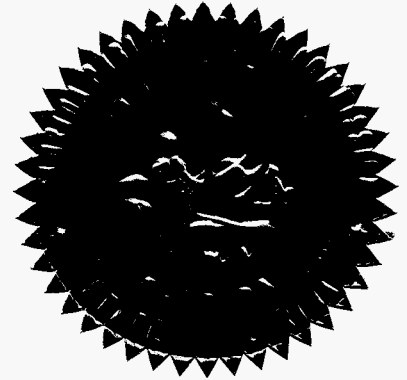


BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 090170-WU

Application for staff-assisted  
rate case in Lee County by  
Mobile Manor Water Company, Inc.



PROCEEDINGS: AGENDA CONFERENCE - ITEM 12

COMMISSIONERS  
PARTICIPATING:

CHAIRMAN NANCY ARGENZIANO  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER NATHAN A. SKOP  
COMMISSIONER DAVID E. KLEMENT  
COMMISSIONER BEN A. "STEVE" STEVENS II

DATE: Tuesday, May 4, 2010

TIME: Commenced at 10:36 a.m.  
Concluded at 11:47 a.m.

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: MARY ALLEN NEEL, RPR, FPR

DOCUMENT NUMBER-DATE

03898 MAY 10 2

## 1 PARTICIPANTS:

2 TOM HAWKINS, 257 Fireball Lane, North Fort Myers,  
3 Florida 33917.4 ROY CHURCH, 224 Flame Lane, North Fort Myers,  
5 Florida 33917.6 EDWARD LEMEUR, 128 Coachlight Lane, North Fort  
7 Myers, Florida 33917.8 PAUL SCHMIDT, 101 Lamplighter Lane, North Fort  
9 Myers, Florida 33917.10 CURT KISER, ESQUIRE, General Counsel; MARY ANNE  
11 HELTON, ESQUIRE, Advisor to the Commissioners; RALPH  
12 JAEGER, Legal, and BART FLETCHER and AVY SMITH,  
13 Commission Staff, Florida Public Service Commission,  
14 2540 Shumard Oak Boulevard, Tallahassee, Florida  
15 32399-0850  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

## P R O C E E D I N G S

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

CHAIRMAN AGENZIANO: Now we will move to Issue 12. I'll give staff a few moments to get in place.

Okay. It looks like everybody is in place. I think we have Mr. Hawkins on the phone.

Mr. Hawkins, are you with us?

MR. HAWKINS: Yes, I am.

CHAIRMAN AGENZIANO: Okay. And we might need to turn up the volume so we can hear Mr. Hawkins.

MR. HAWKINS: Okay. Can you hear me now?

CHAIRMAN AGENZIANO: Well, that's still kind of low, but let's see if we can do it. Will you try again, Mr. Hawkins? Good morning.

MR. HAWKINS: Yes. I've got my volume all the way up.

CHAIRMAN AGENZIANO: Oh, that's better. I think we've got you up here on this end too. Thank you for being with us, and hang on for a moment. Okay?

MR. HAWKINS: Yes.

CHAIRMAN AGENZIANO: And we'll turn to staff.

MS. SMITH: Commissioners, I am Avy Smith with Commission staff. Item 12 is staff's recommendation to approve a settlement agreement on behalf of Mobile Manor Water Company, Inc. Joining

1 us by teleconference today is Mr. Tom Hawkins  
2 representing customers who are in favor of the  
3 settlement agreement. There are also three  
4 customers, Roy Church, Paul Schmidt, and Ed LeMeur,  
5 who would like to address the Commission.

6 Staff is prepared to answer any questions you  
7 may have.

8 CHAIRMAN ARGENZIANO: Welcome. And I forgot  
9 to mention that this is a panel of Commissioner  
10 Edgar, Commissioner Skop, and Commissioner Stevens,  
11 and Commissioner Klement and I are not on this  
12 panel. So I'll just be here to kind of referee, I  
13 guess.

14 Commissioners, any questions? Which one wants  
15 to go first? Welcome. Good morning. If you would  
16 just state your name.

17 MR. CHURCH: My name is Roy Church, a resident  
18 of 224 Flame Lane, a 313-member subdivision, North  
19 Fort Myers, Florida.

20 CHAIRMAN ARGENZIANO: Welcome.

21 MR. CHURCH: The first thing we would like to  
22 ask, we have a slight problem with this. We were  
23 assured at the time that we were given an  
24 opportunity to do this we would be under oath. We  
25 requested that. We really need both parties under

1 oath. We came today prepared for that, and we  
2 understand that's not going to be the case.

3 CHAIRMAN ARGENZIANO: Hang on. Curt, would,  
4 you help me out here?

5 MR. KISER: I'm not sure I see any reason why  
6 you can't do that. I mean, if someone wants to be  
7 under oath, I don't understand why that would  
8 create a problem unless there's some sort of  
9 tradition or custom that we've not used. But if  
10 someone wants to be under oath, let them be under  
11 oath. I'm not sure I see any restriction on doing  
12 that.

13 At this point, Mary Anne, I'm not -- you know,  
14 not having been here for centuries, is there any  
15 reason why we couldn't do that? But my gut feeling  
16 is, no, put them under oath. In fact, I wish  
17 everybody would testify under oath.

18 CHAIRMAN ARGENZIANO: I would like to do that  
19 too. All those involved, would you please stand  
20 up. We're going to put you under oath.

21 I'm sorry. Go ahead.

22 MR. JAEGER: Mr. Hawkins is on the line.

23 CHAIRMAN ARGENZIANO: Oh yes. Well, we have  
24 Mr. Hawkins. I don't know how we're going to do  
25 that. If we don't have a notary there, we can't

1 put Mr. Hawkins under oath.

2 MR. KISER: I'm sorry. I was getting  
3 additional assistance from my co-counsel here.  
4 What was the question?

5 CHAIRMAN AGENZIANO: We have Mr. Hawkins  
6 joining us by phone, and I don't know how we could  
7 administer the oath without a notary being there.

8 MR. KISER: Well, that's a little bit more of  
9 a problem. I'm trying to remember. How did we do  
10 that the other day when --

11 CHAIRMAN AGENZIANO: We had a notary.

12 MR. KISER: Yeah. We don't have that now, do  
13 we?

14 CHAIRMAN AGENZIANO: No.

15 MR. KISER: Well, he just won't be able to be,  
16 you know, technically under oath, I guess, unless  
17 we can make some other arrangement.

18 MS. HELTON: I don't know if maybe he could  
19 file an affidavit after the fact saying that his  
20 statements made today were under -- you know, were  
21 the truth, if that would satisfy the parties.  
22 Otherwise, I don't know that we can do that today.

23 CHAIRMAN AGENZIANO: Would that work,  
24 Mr. Hawkins?

25 MR. HAWKINS: If necessary, yes.

1 MR. KISER: Well, first of all, these  
2 gentlemen are offering to do it voluntarily, and  
3 we're --

4 CHAIRMAN AGENZIANO: Right.

5 MR. KISER: -- letting them do that. If he  
6 thinks it's too much trouble to bother, then let  
7 him testify without being under oath. There's no  
8 requirement that he be under oath.

9 CHAIRMAN AGENZIANO: Right. Mr. Hawkins,  
10 you're not under an obligation to do so. If you  
11 want to do it, that's up to you.

12 MR. HAWKINS: No, it's not necessary, then.

13 CHAIRMAN AGENZIANO: Okay. Do you gentlemen  
14 then want to continue with the oath or just --

15 MR. CHURCH: I think we'll just wait.

16 CHAIRMAN AGENZIANO: We'll just go on. Okay.  
17 Then you're recognized to speak, please. Go ahead.  
18 Go right ahead.

19 MR. CHURCH: Madam Chairman, before we proceed  
20 any further, I would like to ask you one question.  
21 At a meeting held at Mobile Manor subdivision on  
22 January the 29th, Mr. Fletcher made the statement  
23 that if our corporation was a not-for-profit  
24 corporation that you would not be involved. We  
25 would like a point of clarification on that, if you

1 would, please.

2 MR. FLETCHER: Yes, Commissioners. Bart  
3 Fletcher with Commission staff. Initially I  
4 thought the company was a not-for-profit. That's  
5 the reason why -- there were some comments made by  
6 customers that they're a not-for-profit, why are  
7 they regulated.

8 And after reviewing the facts, as the customer  
9 meeting went along, what happened was, they meet  
10 under our jurisdiction. They are a not-for-profit,  
11 but how they fall under the Commission's  
12 jurisdiction is, initially all the members of the  
13 community were paying members of an association.  
14 Once a few of those members were non-paying members  
15 or not in the membership, that's when they failed  
16 to meet the exemption under 367.022 of the Florida  
17 Statutes, and at that time they became under the  
18 Commission's jurisdiction.

19 So we did clear that up at the customer  
20 meeting that was held back in October, and I'm  
21 sorry if that was not clarified at that January  
22 meeting. They are a not-for-profit, but they fall  
23 under our jurisdiction because not all of the  
24 customers are paying members of that association.

25 MR. JAEGER: Chairman, Ralph Jaeger here,



1 legal counsel. What we're talking about is (7),  
2 and it's non-profit corporations providing service  
3 solely to members. In this case, only about half  
4 the park customers are members. The other half are  
5 non-paying, so that's why subsection (7) is not  
6 applicable. And we thought we had cleared that up  
7 at the first customer meeting, but I'm not sure how  
8 it came about at the January 29th.

9 CHAIRMAN AGENZIANO: Okay.

10 MR. CHURCH: A point we would like to have the  
11 Commission understand is that at no time have we  
12 ever been an association. We are not, never have  
13 been, and never will be an association.

14 But to move on --

15 CHAIRMAN ARGENZIANO: Okay.

16 MR. CHURCH: I would like to introduce some  
17 figures here. When I left in '09, I left the  
18 subdivision in May, paid my meter rates at that  
19 time, which was 5.77. And these figures are  
20 important, because this is where we go from and  
21 we're going to. Now, this 5.77 figure, the staff,  
22 your staff recommended a figure of 12.22, which  
23 would have been a 102 percent mark-up. This was  
24 their recommendation. What they arrived at in the  
25 interim was a 10.21 figure.

1           So to give you just a little rundown on what  
2           these figures mean, at 5.77 monthly on a 313-member  
3           subdivision, you're looking at \$1,806.01. For a  
4           year, it's \$21,672.12; for ten years, \$216,721.20;  
5           for 20 years, \$433,442.40.

6           Now, we bring these figures up for you because  
7           a lot of these meters will run 40 years and even in  
8           excess of that. The meters that they had replaced  
9           back 30 years ago at \$20 each, now they run about  
10          \$50 each.

11          Now, to give you a rundown on the figures of  
12          the 10.21, which was the staff-approved rate, that  
13          would come to \$3,195.73 per month, \$16,676.64  
14          yearly, \$166,766.40 in ten years, and \$678,333.60  
15          in 20 years.

16          Now, the difference between your 5.77 and the  
17          additional you gave them of 10.21 is 4.44. That's  
18          \$1,389.72 per month, \$16,676.64 -- and I think I  
19          read some incorrect figures on the 10.21. The  
20          difference in what the Commission -- the staff  
21          arrived at at the 10.21 and the 5.77 in 20 years  
22          amounts to \$333,529.80. Now, that's just on the  
23          meters.

24          On a comparable figure from Lee County, we buy  
25          bulk water from Lee County. Their bulk water is

1           \$6.21 per meter. That's their meter charge. They  
2           have a \$2.82 administrative charge, which we don't  
3           have. We don't have or haven't had up until now  
4           that type of administration. And that comes out to  
5           \$2,826.39 per month, \$33,916.68 per year,  
6           \$339,166.80 in ten years, and \$678,333.60 in 20  
7           years.

8           Now, the water, in April '09 we were paying  
9           5.19 per thousand. The 5.19 per thousand they're  
10          buying bulk from Lee County at 2.84 per thousand.  
11          That's a pretty good mark-up there. At 5.19 per  
12          thousand, it's \$1,624.47 per month, \$19,493.64 per  
13          year, \$194,936.40 in 10 years, and \$389,872.80 in  
14          20 years.

15          The rate that the staff gave was and approved  
16          is \$2,873.34 per monthly, \$34,480.08 yearly,  
17          \$344,800.80 in 10 years, and \$689,601.60 for 20  
18          years.

19          The difference between the 5.19 and 9.18 is  
20          \$3.99, and that computes out to \$1,248.87 monthly.  
21          Now, if you notice, these figures, it's almost an  
22          80 percent raise on every item. The difference for  
23          a yearly would be 14,986.44; 10 years, 149,864.40;  
24          20 years, \$279,728.80.

25          The Lee County meter for 1,000 gallons at 2.84

1 for a month would run \$882.92; for a year, \$667.04;  
2 for 10 years, \$106 -- or \$106,670.40; for 20 years,  
3 \$213,340.80.

4 Now, they computed a lot of their figures on  
5 the 3,000 gallon theory, and that simply comes out  
6 to -- computed the way it was, the bill would be  
7 normally for 3,000 gallons through Lee County,  
8 figuring with the rate, the water at \$17.55, now,  
9 over a 20-year period, that could come out to  
10 \$4,212.

11 On Mobile Manor Water Company, the same 3,000  
12 gallons which they're purchasing for 2.48 would  
13 come out to \$9,060 in a 20-year period, over twice  
14 what they're paying.

15 If the staff-approved rate of 102 percent just  
16 on the meter doesn't strike your fancy, the board  
17 and I -- we have submitted copies of the Mobile  
18 Manor Water Company incorporation papers. You  
19 should have them handy.

20 We also have a copy here that Mr. Jaeger --  
21 well, I think Mr. Fletcher ran some copies off of,  
22 and this is from a board meeting on December the  
23 18, 2007, the time that these people that you're  
24 dealing with here now took over. The treasury  
25 report this is for December -- this is the end of

1 the year treasury report for Mobile Manor Water  
2 Company. Total income, \$44,663.11; total expense,  
3 \$35,830.26; the net income, \$8,832.85, with \$50 and  
4 change profit.

5 At the time that these particular things  
6 started coming about, you had a number of the board  
7 members, which one is sitting here on my left, they  
8 resigned rather than participate in what was going  
9 on. We would like to point out that at no time  
10 have we been offered an opportunity to vote on any  
11 of this or participate in anything other than just  
12 paying money, which seems to be all right. And I  
13 thank you for your time, Madam Chairman.

14 CHAIRMAN ARGENZIANO: Thank you.  
15 Commissioners, any questions?

16 Okay. How about we -- I guess it's  
17 Mr. Church. I'm sorry, Mr. -- wait a minute.  
18 LeMeur. Mr. LeMeur, you're next, and then  
19 Mr. Schmidt, and then we'll go to Mr. Hawkins.

20 MR. LEMEUR: Okay. My name is Edward LeMeur,  
21 L-e-M-e-u-r, and I live at 128 Coachlight in Mobile  
22 Manor, North Fort Myers, 33917.

23 We as customers have no say. Customers of the  
24 water company have no say in anything to do with  
25 the Mobile Manor Water Company. As customers of

1 Lee County Electrical Co-op, we can at least vote  
2 for the board. We can't do that here because we're  
3 non-paying members in Mobile Manor, Inc. I don't  
4 understand why we can't participate. We've begged  
5 and pleaded with them. They throw us a bone every  
6 once in a while and let us go to a special water  
7 company meeting, but they go through the same thing  
8 they always do. We don't have any records of the  
9 expenses, profit and loss statements, anything to  
10 do with it. That's all I have to say about that.

11 Mr. Jaeger -- Fletcher said at a meeting that  
12 we had down at Mobile Manor that he talked to the  
13 Lee County utility, and they told him it would cost  
14 as low as \$450 to hook up to new lines, water lines  
15 and new meters.

16 I suggested that it would probably cost around  
17 \$1,000 to put new lines and meters in, and at that  
18 rate, if we paid it off at \$10 a month, we could  
19 have that hook-up fee paid off in 10 years, and  
20 they could have two months out of each year profit  
21 on the interest. We don't see why we couldn't get  
22 Lee County water company in there.

23 And we, the customers, want the rate and the  
24 meter charge to go back to the original price of  
25 5.19 per thousand gallons and 5.77, in which they

1           made a profit. That was before this new board that  
2           we have in there and Benson's, the management  
3           company, came in.

4           I've got a letter in here that's highlighted  
5           that their plan was to milk the company dry.  
6           That's the -- let me get back to that.

7           In the meantime, the reason that I think we  
8           should go to Lee County Utilities is, if you'll  
9           notice, on the Lee County Utilities new water  
10          rates -- it's the white sheet with the handwritten.  
11          Their rates -- and I've got all of them down there,  
12          but their rates are 6.21. That's for the meter  
13          cost, plus a \$2.82 administration fee that's down  
14          below. It's underlined. That comes to \$9.03.  
15          That's going to be on everything. That's the  
16          minimum charge. At 3,000 gallons, that's 8.52 plus  
17          9.03, which comes to \$17.55.

18          Now, if you'll go over to the back of the page  
19          where I've got the -- these are Mobile Manor's  
20          rates. At 3,000 gallons -- and we're going to use  
21          3,000 gallons because that seems to be what  
22          everybody likes to use. At 5.19 per thousand  
23          gallons, that comes to \$15.57; plus the 5.77 for  
24          the meter charge, that comes to 21.34. That's the  
25          least amount that we've been paying in Mobile

1 Manor.

2 17.55 is for 3,000 gallons at Fort Myers  
3 Utilities. That's right next door. The people  
4 that live right outside of Mobile Manor, that's the  
5 rate they're paying. Right now we're paying 8 --  
6 \$9.18 per thousand gallons. That comes to -- with  
7 3,000 gallons, that's 27.54. The meter charge now  
8 is 10.21, and that totals out to 37.75. There's a  
9 heck of a bit of difference between these two  
10 rates. It's three times as much as we would be  
11 paying from Lee County Utilities.

12 Mobile Manor swears up and down that they're  
13 going bankrupt. I've got a number of newsletters  
14 that the water company is going bankrupt, they  
15 can't afford to do anything, they can't afford to  
16 fix lines, they can't afford to do anything at all.  
17 If they can't afford to do it, why in the world  
18 would anybody want to keep it? You know, why not  
19 turn it over to Lee County Utilities and give the  
20 people in Mobile Manor a break on their water  
21 charges?

22 And also, they would have that big burden off  
23 of their back, unless there's some reason that they  
24 would like to keep that cash cow. You know, with  
25 these kind of rates, they're making a fortune,



1 especially not doing anything about it.

2 Okay. I've finished with that one.

3 Another thing: If you all decide that you're  
4 going to keep Mobile Manor in the water business --  
5 God, I hope you don't -- we need a better water  
6 bill. The ones that we're getting are hard to  
7 understand and very confusing. Information needed  
8 on a bill is the date the meter was read; both  
9 meter readings from the previous month and the  
10 latest reading, which makes all the sense in the  
11 world to me; the bill from date and to date, when  
12 they read it, you know, from when and to when; the  
13 amount of gallons that were used; the meter cost;  
14 any administration fee; and any other fees that are  
15 tagged on; and the total cost.

16 It doesn't take rocket scientist to figure out  
17 that if this information is not on a bill, it's  
18 going to confuse everybody. We're old. Stuff  
19 falls off our table all the time. I'm not as sharp  
20 as I was 20 years ago. And it's a 55 and older  
21 park, and the people in the park are in the same  
22 shape I am.

23 Going on --

24 CHAIRMAN ARGENZIANO: Mr. LeMeur.

25 MR. LEMEUR: Yes.

1                   CHAIRMAN AGENZIANO:  You've got about four or  
2 five minutes.

3                   MR. LEMEUR:  Four or five minutes?  I can do  
4 it.

5                   There's a statement -- what about the  
6 statement about milking the water company?  I'll  
7 bring that up now.  On the other piece of paper  
8 that I said was highlighted, on page 1, if you'll  
9 read the highlight, the plan was to milk the water  
10 company as much as they could through leasing the  
11 office at Mobile Manor Water Company to fatten the  
12 books for Mobile Manor, Inc.  I don't think they  
13 want to kill the goose that laid the golden egg.

14                   It says in here also, "Workmen's compensation  
15 insurance was not provided per federal law to our  
16 employees."  I would like to know who are the  
17 employees that work for the water company.  As of  
18 right now, I don't know of anybody that works for  
19 them.  The girl in the office, Dee, she is a  
20 employee of Benson.  Benson gets paid by the water  
21 company.  I would love to have a job that -- or an  
22 employee that somebody else paid her salary, you  
23 know.  And also the meter readers, they work for  
24 Benson, and the water company pays them.

25                   It says here on page 3, "Our bulk rate for

1 water has gone up from \$2.46 per 1,000 gallons in  
2 2004 to \$3.20 per thousand gallons in 2008." We  
3 can -- me, as just a person, a customer, can get my  
4 water from Lee County Utilities for \$2.80 -- what  
5 was it? \$2.82 plus the 6.21, and that would come  
6 to -- for a thousand gallons would be \$11.87. You  
7 know, it seems like they're just ripping us off  
8 more and more and more.

9 Down at the bottom is kind of a personal  
10 statement for the non-payers in Mobile Manor. "The  
11 information you have been receiving, more to come,  
12 from several people is not accurate. I have  
13 extended an open invitation to anyone to come and  
14 see the facts for yourself."

15 They haven't. Every time we try to get any  
16 information about the cost statements or the audit  
17 statements or anything, they tell them, "We don't  
18 have them available. You'll have to come back."  
19 Well, we've come back and come back and come back,  
20 never got them.

21 "We have nothing to hide, only information to  
22 share." Wrong. This is why we wanted this meeting  
23 to be under oath, by the way.

24 "After reading about the water company  
25 problems, please don't be so naive to think that

1 Mobile Manor, Inc. doesn't have similar problems."

2 This is also signed by Mr. Hawkins, and this  
3 is a letter dated January 27, 2009.

4 I thank you very, very much for your time. I  
5 hope that you will lean in the right direction.

6 CHAIRMAN ARGENZIANO: Thank you.

7 Commissioners, any questions for Mr. LeMeur?

8 MR. LEMEUR: Yes, go ahead.

9 CHAIRMAN ARGENZIANO: No questions at this  
10 time. Mr. Schmidt, and then Mr. Hawkins.

11 MR. SCHMIDT: Thank you, Madam Chairman. I  
12 appreciate you letting me speak. I have actually  
13 attended every meeting except November 10th. I did  
14 read the manuscript from November 10th. I saw the  
15 DVD from November 10th. I read the preliminary  
16 staff report that your staff gave.

17 I feel your staff has done a very good job.  
18 They've been cooperative when I've asked them  
19 questions. They've actually called me on the phone  
20 on a couple of things that we discussed at the  
21 September 30th meeting.

22 But the thing of it is, in the September  
23 meeting, we were told that they had run a test year  
24 in 2008, spent their time down there, which the  
25 rates started at 5.77 and 5.19. And they finally

1 brought you back a recommendation, and on  
2 November 10th, you gave the rate 7.26 for the  
3 meter, 6.53 per thousand gallons for the water, and  
4 a return of the money, the difference in the rate  
5 and the rate you had approved at 9.18 and 10.21 for  
6 the meter reading.

7 You also asked the water company at that time  
8 -- you didn't ask. You suggested at that time that  
9 they need to reduce their overhead. Well, the next  
10 thing we knew, they threw in a protest, sent in a  
11 new set of rates. In the budget connected to them  
12 rates, there was no such thing as any kind of  
13 reduced -- reduction in their overhead, and to this  
14 day, there has not been.

15 And, you know, at that time, then you didn't  
16 approve -- go ahead and approve them rates, and now  
17 we're at this point. And I don't understand why  
18 you wouldn't take your staff recommendation after  
19 they spent a year down there conducting the test.  
20 They met with us on September 30th, and we  
21 discussed all this, and you still didn't take their  
22 recommendation. That's the part that I really  
23 don't understand, because to me, you wasted their  
24 time and the taxpayers' money.

25 Another thing that had been brought up in all

1           these meetings on both sides is, everybody talks  
2           about a park, or they talk about an association.  
3           We are not a park. We're not an association. We  
4           are a subdivision. Mobile Manor, Inc. owns  
5           property in there just like the rest us do. They  
6           have no say-so in the community whatsoever. And  
7           they also -- now they run the water company.

8                     And I'm sorry that I didn't introduce myself  
9           at the start of this, which I'll do now, and I'll  
10          stop. I'm Paul Schmidt. I live at 101 Lamplighter  
11          in Mobile Manor subdivision in North Fort Myers.

12                    I am a past board member of Mobile Manor,  
13          Inc., which also makes me a past board member of  
14          the water company. I dropped out because when the  
15          past president, Bob Martin, was president, and Tom  
16          Hawkins got in, they started talking about hiring a  
17          management company, which I did not agree with, I  
18          never have agreed with. You know, you've got  
19          roughly I would say a \$100,000 business, and you're  
20          going to pay a management company 22, \$24,000 to  
21          operate it?

22                    It was operated for years. When I was a board  
23          member, we made money to operate the water company  
24          and also operate Mobile Manor, Inc. We put in new  
25          lines under the road. We put in new lines under

1 the channel.

2 This board, since they've taken over -- and I  
3 resigned as of November of '07. When this board  
4 took over, as far as the water company, they did  
5 some repairs, but that's all they did. And as soon  
6 as they got in, they started talking about, "We're  
7 going broke. We're going bankrupt." Well, the time  
8 I was in, we always made money.

9 And I would like to -- I don't know whether  
10 Mr. Fletcher passed this out, but I have a thing  
11 that was turned in to Bob Martin when he was  
12 president at that time from Tom Hawkins, and it  
13 told of a few things that he would like to have  
14 done. And if you'll notice at the bottom, it says,  
15 "I would like to make a recommendation to consider  
16 raising the amount we charge for water. By doing  
17 this, all residents would contribute, not just  
18 those paying maintenance, in bringing additional  
19 revenue to the park," which he meant to Mobile  
20 Manor, because there's no park.

21 And the maintenance is not maintenance,  
22 because in Mobile Manor, Inc., you do not -- they  
23 do not do anything. It's a corporation. If you  
24 want to go to the clubhouse, you want to play  
25 shuffleboard, that's what you actually pay your

1 membership for. But what this board is trying to  
2 do is, through the water company, they want to run  
3 Mobile Manor, Inc. It's my opinion and my opinion  
4 only that if and when -- if they do get their  
5 raise, you'll see them reduce their overhead after  
6 they get their raise. But that's only my opinion.  
7 That's all it is.

8 I think we should be -- as customers, we  
9 should be informed of more of the operation of the  
10 subdivision water company.

11 I'm still confused on this articles of  
12 incorporation. Now, this was originally brought up  
13 in the September 30th meeting, because I brought it  
14 up. And we was told at that time that if we was  
15 not-for-profit, the staff would not be there. But  
16 basically, I felt that's the way it was left at  
17 that time.

18 Tom Hawkins, the president, Tom Hawkins, has  
19 also made the statement that we never asked no  
20 raises -- there has not been any raises on the  
21 water company since 1994." Well, you know, we  
22 really didn't, you know, feel we needed them.  
23 Maybe we should have applied for them, but we  
24 didn't.

25 One customer, this is how she puts it: How



1           come in the past we had no raises and made money?  
2           Now with all the raises, why are we losing money?  
3           And that's a good statement as far as I'm  
4           concerned.

5                     And I still feel that we would be better off  
6           if it would be turned over to the Lee County  
7           Utilities if they would take it and if this could  
8           be done.

9                     At the January 9th -- excuse me, January 29th  
10          meeting, we had a lot of changes on the rates that  
11          was passed out to us, which took, you know, quite a  
12          bit of time, basically an hour scribbling different  
13          rates in and out. You know, a lot of people got  
14          upset, and they left, which they shouldn't have.

15                    Also, I feel that the board run by Tom Hawkins  
16          has put a lot of scare tactics in the community by,  
17          you know, saying if you don't sign this petition,  
18          you know, and Lee County Utilities takes over, it  
19          could cost you as high as 4,500 to \$5,500 per  
20          customer. We have a lot of elderly people living  
21          in the park. We have a lot of widows that live  
22          alone. And I assume, since I was past board  
23          member, they come to me, you know, "What are we  
24          going to do?" And some of them got scared, and  
25          they signed the petition.

1           And I feel this is just nothing but a scare  
2           tactic. I don't feel as a past board member that  
3           they need this kind of raise. I mean, they have  
4           the office girl that runs the office. She makes  
5           out all the water bills, mails them out, collects  
6           the money. The management company, basically the  
7           only thing we've ever got out of Mr. Hawkins is,  
8           "Well, they straightened out the paperwork in the  
9           office." Well, that's subject to how much did they  
10          really need straightened out. But then we ask him,  
11          "Why do you keep having them," and we really don't  
12          get a good answer on that. But I do feel that  
13          after this is over, they'll reduce part of this  
14          overhead so they can make enough money for Mobile  
15          Manor, Inc. to survive.

16                 I feel at this time that's all I have to say.  
17                 But I do feel that your staff has done a good job.  
18                 Thank you.

19                         CHAIRMAN AGENZIANO: Thank you very much.  
20                         Commissioners, any questions?

21                         Okay. Mr. Hawkins, I've been kind of giving  
22                         everybody about 10 minutes. Are you still with us?

23                         MR. HAWKINS: I am still with you, yes.

24                         CHAIRMAN AGENZIANO: Okay. It's your turn.

25                         MR. HAWKINS: Okay. I feel like I need to

1           respond to all three of these gentlemen's  
2           questions, but before I do, I would just like to go  
3           ahead and read something, and also let you know my  
4           name is Tom Hawkins. I have two residences in  
5           Mobile Manor. In addition, I am the president of  
6           Mobile Manor Water Company, Inc. and Mobile Manor,  
7           Inc. I live at 257 Fireball Lane, and I own a  
8           second property at 266 Fireball Lane.

9           Again, I would like to thank all of you for an  
10          opportunity to speak, and I agree with Paul that  
11          staff has done a good job on helping on both sides  
12          of this issue.

13          I'm a little confused with the numbers that  
14          Mr. Church pulled off, and I would like to bring  
15          this back into some simple numbers. In March 2010,  
16          our rate for 3,000 gallons was \$25.66. If you can  
17          look at page 9 of the settlement agreement, you'll  
18          see that that's what the average customer using  
19          3,000 gallons of water was paying, 25.66. The  
20          settlement agreement we are asking for today is  
21          29.06 for 3,000 gallons. There's \$3.40 between the  
22          25.66 and the 29.06.

23          Our average customer, based on the audit that  
24          your staff performed, uses 1,400 gallons of water  
25          on average. So we're not even talking a large

1           \$3.40 increase. You can just about cut that in  
2           half for all of the people in the community.

3           So I would like to make sure that there's no  
4           misunderstanding as far as the numbers that  
5           Mr. Church was throwing out. He indicated our bulk  
6           rate of water was like \$2.84, and I believe that is  
7           not true. We had a rate increase in 2007 that took  
8           it up to \$3.20.

9           So the numbers he's working with are not  
10          accurate. And they wouldn't be because, you know,  
11          they do not have access to all the numbers. It's  
12          not that they can't have them and not that we  
13          wouldn't offer them, but they have never  
14          specifically come down to actually get the numbers  
15          we have held meetings. I've had the overhead  
16          projector. I've tried to put the expenses up in  
17          front of the group. They did not like the numbers  
18          and basically walked out.

19          As far as Mr. LeMeur is concerned, a couple of  
20          his comments on the rates between what we are  
21          asking for and what we had in the past, I'll have  
22          to give you a little past history. We are -- you  
23          know, as they mentioned, we're a subdivision. We  
24          had a park manager that was making \$12,000 a year  
25          at the time back in the '94 -- actually, from '94

1 through 2007 when she resigned. This was a  
2 resident living in the community, limited the  
3 management skills. And based on \$12,000 a year,  
4 there was not a lot of things that were happening.

5 No rate index increases were applied for in 15  
6 years. Had we applied for any, we wouldn't even be  
7 having this meeting today. We would already be at  
8 the rates that the staff is recommending.

9 Mr. LeMeur made a comment that the office  
10 personnel works for Benson's. That is not true,  
11 and that's why we have workers' compensation on the  
12 individual in the office. I'm not sure why that  
13 was brought up. It's kind of insignificant.  
14 That's, you know, \$700 a year.

15 But she does go out in the community. She  
16 flags out for Sunshine, you know, based on a  
17 Sunshine call if someone is having water -- or  
18 phone lines put in. She does daily water testing  
19 five days a week, gives that to the Lee County  
20 Health Department. And there's a number of other  
21 things. She turns on and off water meters for the  
22 customers based on their request, and if someone is  
23 the not paying their water bill, she will obviously  
24 lock up the meter until payment is made.

25 The reason that the costs were so low over the

1 years that they're talking about is, again, the  
2 office manager made, you know, \$12,000 a year. All  
3 of the work that Mr. Schmidt has pointed out that  
4 they have done was volunteer. Everything was paid  
5 -- not paid for, but everything was done by  
6 volunteers in the community.

7 Mr. Ed LeMeur in 2008 called code enforcement  
8 and insisted that we have licensed plumbers perform  
9 all of our water repairs, and as such, we cannot  
10 use volunteer labor any longer. We have to have a  
11 licensed plumber on call 24/7, which Benson's  
12 provides. That cost alone is running us somewhere  
13 between 5 and \$7,000 a year that we did not have in  
14 the past.

15 In addition, EPA Stage 1, 2, and, 3 came into  
16 place, and in 2006, we were required to respond to  
17 with Stage 1 testing. For whatever reason, their  
18 office manager did not implement it correctly, and  
19 I received a letter from the EPA telling us that  
20 they did not respond to the Stage 1 testing  
21 correctly and that the community was facing a  
22 \$32,500 daily fine, which, based on our income  
23 level as a small community, we would have bankrupt  
24 and out of business in two days, the water company  
25 and Mobile Manor, Inc. in combination.

1           Based on the EPA letter, the board made a  
2           decision that we probably needed some professional  
3           management help, because none of us really had the  
4           necessary experience on running a water company.

5           Going back and checking records, in May 2000,  
6           Mr. Jaeger sent the past park president or manager  
7           a letter stating that she was delinquent in '94,  
8           '96, and '97 on the regulatory assessment fees and  
9           that we were behind \$5,202 and would be assessed a  
10          penalty of 522. As you can see, based on that, we  
11          did not have a good grasp on how the business  
12          should have been run, or we would have been paying  
13          the regulatory assessment fees properly. And you  
14          have to assume if they were not paid, the money was  
15          not there to pay them or they would have paid it.

16          We also ran into a situation with the IRS in  
17          2000 where the fourth quarter '97 income taxes were  
18          not filed, 1998 were not filed, and part of 1999,  
19          and the treasurer indicated that we owed the IRS  
20          \$11,253.30.

21          The only reason I make these points is just to  
22          show that we did not have the level of  
23          professionalism necessary to run a Class C utility,  
24          let alone a community, by hiring a resident to  
25          handle those -- you know, that type of business.

1 I would like to read the letter that I had  
2 sent in to all of you.

3 The community voted at the December 2009  
4 community meeting to have me speak on behalf of the  
5 protesting group of 212 customers and Mobile Manor  
6 Water Company, Inc. We filed a timely protest and  
7 the PAA order never became final.

8 The real issue in dispute is the amount of  
9 money we need for payroll to run the company. Your  
10 November PAA order only allowed for a total, which  
11 would be 603 - Salaries and Wages of employees, and  
12 636 - Contractual Services, of \$17,444 to run the  
13 Class C utility. This amounts to an average hourly  
14 wage of \$8.38 an hour if you work a 40-hour a week  
15 or 2,080 hours a year. This is barely above the  
16 minimum wage guidelines of \$7.25 an hour for  
17 unskilled labor.

18 As you know, the water regulations that face a  
19 Class C utility are the driving force behind  
20 increased expenses in many cases. In 2006, we  
21 received notice from the EPA that we would be part  
22 of the new Stage 1, 2, and 3 testing requirements.  
23 In addition, volunteer labor is not an option as it  
24 was in the past to repair water lines due to  
25 Mr. LeMeur insisting that code enforcement require



1 a licensed plumber for all water line repairs.  
2 This increased our annual cost by \$5,000 in 2009 on  
3 line repairs alone. The EPA testing the first year  
4 was \$4,000, an expense that we had never before  
5 also.

6 I ask this question of the Commissioners: Do  
7 you personally think that Mobile Manor Water  
8 Company can run a Class C utility and comply with  
9 all state and federal guidelines using unskilled  
10 labor?

11 We contracted with Associa Benson's, Inc.  
12 management company in 2008 to run the water company  
13 and provide us with professional help. They  
14 provide all the necessary supervision, financial  
15 records, and professional guidance at a cost well  
16 within other utilities indicated on Attachment B of  
17 the settlement papers you currently have in front  
18 of you. In addition, they also provide 24/7  
19 emergency service with a live person to talk to.

20 We are asking that 70 percent of the  
21 contracted amount be approved in this settlement.  
22 The combination of the 601 - Employee Wages and  
23 636 - Contractual Services would only total  
24 \$26,074 for the year, or we would be paying \$12.53  
25 an hour if you were working 2,080 hours a year.

1                   Since 2008 Benson's management with board  
2 approval has made the following improvements:

3                   Benson's has manually input all water company  
4 records dating back to 2004 into their mainframe.

5                   Office records that were available have been  
6 filed and classified for easy reference.

7                   Software and firmware purchased to back up and  
8 protect all water company records using filemaker  
9 program at an onsite location.

10                  We created with volunteer help a map of all  
11 water lines and shutoff valves for the entire  
12 community. That was not even available.

13                  Numbered all water boxes to increase accuracy  
14 of meter readings.

15                  We started the first meter change-out program  
16 in 20 years. Our understanding is, based on the  
17 manufacturer's recommendations, that the meters  
18 should be changed out every eight to ten years or  
19 bench tested. None of those programs have been in  
20 place, and as such, we have water loss which we  
21 believe is due, a good portion of it, because the  
22 meters are old and they're not reading accurately.

23                  We implemented the new EPA Stage 1 and 2  
24 testing requirements. We developed a cross  
25 connection program to be implemented in 2010.

1           Per Lee County Health Department and the  
2           Department of Environmental Protection, it was  
3           necessary that Benson's develop a 36-page manual  
4           for hurricane emergency procedures to be handled by  
5           their personnel. This just came out last year.

6           We requested the first index -- we requested  
7           the first rate increase in 15 years. We requested  
8           the first staff-assisted rate case. We provided  
9           over 6,100 documents for the staff to audit.

10          The board held water company meetings for all  
11          residents to advise them of the new EPA regulations  
12          and the need for professional help to get the  
13          company in compliance with the state and federal  
14          regulations. Unfortunately, that meeting was  
15          extended to all 313 residents. The individuals  
16          that do not pay maintenance wanted to come to a  
17          separate meeting. Nine of them showed up out of  
18          150 people. And out of the nine, when I got into  
19          the financial numbers, six of them walked out.

20          COMMISSIONER STEVENS: Mr. Hawkins, you have  
21          about three minutes.

22          MR. HAWKINS: Okay. Thank you. Okay.  
23          There's more I could say about the services that  
24          Benson's provides.

25          The protesting customers could not believe

1           that the November PAA order would expose the  
2           community to possible abandonment over an average  
3           increase from the rates prior to filing of \$3.40  
4           per month per customer unit, 3,000 gallons. The  
5           difference between the recommended November PAA  
6           rate and the settlement rate is now only \$2.21 per  
7           month per customer.

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

19          If abandonment is the only option left, the  
20          cost to each resident for new water lines, meters,  
21          road repairs, and crossing Indian Creek in several  
22          locations would put a tax burden on them that is  
23          completely unnecessary, and they would still be  
24          left with a water bill.

25          In closing, please follow the recommendations

1 of staff and the concerned customers of the Mobile  
2 Manor Water Company.

3 Two last things. Income records and the RAF  
4 reports cannot disputed in terms of how much money  
5 we're making from this so-called cash cow. I've  
6 told everyone if they want to see the financials,  
7 it's online at your website. They can look at the  
8 RAF report and see exactly, you know, what we have  
9 filed as far as income tax.

10 From 2002 through 2008, the water company has  
11 a loss of \$19,940. That is not a cash cow. We  
12 lost \$469 in 2002. We lost \$8,000 in 2003. We  
13 made 8,000 in 2004, but that is because Mobile  
14 Manor, Inc. loaned money to the water company to  
15 keep them afloat. In 2005, we lost 3,000; in 2006,  
16 we made \$363; in 2007, 94; and in 2008, a \$20,000  
17 loss. Again, EPA testing, licensed plumbers  
18 necessary, and general expenses have gone up, as  
19 you well know.

20 And I guess that is the end of my comments at  
21 this point. Thank you.

22 COMMISSIONER STEVENS: Thank you, Mr. Hawkins.  
23 Commissioners?

24 Commissioner Edgar.

25 COMMISSIONER EDGAR: A couple of questions to

1 staff for clarity on my part. The three gentlemen  
2 that are joining us here today I think raised the  
3 possibility of Lee County taking over the water  
4 system, and Mr. Hawkins has used the term  
5 "abandonment," so I would like staff to speak to  
6 us, if you could, about the possibility or lack of  
7 possibility of Lee County taking over the water  
8 system.

9 And the second question is, the point was also  
10 raised that -- or the characterization was made  
11 that before there were increases in the rates, that  
12 the water utility seemed to have plenty of revenue,  
13 but that after increases to rates were made, the  
14 utility was losing money.

15 So with your knowledge of the history of the  
16 utility, if you could speak to those two points.  
17 And then I may have one other one, Mr. Chairman.

18 COMMISSIONER STEVENS: Yes, ma'am.

19 MR. FLETCHER: Commissioners, if I may, on the  
20 first point about the abandonment, that was  
21 concerns raised at the customer meeting.

22 And to follow up on that, and also at the --  
23 prior to our settlement/issue identification  
24 meeting in January of this year, I had followed  
25 just in case that the utility chose to abandon to

1 see what the cost might be or what would Lee  
2 County, if they were the ultimate provider of the  
3 water service, what would they have to pay.

4 And basically, what I got from Lee County is  
5 that there would have to be an engineering  
6 evaluation done because of the age of the  
7 distribution system, and it would -- more than  
8 likely, based on that engineering evaluation, the  
9 infrastructure would have to be replaced, given the  
10 date it was placed into service, the age of it.

11 And what roughly I mentioned at the  
12 January 29th settlement meeting was, there was an  
13 estimate just by a staff engineer, made by Robert  
14 Simpson. I just had him give me a ballpark of what  
15 it would just be based on the linear feet of the  
16 lines, which I believe is over 4,100 feet for the  
17 making of their distribution system, and try to get  
18 a ballpark figure about what staff -- or what the  
19 Commission has approved for linear feet with that  
20 size pipe.

21 And the figure that was come up with was about  
22 150,000 just for the pipes alone. That's not to  
23 include the labor when you're replacing that  
24 infrastructure, the excavation that has to be going  
25 on to bury the new lines for the replacement,

1 mobilization, traffic mobilization, et cetera, or  
2 the cost of that engineering evaluation to begin  
3 with. So the number was unknown at that point.

4 But as far as abandonment, I can let Mr. Ralph  
5 Jaeger, if it were to be abandoned, what the legal  
6 process would be, if the utility chose to abandon  
7 it, what kind of legal steps would it go to --  
8 basically I guess my understanding is that it would  
9 go into a receivership, and somebody would be  
10 appointed by the court to run the utility if the  
11 utility chose that. I hope that addresses your  
12 first question.

13 COMMISSIONER EDGAR: Yes, sir, it does.

14 MR. FLETCHER: And then as far as going back  
15 over the years with their prior annual reports, I  
16 have -- for this case, we do know that the utility  
17 -- excuse me, Mobile Manor, Inc. You have the two  
18 companies, Mobile Manor, Inc., which is the  
19 non-utility or entity, and you have Mobile Manor  
20 Water Company. We have known, based on our review  
21 of the -- going through the audit, of the long-term  
22 debt that was supplied. There are two loans that  
23 were lent to the Mobile Manor Water Company. So in  
24 that year that was discussed, I think it was  
25 Mr. Hawkins, about the years, over the years, why



1           you had one was a 8,000 loss, and then the next  
2           year it was 8,000 because of a loan by the company  
3           receiving that money. We have verified that there  
4           are loans that would cause that shift over the  
5           years, and we have included the most two  
6           outstanding loans that was originally in the PAA  
7           order.

8           But for this test year, rather than -- you  
9           know, in the audit process, we audit 100 percent of  
10          the rate base, because this is their first rate  
11          case to establish -- we looked at everything, all  
12          their investments for their water system, and then  
13          also for -- because it was a specific test year, we  
14          only looked at the 2000, you know, the test year  
15          O&M expenses. And, of course, in our audit, it's  
16          difficult, given the timing of the statutory  
17          deadlines, to do a 100 percent audit there. There  
18          was sampling analysis done to home in on their  
19          specific accounts for our test year.

20          There was made mention last time about  
21          volunteer work. Unfortunately, we don't have --  
22          that may have happened with volunteer work in  
23          replacing lines in the past by volunteers, so we  
24          really don't have a comparable there with the  
25          expenses in past years versus what we're looking at

1 now in our test year where you have the contracted,  
2 licensed plumbers. So as far as looking at that,  
3 staff really couldn't go into a comparable  
4 difference there, because you're comparing apples  
5 and oranges, based on the past there.

6 I hope that answers your --

7 COMMISSIONER EDGAR: It's helpful.

8 MR. FLETCHER: -- remaining questions.

9 COMMISSIONER EDGAR: Are there any -- if not,  
10 I have one more question.

11 CHAIRMAN AGENZIANO: Absolutely.

12 COMMISSIONER STEVENS: Go ahead.

13 COMMISSIONER EDGAR: Thank you. And I do  
14 believe from everything that I've heard today, and  
15 also previously on this item, and meeting with  
16 staff and reviewing the information, that the  
17 effort to move towards a settlement agreement was  
18 well-intended on all parties, and I appreciate that  
19 effort. But I would like staff to go over for me  
20 briefly the differences between the PAA that was  
21 approved and the settlement agreement.

22 MS. SMITH: The main difference between the  
23 PAA rates and the settlement rates is the  
24 allocation of the management fee. In the PAA  
25 rates, the management fee had 70 percent going to

1 the Mobile Manor, Inc. and 30 percent going to the  
2 utility. But in the settlement agreement, we have  
3 it as 56 percent going to the utility and  
4 44 percent going Mobile Manor, Inc.

5 COMMISSIONER EDGAR: And I may be remembering  
6 this completely wrong, but at one point through the  
7 past with this process, was the 70-30 reversed or  
8 considered to be reversed. I'm trying to jog my  
9 memory.

10 MS. SMITH: When they first filed the  
11 application, that's what they were requesting. It  
12 was reversed. They wanted 70 percent for the  
13 utility and 30 percent for the Mobile Manor, Inc.

14 COMMISSIONER EDGAR: Okay. And can you speak  
15 to me a little bit about the rationale for the  
16 70-30 that was in the PAA and then the rationale  
17 for the 56-44 that was in the settlement agreement?

18 MS. SMITH: Okay. At the time, they provided  
19 a list of duties and responsibilities that Associa  
20 Benson's performed. And since they already used  
21 the 70-30 allocation, that's the number that we  
22 kind of went by to complete that. And then going  
23 forward with the settlement rates, based on the  
24 rates, the 10.34 I believe it was, the 10.34 base  
25 facility charge, and calculating the revenue

1 requirement, however the rates fell out, that's  
2 what changed the percentage of the allocation for  
3 the management fee.

4 MR. FLETCHER: If I may, Commissioner.

5 COMMISSIONER EDGAR: Thank you. I needed that  
6 one more time.

7 MR. FLETCHER: It's addressed on page 4 of the  
8 recommendation, the second paragraph of staff  
9 analysis. As Ms. Crawford mentioned earlier,  
10 initially, just to step back here, in the staff  
11 report which is the basis for conducting a customer  
12 meeting, we originally had the utility's allocation  
13 of 70 percent of Benson's Associates (sic) going to  
14 the utility, allocated to the utility.

15 Subsequent to that customer meeting, staff had  
16 received a detailed list of the duties and  
17 responsibilities performed by Benson's Associates  
18 as well as Ms. Dee, the utility's employee. And  
19 staff felt subsequent to our staff report that  
20 there were a lot of duties that were duplicative,  
21 so in our PAA recommendation ultimately that was  
22 approved and memorialized in the PAA order, that  
23 allocation was reversed, where 30 percent of  
24 Benson's was attributable to the utility.

25 What was initially in the settlement agreement

1 that was filed is, the company had -- the  
2 protesting customers had requested that it go back  
3 to the 70 percent to the utility. And as discussed  
4 on page 4 in the second paragraph of staff's  
5 analysis, to go to 70 percent of Benson's  
6 Associates, that would yield a revenue requirement  
7 of \$74,822.

8 However, there was a discrepancy between the  
9 settlement rates and that revenue requirement that  
10 was in the provision of the settlement which was  
11 yielding -- based on the settlement rates, it  
12 yielded revenues of \$71,603, so a difference of  
13 3,219.

14 And that's crux of it. That's what gets you  
15 to -- down at the last sentence of that paragraph,  
16 that's what gets you to the 56 percent allocation  
17 of Benson Associates to the utility.

18 And by representation of Tom Hawkins, the  
19 utility is definitely agreeable with the settlement  
20 rates, even with that 3,219 difference.

21 COMMISSIONER EDGAR: Thank you.

22 COMMISSIONER STEVENS: Commissioners, anything  
23 else?

24 Pass to the chair.

25 CHAIRMAN AGENZIANO: Thank you. Is OPC

1 intending to speak at all? No. Okay. No for OPC  
2 staff.

3 Anything else to add? No.

4 Commissioners, any other questions?

5 Okay. Do we have a motion? Since you three  
6 are on the panel -- I'll let you have one more --  
7 you're recognized.

8 MR. LEMEUR: Could I answer the thing about  
9 when he mentioned that I turned in the water  
10 company?

11 CHAIRMAN ARGENZIANO: Yes. Go right ahead.

12 MR. LEMEUR: I called code enforcement when  
13 the volunteers had repaired a line three times in  
14 one week because they were using the wrong glue to  
15 glue the pipes together, and it kept popping. And  
16 I called code enforcement, and they said they  
17 should have licensed plumbers doing that work all  
18 the time.

19 So I didn't do anything, you know, to hurt  
20 Mobile Manor. I did it to help them, because  
21 they're doing it illegally.

22 Also, the customers -- all this about the rate  
23 increases means absolutely nothing if they abandon  
24 the water company and Lee County Utilities takes it  
25 over. There is no more overhead. They assume it

1 all themselves. They have professionals that can  
2 do all the work. And if it costs everybody \$1,000,  
3 like I said, if it cost them all -- it would be  
4 \$113,000 to replace all the lines, all the meters.  
5 At \$10 a month additional on their water bill, it's  
6 still cheaper than they're asking for this -- you  
7 know, for you people to grant them.

8 Thank you very much.

9 CHAIRMAN AGENZIANO: Thank you, Mr. LeMeur.

10 MR. HAWKINS: Might I respond just for one  
11 minute? This is Tom Hawkins.

12 CHAIRMAN AGENZIANO: I'm sorry, Mr. Hawkins.

13 MR. HAWKINS: I wondered could I respond to --

14 CHAIRMAN AGENZIANO: Okay. We'll give you a  
15 minute to respond, and then we're going to move on.  
16 The Commissioners have to decide --

17 MR. HAWKINS: Okay. Yes, I understand.

18 Just a comment on Mr. LeMeur's --

19 CHAIRMAN AGENZIANO: Go right ahead,  
20 Mr. Hawkins.

21 MR. HAWKINS: -- code enforcement issue. He  
22 called a number of times, and he's at the point  
23 that he has hung a skeleton in front of his house  
24 on a flagpole with a sign that says, "I drank the  
25 water." So --

1                   CHAIRMAN AGENZIANO: Mr. Hawkins, I'm not sure  
2 what the point is of that. I think he has --

3                   MR. HAWKINS: Okay.

4                   CHAIRMAN AGENZIANO: -- the right to do that  
5 if he wants to.

6                   MR. HAWKINS: Oh, no, I understand that, but  
7 they talk about, you know, scare tactics on our  
8 end.

9                   Anyway, my only comment is that, you know, the  
10 difference between the recommended November PAA  
11 rate and the settlement rate is only \$2.21 a month.  
12 And like I said, that's if you use 3,000 gallons.  
13 Cut it in half, because that's what our average  
14 customer uses. I don't see that abandonment for  
15 \$1.60 is the way to go, because it could be -- you  
16 know, the 150,000 he talked for just lines, that  
17 does not include meters or valves. It does not  
18 include crossing the creek three or four times,  
19 which is expensive, and the possibility of even  
20 sewers. And --

21                   CHAIRMAN ARGENZIANO: Okay. Thank you,  
22 Mr. Hawkins.

23                   COMMISSIONER EDGAR: Just one comment, if I  
24 may. I just want to be clear I was not suggesting  
25 or recommending abandonment. I just wanted to



1 follow through since that had come up.

2 MR. HAWKINS: Oh, okay.

3 CHAIRMAN AGENZIANO: Commissioners, any other  
4 debate? You three have to -- any motion?

5 Commissioner Skop.

6 COMMISSIONER SKOP: Thank you, Madam Chair.  
7 And just before I make a motion, I wanted to thank  
8 the residents of Mobile Manor for coming out and  
9 giving their opinions, not only by the phone, but  
10 in person. That's greatly appreciated.

11 Recognizing that no settlement is ever  
12 perfect, with respect to the disposition of Item  
13 12, I move to approve the staff recommendations on  
14 Issues 1 and 2.

15 CHAIRMAN AGENZIANO: Is there a second?

16 COMMISSIONER STEVENS: Second.

17 CHAIRMAN ARGENZIANO: All those in favor say  
18 aye.

19 (Affirmative responses.)

20 CHAIRMAN AGENZIANO: Opposed? The motion  
21 passes. Thank you very much for being here.

22 (Proceedings concluded at 11:47 p.m.)

23

24

25

CERTIFICATE OF REPORTER

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25


STATE OF FLORIDA:

COUNTY OF LEON:

I, MARY ALLEN NEEL, Registered Professional Reporter, do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter translated under my supervision; and the foregoing pages numbered 1 through 49 are a true and correct record of the aforesaid proceedings.

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

DATED THIS 7th day of May, 2010.

  
\_\_\_\_\_  
MARY ALLEN NEEL, RPR, FPR  
2894-A Remington Green Lane  
Tallahassee, Florida 32308  
(850) 878-2221

Park Straight  
Water



To: Bob Martin  
From: Tom Hawkins  
Cc: To Board of Directors

Bob, I have taken the liberty to list a few things that I think, as a board, we need to address. Most of the season is gone and we have not made the appropriate headway in getting some of the park issues resolved. We can't continue telling everyone that these are study items. Board members need to be assigned jobs and given due dates.

Here is my list of suggestions, which I hope you will use to call a special board meeting to discuss and resolve these issues.

Hire a Maintenance Man

Seawall repairs

Roof leak in clubhouse

Repair or refurbish clubhouse floor

How much money is to be held in reserve?

How much money should be held in SunTrust for Mobile Manor operations expense?

Fill in holes around clubhouse created by tree removal. Plan for replacing trees.

Status on handling trash. Is the land available for sale or not?

Sign on road at both entrances indicating that light bill is due.

Back up systems manual for office.

Set up reserve fund for Water Company for repairs of water lines. How much should be set aside?

Make plans to have office cleaned and painted during summer months.

Office paper work should be filed and sorted by year. Far too many documents missing from disc that were run.

Deed of restriction violations, we currently have in excess of 17. Status of 55 and over issue. The membership wants results.

I would like to make a recommendation to consider raising the amount we charge for water. By doing this, all residents would contribute, (not just those paying maintenance) in bringing additional revenue into the park.

Respectfully

Tom Hawkins 3/5/2007  
Tom Hawkins

Parties Staff Handout  
Internal Affairs/Agenda  
on 5/14/10  
Item No. 12  
090170-WU

6.21 + 2.82 = 9.03      1 - 1000 - 2.84 + 9.03 = 11.87  
 METER COST      ADDN. FEE      2000 - 5.68 + 9.03 = 14.71  
 SEE BELOW  
 LEE COUNTY UTILITIES  
 NEW WATER RATES  
 EFFECTIVE OCTOBER 1, 2007  
 3000 - 8.52 + 9.03 = 17.55  
 4000 - 11.36 + 9.03 = 20.39

APPROVED BY LEE COUNTY BOARD OF COUNTY COMMISSIONERS AUGUST 14, 2007

CUSTOMER CLASSIFICATION

MONTHLY SERVICE CHARGE

USER CHARGE

Residential Service

Single Family  
 Multi-Family & Mobile Homes  
 Recreational Vehicle

METER COST

\$ 7.78 per unit  
 \$ 6.21 per unit/lot  
 \$ 3.14 per unit/lot

5000 - 14.20  
 6000 - 17.04  
 Per 1,000 Gallons 23.23  
 (or portion thereof) 26.07  
 Per ERU

1 - 6,000 \$ 2.84  
 6001 - 12,000 \$ 3.49  
 12,001 - 18,000 \$ 4.14  
 18,001 and over \$ 5.43

Each residential service account shall be charged monthly an administrative fee of \$ 2.82.

An additional well field development surcharge of \$.50 per ERU will be assessed those residential customers whose monthly water consumption exceeds their initial water conservation block during the monthly billing period (6,000 gallons per ERU.)

The total monthly rate for residential service is the sum of the: i) service charge; ii) administrative fee; iii) well field development surcharge (if applicable); and iv) user charges in accordance with this schedule.

CUSTOMER CLASSIFICATION

MONTHLY SERVICE CHARGE

ERU RATIO

USER CHARGE  
 Per 1,000 Gallons  
 (or portion thereof)  
 Per Each ERU

Commercial & All Non-Residential

Meter Size

5/8" \$ 10.60  
 3/4" 14.50  
 1" 22.28  
 1 1/2" 41.73  
 2" 65.07  
 3" 127.32  
 4" 197.35  
 6" 391.87  
 8" 625.30  
 10" 1,131.07

1.0  
 1.5  
 2.5  
 5.0  
 8.0  
 16.0  
 25.0  
 50.0  
 80.0  
 145.0

1 - 6,000 \$ 2.84  
 6,001 - 12,000 \$ 3.49  
 12,001 - 18,000 \$ 4.14  
 18,001 and over \$ 5.43  
 Non-Irrigation Class  
 Per 1,000 \$ 2.84  
 Irrigation Class  
 1 - 6,000 \$ 3.49  
 6,001 - 12,000 \$ 4.14  
 12,001 and over \$ 5.43

The total monthly rate is the sum of service and user charges.

An additional well field development surcharge of \$.50 per ERU will be assessed those commercial and non-residential customers whose monthly water consumption exceeds their initial water conservation block during the monthly billing period (6,000 gallons per ERU.)

LATE PAYMENT FEE

In all cases where a utility bill has been tendered and payment has not been received by the County within 30 days from the tender date of such bill, the Division of Lee County Utilities will consider such payment past due. A fee of \$5.00 or 1.0% of the outstanding past due amount, whichever is greater, will be charged to the customer's account.

FIRE SERVICE CHARGES

METER SIZE

MONTHLY AMOUNT

5/8" \$4.70  
 3/4" 4.70  
 1" 4.70  
 1-1/2" 4.70  
 2" 4.70  
 3" 9.40  
 4" 14.10  
 6" 28.20  
 8" 46.00  
 10" 46.00  
 Above 10" 56.40

Parties Staff Handout  
 Internal Affairs/Agenda  
 on 5/4/10  
 Item No. 12  
 090170-WU

MOBILE MAJOR RATES

$$1. 3000 \text{ gals @ } 5.19 \text{ PER } 1000 \text{ gal} = 15.57$$
$$\frac{5.77 \text{ METER}}{\$ 21.34}$$

$$2. 3000 \text{ gals @ } 6.24 \text{ PER } 1000 \text{ gal} = 18.72$$
$$\frac{6.94 \text{ METER}}{\$ 25.66}$$

$$3. 3000 \text{ gal @ } 9.18 \text{ PER } 1000 \text{ gal} = 27.54$$
$$\frac{10.21}{\$ 37.75 \text{ METER}}$$

$$7. 3000 \text{ gals @ } \quad \text{PER } 1000 \text{ GAL} =$$

To: Residents of Mobile Manor  
From: Board of Directors  
Subject: Mobile Manor Water Company  
Date: January 27, 2009

This letter is intended to explain to you our current situation as it applies to Mobile Manor Water Company. The proposed budget for 2009 has the water company looking at a loss of \$25,000.00.

**The following information explains how we managed to get ourselves in this position:**

The Public Service Commission allows **annual** increases to your water bill to keep up with inflation and provide the utility the necessary funds to cover expenses and have sufficient funds to replace, repair and maintain water lines. These increases must be submitted each year by the Park Manager/ Board to the PSC for approval. The increases are generally approved due to the fact that the PSC determines the increase amount and sends it to the utility companies to submit with proper documentation for approval.

As you may or may not know, we are governed by the Public Service Commission and as such they approve **all** rate increases to ensure the customers are treated fairly and the utility is not in jeopardy of running out of funds to provide adequate service. With that in mind, I would like to explain what has caused the current situation of not only the water company facing bankruptcy but how this will affect Mobile Manor, Inc. in the financial column also.

As I indicated earlier, the rate increases are intended to furnish MMWC with the necessary funds to run the company. This includes water line repairs, changing out meters and valves, meter readings and general office procedures for billing and payment. Herein lies the problem, we have not asked for, or taken a single rate increase since 1994. By not requesting increases or spending money on repairs or replacement parts, we have left MMWC with **no reserve funds** to handle maintenance or any type of emergency.

The vendors that supply us with water, parts, office supplies and water testing have been raising their prices over the last 16 years and we haven't even attempted to take a single allowable increase to help protect our own company. It was just a matter of time that our current situation would be inevitable.

When the board and park management of MMI decided to separate the two companies in 2004, they created the need for separate budgets, annual audits and separate articles of incorporation to set up MMWC and additional expenses to operate. The Public Service commission approved the transaction and approved the water tariff we now operate under. The plan was to milk the water company for as much money as they could through leasing the office to MMWC to fatten the books for MMI. How do you think MMI increased the money in the bank from 2004 to 2007? Part of it was due to rent and sharing, repayment of a loan from MMI to MMWC, and reducing the Park Manager's hours and salary. What is the point of allowing funds to pile up at the expense of maintaining the water company or the community? **It certainly gave the Board something to brag about, but unfortunately, the community is now paying the price.**

Parties/Staff Handout  
Internal Affairs/Agenda  
on 5/4/10  
Item No. 12  
090170-WU

No budgets were prepared for MMWC to determine if sufficient funds would be available to operate the water company. Instead, we used volunteer labor and whatever parts available from who knows where to repair line breaks. Management ignored the fact that valves were leaking and would wait until a water line break would occur attempting to replace the valve or meter. They thought they were saving us money by not fixing the leaks until we had a major problem. Unfortunately, with this type of thinking MMWC has been **paying** for millions of gallons of water from Lee County Utility that was never used or paid for by the customers. We will lose **TWO MILLION** gallons of water this year due to leaky valves and old meters that do not record water consumption accurately. That is a loss of \$11,000.00 this year alone. You might want to thank the volunteers that are replacing meters and valves for **you** to help keep expenses down. Just this year alone they have saved the community over \$12,000.00 in labor charges.

Applications for water service were not required by the Park Manager/Board. Our **tariff clearly states** that an application is required before water service is furnished. This is to ensure MMWC of payment by those responsible for using water. And as such, we have had **several** people over the years not pay their water bills before moving out of the park. Without the proper documentation we could not take legal action to retrieve those delinquent funds.

Workers Compensation Insurance was not provided per Federal Law to our employees.

*Who ARE THE EMPLOYEES*

Regulatory assessment fees and taxes were filed late resulting in paying late fees.

We hired a professional management company to help us get organized and on the necessary programs that are required by the state of Florida, Public Service Commission, Environmental Protection Agency and Lee County Health Department. As you know, the Park Manager failed to meet EPA Stage One testing and put the community at risk with a potential daily fine from the EPA of \$32,500.00. By not complying with the EPA, additional attorney costs and other expenses were incurred to get **US OUT OF TROUBLE.**

Comments have been made that the management company knows nothing about running a water company. **It is clear to me that the previous Park Manager and the Board of Directors didn't know anything about running a water company either as actions speak louder than words.** I am happy to say that with professional help we are in compliance with all EPA requirements. Your Board and Dee have made considerable headway in getting the programs in place and are now ready to ask the **PSC to audit the water company** and determine our needs to operate the company. We basically have two choices, ask for their help or consider having the county or a private concern take over the water company.

Little information about MMWC was shared with the community at association meetings. Granted, this is a separate company and falls under the Boards responsibility to manage, however, there should have been an attempt to communicate the status of the water company at the annual meetings. Unfortunately, it was hard to tell you about the status of the company when there was no budget, nor was there an audit done since incorporated in 2004.

MMI will not receive the \$18,000.00 from rent and sharing for leasing space to MMWC if the water company doesn't take in adequate funds to cover running the company. We will not receive the full amount this year due to rising costs, which means MMI will be shorted income for 2008 and faces not receiving any (\$18,000.00) rent and sharing income in 2009. Our bulk rate for water has gone up from \$2.46/1000 gallons in 2004 to \$3.20/1000 gallons in 2008. We purchased 7 million gallons of water in 2008 at the higher rate and only got paid for 5 million gallons due to leaky valves, water line breaks and old meters. 35 million gallons of water was purchased in 5 years with a loss of 7 to 10 million gallons of water that MMWC had to take a loss on.

WE CAN  
GET IT  
FOR LESS  
FROM  
LCU

In addition, the new EPA Stage Two testing **requires** a state licensed individual to take water samples quarterly at a cost of 1,000.00/qtr. or \$4,000.00/yr. Park Management follows up on this and furnishes the report to the EPA to ensure compliance to stage two testing. Our management company has submitted the year-end report for 2008. Water testing expense has more than **doubled** in just one year.

In closing, I just want to say to you that the Current Board has nothing to gain by lying about these things. We are your neighbors and not your enemies. If you have a problem, we have a problem, it's that simple. **Please** get your application for water into the office so we can **pass** the Public Service Commission audit.

**The information you have been receiving (more to come) from several people is not accurate.** I have extended an open invitation to anyone to come and see the **facts** for yourself. **We have nothing to hide, only information to share.** After reading about the water company problems, please don't be so naive to think that MMI doesn't have similar problems.

Respectfully,



Tom Hawkins

President of the Board for MMI and MMWC



**MOBILE MANOR WATER CO., INC.  
BOARD OF DIRECTORS  
DECEMBER 18, 2007**

*Handwritten:* May Search

**Members present: Bob Martin, Pres., Tom Hawkins, VP, Billie Doolin, Treas., Lona Kinder, Sec., Harold Doolin, Past Pres., Directors: Fae Chalfin, Harold Kinder**

Bob Martin called meeting to order at 9:01 p.m.

Secretary read March 27, 2007 report. Approved as read.

Treas. Report: Total income \$44,663.11, Total expense \$35,830.26, Net Income \$8,832.85, (\$50.00 in change), SunTrust Bank, \$14,567.01 and Total Checking/Savings \$14,617.01. Filed to audit.

Tom said money will have to be moved into Mobile Manor, Inc. Tom to ask the accountant for direction of funds.

Harold Doolin motioned to adjourn at 9:24 p.m.

Minutes prepared by:

*Handwritten signature:* Lona Kinder

Lona Kinder, Secretary

Parties/Staff Handout  
Internal Affairs/Agenda  
on 514 110  
Item No. 12  
090170-WU