

Date: April 28th, 2010

090170-WU

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To: Office of Commission Clerk (Cole)

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From: Tom Hawkins (to be presented to commissioners Edgar, Skop, Stevens)

COMMISSION
CLERK

Re: Docket No. 090170-WU- Application for staff-assisted rate case in Lee County by Mobile Manor Water Company, Inc.

Agenda: 05/04/10-Proposed Settlement Agreement

I am a resident of Mobile Manor and own two properties in addition to being Board President of Mobile Manor Water Company, Inc. (MMWCI)

The community voted at the December 2009 community meeting, to have me speak on behalf of the protesting group of 212 customers and MMWCI. We filed a timely Protest and the PAA Order never became final.

The real issue in dispute is the amount of money we need for **payroll** to run the company. Your November PAA order only allowed for a total (603-salaries and wages-employees and 636-contractual services) of \$17,444.00. This amounts to an average hourly wage of \$8.38/hr if you work a 40 hour week or 2,080 hrs/year. This is barely above minimum wage guidelines of \$7.25/hr for unskilled labor.

As you know, the water regulations that face a Class C Utility are the driving force behind increased expenses in many cases. In 2006, we received notice from the EPA that we would be part of the new stage 1, 2 and 3 testing requirements. In addition, volunteer labor is not an option as it was in the past to repair water lines due to Mr. Ed Lemur insisting that code enforcement require a licensed plumber for all water line repairs. This increased our annual cost by \$5,000.00 in 2009 on line repair alone.

I ask this question of the commissioners: Do you personally think that MMWCI can run a class C utility and comply with all the State and Federal guidelines using unskilled labor?

We contracted with Associa Benson's Inc. management company in 2008 to run the water company and provide us with professional help. They provide all the necessary supervision, financial records and professional guidance at a cost well within other utilities indicated on **Attachment B**. In addition, they also provide 24/7 emergency service with a live person to talk to. We are asking that 70% of the contracted amount be approved in this settlement. The combination of 601-employee wages and 636 contractual services totals to \$26,074.00 or \$12.53/hr at 2080 hrs annually.

Since 2008 Bensons Management with board approval has made the following improvements:

1. Bensons manually input all water company records dating back to 2004 into their main frame.
2. Office records that were available have been filed and classified for easy reference.
3. Software and firmware purchased to back up and protect all water company records using filemaker program at onsite location.
4. Created, with volunteer help, a map of all water lines and shutoff valves for the entire community.
5. Numbered all water boxes to increase accuracy of meter reading.
6. **Started the first meter change out program in 20 years.**

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7. **Implemented New EPA Stage 1-2 testing requirements.**
8. Developed cross connection programs to be implemented in 2010.
9. Per Lee County Health Department (LCHD) and Department of Environmental Protection-(DEP), developed a 36 page manual for hurricane emergency procedures to be handled by Benson's personnel.
10. **Requested first index rate increase in 15 years.**
11. Requested first staff-assisted rate case
12. Provided over 6100 documents for staff assisted audit
13. Board held Water Company meeting for all residents to advise them of the new EPA regulation and the need for Professional help to get the company in compliance with State and Federal regulations.
14. Contracted with STS Environmental services to handle all EPA testing per guideline. Testing resumes in 2011 at a cost of over \$4,000.00 a year that only a licensed person can perform.
15. Attended ground rural training classes 2010
16. Prepare and mail annual Customer Confidence Report (CCR) to all water customers.
17. Franzesse plumbing on call 24/7 plus Benson maintenance department personnel
18. Prepare annual budgets, attend all board and community meetings and prepare minutes
19. Follow up on Regulatory Assessment Fee and Income Tax
20. Pay all bills, record and maintain all financial records and license requirements
21. Separate meetings with Mr. Ma at LCHD on daily requirements of Utility. **As your audit pointed out we have not had any problems with the quality of the water or outstanding issues with EPA or LCHD**

There is more that could be provided but you can clearly see that an unskilled employee making \$8.38/hr could not provide the level of service necessary. Needless to say our expense structure is even higher currently than the 2008 income statements provided for the audit.

The protesting customers could not believe that the November PAA order would expose the community to possible abandonment over an average increase from the rates prior to filing (March 2010) of \$3.40 per month per customer using 3000 gallons of water . The difference between the recommended Nov PAA rate and the settlement rate is now only \$2.21 per month.

This entire process has been going on far too long for all of us and the community is very concerned that your decision today will seal the fate of a water company that has served the community for over 40 years. Based on the November PAA order you don't give us much of a choice. We are facing abandonment if we are denied the settlement amount to include the escrow funds. Had index rate increases been taken for the last 15 years wouldn't we already be at the rate staff is recommending for approval.

If abandonment is the only option left the cost to each resident for new waterlines, meters, road repair and crossing Indian Creek in several locations would put a tax burden on them that is completely **unnecessary** and they would still be left with a water bill.

In closing **please** follow the recommendations of staff and concerned customers of Mobile Manor Water.

Thank You,



Tom Hawkins