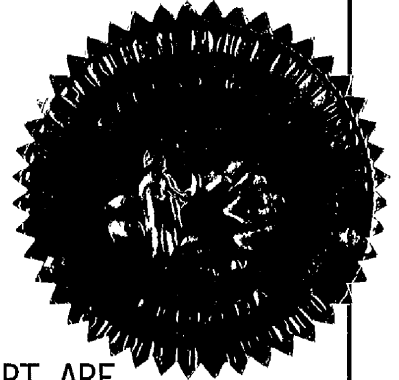


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 020071-WS

In the Matter of

APPLICATION FOR RATE INCREASE IN
MARION, ORANGE, PASCO, PINELLAS,
AND SEMINOLE COUNTIES BY
UTILITIES, INC. OF FLORIDA



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PROCEEDINGS: NEW PORT RICHEY, FLORIDA, SERVICE HEARING

BEFORE: COMMISSIONER J. TERRY DEASON
COMMISSIONER BRAULIO L. BAEZ
COMMISSIONER RUDOLPH "RUDY" BRADLEY

DATE: Thursday, May 22, 2003

TIME: Commenced at 10:00 a.m.
Concluded at 10:40 a.m.

PLACE: Spartan Manor
6121 Massachusetts Avenue
New Port Richey, Florida

REPORTED BY: LINDA BOLES, RPR
Official FPSC Reporter
(850) 413-6734

1 APPEARANCES:

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4 Florida 32701, appearing on behalf of Utilities, Inc. of
5 Florida.

6 STEPHEN C. BURGESS, Office of Public Counsel, c/o The
7 Florida Legislature, 111 W. Madison Street, Room 812,
8 Tallahassee, Florida, 32399-1400, appearing on behalf of the
9 Citizens of the State of Florida.

10 LORENA HOLLEY, FPSC General Counsel's Office, 2540
11 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850,
12 appearing on behalf of the Commission Staff.

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P R O C E E D I N G S

1
2 COMMISSIONER DEASON: We'll call the hearing to
3 order. First of all, is this microphone working and can people
4 hear me okay? Apparently so. Okay. I'm getting a thumbs-up
5 in the back of the room, so it must be working fine.

6 Could we have the notice read, please?

7 MS. HOLLEY: Pursuant to notice of customer service
8 hearings this time and place has been scheduled to receive
9 customer testimony in Docket Number 020071-WS, application for
10 rate increase in Marion, Orange, Pasco, Pinellas and Seminole
11 Counties by Utilities, Inc. of Florida. August 20 through the
12 22nd has been reserved for the technical portion of this
13 hearing to be held in Tallahassee.

14 COMMISSIONER DEASON: Thank you. Take appearances.

15 MR. BURGESS: I'm Steve Burgess. I'm here for the
16 Office of the Public Counsel. We represent the customers, the
17 citizens of the State of Florida.

18 MR. FRIEDMAN: Martin Friedman of the Law Firm of
19 Rose, Sundstrom & Bentley. We represent Utilities, Inc. of
20 Florida.

21 MS. HOLLEY: Lorena Holley on behalf of the Public
22 Service Commission.

23 COMMISSIONER DEASON: Okay. Thank you. Yeah.
24 Mr. Willis, will you take this opportunity to introduce
25 yourself to the folks that are here, and if there are staff

1 members you also wish to introduce that may be of assistance to
2 customers, if you can do that at this time, please.

3 MR. WILLIS: Sure. Thank you. Those in the
4 audience, my name is Marshall Willis. I'm a staff member with
5 the Public Service Commission. I have several people with me
6 tonight: Mr. Jan Kyle, one of our accountants over here;
7 Mr. Tom Walden in the front; Ms. Bridget Hoyle is one of our
8 staff members who introduced you out front and handed you the
9 pamphlets for tonight. And that's, that's it for the technical
10 staff.

11 COMMISSIONER DEASON: Okay. Thank you, Mr. Willis.
12 Let me take this opportunity to introduce myself. I
13 think there's some people who maybe can't see me with the
14 podium there.

15 My name is Terry Deason. I am a member of the Public
16 Service Commission. I'll be chairing the hearing today.
17 Seated to my left is Commissioner Rudy Bradley. And we
18 anticipate that Commissioner Baez will be joining us shortly.
19 I just received a telephone call from his office saying that
20 he's been momentarily detained and we expect him in hopefully
21 in around ten minutes or so. But he is in route at this
22 moment.

23 Let me take this opportunity to welcome everyone to
24 the hearing today. We have hearings in the service area of our
25 utilities for the very purpose of facilitating customer input

1 into this process. We feel it is very important. We're eager
2 to hear your thoughts upon the quality of service that is
3 rendered by this utility, as well as the specifics of the
4 proposal that is in front of us concerning the rates.

5 Mr. Burgess introduced himself first. He's with the
6 Office of Public Counsel. He'll be sponsoring your testimony
7 today. He also will be a resource to you throughout the, this
8 proceeding. It is his responsibility to represent the consumer
9 interest in matters before the Commission.

10 We also have a number of staff personnel here who
11 will make themselves available to answer any questions that you
12 may have.

13 I would anticipate that there also is -- there are
14 probably personnel here from the utility company that would
15 also be available to, to answer questions as well.

16 I believe that we have set aside a small amount of
17 time at the beginning for brief opening statements; is that
18 correct? Mr. Friedman, do you anticipate making a statement?

19 MR. FRIEDMAN: No, Commissioner Deason, I do not
20 intend to make an opening statement.

21 COMMISSIONER DEASON: You don't intend to.
22 Mr. Burgess, do you intend to make an opening statement?

23 MR. BURGESS: Yes, Commissioner. I would like to
24 just take a minute or two, if you'd indulge me, to address the
25 customers and basically give them a thumbnail sketch of the

1 case that we intend to put on.

2 COMMISSIONER DEASON: Please, you may proceed.

3 MR. BURGESS: Thank you. As I said, my name is Steve
4 Burgess. I'm here for the Public Counsel. We're created as an
5 office under the Florida Legislature. We are created
6 explicitly to represent customers, public utility customers in
7 matters that come before the Public Service Commission.

8 In this case I want to assure you that we are
9 actively involved, that we have looked at all of the filings of
10 the company, that we have four witnesses that we intend to
11 testify in the areas of engineering, in accounting, in
12 economics, the financial markets, and so that we intend to
13 present a full case.

14 Now I'm not going to get into the details of all the
15 issues we intend to present. Our testimony has not been filed
16 yet and so that would be a little bit premature. I can tell
17 you though a couple of areas that we have intentions to raise
18 some issues in are the areas of allocations. A large number of
19 this company's expenses are not direct expenses incurred by the
20 service companies, but rather are allocations of expenses
21 incurred at the national level in the parent company in
22 Illinois and they're allocated down. And the Florida Public
23 Service Commission's auditors have done an audit of those
24 accounts, and they'll be presenting testimony. We intend to
25 present testimony as well. We have some issues with those

1 allocations.

2 We have some issues with the profit margin that the
3 company is asking for. We think it's too high. For one thing,
4 the company is asking for a method that allows them a certain
5 amount of premium for the fact -- for small companies. And
6 this is anything but a small water and wastewater company; it's
7 a very large national company.

8 So this is -- these are just examples of a number of
9 the issues that we intend to raise, that we will be raising
10 when our testimony is presented in short order. But that's not
11 what we're here for now. I'll be happy to answer any questions
12 you might have, but right now what we want to do is hear from
13 you and hear what you have to say with regard, as Commissioner
14 Deason said, on any issue that you'd like to testify to on any
15 area. Particularly if you have any service issues, of course,
16 this is the time to, to express any problems that you've had
17 there. But as well as that, anything, any remarks you may have
18 with regard to the case, they'd be more than welcome. So thank
19 you very much.

20 COMMISSIONER DEASON: Thank you, Mr. Burgess.

21 As Mr. Burgess indicated, we will be having technical
22 hearings later on, but the purpose of this hearing today is to
23 hear from you, the customers. And I want to take just a moment
24 to review the procedure we will follow today.

25 For those of you who wish to make a statement today,

1 you should have signed up at the reception area out front. And
2 if you did not sign up but you do wish to make a statement, if
3 you could do that, that would be appreciated.

4 Mr. Burgess will have a list of individuals from the
5 public who wish to testify. He will be calling those
6 individuals. When your name is called, we ask that you come to
7 the podium directly in front of me. And if you would begin by
8 giving us your name and your address, and if you think it would
9 be helpful to the court reporter, you may wish to spell your
10 name so that it is accurate in the record.

11 I mentioned the court reporter because this is an
12 official hearing of the Commission. It is being recorded. It
13 will become part of the record in this proceeding. And what I
14 mean by a record, it is the evidence in this proceeding upon
15 which the Commission will base its decision.

16 We ask that you give us your statement, and at the
17 conclusion of your statement wait for just a moment. There may
18 be some clarifying questions at the end.

19 Also, if you have questions you want to get formally
20 on the record, you may ask those. It may or may not be
21 appropriate for us to answer them on the record. We'll kind of
22 take those as they come. If you do not wish to make a formal
23 statement today but still wish to communicate with the
24 Commission, if you will notice the, the last page of the blue
25 Special Report that was given to you as you entered the room

1 today, it is designed to be, to be taken apart and written upon
2 and folded and mailed to the Commission. So if you're a little
3 shy about making a public statement, you can also avail
4 yourself of that. We also have information on this sheet
5 concerning other means to contact the Commission, our
6 800 number and, of course, contacting us via the internet. So
7 I would encourage members of the public who wish to avail
8 themselves of those opportunities to please do so.

9 As I indicated, this is a formal hearing. Your
10 testimony will become part of the record, so it's necessary
11 that you be sworn in. So when you come to the podium, I will
12 put you under oath so that your testimony will be considered
13 valid evidence in this proceeding.

14 I believe I've covered all the preliminaries. Staff,
15 do you have anything you need to address at this time?

16 MS. HOLLEY: Not at this time.

17 COMMISSIONER DEASON: Do the parties have anything
18 they need to address at this time?

19 MR. FRIEDMAN: Nothing.

20 COMMISSIONER DEASON: Thank you. Mr. Burgess, if you
21 will call your first witness.

22 MR. BURGESS: Thank you, Commissioner. Shirley
23 Mellecker or Mellecker.

24 MS. MELLECKER: Mellecker.

25 MR. BURGESS: Mellecker.

1 COMMISSIONER DEASON: Let me do this: As you
2 approach, let me -- if you will raise your right hand. And if
3 there are other members of the public who anticipate making a
4 statement, if you'll just stand and raise your right hand, we
5 can go ahead and swear everyone in at one time and it will make
6 things a little more efficient. So if you'll raise your right
7 hand.

8 (Witnesses collectively sworn.)

9 COMMISSIONER DEASON: Thank you. Please be seated.
10 If you could begin by giving us your name and address, please.

11 MS. MELLECKER: Am I talking loud enough?

12 COMMISSIONER DEASON: Yes.

13 SHIRLEY MELLECKER

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

16 DIRECT STATEMENT

17 MS. MELLECKER: Okay. I'm Shirley Mellecker,
18 12153 Loblolly Pine Drive, New Port Richey. I am also
19 president of the Fairways at Summertree Homeowners Association,
20 and I'm representing this association. This is a -- this
21 residence subdivision is an over-55 community. It is about
22 three years old. And Utilities, Inc. has served that area
23 since its inception about 30 years ago, I guess, when
24 Summertree was originally developed.

25 Most of the residents at this point in time, of

1 course, are over 55 on fixed incomes and have moved from other
2 places. I recently moved from an area that was served by Pasco
3 County Utilities. Our water bill has gone up 20 percent from
4 what we paid in Pasco County.

5 One of the things that I'm concerned about and which
6 I hope to hear the rationale for why Utilities, Inc. is going
7 to be raising the rates.

8 As far as the service is concerned, we have no
9 quarrel. Initially we had a lot of rust in our system and
10 perhaps that was because it was a new area. That is now under
11 control.

12 I would like to know what the increase is going to
13 be. I notice from the mailings that we all receive that there
14 are increases from 14 percent to up to 51 percent in other
15 areas of the county, either in wastewater or water bills. Now
16 we're all familiar that wastewater is a large percentage of the
17 water bill, so we have no quarrel with that because that is
18 traditional in water companies.

19 I do have several questions: The rationale for why
20 they're asking for the increase. What was -- when did they
21 receive the last increase? What are the corporate net profits?
22 What are the executive compensations? Do they put out a
23 financial statement where this information is available? And I
24 didn't realize it was such a large company, which is
25 interesting. But that's about all I have to say except are the

1 minutes of this hearing available?

2 COMMISSIONER DEASON: Yes, ma'am. As I indicated,
3 this is being recorded by our court reporter and will become a
4 part of the record.

5 MS. MELLECKER: Okay. And is Mr. Burgess's testimony
6 available for copies, too?

7 MR. BURGESS: Yes. I'll be happy to provide you
8 copies when our testimony is filed. It'll be filed, you know,
9 what we call prefiled in writing first. And as soon as we do
10 that, I have your name and address and I'll be -- and telephone
11 number, I'll be in touch with you and I'll provide you copies.

12 MS. MELLECKER: Now as I understand it, this is an
13 initial request. Are you going to give the Utilities, Inc. at
14 this initial request the ability to raise our rates before a
15 final disposition?

16 COMMISSIONER DEASON: Mr. Willis, can you address
17 what the rates are going to be during the interim time?

18 MR. WILLIS: Sure. The Commission has already
19 considered interim rates in this case.

20 MS. MELLECKER: I'm sorry. I can't hear you.

21 MR. WILLIS: The Commission has considered interim
22 rates, which is what I believe you're talking about, the rates
23 in between now and when they consider final, and for Summertree
24 there was not an interim increase given.

25 MS. MELLECKER: There is not going to be?

1 MR. WILLIS: Not. Yes. That's correct.

2 COMMISSIONER DEASON: Let me take an opportunity to,
3 to answer just a few of your questions. You had some very
4 detailed and specific questions, and I won't try to get into
5 that and I certainly don't intend to speak for the company.
6 But you asked a general question about rate increases, and I
7 can tell you basically that the standard upon which the
8 Commission evaluates increases in rates -- we have a statutory
9 obligation to review the company's finances that includes the
10 amount that they have prudently invested in what we refer to as
11 used and useful plant that serves customers. We have to make
12 an evaluation of the amount of that investment and if it was
13 prudently incurred. We have to allow a reasonable rate of
14 return. And what is considered reasonable is open to
15 interpretation, and I believe we will give, probably receive
16 evidence on that. We also have to review all of the operating
17 expenses of the company, both at the direct operating level as
18 well as the reasonableness of any allocations which may come
19 down from a parent level, which Mr. Burgess indicated his, his
20 staff is going to be reviewing. We have to allow the recovery
21 of prudently incurred expenses. That's the basis upon which we
22 make our determination.

23 You asked some specific questions about executive
24 compensation and profit levels and things of that nature. I
25 don't -- we don't have that presently. It may be part of what

1 we refer to as the minimum filing requirements which this
2 company filed or it may be, it may be discovered, which is a
3 legal term, through depositions and interrogatories and
4 production of documents and audits and things of that nature.

5 What I will do is we have a record of your questions
6 you have asked. I'll ask Mr. Willis to review what we have,
7 currently have filed and provide to you information that
8 hopefully will address your questions. And obviously it would
9 be certainly beneficial, if you wish to -- once you receive
10 that information, if you wish to disseminate that to your
11 homeowner members, that certainly would -- we would appreciate
12 you doing that. So what we're trying to do is get as much
13 information to the public as possible. We're very proud of our
14 process here, it's open, and we follow the law as it is given
15 to us by the Legislature and implement that and do our very
16 best to protect customer interests during this process. But
17 I'm sure you realize the company has by law the ability to earn
18 a reasonable return on their investment, so we have to strike
19 that balance.

20 I want to take just a moment before we call the next
21 witness and recognize Summer Robertson. Ms. Robertson, could
22 you please stand? She's a representative from Representative
23 Heather Fiorentino's office who is with us today. And we
24 appreciate you being with us. I'm sure the Representative is
25 busy today in Tallahassee as the Legislature is still in

1 session.

2 Mr. Burgess, you may call your next witness.

3 MR. BURGESS: Thank you, Commissioner. Arthur

4 Kidder.

5 MR. KIDDER: Yes.

6 MR. BURGESS: Would you just step to the podium,

7 please?

8 Did you have -- did you want to address the
9 Commission? It doesn't indicate whether you just wanted to
10 sign in or whether you wanted to actually make comments to the
11 Commission.

12 MR. KIDDER: No. I just hadn't made up anything to
13 say now.

14 MR. BURGESS: Okay. Well, certainly if it's --

15 COMMISSIONER DEASON: What we'll do is we'll just,
16 we'll temporarily pass you, sir, and we'll go to other
17 witnesses. And, please, before we conclude today I will ask
18 once again if there are any members of the public who wish to
19 make a statement. And if you wish to avail yourself of that
20 opportunity at that time, please do so.

21 MR. KIDDER: That's what I was told when I came in.

22 COMMISSIONER DEASON: Okay. Very well.

23 MR. BURGESS: Kenneth Berry.

24 KENNETH BERRY

25 was called as a witness on behalf of the Citizens of the State

1 of Florida and, having been duly sworn, testified as follows:

2 DIRECT STATEMENT

3 MR. BERRY: Members of the Commission, I -- my name
4 is Kenneth Berry, B-E-R-R-Y. I live at 10821 Premier Avenue in
5 Port Richey, zip code 34668.

6 I have lived in Pasco County for 33 years; 25 of
7 those years I have lived in Palm Terrace. In the last -- since
8 Utilities, Inc. has taken over, our water, it's gone in the
9 toilet. At one time we had decent water. Now if we want to
10 cook, if we want to have coffee or iced tea or anything like
11 that, we have to buy bottled water.

12 Our -- my refrigerator, which operates with the
13 automatic ice maker, the ice cubes just get thrown away because
14 of the dirt and the sediment in this situation.

15 The problems that I have had is for the last eight or
16 nine years they come to my door, they ask for a sample of my
17 water, which we give them the next day. They come by and pick
18 it up. They never tell us exactly how bad the water is. All I
19 know is if you fill a glass full of ice and let it melt, boy,
20 you really need to see what's in that water.

21 I've had problems. I think -- not with the service,
22 you get the water. It's the quality of water. I believe that
23 this company is the second worst in this county, dating only
24 from the people that live over here in Seven, Seven, what is
25 it, Seven Springs. They ask for rate increases for what? I

1 mean, are they going to give us back the money that we have to
2 pay to get water to drink? The water that we have coming into
3 our homes are fit for the, the toilets, washing your dishes,
4 not to eat, not to drink. I mean, this is a disgrace. And for
5 them to ask for more money on top of it -- it's my belief that
6 Pasco County should buy these people out and get us some decent
7 water. Thank you for your time.

8 COMMISSIONER DEASON: Thank you, sir. Just let me
9 say that it's going to be part of our review, the -- we will be
10 reviewing all the, the records from the DEP, which is the
11 primary regulator over the quality of the water to make sure it
12 meets all standards. We also -- our engineers will be
13 reviewing that information, as well as doing a review of the
14 actual facilities themselves. But I'm sure the quality of the
15 water will be an issue in this proceeding, and we appreciate
16 you taking the time to talk to us today. Thank you.

17 MR. FRIEDMAN: Mr. Deason, could I ask him a couple
18 of questions?

19 COMMISSIONER DEASON: Sure. Sir, could you come
20 forward again?

21 CROSS EXAMINATION

22 BY MR. FRIEDMAN:

23 Q Mr. Berry, did you get a notice of this meeting?

24 A No.

25 Q Did you read it in the newspaper?

1 A Yes.

2 Q Could you tell me where you live again? We're having
3 a hard time figuring out what system you're on.

4 A I live at Palm Terrace Estates. I live one block off
5 of U.S. 19 between Ridge Road and Countryside. Not
6 Countryside. What the heck is the name of the street? The
7 main street that turns off of there, it's -- Jesus. The street
8 only runs three blocks.

9 Q All right. Let me ask you this: What makes you
10 think you get your water and service from Utilities, Inc. of
11 Florida?

12 A Because that's who's giving it to us to my knowledge.
13 Are you telling me that I'm not getting --

14 Q We're having a hard time figuring out where, which
15 system you're connected to because --

16 A Okay. Do you handle Palm Terrace Estates?

17 Q No, we do not.

18 A Then God forbid, I'm sorry I wasted your time.

19 Q That's all right. I hope your water problem clears
20 up.

21 A Well, I don't know. This -- the company -- maybe I
22 got it mixed up. Maybe it's because it's Florida Water. Is
23 that --

24 Q Oh, that's somebody distinctly different.

25 A Okay. I'm very sorry I bothered you and wasted your

1 time.

2 Q That's okay.

3 A If they ever ask for an increase, I'll be here.

4 Thank you.

5 COMMISSIONER DEASON: Sir, you've made a preemptive
6 strike.

7 I will ask though our staff, maybe Mr. Walden can get
8 with you, and if you do receive service from a utility which we
9 regulate and you're having difficulty with the quality of the
10 service, we'll still do whatever we can to assist you.

11 So before you leave today -- Mr. Walden, can you just
12 stand, raise your -- if you can get with this gentleman before
13 you leave today and we'll try to make that assessment. And if
14 there's something we can do to assist you there, we'll be happy
15 to do so.

16 MR. BERRY: Thank you.

17 (Witness excused.)

18 MR. BURGESS: Juanita Vaughn.

19 JUANITA VAUGHN

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

22 DIRECT STATEMENT

23 MS. VAUGHN: Good morning. My name is Juanita
24 Vaughn. I live at 11442 Sinatra Court, New Port Richey 34652.
25 We presently do not have -- 34654. I received the letter.

1 Thank you. We appreciated it. Not all of us at Cross Creek of
2 Summertree received this letter. I'm very dismayed at that.
3 They were unaware of this situation.

4 I definitely have Utilities, Inc. because I have my
5 water bills here. It's outrageous. I'm very dissatisfied. I
6 had Pasco County Utilities until one year ago. I was lied to
7 by the salesman. After our house came into closing, I found
8 out it wasn't Pasco Utilities. I never was familiar with
9 Utilities, Inc. in my life and I wish I wasn't at the moment
10 because these are the things that we are suffering.

11 The sulfur is so extreme you can run the water
12 forever before you can drink it or bathe in it. It burns your
13 eyes in the shower, the chemicals, to try and get rid of that
14 sulfur smell.

15 Our clothing is being affected by brown stains. That
16 includes any water sediment around any tap will stain brown if
17 it is not wiped at every use. We bought a whole-house filter;
18 a waste of money. We had to pull the cartridge because the
19 cartridge took out not only the bad sediments and all the other
20 stuff coming through this water, but it took out the chemicals,
21 so sulfur got worse. It was like rotten eggs every time we
22 turned the tap on; worse, doubled. People across the street,
23 people around us have all bought water softeners. It doesn't
24 work. It's just as bad, if not worse. We tried everything.

25 I buy my water to drink, to cook with. Can't make

1 coffee, can't make tea. I wouldn't put it in a pot to cook
2 anything in that water. I have a filter on my refrigerator.
3 My ice cubes are still questionable. I still taste. The
4 filter has to be changed oftener than the manufacturer
5 recommended on this refrigerator. The little green light tells
6 me it's gone bad.

7 For about nine months, ten months, Monday,
8 Wednesday -- Monday, Wednesdays and Fridays the fireplug in
9 front of us and the other ones up on the main road in Paradise
10 Point Way are turned on and are run as much as 45 minutes to
11 try and flush the lines to no avail. It doesn't mean a thing.
12 It's just some sort of service to put us off.

13 So please tell us at Cross Creek of Summertree -- and
14 that's where I'm from and that's who I represent. We do not
15 have a president yet because we are still in the process of
16 being built. We are not 90 percent finished. After one year
17 there I would give anything to get Pasco Utilities into our
18 homes because that's what I had for nine long years at the
19 previous home site.

20 Very dissatisfied. I don't think they should get an
21 increase. I don't think they should even supply our water any
22 longer at Summertree/Cross Creek. It's unfit.

23 COMMISSIONER DEASON: Thank you, ma'am. Wait just
24 one moment. Are there questions for this witness? Questions?

25 MR. FRIEDMAN: I do, yes.

CROSS EXAMINATION

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BY MR. FRIEDMAN:

Q Ms. Vaughn, is -- you said this is a new subdivision?

A Yes, sir.

Q All right. Have you got any idea how many lots are out there for sale?

A There will be a total in Phase I and II of 153 homes at the time of completion. There is only like 70 homes right now completed. They're in the process of doing Phase II.

Q And have you brought these complaints to the attention of the utility?

A Oh, sir, I have called. My letter came from Northbrook, Illinois. But I have called Altamonte Springs where I send the bill every month, told them of the situation, and the excuses they give are any numerous reasons, and then they come and they turn on the fireplug Monday, Wednesday and Friday for a flushing.

MR. FRIEDMAN: That's all.

MS. VAUGHN: That's all?

COMMISSIONER DEASON: Thank you, ma'am.

Mr. Burgess, you may call your next witness.

MR. BURGESS: Yes. Thank you. Marge Holly.

MS. HOLLY: I don't need to speak. My friend did a great job here.

COMMISSIONER DEASON: Thank you, Ms. Holly.

1 CONTINUED DIRECT STATEMENT

2 MS. VAUGHN: Oh, I have one other thing to add. I
3 forgot one thing. Sorry.

4 COMMISSIONER DEASON: Please come back to the
5 microphone.

6 MS. VAUGHN: The core of the hot water heaters in
7 every home has been contaminated. It is even worse water out
8 of the hot water heater when we try to turn the hot water tap
9 on. Some people have actually replaced the core already. We
10 have complained. That was the answer we were given: Replace
11 your core in your hot water, brand new hot water tank. That's
12 all I have to say.

13 COMMISSIONER DEASON: How old are these hot water --
14 you say this is a new subdivision. They must be fairly new.

15 MS. VAUGHN: I've been in there one year.

16 COMMISSIONER DEASON: One year? Have you had to
17 replace yours as of --

18 MS. VAUGHN: I haven't replaced the core yet. Until
19 they do something to the water, what's the use? It's going to
20 contaminate the core again.

21 COMMISSIONER DEASON: Thank you, ma'am.

22 (Witness excused.)

23 COMMISSIONER DEASON: Ma'am, what we're going to do
24 is we're going to go through the entire list, and then if
25 there's something you've forgotten, we'll invite you to come

1 back at that time. Okay?

2 MR. BURGESS: Commissioner, that is the list. Now
3 there may have been people that have come in since I received
4 names, but I think that's all.

5 COMMISSIONER DEASON: Okay. You've exhausted your
6 list. Let me ask then is there anyone who has not yet
7 testified who wishes to make a statement to the Commission? If
8 you'll please just stand and identify yourself.

9 Let the record reflect that there's no -- so if
10 there's anyone that has testified previously who wishes to
11 supplement their testimony, if you'll please come forward.

12 CONTINUED DIRECT STATEMENT

13 MS. MELLECKER: Shirley Mellecker. I'm back.
14 Mrs. Vaughn has outlined her initial service with Utilities,
15 Inc. I'm going to go back. We moved into Summertree/Fairways
16 in 2001. During the first year we had repeated occasions where
17 the water coming out of the faucet smelled like rotten eggs.
18 Utilities, Inc. was notified. They repeatedly washed out their
19 service lines. The area was under construction at the time.
20 There were separate homes that were on certain lots and then
21 there was vacant land and everything, so it was about a year
22 before this cleared up. However, it turned out that the hot
23 water heater that Mrs. Vaughn mentioned was part of the problem
24 because the hot water heaters that were installed in the homes
25 had cores that were corroded by the high chemical content of

1 the water that was being used. And you either had to replace
2 the water heater with another manufacturer or have someone come
3 in and pull that core out of the hot water heater, which they
4 wanted \$150 for. My husband removed that core and it was so
5 corroded, it was about an inch of corrosion on it. We have not
6 had any problems since then.

7 But there is an initial problem in new subdivisions.
8 And I don't ever remember that we didn't, we weren't able to
9 use our water, but the smell and the rust was prevalent at
10 first. We are three years old now and I don't know of anybody
11 that's complaining in our immediate neighborhood. Okay?

12 COMMISSIONER DEASON: Thank you, ma'am. Any further
13 questions, follow-up questions?

14 MR. FRIEDMAN: No.

15 COMMISSIONER DEASON: Okay. Thank you.

16 (Witness excused.)

17 COMMISSIONER DEASON: Let me ask once again, has
18 anyone entered the room that wishes to make a statement to the
19 Commission?

20 Sir, please come forward.

21 ALEX VAUGHN

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

24 * DIRECT STATEMENT

25 MR. VAUGHN: My name is Alex Vaughn. My wife was up

1 here a little while ago.

2 COMMISSIONER DEASON: Sir, let me ask you real quick,
3 were you previously sworn? Did you stand?

4 MR. VAUGHN: Yes, sir.

5 COMMISSIONER DEASON: Okay. Please proceed. Give us
6 your name.

7 MR. VAUGHN: My name is Alex Vaughn. My wife was
8 just up here shortly. She's 55, I'm plus; that's why we live
9 in a 55-plus. But, anyhow, I feel that Waters, Inc. or
10 Utilities, I think they're totally absurd for even thinking
11 about a rate increase.

12 The water really stinks. When I go and take a shower
13 in the morning, I have to let the water run at least ten, ten
14 minutes for it to get rid of the smell. That's how bad it is.
15 Now if it's that bad, the smell, I wonder what the water is
16 really going on my body, what's it doing to me itself? There's
17 got to be something there that must be -- I don't know how, how
18 to express it. There's got to be something there in the water
19 that has to be contaminating my body. And these people want a
20 rate increase? It's totally ridiculous. And if this
21 Commission decides to grant that, that rate increase, then
22 there's something wrong with this Commission. Thank you.

23 COMMISSIONER DEASON: Thank you, sir. Any questions?

24 * CROSS EXAMINATION

25 BY MS. HOLLEY:

1 Q Mr. Vaughn.

2 A Yes.

3 Q Quick question. Over here. You said that the water
4 smelled. What does it smell like?

5 A Sulfur.

6 Q Okay.

7 A Rotten eggs.

8 MS. HOLLEY: Thank you.

9 (Witness excused.)

10 COMMISSIONER DEASON: Let me ask, is there any,
11 anyone else who wishes to make a statement?

12 Sir, please come forward. You were sworn earlier; is
13 that correct?

14 MR. KIDDER: Pardon, sir?

15 COMMISSIONER DEASON: Were you sworn earlier as a
16 witness?

17 MR. KIDDER: Well, yeah. Okay.

18 COMMISSIONER DEASON: You were sworn earlier or you
19 were not?

20 MR. KIDDER: I wasn't.

21 ARTHUR KIDDER

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

24 COMMISSIONER DEASON: Thank you. Please, please give
25 us your name and your address.

DIRECT STATEMENT

1
2 MR. KIDDER: My name is Arthur Kidder. I'm down in
3 Holiday. I've been up here in Pasco County now two years. I
4 was up at, up off Santa Scenic Drive, up in that area, and my
5 water was terrible. I got it through, I think, the City of
6 Pasco. And I moved -- I read it -- well, in fact, when I built
7 there, and I had to buy a filter, undersink filter to make my
8 water so I could drink it. I moved -- I sold that place, moved
9 to another one, and their water wasn't any better. And now I'm
10 down in Holiday and I'm using Utilities' water and I never
11 tasted such good water in my life. That water is perfect; no
12 filter, no nothing. If you want to come and taste it, why just
13 give me a call. I can't, I can't believe what these people are
14 saying. They can't be Utility Water Company. Thank you.

15 COMMISSIONER DEASON: Mr. Friedman, I assume you have
16 no questions for this witness.

17 MR. FRIEDMAN: No, I do not.

18 COMMISSIONER DEASON: Mr. Burgess, any questions?

19 MR. BURGESS: No, sir.

20 COMMISSIONER DEASON: Thank you, sir. We appreciate
21 your testimony.

22 (Witness excused.)

23 COMMISSIONER DEASON: Are there other members of the
24 public who wish to make a statement at this time? Let the
25 record reflect that there are no other individuals who have

1 indicated they wish to make a statement to the Commission.

2 I want to take this opportunity to, to thank everyone
3 for being here today.

4 Let me ask the question. This meeting was noticed
5 that we would begin at 10:00 and then we would proceed until
6 all witnesses were heard; is that correct?

7 MS. HOLLEY: That's correct.

8 COMMISSIONER DEASON: Okay. Let me also indicate
9 that we will be travelling this afternoon up to Ocala. We will
10 be having a hearing there this evening. And I think that would
11 be -- we were in Altamonte Springs yesterday and the hearing
12 this evening will be the last customer hearing.

13 When -- I think you announced it earlier, but if you
14 would repeat when the technical hearings in Tallahassee will be
15 held.

16 MS. HOLLEY: August 20th through the 22nd.

17 COMMISSIONER DEASON: 20th through the 22nd?

18 MS. HOLLEY: Yes, sir.

19 COMMISSIONER DEASON: Okay. You're certainly -- I
20 know Tallahassee is a long way, but if you wish to come to
21 those hearings, they're public hearings, you can come and
22 participate. It may be helpful if you'd coordinate with
23 Mr. Burgess and his office. They certainly -- I'm sure I could
24 speak for them that they would be happy to try to accommodate
25 you attending that hearing and probably would be more than

1 happy to explain the process and procedure to be followed
2 during those technical hearings.

3 Okay. Commissioner Bradley wishes to ask a question.

4 COMMISSIONER BRADLEY: Yes. I have one question
5 that's related to geography. It's my understanding that the
6 water company in this area serves Pasco County as well as
7 Pinellas County. Is that true, Mr. Friedman?

8 MR. FRIEDMAN: Yes. It has a system in Pinellas
9 County, also.

10 COMMISSIONER BRADLEY: Are there any residents or
11 folks who are receiving service from this water company who
12 live in Pinellas County who are here today?

13 So my -- am I correct in assuming that everyone --

14 MS. MELLECKER: I couldn't hear your question.

15 COMMISSIONER BRADLEY: Okay. Are there any, are
16 there any customers who are currently here this morning who
17 reside in Pinellas County? The water company serves Pinellas
18 as well as Pasco County. I'm assuming it's northern Pinellas.
19 So am I correct in assuming that everyone here today resides in
20 Pasco County? Okay. That's my question. Thank you.

21 COMMISSIONER DEASON: Commissioner Baez, do you have
22 anything at this point?

23 COMMISSIONER BAEZ: Nothing. Thank you.

24 COMMISSIONER DEASON: Okay. Let me ask the parties,
25 is there anything that needs to come before the Commission

1 before we adjourn the hearing this morning?

2 MR. BURGESS: We have nothing further.

3 COMMISSIONER DEASON: Mr. Friedman?

4 MR. FRIEDMAN: We have nothing further.

5 COMMISSIONER DEASON: Staff, anything?

6 MS. HOLLEY: Nothing further.

7 COMMISSIONER DEASON: Okay. Once again, let me thank
8 you for coming out. As I indicated, this will become part of
9 the record in this proceeding, and your comments are certainly
10 appreciated. And with that, this hearing is adjourned.

11 (Proceeding adjourned at 10:40 a.m.)

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1 STATE OF FLORIDA)
2 COUNTY OF LEON)

CERTIFICATE OF REPORTER

3

4 I, LINDA BOLES, RPR, Official Commission
5 Reporter, do hereby certify that the foregoing proceeding was
6 heard at the time and place herein stated.

7 IT IS FURTHER CERTIFIED that I stenographically
8 reported the said proceedings; that the same has been
9 transcribed under my direct supervision; and that this
10 transcript constitutes a true transcription of my notes of said
11 proceedings.

12 I FURTHER CERTIFY that I am not a relative, employee,
13 attorney or counsel of any of the parties, nor am I a relative
14 or employee of any of the parties' attorneys or counsel
15 connected with the action, nor am I financially interested in
16 the action.

17 DATED THIS 2ND DAY OF JUNE, 2003.

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FPSC Official Commissioner Reporter
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