

State of Florida



ORIGINAL Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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COMMISSION
CLERK

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

DATE: February 5, 2007

TO: Blanca S. Bayó, Commission Clerk and Administrative Services Director

FROM: *Jay B. Revell*, Regulatory Analyst III, Division of Economic Regulation

RE: Docket No. 060257-WS - Application for Increase in water and wastewater rates in Polk County by Cypress Lakes Utilities, Inc.

Enclosed are copies of letters dated January 5 and 29, 2007, from representatives of the Cypress Lakes Homeowners Association. Please place these letters in the docket file for this docket.

- CMP _____
- COM _____
- CTR _____
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- RCA _____
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- SGA _____
- SEC _____
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DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK



Cypress Lakes



Homeowners Association of Lakeland, Inc.

9678 Cypress Lakes Drive, Lakeland, FL 33810-2394
(863) 815-8878

January 5, 2007

Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Attention: W. Troy Rendell
Public Utilities Supervisor
Division of Economic Regulation

We are in receipt and thank you for your letter and data dated 18 December 2006. It again, has aroused some additional concerns regarding Utilities Inc. operation of our water facility.

As you are well aware, by our correspondence, Mr. Halleen and myself continue to pursue the issue of a proposed rate increase by this utility.

We frankly, are against any increase based on our findings and suggest that Utilities Inc. be given no increase this year but rather be made aware of their numerous auditing errors and claims in addition to a lack of consistant supply of quality water, meter reading, and billing practices.

In previous correspondence and conversation at the meeting held in our clubhouse, Mr. Halleen and I were led to believe that the hearing meeting would be in mid February and you assured us that we would be on the agenda to present our concerns to the Board of Commissioners.

Now, we understand this meeting is scheduled for sometime in late January? We hhave had no correspondence from your office with regard to this and feel that perhaps we are being omitted. We sincerely hope this is not the case and respectfully request a response as soon as possible with regard to the date, time, and location of the Hearing/Agenda meeting in Tallahassee.

We look forward to hearing from you and the Board of Directors of Cypress Lakes Homeowners Association takes this opportunity to wish you and your staff a Happy and healthy New Year.

Respectfully,

Richard J. Holzschuh
Director, CLHA
Utility Rate Increase Project

Robert M. Halleen
Director, CLHA
Utility Rate Increase Project

Cc: Office of Public Council

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CI FRK

January 29, 2007
Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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DIVISION OF
ECONOMIC REGULATION

Attention : W. Troy Rendell
Public Utilities Supervisor
Division of Economic Regulation

We are fast approaching the Agenda meeting in Tallahassee; we would appreciate it if you would advise us as to whether or not we will receive your recommendations on February 2nd as expected in overnight mail. We are prepared to review them in the format that we will use to discuss them with the Commissioners; therefore, we would like to avoid any surprises (both ways) in the meeting so we would propose to forward to you an advance copy of our presentation. Mr Revel, in a recent telephone conversation with me, indicated that we may not be able to make a PowerPoint presentation so we have prepared it in handout form and will not bring a PowerPoint presentation to the meeting.

One major concern that we have deals with the Utility's method of resolving billing disputes. In simple English, **they don't**. This does not set well with the residents involved and from our viewpoint, they are not being treated fairly. I am including two examples to highlight the problem. Both individuals have contacted the Utility and the Utility found no appreciable leakage in either case. The Utility's final answer has been "...that either they or their neighbors have used the water... the meter doesn't lie." In both cases presented, the single month's reading is abnormally high — **greater than nine months of usage** in the Snell's case and in the Bonifield case, it is **greater than 50 % of their entire usage for the other eleven months** of the year. **These are not isolated cases**; we already alerted you to the situation involving meter reading. We have received many complaints, primarily from the "snowbirds" about excessive and inconsistent billings during their vacancy months. We plan to bring further information on the inconsistent meter reading activity that has been reported by the residents. It is very apparent in the Bonifield billing pattern **that the meter reading is inconsistent** as there is a **six time spread between the minimum and maximum readings** even though the Bonifields are year-round residents.

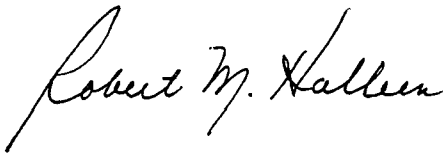
The problem appears to be at a stalemate. The major impact seems to be that the added water is billed at a rate designed to encourage conservation – not to penalize the user in an unresolved dispute. It is very obvious that the Snells did not "fill a swimming pool" or any other ridiculous activity. It is interesting that neither you or the Utility has replied to the item that we raised at the pre-meeting– the residential monthly billing for 887,000 gallons that is found on Schedule e-14, page 1. It is an equally ridiculous entry – but we have received no information as to who or how this entry was billed from either your organization or the Utility. **We suggest that this item be resolved prior to the Agenda meeting.**

We also noted a discrepancy between the Utility' response to one of the Office of Public Counsel's inquires and the response contained in the audit material supplied by your group. The

item impacts on a point that we have been making about the increased O & M expenses in the Salaries category. The inquiry (# 13 - page 6) asked about increased insurance cost – to which the Utility replied “...the **number of employees increased**, the number of vehicles which require insurance has also increased....”. However, in an answer to an audit inquiry (Audit Finding No. 6 - p. 15) “...contains the cost of two trucks used by its operators. One of the trucks was used by **a former operator who is no longer employed at the plant**. According to the plant supervisor, **he will not be replaced.** ...” Further, in the filing, the Pro Forma O & M Expenses show an increase requested a major salary adjustment in both the Water and Sewer Schedule B-3; yet, apparently the number of employees has been reduced. **Since Salaries is an allocated account, we have no capability to track employees;** therefore, we believe that the PSC has the responsibility to make sure that such allocations are correct. In the auditing worksheets provided by your group, we can find no record of any analysis relating to the allocation of employee costs. Without appropriate documentation, we can not support the Pro Forma additions related to O & M Expenses.

We will continue to examine the filing and other information we have received. If we find additional questions, we will forward them to you. If there is any additional information that we have failed to supply, please advise us immediately so that we can get it to you. Thank you again for your cooperation in this matter of deep concern to the residents of the Cypress Lakes community.

Sincerely,



Robert M. Halleen
Director, CLHA
Utility Rate Increase Project



Richard Holzschuh
Director, CLHA
Utility Rate Increase Project

cc: Office of Public Counsel

**DONNA & ED SNELL
2238 MULLIGAN DR.
LAKELAND, FL 33810**

BILLING CONCERN

BILLING

MONTH	AMOUNT (\$)	ESTIMATED USAGE (GALLONS)
2006		
MARCH	\$54.20	5600
APRIL	\$51.38	5300
MAY	\$61.64	6900
JUNE	\$56.72	6200
JULY	\$47.99	4700
AUGUST	\$46.31	4400
SEPTEMBER	\$53.63	5000
OCTOBER	\$61.72	5800
NOVEMBER	\$57.93	5200
DECEMBER	\$61.86	5800
TOTAL		54900
2007		
JANUARY	\$381.60	59400 (ACTUAL)
FEBRUARY(PART)		4100 (ACTUAL)

JOANNE & LEN BONIFIELD
2914 DOLLAR BONNET LANE
LAKELAND, FL 33810

BILLING CONCERN

BILLING

	MONTH	AMOUNT (\$)	ACTUAL USAGE (GALLONS)
2006			
	JANUARY	\$43.55	3910
	FEBRUARY	\$39.37	3170
	MARCH	\$43.55	3910
	APRIL	\$64.57	7320
	MAY	\$62.41	7010
	JUNE	\$28.86	1270
	JULY	\$205.78	34050
	AUGUST	\$43.88	3970
	SEPTEMBER	\$62.62	7040
	OCTOBER	\$41.98	2850
	NOVEMBER	\$63.81	5900
	DECEMBER	\$48.19	3510
	TOTAL (LESS JULY)		49860
2007			
	JANUARY	53.03	4250