11 called as a witness on behalf of the customers, testified  
12 as follows:

13 WITNESS CYRUS: Good evening, ladies and  
14 gentlemen. Like everyone else, I received Mr. A's little  
15 announcement in the water bill a few weeks ago about how  
16 they wanted to have a 21 percent rate increase.

17 This is contemptuous. This is absolutely  
18 ridiculous. We are living in this country now with rates  
19 of inflation in the neighborhood of four and five percent,  
20 and for somebody to come in here and request a 21 percent  
21 increase, it just shows how little these people think about  
22 their customers, how little integrity they have to bring  
23 this to the Commission. It is contemptuous.

24 If Mr. A went before a judge in this county and  
25 presented things like this in evidence in a criminal case,

1 he would be held in contempt. I respectfully request that  
2 you do the same thing. These people don't need a rate  
3 increase, we need a rollback. They got too much the last  
4 time, and they're asking for 21 percent.

5           Now, I understand that they have to fund their  
6 capital improvements. I work for a railroad. We've had to  
7 improve our infrastructure between Cleveland and Chicago to  
8 the tune of five hundred million dollars. We went out in  
9 the market and we borrowed five hundred million dollars.  
10 As an employee of CSX, that scares me to death, but it has  
11 to be done I'm told.

12           We're not looking to increase J. Bunker Hunt in  
13 the motor race by any 21 percent to pay for that five  
14 hundred million dollars. We're going to increase J. Bunker  
15 Hunt in the motor race by absolutely nothing. We're not  
16 going to increase the cost that we charge General Motors to  
17 haul their cars and their parts. We're not going to do  
18 that.

19           Where are we going to get the money to pay back  
20 the five hundred million dollars that we're going to  
21 borrow? We're going to do with increased traffic. We're  
22 going to haul more cars, make the same percentage on a  
23 greater number of cars, make more money, pay the banks  
24 back, and then the shareholders will have more money in the  
25 bank. That's the American way. Why is that so

1 complicated? Why can't Mr. A and his cohorts do the same  
2 thing? Obviously, they can. But if they don't have to,  
3 they really don't need to.

4           Now, everybody who is here this evening has told  
5 you that they have to buy bottled water to drink because  
6 the stuff that comes through the pipes isn't fit to drink.  
7 And I can tell you the same thing. It isn't fit to drink.  
8 And at my house we've got bottled water sitting in the  
9 garage, bring it in and put it in the refrigerator, get it  
10 cold, drink it, recycle the plastic, go get another jug  
11 every day, every day, every day. Every one of their  
12 customers is doing the same thing. I don't know anybody  
13 who has these people for a water company that doesn't.

14           Does it occur to anybody that there is tremendous  
15 potential for growth here? I mean, if they put into the  
16 pipes water that can be drunk, we wouldn't go to Winn-Dixie  
17 and Publix and Food Lion, and Lord knows where else, and  
18 buy all this bottled water. We'd drink it right out of the  
19 tap. But we have to. That's an area where they can show a  
20 tremendous amount of growth and all they have to do is  
21 provide a product that's drinkable. They can't do that?  
22 Sure they can. Sure they can.

23           I have three daughters that live in this town  
24 who happen to live in houses where they have JEA service.  
25 The water is good. They have the same basic raw material

1 to work with that JEA does. JEA is not -- they're not --  
2 you know, they don't have any supermen working for them or  
3 great chemical engineers any better than anybody else does.  
4 But the difference is this: The difference is attitude.

5           How did the electric authority get into the water  
6 business to start with? Because they did a good job being  
7 electrical engineers, they showed concern for the  
8 customers. We have the best electric rates anywhere in the  
9 state. They have diversified to get away from the fossil  
10 fuels. They said you did a good job here, why don't you  
11 try it over here? Sound like the scriptures, "Well done,  
12 good and faithful servant. I have made you master over a  
13 little and you done a good job, do something else."

14           As long as we -- I'm sorry. As long as you  
15 reward their poor performance, it isn't going to get no  
16 better. Contemptuous. It isn't going to get any better.

17           The only way that we're going to get decent water  
18 in this territory is for you to send them a message. Roll  
19 back their rates. Take their job away from them and give  
20 it to the JEA who can provide good water and then we'll  
21 have water that we can drink out of the pipes. They will  
22 improve it. Then their volume will come up and their  
23 profits will come up. Simple, simple American capitalism.  
24 It's been working that way.

25           Don't guarantee these people a profit. The more you

1 guarantee their inefficiencies, the worse they will become.

2 Thank you.

3 MR. WILLIS: Thank you very much.

4 (Applause.

5 (Witness excused.)

6 - - -

7 MR. WILLIS: Dorothy Summers. It looks like

8 S-u-m-m-e-r-s.

9 (No response.)

10 MR. WILLIS: Cira Castro.

11 (No response.)

12 MR. WILLIS: That's the last speaker I have.

13 MRS. LaBELLE: I wanted to say something else.

14 May I?

15 MR. WILLIS: Come forward, Mrs. LaBelle.

16 For the record, this is Mrs. LaBelle.

17 BARBARA LaBELLE,

18 called again as a witness on behalf of the customers,

19 testified further as follows:

20 WITNESS LaBELLE: He brought something to my mind

21 about rollbacks.

22 MR. WILLIS: Uh-huh.

23 THE WITNESS: Our government just gave us a

24 tax-free week about a month ago. That was a gift. Our

25 insurance company, our auto insurance company, just gave us

1 rebate check because the Insurance Commissioner said,  
2 You've got too much money." And I think that's a real good  
3 idea.

4           When you're working in a job and you're employed,  
5 you don't get a raise if you don't deserve it, and I  
6 haven't seen any reason for them to get a raise.

7           Something also this other gentleman brought up  
8 about the shah from Arabia or somewhere that wanted stock,  
9 how did he get in? He's not a southern boy. How did he  
10 get into United Water? He doesn't care about us. New  
11 Jersey doesn't care about us.

12           And also you mentioned the Department of  
13 Regulation. Should we have been going to them ten years  
14 ago? Maybe they don't know what's going on, that they're  
15 Not doing a proper job with the water and the service --  
16 sewer, too. I haven't even touched on that. Are we  
17 wasting our time? Do we need to start calling and writing  
18 them? And I want the address and where to contact.

19           MR. WILLIS: No, you're not wasting your time  
20 with us. The quality problems that they're having out  
21 there has great concern with us. The only thing I was  
22 trying to indicate is it's an ongoing process that --  
23 I believe it's the Health Department here in Duval  
24 County that serves that as the local DEP office. They  
25 need to be aware of those problems also.



1 THE WITNESS: I called them before.

2 MR. WILLIS: Good. I'm glad you did.

3 THE WITNESS: But it's been a while.

4 MR. WILLIS: I just had a concern that they -- as  
5 to the actual quality of service agency that's  
6 supposed to deal with this, the primacy agency dealing  
7 with the water quality and set the standards, they  
8 need to know about this and they need to know it on an  
9 ongoing basis. And I just wanted to make sure that  
10 they were getting an understanding of the problems  
11 here, too.

12 Because we're concerned with your problems.  
13 We're very concerned with your problems.

14 THE WITNESS: I hope so.

15 Thank you.

16 MR. WILLIS: Thank you very much.

17 (Witness excused.)

18 - - -

19 MR. WILLIS: If there is -- I have one more  
20 person whose hand raised. Do you want to come  
21 forward again?

22 Go ahead and identify yourself for the record  
23 again, please.

24

25

1 FRANKLIN WARNER,  
2 recalled as a witness on behalf of the customers, testified  
3 further as follows:

4 WITNESS WARNER: Again, I'm Frank Warner,  
5 W-a-r-n-e-r.

6 Listening to her talk about the other avenues,  
7 one of the reasons that I, or supposedly the other people,  
8 haven't taken steps before, aside from the fact that we  
9 felt like we were fighting a stacked deck, is that we're  
10 dealing with -- they work on our part. We don't -- we're  
11 not aware that there is this agency that if there's a  
12 problem we're to contact or this is the proper process to  
13 go through.

14 So is there any possibility of somehow educating  
15 the public on this kind of thing? I mean, how are we  
16 supposed to find out about these things? The water company  
17 here isn't going to tell us.

18 MR. WILLIS: That's a good question.

19 THE WITNESS: We would be happy to do anything.  
20 I personally feel they've gotten too much money in past  
21 rate increases to have provided so little and such bad  
22 quality. They've already had more than they should have  
23 had. But we felt powerless to do anything about it.

24 I've attended these things before years ago and  
25 back then rate increases on a little bit was a little bit.

1 Now they've gotten big bites and you're talking 21 percent,  
2 and this whopping increase since May of 1996, some of my  
3 increases have been like over 50 percent. And I think that  
4 in this span of time, regardless of inflation or whatever,  
5 it's just an incredible, unbelievable jump in the expense  
6 that we have to undertake to be serviced with water for  
7 living and watering lawns or whatever, and we have no  
8 choice. We have no choice but to subscribe to their  
9 service.

10           And that's one of the maddening things. I just  
11 feel like that I'm caught in a spider web and I can't get  
12 out, unless I move to where they aren't the water  
13 suppliers. And I think a lot of people that were here  
14 tonight probably will be there at those meetings.

15           MR. WILLIS: I understand.

16           THE WITNESS: But if there is education that can  
17 be disseminated to the general public saying if you  
18 have problems, if you have these concerns, here's the  
19 proper thing to do, that might make a difference.

20           MR. WILLIS: Well, let me share this with you and  
21 the other people here. Inside the front cover of your  
22 telephone book --

23           THE WITNESS: Uh-huh.

24           MR. WILLIS: -- normally right on the inside  
25 cover there is an 800 number, which is our complaint

1 line to the Public Service Commission.

2 THE WITNESS: Right.

3 MR. WILLIS: And that's there in case you have a  
4 problem with any utility. If you can't get a problem  
5 resolved, you can always call us about the service  
6 problems you need resolved, because we try and work  
7 with DEP also as well as the Health Departments as  
8 soon as we find it out.

9 THE WITNESS: Yeah.

10 MR. WILLIS: As part of this rate case we're  
11 doing the same thing. My engineers are out there with  
12 the engineers of DEP trying to figure out what  
13 problems they might have and part of that process is  
14 they sort of get educated. DEP will be educated with  
15 what my engineers have found out tonight.

16 THE WITNESS: Well, when I was up here the first  
17 time, I didn't stand here and enumerate all the same  
18 complaints that had previously been wasted. I merely  
19 summarized and said, well, I've had the same problems.  
20 I've replumbed, I've replaced fixtures, I've replaced  
21 whatever. I'm on my third dishwasher. I'm not quite  
22 as unfortunate as some.

23 But I've had at least three water conditioner  
24 systems put in my home. It helps, but it's still a  
25 corrosive type thing that somehow gets through.

1                   And so my one complaint along that line is --  
2                   again, as I said earlier, I've seen no change, at  
3                   least any significant change, in the quality of water  
4                   since I first moved into the house in October of 1974,  
5                   and this is a common complaint.

6                   MR. WILLIS: Uh-huh.

7                   THE WITNESS: And if they are meeting the minimum  
8                   standards, then the minimum standards are pitiful.  
9                   They're really pitiful. And we need to be aware of  
10                  what we can do to bring pressure to bear on someone  
11                  to address this and to increase the minimum standards  
12                  to where we can get some quality product. And with  
13                  what they've done so far, they don't deserve an  
14                  increase. They've already gotten more than they  
15                  deserve.

16                  MR. WILLIS: Uh-huh.

17                  THE WITNESS: So I thank you.

18                  MR. WILLIS: Thank you very much for coming.

19    (Witness excused.)

20    - - -

21                  MR. WILLIS: With that, if there's no one else  
22                  that wants to come forward and say something, then  
23                  we'll go ahead and close down the evening session.

24                                  I do want to thank those of you who remained  
25                                  here, and those who aren't here, for coming out

1 tonight.

2 We certainly are aware of the concerns, we know  
3 there are quality concerns, we know there are concerns  
4 over the rates also, big concerns.

5 And, with that, we thank you, and have a good  
6 evening.

7 (Whereupon, at 9:55 o'clock p.m., the hearing was  
8 adjourned.)

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STATE OF FLORIDA     )  
COUNTY OF CLAY     )

I, MARIE C. GENTRY, do hereby certify that the application for rate increase in Duval, St. Johns and Nassau Counties by United Water Florida, Inc., Docket No. 980214-WS, was heard by the Florida Public Service Commission on September 10, 1998; that I was authorized to and did report in shorthand the proceedings and that the foregoing pages numbered 1 through 140, inclusive, constitute a correct record of the proceedings in said matter.

DATED this 28th day of September, 1998.

*Marie C. Gentry*  
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MARIE C. GENTRY, Court Reporter