

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

-----  
In the Matter of Petition of :  
: :  
SOUTHERN STATES UTILITIES, INC. : DOCKET NO. 920199-WS  
and :  
DELTONA UTILITIES, INC. :  
For a Rate Increase. :  
: :  
-----

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PROCEEDINGS: BROOKSVILLE SERVICE HEARING

BEFORE: COMMISSIONER SUSAN CLARK  
COMMISSIONER TERRY DEASON

DATE: Wednesday, September 9, 1992

TIME: Commenced at 6:30 p.m.  
Concluded at 9:30 p.m.

PLACE: ALFRED MCKETHAN CIVIC AUDITORIUM  
Hernando County Fairgrounds  
U.S. Highway 41 South  
Brooksville, Florida

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## APPEARANCES:

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KARLA OLSON TEASLEY, Vice President, Corporate Service and General Counsel, 1000 Color Place, Apopka, Florida 32703, on behalf of Southern States Utilities, Inc.

MARSHALL W. WILLIS, C.P.A., Chief, Bureau of Economic Regulation, Division of Water and Sewer, FPSC, 101 East Gaines Street, Tallahassee, Florida 32399-0873.

LEE ANN KNOWLES, FPSC General Counsel Office, 101 East Gaines Street, Telephone No. (904) 488-8482, Tallahassee, Florida 32399-0850, as Counsel to the Commissioners.

JACK SHREVE, Public Counsel, 111 W. Madison Street, Suite 812, Tallahassee, Florida 32301.

ALSO PRESENT: FPSC STAFF:

BEV DEMELLO, TOM WALDEN, TRICIA MARCHANT, BILLY MESSER, MIKE DEMICK

## I N D E X

PRESENTATION BY MR. SELF:	8
PRESENTATION BY MR. SHREVE:	11
CERTIFICATE OF REPORTER	105

## WITNESSES

<u>Name</u>	<u>Page No.</u>
HARRY JONES	
Direct Statement	16
Cross by Mr. Shreve	18
WILBER LANGLEY	
Direct Statement	19
Direct Statement	103
FRED WALL	
Direct Statement	20
ROSALIE FREDERICKS	
Direct Statement	22
JAKE RICHIE	
Direct Statement	24
CHRIS SHERIDAN	
Direct Statement	27
ED SLEZAK	
Direct Statement	30
Cross by Commissioner Clark	34
Direct Statement	65
Direct Statement	101
PAUL CUBBAGE	
Direct Statement	35
PETER GRAZIANO	
Direct Statement	39
BEN DAVIS	
Direct Statement	42
DON RUSSELL	
Direct Statement	44
RECESS	
EDWARD H. ALTHOUSE	
Direct Statement	45
MELVIN MAZE	
Direct Statement	47
ARTHUR CROCI	
Direct Statement	50
HENRY LEDBETTER	
Direct Statement	53

HAROLD ALLEN	
Direct Statement	56
Direct Statement	98
JAMES WHITEHOUSE	
Direct Statement	58
DEWEY SATTERFIELD	
Direct Statement	60
BARBARA BOUDREAU	
Direct Statement	62
Cross by Commissioner Deason	64
Cross by Mr. Shreve	64
JOSEPH FOX	
Direct Statement	66
PEGGY HOOVER	
Direct Statement	69
FRANK SAGLIANO	
Direct Statement	69
Direct Statement	98
TINA PERRY	
Direct Statement	73
LINDA WHITE	
Direct Statement	74
ERIC RUGE	
Direct Statement	75
FLORENCE GLIMPSE	
Direct Statement	76
HAROLD JOHNSON	
Direct Statement	77
RON SCHULTZ	
Direct Statement	79
ANTHONY MOSCA	
Direct Statement	81
CARL MAVES	
Direct Statement	88
MICHAEL CAGGIANO	
Direct Statement	94
GINNY BROWN WAITE	
Direct Statement	99
CONCLUSION	104

EXHIBIT

8     Notice of Hearing from FPSC

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

(Hearing commenced at 6:30 p.m.)

COMMISSIONER DEASON: May I have your attention, please. Is the sound system working sufficiently? Very good. I'd like to take this opportunity to welcome you at this hearing this evening. We'll begin by having the Notice read.

MS. KNOWLES: Pursuant to Notice this time and place has been designated for the Service hearing on Document No. 920199-WS. An application for rate increase by Southern States Utilities, Inc. and Deltona Utilities, Inc. in Brevard, Charlotte/Lee, Citrus, Clay, Duval, Highlands, Lake, Marion, Martin, Nassau, Orange, Osceola, Pasco, Putnam, Seminole, Volusia, Washington, Collier and Hernando Counties.

COMMISSIONER DEASON: Thank you. We will take appearances of counsel.

MS. KNOWLES: My name is Lee Ann Knowles and I am representing the Commission and staff of the Florida Public Service Commission. My address is 101 Gaines Street, Tallahassee, Florida 32399-0850.

MR. SELF: My name is Floyd Self. I'm an attorney with the law firm of Messer, Vickers, Caparello, Madsen, Lewis, Goldman & Metz, P.A. My address is P.O. Box 1876, Tallahassee, Florida, and I'm appearing on behalf of Southern States Utilities.

1 MS. TEASLEY: My name is Karla Olson Teasley. I'm  
2 the General Counsel of Southern States Utilities. My address  
3 is 1000 Color Place, Apopka, Florida 32703.

4 MR. SHREVE: Jack Shreve, Public Counsel, Culpepper  
5 Building, Tallahassee, Florida, representing the citizens in  
6 opposition to the rate increase.

7 COMMISSIONER DEASON: Thank you.

8 My name is Terry Deason and I am a Commissioner of  
9 the Public Service commission. I will be chairing this  
10 hearing this evening.

11 To my left is Commissioner Susan Clark. And as the  
12 attorneys made their appearances, I'd like to just point out  
13 that on my extreme left, your extreme right, are the  
14 representatives of Southern States Utilities.

15 To my immediate left are members of the staff of  
16 the Public Service Commission. And to my right, of course,  
17 as you well know, is Mr. Jack Shreve who is the Public  
18 Counsel who represents the customers in this proceeding.

19 Mr. Shreve is maintaining a list of persons who  
20 wish to testify this evening, so if you do wish to testify  
21 and you have not yet let him know, at some time you need to  
22 give him your name so that he can call you when we reach that  
23 stage of the proceeding.

24 I'd also like to take this opportunity at this time  
25 to introduce some other staff members of the Public Service

1 Commission who are out either in the audience or in the foyer  
2 area who are available to answer any questions that you may  
3 have.

4 First is Mrs. Bev Demello who is standing in the  
5 doorway. Mr. Tom Walden, he's standing raising his hand.  
6 Mr. Mike Demick, he's also standing in the doorway in the  
7 foyer area. Ms. Billy Messer, she's standing in the back.  
8 Ms. Tricia Marchant, she's also in the back. And  
9 Commissioner Clark's administrative assistant, Miss Kay  
10 Posey. She's also standing in the back. Any of these  
11 individuals would be more than happy to answer any questions  
12 that you may have.

13 The way we're going to proceed this evening is we  
14 will begin by opening statements. First, the utility  
15 company, if they wish, will give an opening statement after  
16 which Mr. Shreve will give his opening statement.

17 After the opening statements are given, we will ask  
18 all those persons who wish to testify this evening to stand  
19 and to be sworn in. Your testimony will become part of the  
20 official record of this proceeding and is being recorded by a  
21 court reporter and will be, as I said, part of the official  
22 record to be reviewed by all those persons involved in this  
23 proceeding.

24 So at this time we will begin by having the  
25 Southern States Utilities present their opening statement.

1 MR. SELF: Thank you, Commissioner.

2 Ladies and gentlemen, again, my name is Floyd Self  
3 and with me is Karla Olson Teasley.

4 As we said before, we're attorneys and we're  
5 representing the company, Southern State Utilities, Inc.

6 This is a case which stems from an application by  
7 Southern States filed with the Florida Public Service  
8 Commission to increase its water and sewer rates. The  
9 application is extremely comprehensive and covers virtually  
10 all of the water and wastewater systems operated by Southern  
11 States Utilities which are regulated by the Public Service  
12 Commission.

13 Specifically, the application encompasses 127  
14 systems spread throughout 19 counties in Florida. Based on  
15 its present rates, investors in Southern States currently are  
16 experiencing negative overall return of common equity of 8.32  
17 percent.

18 In fact, for each of the past three years, Southern  
19 States has not been able to recover through its present rates  
20 sufficient revenues to cover the interest that the company  
21 owes to its lenders.

22 So the purpose of Southern State's application is  
23 to bring the rates to a level so that Southern States will  
24 have the opportunity to earn a fair and reasonable return on  
25 its investment in water and wastewater facilities and will



1 once again be able to attract the necessary investment to  
2 meet customer growth and increased water and wastewater  
3 requirements.

4 The Commissioners, Commission staff, Florida  
5 legislators and virtually every other entity involved in the  
6 water and wastewater industry have recognized that  
7 environmental regulation has increased and that such  
8 regulations increase the cost of providing water and  
9 wastewater service to Florida residents.

10 It's no coincidence that water and wastewater  
11 providers across the state, whether they be privately owned  
12 or owned by counties and cities, are currently, have in the  
13 recent past, or will in the near future increase their rates  
14 in recognition of the increased cost of environmental  
15 regulations.

16 The cost of achieving the state of Florida's and  
17 companies' conservation and environmental roles are high.  
18 Southern States is a leader in conservation and environmental  
19 areas, as recognized on both the state and the federal  
20 levels.

21 Many of the systems involved in this application  
22 have not been subject to rate increases for as long as 12 or  
23 13 years. Through no fault of the customer, the fact remains  
24 that since the time many of the Southern State systems were  
25 last subject to a rate increase, Southern States has incurred

1 significant increases in operating expenses and has  
2 constructed additional water and sewer plants to meet such  
3 needs as customer growth and environmental regulations  
4 imposed by the state and federal governments.

5           The final hearing on the company's request will  
6 take place in Tallahassee in November of this year. At that  
7 time the Commission will review evidence on many technical  
8 issues concerning the utility's request, such as the amount  
9 of utility investment and facilities and the amount of  
10 operating expenses incurred for each of the systems that are  
11 at issue in this case.

12           Southern States will be prepared to prove to the  
13 Commission and justify to the Commission that it is entitled  
14 to the requested increase in the rates.

15           This is a service hearing and it represents your  
16 opportunity to address the Commission, the Commission staff,  
17 and the company and to give your comments about the company's  
18 service and proposed rates.

19           We welcome the time set aside this evening to hear  
20 from you and we look forward to hearing any concerns you may  
21 have about the company's quality of service or its proposed  
22 rates.

23           Thank you for the opportunity to provide this  
24 background and, Mr. Chairman, we have as an exhibit the  
25 newspaper ads, proof of publication, and customer notices,

1 and at the appropriate time we'd like that marked as an  
2 exhibit.

3 COMMISSIONER DEASON: Mr. Self, have there been  
4 previous notices marked as exhibits at other hearings?

5 MR. SELF: Yes, sir.

6 COMMISSIONER DEASON: Do you know what number this  
7 exhibit should be?

8 MR. SELF: The next one should be 8.

9 COMMISSIONER DEASON: Okay. This will be  
10 identified as Exhibit No. 8. Mr. Shreve?

11 MR. SHREVE: Thank you, Mr. Chairman.

12 This is your time to speak tonight so I'll be  
13 brief, but there are a few points that I would like to make.

14 This case does include 127 different systems. This  
15 would routinely be over 90 rate cases. Now Southern States  
16 has taken as much time as they wanted to prepare their case.  
17 They have the information. They come in and file it, and we  
18 are in a position of having to handle this.

19 With the massive number of systems that we have,  
20 it's going to be impossible to do. It cannot be handled  
21 properly and have the customer properly represented. There  
22 has been no extension of time in this case. We're handling  
23 it just as though we were handling one case for any one  
24 individual system as far as the time goes. It's impossible.

25 The fact there's been no rate increase in some

1 systems for 12 or 13 years would seem to indicate to me that  
2 there has been no need for a rate increase for 12 to 13 years  
3 and the growth may very well have provided more funds than  
4 were needed by the company so that they didn't come back in.

5           Somehow I never understood the water and sewer  
6 companies. When you don't have enough people there, it's  
7 going to cost you more money, and then when you get more  
8 people in there, it's going to cost you more money. I don't  
9 understand that.

10           Southern States is owned by Topeka Group. Topeka  
11 Group is owned by Minnesota Power. Supposedly we're going to  
12 have the advantage of better administrative efficiency,  
13 better efficiency in the running of the system. So far all  
14 we've seen is a complete turnaround and increase in operation  
15 and management expenses by Southern States, particularly  
16 since they purchased the system from Deltona.

17           They also have them all over the state and we do  
18 not see any savings there, and this is one of the things that  
19 we're going to attack. They are way above on operating  
20 expenses; hence, it is not justified at this point.

21           One of the things that Southern States is saying,  
22 and it's a reason that many of you are having additional  
23 monies put on you, is because they have certain systems  
24 around the state where once they've gotten the increase that  
25 they want, those customers will be paying extremely high

1 rates, unjustified high rates. so what they're saying is,  
2 lower those rates and let other customers pay the difference.

3           It seems to me that if Minnesota Power and Southern  
4 States could come in here and buy up these systems, they  
5 should be held responsible for their own business deals.  
6 Granted, those customers are entitled to have water and sewer  
7 service at a reasonable rate, but not at your expense. If  
8 Southern States can't provide it, then let Southern States  
9 eat the difference in money rather than to try and pass it on  
10 to other people.

11           One of the things that bothers me about this case,  
12 it's going to be absolutely impossible for customers to  
13 really be informed. When you received your notice, you  
14 received a bare notice that this is what we're making now,  
15 this is what we want to get from you.

16           To give you an example, the Spring Hill sewer  
17 system. By Southern States' own calculation, at this time  
18 you're overpaying by \$180,000. Now that's their own  
19 calculations.

20           Are they coming here to lower your rates?  
21 Absolutely not. As a matter of fact, you have just had the  
22 benefit of an interim rate increase although you're already  
23 overpaying by \$180,000.

24           Now when Southern States put out their notice to  
25 the Spring Hill sewer customers, they said, We're not going

1 to raise your rates. Well, that probably makes everybody  
2 feel pretty good and they won't have any opposition to that  
3 particular part of the case. But would there be opposition  
4 if the people in fact knew that they should have a 20 percent  
5 reduction? That's where it's not fair the way it's being  
6 handled and you're not being properly informed.

7           They're talking about making a negative return.  
8 The calculation on that negative return is only a figure that  
9 is inflated. When they purchased Spring Hill and other  
10 systems and purchased the Deltona systems, how much did they  
11 pay for those systems and how much did they put in the rate  
12 increase at?

13           If they would recalculate, and this has been  
14 brought up at every one of these hearings, if they would  
15 recalculate on what they actually have invested rather than  
16 the inflated figure, then what would their earnings be?  
17 That's what you're entitled to know before you have to pay  
18 one penny more in rates than you're paying now.

19           And the return that they're talking about asking  
20 for is 12.3 percent return in equity after taxes. So they're  
21 talking about approximately 18 percent, a little more, being  
22 paid by you. Now I'm sure all of you that have CDs and  
23 deposits in the banks are getting around two, three and four  
24 percent, right? But they're asking you for 12.3 percent  
25 after taxes.

1           It's unheard of, it's not justified, and it should  
2 be cut completely out and in some cases there should be rate  
3 reductions rather than an increase.

4           Thank you very much.

5           COMMISSIONER DEASON: Thank you very much,  
6 Mr. Shreve.

7           Before we take the customer testimony, I'd like to  
8 take this opportunity to make you aware of the special  
9 bulletin -- special report, rather. It's printed on blue  
10 paper which gives you some background information.

11           The last sheet of this bulletin can be detached and  
12 gives you an opportunity, if you wish, to send comments to  
13 the Public Service Commission. This can be used by those  
14 persons who do not actually wish to come forward to give a  
15 statement this evening. And for those individuals who do  
16 wish to testify this evening, as I indicated earlier, your  
17 testimony is going to become part of the official record of  
18 this proceeding so therefore it's necessary that you be sworn  
19 in as a witness in this documented matter.

20           Therefore, all those individuals who intend to  
21 testify this evening, if you will please rise and raise your  
22 right hand.

23           (Witnesses sworn in by Commissioner Deason.)

24           COMMISSIONER DEASON: Thank you. Please be seated.  
25 Mr. Shreve, will you call your first witness.

1 MR. SHREVE: Yes, sir. Mr. Jones.

2 COMMISSIONER DEASON: When you come forward, if you  
3 will begin by giving us your name and your address for the  
4 court reporter, that would be appreciated.

5 - - - - -

6 HARRY JONES,  
7 was called as a witness on behalf of the Citizens of the  
8 State of Florida and, having been duly sworn, testified as  
9 follows:

10 WITNESS JONES: My name is Harry Jones. I live in  
11 Sugar Mill Woods. I'm the President of the Civic Association  
12 of Cypress and Oak Villages. I appeared in Ocala and the  
13 meeting run so long that they had to wake me up before I  
14 could speak. I'll be brief tonight so there will be room for  
15 lots of other people.

16 COHO was involved in a previous rate case and we  
17 spent about \$28,000 in lawyers' fees and other expenses to  
18 try to get to the bottom of what the water company was really  
19 getting at. That case was so poorly put together that it was  
20 thrown out by the Public Service Commission.

21 This case has come along. We feel that it is  
22 equally poorly put together. The disadvantage that we have  
23 in this case is that we're now dealing with 127 utilities  
24 which are thrown together in such a fashion that it's  
25 practically impossible to find out what's going on.



1           Now we intervened in this rate case in the middle  
2 of August. We sent in 20 pages of questions and we got an  
3 answer from the Southern States Utilities' legal department.  
4 They admitted that we were Cypress and Oak Villages  
5 Association and they admitted that we had an address which  
6 was spelled out in the intervention, and then they gave us  
7 three you might call answers which indicated that they didn't  
8 bother to look at the 20 pages of testimony that were related  
9 to the intervention.

10           Now we realize that we're not very important, but  
11 it bothers you a little when things like this happen. Since  
12 we intervened, we have gotten stacks and stacks of paperwork  
13 covering all of the different utilities and all the different  
14 questions asked by the office of the public counsel and  
15 answered by the utility. Much of it just so garbled up that  
16 you can't really make head or tail out of it.

17           Fortunately, our resident expert has been doing  
18 this for 12 years so he knows how to read between the lines.  
19 So we determined that there is quite a substantial problem  
20 and I'm prepared to give you some copies of this which you  
21 can read at your leisure.

22           (Document(s) handed to the attorneys, staff and  
23 commissioners.)

24           Just briefly, to explain what it is that I gave  
25 you, it's a copy of a letter that we wrote to the property

1 appraiser of Citrus County and what it points out is the fact  
2 that the taxes that the utility is currently paying or at  
3 least have indicated in their 1991 rate base that they are  
4 paying, have gone up by a humongous amount. It's so far out  
5 of line that it just doesn't make any sense to us.

6 We're trying to get from the property appraiser a  
7 reason for this so that we can understand just what is going  
8 on because if in fact this figure is incorrect, then  
9 everybody in all these 127 utilities are paying this overtax,  
10 and that's wrong. And I think there's nobody in this room  
11 that wants to pay indirectly Citrus County's taxes,  
12 particularly if they don't live in Citrus County, but that's  
13 what it would turn out to be.

14 So these are the things that I say are wrong with  
15 127 utilities all put together, all lumped into one big  
16 thing, and you just cannot find all these things. Jack  
17 Shreve's got a staff that I wish we had, but it's small by  
18 comparison to what you would need to really look this thing  
19 over in detail. And I really think this case should be  
20 postponed for a year and give us all a chance to figure out  
21 what they're trying to do to us.

22 Thank you.

23 COMMISSIONER DEASON: Did you have a question,  
24 Mr. Shreve?

25 MR. SHREVE: Yes. Mr. Jones, could I ask, is this

1 statement saying that the actual taxes paid by Southern  
2 States in your county would be \$91,000 less than they put  
3 into the rate case?

4 WITNESS JONES: Well, that's what we think.

5 MR. SHREVE: Thank you.

6 COMMISSIONER DEASON: Thank you, Mr. Jones.

7 Mr. Shreve, call your next witness.

8 MR. SHREVE: Mr. Langley.

9 - - - - -

10 WILBER LANGLEY,

11 was called as a witness on behalf of the Citizens of the  
12 State of Florida and, having been duly sworn, testified as  
13 follows:

14 WITNESS LANGLEY: I'm Wilber Langley, County  
15 Commissioner of Citrus Country, 110 North Apopka Avenue,  
16 Inverness, Florida.

17 I'm here in support of my constituents from Citrus  
18 County and also for the other constituents who are here on  
19 this rate increase.

20 The Board of County Commissioners adopted a  
21 resolution and sent it to the PSC asking for a hearing in  
22 Citrus County, which was turned down by the PSC. After that,  
23 we adopted another resolution opposing the increases on our  
24 people in Citrus County that the utility company has asked  
25 for.

1           It seems to the Board of the County Commissioners  
2 and myself especially because I kind of got involved in this  
3 thing, that to have this many utilities in one package trying  
4 to give rates statewide or through the 19 counties is an  
5 impossible task. It looks to me like y'all should go back  
6 and take it county by county and ask for a rate increase by  
7 county rather than the 19 counties total.

8           It seems that the public hearings have been set in  
9 the counties that haven't got the most utilities and the  
10 people are having to travel a lot further to these areas to  
11 get to the public hearings.

12           Again, I think that our people are not objecting to  
13 a small increase, but the increase they're asking for I think  
14 is out of line and I support our people on this utility rate  
15 that you reject this to the utility company. Thank you.

16           MR. SHREVE: Thank you, Mr. Langley.

17           Mr. Wall.

18   - - - - -

19   FRED WALL,

20 was called as a witness on behalf of the Citizens of the  
21 State of Florida and, having been duly sworn, testified as  
22 follows:

23           WITNESS WALL: Good evening, ladies and gentlemen.  
24 My name is Fred Wall and I'm just an average citizen here in  
25 Hernando County. I would like to ask a couple of questions

1 and then I'd like to make a couple of remarks.

2 I would like to ask the representatives of Southern  
3 States Utilities what they paid for the utilities from  
4 Deltona when they purchased them from Deltona. Could you  
5 give me those figures?

6 MR. WILLIS: Mr. Wall, our understanding is the  
7 purpose of the hearing is to hear your comments and  
8 questions.

9 WITNESS WALL: Well taken, Mister, but I'll tell  
10 you what we just did here in Spring Hill. With the comments  
11 of you combining all these utilities and us to pay for  
12 something for somebody else, you're dreaming. You're  
13 dreaming. We will not do it. If they want to raise the  
14 rates and include something someplace else, let those people  
15 pay for it. We want to know what rate you are trying to get  
16 out of us so that we can find out if there is a reasonable  
17 rate increase.

18 What kind of profit are you trying to get for the  
19 corporation, the backers or the stockholders of Southern  
20 States? What kind of percentage are you paying on their  
21 dividends?

22 COMMISSIONER DEASON: I believe Mr. Shreve  
23 indicated was it 12.3 percent. Mr. Shreve?

24 MR. SHREVE: Their request is 12.83 percent.

25 COMMISSIONER DEASON: 12.83 percent.



1 rain water we have been having. That might be another  
2 solution.

3 But anyway, it seems that the utility companies are  
4 as sound as a rock and I know people who invest in them.  
5 They want to invest in them. Now that interest rates in  
6 banks pay so little, utility companies pay the same rate of  
7 interest. They do not go down in interest and dividend rates  
8 as the banks do.

9 I have asked some of my friends who have stocks in  
10 utilities and the reason why is because they rarely ever go  
11 bankrupt. Did you ever hear of a utility company going  
12 bankrupt? I don't think that it's possible.

13 Don't let the 58 million in improvements throw you.  
14 IRS gives them many years to amortize their capital  
15 improvements. Being in the accounting field, not an  
16 accountant but one of the workers, I know this is possible.  
17 It's spread over a number of years.

18 It takes practically nothing to service a few extra  
19 customers. I remember at the last meeting we had, and by the  
20 way, we got the biggest refund in the history of the  
21 utilities commission, we were so pound, somebody got up and  
22 said that they went over to some water works and the sewer  
23 works and they found very few people that were necessary to  
24 service it. They shut the gauges and so forth. So it isn't  
25 that they have a huge staff servicing our sewer and water.

1 I suggest the Spring Hill Utilities, while I'm up  
2 here, extend their bill one day each month -- now I know  
3 you're not going to do it -- so the payments can be made  
4 within reach of a Social Security payment. We must pay our  
5 bills before the end of the month. If they extend it one day  
6 each month, they would reach the area of the third day of the  
7 month when most retirees get their Social Security pay.

8 I hope that the utility commission disregards their  
9 request for such an enormous rate raise and allow it only the  
10 minimum. Utility companies don't go broke.

11 Also, utility companies are in the habit of asking  
12 for enormous rate raises hoping that they will get something  
13 in between. Well, we hope the utility commission will give  
14 us something lower than the middle range.

15 Thank you.

16 MR. SHREVE: Thank you. Mr. Richie.

17 - - - - -

18 JAKE RICHIE,

19 was called as a witness on behalf of the Citizens of the  
20 State of Florida and, having been duly sworn, testified as  
21 follows:

22 WITNESS RICHIE: My name is Jake Richie. I live in  
23 Palm Terrace in New Port Richey. I'm a citizen, just a  
24 regular citizen. I have no clout other than maybe what I can  
25 say.



1 I live in a retirement community, Palm Terrace, and  
2 I moved there about two years ago, and I can say that I was  
3 very shocked when I received my water bill.

4 I moved from Tampa where my water bill was never  
5 over \$30. I had a pool, I watered my yard, and the water  
6 bill included sewer and garbage collection. It averaged  
7 about \$30 a month. The water bill where I am now is less  
8 than \$50 and I have fewer people hanging around the house.

9 And I can understand why in the last ten years that  
10 they haven't asked for a raise. As far as I'm concerned now,  
11 it's an imposition on my neighbors and on my friends that are  
12 retired and that are on a fixed income.

13 My dad retired back in '59. He moved to Florida.  
14 He thought he was pretty well fixed and he passed away in '68  
15 and in the '70s inflation set in and I saw my mother who  
16 thought she was pretty well fixed begin to hurt in various  
17 ways.

18 Drugs went up, the utilities went up. I saw the  
19 air conditioning go off and I saw all these things happening  
20 to a retired person.

21 Personally, I don't want to be factitious or  
22 emotional, but I think that this particular company in the  
23 way that they charge people, they really have got a gravy  
24 train. They've already got ample financing.

25 And these people, my neighbors, they're on a fixed

1 income. The government's way of gauging the inflation is  
2 strictly by wholesale indicators and it doesn't indicate the  
3 money that comes out of the pocket, especially in Pasco  
4 County. It seems that every time you turn around, there's a  
5 new tax on something and you're paying it more and more all  
6 the time. It's either a solid waste or it's this or it's  
7 that or the other.

8           And most of my neighbors buy bottled water because  
9 the water is not -- well, the water they make their coffee  
10 with and drink, they buy at the store because of the odor  
11 that's in the water.

12           Okay. I just have a couple more things to say.  
13 But I think it's a very unfair thing to take people that are  
14 retired and take advantage of them as raising the water bill  
15 will and there's other utilities coming up that I'm sure  
16 you're going to hear about, and personally I concur with a  
17 couple of the speakers before. I think a full disclosure of  
18 the finances of this company and the transaction they've made  
19 should be made to the public and the same disclosure that  
20 they make to the shareholders should be presented before the  
21 public utility commission okays any kind of increase for this  
22 company.

23           Thank you.

24           MR. SHREVE: Chris Sheridan.

25

- - - - -



1 inch meter is \$24.80, there is no allowance whatsoever, so  
2 now I'll pay \$1.46 for every 1,000 gallons. That was the  
3 proposed rate.

4 The interim rate that was passed was the base rate  
5 of \$20.61 and they're going to add \$1.23 to make it \$21.84.  
6 For every 1,000 gallons because, remember, I don't have 5,000  
7 anymore, they're going to add \$1.27, 30 cents more and make  
8 it \$1.57. So basically around \$30 now per month.

9 So if you backtrack, in less than five years I've  
10 gone from \$10.72 to about \$30. To me they have increased the  
11 rates beyond belief.

12 And some of you have eliminated the local agency.  
13 I can't even go over there and pay my bill any longer or ask  
14 them any questions. That means if I want to talk to  
15 somebody, I can drive from Pine Ridge either to Apopka or  
16 Ocala. And if you've been on Route 200 lately, believe me,  
17 you don't want to take a drive over there.

18 Citrus County residents also were not given any  
19 location for a hearing by the PSC and according to the 1990  
20 census, and I'm sure it's increased substantially, we have  
21 approximately 94,000 residents. Don't you feel we should  
22 have had a hearing in Citrus County, folks?

23 In summary, we're paying our bills on time. We  
24 attempt to conserve water as much as we can. We're  
25 interested obviously. This is my second hearing. We're

1 trying to do our part. Can you help us by doing your part?

2 We've got a saying all through the country: Say no  
3 to drugs. How about saying no to SSU?

4 As a little aside, on the last time I went to a  
5 hearing and they gave me this lovely yellow sheet with all  
6 kinds of rates and all kinds of information, it was a little  
7 difficult to read it that quickly that evening. So tonight  
8 you gave me another blue sheet. Okay.

9 And if you look on page A-2 of the information that  
10 you passed out, which is supposed to give me all the  
11 information I need on your rates, under water which starts on  
12 A-1 and goes over onto A-2, you list all kinds of rates and  
13 it says it's for a five-eighths or three-quarter inch meter.

14 Now most people who live in Pine Ridge have a one  
15 inch meter. Okay. So if you wanted the information, you can  
16 start dialing SSU to try to find out the rates. Sometime  
17 when you have a couple of days, try calling SSU and try to  
18 get the rates from them.

19 I was formerly a president of our civic association  
20 in Pine Ridge. I wanted to give my people all the  
21 information I can. I thought I was a patient person. By the  
22 time I got through talking to SSU, I had no patience  
23 whatsoever.

24 I talked with a supervisor by the name of Marian  
25 Secula who tried her very best to get me the information.

1 I also asked to talk with the rate gentleman who  
2 was out. I left my name on an answering machine. When he  
3 called me back, he couldn't even find where Pine Ridge was.  
4 You think that's difficult? After she gave me all the  
5 information, I get a piece of paper in the mail a few days  
6 later telling me that all the information she gave me not  
7 only was wrong, but told me nothing about meter size.

8 So at one point -- I think I have the information  
9 right, but the next time you put out information, don't you  
10 think you should get who you're giving the information to and  
11 give us the right information?

12 I appreciate all of the time and effort of all of  
13 you sitting here. My only other request would be, turn  
14 around and look at all of these people. These are your  
15 customers. These are the people that are paying your salary.  
16 Listen to them. Help them.

17 MR. SHREVE: Thank you. Mr. Slezak.

18 - - - - -

19 EDWARD SLEZAK,  
20 was called as a witness on behalf of the Citizens of the  
21 State of Florida and, having been duly sworn, testified as  
22 follows:

23 WITNESS SLEZAK: I'm Edward Slezak. I live at 4588  
24 North Rushmore Loop, Beverly Hills.

25 I also spoke in Ocala because there was no meeting

1 in Citrus Springs. I don't understand this because, as they  
2 said, there's eleven units that SSU services in Citrus  
3 Springs.

4 I am representing the people of Pine Ridge Estates  
5 near Beverly Hills as their committee chairman. I hope you  
6 folks are aware that PSC is owned, operated and paid for by  
7 the utilities, free of the taxpayers' money.

8 If I was governor of Florida and appointed you to  
9 serve on the PSC, and they are paying you your salary, who do  
10 you think I would back up?

11 Three years ago SSU better than doubled our water  
12 rates. Their excuse was our homes were few and far between.  
13 They would have to lay pipes and hydrants and so forth for a  
14 long distance. They also said, according to the law, they  
15 are entitled to 11 to 12 percent interest on their  
16 investment.

17 Well, the law is behind the times. Most banks are  
18 only paying 4 percent return.

19 VOICE: My bank is paying 2.65.

20 WITNESS SLEZAK: That's what our bank is paying.  
21 Well, they are. There's a 2.65 return on their money. I'm 2  
22 percent more. Where in the world are they entitled to 11 to  
23 12 percent interest?

24 Jack Shreve, public counsel, told a group of us  
25 that in Gospel Island SSU is now making as high as 20 percent

1 interest in some areas right now on their investment.

2 The Legislature in Tallahassee allows the utilities  
3 legally to raise the water rates twice a year, if necessary.  
4 That is the kind of people that are representing us in the  
5 Legislature.

6 SSU is coming after us again with a 55 percent  
7 raise. If you have a three-quarter inch meter, you will pay  
8 \$14.45 base rate, no gallon allowance. Most people in Pine  
9 Ridge have a one inch meter which will make their base rate  
10 \$24.08, no gallon allowance, and \$1.57 for the first drop of  
11 water up to a thousand gallons used.

12 This is the extra gravy for SSU. This will make  
13 our water bills run about \$32 a month minimum. They are now  
14 \$20.61 for 5,000 gallons allowance and \$1.27 per the  
15 remaining or extra thousand gallons used.

16 People are starting to shy away from Pine Ridge  
17 Estates when they hear about the exorbitant water rates they  
18 are proposing. People do not want to build their homes there  
19 now.

20 SSU told us when we got more homes built in our  
21 area, the water rate would come down. We had 125 homes when  
22 the water rates were doubled. We now have close to 500 homes  
23 and the rates are going up. This is how SSU keeps its word.

24 SSU informed the PSC the water level is dropping  
25 and the only way to stop it is to soak the water customers.



1 I was informed that a percentage of the water rate  
2 raise goes to the PSC and the other percentage goes to the  
3 water company. So you're working us over both ways, getting  
4 it from the water company and getting it from us too.

5 Most people of Florida are retirees on a fixed  
6 income. They cannot afford these high water rates.

7 I am a volunteer fire fighter and we used to go out  
8 and flush the hydrants about every six months. The hydrant  
9 on Buffalo Drive, the water only trickles out of it. How  
10 can you fight a fire when a hydrant only trickles the water?

11 The hydrant on Apricot, when we opened it, you  
12 could smell it for three blocks. The stench smelled like a  
13 septic tank. The water company informed us not to flush the  
14 hydrants, they will take care of it. The truth of the matter  
15 is, they never touched our hydrants or care about them.

16 I hope the commissioners will find some -- well,  
17 let's see. Well, I said before, there are 11 different units  
18 in Citrus County and there was no reason why you people  
19 couldn't hold a meeting in Citrus County. Why is it? Did  
20 you try to avoid us from doing our part of the squawking?

21 Most people are old people and they can't drive  
22 nights out to Ocala or Brooksville. There should be a  
23 meeting held there in our own county.

24 Thank you.

25 MR. SHREVE: Thank you, Mr. Slezak.

1           Mr. Chairman, if I could, I'd like to make sure  
2 everybody understands the statement that I made was that with  
3 the request of almost 13 percent, that the rate payer would  
4 have to pay approximately 20 percent, almost 20 percent, to  
5 support that and it was 13 percent after taxes and that I do  
6 not know what their return is because I do not know what  
7 their real investment is at this point. I just wanted to  
8 make sure everybody understood.

9           MS. KNOWLES: Mr. Slezak, I would like to ask you a  
10 question about the fire hydrants.

11           WITNESS SLEZAK: Yes.

12           MS. KNOWLES: Is that in Pine Ridge?

13           WITNESS SLEZAK: Yes.

14           MS. KNOWLES: And when did you test the hydrants?

15           WITNESS SLEZAK: I would say about two and a half  
16 months ago when we were on Buffalo Drive and the water just  
17 trickled out --

18           MS. KNOWLES: Okay.

19           WITNESS SLEZAK: -- on the one on Buffalo Drive,  
20 and the one on Apricot smelled to high heaven, and I don't  
21 mind telling you that, when we opened it. We had to back  
22 away from it.

23           MS. KNOWLES: I'd like to ask the utilities on our  
24 staff to investigate the pressure from the hydrants in that  
25 area and particularly the hydrants Mr. Slezak indicated that

1 they had tested and found were not working properly.

2 Thank you.

3 WITNESS SLEZAK: Okay. Thank you.

4 MR. SHREVE: Mr. Paul Cabbage, I believe it is.

5 - - - - -

6 PAUL CABBAGE,

7 was called as a witness on behalf of the Citizens of the  
8 State of Florida and, having been duly sworn, testified as  
9 follows:

10 WITNESS CABBAGE: Good evening. My name is Paul  
11 Cabbage. I live at 1018 Lyndale Avenue in Port Richey,  
12 Florida.

13 I was prepared to give you some figures here. Oh,  
14 I'm sorry, I live in Palm Terrace. It's listed on the blue  
15 sheet as Palm Terrace.

16 I was prepared to show you some figures of what my  
17 bills have been and what they will become because I had  
18 called and talked to Marian Secula to verify that the rate  
19 figures they had sent us were correct where I live.

20 Palm Terrace is divided into two sections. One is  
21 called the Estates; the other is called the Gardens. In the  
22 Estates we have our own septic tanks and company water.

23 Our rates are lower than the other one because they  
24 are not on sewage in that respect. The point I'm trying to  
25 make is the figures I got, my bills have gone -- I'll just

1 give you an example -- from \$15.50 for two months for water  
2 to \$118 for two months. Now that's based on what I have  
3 confirmed. I have calculated it. I called Marian Secula.  
4 She called me back after checking and said the rate  
5 department said that is true.

6 So I talked to Billy Messer. I talked to her  
7 later. She checked it out and found that there are two rate  
8 schedules for Palm Terrace. One of them doesn't show on the  
9 blue sheet. My rate is only going to go up 30 cents a gallon  
10 as indicated in the papers I've seen and \$1.23.

11 That's fine except that the schedule bedabbers  
12 many, many people in my neighborhood and I came sort of  
13 representing a lot of them who could not drive because of  
14 their ages or abilities.

15 It seems funny to me when I called I would get an  
16 answer over the phone saying, yes, that's right, and I come  
17 here tonight and I still don't have anything in writing,  
18 except Ms. Messer, don't get me wrong, but why are we getting  
19 this kind of information? I'm so befuddled now I can't say  
20 what I wanted to say. I hope my bill is not going to \$118.  
21 Put it that way.

22 I would like to add one thing as far as service  
23 goes. I unfortunately did not keep a record. I have lived  
24 where I currently live for about five and a half years. I  
25 have averaged about once a year minimum that I have had to

1 call. I had no water. And it was not always -- sometimes  
2 they had good reason, there was a water break a couple of  
3 times. That's bad, water breaks.

4           Where I lived before in 29 years I didn't even know  
5 I had a water department except when I got the bill. I never  
6 had one problem.

7           The times that I called, one time was at three  
8 o'clock in the morning when I had a reason to run the water.  
9 I had no water so I called. I had water when I woke up. I  
10 had no idea when it came on. And that's the only --

11           Service has not been very good. The water pressure  
12 is low when I compare it to Pasco County water where my  
13 mother is still living and she lives in there and she has  
14 water that will knock you right out, and other water pressure  
15 I think is lower than it should be. There are times when I  
16 tried to sprinkle the lawn with an automatic water system and  
17 the pressure is so low I could not cover the area that the  
18 units are made for.

19           Now that's all been personal so that's all I can  
20 comment on. I'm not representing anybody except a bunch of  
21 people that cannot stand the rate increases that are listed.

22           I guess I'm going to get a copy of the rates in our  
23 area but I think SSU would be well advised to send us  
24 something telling us that our rates do not match the rates  
25 over in the Gardens.

1 I didn't set up the rate structure but I was told  
2 it was because of different rate structures.

3 COMMISSIONER CLARK: Mr. Cabbage, I agree with you.  
4 I would like to ask the utilities to get his address and send  
5 him a letter outlining what his rates are going to be and  
6 include a copy to staff.

7 MR. SHREVE: Commissioner, could I ask a couple of  
8 questions to make sure I understand because I think we have  
9 all the information.

10 You are in Palm Terrace, sir?

11 WITNESS CUBBAGE: Right.

12 MR. SHREVE: And you're told that there are two  
13 different sets of rates. Now there's one interim rate that  
14 has been passed out by the Public Service Commission.

15 WITNESS CUBBAGE: One of them. Let's go to your  
16 blue sheet that you have right in front of you there. You  
17 have Current, BFC, 3.25.

18 MR. SHREVE: Yes, sir.

19 WITNESS CUBBAGE: Okay. And the GC down on the  
20 chart is 3.07. Apparently that's what they're paying in the  
21 Gardens. Our rate has been 4.74 where the BFC is and 30  
22 cents a gallon after the first 10,000 gallons.

23 Now I'm not arguing whether we got high or low  
24 rates. It's the increase now that's so tremendous based on  
25 the figures I'm looking at.

1 MR. SHREVE: Both in Palm Terrace.

2 WITNESS CUBBAGE: One is called Palm Terrace  
3 Estates and the other one is called Palm Terrace Gardens.

4 MR. SHREVE: Okay. So there are two different  
5 rates within one area.

6 WITNESS CUBBAGE: Right. And that's what I was  
7 told just this evening. I had no knowledge of what they  
8 charged in the Gardens. I'm just getting this from Billy  
9 Messer.

10 Okay. I think I'm through. Thank you.

11 MR. SHREVE: Mr. Peter Graziano.

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13

PETER GRAZIANO,

14 was called as a witness on behalf of the Citizens of the  
15 State of Florida and, having been duly sworn, testified as  
16 follows:

17 WITNESS GRAZIANO: My name is Peter Graziano. I  
18 live in Palm Terrace. We've had a couple speakers up here  
19 from Palm Terrace. I guess our communication system isn't  
20 that good here. I didn't know anything about it.

21 I want to clear up what this gentleman before me  
22 was talking about in Palm Terrace. There's actually three  
23 sections. One section has septic tanks so their water  
24 doesn't go into a sewer system. They are not paying for it.  
25 Okay.

1           Again, I'm President of the homeowners and I  
2 represent the people. On August the 4th I sent a letter to  
3 the director of business records of the Florida Department at  
4 101 East Gaines Street and basically what I summarized is:  
5 As President of the Homeowners of Palm Terrace, I get  
6 complaints like: There's a snake in my back yard and I get  
7 all kinds of complaints. I have never had so many complaints  
8 as I have gotten since this rate increase was out.

9           Incidentally, while I'm doing this, I don't know  
10 who sent this letter out. Is this SSU? Well, I'd like to  
11 comment on where it says Meeting, Wednesday, September 19th.  
12 After the first paragraph, the second line says: "The  
13 hearing may be adjourned if no customers are present."  
14 Well, you got to be dreaming. Do you think you can shove  
15 this down their throats and don't expect people to come up  
16 here? I was shocked. In fact, when I got that, I  
17 highlighted it because, boy, it sticks out just like that.

18           I would only be echoing the thoughts and the words  
19 of other people here that basically we are a retirement  
20 community on fixed incomes. And I've gotten some letters  
21 again. Cable is going up, electric is going up, phone is  
22 going up, and we just can't pay it.

23           Again, I am directing this to the commissioners and  
24 I hope they can understand the situation of all our people.

25           And as far as SSU, we pay them -- each home in Palm



1 Terrace pays them two dollars extra for the lighting, street  
2 lights. That's over and above the sewer. And when I called  
3 them and asked them about it, they says, well, we're doing  
4 you a favor.

5           So I wanted to find out what kind of favor that  
6 was. I went out to the electric company and asked for a  
7 bill, what they're paying, and they're not doing us a favor.  
8 They're making money on us. They're actually getting a lot  
9 more than the two dollars a home. You got roughly 1,200  
10 homes there so they're making money on us. They're not doing  
11 us any favors.

12           As I said, I don't want to stand up here and take a  
13 lot of time. A lot of people want to talk and I would just  
14 be an echo of what they're going to tell you.

15           The rates are ridiculous. They're too high,  
16 particularly for people that are on fixed incomes. Well,  
17 basically, in the letter that I sent you folks I'm asking you  
18 to make sure that they don't have too many vice presidents,  
19 that they know what the heck they're doing, and check on them  
20 first before you give them a raise.

21           Thank you very much.

22           MR. SHREVE: Thank you. Mr. Davis.

23           And I'm going to ask if everyone could just give  
24 their name loudly so the people in the back can understand  
25 you.

1

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2

BENJAMIN DAVIS,

3

was called as a witness on behalf of the Citizens of the

4

State of Florida and, having been duly sworn, testified as

5

follows:

6

WITNESS DAVIS: Thank you, sir. My name is

7

Benjamin Davis, Rear Admiral, United States Navy, retired.

8

I'm here in two-fold positions: Number one, as President of

9

the Council of Neighborhood Associations which represents 45

10

subdivisions in Pasco and partially Hernando County. I

11

believe that converts to about from 65 to 75,000 registered

12

voters in that area.

13

When I saw this rate that's given to us tonight on

14

this pink (sic) sheet, I think it's going to be just

15

absolutely and totally incomplete, particularly when you're

16

talking about 127 systems in 19 counties being put together

17

into one package.

18

Ladies and gentlemen, at one time I had 116

19

destroyers under me, and I'll be very honest with you, I had

20

116 excellent commanding officers, and each one of them had

21

plenty of good crew, and again, we still didn't know what we

22

were doing, so I'm sure you don't know what you're doing.

23

In all seriousness, though, ladies and gentlemen,

24

I'm a resident of Pasco County in Gulf Harbors right on the

25

Gulf of Mexico. We came down in 1985. We built a beautiful

1 home right on the Gulf. My taxes were reasonable. It's  
2 something that we could afford.

3 Each year it has just gone up and up and up and up  
4 until finally after 1991 taxes came out last year, my first  
5 mate and I for 50 years, we will be celebrating our 50th  
6 wedding anniversary on December 18th of this year, we decided  
7 that we were going to move. So we came up to Hernando County  
8 and we bought ourselves a nice lot over in the Estates.  
9 I'm beginning to wonder if we haven't really made a mistake.

10 But ladies and gentlemen, seriously, thank you so  
11 much for the opportunity to come before you tonight and to  
12 let you know. Take these people very seriously, Commissioner  
13 Deason and Commissioner Clark. I know that these people are  
14 real serious.

15 Most every one of us are retired. We're on fixed  
16 incomes. Mine may be a little bit better but very little  
17 than a lot of them, but at the same time I can't afford some  
18 of the things that's going up. Everything is just constantly  
19 going up.

20 One lady said here tonight about Social Security,  
21 Social Security being paid on the 3rd of each month. That's  
22 very true. Most of us have our checks going in direct  
23 deposit to the bank. Okay. And we in Pasco County have  
24 asked and have received, a lot of our utilities are billing  
25 to be payable around the 5th of each month, which in turn

1 gives them an opportunity, our constituents an opportunity to  
2 get their direct bank deposit into the bank, cut their checks  
3 and all, and not be faced with a late charge. The ones who  
4 have not done that have gotten themselves very smart and they  
5 have added a late charge on to it. Well, we have fought  
6 that and believe me, we have one in every case.

7 We just got through with a political primary, as  
8 you all know, last week and we got another one coming up the  
9 first of October and heads are beginning to roll.

10 Thank you very much, ladies and gentlemen.

11 MR. SHREVE: Don Russell.

12 - - - - -

13 DONALD RUSSELL,

14 was called as a witness on behalf of the Citizens of the  
15 State of Florida and, having been duly sworn, testified as  
16 follows:

17 WITNESS RUSSELL: My name is Don Russell and I'm  
18 President of the Palm Terrace Civic Association. We've  
19 already had several representatives up here but,  
20 unfortunately, everybody doesn't want to talk.

21 Everything has just about been covered, I think,  
22 except if I was to go on vacation a month or try to save  
23 water, it's now going to cost me \$23 a month for nothing. I  
24 mean, I didn't even draw a drop of water and I got to pay \$23  
25 a month. That's a little bit ridiculous, I think.

1           In fact, I think the whole rate increase is  
2 ridiculous and I think our commissioners should send the book  
3 back to SSU and tell them to come back with a reasonable  
4 offer.

5           That's all I've got to say. Thank you.

6           COMMISSIONER DEASON: Mr. Shreve, we've had a  
7 request to take a short break so we're just going to recess  
8 for five, ten minutes. Everybody just kind of stand at ease  
9 and we will reconvene shortly. Thank you.

10           (Recess taken at 7:40 p.m.)

11           (Hearing reconvened at 7:55 p.m.)

12           COMMISSIONER DEASON: We will reconvene the hearing  
13 at this time.

14           Mr. Shreve, if you will call your next witness,  
15 please.

16           MR. SHREVE: Edgar Althouse.

17                           - - - - -

18                           EDGAR H. ALTHOUSE,  
19 was called as a witness on behalf of the Citizens of the  
20 State of Florida and, having been duly sworn, testified as  
21 follows:

22           WITNESS ALTHOUSE: For the record, my name is Edgar  
23 H. Althouse. I live at 9568 River Road in Spring Hill 34608.

24           For about 30 years or a large portion of that, I  
25 was a chief electrical engineer and designing control systems

1 for water and waste so I'm rather familiar with the industry.

2           There was a comment a lady made sitting next to  
3 me -- she left -- that there really aren't very many people  
4 in those places, because it was my job to get them out, I  
5 ashamedly say, and run it as automatically as we could so the  
6 personnel expense is not that much. That's just a comment on  
7 what she said.

8           The main point is that I also managed companies  
9 manufacturing those pieces of equipment and when I saw the  
10 costs rising -- I was responsible for profit and loss -- when  
11 I saw those costs rising, I didn't automatically increase the  
12 cost of a product.

13           Now the reason I didn't do this was not under  
14 altruism. It was because if I did that, I couldn't sell it.  
15 Therefore, I went back within the company itself. First I  
16 looked at the cost of manufacturing the product. Were we  
17 inefficient? Were we spending too much for material from a  
18 certain supplier? I would analyze that and cut costs there.

19           Did we have an excess of personnel? I looked at  
20 that. Could we let somebody go, even though we didn't want  
21 to? How could we cut our costs and keep the price the same?

22           What happened usually was with all those efforts we  
23 couldn't keep the price the same. We had to raise it a  
24 little bit. I don't think anybody in this room would object  
25 to raising it a little bit. 300 percent is not a little bit.

1 It's outrageous.

2 If SSU is not a monopoly and the people are  
3 powerless to resist it -- let's be practical, we are  
4 powerless to resist it. There is nothing we can do except  
5 say shut off our water. That's the only weapon we have and  
6 we can't live with having our water shut off. We will have  
7 to bear the brunt of a 300 percent increase, which is as  
8 unjustified a thing as I've ever seen unless the PSC does  
9 something about it or the citizens arise.

10 I'm not implying violence when I say this, but I  
11 think in any way that we can legally, we should do all we can  
12 because we are fighting a monster. That's exactly what we  
13 are fighting. I think we all should be St. Georges and fight  
14 the dragon that is represented over here.

15 And my last comment would say power to the people.  
16 Thank you.

17 MR. SHREVE: Thank you, sir.

18 Mr. Melvin Maze.

19 - - - - -

20 MELVIN MAZE,

21 was called as a witness on behalf of the Citizens of the  
22 State of Florida and, having been duly sworn, testified as  
23 follows:

24 WITNESS MAZE: I'm Melvin Maze. I live at 9300  
25 Carthage Road, Spring Hill. I'm just a nobody. I'm a new

1 kid on the block. I've only been in the area off and on for  
2 less than two years total, but I'm a little surprised to come  
3 down here and see that all these territories are now  
4 controlled by one company.

5 On your blue sheet you talk about two or three  
6 different companies. But since that was printed, that  
7 September of '92 edition, I got a letter the other day that  
8 says effective July 15th Southern States Utilities now owns  
9 them all.

10 Now who is paying for all of this merger or this  
11 acquisition? Are we, the consumers, obligated to increase  
12 your tariffs so that you can afford to buy out these other  
13 companies at our expense? Have you people got too greedy?

14 I heard before or read some place that you people  
15 were asking for a raise because you were only getting a 3  
16 percent profit. But now tonight on your report you say you  
17 got an 8 percent negative. Things don't jive.

18 Are you aware that there are more people now below  
19 the national poverty line? Their incomes are below the  
20 national poverty line.

21 The highest rate of unemployment is now in  
22 existence. I mean, this is no time to try to fatten the pot.  
23 Let's not be too greedy because there's a lot of other people  
24 out here that are hurting and are going to be hurting a lot  
25 worse before this economy turns around.



1           But a lot of these people, like has been mentioned,  
2 are on fixed incomes. I too am on a fixed income and I don't  
3 like the way it's going. I don't like the two or three  
4 percent return that I'm getting on my CDs. Well,  
5 fortunately, I'm still getting a little better than that, but  
6 when they come up for renewal it looks like I'll be lucky to  
7 get two or three percent. And here you people are, you're  
8 supposedly handling three percent in the black now and buying  
9 up these other companies and looking for a 12 percent net  
10 return? Hey, I'd like to buy some of that.

11           But are you aware too that about 50 percent of the  
12 homes in Spring Hill are now vacant? I don't know how  
13 accurate that is, but it's my observation just from driving  
14 around the last couple of weeks most of the homes look about  
15 50 percent occupied.

16           Well, now if all these people were occupying these  
17 homes and paying their bills, look at the profit margin you  
18 people would have.

19           Now also in your last letter here you talk about  
20 the merging utilities resulting in a more streamlined  
21 organization which consolidates administration functions and  
22 provides more efficient responsive service.

23           Well, now you just absorbed these other companies  
24 and here you're asking for a rate increase. Just like the  
25 man before me. He said, well, hey, when things get out of

1 line they start economizing. Get rid of the deadhead stuff.

2 If they had other companies, they had other brass.

3 They don't need all those generals to fight down the line.

4 Streamline the operation.

5 But I think too, you're too far widespread all over  
6 the state to be an efficient operation. But at the same time  
7 I think within your own nucleus there's a lot of waste and I  
8 think you better look there before you try to dig into  
9 everybody's pocket. But the consumer should not have to pay  
10 for your greedy expansion.

11 Thank you.

12 MR. SHREVE: Art Croci.

13 - - - - -

14 ARTHUR CROCI,

15 was called as a witness on behalf of the Citizens of the  
16 State of Florida and, having been duly sworn, testified as  
17 follows:

18 WITNESS CROCI: I'm Art Croci. I'm President of  
19 the Michigan Club of Hernando, 11386 Sheffield Road in Spring  
20 Road.

21 There's probably about 20, 30 of our 200 members  
22 here tonight. I'm just going to try to give you a little of  
23 what they give me or have talked to me about.

24 One is, many of the people in our club got here in  
25 the old days when it was Deltona. They lived in the areas of

1 the smaller homes that have sewers. These people have homes  
2 that probably are, I don't know, maybe \$35,000 or whatever,  
3 but they're the smaller homes and they're connected to sewers  
4 and they'll have to pay the triple rate on sewers and are  
5 probably the least people to afford it because they've been  
6 here a long time and many are up in age. So this is going to  
7 hurt them a great deal.

8 This would be Spring Hill Drive, Mariner Drive, and  
9 things of that nature. Those people in this area, you may  
10 not be familiar, we just had a vote here and a \$94 flat tax  
11 for the fire department. Many of these people were only  
12 paying \$30 or \$40 and can't even afford the \$94 so it's going  
13 to hurt these people and hurt them bad.

14 But we do not have meetings in July and August  
15 because about half of our club goes up north where they have  
16 cottages up north in other areas so they will have to pay a  
17 higher rate and not use water during this period of time and  
18 they're a little bit upset. So I'd like to say there's some  
19 folks here that are not very happy with things as they are.

20 The other thing that really bothers me, I don't  
21 know if it bothers anybody here other than me, I don't see  
22 anybody here from our own Hernando County Commission, which  
23 would be nice to see a few of our people here. They're  
24 always at the civic associations but I don't see them here.

25 But I'd like to say that in here or in our media

1 stuff and whatever we get, you guys come on like a real nice  
2 southern state good ol' boy group trying to help us. And  
3 nowhere do I see Minnesota Power which is registered on the  
4 New York Stock Exchange. And I don't know, but it just looks  
5 like a little bit of trying to hide-the-weenie type deal.

6 So, obviously, you people, when you say, you know,  
7 you're out to try to make some dividend money for the folks  
8 that buy stock, I expect you're trying to do that. There's  
9 nothing wrong with that.

10 It's also upsetting not seeing anybody from the  
11 controller's office here with the facts. There's no  
12 quantitative analysis. Having spent many years as a quality  
13 assurance manager, I like to look at facts. I'd like to see  
14 an accounting or someone from the controller's office give us  
15 facts. Let me read a balance sheet.

16 I don't need an attorney. I appreciate Mr. Self  
17 and the rest but it's not what I like to see.

18 So these meetings are wonderful but when they have  
19 the meetings, it would be nice if we could come down here and  
20 bring out a little balance sheet of why they need the money  
21 rather than just say we ran a test, we need the money, give  
22 it to us.

23 Very few of these people can do that. I explained  
24 to you why the people living down here cannot afford to pay  
25 three times the sewer charge. Some have questioned why the

1 one inch pipe as opposed to a three-quarter inch pay more  
2 money. I don't the answer to that either. They probably use  
3 more water, but then they pay more money for water use and so  
4 I don't know what the reasoning of that is. They have been  
5 asking me that question. I can't answer that. I'm sure  
6 there is an answer.

7 So just to shut this off, I don't want to be too  
8 long, but the people feel that there isn't enough time for a  
9 real decent response for Jack Shreve, and I urge the people,  
10 I wrote several editorials in the paper, and there are  
11 hundreds of us in this area, to write their elected officials  
12 and to get them involved because otherwise I feel that  
13 somebody's going to reach up and steal our lunch.

14 Thank you.

15 MR. SHREVE: Thank you.

16 Mr. Henry Ledbetter.

17 - - - - -

18 HENRY LEDBETTER,

19 was called as a witness on behalf of the Citizens of the  
20 State of Florida and, having been duly sworn, testified as  
21 follows:

22 WITNESS LEDBETTER: Good evening. I'm Henry  
23 Ledbetter. My address is 18340 Powell Road, Brooksville,  
24 Florida.

25 I'm a former county commissioner of Hernando County

1 for eight years and prior to that I served five years in an  
2 administrative capacity for the Board of County  
3 Commissioners.

4 I've been involved with Hernando County Utilities  
5 since 1976 since the inception of the county utility division  
6 and I've seen the utility system that now covers Spring Hill  
7 emerge into what it is now. And I've also been in a position  
8 to receive complaints, even though the Board of County  
9 Commissioners had no jurisdiction over this. We still get  
10 many complaints about the system. So I feel like I need to  
11 speak on behalf of the citizens of Hernando County who are  
12 served by that utility.

13 First of all, I've been trying to gather  
14 information to compare rates on this service and the more  
15 information I gather, the more confusing it gets because  
16 there are so many different factors that come into play in  
17 determining rates and cost of providing service that it's  
18 extremely difficult.

19 For example, Hernando County has had quick growth  
20 from one end of the county to the other and has to serve the  
21 customers who are so spread out. In Spring Hill you do not  
22 have to do that. The houses are very close together and it  
23 would be a lot less expensive to serve those homes. So,  
24 therefore, that should be taken into consideration when  
25 determining the rate.

1           It's also very hard to determine or to group  
2 utilities together as you have done here to come up with a  
3 proposed rate because of the different factors involved.

4           I would like to see this broken down on a per  
5 system basis and show more information as to how those  
6 expenses were arrived at, and I believe that you would see  
7 that Spring Hill customers are now paying more than their  
8 fair share for that service.

9           Also, I wonder about such things as a few years ago  
10 the utilities, Spring Hill Utilities, had extra wastewater  
11 treatment capacity and they sold a lot of that capacity to  
12 Hernando County. I wonder where that money went, if it was  
13 determined or used to determine the amount of profit or loss  
14 involved by that utility.

15           The big thing that seems to be so incredible here  
16 is such a large increase all at one time. I don't think  
17 anybody would say too much about it if they had a small  
18 increase each year if they could justify it. But to come up  
19 with increases of 40 percent or more, it's just too much.

20           You know and it's been pointed out many times  
21 already this evening so I don't want to repeat it, but I  
22 think we need to realize that the interest rates and earning  
23 rates of the people are down. Many people, especially the  
24 retirees, are living on the interest that they were earning  
25 on their investments and now that has been cut in less than

1 half what it was just a few years ago.

2 And also the unemployment situation is so bad that  
3 many people can't even find jobs. This is not the time to  
4 request such an increase in rates and I think it's  
5 ridiculous.

6 I hope the Public Service Commission will keep  
7 these things in mind and vote the increase down. Thank you.

8 MR. SHREVE: Thank you.

9 Mr. Harold Allen.

10 - - - - -

11 HAROLD ALLEN,

12 was called as a witness on behalf of the Citizens of the  
13 State of Florida and, having been duly sworn, testified as  
14 follows:

15 WITNESS ALLEN: My name is Harold Allen. I live at  
16 3342 Hartley Road, Spring Hill.

17 I've been a resident of Spring Hill for about  
18 twelve years now, going back when this Spring Hill Utilities  
19 was owned by Deltona Corporation. I cannot believe the way  
20 in which they're trying to put through this increase. It's  
21 going to hurt the small person far more than the rich person.

22 And, furthermore, it's so contrary to the idea of  
23 conserving water. It's unbelievable that they would propose  
24 reducing the gallonage charge and yet raising almost  
25 threefold the bill so that you just simply have water



1 connected to your house. The service charge almost triples  
2 what they're asking and yet they try to compensate by  
3 slightly reducing the gallonage charge.

4 If you use about a quarter of a million gallons a  
5 month, you'd probably get ahead of the game. A quarter of a  
6 million gallons would flood the whole neighborhood if  
7 everybody consumed that much water. So the philosophy is  
8 wrong right from the start.

9 Even if there was an increase justified, which I  
10 strongly doubt, this is certainly not the way to go about it.  
11 The monthly service charge should not be changed. In fact,  
12 in many cases when I look at it, it should be reduced. You  
13 want to increase the gallonage charge, not the monthly  
14 service charge. This is ludicrous.

15 Southern States Utilities purchased the water from  
16 Spring Hill Utilities for a song -- from Deltona Corporation.  
17 I suggest it's time now to give them their song back. Maybe  
18 it should become a public utility. We should own it  
19 ourselves and so should many of the other communities.

20 I thank you.

21 MR. SHREVE: Thank you.

22 Mr. Whitehouse.

23 - - - - -

24

25

1                                   JAMES WHITEHOUSE,  
2 was called as a witness on behalf of the Citizens of the  
3 State of Florida and, having been duly sworn, testified as  
4 follows:

5                   WITNESS WHITEHOUSE: I'm James Whitehouse, 9851  
6 East Pebble Creek Court, in Inverness, Florida.

7                   At one time I was chairman of the homeowner's  
8 association. We have over a hundred customers of Southern  
9 States Utilities.

10                   I have been to three meetings. This is the first  
11 time I've seen the attorney and the representatives from the  
12 commissioner's office and also from the Southern States  
13 Utilities.

14                   I know that the people here are earnest in what  
15 they're saying and I know that what's been said before about  
16 a small increase, you wouldn't have this kind of a turnout  
17 that we had in the beginning of the night. Now it's carrying  
18 on pretty late and they're all leaving, so I'll make this as  
19 short as I can.

20                   I think what I'd like to see y'all do -- we can't  
21 make the motion. We don't belong to the commission -- but we  
22 would like to see you make a motion that until our attorney,  
23 Jack Shreve, has the time that he needs to investigate each  
24 of these increases, to justify them to us, that if you would  
25 make that motion that he has that time and see that we get a

1 report showing that these are justified and why and what  
2 these costs are, what these people maybe paid for the  
3 utilities, what the money that they put into these utilities,  
4 their costs and so forth.

5 I know my rates are going up to where Point O'  
6 Woods, which is where I'm associated, they are going to make  
7 \$90,000 per year. They haven't done a thing.

8 I wrote a letter to the commission in July. I  
9 never got an answer back from it. It was to Mrs. Demello  
10 with a carbon copy to Tom Beer. I never received an answer  
11 back to that letter. They said it's in the file so I hope it  
12 is.

13 But anyway, it tells about the quality of the  
14 water. The iron in our water is .3 and the hardness of the  
15 water is just ridiculous.

16 I don't even use water for my lawn, that's taken  
17 care of by the mornings, and my rate is still going to be  
18 increased by \$30 a month.

19 We have approximately 250 customers for Southern  
20 States Utilities in Point O' Woods. These things need to be  
21 justified. They want this increase so that they can improve  
22 our system. That's what they're saying. Now I usually go  
23 borrow money if I want to improve something. But to charge  
24 us for it, that means they're borrowing it from us. We're  
25 not going to get any interest on the money.



1 Spring Hill.

2 I've had more than one occasion to address Spring  
3 Hill Utilities and Southern States people and in most  
4 instances I got to tell you that it's been pleasant. But as  
5 you know, on June 17th of this year, Southern States applied  
6 for the increase that we're here addressing this evening.

7 I'm also here to tell you that on 47 days prior to  
8 that, Cary Crooks -- there's something in a name -- but Cary  
9 Crooks of Southern States on May 1st addressed the Western  
10 Hernando Rotary Club and he told my wife and I that Spring  
11 Hill was one of the lucky communities in Florida that they  
12 represent. He told us that we would not see an increase in  
13 water. He told us, too, that there may be some slight  
14 increase in the sewage.

15 That sewage, frankly, and I regretfully have to  
16 admit this to the folks here, we are not on sewers. In fact,  
17 that didn't particularly concern my wife and I. But I must  
18 tell you that's what we were told.

19 Now subsequent to the item in the paper,  
20 "St. Petersburg Times", I believe, I called Mr. Crooks at his  
21 Apopka office. I spoke to his machine rather faithfully, and  
22 it did not talk back, nor did Mr. Crooks. I spoke to  
23 personnel in his office on two occasions and nor did they  
24 return my call or did Mr. Crooks. So that's the reason I'm  
25 here tonight.

1           We are opposed to a rate increase for all the  
2 reasons that Jack Shreve who is representing the floor this  
3 evening and we frankly believe based on what I've heard here  
4 that it might be an awfully good idea if the commission would  
5 consider separating these things by the community which has  
6 been suggested previously to where the community could become  
7 involved and do a better job to serve the state of Florida,  
8 Hernando County.

9           Thank you very much.

10          MR. SHREVE: Thank you, sir.

11          Barbara Boudreau.

12   - - - - -

13   BARBARA BOUDREAU,

14 was called as a witness on behalf of the Citizens of the  
15 State of Florida and, having been duly sworn, testified as  
16 follows:

17                   WITNESS BOUDREAU: My name is Barbara Boudreau and  
18 I live in Spring Hill at 10407 Utah Street.

19                   I also have to be fair here and say that I used to  
20 work for SSU up to the second month of this year when they  
21 had layoffs. They shut down several offices and laid off  
22 several employees.

23                   I think they have already got their increase by  
24 doing this. I don't understand why they want to increase  
25 anymore from a customer when they already took away employees

1 and cut down on their rents. And when I was leaving they  
2 were getting rid of their cleaning services and cutting back  
3 on everything, their coffee. Employees would have to pay for  
4 their own coffee, et cetera.

5 I just don't understand why they would want to put  
6 any more burden on the community to pay. Matter of fact, I  
7 got my tax bill the other day and my taxes are going down  
8 because the property value of Spring Hill is going down. So  
9 why is the water going up?

10 Also, there are people saying here they're on a  
11 fixed income. Well, the younger people here too are on a  
12 fixed income. I moved here because it was unaffordable where  
13 I lived before and I thought Spring Hill, Florida would be a  
14 nice place to live, but everything is going up. It's got to  
15 stop somewhere. They have to look within the company  
16 themselves. maybe the upper management or something, because  
17 the communication within the company I think lacks a lot.

18 I think they need to look at that and maybe -- like  
19 I had a friend who is on sewer who called when this was all  
20 going through and the public was notified. They wanted to  
21 decrease their meter to a three-quarter inch. At first it  
22 was \$15.00. All of a sudden three days later it was \$75.  
23 Why was this? Because too many people were calling and they  
24 were going to lose money from a one inch to a three-quarter?

25 I really think that you should really take a hard

1 look at this company. When they took over Deltona, I think  
2 that they should have took a better look and if they were  
3 going to increase, they should have done it by now. I think  
4 they're in trouble, not us.

5 That's all I have to say.

6 COMMISSIONER DEASON: Did you say there was a  
7 charge for people who requested to have a meter change-out?

8 WITNESS BOUDREAU: Yes, they wanted to go from a  
9 one inch to a three-quarter and at first they were told it  
10 was \$15 and then they were told it was \$75. I don't know  
11 what it is at this point. When I left the company it was a  
12 \$25 charge.

13 COMMISSIONER DEASON: Thank you. When were you  
14 laid off?

15 WITNESS BOUDREAU: The second month of this year.  
16 It was three people in Spring Hill: the manager, a part-  
17 timer, and myself. Two customer service, a part-timer and I  
18 was a full-timer.

19 MR. SHREVE: And that was in Spring Hill. Did you  
20 hear anything about any layoffs around the rest of the state?

21 WITNESS BOUDREAU: Yes, there were. There were in  
22 several. They combined several offices and I think the total  
23 -- I don't really know, but the people that were at the  
24 meeting to receive our last checks, there was at least seven  
25 people there and I know there was more than that. I think it



1 was around twelve or higher.

2 MR. SHREVE: And now what was that?

3 WITNESS BOUDREAU: The other areas? I'm not really  
4 sure. You have to ask them. They did send a sheet out at  
5 that time, you know, to tell us that they were -- as a matter  
6 of fact, they told us a month in advance that they were going  
7 to lay us off but they didn't say who.

8 MR. SHREVE: But that was this year?

9 WITNESS BOUDREAU: Yes, it was.

10 MR. SHREVE: Thank you.

11 WITNESS BOUDREAU: So I think that should be their  
12 increased rate. There were several people that they laid off  
13 and closing down certain buildings and things. I think that  
14 should be their increase right there.

15 MR. SHREVE: Thank you very much.

16 WITNESS SLEZAK: Jack, I don't know if you know  
17 this, but they closed the Citrus Springs office about a year  
18 and a half ago.

19 COMMISSIONER DEASON: Sir, would you identify  
20 yourself for the record again.

21 WITNESS SLEZAK: My name is Ed Slezak. They closed  
22 the Citrus Springs office about a year and a half ago and to  
23 my knowledge they laid off four or five employees there.

24 Not only that, now we have to pay 30 cents to send  
25 our checks to Apopka. They should have some place in the

1 vicinity like a bank or something like that where we could  
2 take our water bills to and pay them at the bank or a store  
3 or something like that.

4 MR. SHREVE: Okay. Thank you.

5 Mr. Joe Fox.

6 - - - - -

7 JOSEPH FOX,

8 was called as a witness on behalf of the Citizens of the  
9 State of Florida and, having been duly sworn, testified as  
10 follows:

11 WITNESS FOX: I'm Joe Fox, 13469 Pia Court, Spring  
12 Hill. I think everything has been well said and I can sum  
13 most of it up in one word in what I've seen and what I've  
14 heard and the word would be obscene.

15 I don't think that any of these people realize or  
16 I'm reading the wrong papers, watching the wrong television,  
17 or listening, there is a recession on and it sure has  
18 impacted Hernando County.

19 There are many people I know, because I've just  
20 finished going through this county six month, who are lucky  
21 that they are eating properly.

22 Now the way I look at it, the current owner of the  
23 properties either got stuck on the deal and now is trying to  
24 recover at the expense of the people or they got a beautiful  
25 deal and they're going to walk away very happy to the bank,

1 and I think that's wrong.

2 I think the Public Service Commission could serve  
3 not only Hernando County but the entire state of Florida by  
4 just saying to these people: No way. You haven't proven  
5 your case.

6 I'm very disappointed that we do not have available  
7 to us at this meeting a financial statement. We're not  
8 uneducated people. We can read financial statements and I  
9 think one should have been available or two, right out in  
10 that lobby where we came in.

11 Now let me take this a step further, and would like  
12 a reply. I can read your expressions. I spent most of my  
13 business career in the insurance industry and I can tell you  
14 that if one morning I went out and I picked up my mail and  
15 this is what I got telling me that we're increasing your  
16 automobile premium by 5 percent, by a hundred percent, by 40  
17 percent, my phone wouldn't ring off the hook, but the  
18 Commissioner of Insurance would hear about it and he'd be  
19 after these companies like it's going out of style.

20 The insurance industry is no different than the  
21 water industry. In fact, it almost reminds me of the wars  
22 that they had in California years ago on their water on the  
23 ranges. You people are holding us up. You're pointing a gun  
24 to our heads and you're walking away. And I will bet that  
25 that's what you eventually are going to do. You will make

1 your killing here. You're a conglomerate, and when it's not  
2 useful to you anymore, you will walk away from that and  
3 you'll leave us hanging right where we are.

4           So I'm asking the Public Service Commission to go  
5 back over the financial report. You do the slimming down and  
6 the trimming down of this company and its hierarchy. You do  
7 it. But don't give them one nickel's worth of increase for  
8 the next year until they've satisfied you and, more  
9 importantly, until they've satisfied all of us that an  
10 increase is necessary.

11           I look at something here. It just takes me right  
12 out of sight. Sunshine Parkway. Maybe you can explain it to  
13 me. They're going from \$4.59 to \$48.07. I have the answer,  
14 though. The only people living there are squirrels,  
15 chipmunks and so on. But you do have a utility there and  
16 that's what this is all about.

17           So I'm asking the Public Service Commission to just  
18 say no, to just say no to this for this year until we're  
19 perfectly satisfied and you can convince the people not only  
20 in Hernando County but Citrus and every one of the other  
21 counties affected that a small increase is necessary.

22           Let's just say no. We're saying no. Let's you say  
23 no. Thank you.

24           MR. SHREVE: Thank you.

25           Tom and Peggy Hoover.

1

- - - - -

2

PEGGY HOOVER,

3

was called as a witness on behalf of the Citizens of the

4

State of Florida and, having been duly sworn, testified as

5

follows:

6

WITNESS HOOVER: My husband asked me to speak for

7

us. Peggy Hoover, from Lacy Street in Spring Hill.

8

I come as another concerned citizen to voice my

9

protest at what I feel is an unreasonable rate hike and as

10

all the others have said, how do you expect us to pay for it?

11

Thank you.

12

MR. SHREVE: Mr. Sagliano.

13

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14

FRANK SAGLIANO,

15

was called as a witness on behalf of the Citizens of the

16

State of Florida and, having been duly sworn, testified as

17

follows:

18

WITNESS SAGLIANO: Good evening. My name is Frank

19

Sagliano. I live at 16188 Forzando Avenue.

20

I have been asked to come and address the

21

commission tonight by the county commissioner, Mr. Tony

22

Mosca. Mr. Mosca knows the kind of work that I do and I

23

represent a manufacturer of goods for utility companies.

24

I can give you figures, and that's what I'm here to

25

do. It seems that you want to charge the people in Spring

1 Hill, and that's all the figures that I have is just Spring  
2 Hill, \$39.14, which would come out to \$861,080 per month,  
3 whereas our firm produces goods and sells it to different  
4 counties to clean effluent water at the price of \$1.28 to  
5 clean 8,000 gallons.

6 I can't fathom how a firm would care to charge so  
7 much money unless they're stuffing their pockets. It doesn't  
8 make sense to me to have the \$1.28 and this is all natural.  
9 It deals with DER and the EPA, and all the new environmental  
10 laws that have happened to come down.

11 We are approved from Washington to every state in  
12 the country. I have tried to work with your firm for months.  
13 All the way up to the point of five o'clock this afternoon.

14 Mr. Sanderson called my home and said that he has  
15 no interest in any of my products and is very happy and  
16 satisfied with what you are doing now. If you are so happy  
17 and so satisfied, why do you want to increase the prices or  
18 the profit of another \$258,948 per month just for the people  
19 of Spring Hill alone. That's what you're doing. You're  
20 saying for all this time you'd been working on \$602,140 for  
21 22,000 residents of Spring Hill and you've been working on  
22 not too much of a profit? And now you want to increase it  
23 another \$258,000?

24 Where our cost to your firm, and you're probably  
25 paying less because you're using chemicals to clean all the

1 water, our price would be \$25,162.50 for the entire month of  
2 all the people who live in Spring Hill.

3 All your facilities are built. Your people are  
4 paid for. I can't understand how or where \$577,140 goes  
5 every month. It's absurd. You're gouging people. Thank God  
6 I don't live in Spring Hill. I have septic; I have my own  
7 wells, and I will fight to my last dying breath not to come  
8 under any of your rules. But it's a shame. It's not right  
9 what you people do here.

10 I mean, every one of your people, Mr. John Hilton,  
11 Ricky Leech, Bill Williams, Frank Sanderson. Now I'm told  
12 tonight -- I had a conference outside with one of the  
13 gentlemen from the Public Service Commission and also an  
14 employee of SSU: We're sorry, give us another pamphlet.  
15 Give us more information on your products and maybe they can  
16 be used and maybe they can be implemented.

17 Well, I don't think I care if I ever get SSU's  
18 business or not. They're a very unscrupulous firm. I would  
19 never want to do business with you. I'll deal with the rest  
20 of the counties throughout the state of Florida and  
21 throughout the country, but I don't particularly care to do  
22 any business with your firm and I make that as a public  
23 statement.

24 And I make a profit at selling you goods at  
25 \$152.50. To clean up one billion gallons of effluent water,

1 I make a profit on it. I can't see how the costs that you're  
2 coming in here with and telling these people who you all  
3 heard, you've heard them all, they're on fixed incomes.  
4 They're not getting the money that they used to get. These  
5 people are in dire straits.

6 Some of you people have made bad decisions. Maybe  
7 you should get rid of the people that work for your firm,  
8 especially every person that I have managed to speak to and  
9 it seems that I've spoken to seven of them in the last few  
10 months.

11 For them to actually tell me at five o'clock  
12 tonight, we don't care. That doesn't make any sense. Does  
13 it make any sense to you? Does it make any sense to you?

14 COMMISSIONER DEASON: It does not if it may  
15 legitimately reduce costs. It seems to me they should  
16 explore that.

17 WITNESS SAGLIANO: Without a doubt, it legitimately  
18 reduces costs. For \$1.28 you can clean every one of these  
19 people 7,500 gallons per month. That is the cost factor of  
20 the product and material that is necessary.

21 WITNESS SLEZAK: And you're making a profit.

22 WITNESS SAGLIANO: Yes, sir. I'm making a profit  
23 and so is my manufacturer that I represent out of Lumberton,  
24 North Carolina.

25 Thank you. That's all.



1 MR. SHREVE: Tina Perry.

2 - - - - -

3 TINA PERRY,

4 was called as a witness on behalf of the Citizens of the  
5 State of Florida and, having been duly sworn, testified as  
6 follows:

7 WITNESS PERRY: Thank you. I have a very simple  
8 statement to make. My name is Tina Perry and I live in  
9 Spring Hill on Overland Drive in Seven Hills.

10 I just want to express frustration on the part of  
11 all of the people who live in Hernando County. You know, all  
12 of you can sit and just say, hey, if you're not happy with  
13 what we're doing, move. It would have been more easily said  
14 three years ago. Today houses do not move. We cannot sell  
15 our houses.

16 Frankly, we have been looking to move elsewhere.  
17 In our block alone, just one block, there are six houses for  
18 sale. They have been for sale for over a year. This  
19 indicates that there is something wrong with what's being  
20 done in Hernando County.

21 I just ask you to think very carefully, realize  
22 what is happening in Washington, that they're not going to  
23 get any tax increases, they're not going to get the things  
24 that they think they want, and many of the people who are on  
25 Social Security are bound to see a change in the quality and

1 the type of money they're going to get because there's going  
2 to be big, big changes.

3 I'm involved in the medical field. I handle  
4 patients who are very, very poor. I see what's happening to  
5 them and there are some frightening things coming. I suggest  
6 that we all evaluate differently what it is we're planning to  
7 do and how we do it.

8 I think you for your time.

9 MR. SHREVE: Linda White.

10 - - - - -

11 LINDA WHITE,

12 was called as a witness on behalf of the Citizens of the  
13 State of Florida and, having been duly sworn, testified as  
14 follows:

15 WITNESS WHITE: I'm Linda White. I live at 7205  
16 Catalina Street, Spring Hill. I understand that I'm  
17 outnumbered and there's a lot of fixed income people in the  
18 audience.

19 I'm not a fixed income person. My husband works  
20 for a living and we used to come from a state where a person  
21 got paid wages that they could live on. My husband and I do  
22 not. Minimum wage is very, very common as a salary in  
23 Florida. We have been trying to maintain a mortgage and  
24 raise a child on that kind of money.

25 It appears to me that these kinds of increases are

1 something that we absolutely cannot afford. They're very  
2 unfair and in the end it's going to wind up that we're going  
3 to have to join the ranks of people who are going to these,  
4 you know, special assistance programs. We are a young family  
5 who are trying to make it on our own. We don't want to ask  
6 anybody for anything. We want what's fair.

7 I wish I was on a fixed income and I could expect  
8 to have, you know, money in the mail, but it doesn't happen  
9 that way. We're young and we're trying to live and we're  
10 trying to take care of our family and this kind of increase  
11 is not fair and we can't afford it. You can't get blood from  
12 a stone.

13 Thank you.

14 MR. SHREVE: Thank you.

15 Mr. Eric Ruge.

16 - - - - -

17 ERIC RUGE,

18 was called as a witness on behalf of the Citizens of the  
19 State of Florida and, having been duly sworn, testified as  
20 follows:

21 WITNESS RUGE: My name is Eric Ruge. I live in  
22 Spring Hill, 7747 Pinehurst Drive, and I've been a customer  
23 in Spring Hill for 12 years.

24 I would suggest to the Public Service Commission  
25 that they put a moratorium on this and hold off at least one

1 year until more of a conclusive study is done on the  
2 increase. These people have said it all night, they want to  
3 see some kind of a financial sheet on this company, and I  
4 think it's only fair that the public get that and not have to  
5 wait a year for it.

6 That's really all I have to say. Thank you.

7 MR. SHREVE: Florence Glimpse.

8

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9

FLORENCE GLIMPSE,

10 was called as a witness on behalf of the Citizens of the  
11 State of Florida and, having been duly sworn, testified as  
12 follows:

13 WITNESS GLIMPSE: Yes. My name is Florence  
14 Glimpse, 3355 Sailfish Court in Spring Hill.

15 My question is this: Would you be able to tell us  
16 what some of the salaries are of the top executives in the  
17 SSU? The question was asked about the purchase price that  
18 was paid and they didn't have the answer. I just wondered if  
19 perhaps some of the salaries of the top executives could be  
20 given to us and perhaps there would be some way the fees  
21 could be cut back rather than the people.

22 COMMISSIONER CLARK: Ms. Glimpse, we will  
23 certainly look at that in the rate case and it's part of what  
24 they provide in terms of the expenses that they feel are  
25 justified and I'm sure Jack is going to be looking into that.

1 MR. SHREVE: Commissioner, I think you're wrong on  
2 this and please correct me if I am. I think we have  
3 requested that information. I believe that the company has  
4 requested it be held confidential and we are awaiting a  
5 ruling on it. I think that's correct.

6 COMMISSIONER CLARK: All right, thank you.

7 MR. SHREVE: So there's no misunderstanding about  
8 what I said. In this we go after certain information. Under  
9 the laws the company has a right to request confidential  
10 treatment of that and they're automatically given that by the  
11 law until a final hearing is held and a ruling made on that,  
12 so the Public Service Commission or our office hasn't any  
13 choice on that. It's a request by the company and their  
14 position is to do that under the law.

15 Mr. Harold Johnson.

16 - - - - -

17 HAROLD JOHNSON,

18 was called as a witness on behalf of the Citizens of the  
19 State of Florida and, having been duly sworn, testified as  
20 follows:

21 WITNESS JOHNSON: My name is Harold Johnson and I  
22 live at 4250 Newton Road in Spring Hill. And on the paper  
23 that I have here that I received in an envelope, it has  
24 three-quarters, five-eighths, 2.75, three-quarters marked and  
25 one inch, \$17.50, if somebody is following me on that sheet.

1           What I'm trying to say here is I had a valve or a  
2 meter changed and it didn't go down. I went up one inch. I  
3 couldn't have but four units on my sprinkler system in a  
4 zone. Two were Rainbird, two were popups. So they come out  
5 and they changed it and what happened there was I went to a  
6 one inch.

7           Now when they come out and they changed it, they  
8 changed the pipe coming into the meter and what they took out  
9 was supposed to have been three-quarters and I was evidently  
10 paying for three-quarters. When I got done, they put one  
11 inch in, but the thing of it was the inside diameter of that  
12 pipe going into there was three-quarters. So really, what  
13 kind of rate is this, sir? Do you understand what I'm  
14 saying?

15           COMMISSIONER DEASON: You're saying the inside  
16 lines were not changed?

17           WITNESS JOHNSON: On the inside diameter I'm  
18 supposed to go to a one inch meter, right? Okay. What was  
19 really changed was changed from a three-quarters and on the  
20 outside of the pipe it says one inch but on the inside it was  
21 three-quarters. What am I paying? And there's examples  
22 here.

23           Now you're going from a rate of \$5.40 to \$17.70.  
24 That's more than three times. What is -- and I heard several  
25 other people here talking, about they couldn't get any water.

1 Well, how can you determine what the person is supposed to be  
2 getting? They shouldn't be being paid on the valve or the  
3 meter. They should be paying on the gallons.

4 COMMISSIONER CLARK: Mr. Johnson, I would like to  
5 have you talk to Tom Walden, our engineer, to find out.

6 WITNESS JOHNSON: Okay. Thank you.

7 COMMISSIONER CLARK: I want to make sure you're  
8 getting charged appropriately.

9 WITNESS JOHNSON: Me too.

10 MR. SHREVE: Mr. Ron Schultz.

11 - - - - -

12 RON SCHULTZ,

13 was called as a witness on behalf of the Citizens of the  
14 State of Florida and, having been duly sworn, testified as  
15 follows:

16 WITNESS SCHULTZ: Mr. Commissioner, Mr. Shreve,  
17 staff, my name is Ron Schultz. I'm a Citrus County property  
18 appraiser. My address is 110 North Apopka Avenue, Inverness,  
19 Florida.

20 A significant cost factor is the property tax  
21 levied against any particular facility. Since the Sanford  
22 hearing, I've had occasion to review in detail the basis for  
23 the tax levy against SSU for the Sugar Mills facilities. It  
24 now appears that the 1990-91 ad valorem liabilities may have  
25 been overstated by some 30 percent.

1 I've established communications with Jack Shreve  
2 and with Marshall Willis in the hope of providing timely  
3 information so that the final rates established by the PSC  
4 will reflect the appropriate tax projections.

5 I wish this evening to call to your attention that  
6 PSC's conclusions as to the rate base percentage of non-  
7 usable and usable, directly affect a property appraiser's  
8 determination of value and, therefore, the tax liability,  
9 and, therefore, affect the rates which you've allowed.  
10 We are in a closed feedback loop and we are not communicating  
11 with each other.

12 This hearing concerns 11 facilities in Citrus  
13 County. Before a final determination is made, I trust that  
14 all the parties will take the appropriate steps to see that  
15 the property tax component is accurate. I believe this will  
16 result in significantly lower rates in several of the  
17 facilities.

18 COMMISSIONER CLARK: Thank you.

19 MR. DEASON: Thank you, sir.

20 MR. SHREVE: Thank you, Mr. Schultz.

21 Tony Mosca.

22 - - - - -

23

24

25



1 ANTHONY MOSCA,  
2 was called as a witness on behalf of the Citizens of the  
3 State of Florida and, having been duly sworn, testified as  
4 follows:

5 WITNESS MOSCA: As you ladies and gentlemen can  
6 see, I do carry some weight here in the county.

7 Ladies and gentlemen, for your information my name  
8 is Anthony Mosca, Jr. I'm a resident of Hernando County,  
9 Spring Hill in particular. I'm a Spring Hill Utilities user  
10 and a member of the Board of County Commissioners.

11 Ladies and gentlemen, the purpose of my coming  
12 here, late as it is, is not to showboat and upstage the  
13 residents that are being directly affected along with myself.  
14 This is an election year, however, I am not a candidate and I  
15 do believe after hearing some of the other commissioners  
16 talk, they also did not want to upstage the residents that  
17 are coming here to speak before this Public Service  
18 Commission.

19 But there's a couple things that I'd like to bring  
20 to your attention that has been in the minds of the people  
21 and in my mind over the years. I became a resident of Spring  
22 Hill April 1, 1972. I have been here over 20 years. I have  
23 been through the ups and downs of the Spring Hill Utility  
24 system. I have been before this Public Service Commission in  
25 the past as a user, resident, as a representative of the

1 Spring Hill Civic Association, to highlight what we felt the  
2 high requests that were made. This year was the highest  
3 request ever made.

4 And if you recall, if you've been members of this  
5 Public Service Commission, the last time Spring Hill showed  
6 up by the bus load in Tallahassee the day you all had your  
7 meeting up there. And I'm sure, even with the economic times  
8 the way it is, if it means rolling back these rate requests  
9 that are being made, you're going to see these people up in  
10 Tallahassee by the bus load.

11 And the point that I'm trying to make is that you  
12 folks came down here to avoid those people going through that  
13 method of getting their message across to you. You've heard  
14 testimony tonight of people on fixed incomes. This is not an  
15 old story here. We heard this 18 years ago when they first  
16 asked for a rate increase.

17 The thing that I would like to bring out to you is  
18 and these people that have been here almost as long as I  
19 have, have always felt more comfortable when the Public  
20 Service Commission was an elected body. You are an appointed  
21 body by the Governor. You carry a burden that is  
22 unsurmountable.

23 At least I can turn to the electorate and say: You  
24 voted for me so you're at fault. Well, we didn't vote for  
25 you all. All right? And you're asking me to do a job that

1 appears that you have no sensitivity to what's going on here  
2 to its people; that you have no dedication to the people that  
3 you're theoretically, and I do not make this an accusation,  
4 it's the aspersion that you're in the pockets of the  
5 utilities and you're working for them; you're not truly  
6 working for the people.

7 I on the other hand believe you are working for the  
8 people, but when you come across with interim rates as this,  
9 ladies and gentlemen, I cannot only but perceive what the  
10 general public perceives, and that they are not being  
11 represented in Tallahassee through the Public Service  
12 Commission as appointed through the Governor. And I wouldn't  
13 be a bit surprised that after this election year that a  
14 movement doesn't start to petition the state to put the  
15 Public Service Commission back on the ballot and make you  
16 responsible to the electorate.

17 What I might suggest in your deliberations is that  
18 you take on the role as an elected official and that your job  
19 depends on these voters out here as I do to do the right  
20 thing by them.

21 Ladies and gentlemen, these rate increases and this  
22 is a question I want to put, I hope I can get an answer for  
23 these folks, is that during this interim when they collect  
24 all this extra money that goes into their coffers and they  
25 start investing this money in their bank accounts and they

1 gain interest, when you reduce this rate, when it gets back  
2 to the drawing board and you come up with a final figure, are  
3 those interest rates going to be returned back to the  
4 customers?

5 COMMISSIONER CLARK: Yes.

6 WITNESS MOSCA: That's a yes. Ladies and  
7 gentlemen, you got me a yes, that's where the interest is  
8 going to go from this memo.

9 With that I ask you and I beseech you and I thank  
10 you for coming here to Hernando County allowing our  
11 constituents to voice their opinion.

12 As you well know, you got a resolution from the  
13 Board of County Commissioners asking you to hold the line.

14 Yes, ma'am.

15 COMMISSIONER CLARK: Mr. Mosca, I just wanted to  
16 tell you a lot of people have mentioned the interim rates.  
17 There are guidelines in the statute that restrict the amount  
18 of discretion we have with regard to interim rates. One of  
19 the justifications being that they will be put under bond and  
20 they do get returned with interest. I realize that doesn't  
21 help when you have a tight budget to begin with, the hope  
22 that you might get it later, but there's little discretion we  
23 have with respect to the interim rates in my opinion.

24 WITNESS MOSCA: Well, Ms. Clark, I could tell you  
25 that as considered being a young man and being self employed

1 along with being a county commissioner, that I would be  
2 affluent, that I would be in rolling in bucks and have a  
3 thriving business and I make \$29,000 a year as a  
4 commissioner.

5 I can tell you that business is off. All right.  
6 I'm in the moving/self-storage business, I'm a U-haul dealer,  
7 and I can tell you and these are the facts that I use. My  
8 U-haul business is booming. My moving business is close to  
9 zero. People are moving themselves because they cannot  
10 afford to hire anybody to move them.

11 My warehouse stays moderately and to the upper  
12 percentile stays full, but my U-haul business is booming.  
13 Now that sounds good but here's the ratio. 90 percent of my  
14 U-haul business is one way going out of town. And it's going  
15 out of state. That's where I'm making my money. People are  
16 leaving here because they cannot afford it. They cannot find  
17 jobs.

18 And, Ms. Clark and Mr. Deason, people that come  
19 down here are not stupid people. They don't come down here  
20 with disillusion. They come down here, they sell their home  
21 up there for a few bucks. They have a little money left  
22 over. They came down to Florida with I would assume a semi  
23 early retirement. These people, they can move out of that  
24 environment from New York, from Chicago, or Boston, and come  
25 down here, buy an affordable home, take that little extra

1 money, put it in CDs, which are paying zip now, okay, and  
2 find them a job for five or six or seven dollars an hour,  
3 which they were getting paid eighteen and twenty-seven  
4 dollars an hour up north, and be able to survive, just to get  
5 out of that rate race, get away from that dirty air, get away  
6 from the crime and corruption and come down here to sunny  
7 Florida.

8           They have used common sense. They came down here.  
9 They looked. They bought what they could afford and they  
10 cannot find the five and six dollar an hour jobs. That's how  
11 tight it is right now.

12           If you don't have discretion, and I do not know the  
13 entire powers of the Public Service Commission, but I know  
14 this, that you have a burden on your shoulders that carries  
15 much more clout than I'll ever carry as county commissioner.  
16 You control the entire state, the utility systems. You're at  
17 their beck and call. Now if they cannot work with the people  
18 through the Public Service Commission, they don't deserve  
19 anything.

20           Hernando County runs the utility system, ma'am. We  
21 run an excellent utility system and we're not charging what  
22 they're charging. So, you know, they say they need the extra  
23 money because they have to build these things. They have to  
24 do repairs. Take it out of the corporate profits that  
25 they're paying off their stockholders. That's where the

1 investment comes from. It's the stockholders that make the  
2 investment into this company, not the users. The  
3 stockholders, and if they want to expand the system, it's a  
4 stockholder item, not the profits they can bleed off the  
5 customers.

6           And let's face it, it may not be a monopoly in the  
7 true sense of the word, but they can't buy water from anyone  
8 else and if they dig a well in their yard, under our  
9 agreement from the land sales, they're still obligated, as a  
10 homeowner, are still obligated to pay for water on that  
11 system.

12           I think it's totally absurd that sewer rates, and  
13 you have to put in special meters so you can irrigate your  
14 property when the irrigation is not going down the sewer  
15 drain. I mean, these are the things that people are hurting  
16 about. To put a well in a home is somewhere between \$700 and  
17 \$1,200 to sink a well. What's their return on using city  
18 water if it's not going down the drain pipes?

19           And I realize it was the Public Service Commission  
20 that got them to put in irrigation meters. For that we thank  
21 you, but the point is, why do we have to go through a \$700  
22 charge for an irrigation field? It's the same thing. I  
23 might as well put a well in.

24           I won't take up any more of your time. I believe  
25 there are more people that want to talk and this is their day

1 here and you'll be hearing from the county commission in  
2 Tallahassee.

3 Thank you very much.

4 MR. SHREVE: Thank you.

5 Is there anyone else that would like to sign up and  
6 talk? That's the last person we have on the list.

7 WITNESS MAVES: I'd like to.

8 MR. SHREVE: All right, sir. And if you would,  
9 give your name and address, please.

10 MR. MAVES: Well, I'd like to give you this first.

11 MR. SHREVE: All right, sir.

12 WITNESS MAVES: I only have a few questions.

13 Are you Mr. Shreve?

14 MR. SHREVE: Yes, sir.

15 WITNESS MAVES: My name is Carl Maves. I'm glad to  
16 meet you. We need about five more like you to take care of  
17 the problems we've got in this state. Would you care to have  
18 four more?

19 MR. SHREVE: Yes, sir.

20 WITNESS MAVES: I would like to let the people in  
21 the rear know that I'm speaking. Can you hear me?

22 Well, the point is I was sitting in the rear and  
23 many of the people who were sitting there are no longer here  
24 because I could not hear half of what was going on in the  
25 other part of this meeting. However, you people heard it all



1 because you're right next to it. This is a very powerful and  
2 accurate microphone. Don't ask me what was wrong. It works  
3 well for me.

4 Now I have just a few questions I'd like to bring  
5 out and when I say few, two or three. Nobody has stressed  
6 the fact that Minnesota Power is the prime owner or was. We  
7 are kept in the dark, we the people. We have no right to  
8 knowledge. We just pay.

9 I'm making too much noise. Is there any way that  
10 the commissioners could give the people who pay their salary  
11 who owns this utility? Who owns the utility, Florida Power  
12 or Southern States? Anybody can tell me here? You people  
13 know all the answers. No one? I'm going to get the answer  
14 because I'm going to write to you. I'm going to write to the  
15 governor because we the people should get together and agree  
16 that we can do things. I can prove it. I'll tell you why.

17 That's just one of the questions I have. The other  
18 one is this: Do you mean to tell me that the commissioners  
19 have no knowledge of what was paid for this company, Deltona  
20 Utilities? Do you mean to tell me that they can evaluate --  
21 I'm sorry if I -- well, this is a question that should be  
22 known by at least you, the commissioners.

23 How much did they pay for it so we can know how  
24 much return they make on their investment. I'd invest.  
25 Without an investment I wouldn't be able to eat. Okay.

1 First, who owns the company?

2 COMMISSIONER CLARK: I would like to address you by  
3 your name.

4 WITNESS MAVES: My name is Carl Maves.

5 COMMISSIONER CLARK: Okay, Mr. Maves. My  
6 understanding is that it's Southern States who owns the  
7 utility. They in turn are owned by I think it's Minnesota  
8 Power.

9 MR. SHREVE: Topeka Group.

10 COMMISSIONER CLARK: They are in turn owned by  
11 Topeka Group. Then Topeka Group is in turn owned by  
12 Minnesota Power and Light.

13 WITNESS MAVES: Oh. Glad to hear that. I got a  
14 question for you. Go ahead.

15 COMMISSIONER CLARK: That's certainly something  
16 that I want to make clear to everyone here that we will be  
17 holding hearings in Tallahassee in November for I think about  
18 two weeks to explore all these issues and your  
19 representative, Jack Shreve, will be there with what he has  
20 discovered in terms of the ownership and what the utility  
21 executives are paid, so we do intend to get that information  
22 in a public hearing.

23 MR. MAVES: Well, Miss Clark or Mrs. Clark,  
24 whichever it may be.

25 COMMISSIONER CLARK: It's Mrs. Clark.

1 MR. MAVES: Good. Congratulations.

2 I would like to ask another question that's  
3 pertinent to the statement that you have just made. You are  
4 telling me that there are three companies involved in the  
5 purchase of Deltona Utilities, each of which have to make  
6 money. Therefore, it's not preposterous that this increase  
7 that's being asked for has got all three stockholders, of  
8 which, by the way, I'm a stockholder. I only buy enough  
9 stock to learn how much the executives earn. I promised  
10 myself I would do that when I retired and I have done so. So  
11 I know that each of these companies are being paid and the  
12 executives are being paid well.

13 We, the people, who purchase the water, so-called  
14 water which is supposedly free, are subsidizing these big  
15 companies with our payments, the increased tariff. I wish  
16 that could be looked into, number one.

17 I already asked you if it were possible for anybody  
18 to know whether or not a profit was being made if you don't  
19 know how much they spent for the utilities. Is it possible  
20 that you people could tell without the knowledge? You said  
21 that you didn't know to the people that asked prior to my  
22 being here.

23 COMMISSIONER CLARK: That's part of what will be  
24 brought out in the hearing. Our staff is looking at that  
25 currently and then the commissioners get that information

1 through the hearing process and it's an adversary process  
2 which Mr. Self and the attorneys representing Southern  
3 States, attorneys representing our staff, and Mr. Shreve will  
4 present that information and question that information.

5 WITNESS MAVES: Very good.

6 VOICE: That's doubtful.

7 WITNESS MAVES: I heard that. He said it was  
8 doubtful. I agree.

9 VOICE: Get the stockholder's report. You said you  
10 bought a share of stock.

11 WITNESS MAVES: Yeah, because I read it. The other  
12 thing --

13 VOICE: Is it confidential?

14 WITNESS MAVES: I can't hear the man from behind.

15 COMMISSIONER CLARK: He asked if it was  
16 confidential.

17 WITNESS MAVES: That's what I'd like to know.  
18 I think that when you are giving people, the people at Spring  
19 Hill, no opportunity to purchase this any place else, that it  
20 should be public information. It shouldn't be captive  
21 information and kept secret so that you can manipulate the  
22 people who you serve.

23 Now there's two things. We had -- and somebody's  
24 gonna say, well, why don't you go back there? Well, it's too  
25 damn cold for one thing, and the other thing is I can't

1 shovel the snow anymore. But we had up there our citizen  
2 utility board and it was formed just for the reason that you  
3 people are here. We didn't want it because we said we have  
4 commissioners, they'll take care of us. It happened to be  
5 the state of Wisconsin. But they didn't because they were  
6 appointed. Okay. So we got this CUB. We called it CUB. We  
7 paid one dollar per month and the electric company actually  
8 took it in their bills for which later they were very sorry.

9 We finally got a lady attorney to represent CUB.  
10 She did a job. She got refunds back from the telephone  
11 company, refunds back from the electric company. Of course,  
12 they only paid it piecemeal, but it kept the rates down and  
13 they paid because this lady was on the ball.

14 Somebody in Washington D.C. bought her off and CUB  
15 went kind of down after that. The lady got a pretty good  
16 deal, believe me.

17 COMMISSIONER CLARK: I agree with you. Mr. Shreve  
18 takes care of that in Florida.

19 WITNESS MAVES: Well, they could have a few ladies  
20 working for him, no problem.

21 COMMISSIONER CLARK: He does.

22 WITNESS MAVES: He does?

23 So I would suggest that we get on the ball and  
24 write some letters to -- who's our governor, by the way? I  
25 know. He's pretty good. But I think he needs a little

1 pushing. I think he needs a little propping up. And if we  
2 all wrote letters and let him know that we don't like what  
3 he's doing, maybe he'll look at these people and these people  
4 will look back and we'll get some action.

5 And with that I kept you long enough and I want to  
6 thank you all for being patient with me and I'm going to try  
7 myself to do better. Good-night.

8 MR. SHREVE: Was there anyone else that has not  
9 spoken that would like to?

10

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11

MICHAEL CAGGIANO,

12 was called as a witness on behalf of the Citizens of the  
13 State of Florida and, having been duly sworn, testified as  
14 follows:

15 WITNESS CAGGIANO: My name is Michael Caggiano. I  
16 live at 1339 Stallings Avenue in Spring Hill.

17 When I first got this letter about this meeting  
18 tonight I went to the utility office and I asked what it was  
19 all about and they told me they were asking for a rate  
20 increase and that they hadn't had a rate increase since 1982.

21 The lawyer here, the attorney for the utilities  
22 said that they haven't got a rate increase for 12 or 13  
23 years. So now we got two different figures of when they had  
24 the last rate increase.

25 I've lived in Spring Hill for 13 years now. When I

1 first moved here the rate for water included X amount of  
2 gallons. After a while the gallonage was taken away from us.  
3 That's a rate increase.

4 Then in 1989 I find a water basic charge on my bill  
5 for \$2.75. I don't know what it means. I just pay it. And  
6 I'd like to ask the representatives from the utility company  
7 if they can tell me what water basic charge means.

8 MR. SELF: It's my understanding that's part of the  
9 base facility charge.

10 WITNESS CAGGIANO: What's that mean?

11 MR. SELF: Part of the base facility charge.

12 WITNESS CAGGIANO: Well, what does it mean? What  
13 am I paying for?

14 If you don't have an answer, it's okay, too because  
15 it won't be the first time I got people who are supposed to  
16 know who don't know, so that's okay. If you don't have an  
17 answer --

18 COMMISSIONER CLARK: Let me interrupt. It's fairly  
19 common to have a base facility charge and I'd like Marshall  
20 to explain it to you.

21 MR. WILLIS: Sir, I'm Marshall Willis from the  
22 commission staff. The commission has a rate structure in  
23 which they develop a base facility charge and that base  
24 charge basically recovers nothing but a fixed cost of the  
25 utility company. Those are costs that don't vary with usage

1 of water. Whether you actually use water or not, there still  
2 have to be facilities to serve you when you do want the  
3 water. They're a fixed cost of operating those facilities,  
4 like property taxes and many other costs. That's what the  
5 base charge has been developed to cover.

6 The gallonage charge covers your varying costs.

7 WITNESS CAGGIANO: I was always under the  
8 impression that if you open a business, you made it run and  
9 whatever expenses you had in the business were a cost of  
10 doing business. Now wouldn't it be a horrible thought if  
11 your car broke down now and you went to a garage and had a  
12 mechanic look at it and he said, well, that will cost you  
13 \$125 to fix and \$22 because you're doing it in my building.

14 And this is tantamount to what the utility is  
15 telling me. They're piping water into my house. I presume  
16 that part of that fee is for keeping the pipes going. I  
17 would like to know how they're going to sell me water if they  
18 don't have the pipes. That should be part of doing business.  
19 That should be included in the cost of the merchandise that  
20 they're selling, the commodity that they're selling, not an  
21 extra charge.

22 This is how they get away with all this kind of  
23 stuff. They get around it by saying it's so much for the  
24 water and so much for the basic charge. We had basic charges  
25 in New York when I was a youngster, but what you used came



1 off that basic charge before they started to add on the  
2 excess of use, if you know what I'm trying to say.

3 If you use 10,000 gallons of water, you had that  
4 charge, but the first four or five thousand was taken off  
5 that usage charge, the basic charge. Then you paid the other  
6 five or six thousand. Down here you get a charge and that's  
7 it.

8 The electric company, Withlacoochee. Out of a  
9 clear sky I find an eight dollar service charge on my bill,  
10 which I'm getting nothing for. I'm getting absolutely  
11 nothing for that eight dollars. I don't know how they got  
12 away with that. I presume they asked the Public Service  
13 Commission for that.

14 COMMISSIONER DEASON: That's not correct. I'm  
15 sorry. The commission does not regulate Withlacoochee.

16 WITNESS CAGGIANO: Okay. Then I retract that  
17 statement. But basically what I'm trying to say is that  
18 everybody seems to get their hands in our pockets. I'm going  
19 to put velcro on my pockets, I'll tell you that, so they  
20 can't get back in there again. And that's all I have to say.  
21 I couldn't get the answer there, but I appreciate the time  
22 for listening to me.

23 MR. SHREVE: Thank you, sir. Anyone else?

24 - - - - -

25 WITNESS: My name is Frank Sagliano, and as I said

1 before, I live at 16188 Forzando Avenue, Brooksville,  
2 Florida.

3 The other companies that I work with in the state  
4 of Florida, after they use the effluent water, they pipe it  
5 to different golf courses to which they charge them to use it  
6 for irrigation. Now they're also coming on line with  
7 residences so that they can use it for irrigation for their  
8 lawns.

9 This would be the alternative use to the water  
10 after it would be treated; therefore, you can decrease the  
11 bills for the people because you're finding more revenues by  
12 using that water as opposed to just dropping the water or,  
13 that's right, not dropping it anymore, you're spraying it  
14 now.

15 COMMISSIONER CLARK: Thank you.

16 MR. SHREVE: Thank you, sir.

17 WITNESS ALLEN: One quick question. Harold Allen,  
18 3342 Hartley Road, Spring Hill.

19 On B-1 on your blue pamphlet here, under  
20 wastewater, second item from the bottom here, you will find  
21 Spring Hill Utilities. My question is this: The commission  
22 approved interim rate is virtually double that of the utility  
23 proposed final rate. How do we account for this logic?

24 You will notice the monthly service charge is  
25 \$10.64. The proposed rate by the utility is \$11.38. That's

1 peanuts. But the gallon charge, \$3.80 interim and only \$1.93  
2 by the utility. How do you account for this? This is crazy.  
3 You have allowed them twice as much as what they're asking as  
4 an interim basis. Where is the logic? That's a good one,  
5 isn't it?

6 COMMISSIONER DEASON: That's a good question and  
7 that's going to be reviewed in the final hearing process.

8 WITNESS ALLEN: I would think somebody should go  
9 over this and have a pretty good look at it. It's just crazy  
10 the way it reads right now.

11 Thank you.

12

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13

GINNY BROWN WAITE,

14 was called as a witness on behalf of the Citizens of the  
15 State of Florida and, having been duly sworn, testified as  
16 follows:

17 WITNESS WAITE: Good evening. My name is Ginny  
18 Brown Waite and I'm a Hernando County Commissioner.

19 First of all, I'm very glad that you took our  
20 suggestion and brought your hearing here to the people.

21 I have to tell you that normally I'm sitting there  
22 and I'm taking the heat, so I know what it's like. I'll be  
23 easy on you because it's getting very late tonight. I was  
24 out of town or I would have been here earlier.

25 I have to tell you that I can think of nothing

1 within the past three or four years except for the mining  
2 issues which have gotten people as riled up as this rate  
3 increase.

4           The majority of the people in Spring Hill are  
5 clearly retired people living on fixed incomes. This sort of  
6 a rate hike is purely, totally, completely unacceptable.

7           The gentleman was saying that he was going to put  
8 velcro on his pant's pocket so that you couldn't get into his  
9 wallet. I think he better use crazy glue and just keep it  
10 closed forever because I'm afraid that the velcro just comes  
11 undone a little too easily.

12           The point I'm trying to make is that it's a very  
13 necessary commodity that the people have and we cannot price  
14 this commodity beyond what they can afford to live on. They  
15 are on fixed incomes and the majority of the people, and I  
16 know this for a fact, these people are bill payers. They pay  
17 their bills on time and that also should be taken into  
18 consideration.

19           As I said before, I'm a Hernando County  
20 Commissioner and I don't know if you need my home address or  
21 not. I'll be happy to give it to you or you can address me  
22 as commissioner.

23           Thank you very much. Again, I respectfully request  
24 that you consider the rate increase as being exorbitant.  
25 Perhaps a small rate increase. Let's tie it to the one or

1 two percent cost of living that we're at these days. I think  
2 that perhaps would be acceptable but certainly not the rate  
3 we're looking at. And the interim rate, I was convinced that  
4 either my eyesight was going or that it was a typographical  
5 error. Thank you.

6 MR. SHREVE: Thank you.

7 WITNESS SLEZAK: I spoke before, but I would just  
8 like to ask the commissioners or whoever would know the  
9 answer to this question, is when did the state of Florida  
10 stop electing the commissioners to their position of office?

11 COMMISSIONER DEASON: I believe that was in 1979.

12 MR. SHREVE: '79.

13 WITNESS SLEZAK: But what brought it about? Did  
14 they have it on the ballot or --

15 COMMISSIONER CLARK: The Legislature changed that.

16 WITNESS SLEZAK: The Legislature themselves?

17 COMMISSIONER CLARK: That's right.

18 WITNESS SLEZAK: Thank you very much.

19 - - - - -

20 WITNESS SHERIDAN: My name is Chris Sheridan and  
21 I'll make it very brief. Again, the blue sheet that you  
22 passed out, I have had just a few minutes to look through it.

23 My main concern is, again, since I'm from Pine  
24 Ridge, in looking at all the current rates I can only see one  
25 item that's over \$20 and that's Pine Ridge Utilities. The

1 next one going down from there, and I might have missed  
2 something, is \$11.14 and then \$10.88. All of the other items  
3 are well under that.

4 I might ask again if you're taking all of this  
5 information and compiling it, please take another look at  
6 that. It really seems like Pine Ridge is way out of whack.

7 If we're the only one that's over \$20, can maybe  
8 somebody just give me a quick answer as to why? Anybody?  
9 Take a shot?

10 COMMISSIONER DEASON: Well, let me see if I can  
11 help.

12 WITNESS SHERIDAN: Okay.

13 COMMISSIONER DEASON: The way I understood the  
14 implementation of the interim increase is that the Southern  
15 States systems as a whole, all 127, it was a calculation as  
16 to the dollar increase in base facility charge and the dollar  
17 increase in the gallons charge, and that the same dollar  
18 increase was applied across the board to every system. I  
19 think that you'll see on this sheet the charges are for --  
20 I'm sorry, your system is which system?

21 WITNESS SHERIDAN: Okay. I'm Pine Ridge but my  
22 question is why is Pine Ridge so much higher than anybody  
23 else's initially?

24 COMMISSIONER DEASON: Okay.

25 WITNESS SHERIDAN: We're almost double what the

1 majority of people are.

2 COMMISSIONER DEASON: I can't answer you why it was  
3 higher to start with. I can tell you that it was higher on  
4 the interim because we did start out higher and the same  
5 dollar increase was applied to you so you did remain higher.  
6 That's the reason the interim is higher.

7 WITNESS SHERIDAN: No, I'm not talking about  
8 interim. I'm talking about current rate. Our current rate  
9 is \$20.61, which is higher than anyone else. Maybe I'm not  
10 making my question clear.

11 COMMISSIONER DEASON: You're clear and I cannot  
12 tell you why that rate is what it is. It was set at some  
13 previous time and I can't tell you exactly why. It's part of  
14 this rate proceeding. It will be reviewed once again.

15 WITNESS SHERIDAN: Can you make a little asterisk  
16 there somewhere when you get to Pine Ridge Utility, please  
17 take another look and give us a break. Thank you.

18 MR. SHREVE: Anyone else?

19 MR. LANGLEY: Wilber Langley, Commissioner, again.  
20 Just one thing in passing. I'm not on the water system. I'm  
21 on well system and septic tank myself and you people here  
22 that's going to make the final decision, it's not going to  
23 affect us. It's going to affect all these people every day  
24 of their lives for the rest of their lives and this is  
25 something that I hope you all will look at also. Thank you.





F L O R I D A )  
:  
COUNTY OF LEON)

CERTIFICATE OF REPORTER

I, Robert E. Eppers, RPR,

DO HEREBY CERTIFY that the hearing in this cause, Docket No. 920199-WS, was heard by the Florida Public Service Commission at the time and place herein stated; it is further

CERTIFIED that I reported in shorthand the said proceedings; that the same has been transcribed under my direct supervision, and that this transcript, consisting of 104 pages, constitutes a true and accurate transcription of my notes of said proceedings; it is further

CERTIFIED that I am neither of counsel nor related to the parties in said cause and have no interest, financial or otherwise, in the outcome of this docket.

IN WITNESS WHEREOF, I have hereunto set my hand at Tallahassee, Leon County, Florida, this 21 day of September, A.D., 1992.

*Robert E. Eppers*  
ROBERT E. EPPERS, RPR  
Court Reporter

