



Public Service Commission ORIGINAL

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 20001
TO: Division of Records and Reporting
FROM: Division of Economic Regulation (Ryan Fitch) ^{RK}
RE: Docket# 000584-WS Laniger Enterprises of America, Inc.

Attached is a copy of two letters from customers of Laniger Enterprises of America, Inc. Staff received these letters at the customer meeting held April 23, 2001. Staff is requesting that these documents be added to the docket file.

Cc: Division of Economic Regulation (Rendell)

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DOCUMENT NUMBER-DATE

05504 MAY-20

REC-RECORDS AND REPORTING

Beacon 21 Condo-E

1510 N.E. 12th Terrace, Apt: E-5, Jensen Beach, FL.

Phone: 561/334-3493
Cell: 561/285-6842

April 20, 2001

Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL. 32399-0850

Subject: Water Quality And Proposed Rate Increase
Docket No. 000584-WS
Laniger Enterprises of America, Inc.

Dear Sir or Madam:

As President of Beacon 21 Condo-E, 1510 NE 12th Terrace, Jensen Beach, Fl., I am speaking on behalf of the 16 families in Condo-E. Condo-E is one of many separate groups that make up Beacon 21.

I cannot directly address the wastewater and fixed rate increases from a financial audit of Laniger Enterprises point of view since I am not privy to the finances of Laniger Enterprises of America, Inc. (hereinafter "Laniger"). I can address the wastewater and fixed rate increases from the **Notice Of Customer Meeting To The Customers Of Laniger Enterprises Of America, Inc.** (hereinafter "Notice"), dated March 26, 2001.

Note: We are a Multi-Residential and base the following discussion on that premise.

» The existing rates shown in the "Notice" do not agree with the FPSC Order No. PSC-96-0629A-FOF-WS issued on June 5, 1996 in Docket No. 950515-WS for four years and expired on June 26, 2000. Effective June 27, 2000.

According to the FPSC Order mentioned above. the existing gallonge charge water rate should be \$3.57/1000 gal., not \$3.58/1000 gal. and the base facility charge existing rate should be \$10.83, not \$10.86. The "Laniger" water bill sent to Condo-E for service between Feb. 19 - March 22, 2001 uses the corrected water rate per the FPSC Order mentioned above. See attached copies of water bill and FPSC Order.

The current "Laniger" rates should be used as existing rates in the "Notice". The water rate and base facility charge should remain unchanged using the current "Laniger" rate as suggested in the "Notice".

Beacon 21 Condo-E

» In the "Notice", the existing wastewater rate gallonage charge should be \$2.69/1000 gal., not \$2.70/1000 gal. and the base facility charge should be \$10.77, not \$10.80 according to the same FPSC Order mentioned above. The "Laniger" wastewater bill sent to Condo-E for service between Feb. 19 - March 22, 2001 uses the corrected water rate per the FPSC Order mentioned above. See attached copy of bill.

The "Notice" gallonage charge existing rate and base facility charge existing rate should be changed to agree with the FPSC Order

I appreciate the fact that a business is entitled to make a profit, but a proposed 87% increase in the wastewater gallonage charge (\$2.70 to \$5.04) and an increase of 41% in the base facility charge (\$10.77 to \$15.18) is excessive. If "Laniger" had to compete in a business environment, it most likely would be driven out of business by its competitors with such rate increases. "Laniger" does not appear to be showing reasonable constraint in its business habits by demonstrating this kind of needed increase.

Fixed Charges-Irrigation :

Please notice the \$27.07 fixed rate charge(base facility charge) for the irrigation meter in the attached "Laniger" water bill. This calibrated irrigation meter and all of the associated plumbing was originally installed and fully paid for by Condo-E at the same time that all meters were installed at Beacon 21. "Laniger" **does not own the meter:Condo-E owns the meter.** At the time, "Laniger" indicated to us that we could save money by buying and installing a separate irrigation meter. "Laniger" reads the meter and deducts the wastewater charge of \$2.69/1K gallons. In the end, the \$27.07 charge almost offsets the wastewater savings. I believe that Laniger is entitled to nominal charge to read the meter, but "Laniger" is not entitled to make up the lost wastewater charge by charging \$27.07, under the *base facility charge*, for the irrigation meter that it does not own.

Financial Impact to Condo-E:

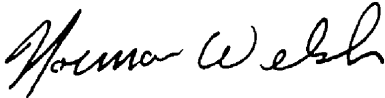
Using the attached water bill as an illustration of the financial impact to each family, the proposed rates would increase the total bill by 25% and increase each apartment's monthly maintenance fee by approximately \$12.00. The Beacon 21 Master Association will also be impacted by a rate increase and that increase will have to be added on top of the proposed rate to each apartment owner. How much over \$12.00 per month that will be I don't know at this time.

The sixteen Beacon 21 Condo-E families, as well as nearly one-half of all families in the Beacon 21 complex, own homes that have a resale value from the mid \$36K to \$50,000. We have an age group from about 55 to 90 years old and 11 of the families are approximately 70 or more years old. Of the 16 apartment owners, only two work full time, two more work part-time and the rest are retired. Out of the 16 apartment owners, 7 are woman only. We are not a wealthy group. Social Security doesn't go very far when you retired 25 years ago.

Beacon 21 Condo-E

When coupling the rate errors in the "Notice" with the excessive proposed rate increases , I suggest everyone,"Laniger and the FPSC, re-check their math and attempt to lower the increase to a reasonable level that would not have such an immediate financial impact on the elderly inhabitants of Beacon 21 Condo-E

Very truly yours,



Norman Welsh
President

Attachments: Copy of FPSC Order mentioned in above letter.
Copy of "Laniger" combined water/wastewater/irrigation
bill for period of Feb. 19 - March 22, 2001

CUSTOMER NOTICE

Effective October 1, 1989, Section 367.0816, Florida Statutes, requires that rate case expense be recovered over a period of four years. The statute further requires that the rates of the utility be reduced immediately at the conclusion of the four years by the amount of rate case expense previously included in the rates. This statute applies to all rate cases filed on or after October 1, 1989.

Laniger Enterprises of America, Inc. was granted a rate increase by the Florida Public Service Commission in Order No. PSC-96-0629A-F0F-WS issued on June 5, 1996 in Docket No. 950515-WS. The four year recovery period for rate case expense will expire on June 26, 2000. Effective June 27, 2000 the rates will be reduced as follows:

WATER RATES - MONTHLY Multi-Residential and General Service

<u>Meter Size</u>	<u>Current Rates</u>	<u>New Rates After Rate Case Expense Removal</u>
5/8" * 3/4"	\$10.86	\$10.83
3/4"	\$16.28	\$16.24
1"	\$27.14	\$27.07
1-1/2"	\$54.27	\$54.14
2"	\$86.83	\$86.62
3"	\$173.66	\$173.23
4"	\$271.33	\$270.66
6"	\$542.67	\$541.33
Gallonge Charge	\$3.58 per 1,000 Gallons	\$3.57 per 1,000 Gallons

WASTEWATER RATES - MONTHLY Multi-Residential and General Service

<u>Meter Size</u>	<u>Current Rates</u>	<u>New Rates After Rate Case Expense Removal</u>
5/8" * 3/4"	\$10.80	\$10.77 -
3/4"	\$16.22	\$16.18
1"	\$27.02	\$26.95
1-1/2"	\$54.03	\$53.89
2"	\$86.44	\$86.22
3"	\$172.89	\$172.45
4"	\$270.14	\$269.46
6"	\$540.02	\$538.65
Gallonge Charge	\$2.70 per 1,000 Gallons	\$2.69 per 1,000 Gallons

If you have any questions, you may call the utility at (561) 334-3433.

Laniger Enterprises of America, Inc.
 1662 NE Dixie Hwy
 Jensen Beach, FL 34957

February 19 - March 22, 2001

Condominium Association E
 Bristol Management services, Inc.
 725 North A1A, Suite C-110
 Jupiter, FL 33477

~~Fixed Charges:~~

Water:	16 Units @ \$10.83 per unit	\$173.28
Wastewater:	16 Units @ \$10.77 per unit	\$172.32
Irrigation:	1 Meter Charge @ \$27.07	\$27.07

Variable Charges:

Potable water use:

	<u>Beq.</u>	<u>Ending</u>	
Meter #1965672	542,600	556,500	
Meter #1965680	241,900	254,100	
Meter #1965681	1,254,700	1,279,100	
Meter #1965665	<u>789,500</u>	<u>808,700</u>	
Total use:	2,828,700	2,898,400	69,700

Irrigation use:

	<u>Beq.</u>	<u>Ending</u>	
Meter #1914465	948,410	963,640	
Total use:			17,230

Potable water use:

$69,700 - 17,230 = 52,470 / 1000 = 52.47 * 6.28 =$ \$328.46

Irrigation use:

$17,230 / 1000 = 17.23 * (3.57) =$ \$61.51

Total Amount Due: \$762.64

This bill is due upon receipt. This bill becomes delinquent as of April 9, 2001.

BEACON 21 CONDOMINIUM OWNERS ASSOCIATION, INC.
Post Office Box 1635
Jensen Beach, Florida 34958
561-334-9096

April 19, 2001

Director, Division of Records and Reporting
Florida Public Services Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0950

RE: Docket No. 000584-WS/Laniger Enterprises of America, Inc.

Gentlemen:

During the course of the past several years since the PSC last held meetings and hearings pertaining to rates and services of the referenced utility, a substantial number of service concerns have been experienced by the said utility's customers. If there is an absence of complaints filed with the PSC, it can be attributed to the fact that in nearly all instances of dissatisfaction customers have turned to the utility for resolution of their complaints. The utility did sometimes satisfactorily respond to the customers' grievances, sometimes didn't satisfactorily respond, and sometimes probably could not satisfactorily respond to the complaints. The principal concerns that have arisen during the past few years, with a brief elaboration of each following this itemization, are:

- Low water pressure
- Strong chlorine odor to the water
- Unattractive residue in the water
- Broken water lines generating considerable loss of water with unacceptable response by the utility
- Unacceptable response to lift station alarms
- Untimely payment of monies due customers
- Failure to eliminate serious fire hazard engendered by uncut weeds in undeveloped areas of the PUD
- Untimely delivery of monthly billings or statements
- Inexplicable water meter reading (where loss of water appears

to not be the cause)

- Failure to test fire hydrants, or permit hydrants to be tested by others
- Uninvited clearing of Beacon 21 property

Each of these concerns will be briefly addressed below in the same sequence that they are above set forth. The purpose is to illustrate, explain, or clarify each issue.

LOW WATER PRESSURE

This has occurred intermittently and has been evidenced by insufficient water pressure needed to activate second-floor showers and second-floor flushing mechanisms. Additionally, there have been numerous incidents of irrigation systems that fail to operate (in part) because there is insufficient water pressure to activate the "pop-up" heads in the irrigation systems. Also, there is an instance of a professionally installed reverse osmosis water device that failed to properly operate because there was insufficient water pressure to operate the system.

STRONG CHLORINE ODOR

This is largely self-explanatory. The impact is not endangering, only unpleasant. Residents proclaim that this occurs no less than once every month.

UNDESIRABLE RESIDUE IN WATER AND ICE CUBES

This is largely self-explanatory. A sample of locally collected potable water is hereby submitted (for the obvious purpose of illustrating the problem). The problem of undesirable residue in the water is system-wide and can be found in water that has passed through two separate filters in some instances, particularly in ice cubes made from the utility's water. It appears that the tainted water is tasteless and odorless, but is visually most troublesome.

BROKEN WATER LINES - UNTIMELY RESPONSE BY UTILITY

Residents can recall at least three or more instances of major underground water breaks that demanded immediate attention by the utility company, but were not responded to for hours. After-hour incidents could only be reported to an answering machine. That has resulted in major delays and major losses of water. In each instance, the loss of water had to be in the hundreds, if not hundreds of thousands, of gallons of water.

UNACCEPTABLE RESPONSES TO LIFT STATION ALARM SIGNALS

The lift station claxon alarm is most disturbing to all persons within earshot of the alarm. Regrettably, some residences within nearby proximity are not within the Beacon 21 improved property. They are outside the boundaries in nearby neighborhoods. These persons have made this raucous alarm a major issue in a rezoning effort of Beacon 21 Condominium Owners Association. This should not be a Beacon COA problem, but is a problem that Beacon 21 COA has inherited due to the untimely response to the alarm by the utility company; to wit, on April 9, 2001, the alarm sounded at approximately 7:30 am, calls to the utility were begun at about 7:40, and the utility responded at 9:25 am.

UNTIMELY REPAYMENT OF MONIES DUE

A Sunday afternoon substantial water leak at Association H was noticed by nearby residents. Numerous efforts to notify the utility failed. Ultimately, a professional plumber was contacted. The commercial plumber confirmed that there was a major leak from a broken line and that major erosion of nearby ground was occurring. The plumber was unable to locate the utility's shut-off valve. The plumber did secure the 20 foot (MOL) diameter danger area where the problem was growing. The plumber required payment for his emergency Sunday service call. He demanded \$87.00 on the spot. Attempts to obtain the reimbursement from the utility ran from September until February.

FAILURE TO ELIMINATE A MAJOR FIRE HAZARD

There is an area of about half an acre extending from the FEC RR ROW to a Beacon 21 eight-unit building that was once cleared but has grown to weeds over the years. During the spring 2000 drought, this area became a serious

fire hazard due to the combination of the high, dry weeds and proximity to sparks from the FEC trains passing by 8 to 12 times a day. Numerous verbal and written attempts to get the utility to mow the area were unsuccessful. Eventually, after several months this parcel was sold, and the new owner caused the tract to be mowed.

UNTIMELY DELIVERY OF WATER BILLS

This complaint is generated primarily by the property management companies that are contracted by Beacon 21 Associations since these firms are the customary recipients of the monthly statements tendered by the utility. Water meters are timely read by the utility on or about the twentieth of each month, and billings are typically dated the day following the date meters are read, with payment due upon receipt of the statement but with a grace period. However, it is contended that the monthly billings are frequently received after the first of the month--as late as the fifth of the month. This makes it almost impossible to process the billing for approval by the Association, to issue a check, to obtain signatures of officers of the paying association, and to effect payment by the required date.

INEXPLICABLE WATER LOSS OR QUESTIONABLE METER ACCURACY

On or about March 20, the utility advised that the water meter at the recreation center was measuring (at that moment) an extraordinary water flow and that the monthly volume on that meter was more than 100,000 gallons higher than normal consumption of 85,000 - 115,000 gallons per month. An immediate verification of the meter was made. Three officers of the association and two employees promptly performed an exhaustive check of the system for leaks and usage. By closing the main valve to the area, there was no flow through the meter. The valve was reopened. The meter operated normally. Every shower, commode, urinal, faucet, hose bib, the swimming pool, and the entire irrigation system were inspected for leakage with the valve open. No leaks were discovered. The meter was read each day for several days. Normal consumption was recorded every day. The only remaining explanations are either a defective meter or faulty readings that led to a \$358.00 charge to the association.

FAILURE TO TEST FIRE HYDRANTS

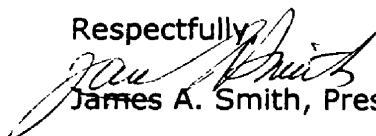
In 1997, Beacon 21 COA began an exhaustive effort to get the seven fire hydrants that serve Beacon 21 tested. We attempted to get the County to test the hydrants, we attempted to get the volunteer Rio Fire Station to test; we attempted to get the utility to test the hydrants, we attempted to get the utility to permit volunteer retired fire fighters from Beacon 21 to test the hydrants. We attempted to get the PSC to get the hydrants tested. The hydrants have yet to be tested since some time in the 1980s according to the memories of those who have lived here that long. On September 8, 2000, Beacon 21 COA put the utility on notice of the extreme risk of non-operating hydrants in the event of a fire. Nonetheless, seven months later the hydrants remain untested. Beacon 21 COA now places the PSC on notice that a dangerous condition may exist. Testing the seven hydrants may confirm that the danger exists, or testing may prove there is no risk of faulty hydrants. The PSC should mandate the tests, and remove all parties from the position of risk that now exists.

UNAUTHORIZED CLEARING OF CUSTOMERS' LAND

In 1999, the utility cleared by caterpillar tractor an area of vegetation immediately south of the utility's two retention ponds, an area owned by the utility. However, in so doing, the utility's equipment operator entered upon Beacon 21's property and cleared a considerable area that was the property of Beacon 21 COA. Regardless how well meaning this clearing was, it resulted in a firestorm of hostility from the neighbors living outside of Beacon 21 COA on Oak Lane Drive. Additionally, the utility put a gate in their perimeter fence that accessed the neighbor's property. This, also, resulted in the neighborhood erroneously accusing Beacon 21 COA of the misdeeds of the utility. This has resulted in extraordinary costs to Beacon 21 COA in attempting to right the misunderstanding of the neighbors. This matter has not been quelled as of this writing. There will be more unnecessary costs by Beacon 21 COA and there may be litigation brought by the neighbors.

Respectfully submitted by Beacon 21 Condominium Owners Association, Inc. to the Public Service Commission as consumer input to the meeting and later public hearing on the Laniger Enterprises of America, Inc., rate increase request.

Respectfully,


James A. Smith, President