

1 PARTICIPATING:

2 BRUCE MAY, JR., ESQUIRE, DAVID MEADOWS, representing
3 Four Points Utility Corporation.

4 MICHAEL FLYNN and LORRE JETTON, customers of the
5 Utility.

6 ROSANNE GERVASI, ESQUIRE, representing the Florida
7 Public Service Commission Staff.

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P R O C E E D I N G S

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2 CHAIRMAN EDGAR: We are on our last item of the day,
3 which is Item 17. And I do recognize that we have pushed into
4 the lunch hour, but I also recognize that we have some people
5 who have traveled to be with us today, and so I would like to
6 go ahead and move forward.

7 And so I will look to our staff to introduce Item 17.

8 MS. GERVASI: Thank you, Madam Chairman. Rosanne
9 Gervasi with the Commission legal staff.

10 Item 17 is staff's recommendation in Docket Number
11 050595-WS, that Four Points Utility Corporation be ordered to
12 show cause as to why it should not be fined in the amount of
13 \$5,000 for providing water and wastewater service to the public
14 for compensation without first obtaining certificates of
15 authorization and without obtaining the approval of the
16 Commission to charge rates and charges, an apparent violation
17 of Commission statutes and rules.

18 Staff also recommends that Four Points be authorized
19 to continue charging its current rates on a temporary basis
20 with 44 percent of its revenues held subject to refund with
21 interest pending the final outcome of this proceeding. The
22 utility has indicated by letter that it agrees to hold 44
23 percent of its revenues received as of July 18, 2006, subject
24 to refund pending the final outcome of the proceeding and has
25 also indicated that unless otherwise authorized by the

1 Commission it agrees not to discontinue service for failure of
2 a customer to pay a contested bill for any utility service
3 subject to the Commission's jurisdiction while these matters
4 are being investigated.

5 On or about August 10th, the utility filed the
6 financial information that was required and was lacking for a
7 certificate application along with a request for
8 confidentiality of that information. With the receipt of that
9 financial information, the certificate application is now
10 complete.

11 Also, I wanted to mention that during the course of
12 this past week, we have received approximately 120 petitions
13 signed by customers of Four Points stating that they wished to
14 receive service directly from Polk County. We have filed and
15 distributed those petitions to you and we have advised the
16 customers who are present here today of the Commission's
17 inability to require Polk County to provide the service and
18 that they would need to contact the county about that in order
19 to pursue that. The customers have this morning provided us
20 with 30 more such petitions and we will also file those in the
21 docket file.

22 Mr. Bruce May is here representing the utility, as
23 well as Mr. Meadows of the utility, both of whom I believe wish
24 to address the Commission on this item. Also present are six
25 customers of the utility, two of whom wish to address the

1 Commission as well on this item, and they are Mr. Mike Flynn,
2 and Ms. Lorre Jetton, spelled L-O-R-R-E J-E-T-T-O-N.

3 Staff is available to answer any questions. Thank
4 you.

5 CHAIRMAN EDGAR: Thank you. And we will start with
6 Mr. May.

7 MR. MAY: Thank you, Madam Chairman. I'm Bruce May
8 with the law firm of Holland and Knight appearing today on
9 behalf of Four Points Utility. To my left is Mr. David
10 Meadows. Mr. Meadows is the president of the utility and the
11 sole shareholder.

12 We'll make our presentation brief. But before I
13 begin, this item was originally scheduled to be heard at your
14 last meeting. It was deferred to accommodate an emergency
15 personal issue of mine and I wanted to take the opportunity
16 before beginning my presentation to thank the Commission and
17 the staff and the customers for agreeing to continue this
18 matter until today. I thank you.

19 With respect to Issue 1, Mr. Meadows and I would like
20 to briefly explain why we believe that there are factors today
21 that weigh against issuing a show cause order. And I would
22 also like to briefly address, Madam Chair, some clarifications
23 we think we need with respect to Issue 2.

24 First, with your permission, I would like to describe
25 how the utility got into its current position of providing

1 water and wastewater services without a certificate. This
2 information is not in the staff's recommendation and we think
3 it would be informative for you to take into consideration as
4 you deliberate on the show cause. After that, Mr. Meadows is
5 here to explain what he and his company have done to bring his
6 utility into compliance with your requirements and also to
7 address some of the concerns that the customers have had.

8 We would respectfully submit, Commissioners, that an
9 honest misunderstanding lead the utility into its present
10 position of providing service without a certificate. Beginning
11 in August or September of 2001, Mr. Meadows' company at the
12 time, Island Club West Development, constructed a townhome
13 development in Polk County. At the initial phase, Mr. Meadows'
14 constructed the townhomes, sold them to individual owners, then
15 leased them back under long-term lease arrangements. He then
16 rented out the units, the townhome units, to the transient
17 public in a hotel-like operation.

18 For all intents and purposes, Mr. Meadows' company
19 operated the development like a hotel for two or three years.
20 Because the development was operated as a hotel, Mr. Meadows
21 and his company had a belief that its telecommunications
22 operations as well as its water and wastewater utility
23 operations were exempt from the Commission's certification
24 requirements.

25 For example, in your water and wastewater statute,

1 Section 367.022(4), the legislature has specifically exempted
2 public lodging establishments from your certification
3 requirements. Likewise, your telecommunications regulations
4 would exempt from your certification requirements
5 telecommunications services provided in a hotel-like setting.

6 Based on those statutes and regulations, we believe
7 there was a reasonable basis for my client to conclude that
8 certification was not required and he proceeded accordingly.
9 In late 2004, his development phased out the lease-back
10 arrangements that I just described, and the development moved
11 away from a hotel-like operating structure.

12 In May of 2005, your staff notified Mr. Meadows and
13 his company that water and wastewater certificates were
14 required and perhaps a telecommunications certificate was
15 required. Once he was alerted to those requirements, he timely
16 filed applications for water and wastewater authority as well
17 as telecommunications authority. With your permission, Mr.
18 Meadows is here to briefly explain what he has done to obtain
19 the certificate and to address the concerns of the customers.

20 MR. MEADOWS: Madam Chairman and members of the
21 Commission, my name is David Meadows, I'm the president of the
22 utility.

23 I came up here today to explain that you and your
24 staff have my company's full attention and we are doing all we
25 can now to obtain the certificates for the water and wastewater

1 operation.

2 As Mr. May stated, prior to May 2005, I was under the
3 impression that because we operated like a hotel, our operation
4 was not subject to the FPSC regulation and certificates were
5 not required. In May I was notified that I would need to
6 obtain water and wastewater certificates from the Public
7 Service Commission for my development, and I got with my staff
8 and we proceeded to fill out the paperwork and start preparing
9 the paperwork, and we submitted them on September of 2005.

10 I will be the first to admit that I didn't do a good
11 job making sure that the applications got filed correctly and
12 fully. I think after we filed the first application we,
13 actually, I guess, realized we filed them in the wrong
14 company's name and had to refile another one in December or
15 January. But I think some of the breakdown in communication
16 was that we were without a staff accountant during this period
17 of time. We added a staff accountant, and then finally got a
18 staff accountant that could start pulling things together in
19 March of 2005. But when he came in, he had so much to do that
20 he was overwhelmed, so it has taken him awhile to get things
21 under control.

22 Our outside accountant also was overwhelmed and was
23 not communicating with us and providing us information, and I
24 called him numerous times, weekly trying to get information out
25 of him so we could prepare these documents. In July of 2006, I

1 retained the law firm of Holland and Knight and since that time
2 have been working closely with Mr. May to address all the
3 staff's concerns and get all the information that it requires
4 in.

5 After retaining Mr. May and his firm, I also retained
6 Robert Dodrill, an accountant with Public Service Commission
7 experience, to assist us. And he has been working very closely
8 with us for the last couple of weeks to get the information
9 together, and also to ensure that the books and records of the
10 utility are kept in compliance with the NARUC system of
11 accounts.

12 We have been working with Mr. Dodrill to enhance our
13 billing system also, and we are looking to him to give us the
14 standards and help set up so we can do a better job on the
15 billing system and also meet all the concerns of our customers.
16 And we're willing to meet with the customers and address any of
17 their concerns in order to get the bills in the manner that
18 they would like to see the bills, and also the manner that I
19 would like to see the bills.

20 On Wednesday, I filed additional financial
21 information, Wednesday, August 10th, additional financial
22 information including a personal financial statement, and I
23 believe that demonstrates the utility has the financial ability
24 to provide water and wastewater service. Mr. Dodrill is also
25 working on other elements of the application, including

1 information on the plant investment, administrative and billing
2 cost determinants, all of which is scheduled to be completed no
3 later than September 15th of this year.

4 I want you to know that my attention is focused on
5 this, and I am talking to the people necessary in my
6 organization to get the documents together as fast as I can.
7 And I believe this -- hope this demonstrates a good faith
8 effort on my part to comply.

9 MR. MAY: Commissioners, just to follow up on Mr.
10 Meadows' statement. As you deliberate on the show cause
11 recommendation, I would ask you to keep in mind some of your
12 past decisions where you have articulated the reason for
13 issuing show cause orders. I think it is very clear from your
14 past orders that you have used your show cause authority to
15 address entities that have thumbed their nose at your
16 jurisdiction, and you have used it to require those -- to get
17 the attention of those entities that flagrantly disregard your
18 requirements, and to bring them into compliance. I don't think
19 those circumstances are here today.

20 As Mr. Meadows has described and I have alluded to
21 earlier, I don't think the utility has flagrantly disregarded
22 your jurisdiction. There was an honest misunderstanding as to
23 the jurisdiction and the certification requirements. Once he
24 was alerted to those requirements, he came in and has tried to
25 provide you the information. Granted, the information has been

1 sporadic and it hasn't been provided as timely as it should
2 have, but I think he has got the staff now in place and he
3 understands the system in a fashion that he is going to be much
4 more timely and much more responsive.

5 With respect to the show cause proceeding, we would
6 ask you to consider that instead of hiring lawyers and coming
7 to Tallahassee to respond to the show cause order, it would be
8 more productive for all concerned, including the customers for
9 the utility, to devote its full attention to responding to the
10 customers' concerns, conducting customer meetings, getting its
11 application and its tariff in line and providing good quality
12 service. We think that you have the utility's full attention
13 at this time, and, quite frankly, I don't believe the show
14 cause order would be efficient or effective.

15 To the extent that you feel compelled to issue a show
16 cause order, again, I would ask you to reflect back on your
17 past decisions and be consistent. My research shows that over
18 the last ten years you have issued around six or seven show
19 cause orders against water and wastewater utilities. There was
20 one proposed fine for \$5,000, but that was a case where you had
21 instructed a utility not to charge a rate, it flagrantly
22 disregarded that instruction and charged the rate.

23 Most of the other show cause fines that you have
24 proposed in your show cause orders have been in the
25 neighborhood of 250 to \$350. To the extent, again, you feel

1 compelled to issue a show cause recommendation, we would ask
2 you to consider the consistency of that fine level and to
3 reflect back and to set the fine or the proposed fine at a
4 level that would be commensurate with your past orders.

5 I have some additional remarks with respect to Issue
6 2, but they are more in the nature of clarifications. And at
7 the appropriate time, Madam Chairman, I would like to address
8 the Commission in that capacity.

9 CHAIRMAN EDGAR: Thank you, Mr. May. Mr. Flynn,
10 would you like to address the Commission at this time?

11 MR. FLYNN: My name is Michael Flynn. First of all,
12 Madam Chairman, I would like to thank you for indulging us so
13 we can get up here in a timely manner.

14 I have a statement that I believe you all have a copy
15 of that I would like to read, if you don't mind.

16 Okay. I'm Michael Flynn. I'm one of the directors
17 of the Island Club West HOA. And, essentially, you have gotten
18 the petitions that we have sent up here. Along with the
19 owners, this body would like to -- we would like to request
20 that you not allow Four Points Utility Corporation or any David
21 Meadows utility company to serve Island Club West with water
22 and sewer. Island Club West would like direct service from
23 Polk County Water and Wastewater. I'm aware that you are --
24 that's not your capacity. We will deal with that with Polk
25 County.

1 On Issue 1, Four Points Utility Corporation needs to
2 be mandated to show cause that it should not be fined. Mr.
3 Meadows has spearheaded several utility companies to provide
4 water and wastewater services to Island Club West, and it is
5 doubtful that any of these companies were in the possession of
6 certificates of authorization. It is believed that Mr. Meadows
7 at varying times had different corporations provide utility
8 services, such as, Orlando Vacations, Incorporated, Resort
9 Management Group, Four Points Utility Corporation. It is
10 believed that none of the referenced companies were granted
11 approval to provide water and wastewater services.

12 From time to time owners various utilities were
13 threatened to be disconnected. They were disconnected even
14 when a bill was in dispute. It is our understanding that the
15 current application lacks required information, which
16 apparently you now have.

17 In conclusion on Issue 1, Four Points Utility
18 Corporation, in our opinion, has snubbed its nose at the legal
19 requirements for obtaining certificates of authorization prior
20 to operating the utility, and apparently has violated at least
21 several provisions of Florida Statutes. The \$5,000 fine
22 recommended is inadequate, in our opinion, in order to send a
23 message of the fact that he has been operating as a utility
24 without the proper requirements. We would suggest \$5,000 cited
25 for each violation for a total of \$30,000.

1 Would you like to go on to Issue 2?

2 CHAIRMAN EDGAR: You can go ahead and we'll come back
3 and make sure that there is ample opportunity for everybody to
4 address.

5 MR. MEADOWS: I'm just sort of going to skip to the
6 punch here because I don't want to take up too much of your
7 time. Essentially, water is not a luxury. And the current
8 utility casually, routinely disconnects customers over bills
9 disputed, places liens against properties for amounts of bills
10 that are disputed. I have actually seen -- had people call me
11 and tell me that they have had liens placed against their
12 property when they had their utility bills paid.

13 Bills are not out in a timely manner whatsoever.
14 They weren't before, they are still not now. I personally
15 haven't received utility bills for, I believe it's April, May,
16 and June I'm still waiting for. Like I said, we would like to
17 see Polk County take over our water and sewer.

18 We have had a lot of difficulties with all of our
19 utilities with Mr. Meadows, with Mr. Meadows' corporations, I
20 should say. And I would like to give you a couple of quick
21 examples. These are my personal bills and these are in
22 chronological order from month-to-month. This starts in the
23 month of May. My water usage came up as 5,274 gallons; for
24 June, 227; July, 4,003 gallons; August, no water usage;
25 September is 1,104 gallons; October was 1,216 gallons. This is

1 in a home that two people live in, by the way. November,
2 16,288 gallons; then we went back in December back down to
3 8,543 gallons, 8,800 gallons, and the last bill I have here
4 went to 29,202 gallons. That's for a townhome with two people
5 living in it.

6 As you can see, I think it's pretty clear that meter
7 readings are not being taken. We have actually had people that
8 have covered their -- the meters in our houses are out in the
9 front of the house, and they're in like a bed. We've actually
10 had people that intentionally covered them just to see if the
11 cover was removed and the meter reading was taken, and nothing
12 had been disturbed, yet they got a water bill.

13 I don't even know if the meters are certified. I
14 don't know one way or the other. But these bills are just --
15 my sampling of my own bills, they are the same thing across the
16 board in Island Club West. Either the meters are not being
17 read or the people that are reading them don't know how to read
18 them. The bills are very -- they are not given to us in a
19 timely manner, and we just would be much better off, I think,
20 if we went with Polk County Water.

21 Thank you very much.

22 CHAIRMAN EDGAR: Thank you, Mr. Flynn.

23 And, ma'am, I'm not sure I got your name right, so
24 I'm going to ask you to tell us again, please.

25 MS. JETTON: My name is Lorre Jetton, and I am a

1 resident at Island Club West, and trying to be also renting my
2 unit, which as been compromised extremely by what has been
3 happening to us there. I also brought some bills here that are
4 my own personal bills.

5 With the billing, it's very inconsistent. Almost
6 every single bill that I have received has been incorrect. I
7 have gone down, and right there in the office they have made
8 adjustments. There have been illegal fees that have been
9 assigned to the bills that were immediately taken off which
10 were acknowledged that they were illegal. But unless you
11 protest what is put on your bill, it goes through and he gets
12 the money. Those that received a judgment against them for
13 arbitration, OVI, they automatically have the bills deducted
14 from what is owed them, and they are not even aware of what
15 they are being billed.

16 I have not received a bill in the mail since March.
17 I went by the office in April and May and picked up the bill.
18 June and July's I do not have. He has a meter reading, I don't
19 have any meter readings, I just get a bill. There are no
20 meters at all. On some of the other bills, like the electric,
21 that there is a meter, I apparently get somebody else's meter
22 and get their bills, and I guess they get mine.

23 So it's just real inconsistent. There is no basis
24 for the billing because there is no meter reading. I don't get
25 them in a timely manner. I believe that after almost a year

1 and a half that this should have been enough time for him to
2 get his paperwork together. And I personally believe that he
3 is complying now only because he is being forced into it.

4 And I think that what he has done in the past is an
5 indication of what might be done in the future. And with the
6 changing of the companies names, I'm afraid that if he does get
7 certified, you do have control and he doesn't like that
8 control, then he will just form another company and then you
9 would lose the control. And I think that's basically it.

10 I would like to have some peace to know that somebody
11 is not playing with our lives and playing with our income and
12 making up the rules as he goes along and is also getting away
13 with it in so many areas other than just water. Water is the
14 least of our concerns, because our lives have been impacted in
15 so many illegal dealings in so many other areas. So thank you
16 very much for your time.

17 CHAIRMAN EDGAR: Thank you.

18 Commissioner Carter.

19 COMMISSIONER CARTER: Thank you, Madam Chairman.

20 Staff, in your recommendations I see you talk about
21 that staff has written several deficiency letters and made
22 numerous phone calls to the utility concerning incomplete
23 application. When you say several deficiency letters, how many
24 is that? Obviously, several -- it would be more than three
25 with it being several, right?

1 MS. JOHNSON: Correct. That would be about four.

2 COMMISSIONER CARTER: About four letters and numerous
3 phone calls.

4 MS. JOHNSON: And soliciting information and trying
5 to complete the application for the review, yes.

6 COMMISSIONER CARTER: So about how many phone calls
7 would that be?

8 MS. JOHNSON: I'm going to guess and say, because I
9 did some and there are other staff member that did some, I
10 would say maybe 10 or 15, maybe more.

11 COMMISSIONER CARTER: Madam Chair. And
12 notwithstanding these calls, we are still at this juncture in
13 time where we still don't have the company in proper paperwork
14 with certification in the application process?

15 MS. JOHNSON: As of the 10th of this month, they did
16 complete the deficiencies. They are satisfied as far as the
17 deficiencies are concerned.

18 COMMISSIONER CARTER: One itty-bitty follow-up, Madam
19 Chairman.

20 How long has this been processing?

21 MS. JOHNSON: Well, they filed the application in
22 2005, and I think it's probably because they are new to the
23 process and they didn't know. We did try to walk them through
24 and tell them what we needed, and they would try and file, and
25 they just didn't quite understand, I think. But we have

1 persisted and tried to work with them numerous times.

2 COMMISSIONER CARTER: This is like a sub to the
3 itty-bitty one, Madam Chair.

4 MS. JOHNSON: Because we need certain specific
5 information in doing our review and our analysis and stuff.
6 And I believe they just did not understand. When we asked for
7 financial data, and then they said, oh, wait a minute, we want
8 to change the company's name. And we didn't understand the
9 background as to why. And then we started receiving
10 information from customers, and we just didn't know which way
11 to go at one point.

12 COMMISSIONER CARTER: This is a two-parter, and then
13 I will be done, Madam Chair.

14 How many letters, e-mails, petitions, whatsoever you
15 have received from the customers, the consumers?

16 MS. JOHNSON: For just the water industry, I would
17 say we received about 16 to 20 complaints or objections to the
18 application. We received numerous e-mails. Some of them were
19 repetitive from the same customers, giving us updates and
20 objecting to the application.

21 COMMISSIONER CARTER: About how many was it?

22 MS. JOHNSON: I would say probably maybe 20. There
23 is only like 255 customers, but what they would do is one
24 person would write and then names would be added on of other
25 complaining customers.

1 COMMISSIONER CARTER: And that would signify that --

2 MS. JOHNSON: That they weren't happy.

3 COMMISSIONER CARTER: There were multiple people with
4 the same concern.

5 MS. JOHNSON: Yes.

6 COMMISSIONER CARTER: Can you give me a ballpark. I
7 mean, you said there were about 20 of 255 customers. Can you
8 give me a ballpark as to how many of the consumers total? I
9 mean, including those that may have had multiple names on the
10 e-mails, can you give me some kind of feel for that?

11 MS. JOHNSON: Well, I can give you specifics as to
12 how many have filed a petition, which was exactly 120, I
13 believe, and 30 additional added to that. I believe there has
14 been about 16 customers that actually objected to the
15 application when it first started for the water and wastewater.
16 Now, you have to understand, it crossed industry lines, their
17 complaints, also. If they complained about water, they also
18 complained about electricity and some of the other industries.

19 COMMISSIONER CARTER: Sir, I'm sorry, I forgot your
20 name, but you were talking about the number of gallons. Do you
21 have a pool, or a couple of pools, maybe?

22 MR. FLYNN: No, I don't. It is just a townhome with
23 two people living in it. There's no pool.

24 COMMISSIONER CARTER: And I think one month you had
25 like 20,000 gallons. Did I hear you correctly?

1 MR. FLYNN: Yes, I had a couple of months that had
2 20,000 gallons. They were corrected at the office when I
3 brought it to their attention.

4 COMMISSIONER CARTER: And, ma'am, when you brought it
5 to the attention of the company, the problems that you were
6 having, how did they respond to you?

7 MS. JETTON: Well, mine doesn't have a water meter
8 reading, so every single billing that I have received except
9 for two have had inaccurate charges, and that would include the
10 electric, the phone, long distance. And every single one of
11 them, except for two, had adjustments. Also, there is a
12 payment that was made that they have lost, and this was back
13 in, I think, February, and they haven't found it yet or
14 credited me with that yet.

15 COMMISSIONER CARTER: And this is absolutely the last
16 one, Madam Chair.

17 And to both of you, basically you are just bringing
18 to the Commission's attention a sampling of what has been
19 happening to you and all of your neighbors in the community, is
20 that right? They just asked you guys to come to speak to us on
21 their behalfs?

22 MS. JETTON: Well, I'm speaking on my behalf. I'm
23 afraid that at this point I don't think that they're capable,
24 perhaps they don't have the proper knowledge to be able to
25 operate as a business.

1 MR. FLYNN: And I am speaking as a board member for
2 just about everybody in the complex. Everybody has had a
3 problem with all of their utility bills.

4 COMMISSIONER CARTER: Thank you, Madam Chairman, for
5 your indulgence.

6 CHAIRMAN EDGAR: Thank you, Commission Carter.

7 Commissioner Tew.

8 COMMISSIONER TEW: I have some comments and then
9 questions for the utility and questions for staff, if I may. I
10 guess, first, I want to say to the customers -- of course, the
11 Chairman has already welcomed you here, and we appreciate your
12 participating in your government and sharing with us what some
13 of our neighbors' problems are, including yours.

14 To the company, and specifically to Mr. May, I
15 appreciate your comments about those who thumb their nose at
16 the PSC and those who don't, but I think you can appreciate it
17 is sort of hard to tell the difference from here sometimes.
18 And we have some information before us about several contacts,
19 and I think Commissioner Carter went through that, several
20 contacts to Mr. Meadows or his staff, and several attempts to
21 try to get the information right in the record. And I have
22 some follow-up questions for Mr. Meadows.

23 Have you reached out to any of these customers before
24 today?

25 MR. MEADOWS: I've met with the board of directors of

1 the homeowners association numerous times when they have
2 contacted me about having meetings. I have not heard about
3 these kind of complaints before. I could have gotten involved
4 and straightened them out. I didn't know that they were having
5 those kind of billing problems. So, no, I haven't gone to
6 them, but I didn't -- and they all have my home phone number,
7 so they can call me, and my e-mail address, so if they have
8 something -- usually the board of directors will call me and
9 ask to have a meeting, but they did not bring these issues up
10 in previous meetings.

11 COMMISSIONER TEW: My follow-up there would be now
12 that you are aware of these concerns that I hope that in the
13 time going forward, and I'm not sure what is going to happen
14 with these issues yet, I will let you know that I am for
15 staff's recommendation on the show cause issue, and this is to
16 just let my colleagues know, as well. But assuming that goes
17 forward or does not go forward, I hope that you will use that
18 time -- in fact, I think it would be very compelling if you
19 came back to us within that 21 days and you were able to show
20 that you had resolved all of these concerns. But that is just
21 my advice on that.

22 I guess my second question is are you metering these
23 townhomes? Because definitely we have heard from the customers
24 that these are very erratic, sort of, bills, and they question
25 whether or not the information is being gathered properly from

1 the meters. Can you speak to that?

2 MR. MEADOWS: Yes, we are metering them. We do check
3 it against the master bills and know that we are not
4 overbilling as a total sum, and we do look at the bills monthly
5 to see if something looks out of ordinary, and that has been
6 one reason why they held up bills. They would hold them up,
7 and I have told them, I have given them instructions on how to
8 handle that in the future. But if you read a bill and you get
9 a negative reading from the previous month, then obviously we
10 want to go back out and read that and see why we had a
11 negative. We get a lot of zeros, and we want to check to see
12 if there is really no use on the meter, and you get some that
13 are really big readings.

14 On a bill like that, anything over 10,000 gallons, I
15 would obviously want to go out and check it and even talk to
16 the people and see if they have a leak in the unit. Sometimes
17 people aren't there for months on end, and the toilet could be
18 running. But we should be checking those and getting answers.
19 And I have always asked them in the past whenever I went over
20 the billings, I would ask them to go check the erratic
21 billings.

22 Now, I wasn't following up and actually getting every
23 one of those explained to me while they were erratic, but I was
24 being told, well, we had to replace five meters that were not
25 working at all, and so and so, things like that. And, yes, I

1 definitely want to meet with them and get any of these
2 problems -- they should be very easily fixed. I have already
3 talked to people there about ways that I can fix most of these
4 things immediately. But I have to get somebody that I give the
5 authority to to make it their job and their responsibility to
6 watch these readings and fix them immediately.

7 MR. MAY: Commissioner Tew, may I follow up? My work
8 with Mr. Dodrill, the new utility accountant and consultant,
9 one of his primary tasks is to address the billing and the
10 meter reading systems to ensure the integrity and robustness of
11 both of those functions.

12 COMMISSIONER TEW: I guess my final comment on all of
13 this would be that I appreciate that you are here today and you
14 are trying to show us that you're trying to turn things around,
15 that you are trying to get the right people doing the right
16 things. I think we appreciate that. I think the customers
17 appreciate that. But I think that four letters and numerous
18 phones calls and everything is a bit much to overlook at this
19 point, at least for me.

20 And I do have a question for staff, because I noticed
21 in the customers' letter, another thing they talked about
22 was -- I think it was really in part two of this case, was
23 going forward where they want to get their water from. And I
24 know that usually when we notice these types of dockets that
25 the county is -- they get notice of these types of issues, too.

1 Have they intervened in this or have they shown any interest in
2 this particular case?

3 MS. GERVASI: No, they have not. In fact, these
4 petitions that we received, the 120 and then the 30 more that
5 we just received today are fairly new, and this was an argument
6 that is fairly new to us that the customers wish to receive
7 their service from the county. I don't know whether the county
8 is aware of that yet. They have not intervened in this docket
9 so far.

10 COMMISSIONER TEW: Thank you, Ms. Gervasi. And I
11 just wanted to say to the customers, you're probably not as
12 familiar with a lot of what we do here, but a lot of these
13 issues that you have raised, there will be a time for them to
14 be discussed later. Today we will focus on the issues that
15 you've summarized here.

16 I guess, Commissioners, that's all that I have. If
17 there are other questions, or if there aren't, if we're ready
18 to make a motion, I could.

19 CHAIRMAN EDGAR: Commissioner Tew, before we move
20 forward -- Mr. May, I think earlier you asked for an
21 opportunity to address Item 2, so if you would like to do so.

22 MR. MAY: Yes, ma'am. Very briefly. We have two
23 clarifications with respect to Item 2, which deals with the
24 monies held subject to refund. In a letter that I sent on
25 behalf of the utility dated July 25th, 2006, we have agreed --

1 the utility has agreed to hold 44 percent of its revenues
2 received subject to refund. And the utility stands behind that
3 commitment, and, in fact, has taken steps to establish an
4 escrow account.

5 In reading staff's revised recommendation, I think
6 there is some confusion as to whether the utility should be
7 required to hold amounts billed or revenues received subject to
8 refund. We believe that -- we would ask that the
9 recommendation or respectfully request that the recommendation
10 be clarified that the revenues received be subject to refund,
11 and we would put those revenues into an escrow account.
12 Otherwise, you're basically requiring the utility to place
13 revenues into escrow that it simply doesn't have.

14 The other point of clarification is -- I think it's a
15 historical artifact from the earlier recommendation, it says
16 that the escrow account needs to be established by August 16th.
17 That's tomorrow. We'll do our best to do that, but I think if
18 the recommendation could be clarified to give us seven to ten
19 days to get that account in place with the Commission's
20 signator on that account, that would be more realistic and
21 doable. Thank you.

22 CHAIRMAN EDGAR: Thank you, Mr. May.

23 Ms. Gervasi, could you speak to those two
24 clarification points?

25 MS. GERVASI: Both of those clarifications would be

1 acceptable to staff, holding revenues received subject to
2 refund in accordance with the recommendation and with what the
3 company has agreed to do as well as to allow for a little bit
4 more time for the escrow account to be set up.

5 CHAIRMAN EDGAR: Thank you.

6 Commissioner Carter.

7 Oh, Commissioner Arriaga. Thank you.

8 COMMISSIONER ARRIAGA: Staff, just a brief question.
9 I understand that there are electric issues, telephone issues.
10 Are we dealing with those also?

11 MS. JOHNSON: Yes. In different dockets, yes.

12 I'm sorry, the electric issue, I think, is being
13 worked on outside, and I think Progress Energy is going to
14 provide them with electrical service directly and bill them.
15 And the telephone issue is being addressed in the future, but
16 they have submitted all the information.

17 CHAIRMAN EDGAR: Commissioner Carter.

18 COMMISSIONER CARTER: Madam Chairman, I just wanted
19 to take a moment, you know, before we do our vote to assure our
20 consumers who have come up here that our Chairman in her
21 leadership, she always makes an extraordinary effort to allow
22 citizens to have input. And we sincerely appreciate you taking
23 the time from your day to come up here and talk to us. We're
24 not just here talking about nuts and bolts and charts and
25 graphs, it's about human beings. And the leadership that our

1 Chairman displays to us, and all of us on this Commission, we
2 are sincere and we know that everything that we do impacts
3 somebody in Florida. Thank you for coming here today.

4 And, Madam Chairman, thank you for your leadership.

5 CHAIRMAN EDGAR: Thank you, Commissioner Carter.

6 Commissioner Tew.

7 COMMISSIONER TEW: On Issue 1, I can move the staff
8 recommendation.

9 COMMISSIONER CARTER: Second.

10 CHAIRMAN EDGAR: Commissioners, further discussion on
11 the motion before us? Seeing none, all in favor of the motion
12 on Issue 1 say aye.

13 (Unanimous affirmative vote.)

14 CHAIRMAN EDGAR: Opposed?

15 Show the motion adopted.

16 COMMISSIONER TEW: On Issue 2, I would move the staff
17 recommendation as modified, and I believe that it would clarify
18 that instead of the word billed, we would include the word
19 received?

20 MS. JOHNSON: Correct.

21 COMMISSIONER TEW: And then there would be seven to
22 ten days to allow the company time to get the escrow set up, is
23 that correct?

24 MS. JOHNSON: That's correct.

25 COMMISSIONER TEW: So moved.

1 COMMISSIONER CARTER: Second.

2 CHAIRMAN EDGAR: Commissioners, we have a motion and
3 a second on Issue 2. Is there further discussion?

4 Seeing none, all in favor of the motion say aye.

5 (Unanimous affirmative vote.)

6 CHAIRMAN EDGAR: Opposed?

7 Show the motion adopted.

8 And thank you for your participation.

9 MR. COOKE: Commissioner?

10 CHAIRMAN EDGAR: Mr. Cooke.

11 MR. COOKE: Chairman Edgar, just to be clear, there
12 is a third issue. I know in the past we have moved staff, and
13 we have assumed that meant all of them. But in this case,
14 since you addressed each separately, just for the record, to
15 keep the docket open.

16 CHAIRMAN EDGAR: Yes, thank you. I appreciate you
17 bringing that to my attention.

18 Commissioner Tew.

19 COMMISSIONER TEW: I never remember the
20 close-the-docket issue. I'm batting a thousand.

21 Issue 3, move staff.

22 COMMISSIONER CARTER: Second.

23 CHAIRMAN EDGAR: All in favor say aye.

24 (Unanimous affirmative vote.)

25 CHAIRMAN EDGAR: Opposed?

1 Show the motion adopted.

2 Thank you, Mr. Cooke.

3 And thank you all again.

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STATE OF FLORIDA)

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CERTIFICATE OF REPORTER

COUNTY OF LEON)

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk and Administrative Services, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

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

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

DATED THIS 22nd day of August, 2006.



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