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BEFORE THE FLORIDA PUBLIC SERVICE

IN RE: APPLICATION FOR RATE INCREASE FOR
SOUTHERN STATES UTILITIES, INC.,
AND DELTONA UTILITIES, INC.,

DOCKET NO. 920199-WS

FILED
JAN 25 PM 1:30
FEDERAL BUREAU OF INVESTIGATION
U.S. DEPARTMENT OF JUSTICE

ORIGINAL

Transcript of Proceedings beginning at 6:34 PM,
and concluding at 7:48 PM, on THURSDAY, SEPTEMBER 3,
1992, taken at Eustis Community Center, 601
Northshore Drive, Eustis, Florida, before BETTY
EASLEY and SUSAN F. CLARK, Commissioners for the
Florida Public Service Commission.

A P P E A R A N C E S:

MATTHEW FEIL, ESQ., OF: Florida Public Service
Commission, 101 East Gaines Street, Tallahassee,
Florida 32399-0863.

JACK SHREVE, ESQ., OF: State of Florida Public
Counsel, 111 West Madison Street, Tallahassee,
Florida 32399-1400.

KENNETH A. HOFFMAN, ESQ., OF: Messer, Vickers,
Caparello, Madsen, Lewis, Goldman & Metz, P
Suite 701, First Florida Bank Building,
Tallahassee, Florida 32302-1876
for Southern States Utilities, Inc.

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P R O C E E D I N G S

1
2 MS. EASLEY: Good evening. You reacted
3 well to that. I hope that keeps up. Thank you.

4 My name is Betty Easley. I am
5 commissioner with the Florida Public Service
6 Commission. With me tonight is Commissioner Susan
7 Clark. By virtue of seniority, not just age, I'll
8 be chairing this hearing tonight.

9 The purpose of the hearing is for us to
10 hear from the public about the proposed Southern
11 States case.

12 In a minute what we'll do is read the
13 notice. And then we will take appearances of
14 counsel. And Mr. Shreve and the company will make
15 opening statements. And then we will begin to take
16 the testimony. Mr. Shreve will call the witnesses.
17 And we want to hear whatever it is you want to tell
18 us.

19 We will ask that you be sworn in. The
20 reason for that is so that we can use your testimony
21 as part of the formal record. It is not intended to
22 intimidate you or make you feel like you shouldn't
23 come testify. But it is necessary in order to
24 include it in the formal record of these
25 proceedings.

1 On the very back of this yellow
2 information sheet that you've received, you will
3 find a self-mailer sheet.

4 If you do not wish to testify, feel free
5 to fill that out, and you will give it to Bev
6 DeMello, who's standing right behind you there in
7 the salmon-colored suit. Or you can mail it to the
8 Public Service Commission, and it will be put into
9 the record on the correspondence side of the file.

10 If you testify, and you get out of here,
11 you think of something you wish you had said, go
12 ahead and put it down on that sheet of paper and
13 send it in.

14 I think that that about covers the
15 preliminaries. I can't think of anything I've
16 forgotten.

17 Oh, the sign out in front says 6:30 to
18 9:30. That apparently is how long we have rented
19 the building. It's not, it's not a limitation that
20 we've put on you. But I just wanted you to know
21 that that's the reason the sign is there. I'm a
22 little bit surprised to see it myself.

23 Counselor, would you read the notice,
24 please.

25 MR. FEIL: Yes, ma'am. Pursuant to

1 notice, this time and place has been designated for
2 a service hearing, Docket No. 920199-WS.

3 Application for Southern States Utilities, Inc., and
4 Deltona Utilities, Inc., for a rate increase.

5 MS. EASLEY: Thank you. Take appearances
6 of Counsel.

7 MR. FEIL: I'm Matthew Feil, representing
8 the staff of the Public Service Commission.

9 MR. HOFFMAN: My name is Kenneth D.
10 Hoffman. I'm with the Messer Vickers law firm in
11 Tallahassee, Florida. The address is P.O. Box 1876,
12 Tallahassee, Florida 32302. And I'm here tonight on
13 behalf of the utility, Southern States Utilities,
14 Inc.

15 MR. SHREVE: Jack Shreve, Public Counsel,
16 Claude Pepper Building, Tallahassee, Florida,
17 appearing on behalf of the citizens of the State of
18 Florida in opposition to the rate increase.

19 MS. EASLEY: Thank you, gentlemen.

20 Mr. Hoffman, your opening statement,
21 please.

22 MR. HOFFMAN: Thank you, Madam Chairman.

23 Ladies and gentlemen, this is a case which
24 stems from an application which was filed by
25 Southern States with the Florida Public Service

1 Commission, in which the company has asked the
2 Commission to increase its water and waste water
3 rates.

4 The application is very comprehensive, and
5 it covers virtually all of the water and waste water
6 systems operated by Southern States which are
7 regulated by this commission.

8 Specifically the application encompasses
9 127 systems which are spread throughout nineteen
10 counties in the states -- in the state. And based
11 on its present rates, investors in Southern States
12 are currently experiencing a negative overall return
13 on common equity of minus 8.32 percent.

14 In fact, for each of the past three years,
15 Southern States has not been able to recover through
16 its present rates sufficient revenues to cover the
17 interest that the company owes to its lenders.

18 The purpose of this application is to
19 bring the rates to a level so that Southern States
20 will have the opportunity to earn a fair and
21 reasonable rate of return on its investment in water
22 and waste water facilities. And would once again be
23 able to attract the necessary investment to meet
24 customer growth and increased regulatory
25 requirements. And specifically I'm talking about

1 environmental regulatory requirements.

2 Now the commissioners, the Commission
3 staff, many Florida legislators, and virtually every
4 other entity involved in this industry, in the water
5 and sewer industry, have recognized that
6 environmental regulation has increased. And such
7 regulation increases the cost of providing water and
8 waste water service to Florida residents.

9 It's no coincidence that across this
10 state, many water and sewer companies, whether
11 they're privately owned, or whether they're owned by
12 counties and cities, these companies have been in
13 the recent past, or will in the near future, have to
14 increase their rates in recognition of the increased
15 costs of environmental regulation.

16 So the cost of achieving the State of
17 Florida's conservation and environmental goals, as
18 well as Southern States conservation and
19 environmental goals, are very high.

20 Southern States is a leader in this area.
21 It's a leader in the conservation area and the
22 environmental area as recognized at both the state
23 and federal level.

24 Now, many, many of the systems involved in
25 this case have not been subject to a full blown rate

1 case for as long as twelve or thirteen years. In
2 Lake County many of the systems were not subject to
3 a full rate case in 1984.

4 The fact remains that many of the Southern
5 States systems were last subject to a rate increase
6 since that time. Since the last time they were
7 subject to a full rate case, this company has
8 incurred significant increases in operating
9 expenses. And has constructed significant
10 additional water and sewer plants. In many cases to
11 keep up with customer growth. In many cases to plan
12 for anticipated growth. And in many other cases to
13 meet environmental regulations imposed by the state
14 and federal government on Southern States.

15 There's going to be a final hearing in
16 this matter in Tallahassee. It's going to take
17 place in November. At that time the Commission will
18 hear evidence on many technical issues concerning
19 this utility's request; such as the appropriate
20 level of the utility's investment for rate making
21 purposes, as well as the appropriate level of
22 operating expenses, which has been incurred for each
23 of the systems which are at issue in this case.

24 Southern States will be prepared to prove
25 to the Commission and justify to the Commission that

1 it is entitled to the requested increase in this
2 raise.

3 But tonight this is a service hearing and
4 it's your opportunity to address the Commission, as
5 well as its staff and the company, and to give us
6 your feelings about the company's service and it's
7 proposed rates.

8 And speaking for the company, we welcome
9 the time that's been set aside this evening to hear
10 you express any concerns that you may have about the
11 company's quality of service or its proposed rates.

12 And I want to thank the Commission and
13 thank you for the brief opportunity to give you some
14 background on the case.

15 Madam Chairman, as we've done in the past
16 service hearings, we have had marked for
17 identification Composite Exhibit No. 7. Which is an
18 original of the newspaper ads, proof of publication,
19 and customer notices for the service hearing, and we
20 would ask that it be admitted in the record.

21 MS. EASLEY: Proof of publication marked
22 as Composite Exhibit 7, without objection. It will
23 be entered into the record.

24 MR. HOFFMAN: Thank you.

25 MS. EASLEY: Mr. Shreve.

1 MR. SHREVE: Thank you, Madam Chairman.

2 This is your night so I'll be very brief.
3 But I do want to make a couple points on things that
4 I disagree with the company on.

5 First of all, I would like to thank
6 Representative Kelly and Senator Langley for their
7 help through throughout the years in supporting our
8 office in representing consumers.

9 We work for the Legislature. And if it
10 were not for them, we wouldn't be here representing
11 you. I've had an opportunity to represent quite a
12 few of you already in other situations at their
13 request, and have been involved. And I always
14 appreciate the support they have given our office,
15 for you.

16 The negative overall return Mr. Hoffman
17 talks about now, what they're asking for in this
18 case is a return on their investment, a return on
19 equity of 12.85 percent. Now that's after taxes.
20 So you add the taxes in, you're up close to nineteen
21 or twenty percent from the customer to support a
22 return on their equity.

23 The biggest problem I have with that, and
24 the way they're calculating this overall return,
25 they're actually calculating it on investment they

1 don't have.

2 They have in their rate base and are
3 receiving a return or asking to receive a return and
4 depreciation on an investment that is not totally
5 there.

6 Even here in Lake County, many of the
7 systems that they have listed and asked for a return
8 on amount that they paid less for the system than
9 they're asking for a return on.

10 I think that's wrong. And I think you
11 should insist on having information that you be made
12 -- you should be made aware of how much that is that
13 they're actually having invested and what they're
14 asking for a return on.

15 They should not receive a return on more
16 than they actually paid for that system, but they
17 are.

18 The operation and maintenance expenses
19 have gone through the roof since the particular
20 group purchased this. It was my understanding when
21 we got Minnesota Power coming in here to help us
22 out, things were going to get better.

23 Well, so far the operation and maintenance
24 expenses have increased a great deal more than
25 inflation. And that's one of the issues that we're

1 going to take an issue on. We don't think they
2 should be reimbursed for it. If they can't manage
3 the systems properly, keep the expenses down, then
4 they should not receive the money from you.

5 Another thing, what they have done in this
6 case is try and level the bills. They have picked
7 out certain systems where they have come in and say,
8 these customers are going to be paying too much.
9 Their bills are going to be too high.

10 I think they're right. I think those
11 bills would be too high. But that's Southern
12 States, that's Topeka Group, that's Minnesota
13 Power's responsibility.

14 They can't come in here and make a
15 business deal, make a purchase, and then say those
16 rates are going to be too high. They're going to be
17 unfair. So we want to pass a part of that cost on
18 to other customers. That's not right.

19 What they should do is come in and say,
20 we've made a bad deal. We can't manage it properly
21 to keep the rates down where they should be. These
22 customers should not have to pay more than they're
23 already paying or pay an exorbitant rate.

24 We believe that's not what they're doing.
25 They want to pass it on to the general body of rate

1 payers.

2 The environmental regulations have not
3 really taken hold and are not what is causing the
4 rate increase in this case. And what bothers me, if
5 you get the rate increase now, they're going to be
6 facing those environmental regulations and the real
7 cost of those at a later time. There are -- some
8 investment has been made in the environmental area,
9 but not very much at this point. And that is not
10 what is justifying the rate increase.

11 As far as anticipated growth being used to
12 support this rate case, anticipated growth or future
13 growth should take care of itself. When that growth
14 takes place, then the revenue will be coming in from
15 that.

16 They're talking about having to increase
17 costs on you for growth that's already occurred. I
18 always thought future growth or present growth
19 brought in more money to the system. I don't know
20 when we're going to get to the point that we're
21 going to have more growth coming in so that rates
22 can come down because there's more people using the
23 system. And that's the way it should be.

24 We want to hear from you tonight. We want
25 you to know we're opposing this in every way we

1 can. And we do not think they can justify this rate
2 increase, and do not think they're entitled to it.

3 Thank you very much.

4 MS. EASELY: Thank you, Mr. Shreve.

5 One or two little ground rules. One of
6 things that we have to do because we do have a court
7 reporter, and our court reporter is by himself, we
8 will be trying to break between every hour, hour and
9 a half, to give his hands a rest. So if I call a
10 break, you'll understand what we're doing.

11 Mr. Shreve, how many people do you have to
12 testify?

13 MR. SHREVE: I believe we have eight.

14 MS. EASELY: All right. Would those
15 people who have signed up with Mr. Shreve please
16 stand, and I'll swear you all in at one time.

17 Raise your hands, please.

18 In this matter before the Florida Public
19 Service Commission, do you swear to tell the truth,
20 the whole truth, and nothing but the truth, so help
21 you God?

22 (All witnesses say I do).

23 MS. EASELY: Thank you. You can call your
24 first witness, please, Mr. Shreve.

25 MR. SHREVE: Senator Langley, I believe

1 you have another meeting to go to.

2 DICK LANGLEY: Yes, sir. Thank you, Mr.
3 Shreve, Madam Commissioner.

4 I'd like to address two particular points
5 in this hearing that I tried to speak to with
6 legislation in this past session. One is the
7 multiplicity of this filing.

8 Is it common that these systems do not
9 stand on their own? And I know it's very difficult
10 for our Public Service counsel to have to defend --
11 how many systems in here, twenty some systems I
12 think in this rate filing?

13 MS. EASELY: Pretty big number.

14 MR. SHREVE: 127.

15 DICK LANGLEY: 127 systems in this one
16 filing. And it's almost possible to investigate and
17 to correspond with the customers and all involved in
18 these.

19 Is it the law -- that I should ask that.
20 But is it the law that they can file this many at
21 one time?

22 MS. EASELY: There's no prohibition,
23 Senator.

24 DICK LANGLEY: All right. What --

25 MS. EASELY: There's no specific language

1 frankly one way or the other.

2 DICK LANGLEY: All right. Would you like
3 -- but it would be in order to have one so they
4 could limit that perhaps?

5 MS. EASELY: I'm not sure whether you can
6 because of the single ownership. I have no idea.
7 It's a question that has to be asked. And I don't
8 know the answer to it.

9 MR. SHREVE: Senator, if I can respond to
10 that.

11 I think something has to be done in that
12 area. They have picked and chosen. They have not
13 filed all of their systems in this case.

14 DICK LANGLEY: Now why shouldn't they have
15 to file -- if they're going to file on 120 of them,
16 why shouldn't they have to file on all of them if
17 they are going to look for a constant return on
18 their investment?

19 MS. EASELY: Senator, I'm reluctant, prior
20 to hearing the evidence of this case, to really
21 answer that question.

22 DICK LANGLEY: Okay.

23 MR. SHREVE: Senator, if I can, too. The
24 other problem we've run into is something you
25 alluded to.

1 There's been no extension of time. We are
2 on the same time restrictions that if we had one
3 case here with Venetian Village. So that's the
4 problem we run into. So something is going to have
5 to be done about that.

6 DICK LANGLEY: All right. Madam, the
7 other issue that Representative Albright and I tried
8 to address in this year's legislation that we did
9 not get passed, but it concerns the conflict between
10 the acquisition price and the rate base.

11 I know in many of these systems, because
12 I've been involved with developers, the developer
13 will sell the system to these people for practically
14 nothing just to get rid of the headache so to
15 speak.

16 Then I understand the company then takes
17 that at its value as opposed to its purchase price,
18 and expects a return on the value that it never paid
19 for.

20 That isn't fair. It isn't right. And it
21 if I could pass this bill next year, it won't be
22 legal.

23 But if they have a rate, established rate
24 based on acquiring the utility, the customers should
25 certainly get the benefit of the lesser of the two;

1 rather than rewarding the utility company for paying
2 too much for the system and then getting -- I mean
3 it's anti-incentive for the customer because the
4 more they pay, the better return they get.

5 MS. EASELY: Could I suggest coming at it
6 another way?

7 DICK LANGLEY: Yes, ma'am.

8 MS. EASELY: Part of the problem is the
9 developer and the utility in which the developer
10 charges little or nothing for the utilities and
11 includes it in the lot price.

12 DICK LANGLEY: Right.

13 MS. EASELY: Not in this instance, but in
14 some instances we have seen that situation where
15 they have entered into contracts to guarantee no
16 utility bills for the life of the purchaser. And
17 then the developer reaches build-out. Sells it to a
18 private company. Whether it's this one or somebody
19 else, or a private individual. Who then has the
20 right under the law to earn a return.

21 And all of a sudden the people who were
22 paying nothing for their utilities are faced with a
23 private owner who has a right to earn a return on
24 his investment.

25 And the difficulty is his investment does

1 not take into consideration the fact that he bought
2 it for a song from the developer who didn't want it
3 anymore. And it's very difficult to deal with.

4 What I'd like to see happen is the
5 developer can't give away utility services.

6 DICK LANGLEY: Well, as you said, I did
7 this Highland Point down in Clermont. We had a
8 hundred forty thousand dollars in the well and
9 distribution system on a relatively small
10 subdivision. Which we sold for five thousand
11 dollars. And we built that in, as you said, into
12 the lot price.

13 MS. EASELY: Sure.

14 DICK LANGLEY: The utility then gets the
15 advantage of the value of that facility and a return
16 on that value, which is several times over, you
17 know, a hundred percent return on their investment.

18 That's not right. And I want to -- you
19 know, would like the Public Service Commission's
20 cooperation in trying to stop that.

21 MS. EASELY: Be glad to work with you.
22 I'm sure Commissioner Clark would, too.

23 DICK LANGLEY: And again, I don't see -- I
24 know that Mr. Shreve's office is overburdened
25 anyway. I don't see how anyone could expect

1 somebody to be able to prepare a defense for 127
2 systems filed at one time.

3 MS. EASELY: I understand.

4 DICK LANGLEY: And I know this case was
5 dismissed once. I would ask on behalf of Mr. Shreve
6 and the many customers in my district of these
7 utilities, that we be granted an extension to
8 prepare properly for these hearings.

9 Any questions I'll be glad to answer.

10 MS. EASELY: Thank you for being here,
11 Senator.

12 DICK LANGLEY: Thank you.

13 MR. SHREVE: Thank you, Senator Langley.
14 Mr. Crocker.

15 AUSTIN CROCKER: My name is Austin
16 Crocker. I'm not proficient in speaking. I can
17 only speak what I have on my mind.

18 MS. EASELY: That's what we need,
19 Mr. Crocker.

20 AUSTIN CROCKER: I think the -- I have
21 here an Orlando Sentinel, Saturday the 20th, or the
22 15th of August of 1991, relative to this. It was
23 Deltona. They were having trouble with the sewage,
24 the waste water, as well as the water. And all the
25 filthy water, so it says.

1 We feel that that is not our problem. Our
2 -- we're from Imperial Terrace. And I think that we
3 have no waste water as such. We're within -- with
4 the septic systems, each individual septic system.

5 I feel that we are -- I can't find my
6 notes. The investors -- getting off on this other.

7 The majority of us, in this park, are
8 retirees. Some of us on quite limited income. And
9 if the investors are losing a minus 8.8 plus
10 percent, then we would even lose more, with
11 increased rates. That is, in our investments in
12 living, as such.

13 And again, does our park show any
14 deficiency in income insofar as the breakdown of
15 these various -- I'm sure they have the records of
16 it.

17 MS. EASELY: What park are you --

18 AUSTIN CROCKER: That's Imperial Terrace
19 West, ma'am.

20 MS. EASELY: Imperial Terrace West?

21 AUSTIN CROCKER: Yes, ma'am.

22 MS. EASELY: I don't know the answer to
23 that, Mr. Crocker. I'm sorry, I don't have that
24 level of detail at this point.

25 AUSTIN CROCKER: Well --

1 MS. EASELY: Mr. Shreve, do you --

2 AUSTIN CROCKER: If ours doesn't show,
3 ma'am, and ladies and gentlemen, if ours doesn't
4 show in a decrease, then why should be we
5 penalized?

6 MS. EASELY: Well, what -- I'm sorry, I
7 didn't say that well, Mr. Crocker. Do you have
8 that?

9 MR. SHREVE: Do you want to know what
10 they're asking for as an increase from you?

11 AUSTIN CROCKER: Yes.

12 MS. EASELY: Do you have that
13 information?

14 MR. SHREVE: I do. They say they need 162
15 percent increase from your system. 162 percent.
16 But they're asking for 167 percent. Because they're
17 going to have to get you to help somebody else out.

18 They say that they had took in a test
19 revenue, test year revenue, \$17,546. And needed a
20 total of \$46,078. So they need a hundred sixty some
21 odd percent from you.

22 That's what they say. Not what we say.

23 AUSTIN CROCKER: Not what we say. Well,
24 thank you very much.

25 MS. EASELY: Thank you, Mr. Crocker. I

1 appreciate it.

2 Call your next witness, Mr. Shreve.

3 MR. SHREVE: Peter Daunoras.

4 PETER DAUNORAS: Back in 1980 the Public
5 Service Commission set a rate for basic facility at
6 two forty-eight a month, and forty-nine cents a
7 gallon. And in 1992 right now we're paying a basic
8 facility rate of two ninety-eight with a fifty-five
9 cent.

10 The two ninety-eight is a twenty percent
11 increase already over the 1980 rate. The fifty-five
12 cent per gallon we're paying for now is a twelve
13 percent increase.

14 These are not very large. But this new
15 rate that they're going to impose on us is about a
16 two hundred fifty percent increase on the basic
17 facility. And a little less than that on the
18 gallonage rate.

19 Tell me, what has gone up so much? The
20 cost of water is the same. The cost of the
21 utilities are about the same. The cost of the
22 chemicals may have gone up a little bit.

23 The taxes are -- the tax rates are about
24 the same. They maintain a pretty steady tax rate
25 in, in Lake County.

1 The idea of the corporation dumping water
2 and sewer services into a corporated structured stew
3 pot is just about the ugliest thing that you can
4 do.

5 We who are only drinking water out of the
6 ground shouldn't have to pay for the exorbitant
7 problems involved in waste water treatment. And
8 lumping drinking water facilities with waste water
9 facilities, it's an act of piracy in one way. And
10 you're trying to subsidize the waste water systems
11 by, by just increasing the rate on the drinking
12 water plants.

13 Our plant was sold for about sixty-five
14 thousand dollars. We'd like to buy it back from
15 you. We'd like to get you out of our hair.

16 Thank you.

17 MS. EASELY: Thank you, sir. I'd wish
18 you'd say what you mean, Mr. Daunoras.

19 Call your next witness.

20 MR. SHREVE: Thank you, sir. Betty
21 D-A-U --

22 BETTY DAURER: Daurer.

23 MR. SHREVE: -- Daurer, I'm sorry.

24 BETTY DAURER: Daurer. Thank you. Thank
25 you very much.

1 MS. EASELY: Pull your microphone down.

2 BETTY DAURER: I will, yes.

3 MS. EASELY: There you go.

4 BETTY DAURER: My name is Betty Daurer. I
5 am the past president of Imperial Terrace Homeowners
6 Association. That's Imperial Terrace West.

7 MS. EASELY: Thank you.

8 BETTY DAURER: Imperial Terrace is located
9 on Highway 441, and has about 190 families belonging
10 to the homeowners association.

11 On behalf of the residents, I would like
12 to express my concern, and their concern, over the
13 proposed water rate increase by Southern States
14 Utility.

15 After a thorough discussion, we feel the
16 rate increase is in excess. Our rate would go up
17 almost double or more in cost.

18 I am a -- we have taken a petition in our
19 park and we have over a hundred -- or 166 members
20 have signed it. I am turning the petition in, which
21 has been signed by the majority of the association
22 members. And we object very much to this increase.

23 We also feel that this is not the best
24 time to have a public meeting with about at least a
25 third or more of our people who are gone. So we

1 feel that this wasn't -- the timing wasn't exactly
2 right.

3 But I will close with that. And at this
4 time to Mr. Shreve, who is supporting us, I will
5 turn my petition over to him, and the letter that
6 has been written and signed by the president of our
7 association.

8 Thank you very much.

9 MS. EASELY: Thank you, Ms. Daurer. And
10 I'll now ask Mr. Shreve if we may put that in the
11 correspondence side.

12 MR. SHREVE: Yes. They would like copies
13 made. I'll make copies, return it to them, and put
14 it on the correspondence side of the record.

15 MS. EASELY: Fine. Thank you very much.
16 Thank you, Miss Daurer. Appreciate you being here
17 and going to the trouble of getting the signatures.

18 MR. SHREVE: Mr. McKinney.

19 CARL MCKINNEY: I don't want to. I'll
20 lose my cool if I go up there.

21 MR. SHREVE: This is the time.

22 Stacy Alverson.

23 STACY ALVERSON: Hi.

24 MS. EASELY: Hi.

25 STACY ALVERSON: I'm part of the Grand

1 Terrace subdivision. I sent a letter to the
2 Commission July 30th, comparison on water rates.
3 I've got usage in here. Leesburg, Tavares, Grand
4 Terrace.

5 Fortunately I do have one extra copy. If
6 you'd like to look at it while I read it so you can
7 look.

8 MS. EASELY: Thank you.

9 STACY ALVERSON: As you can see the rates
10 are presently being charged as high as the majority
11 of the cities in the area. The proposed rate
12 increase for the Grand Terrace area would more than
13 double this already high rate.

14 We would also like to be considered that
15 the Grand Terrace area supplies water to four
16 subdivisions. That's about 116 single family
17 dwellings. These subdivisions are made up of FMHA
18 government subsidized homes.

19 We are low income families on very tight
20 budgets. This proposed rate increase on our water,
21 something we can't live without, would drastically
22 affect our ability to live comfortably.

23 We'd ask that you please take the above
24 comparison and honest concerns into serious
25 consideration and not grant SSU Services and Deltona

1 Utilities this rate increase.

2 We're on septic tanks also, I'd like to
3 add.

4 MS. EASELY: All right. Is your entire
5 system on septic tanks, do you remember?

6 STACY ALVERSON: Yes. Yes. Every lot has
7 its own septic tank.

8 MS. EASELY: All right.

9 STACY ALVERSON: Thank you.

10 MS. EASELY: Hold on just a minute. Mr.
11 Shreve has a question.

12 MR. SHREVE: I have a question.

13 STACY ALVERSON: Sure.

14 MR. SHREVE: I think we talked before.
15 But do you realize that Southern States has paid
16 \$32,935 for your system? However, they are asking
17 for a return and having the rate base of \$81,257.
18 Which would tend to drive their return way down by
19 asking for a return of that two and a half times as
20 much as they would have invested into it.

21 STACY ALVERSON: That's unreal.

22 MS. EASELY: Thank you, Miss Alverson.

23 STACY ALVERSON: Thank you.

24 MR. SHREVE: Mr. Johnson.

25 JIM JOHNSON: Thank you for allowing me to

1 speak.

2 MS. EASELY: Would you give us your full
3 name.

4 JIM JOHNSON: Jim Johnson. I live in
5 Imperial Terrace.

6 MS. EASELY: Thank you, sir.

7 JIM JOHNSON: What I have a problem with
8 is I'm looking at your proposal. This white piece
9 of paper that you all sent out approximately a month
10 and a half ago. And it reads, residential and
11 general services. This gives the size of the pipe.
12 Five-eighths, three-quarters. Two ninety-eight.
13 Then it jumps to one inch; \$7.45.

14 And then I get to this yellow paper that I
15 just was handed when I walked through the door. And
16 it says Imperial Terrace, \$2.98.

17 I'm being charged \$8.94 basic rate. At
18 that point fifty-five cents for the water. I'm
19 asking you right here.

20 MS. EASELY: Mr. Johnson, these first
21 three are Commission staff. The one down at the
22 very end represents the company. But let me
23 understand your question, and then we'll try and get
24 you an answer.

25 Are you saying that this sheet shows that

1 the current charge for base charge is now \$2.98, and
2 you're currently paying eight dollars? Is that what
3 you're --

4 JIM JOHNSON: I'm paying \$8.94.

5 AUDIENCE MEMBER: A quarter though. Not a
6 month, a quarter.

7 MS. EASLEY: Oh, okay. This is the
8 monthly charge.

9 JIM JOHNSON: Okay.

10 MS. EASELY: Okay. That's -- thank you.
11 It's a quarterly charge that you're paying. That
12 helps a lot. I knew you were going to come in
13 handy.

14 Does that help Mr. Johnson?

15 JIM JOHNSON: Yes.

16 MS. EASLEY: Okay.

17 JIM JOHNSON: And do I understand this
18 correct, that is it going to go to \$21.90, if this
19 approved?

20 MS. EASELY: For a quarter again?

21 JIM JOHNSON: Yeah.

22 MS. EASELY: Okay. Yeah. It would be
23 close to that. On the proposed rate. That's just
24 using these numbers; isn't that correct, Mr.
25 Shreve?

1 MR. SHREVE: The Imperial Mobile Terrace?

2 MS. EASELY: Yeah. And he's talking
3 quarter now.

4 MR. SHREVE: If you're talking quarter,
5 looks to me like you're talking about a lot more
6 than twenty-one dollars. You're talking about \$8.76
7 base facility charge and \$1.32 per thousand gallons.

8 MS. EASELY: I multiplied it times seven,
9 which is real clever. I'm sorry. It is higher.

10 JIM JOHNSON: What's, what's the basic
11 rate for a quarter going to be, if this is
12 approved? Which I hope it ain't.

13 MR. SHREVE: I assume there will not be a
14 rate for a quarter. I'm not --

15 JIM JOHNSON: On basic.

16 MR. SHREVE: The basic rate that they're
17 asking for per month, as I understand it, is \$8.76
18 base facility charge for the smallest meter size.
19 And \$1.32 per thousand gallons.

20 Now the company really is going to have to
21 answer you. That's the figures that we put
22 together. And it sounds to me like it's something
23 in the neighborhood of \$32.

24 MS. EASELY: Staff has the figures here.
25 I multiplied it out and got \$26.28. I don't know

1 whether that's right or not. After my lousy
2 addition the last time, I'd hate to try it.

3 While they're looking at those numbers,
4 since apparently nobody brought a calculator -- you
5 completely through us into a quandary because they
6 didn't have it down that way.

7 JIM JOHNSON: That's my nature.

8 MS. EASELY: I understand that.
9 Remembering that the proposed rates are just that.
10 And we still have to have --

11 JIM JOHNSON: While you all are trying to
12 figure out what's going on, I'd like to say
13 something.

14 Picking up on the conversation of the lady
15 that just left, ninety-eight percent of the people
16 that live in Imperial Terrace are on fixed incomes.

17 My neighbor that lives right next door to
18 me, she's on food stamps. And her grass was a
19 little long the other day and somebody happened to
20 drive by there and told somebody else, so she
21 proceeded to get it cut.

22 Now with the rate increase on the water,
23 what's going to happen to the yards if we can't
24 afford to put the water on the grass? Only thing we
25 can hope for is rain.

1 And it's not going to look too proper for
2 somebody trying to sell their piece of property to
3 the snow birds when they come down if the grass is
4 brown, because they can't afford to put the water on
5 it. They'll have to shut their sprinkler system.
6 Or dig a well.

7 Figure it out. You want that? I don't
8 think they care, but I think the majority of the
9 people that are sitting over here, and myself, I
10 care about what happens to my grass. Okay.

11 MR. SHREVE: If you want an answer on that
12 quarter, on that three months, I figured it at five
13 thousand gallons. I just picked one. It would be
14 \$32.88.

15 MS. EASELY: Was there anything else?

16 JIM JOHNSON: No.

17 MS. EASELY: Thank you, Mr. Johnson.
18 Appreciate you coming down.

19 MR. SHREVE: Thank you, sir.

20 Ronnie Collins.

21 RONNIE COLLINS: Hello. I'm Ronnie
22 Collins. I am here because I was at, also at the
23 Sanford hearing. And I attended it for District
24 25. And most of your rate increases covers my
25 possible constituency in four counties of Marion,

1 Lake, and Volusia, and also in some of Seminole,
2 Sanford.

3 And I'm tremendously concerned about all
4 of the citizens that I've been talking to every day
5 going door to door, business to business, about the
6 possible damage that is going to be done if we don't
7 have some moderation in these rate increases.

8 As you have heard from a lot of senior
9 citizens, and I know that I also heard from them in
10 Deltona, they have an enormous amount of problems
11 meeting the day-to-day expenses. The recession has
12 also hurt them. And after three years of a downturn
13 in the economy, businesses, everyone has been
14 suffering.

15 And I know that the utility company has,
16 has increased in their costs due to environmental
17 concerns. And no one is objecting to their getting
18 a return on their investment.

19 However, the timing -- my question is, is
20 it possible that given the fact that we are now
21 looking at in many areas three hundred to four
22 hundred percent increases, is it possible to delay
23 an increase if, if that has to happen?

24 I know I was very disappointed with the
25 interim rates because I had expected them to be a

1 lot less than they actually were.

2 And I am just requesting that is it
3 possible that, that some of these rates can be
4 phased in, until times are better and we have people
5 who are able, more able to afford them?

6 That was my question.

7 MS. EASELY: It is, it is possible, that
8 is, a potential, to phase in rates.

9 RONNIE COLLINS: Because that is, that is
10 just some consideration that I would like for you to
11 propose, possibly.

12 Thank you.

13 MS. EASELY: Thank you for being here.
14 Appreciate it.

15 MR. SHREVE: Thank you.

16 Mr. Morris.

17 DAN MORRIS: Yes. My name is Dan Morris.
18 I'm from Stone Mountain subdivision in Yalaha.
19 Where apparently there are nine of us hooked up to
20 the system. Only seven are paying.

21 I think there's two of them there that are
22 grandfathered in like we were talking about. They
23 come in and sell it, and two of them are
24 grandfathered in. We're just a small subdivision
25 out there. There's still some lots out there.

1 MS. EASELY: When did you get taken over?

2 DAN MORRIS: Oh, gosh.

3 MS. EASELY: Been a long time?

4 DAN MORRIS: Yes, a long time.

5 MS. EASELY: Thank you.

6 DAN MORRIS: And only two of them aren't
7 paying. They are proposing to raise it from \$5.88
8 to \$32.69. That's a considerable increase.

9 Plus, there would be plenty of times when
10 we've talked to some of their employees and stuff,
11 and they've come around looking at our property
12 where they are losing water when they don't even
13 know where it's going to.

14 I think it's something that was -- and
15 still when the thing was subdivided or whatever,
16 they would feel that this large water loss, they
17 don't even know where it is, we're going to be
18 paying for that and fixing the problem.

19 Another thing I'd like to tell him that if
20 this rate does go up as it is proposed, that they
21 will probably lose quite a few of us to private
22 wells. Then you all would even be losing more
23 money.

24 Thank you.

25 MS. EASELY: Thank you, Mr. Morris. I

1 appreciate it.

2 MR. SHREVE: Thank you, sir.

3 Anna Cowin.

4 ANNA COWIN: Hi. My name is Anna Cowin.
5 I've been following Southern States Utilities for
6 quite awhile. For those -- and I don't know if Mrs.
7 Waite is still here -- have known me from 1980 when
8 I moved here, and knowing the rates that Southern
9 States has charged in subdivisions. So I'm quite
10 familiar with the rate of return and all the
11 different points of issues.

12 In fact, the reason why the Public Service
13 Commission is sitting now on water and sewer cases
14 is because of the first water and sewer case we had
15 in 1981.

16 I wasn't going to speak today mainly
17 because I really didn't prepare anything. And I was
18 going to just listen to what was going on, and then
19 come back at a later time. Which I still intend to
20 do.

21 However, looking at the rates, am I to
22 understand here that these rates are monthly on the
23 sheet that was given before us?

24 MS. EASELY: I didn't understand. Are
25 they what?

1 ANNA COWIN: That the sheet -- that the
2 rates that are quoted here are monthly rates?

3 MS. EASELY: That's my understanding.

4 ANNA COWIN: Okay. Unfortunately, I
5 happen to be a customer of two subdivisions of
6 Southern States Utilities; Morningview in Lake
7 County, and Jungle Den Villas in Volusia County.

8 MS. EASELY: Tell me the name of the
9 second one again.

10 ANNA COWIN: Jungle Den Villas.

11 MS. EASELY: Thank you.

12 ANNA COWIN: When we moved to Lake County
13 and moved into the Morningview subdivision, I'd
14 always heard about the, not only the quality of
15 service, but the water costs, and really looked at
16 it very carefully.

17 I happen to have the sewer plant -- we're
18 on a hill, and the pump station for the waste water
19 is right in front of our house. So whenever that
20 goes out, I can see it happen. And, you know, the
21 little light goes on.

22 In fact, I must compliment Southern
23 States. Over the years we used to have waste water
24 in our streets until now they somehow learned how to
25 cap it. So now when the little red light goes on

1 and a buzzer goes on every time the water -- the
2 sewage is off.

3 Let me tell you on an average I have
4 called -- and it has decreased over the last twelve
5 years, but this past year I have called a minimum of
6 four times because the waste water has reached the
7 surface where the power -- where the generator is.

8 They have not fixed this over twelve
9 years. We still have the little red light going on,
10 the buzzer still goes off in the middle of the
11 night. I call up. And I think it's only because
12 they know my name they come out rather frequently.
13 However, this service has not been as good with the
14 waste water.

15 In addition to that -- in fact, I was
16 going to bring it. I just didn't want to make
17 another trip back to Leesburg before I came to this
18 hearing.

19 The chlorine in the water is sporadic.
20 And I can always tell when we're getting near a rate
21 case because there's extra chlorine in the water. I
22 have a great T-shirt and I'll bring it. You may
23 remember. It's a T-shirt for my kid. And I really
24 like it because it changed colors when you wore it.
25 But a there's big hole in it.

1 My husband's yellow shirt has fading marks
2 in it because the chlorine content fluctuates
3 depending on when they put the water in.

4 Now, I don't think they really do check
5 the water as closely because I still get rust stains
6 on all my clothing continually. The water -- and
7 even though we do request that they come and blow
8 the pipes out through the hydrant in the
9 neighborhood, that's only done when we ask, and I
10 have yet to see them do it on a regular basis. This
11 is all in the Morningview subdivision.

12 In the Jungle Den Villas I've seen very
13 heavy deposits of sediment in the water. So much so
14 that I do carry my own water for that purpose when I
15 go and use the condominium there.

16 When we look at the costs here, you know,
17 I think it's nice to see \$5.88, and the regular
18 costs of utilities. But it's when you look to real
19 people and the bills that they're paying, my bill is
20 a bimonthly bill. That means I pay every two
21 months. And my bill is on an average of a hundred
22 and seventy dollars. This has been after I have
23 changed the water meter.

24 For years I had a one inch meter and
25 changed it to a three-quarter inch meter thinking

1 that maybe that would reduce my costs.

2 It did reduce the cost of about maybe
3 twenty dollars or ten dollars. But now the rates
4 have gotten so high I'm paying the same amount as I
5 had with the one inch meter.

6 If you look at the cost of one hundred
7 seventy dollars every two months, let's take for
8 example, again in my subdivision at a hundred fifty
9 gallons of water per day per person, family of four,
10 six hundred gallons per day.

11 You're looking at approximately maybe
12 eighteen thousand gallons in the household, isn't
13 that about right? Am I on target?

14 This is my memory from the years. Again,
15 I have no notes. Is that something right; about a
16 hundred fifty gallons a day?

17 MR. SHREVE: Yeah.

18 ANNA COWIN: Per person. It's about the
19 average usage. And my figures are a family of four
20 because all the people in my subdivisions have
21 families. We have five in our family but a family
22 of four. Most people have, you know, at least two
23 in the household.

24 I was looking at the rates, for example,
25 and on a monthly basis, the rates would go -- and

1 this is my quick math with my little calculator here
2 -- it's \$115.46, and it will increase to a hundred
3 fifty dollars, every month.

4 Again that means that I'm going to get a
5 bill now instead of my hundred seventy dollars, I'm
6 going to get a bill of three hundred dollars.

7 MS. EASELY: Is that in Morningview?

8 ANNA COWIN: Yes, it is.

9 MS. EASELY: Okay.

10 ANNA COWIN: Going back. That -- and when
11 you look at a three hundred dollar bill, I mean I
12 don't know that peoples mortgages are that high.
13 You can rent a house for, you know, some of the
14 costs that we're charging for, for the just water
15 and sewer.

16 Likewise, if you look at the Jungle Den
17 Villas -- and I didn't take the time right now to go
18 and compute it. But if you look at Jungle Den
19 Villas, and if you look and see what, for example,
20 what the water charge there, you know, it looks on
21 the face of it as a reduction.

22 \$10.88 is the basic facility charge, with
23 no gallonage charge. And then you go to the \$4.54
24 BFC, you have a decrease, but the \$4.75 is the
25 gallonage charge.

1 Let me tell you that gallonage charge is
2 what kills people. And it's like splitting the pie
3 and increasing each piece. And I've seen it year
4 after year.

5 What they're doing is they're splitting it
6 and increasing everything. So that \$4.54 and \$4.75
7 will probably ultimately come down. And if you look
8 at Morningview at \$15.51, that's probably what's
9 going to happen. I've seen it too many times.

10 Another issue that I wanted to mention is,
11 you know, the rate of return as being twelve
12 percent. 12.85 percent I believe is what was
13 mentioned, I think by our Public Counsel. Nineteen
14 percent, you know, with the -- that was with the
15 taxes.

16 I don't know of any investment right now
17 that gives that kind of rate of return.

18 I don't know, I have two children in
19 school. And I'm in college now and I'm trying to
20 invest our money soundly so that we can get
21 sufficient funds to help defray the cost of that.
22 And I'll be lucky if you can get eight or ten
23 percent in today's market. Certainly not 12.85
24 percent. When the taxes, you know, before taxes.
25 You can't even get bonds.

1 And the rates of inflation now I know are
2 nowhere near that. I think it's around four
3 percent.

4 I don't know why the company or why the
5 Public Service Commission feels that's a justifiable
6 rate of return.

7 For years -- and I can tell for a fact
8 when, when Southern States Utilities has been
9 getting eighteen percent, the rates have been down
10 around twelve. And now they want to get close to
11 thirteen percent, so the rates are at four. I mean
12 even that is higher proportionally than what it was
13 in the past.

14 Just in closing these are just a few facts
15 that I came up to now.

16 But the Public Service Commission is to
17 serve the public. They are to be along with that
18 the watchdogs of the rate of return that we're
19 getting from our investment.

20 I certainly think that at this particular
21 point when we don't know what the cost of each
22 system is at the time of purchase. And I know for a
23 fact, for example, Morningview was minimal. And
24 look at the rate of return. Do you have the cost
25 for Morningview?

1 MR. SHREVE: No.

2 ANNA COWIN: But I remember researching it
3 back at that time. I do know the owners who had the
4 subdivision before they turned it over. They are
5 still living in the subdivision there. They're not
6 paying any water. That was part of the original
7 deal. And I know that when they turned it over, it
8 was a very, very small cost.

9 So I think by the very least the public
10 has the right to know of the initial cost of
11 purchase of a 127 of those utilities.

12 And at this particular time I also request
13 that there be a continuance of this so that we can
14 get accurate facts. And that the Public Counsel's
15 office gets the -- all the information that it needs
16 in order to present a viable case. And the public
17 also.

18 Thank you.

19 MS. EASELY: Thank you very much.

20 MR. SHREVE: Thank you.

21 Mr. Kelly.

22 EVERETT KELLY: Madam Chairman. And other
23 members of the Commission, I didn't -- you didn't
24 swear me in a while ago because I didn't stand up,
25 Ms. Easley. And so I'm going to raise my hand to do

1 whatever you need to do now.

2 MS. EASELY: I've been wanting to swear Ev
3 Kelly in for a long time.

4 EVERETT KELLY: You can swear at me.

5 MS. EASELY: I did that. I've been
6 wanting to swear you in.

7 In this matter before the Florida Public
8 Service Commission do you swear to tell the truth,
9 the whole truth, and nothing but the truth, so help
10 you God?

11 EVERETT KELLY: I do.

12 MS. EASELY: Thank you, sir.

13 EVERETT KELLY: Thank you. I was not
14 going to speak, Ms. Easley, because I wanted to
15 listen to what people had to say.

16 I'm on one of these utilities myself. I
17 have a home I'm presently living in, but I have a
18 mobile -- or manufactured house out in East Lake
19 Harris Estates. And that's included in the list of
20 rate increases.

21 The people we've been -- Miss Cowin, I
22 have to commend her. She's been in this battle for
23 years and years. I don't suppose we can say enough
24 about Mr. Jack Shreve. He is absolutely amazing.

25 I was talking to him a little earlier. I

1 said: Don't you ever get tired of running around?

2 He said: I really like it.

3 So I don't know what it is that you like
4 about going through all these numbers. But I think
5 it's his dedication to try to do what's right for
6 the people.

7 I'm sorry that I can't say any nice
8 plaudits about the company's attorney even though I
9 know he's a good guy. And he's doing what he's sent
10 down here to do.

11 But I'm going to thank you all for coming
12 to our beautiful Lake County. It is a nice place to
13 live, even with our high water rates. And we can
14 try to keep some of them down if we want, it will
15 still be a nice place.

16 Miss Easely, when you get ready to retire,
17 we're going to try to get you a place out at in East
18 Lake Harris Estates or Imperial Terrace. They got
19 some nice places out there.

20 MS. EASELY: Wherever I can fish, Ev.

21 EVERETT KELLY: I'm looking forward to
22 having you come down and you and I can go casting
23 together, Ms. Easely.

24 I think that Senator Langley made one
25 point, and Miss Cowin made it, too, and this is an

1 extension of the time. And I would ask that the
2 Commission would consider that an extension of the
3 time for this rate increase to -- for a couple of
4 reasons.

5 One, the most important reason is I
6 haven't seen any justification for this rate
7 increase, other than the fact that counsel says
8 that, you know, they have had all these increases
9 and costs.

10 And so I believe given time to prepare
11 things that, that Mr. Shreve can and the people can
12 come up with some, some information that will refute
13 what they say. That they don't have the expense
14 increase they have, they have indicated here
15 tonight.

16 I'd like to see this occur because I
17 foresee down the road -- and I don't think it's too
18 far away. Senator Langley tried the bill last time
19 and it really didn't go very far. I think you're
20 going to see more legislative involvement in this
21 area. And the reason you're going to see it is
22 because of times.

23 And I think people come down to our area
24 here. They retire. They have an income that they
25 feel like is going to carry them through until the

1 time that they won't need it again anymore.

2 So when we have things like this
3 continually happening, happening -- and these rates
4 are something that you can't predict, but when it
5 happens, and they continue to go up, it gets to
6 where pretty soon you say, well, I don't know if I
7 can afford to live here anymore.

8 Now Terry and I, Ms. Easley, have about
9 reached that point. We got our proposed tax bill
10 the other day. And I told her, I said: I don't
11 know how far we are from selling our place here
12 because we are about to be taxed out of it.

13 The inequities in the methods that they
14 use to do these rates across the board, why should
15 the people in one area who is paying too much, not
16 -- I mean have to take the money that they're
17 paying, the additional money that they're paying, to
18 level out the playing field? That's not fair in any
19 sense of the word.

20 The issue of what they pay for a system as
21 compared to what the value of system was when it was
22 originally installed I think is a very legitimate
23 area in which we can look at, look into in the
24 Legislature, to see if maybe we can adjust some
25 things to have that not be the case when you propose

1 these rate increases.

2 The, the whole question of rate increases
3 for this company -- and believe me, I've been on
4 this company before. My wife came and rescued me
5 from the peanut butter and jelly circuit -- was --
6 we fought these battles all the time. I've known
7 Mr. Shreve for a long time. And the reason that I
8 met him and have worked so closely with him is
9 because I was on the system, and it seemed that
10 every time we were turning around we were getting a
11 request for a rate increase.

12 I would hope that you would consider all
13 the things that you've heard here tonight. And I
14 would hope that you would seriously -- and I'm going
15 to try to come to your Commission meeting in
16 Tallahassee to again request an extension of time.
17 That might not be the appropriate time but I'm going
18 to come and do it anyway.

19 But I would hope that you would consider
20 that extension of time so that we could have more
21 time, Mr. Shreve could have more time to prepare and
22 get all his facts together. And we could have the
23 opposing counsel come up with some real on-the-paper
24 justification for these rate increases.

25 But again, thank you for coming to our

1 beautiful Lake County, Betty. We hope that -- you
2 told me that you were getting close to retirement or
3 thinking about it.

4 MS. EASELY: I've been thinking about it
5 since I was forty.

6 EVERETT KELLY: We got some marvelous
7 places here to fish. So you just come on down and
8 we'll do a lot of that.

9 Thank you again for coming, you and your
10 staff, and Mr. Shreve. And for all the people that
11 are here tonight expressing their views.

12 MS. EASELY: Thank you. Representative
13 Kelly, hold on a minute. Let me share with you.

14 EVERETT KELLY: Goodness, I didn't know
15 this part was coming.

16 MS. EASELY: I served in the legislature
17 with Representative Kelley quite awhile. And he's a
18 good friend. So I can needle him. He needles me.
19 I can needle him.

20 When you are considering this legislation,
21 do me a favor and take a look at the statutory
22 clock, that can only be waived by the company. And
23 you might want to consider whether or not there's a
24 reason to have other people being able to waive the
25 statutory clocks.

1 EVERETT KELLY: Thank you very much.
2 That's a good idea. And we will certainly take a
3 close look at that.

4 MS. EASELY: Thank you, sir.

5 EVERETT KELLY: I'll be talking to you
6 again.

7 MS. EASELY: I have a notion you will.

8 MR. SHREVE: Thank you, Representative
9 Kelly.

10 That's the last person who asked to sign
11 up. Is there anyone else here who would like to
12 talk? Anyone else like to speak? All right, sir.

13 MS. EASELY: Well now, you going to do a
14 repeat?

15 PETER DAUNORAS: Now apparently being
16 customers of the utility, we have no right to
17 request corporate balance sheets. And this would
18 only be allowed to the stockholders; right,
19 Mr. Attorney?

20 MR. HOFFMAN: Mr. Daunoras, that's not
21 correct. That type of information, along with a
22 wealth of other types of information, have been
23 requested by the Public Counsel, and produced to the
24 Public Counsel by the company.

25 MS. EASELY: And is -- let me ask,

1 Mr. Shreve. Normally some of the MFR's and the
2 information are made available in the local system.
3 Is this going to be available?

4 MR. SHREVE: It is in the system. We've
5 had some complaints from customers that really with
6 this massive filing it's pretty hard to understand
7 what's already here. There aren't any real
8 summaries to it.

9 But we are making many, many demands on
10 the company; and are trying to get all the
11 information that we need to properly represent you
12 and bring out the things that you're talking about.

13 MS. EASELY: It may also be possible,
14 Mr. Daunoras, that we might be able to furnish some
15 information as well.

16 If you would get Ms. DeMello and this
17 red-headed man right here on the end, Marshall.
18 When he stands up you won't be able to miss him.
19 He's about eight and a half feet tall.

20 Get with him and see what we have to get
21 to you fairly easily.

22 PETER DAUNORAS: Would this information
23 include the specific balance sheet on each unit of
24 the corporate mix that we have coming together
25 here?

1 In other words, Imperial Terrace,
2 Morningview, and all the others balance sheet and a
3 cost structure on each one of the units?

4 None of us could cope with the compilation
5 of the entire thing because that doesn't mean
6 anything.

7 MS. EASELY: I know it.

8 PETER DAUNORAS: We're trying to designate
9 or trying to find out who is over the top. And
10 those of us, like in Imperial Terrace, is well below
11 the cost base that the corporation seems to
12 require. Apparently beside attorneys, we must have
13 some high-priced executives somewhere in there. All
14 right.

15 MS. EASELY: Marshall was indicating to me
16 if you will get with him afterwards, he's going to
17 kind of determine the names of the systems you want
18 and we'll see what we can get for you.

19 PETER DAUNORAS: I want them all.

20 MS. EASELY: Well, when you say all, you
21 talking about all 127, or only the ones right here?

22 PETER DAUNORAS: Well, basically I have
23 nothing to compare it. I know that our system is
24 very efficient, very low cost. And but some of
25 these systems must be way over their heads.

1 MS. EASELY: Let him get with you, because
2 some of the information is already here. All of the
3 information is already here; and but to pull out the
4 information you want, let him get with you
5 afterwards and we'll see if we can't accommodate
6 you.

7 PETER DAUNORAS: I will see him before I
8 have to go to him.

9 MR. SHREVE: There really is not -- all of
10 the information is not going to be there, and it's
11 all not necessarily available. Some of the things
12 like how much they paid for the system as opposed to
13 how much they're asking for a return, you're not
14 going to find that in the filings there.

15 We're trying to develop that information.
16 We'll be happy to share anything we can.

17 There's going to be breaking out -- for
18 instance, the company is asking for one point seven
19 million dollars in rate case expense just for
20 handling this case, to be paid for by you. We're
21 going to be breaking that down and attacking it.

22 But there's a lot of information out
23 there, and we'll be glad to get anything we can.
24 Marshall would be good to get what he has available
25 to him there and --

1 MS. EASELY: You all get together
2 afterwards and we will decide what it is we can get
3 for you at this point.

4 Let me assure you and all the other people
5 that are here, many of the questions that you have
6 asked and much of the information in which you are
7 considering, will be developed during the hearing in
8 Tallahassee. That's the purpose of the hearing. It
9 isn't like this.

10 The hearing in Tallahassee is about as
11 close to a civil trial as anything you're going to
12 see outside of a regular courtroom.

13 They prefile the testimony. The witnesses
14 are brought in and sworn in. They sit down and give
15 their testimony. And everybody has an opportunity
16 to cross-examine those witnesses under oath. They
17 must come in and justify those figures.

18 His staff goes through them. Our staff
19 goes through them. The company has to justify the
20 numbers they're asking for.

21 So what I'm trying to tell you, one of the
22 reasons we don't have the information yet is that we
23 haven't been to the hearing. And we're not supposed
24 to hear the information until we get it in the form
25 of sworn testimony at the hearing.

1 So we're sort of at a little bit of a loss
2 until they're ready to present the information to us
3 in its final form.

4 But please understand, we ask some of the
5 same questions that we hear at these public
6 hearings, because you provide us with some of the
7 things that we want to know the answers to.

8 We don't have them tonight. But I've
9 written down quite a few of the questions. And you
10 would be surprised how many questions we hear in
11 these hearings we wind up asking at the technical
12 hearing in Tallahassee.

13 PETER DAUNORAS: Well, that's a very
14 complex matter. What is the number of utilities
15 that you have? One hundred and what?

16 MR. HOFFMAN: 127 systems.

17 PETER DAUNORAS: Trying to look through
18 the balance sheets of all of those is going to be an
19 horrendous project. And I doubt that if I will get
20 all that information, and even if I did, I wouldn't
21 know what to do with it.

22 MS. EASELY: Thank you, Mr. Daunoras. Get
23 with them afterwards and I think we can at least
24 help.

25 MR. SHREVE: Thank you, sir.

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Anyone else?

MS. EASELY: I tell you what. Let's take about a ten-minute break and see if anybody has come in late and would like to speak or have any other questions for Mr. Shreve. Take about a ten-minute break.

(Break taken at 7:35 PM)

(Hearing resumes at 7:47 PM).

MS. EASELY: Mr. Shreve, it is my understanding that we have not had any other public testimony requested; is that right?

MR. SHREVE: That's right. Anyone else would like to speak? Anyone else?

MS. EASELY: For those of you who have stayed with us this evening, I want to thank you for being here. This is exactly what it's for and we very much appreciate it.

This hearing is adjourned.

(Hearing concluded at 7:48 PM).

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C E R T I F I C A T E

STATE OF FLORIDA)

COUNTY OF ORANGE)

I, AARON S. KAUFMAN, being a Notary Public,
State of Florida at Large, and Registered
Professional Reporter, do hereby certify that I was
authorized to and did report in shorthand the above
and foregoing proceedings, and that thereafter my
shorthand notes were transcribed and reduced to
printing under my supervision; and that the pages
numbered 2 through 57, inclusive, contain a full,
true and correct computer-aided transcription of my
shorthand notes taken therein.

Done and signed this 10th day of September
1992, in the City of Orlando, County of Orange,
State of Florida.



Notary Public, RPR

Notary Commission Expires:

May 27, 1994