

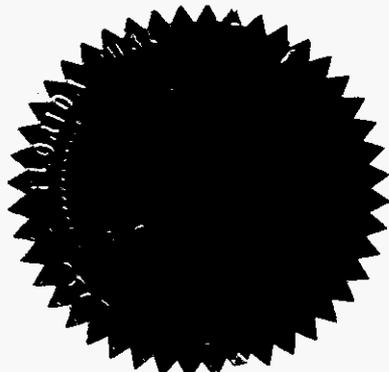
BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of

Application for a rate increase
and increase in service
availability charges by SOUTHERN
STATES UTILITIES, INC. for
Orange-Osceola Utilities, Inc.
in Osceola County, and in
Bradford, Brevard, Charlotte,
Citrus, Clay, Collier, Duval,
Hernando, Highlands,
Hillsborough, Lake, Lee, Marion,
Martin, Nassau, Orange, Osceola,
Pasco, Polk, Putnam, Seminole,
St. Johns, St. Lucie, Volusia and
Washington Counties.

DOCKET NO. 950495-WS



PROCEEDINGS: Ocala Service Hearing

BEFORE: CHAIRMAN SUSAN F. CLARK
COMMISSIONER J. TERRY DEASON
COMMISSIONER JULIA JOHNSON

DATE: Wednesday, October 11, 1995

TIME: Commenced at 6:00 p.m.
Concluded at 7:37 p.m.

PLACE: Ocala Hilton Ballroom
3600 S. W. 36th Avenue
Ocala, Florida

REPORTED BY: SYDNEY C. SILVA, CSR, RPR
Official Commission Reporter

1 APPEARANCES:

2 **BRIAN P. ARMSTRONG**, 1000 Color Place,
3 Apopka, Florida, 32703, Telephone No. (407) 880-0058,
4 appearing on behalf of **Southern States Utilities, Inc.**

5 **SCOTT EDMONDS**, Florida Public Service
6 Commission, Division of Legal Services, 2540 Shumard
7 Oak Boulevard, Tallahassee, Florida, 32399-0870,
8 Telephone No. (904) 413-6199, appearing on behalf of
9 the **Commission Staff**.

10 **JACK SHREVE**, Public Counsel, and **CHARLES J.**
11 **BECK**, Associate Public Counsel, Office of Public
12 Counsel, 111 West Madison Street, Room 812,
13 Tallahassee, Florida 32399-1400, Telephone No. (904)
14 488-9330, appearing on behalf of the **Citizens of the**
15 **State of Florida**.

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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25	EXHIBITS	IDENTIFIED ADMITTED
NUMBER		
18	(Company) Notice of Publication for Ocala	30
19	(Company) Affidavit of Mailing for Ocala	30
20	(Sparacia) Memo dated October 10, 1989	30
21	(Sparacia) Newspaper Article dated October 1, 1988	30
	CERTIFICATE OF REPORTER	80

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

2 (Hearing convened at 6:00 p.m.)

3 CHAIRMAN CLARK: Ladies and gentlemen, I
4 would like to bring the hearing to order. As you
5 probably all know, we have some preliminary matters
6 that we have to take up. The first thing we have to
7 do is read the notice.

8 MR. EDMONDS: Thank you. Pursuant to
9 notice, this time and place has been designated for a
10 customer service hearing in Docket No. 950495-WS,
11 application for a rate increase and increase in
12 service availability charges by Southern States
13 Utilities, Inc.

14 CHAIRMAN CLARK: Thank you. We'll take
15 appearances. Mr. Armstrong?

16 MR. ARMSTRONG: Brian P. Armstrong on behalf
17 Southern States Utilities, 1000 Color Place, Apopka,
18 Florida, 32703.

19 CHAIRMAN CLARK: Mr. Shreve?

20 MR. SHREVE: Jack Shreve and Charlie Beck,
21 Office of the Public Counsel, on behalf of the
22 citizens of the state of Florida in opposition to the
23 rate increase, Claude Pepper Building, Tallahassee,
24 Florida.

25 MR. EDMONDS: Scott Edmonds on behalf of the

1 Commission Staff, 2540 Shumard Oak Boulevard,
2 Tallahassee, Florida.

3 CHAIRMAN CLARK: Thank you very much. Good
4 evening everyone, thank you for coming out here
5 tonight. My name is Susan Clark, I'm currently the
6 Chairman of the Public Service Commission. To my
7 right is Terry Deason, who is the immediate past
8 Chairman. To my left is Commissioner Julia Johnson.

9 As Chairman, I will be conducting this
10 hearing for the purpose of receiving your comments
11 regarding the Southern States Utilities proposed rate
12 increase. We're particularly interested in hearing
13 your comments about the quality of service rendered by
14 this utility.

15 Your comments today will be reported by an
16 official court reporter, she's sitting right over
17 here, and they will become part of the official record
18 in this proceeding. We will use your comments, along
19 with other evidence gathered in this case, to make a
20 decision regarding the requested rate increase.

21 To give you some background information
22 about how the Commission processes a request for rate
23 increase, the process takes about eight months. It
24 begins officially when the utility files its petition
25 for a rate increase. This is a legal document which

1 summarizes the reason for the increase. It is
2 accompanied by voluminous financial, engineering and
3 rate information that supports the Utility's request.

4 This case began when Southern States filed
5 an application with the Commission for an increase in
6 the water and wastewater rates. They have requested a
7 two-tier uniform water rate, along with a uniform
8 wastewater rate. The Utility has requested a final
9 rate increase of up to 45.9% for water and 30.21% for
10 wastewater.

11 The Utility has also requested an interim
12 rate increase. Last Friday, we denied them their
13 request for interim rate increase at that point, but
14 they were given leave to refile an interim rate case.

15 During the pendency of this proceeding, the
16 parties -- there are parties who have intervened and
17 who will solicit further information from the Utility
18 through interrogatories and depositions and through
19 their own sponsored witnesses. This testimony will be
20 given at the evidentiary hearing, and we have set
21 aside nine days of hearing in Tallahassee beginning on
22 January 29, 1996.

23 As part of this rate case process, the
24 Commission is holding 14 customer service hearings.
25 This is one of those hearings. It is specifically

1 designed to gather information about the quality of
2 service being rendered by this Utility. After all the
3 hearings have been conducted, the Commission will meet
4 once again in a public meeting called an agenda
5 conference to decide the issues in the case.

6 During all the public hearings, including
7 this service hearing, the parties are represented by
8 counsel. You have heard who they are when they
9 entered their appearances. For the Utility is
10 Mr. Brian Armstrong; for the consumers are Mr. Jack
11 Shreve and Mr. Charlie Beck; and representing our
12 Staff is Mr. Scott Edmonds.

13 I would also like to tell you we have other
14 Staff here today. If you would like to ask them
15 questions, if you are reluctant to get up here to
16 speak and tell us about any problems you may have,
17 they are available to talk to you. I would like to
18 take a minute to introduce them to you. First we have
19 Mr. Marshall Willis, who is our Bureau Chief. Next to
20 him is Mr. Troy Rendell, he's our Rates Supervisor. I
21 have already mentioned Mr. Scott Edmonds, the
22 attorney.

23 Behind them is Mr. Ted Davis, who is also an
24 engineer. Sally Moniz, who is an accountant with the
25 Commission. The two young ladies who greeted you as

1 you came in, Ms. Melinda Pace is from our Consumer
2 Affairs Department and back there is Ms. Sally
3 Simmons, with our Records and Reporting.

4 Also here are Mr. Tom Walden and James
5 McRoy, who are engineers with our Water and Wastewater
6 Department. This is our court reporter, Sydney Silva.
7 Finally, I'd like to introduce my aide in the back,
8 who you can also ask questions of, Mr. Billy Stiles.

9 I would like to emphasize that our purpose
10 of being here is to hear from you. However, it may be
11 appropriate to allow the parties an opportunity to
12 make a brief opening statement of no more than five
13 minutes, and we'll get to that in a minute.

14 I should also let you know that we will
15 abide by certain formalities in this proceeding; one
16 of those is that all witnesses must be sworn before
17 they testify. Please don't let this intimidate you.
18 We need to have your testimony sworn to so we can rely
19 on it in making our decision.

20 I hope all of you that want to testify have
21 signed up with Ms. Pace or Mr. Shreve, and we will
22 call your name in order to hear your testimony.

23 When your name is called, I would like you
24 to come forward and state your name, your address, the
25 facilities from which you receive service; and also if

1 you would spell your last name, that would be helpful
2 to us.

3 With that, I would like to ask everyone who
4 is going to give testimony today to stand and raise
5 their right hand.

6 (Witnesses collectively sworn.)

7 CHAIRMAN CLARK: Thank you, you may be
8 seated. At this point, I would like to give the
9 Utility and Mr. Shreve an opportunity to make brief
10 opening statements and then, Mr. Shreve, we'll have
11 you call your first witness.

12 MR. SHREVE: Thank you.

13 MR. ARMSTRONG: Madam Chair, before we have
14 opening, would you like us to request --

15 CHAIRMAN CLARK: Yes, I'm sorry. One of the
16 other things we have to do is identify exhibits. One
17 of the exhibits we have to identify is the proof of
18 publication for this hearing. And it should be
19 Exhibit No. 11?

20 THE REPORTER: Yes, ma'am.

21 MR. ARMSTRONG: Madam Chair, we also have
22 the affidavit of customer notice of mailing together
23 with that exhibit.

24 CHAIRMAN CLARK: We will make that Exhibit
25 No. 12.

1 MR. ARMSTRONG: Thank you.

2 CHAIRMAN CLARK: Thank you, Mr. Armstrong,
3 you may go ahead with a brief opening statement.

4 MR. ARMSTRONG: Thank you, Madam Chair,
5 Commissioners. I will be brief. I understand this
6 weather; we all don't want to be out in this driving
7 just in case it gets worse.

8 Before I do address you, I would like to
9 again reoffer to have myself or anybody, a
10 representative, from Southern States to come and speak
11 to you all or any of your customer groups at any time
12 you so desire. I can give you a card tonight and you
13 can make that request. I understand we might not have
14 the turnout we otherwise might have had had we not had
15 this bad weather situation.

16 Before I address the application for a rate
17 increase, I think it's important that our customers
18 here tonight understand the import of what Chairman
19 Clark had mentioned about the change in the rate
20 structure. We have had a situation where the Company
21 is ordered now by the Commission to change our rate
22 structure to what's called a stand-alone rate
23 structure. I'm sure the people in this room are
24 familiar with the question of whether or not uniform
25 rates or stand-alone rates should be approved.

1 The net effect to our customers in this room
2 and all our customers in Marion and Putnam County is
3 that your monthly bills will increase anywhere from
4 \$20, \$40 and up to \$63 a month as a result of that
5 change in the rate structure. That's not associated
6 with this rate increase request; that simply has to do
7 with the change in the rate structure from the current
8 structure to another structure.

9 For instance, in Marion Oaks, the change is
10 \$41 a month increase for your service. In Citrus
11 Park, the change will be \$35.68 for your service. In
12 Putnam County, Silver Lake Oaks, the customers will
13 see a \$63 increase in their monthly rate.

14 I point these kind of things out because I
15 think it's important that you understand that the rate
16 structure is an important issue in this case.

17 To date, the opponents of the uniform rates
18 are primarily two customer groups, one in Hernando
19 County and one in Citrus County; and they will see a
20 rate decrease as a result of going to this stand-alone
21 rate structure.

22 I think, although ratemaking is a complex
23 issue, one basic fact that is involved in ratemaking
24 is easy to understand, and that is if you have
25 customers using more water, they're going the pay less

1 per gallon of water that they use.

2 That holds true when we look at the rate
3 structure per location. The customers in Spring Hill
4 in Hernando County and in Sugarmill Woods in Citrus
5 County use 50%, 100%, 300%, and even 600% more gallons
6 of water each month than the customers here today.
7 Marion County customers use about 6,000 gallons of
8 water a month. In Putnam County, it's even less than
9 that. In Sugarmill Woods the customers are using
10 12,000 gallons of water a month; in Spring Hill, they
11 use 10,000 gallons a month.

12 We're hoping to keep that uniform rate
13 structure. We think it results in more reasonable
14 rates for our customers and it also avoids this fact
15 that by using more water you're going to pay less per
16 unit for the water that you consume.

17 Briefly addressing the request for rate
18 increase. Southern States since we've had the last
19 rate increase will make as of December '96 \$100
20 million of additional plant and equipment will have
21 been placed in service. None of you would put \$100
22 million into the bank and not expect to get interest
23 on that money; but since we have been placing that
24 equipment into service in 1992, we have not earned a
25 penny on that investment.

1 You're all aware -- and I know you are since
2 you're here tonight -- you're concerned that the
3 standards and the law are increasing and becoming more
4 strict on the water and wastewater industry. We have
5 testimony; through witnesses we will show that that
6 investment in the equipment we're placing into service
7 primarily is because we're being mandated and required
8 to either make the investment or not meet the law
9 regarding quality of service, or not meet the law
10 regarding safety standards for public health. And
11 either you meet that service, you make the investment,
12 or you pay penalties. We are ready to produce that
13 information to you.

14 One other brief topic. There has been quite
15 a bit of information spread about Southern States
16 buying facilities for cents on the dollar and asking
17 customers to pay for that in their rates. A couple of
18 facts regarding that information is, one, the utility
19 industry in general, if you are buying utilities, you
20 buy some for cents on a dollar, you buy others for
21 more than a dollar.

22 Now, to date, the net impact on revenue
23 requirements has been about \$75,000 of revenue that
24 we've asked for because we've bought for lower than
25 the plant amount that's been invested in that

1 facility.

2 The Commission just approved an acquisition
3 by Southern States which will wipe out that \$75,000
4 difference; which means that the \$75 million revenue
5 requirement that we've asked for, none of those
6 dollars are associated with buying plant for cents on
7 the dollar. It's got a high appeal issue but it's got
8 no material impact at all on this rate proceeding. As
9 a matter of fact, it's got no impact.

10 We want to share that information to you,
11 you have a right to that information. We want to hear
12 your questions tonight and your concerns about quality
13 of service; we'll address them seriously. Again, I
14 offer anybody from Southern States, including myself,
15 to come out and speak with you. Please let us know
16 after this hearing and we'll be there.

17 Thank you.

18 CHAIRMAN CLARK: Thank you, Mr. Armstrong.

19 Mr. Shreve.

20 MR. SHREVE: You know, they want to give you
21 all this information, I wish they would at least tell
22 you what type of money they're asking for from your
23 individual systems. Because right now you have not
24 received any notice that is anything less than
25 confusing. Because the rates have changed.

1 Maybe we ought to start having somebody
2 besides just Southern States at these meetings they
3 have, because a lot of people have some information
4 that I don't think they're giving you.

5 He just went through this purchase price --
6 I guess he's talking about Orange/Osceola. I wish he
7 would talk about the purchase of Deltona which brought
8 Marion Oaks under their system, because they paid
9 about \$9 million less than they are receiving a return
10 on.

11 He talks about you wouldn't put any money in
12 the bank unless you are going to get interest on it,
13 they're getting interest and return on money they
14 don't have in the bank or anywhere else.

15 The same situation with Lehigh Acres. The
16 same situation with Citrus Park and the group of three
17 there that came in years ago. They paid less for it
18 than they have in the rate base but he didn't tell you
19 that.

20 There is no way you can go to the Minimum
21 Filing Requirements that have been filed by Southern
22 States Utilities that are provided here in your county
23 for you to take a look at them and determine whether
24 you are opposed to this case or for this case. If the
25 people knew, regardless of the weather, if the people

1 knew what the maximum exposure that they had under
2 this case in their rates was, this auditorium would
3 probably be packed, even if it is pouring down rain.
4 They have not told you. He still hasn't told you.

5 I even saw in the Orlando Sentinel where
6 Southern States said they had not calculated the rates
7 on a stand-alone basis. That's really interesting,
8 since they filed the MFRs and nobody still knows that.
9 I think they have it but I think they have not told
10 anybody, and I think you deserve to know what they
11 are.

12 What Southern States has done now is talking
13 about one group of customers against another group of
14 customers. And I'm not involved in that fight; but
15 everybody better start getting interested in how much
16 money they want because somebody is going to pay for
17 it.

18 They want the money. They'll walk with the
19 money, just like they walked away with a \$6.5 million
20 profit on the sale of St. Augustine Shores that is not
21 being counted to the benefit of the customers; about
22 \$19 million on the sale of a company they sold in
23 Sarasota that is not being counted; and they're
24 bellyaching about not making any profit?

25 Somebody ought to tell you the straight

1 scoop on what your exposure is, the maximum exposure,
2 not just the numbers that you're being given, because
3 it's not being honest with you.

4 Thank you. (Applause)

5 CHAIRMAN CLARK: Thank you, Mr. Shreve.
6 Will you go ahead and call your first witness.

7 MR. EDMONDS: Excuse me, Madam Chair, I'm
8 sorry to interrupt. I believe we need to visit the
9 exhibits again.

10 CHAIRMAN CLARK: Okay.

11 MR. EDMONDS: What we had marked and
12 identified and offered tonight as Exhibits 11 and 12,
13 according to our list, Exhibits 11 through 17 were
14 identified at the Temple Terrace hearing. And perhaps
15 the utilities or Mr. Shreve could check their records
16 because I'm not sure if 11 and 12 is where we're at
17 now?

18 CHAIRMAN CLARK: I think you may be correct,
19 because we did take a number of exhibits at Temple
20 Terrace. What I would propose to do is we'll work
21 that out before we leave here tonight and we'll
22 straighten out the numbering at that point. Thank
23 you.

24 Mr. Shreve.

25 MR. SHREVE: Mr. Sparacia.

FRANK SPARACIA

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

5 WITNESS SPARACIA: Good evening and members
6 of the board. May I please ask for a request, this
7 sounds silly, but I usually do that. I want to be
8 sworn in because I don't believe in group swearing in.

9 (Witness Sparacia resworn.)

10 WITNESS SPARACIA: My name is Frank J.
11 Sparacia. I reside at 287 Marion Oaks Drive, Ocala,
12 Florida.

13 Now, it is a problem in Marion Oaks.
14 Because I agree that the Southern States, when they
15 acquired this, they started where Deltona left off.
16 In fact, if I'm allowed after, I'll give each and
17 every one of you a copy of what started this.

18 I caught Marion Oaks Utilities back in 1988
19 in back of the Quick King that we have there, and at
20 that time it was new. And there's 13 stores
21 altogether and three of them were occupied. They
22 didn't have a hole in the ground, they just had like
23 cement rings about 30 feet deep; and what they done,
24 the Marion Oaks Utilities were pumping it out into the
25 roadway, human waste. It's in the records, the State

1 Attorney has all the records, because I started an
2 investigation on that.

3 Now what happened here now? It is a fact --
4 and I called up before Minnesota Topeka took over and
5 I was able to make calls there, reversed the charges,
6 accepted by the President, which I was told it was.
7 And I said to him, "Before you take it over," because
8 there was General Development involved in that, the
9 toy company of North Carolina and Minnesota Topeka.
10 But Minnesota Topeka had more stocks. The way I know
11 is because I happened to buy five shares about ten
12 years ago and I knew the story on it.

13 If they had paid attention and meet with me,
14 they would have been in for an awful lot of money
15 money, because there was no water mains where they
16 were registered like \$30,000, \$24,000. In fact -- and
17 it's on record that I stopped building permits there
18 for about six months that they weren't able to build.
19 It's on record. The State Attorney has them and so
20 forth. Which used to be the Board of Health, now it
21 is Environment, Mr. Thompson is the head of that, all
22 that.

23 Now here I see something here and I think it
24 only involves Marion Oaks. \$2,990,000.64 because they
25 have put water mains and so forth. Not sewer.

1 In fact, I'm all alone in my home for the
2 last five years and I got a bill a few months ago,
3 believe it or not, \$78. And I called up and I spoke
4 to Ms. Teasely (Phonetic) -- is she here tonight or
5 does she have nothing to do with this?

6 CHAIRMAN CLARK: I don't think she's here
7 tonight.

8 WITNESS SPARACIA: Okay. And I had quite a
9 conversation with her. That I'm willing to pay -- and
10 I have a well that I don't use anywhere with the
11 household because I know it's against the law to do
12 that, you're stealing. And it's very important.

13 And I said to her, "I'm not satisfied with
14 this, I would like to have just the service of your
15 water." It can't be done because I'm in the housing
16 area. I can't have a septic tank.

17 Well, after this meeting, within a month or
18 two I'm going to apply and see what happens that I
19 would like a septic tank. Because with all due
20 respect to each and every one of us here, and this
21 isn't harsh what I have to say, if anybody like my age
22 goes through an operation and you like go to urinate,
23 I don't have to tell you -- let's hope it don't happen
24 to anybody here, at my age it happens -- just a few
25 drops. And you cannot flush that toilet bowl because

1 I understand every time you flush that, it's about 6.5
2 or 7 gallons. Add that up two times the sewage,
3 that's an interesting large expense.

4 But nevertheless, here, if I'm able to give
5 each and every one of you a copy of this that it goes
6 back and how it all started there that the Southern
7 States, which is Minnesota Topeka? Am I allowed to
8 give a copy to each and every one of you? Can I?

9 CHAIRMAN CLARK: Yes, Mr. Sparacia, you may
10 give us what you have.

11 MR. SHREVE: Do you want me to give it out?

12 WITNESS SPARACIA: Yes, I appreciate it.
13 Thank you. And I have more to it, more, right there.
14 In fact, there was a bigger investigation, my name was
15 in the newspaper.

16 I happened to buy a copy machine for a hobby
17 I started about five years ago.

18 (Pause)

19 CHAIRMAN CLARK: Go ahead.

20 WITNESS SPARACIA: Okay. Now, one more
21 thing.

22 I guess you are aware, Southern States
23 Utilities ought to know this, an area there which is
24 called the Feather Nest, new area about a
25 year-and-a-half or two years old if it is that old.

1 They're supposed to have a sewer system there, too.
2 It was not working so they got an okay -- I was at the
3 County Commissioners meeting and I didn't know that
4 was coming on -- in order for the homes that they were
5 starting to build.

6 They got together, the Southern States man
7 was there, and Curratin Builders (phonetic), they were
8 the ones that were building the homes there, to put in
9 septic tanks. I don't know whether they went to the
10 water system now or not, that they said they had
11 repaired them. But the idea is that happened there.

12 But it wasn't only four that they wanted,
13 they wanted something like 11. And I protested to the
14 11, and I don't live in that area. It's not fair.
15 Because they're getting the benefit. Like the people,
16 I don't begrudge them that bought land, built a home,
17 they were able to have a septic tank. It's part of
18 the saving there.

19 One more thing, it's very, very important.
20 Now this figure that I just gave you a little while
21 ago, 2 million, so forth, is that Marion Oaks only?

22 CHAIRMAN CLARK: Mr. Sparacia, I'm not sure
23 what you are looking at.

24 WITNESS SPARACIA: Oh, I thought you would
25 have a copy. In fact, I got a copy and

1 Mr. Mannershein (phonetic) gave a copy to you, sir; is
2 that correct?

3 MR. SHREVE: I have a copy.

4 WITNESS SPARACIA: He was good enough to
5 give me a copy because I'm the one that brought the
6 subject or the specifics of it. I have it right here.
7 You got it? Okay. (Pause)

8 CHAIRMAN CLARK: Mr. Sparacia, are you
9 waiting for Mr. Shreve to verify something?

10 WITNESS SPARACIA: I can go on? Okay. So
11 we got to that point.

12 I am going to apply, which I know I wouldn't
13 get it, the septic tank, because I'm in the housing
14 area, I'm in the upper class part of the area. But
15 Deltona had started all of this. But I warned
16 Minnesota Topeka to please send your men down here
17 before you take over, they would have saved an awful
18 lot of money. And this is not the only time I'm
19 talking about, I spoke about it before.

20 Now there's one more thing; it only came to
21 my mind a few days ago and I kept it quite a secret
22 and I want to know just what's what. When the
23 Southern States acquired the utility from Deltona
24 Corporation, which I know there was a transaction
25 there of \$7 million, Minnesota -- about that area

1 money, \$7 million -- and Deltona had to give like 80
2 pieces of property throughout Florida the water
3 systems that they have. And when they went before the
4 Public Service Commission, I understand, they asked
5 them, "Did you get an appraisal on the 80 acres -- the
6 80 pieces of property?"

7 "No, we didn't."

8 I believe at that time it was not valid.
9 I'm not so sure, but anyway, under the circumstances
10 there.

11 Now when the Southern States Company
12 acquired this utility company, you got three things:
13 Water, sewer and gas. The gas part of it was sold
14 out, which people don't know about it probably. I
15 don't know whether the land went with that, there's a
16 private company now, the Heritage Gas Company now.
17 Deltona -- Southern States doesn't have it any more,
18 they sold that.

19 I didn't see anything, didn't hear anything
20 the amount of money they got, maybe a million, 2
21 million, I don't know. Now this was in a pot and you
22 stir it, then maybe instead of asking for a certain
23 amount, it will be a much less amount. And that's
24 very important.

25 Is that correct, they don't have the gas

1 part of it any more?

2 MR. ARMSTRONG: Some of the facilities were
3 sold, yes.

4 WITNESS SPARACIA: Okay. Do you have any
5 idea how much you got, if you're able to reveal that?

6 MR. ARMSTRONG: I don't know that off the
7 top of my head.

8 WITNESS SPARACIA: And whether they had the
9 land with the tanks on it is included that the new
10 company paid for? This is very, very important
11 because they're asking for something. But I think
12 what I have come out with here is justified. If
13 anybody has any doubts about what I'm saying, it's all
14 on record. They can go to the County Commission
15 office and the State Attorney's Office; and in fact,
16 there's a little article right here. I am going to
17 give it to you if you will pass it around. This is
18 very important.

19 CHAIRMAN CLARK: Mr. Sparacia, one thing I
20 need to tell you is you need to be at the microphone
21 so we can pick up what you are saying. Thank you.

22 WITNESS SPARACIA: Okay. Everything is on
23 record. The State Attorney, where I even took video
24 tapes of it and so forth, my own expense.

25 Because some people say, ah, Deltona done it

1 but we must protect our investment. My God, protect
2 the investment, there's nothing there to invest any
3 more. Our investment is gone already.

4 So anyway, that's my case. But is there any
5 way of finding out what the gas part of it was sold
6 for? I don't think it's in the stockholders
7 meeting -- report.

8 CHAIRMAN CLARK: Mr. Armstrong, if you can
9 respond to that, go ahead.

10 MR. ARMSTRONG: Certainly. I would just
11 like to say it would have been in the report but I'll
12 be glad to provide that information to Mr. Sparacia.
13 I'll get it to you in the mail as soon as I can.

14 WITNESS SPARACIA: Please do that, and
15 outline it for me? It's very important, whether they
16 got 1 million, 2 million, I don't know how much.

17 But anyway, again, I'm repeating. If they
18 would have paid attention to me they would be in an
19 awful lot of money money. Because what they are
20 asking here is that they put the water mains in here.
21 Because the building permits were stopped, it's on
22 record. And I done it, exCommissioner Needham done it
23 when he was commissioner. Because I went to see him
24 and he had the attorney work on it. Within two days,
25 I had information on it.

1 I'm real equipped. I got plenty of
2 information here, this is not my lunch. And I'm up
3 since 5:00 this morning but thank God I'm here.

4 I want to thank you so much. Can I please
5 have the record of the young lady who took the report
6 here? I'll pay for it.

7 CHAIRMAN CLARK: You want a transcript?

8 WITNESS SPARACIA: Yeah.

9 CHAIRMAN CLARK: We'll see that you get a
10 transcript, Mr. Sparacia. Have you concluded your
11 testimony?

12 WITNESS SPARACIA: Yes.

13 CHAIRMAN CLARK: Is there anyone who would
14 like to ask questions of Mr. Sparacia?

15 WITNESS SPARACIA: The thing is, please,
16 let's be careful. There's a lot of people there,
17 they're seniors, they just can't afford it. Thank
18 God, I'm half crippled up, I'm out on pension, I
19 haven't done a bit of work since 1964. I used to work
20 for the sanitation police in Brooklyn, New York. In
21 snow time you have to go out and direct traffic and so
22 forth. The thing I'm worried about, whether they ever
23 repaired that snow plow yet in all these years.

24 But anyway, the Lord has been good to me.
25 And I'm not going to stop. And nobody else is with me

1 on this; and I want to be alone because I'm doing very
2 good by finding out things myself.

3 I want to thank you for the opportunity to
4 come before you. But this is very, very important.
5 Thank you so much for listening.

6 CHAIRMAN CLARK: Thank you, Mr. Sparacia.

7 MR. SHREVE: Thank you, sir.

8 WITNESS SPARACIA: Thank you. (Applause)

9 (Witness Sparacia excused.)

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11 CHAIRMAN CLARK: Mr. Shreve, I looked back
12 through my notes and I unfortunately don't have an
13 accurate recollection of what the last exhibit was, I
14 believe it's beyond 11. Let's renumber the Notice of
15 Publication as Exhibit --

16 MR. EDMONDS: 18.

17 CHAIRMAN CLARK: -- 18. We'll label the
18 Affidavit of Mailing as Exhibit 19. We will label
19 Memorandum dated October 10, 1989, from Randall Moring
20 to Commissioner Needham as Exhibit 20.

21 MR. EDMONDS: Yes.

22 CHAIRMAN CLARK: Then we will label the
23 newspaper article of October 1, 1988, as Exhibit 21.

24 THE REPORTER: I don't have a copy of that,
25 ma'am.

1 CHAIRMAN CLARK: I will give it to you.

2 (Exhibit Nos. 18 through 21 marked for
3 identification.)

4 CHAIRMAN CLARK: Go ahead, Mr. Shreve.

5 MR. SHREVE: I apologize, but I'm really
6 having trouble with the last name, the writing. Ray,
7 I believe it's C-R-I-E?

8 Commissioner, he wanted his article back.
9 We'll make some copies and (inaudible).

10 CHAIRMAN CLARK: It sounds good. Or we will
11 take care of sending it to him.

12 Could you give us your name again?

13 RAYMOND CIUFO

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

17 WITNESS CIUFO: My name is Raymond Ciufo,
18 spelled C-I-U-F-O, last name. I live at 199 Marion
19 Oaks Lane, Marion Oaks, Ocala, Florida 34473.

20 There are quite a few things in here that I
21 think is going to hit quite a lot of people. I'd like
22 to ask, Mr. Armstrong mentioned that there was \$100
23 million building built, whereabouts was that building
24 built, that facility?

25 MR. ARMSTRONG: It's in excess of \$100

1 million of additional plant throughout the state of
2 Florida.

3 WITNESS CIUFO: Throughout the state. In
4 Marion Oaks what has been improved, can you tell me?

5 MR. ARMSTRONG: In Marion Oaks, there's
6 approximately \$2.2 million of water improvements and
7 \$700,000 of wastewater improvements.

8 WITNESS CIUFO: I would like to ask you one
9 question if you can answer it. When you talk about
10 improving the water system of the sewer part, what has
11 been done since the time it was built by Deltona back
12 about in 1970 some-odd years?

13 CHAIRMAN CLARK: Mr. Ciufu, I should tell
14 you that he can't give testimony here but I'm going to
15 allow him to provide the information to you to the
16 extent he knows it to the extent of his knowledge.
17 But you need to know this is not testimony. Go ahead.

18 MR. ARMSTRONG: I have limited knowledge
19 that I can speak to off the top of my head other than
20 additional wells, additional lines that were suggested
21 earlier by Mr. Sparacia, and then numerous wastewater
22 improvements as well. But I don't have the
23 information off the top of my head.

24 WITNESS CIUFO: Has the waste sewer part
25 been enlarged to where it is now? Has it increased?

1 Because that's only the part of the housing area where
2 I live in, too.

3 MR. ARMSTRONG: I can't tell you how much it
4 has increased over the time since it was first built,
5 I don't have that information.

6 WITNESS CIUFO: All right.

7 In here it says that they're asking for a
8 10.32% of return. I would like to ask one question.
9 You have not reached the senior citizen, like me and
10 quite a few other people here. Last year Social
11 Security gave 2.7% increase on what you are getting
12 per month. Seems as though all the time everything
13 has come up, there's more and more coming up in
14 percentage that they have to get a return. You go to
15 the bank and put some money in the bank, you get about
16 2.5% on savings, maybe 5% or 6% on CDs. Everything is
17 going up where people are getting really hit hard.

18 Water is given from God. The sewer,
19 manmade. The pipes are put in to require the water to
20 be put to the people. Seems as though since I came
21 here in 1980 there has been a steady increase up and
22 up and up. When is the possibility it is going to end
23 so we can live a little bit easier without this?

24 You gave the figure of \$41 at the present
25 time an interim rate for the water and also so much

1 for the sewer. Now, how much can we put out of our
2 pocket to subsidize SSU?

3 The thing is this. I realize a company goes
4 into business has got to get something to make up.
5 But in order to do this, Southern State had to have
6 some kind of financial backing in the beginning to buy
7 all these utilities around. If they didn't have this
8 around, how can you afford to continue to work and buy
9 and do this and do that at the expense of the senior
10 citizens mainly around where we are and all the other
11 people that are involved, too?

12 The idea is this, we all have to live, too.
13 I can remember where I used to live, I know it was
14 only about four or five years ago that they started
15 what is called the Clean Water Act, too. And in there
16 you spend \$10 a month for water, you pay \$10 a month
17 for sewer, not almost three times like we pay now on
18 mine here. From April to September my water bill was
19 73.53. The sewer for the same amount was \$197.68.
20 That's almost 275% more. Now, you are going to get an
21 increase of \$41 at interim rate right now, you say
22 it's going to increase more.

23 Just how much can you push out of us? We're
24 not made of stone. We're flesh and blood, we have to
25 do things, too.

1 As I look at these here, what is going to
2 happen two years from now if you don't get that great
3 increase, just how much can you push out? How much
4 can you do?

5 The government is not doing anything for us.
6 In fact the Social Security they want to cut down some
7 more; they want to cut down on the Medicare; doctors
8 keep going up with the rates. What are we going to
9 do, just turn around and die just so somebody else up
10 ahead can make a lot of money?

11 To my estimation, you have said the Company
12 has made no money for four years, how can you exist?
13 These are the things I would to find out, too.

14 The thing is this. Where people, where do
15 you live, sir, Apopka?

16 MR. ARMSTRONG: Yes, sir.

17 WITNESS CIUFO: Do you live with the
18 Southern Utilities in the area where you pay water and
19 sewer?

20 MR. ARMSTRONG: There are no utilities in my
21 area, sir.

22 WITNESS CIUFO: Okay. See, you've got to
23 put yourself in our position what you're doing to me,
24 like this here. Because if you are in an area where
25 you may have probably 10 or 15 acres of land, you've

1 got a septic tank, you have a well, you're not
2 contributing to this part.

3 In fact, as Mr. Sparacia has said, you still
4 have the gas. I remember the letter came from
5 Heritage that they turned over and they bought the gas
6 part from you.

7 It hurt me last year, too. I took a
8 vacation up north, I had my check to pay for the
9 utilities but I forgot to mail it. My good neighbor
10 next door happened to see Southern States Utilities
11 coming over there, knocking on the door, wondered what
12 it was. We told him to watch our house. He had a
13 little note on his hands to put on the door, going to
14 shut my water off. I never once did not pay my bill;
15 every month I paid that bill. When I took back there,
16 I came back and he told me he paid the bill for me, I
17 was pretty peeved.

18 They said, "Well, the computer kicks it
19 out."

20 Gee, why don't the people look at the bill
21 to find out who is not paying and who is paying that
22 they've got to go and shut my water off? he said he's
23 going to connect it again if he had shut it off, a \$45
24 rate. That's preposterous.

25 Up North there, you miss one month, they put

1 out the next month, then they come after you. Why
2 don't we get some service like that over here? If you
3 can't pay one month you pay the second month without
4 paying a penalty, without shutting it off and then
5 connecting it again. To me, it is childish, sorry to
6 say.

7 The Utility has to live; but still and all,
8 we're all important. We know how people get hit by
9 the hurricanes out there, no water, no electricity,
10 they are really hit hard. Say for example now if
11 there was a part where Southern States Utilities comes
12 in like this, what can they do for the people?

13 Also, you also asked for help. How much
14 help does the SSU give to these people that don't have
15 nothing?

16 So these are things that the Southern States
17 Utilities, their heads, the management and everything
18 else all up on top, have to consider. We as people
19 are citizens. We have given a lot for this country.
20 The young ones coming up will probably do the same,
21 probably worse; the way things are going there is not
22 going to be no end to this thing, just an endless
23 chain, go round and round and where it stops nobody
24 knows.

25 We in turn would like to hear the rates come

1 down a little bit. Not go \$41 for the water and so
2 much for the sewer. Because as you have said, there
3 is going to be probably \$60 or \$80 a month more in
4 time to come maybe a year or so from now.

5 You're going to drive people out. People
6 are moving out of Marion Oaks because these things are
7 going so darned high. So many houses for sale, so
8 many places for rent, that if it wasn't for that,
9 Southern States Utilities might as well go broke
10 because there's no point to serve.

11 This is the thing you have to consider. I
12 would like you to take this to your management and
13 have them to consider a little bit for the people. If
14 it weren't for the people, there would be no company.
15 This is the whole thing in a nutshell.

16 We have to work together to keep this thing
17 to a point where we can live and manage and help you
18 out if we can. Because if there's nobody there,
19 Southern States Utilities don't need to be there.
20 Thank you.

21 CHAIRMAN CLARK: Thank you, Mr. Ciufu.

22 Questions?

23 MR. SHREVE: No questions. Thank you, sir.

24 CHAIRMAN CLARK: Thank you.

25 (Witness Ciufu excused.)

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CHAIRMAN CLARK: Mr. Sparacia, we'll come back to you. I can't take your testimony unless you come to the microphone, and there are plenty of people --

WITNESS SPARACIA: I'll tell you why, one important thing --

CHAIRMAN CLARK: You can go at the end. We can't get your testimony.

Go ahead, Mr. Shreve.

WITNESS SPARACIA: Thank you.

MR. SHREVE: Mr. Gypert.

WILLIAM GYPERT

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

WITNESS GYPERT: William Gypert, 3950 Southeast 19th Avenue. What was your name?

MR. ARMSTRONG: Brian Armstrong.

WITNESS GYPERT: Brian, I think you're a pretty smart guy, you don't have Southern States Utilities. If you did, you wouldn't be dressed in a good suit, you would be going broke like the rest of us.

Number one, I don't understand why we are

1 costing so much for water. If you check with your
2 water and wastewater, I forget her name in
3 Tallahassee, she will make the statement, the water in
4 Florida is 92% to 93% pure.

5 We keep on having to put more regulations
6 on. The last regulation that Florida had to abide by
7 was three years ago and the one before that was eight.
8 And the one three years ago turned around and said
9 that every three years we need to check important
10 metal in a well. Wonderful, \$400 once every three
11 years. Real expensive.

12 And they'll double the rates. If you take
13 \$10 per place per month, in a year you got it paid for
14 without any hesitation. When we are paying \$60,000
15 for water and sewers, they only cost \$60,000 to begin
16 with. Where is it?

17 Somebody had better find out where we are
18 putting this money. Just because I say I'm going to
19 spend \$5,000 to dig a hole six by six by six, I hope a
20 lot of people are a lot smarter than this and they
21 really start looking to find out where this money is
22 getting spent and have people, builders, go in there
23 and say, hey, a six by six hole ain't going to cost
24 \$2,000 to dig, no matter what. Even if you are
25 digging it with a teaspoon.

1 This has been going on and going on; and
2 sooner or later, the State of Florida has got to turn
3 around and start looking out for the people of Florida
4 and get rid of these people that are selling the lake
5 land about two miles off of Tampa right in the middle
6 of the thing.

7 Why do we want this reputation of always
8 ending up with the people that are selling things and
9 pushing things that we know is wrong? And this is
10 what seems always to happen.

11 Just like they turn around and say,
12 "Wonderful. We are supposed to stand up here and talk
13 intelligently." How do we talk intelligently when
14 they tell us that we've got a unified rate, everybody
15 is going to -- now we get here and now there's
16 something else.

17 I don't see what this hearing is doing us a
18 bit of good because we don't know what you are talking
19 about, what their rate is or anything else they put
20 in. They sent us a rate for the whole system; now we
21 find out when we get here, hey, this whole system got
22 rejected.

23 I mean, how can you do it? What's the sense
24 of having a hearing? Could you tell me, Ms. Clark?

25 CHAIRMAN CLARK: Yes, maybe I can help out a

1 little bit.

2 What happened was we did have a rate case, I
3 believe it was in '92, we set uniform rates at that
4 time. And the court told us we could not set uniform
5 rates, and so the --

6 WITNESS GYPERT: Then that petition would
7 have to be rejected then.

8 CHAIRMAN CLARK: Well, what happened was
9 there was no rejection of the fact that we found that
10 they needed a revenue increase. What was rejected was
11 how we spread it among the various ratepayers, and
12 that's what we had to adjust. And that is what has
13 occurred recently in terms of a commission vote to
14 readdress the rate structure.

15 Now, this Utility, in between the time of
16 that case, the court came out with that opinion, and
17 the time we changed the rates, they applied for
18 another increase. And they have requested once again
19 a uniform rate structure or a two-tier structure for
20 water and a one-tier for wastewater.

21 It is difficult to understand when you have
22 two rate cases going on at the same time.

23 If I can speak to one other thing you asked
24 about as to whether or not we look at how much money
25 they spend to put in a well and check on how much

1 money they have put into plant, we do that. That's
2 why we have engineers, they look to see that it was
3 properly done; and also Mr. Shreve and Mr. Beck and
4 their staff look into it. That is the purpose of the
5 rate case is for us to test those expenditures.

6 WITNESS GYPERT: Okay, let me ask another
7 question. What exactly, do they have -- are they
8 supposed to be following all rules and regulations of
9 water and wastewater?

10 CHAIRMAN CLARK: Yes, they are.

11 WITNESS GYPERT: Oh. Last time I brought
12 this up three years ago. Accordingly to your
13 wastewater and water on the door or entrance to any
14 wastewater or water, you're supposed to have a log.
15 Why haven't they?

16 CHAIRMAN CLARK: Are you indicating that
17 they don't have a log that is required at their plant
18 in Marion Oaks?

19 WITNESS GYPERT: No, at Citrus Park.

20 CHAIRMAN CLARK: We can look into that. I'm
21 not aware how that log needs to be kept and whether or
22 not it is not in compliance with that, but we do check
23 those things.

24 WITNESS GYPERT: In other words, that's part
25 of it, and I brought that up before. Because that's

1 supposed to be without even hesitation. Just like at
2 the same time I noted that I knew that one of the
3 their employees at the time was caught cheating or
4 falsifying records, state records.

5 And this is why they are supposed to be up
6 there, that whoever walks up there, you should be able
7 to see if somebody has been there or not. Not back in
8 the office it could be filled out. I'm not saying
9 they do, but it's supposed to be there for you to be
10 able to walk over to see if they have been there.

11 CHAIRMAN CLARK: Well, one thing I might
12 clarify for you, it sounds like that may be a
13 regulation of the Department of Environmental
14 Protection, and they have the responsibility to
15 enforce that. But we do check with them to make sure
16 there are no outstanding noncompliance issues with the
17 Utility. That's part of this whole rate case.

18 I will acknowledge that people sometimes do
19 not do what they are supposed to, but we look into it.
20 If you have any more information about that, we would
21 like to have it.

22 WITNESS GYPERT: Okay. Well, let's go
23 further. One of the last times we were down here with
24 Southern States, we had a couple of their people stand
25 up and say, "What do you think, we're stupid? We

1 would never buy a plant that we have to put money in,
2 it's not going to make us money."

3 What happens? Every time they buy a plant,
4 we have to drop millions into it to make the plant
5 work. I would say they're buying plants that they're
6 not making money in, even though they said at that
7 meeting they would never think about buying this.

8 That was one of the big things that was
9 brought up about four years ago when we went through
10 this combined rate increase: But you are going to buy
11 it, you're going to charge us to fix up another wreck.
12 That's all on record. And they keep on going.

13 Where do we go? Where you pay \$90,000 to
14 have a plant out there and you pay \$60,000 a year, you
15 tell me, for ten years you paid \$600,000 you've gotten
16 and you only paid \$60,000 to \$90,000 for it with
17 everything you've done with it.

18 CHAIRMAN CLARK: Mr. Gypert, we do look into
19 the records and they do make improvements over time
20 that do add to the rate base; but that's the purpose
21 for us employing accountants and engineers and
22 financial analysts, to check that all out.

23 If you have anything specific you want us to
24 look into, by all means, let us know. This may be a
25 good time to let everyone know that if there's

1 anything else you want to tell you us, if you do not
2 want to testify today, you can use this sheet on the
3 back; it already has our address on it; just write it
4 down and let us know.

5 WITNESS GYPERT: Okay.

6 CHAIRMAN CLARK: Thank you. Any questions?

7 DIRECT EXAMINATION

8 BY MR. SHREVE:

9 Q Mr. Gypert, thanks for coming. Mr. Gypert,
10 has anyone made you aware of what the maximum they
11 might be asking for under this rate case would be?

12 A The only slip I've gotten so far is one they
13 sent that was unified rates for all of it. Until we
14 got here I never even knew and no record or anything
15 else had ever been sent to me anything different. And
16 that came about a month ago.

17 Q All right, sir. I think that notice that
18 you had for, let's say, your sewer bill said about
19 34.63 is what your rates are right now and they were
20 requesting an increase on that. Their proposed
21 increase I believe -- and correct me if I'm wrong --
22 if you recall, they said in there was 45.71 was what
23 they wanted --

24 A Around that, \$46.

25 Q Your rate that you will now be under before

1 the rate case is \$68. So the only point I'm making
2 here, we have a bill already larger than they said it
3 was going to be after the rate case was over.

4 A Right.

5 Q That appears to be unimportant. Now, I
6 think the people would be much more interested if they
7 really knew what their exposure was.

8 Now, Southern States has asked for the
9 uniform rates but it is to be very clear that they
10 want the full amount of their revenue regardless of
11 who it comes from. And that's where I think there's a
12 real problem in not telling the customers what the
13 straight facts --

14 A Right. In other words, you're having a
15 hearing, as far as I'm concerned, you don't even know
16 what you are talking about because you have no real
17 thing. If I put in a rate or I ask for a raise from
18 my boss and he says, "Yeah, I'm going to give you a
19 raise," that's kind of stupid without really knowing
20 what kind of raise I'm talking about.

21 MR. SHREVE: Yes, sir. Thank you,
22 Mr. Gypert.

23 WITNESS GYPERT: Thank you. (Applause)

24 (Witness Gypert excused.)

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1 MR. SHREVE: Mr. Neufeld.

2 **KARL NEUFELD**

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

6 WITNESS NEUFELD: I'm Karl Neufeld, 4041
7 Southeast 21st Court, Ocala 34480, in Citrus Park.

8 Public Service Commissioners, Public Counsel
9 and ladies and gentlemen in the room, we're a confused
10 bunch of people. I'm serious. Not stupid ones,
11 either. Most of us are very well educated. I happen
12 to be a former CPA; I'm also a mechanical engineer; so
13 I'm not quite stupid.

14 What is this? We got a rate increase
15 proposal here on June 28 which averaged out 46.48%
16 increase. In that case, a person who is now paying
17 100 a month is going to be paying 146.48. That's the
18 smaller one.

19 September 12, nothing but a mess of
20 confusion. September 21st proposal, another mess of
21 confusion. In fact, the latter two I guess came out
22 to about a 60% or 70% increase.

23 Can we ask you, Public Service
24 Commissioners, will you please advise us before you
25 approve something? It's our money that you are

1 spending or you're permitting to spend.

2 By the way, last year -- no, three years
3 ago -- Southern States sent out a report stating the
4 revenues of each one of their utilities. Citrus Park
5 with 152 customers had an income, a revenue, of
6 \$391,000. We therefore then went out and got bids
7 because we were proposing to buy it.

8 Do you know what the average cost of
9 maintenance was that we got for bids? Less than
10 \$20,000 a year including chemicals. That's a mighty
11 fine profit for somebody to say he's not making any
12 profit? Please don't lie. Please.

13 I don't believe the Public Service
14 Commission realizes, Citrus Park we have no hydrant
15 fire protection from these people. All they are
16 giving us is a collective well and a collective septic
17 system. That's all they're giving us. We're getting
18 no amenities whatsoever.

19 Just a block from us, the city gives
20 complete hydrants for a much lower insurance rate and
21 they give them fire protection. All we have is a
22 tanker truck that protects our homes. Thank God we
23 have some awful safe people living in Citrus Park, we
24 haven't had any serious fires.

25 I think this should be considered when you

1 are making a consideration for a rate increase. If
2 they don't supply us with hydrants, naturally there
3 should be at least a 50% reduction in rates.

4 I don't know how you justify your approval
5 of increases. I used to be on a regular commission.
6 The first thing we did when a utility came to us and
7 wanted an increase, the secretary handed them a ten
8 point request, "Don't come back unless you answer
9 every one of these ten points." How do you stand on
10 average, was number one. Are you averaging your
11 utilities?

12 By the way, if you are losing money, if you
13 can't stand the heat, get the hell out of the kitchen.
14 Forgive me, but sell the utility. Many of us will buy
15 it from you.

16 And by the way, Citrus Park was sold for
17 less than \$10,000 because I bid on it. Now we have a
18 value of \$790,000 I believe they put on it. And what
19 did they add? They added a water tank. What is it, a
20 500-gallon water tank? It's a a good-sized water
21 tank. I don't know why they replaced it, but I guess
22 they had to justify it in the last request for
23 increase.

24 And they had trucks all over the place. I
25 asked several drivers, "Where are all these SSU trucks

1 coming from?"

2 "They shipped them in from other utilities
3 to justify our request for increase."

4 Are you people watching that?

5 By the way, we had a team of people watching
6 the sludge truck coming in. Always came in after
7 12:00 at night picking up the sludge. We asked the
8 driver, "What are you doing here with a semi truck?"

9 He said, "Well, I'm picking up sludge."

10 SSU gets paid very well for this. And by
11 the way, do you know what they use that sludge for?
12 They're not supposed to be selling this for human
13 consumption. They're selling that for -- humans
14 prefer sheep dung. By the way, it's human stuff,
15 okay. They are also making big money on that. Do you
16 find that in their financial statement? I don't think
17 you do.

18 SSU has a monopoly in our area. Don't we
19 have any protection whatsoever from that monopoly?
20 They can raise the rates, they can charge whatever
21 they want.

22 We can't drill a well. Florida Statutes
23 don't allow us to drill a well. Florida Statutes
24 don't allow us to put a septic tank in. No
25 alternative except slavery. They used to call it

1 hostage. It still is hostage. They can charge any
2 rate they want.

3 Most places -- in fact, Marion County, I
4 think the average utility rates for water and sewer
5 are more in the neighborhood of less than \$50 a month
6 and we're paying better than \$100 and we're paying
7 almost \$200 now.

8 I wish the Commission would ask for the
9 average rates in the County of Marion County or any
10 county you're dealing with so everybody pays similar
11 rates, fair rates. Then if Southern States can't make
12 it on it, let them sell it. Let the counties buy it.

13 They told us last time that the water cost
14 them so much money to process. By the way, I would
15 like to inform you we just talked to a geologist, we
16 just talked to two purification plants just the other
17 day. The water coming out of the ground in Marion
18 County is 99.7% pure. How much more can you add to
19 that? All you do is add a little chlorine.

20 The sewer, yes, you have to process sewer.
21 But the water is good, I must say. And the sewer, I
22 guess is good, too, because we don't see the results.

23 Thank you very much.

24 By the way, one more question. On the
25 uniform rates, I understood that the Attorney General

1 denied the uniform rates and then turned it over to
2 the Supreme Court. What's happened to that?

3 CHAIRMAN CLARK: I can give you some
4 information. It's not the Attorney General who would
5 grant or deny it. What happened was the First
6 District Court of Appeals said it was beyond our
7 authority in that particular -- based on the evidence
8 in that particular case to set uniform rates and
9 reversed us.

10 It has been appealed for the Supreme Court
11 on what is called a discretionary appeal, and that was
12 filed by the Utility. The Commission joined as amicus
13 to have the Supreme Court review that; but it is
14 discretionary and we have not heard from the Supreme
15 Court as to whether or not they will hear the case.

16 WITNESS NEUFELD: So what do we do now?
17 we're on uniform rates again now?

18 CHAIRMAN CLARK: No. What we did was,
19 because the court had said we cannot do it on that
20 record, we proceeded to reset the rates using the
21 evidence in the record to do modified capped rates
22 which were suggested in that rate case. But this is a
23 new rate case and they have requested uniform rates in
24 this case.

25 WITNESS NEUFELD: So they're going to get an

1 interim rate increase, too?

2 CHAIRMAN CLARK: They did ask for an interim
3 rate increase. We have at this time denied it based
4 on the information they gave us, but they can ask for
5 another interim rate increase if they provide new
6 information.

7 WITNESS NEUFELD: I hope you listen to us
8 tonight, please, folks, and have a little bit of
9 common sense. Because what he is saying is not common
10 sense, it is all falsehood.

11 Thank you.

12 CHAIRMAN CLARK: Thank you, Mr. Neufeld.

13 (Witness Neufeld excused.)

14 - - - - -

15 CHAIRMAN CLARK: Go ahead, Mr. Shreve.

16 MR. SHREVE: Mr. Nieman.

17 CHAIRMAN CLARK: Let me say you can adopt
18 the testimony of somebody who has gone ahead of you if
19 you choose to in order to speed this up a little. I
20 guess I'm getting a little worried we may lose our
21 power, but go ahead.

22

23

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25

1 EDWIN C. NIEMAN

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

5 WITNESS NIEMAN: Well, I came here in 1977
6 in Marion Oaks.

7 CHAIRMAN CLARK: Can you give us your name
8 again?

9 WITNESS NIEMAN: My name is Edwin C. Nieman,
10 N-I-E-M-A-N, 1143 Southwest 39th Terrace, Marion Oaks
11 34473.

12 I have been here since 1977 and I have seen
13 a lot of things going on that don't look very kosher,
14 so to speak, even though I'm not Jewish, I'm a
15 Christian, American Christian.

16 I'm not a talker. But I see a half a dozen
17 of these pickup trucks running around since these
18 Southern States Utilities took over Marion Oaks. They
19 took over a plant that already was built and
20 everything was in place for them, all they had to do
21 was move in.

22 What do they do? They have a half a dozen
23 guys running around here doing nothing. The plant was
24 already built before they even came in.

25 Well, I don't know how to explain it, but

1 Deltona Corporation did a pretty good job out there.
2 They got everything in place and it worked pretty good
3 as far as I can see. Maybe they had to make
4 adjustments for more people coming in, but that didn't
5 give them the right to sell to a bunch of crooks like
6 the Southern States Utilities.

7 That's about all I got to say. (Applause)

8 CHAIRMAN CLARK: Thank you Mr. Nieman. Any
9 questions?

10 (Witness Nieman excused.)

11 - - - - -

12 CHAIRMAN CLARK: Go ahead, Mr. Shreve.

13 MR. SHREVE: Mr. Rezutka.

14 **RAY REZUTKA**

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

18 WITNESS REZUTKA: Good evening. My name is
19 Ray Rezutka, last name spelled R-E-Z-U-T-K-A. My
20 present address is 107 Marion Oaks Drive, in Marion
21 Oaks.

22 I'm a new resident here and I came because I
23 could not pass up the opportunity to see the farce
24 that's going on with Southern States Utility after
25 having been in an area area where the utility rates

1 are based upon the consumption of the consumer within
2 the area.

3 A unified rate doesn't tell us too darned
4 much. For example, you were, very, very vague in
5 telling us where these new facilities were being
6 built, "throughout Florida." Where in Florida?
7 Specifically what counties, what municipalities?

8 Who is paying for them? Are we paying for
9 utilities down in Miami or Miami Beach? It's nice to
10 request a uniform rate so you can pass on your
11 expenses for facilities already built. I understand
12 the last rate increase was in 1992.

13 And the first thing we have gotten here was
14 a letter from Southern States Utility which don't jibe
15 at all with this last one. There is no consistency
16 here. We don't know what to expect. It is not a
17 matter a senior citizens, it is a matter a fairness;
18 and unfortunately, the fairness is not on the part of
19 Southern States.

20 I still would like to know where those
21 plants are built, can you answer that today?

22 CHAIRMAN CLARK: Mr. Rezutka, he can answer
23 that to the best of his knowledge but it is in the
24 uniform filings; that is something our Staff will be
25 looking at and Mr. Shreve will be looking at. I think

1 he indicated there has been some improvement to plants
2 in the Marion Oaks area and we will definitely be
3 looking at that.

4 WITNESS REZUTKA: How are these plants
5 benefiting us? That's a question that has to be asked
6 when you ask us to pay for somebody else's utilities.

7 What is the depreciation schedule they're
8 using to amortize their expenses here? We have no
9 idea. These things tell us nothing. We're here in
10 the dark.

11 And how can you justify whether you are
12 using this sheet or this sheet? And I don't care how
13 you look at it, on the water rates you're talking from
14 75% to 78% increase between the base rate and 6,000
15 gallons. On the sewerage you're talking 30% to 39%.
16 That is a tremendous increase.

17 And if you are talking about water
18 conservation, these people here are conserving water
19 but you are charging them the highest rate because you
20 have an increased base rate and an increased charge
21 per gallonage. So where is the conservation coming
22 from, the person using 600,000 gallons per year?
23 There's no conservation there. Those are the people
24 that should be charged.

25 I believe that the uniform rates don't

1 reflect the cost of doing business here in Marion
2 Oaks. Thank you.

3 CHAIRMAN CLARK: Thank you, Mr. Rezutka.
4 Mr. Shreve?

5 MR. SHREVE: One question.

6 CHAIRMAN CLARK: Mr. Rezutka, just a minute.
7 Mr. Shreve would like to ask you a question.

8 DIRECT EXAMINATION

9 BY MR. SHREVE:

10 Q Sir, you made some excellent points where
11 the money was spent, where the plants were put in. I
12 don't know if you realize this. Did you realize that
13 Southern States has elected to file 152 different
14 systems together?

15 A I know they do.

16 Q When we represented Marion Oaks when it was
17 Deltona it was one system; you could go in and you
18 could check it out and see whether the books were
19 right or wrong or whatever the situatio was. Same
20 thing with Citrus Park when we represented them, you
21 could can come in and see.

22 You have eight months to process a case. No
23 big extension in this case, but you have 152 systems
24 to try and check out and it cannot be done.

25 A Certainly, it's a disguise. Thank you.

1 CHAIRMAN CLARK: Thank you, Mr. Rezutka.

2 (Applause)

3 (Witness Rezutka excused.)

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5 MR. SHREVE: Mr. Danielsen.

6 DALE DANIELSEN

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

10 WITNESS DANIELSEN: Thank you for allowing
11 me to speak. My name is Dale Danielsen,
12 D-A-N-I-E-L-S-E-N, 1971 Southeast 39th Street, Citrus
13 Park, Ocala. I would like to know your position, sir.

14 MR. SHREVE: I'm Public Counsel with the
15 State of Florida. I represent the customers, the
16 consumers, before the Public Service Commission in
17 utility matters.

18 WITNESS DANIELSEN: Thank you.

19 I have lived in Citrus Park about three
20 years, and I bought a house that was completely run
21 down, I spent too much money rejuvenating it. In the
22 meantime I found out my water system was very poor.
23 All kinds of garbage in the water. I say "garbage"
24 because it was smaller than what they test for, these
25 little things you can't see.

1 And so I immediately got ahold of Southern
2 States and tried to see what the problem was. In
3 talking with these people, I found out that the well
4 over there, they had two wells that they had split
5 pipes and the dirt was coming in. And so I called
6 Environmental Protection down in Orlando, find out
7 they have had many complaints. The water, the
8 bacteria count was high and both of them were working
9 against the middle on this thing.

10 And then all at once my wife went to flush
11 the commode; and when she did, the top of the commode,
12 honestly speaking, went up to the ceiling of the
13 bathroom. Because we had had a power outage and
14 supposedly their generator was to take over, which it
15 did; but it lost its prime in the pump and they had 60
16 pounds of air on the system in Citrus Park.

17 I don't know if any one besides me in Citrus
18 Park had this experience, but I live right across the
19 street from the well system over there.

20 So all this, this was one thing after
21 another for over a year. I have reams of files. I
22 used to write Mr. Deason, thinking that he was
23 Chairman, I don't know if he recalls me writing him.
24 I have filed a compliant with Mr. , The man, Bob --

25 CHAIRMAN CLARK: Crouch.

1 WITNESS DANIELSEN: Crawford? Is that it,
2 Bob Crawford? Agricultural.

3 CHAIRMAN CLARK: Yes, it is Commissioner
4 Crawford, that's correct.

5 WITNESS DANIELSEN: Yeah, right. I have
6 filed a compliant against Southern States. I talked
7 with Mrs. MacHadry, I believe, with the Public Service
8 Commission or Mrs. MacSomeone. And it's gotten to the
9 point -- I'm sorry I left my records in the car, it
10 was raining and I forgot to take them. I am not going
11 back out and get them, so I have to do this from
12 memory.

13 I have had so much problems with this thing,
14 with this system over here -- and by the way, I'm
15 retired from the State of Florida Industrial Safety
16 and I used to inspect many wells and many septic tanks
17 and sewer system for the State.

18 So when I have been over here trying to find
19 out what is going on in the Citrus Park water system,
20 I know a little bit what it should be. Some of the
21 answers and excuses I get, I found out when they
22 bought this thing they said it was a bunch of junk and
23 they weren't going to put much money into it to bring
24 it into effect. In other words, as long as they could
25 keep it going, that's what they wanted to do.

1 So this seems to me like for the amount of
2 money we're having to spend on this thing to get our
3 water from and the type of service we're getting, I
4 have to agree with some of these gentlemen who spoke
5 before when they said they're getting the shaft, or
6 whatever you want to call it.

7 Right now what needs to be done, and I have
8 already talked to the City Commissioners about it,
9 they want to buy this system at Citrus Park, they
10 would like to buy it. They're being held up on the
11 price here; they're making the price so high the
12 county cannot afford to buy it. But the county does
13 want it.

14 In fact, they want to buy all the Southern
15 State Utilities in Marion County primarily because
16 Marion County is trying to protect its water and they
17 want their own water heads. With Southern States with
18 their water heads here and their whole system going
19 all the way down not quite to Key West but pretty near
20 this, with water as precious as it is and the
21 different counties trying to pump water from somebody
22 else, all they have to do is say, "Who wants the
23 water? We'll pump it out of Marion County and sell it
24 to Tampa." They've got the whole system tied up.

25 I have never seen such a boondoggle in my

1 life; and I'm a dinosaur, I'm from the old ages. But
2 I tell you one thing: I wish there was something you
3 could do to make it mandatory that Southern States
4 sells these water systems to Marion County so the
5 county can take them over and we can make sure that
6 the prices we are getting are going to be reasonable.

7 Thank you. (Applause)

8 CHAIRMAN CLARK: Thank you, Mr. Danielsen.

9 Mr. Danielsen, I would like you to talk to
10 Mr. Tom Walden right here, or Mr. Mac Roy, to make
11 sure that we do have information about your complaint
12 and your concerns about the service. And they will be
13 able to give you their card. And I guess you can
14 leave your records out there, but we'll be getting in
15 touch with you to follow up on your problems with the
16 service.

17 WITNESS DANIELSEN: Thank you.

18 CHAIRMAN CLARK: Thank you.

19 (Witness Danielson excused.)

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21 MR. SHREVE: Mr. Jackson.

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1 right. If both of you -- were either one of you sworn
2 in? Let's go ahead and do that, and we'll take your
3 testimony. And we'll take the lady in the red dress
4 first, and then we'll take you, and then we will go
5 back to you, Mr. Sparacia.

6 Would you stand, both of you ladies, please
7 stand and raise your right hand.

8 (Witnesses collectively sworn.)

9 CHAIRMAN CLARK: Mr. Shreve, if you will
10 call that witness.

11 MR. SHREVE: Mrs. Bennett.

12 **JOANN BENNETT**

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

16 MS. BENNETT: Joann Bennett, 423 Marion Oaks
17 Golf Road, Ocala.

18 We live out in the sparsely settled area of
19 Marion Oaks. We have had two neighbors -- we've just
20 got three neighbors. And we have two neighbors that
21 have just moved in. The first thing that they did was
22 put in water purification systems because of the taste
23 of the water, so I was glad to hear that in some areas
24 it's 99.97% pure.

25 I think we can't afford a water system so we

1 put, we go down to the Winn Dixie and get our drinking
2 water there. And sometimes there's quite a line that
3 we have to wait -- this is Marion Oaks Winn Dixie --
4 we have to wait to get our bottles filled for the
5 drinking water.

6 I just had one other thing. I know,
7 Mrs. Clark, you have explained this before. But the
8 status of the change of rate structure again, I'm not
9 sure if I understand it?

10 CHAIRMAN CLARK: We had a case in 1992. And
11 in that case, the Commissioners who were sitting on it
12 set a uniform rates. The court told us we could not
13 do that. And in September, we redid the rate
14 structure to something other than a uniform rate; it's
15 been referred to as a modified, capped rate. And it
16 is my understanding that we have authorized the
17 utilities to collect under that new rate structure.
18 I'm not sure that they have given notice of it yet.

19 And then we are in the midst of a rate case
20 in which they have requested again uniform rates. And
21 the request that they have is that for Marion Oaks the
22 new base facility charge for water would be \$9.17 and
23 the gallonage would be \$2.16. For wastewater the base
24 facility charge would be \$17.59 and the gallonage
25 charge would be \$4.74.

1 I want to emphasize to you, though, that
2 those figures are based on a uniform rate structure.
3 And we will again be looking at whether that is
4 appropriate, particularly in light of what the court
5 has indicated are the parameters for setting uniform
6 rates and to what the customers would like to see.

7 WITNESS BENNETT: I for one would like to
8 see the uniform rates continued. I know the Marion
9 Oaks people came out en masse at the last hearing in
10 regards to the uniform rates; and I know that
11 Sugarmill Woods people were there, too; but I know
12 that the Marion Oaks people did want the uniform rates
13 to continue.

14 CHAIRMAN CLARK: Okay. Thank you,
15 Ms. Bennett.

16 MR. SHREVE: Just a minute, Ms. Bennett.

17 CHAIRMAN CLARK: Ms. Bennett, Mr. Shreve has
18 a question for you, if you will come back to the
19 microphone.

20 MR. SHREVE: I'm not sure if we were all on
21 the same page when you were getting your rates there.

22 You were under the uniform rates. That has
23 been changed at this point, although Southern States
24 has not put it into effect. I know Marion Oaks would
25 have been in favor of the keeping the uniform rates.

1 But what you would like to know, I suppose,
2 is what are the rates you're going to be under as soon
3 as they put that into effect? I think there would be
4 a good increase there. I believe Marion Oaks would be
5 paying a total sewer bill of about \$62.47 under the
6 new rates at 6,000 gallons.

7 I wonder if it would be possible to explain
8 to the people that are here what the rates would be
9 that the Company is asking for in their case at their
10 maximum? Because now we are back in that situation
11 where you at least have to be concerned about what the
12 maximum might be and I think it would be good for the
13 people to know that. There might be more concern.
14 Maybe Mr. Armstrong can give us that information.

15 CHAIRMAN CLARK: Mr. Shreve, I think it will
16 depend on what they develop as the rates.

17 MR. SHREVE: Oh, well, now, they --

18 CHAIRMAN CLARK: I think we can indicate to
19 the customers that, by going away from a uniform rate
20 for Marion Oaks customers, as per the court decision
21 and what we had to do to go back and modify the rate
22 structure in the 1992 case, you will be paying more.

23 MR. SHREVE: And the Company has requested a
24 77% increase in water rates. And that will be on
25 top -- their request is on top of the rates, whatever

1 the rates are that are used. At this point, I don't
2 think you have that information; I don't think can you
3 go to the MFRs that are furnished down here and I
4 don't think it can be calculated. They have the
5 revenues there but that wasn't put in on an individual
6 system.

7 MS. BENNETT: So you can't give like at
8 6,000 gallons per month sewer plus water.

9 MR. SHREVE: You can based on what the
10 Commission voted out, they have set that. But you
11 cannot, I do not believe -- and if anybody should know
12 it, the Company should. I do not believe you can take
13 the Minimum Filing Requirements that have been filed
14 And anyone can calculate what your exposure is.

15 Two different things: Uniform rates which
16 would be lower; but the stand-alone rates, which would
17 be much higher. That's what you are all worried
18 about. I don't think anyone can calculate from what
19 they have filed what those stand-alone rates that you
20 could be exposed to would be.

21 Now, I would welcome somebody to correct me
22 on that.

23 MR. ARMSTRONG: Madam Chair, I have a
24 question if I may.

25 CHAIRMAN CLARK: Go ahead, Mr. Armstrong.

1 MR. ARMSTRONG: Ms. Bennett, are you aware
2 that if we do not have customer support like that you
3 gave today in support of the uniform rates that the
4 \$41 increase you're seeing today as a result of the
5 switch to stand-alone rates will be something greater
6 than that? What the Company has asked for is only \$10
7 increase a month for your water bill. The stand-alone
8 rate is going to be significantly greater.

9 We are here in support of uniform rates.
10 Unless customers support the uniform rates, as well --
11 and there are lawyers on behalf of the opponents of
12 the uniform rates. They're out there. And you heard
13 about the Sugarmill Woods and the Spring Hill
14 customers; they're out there.

15 Mr. Shreve has taken what he believes is a
16 neutral position -- I don't know if you're hearing
17 that tonight, but he is taking what he expresses to be
18 a neutral position. What we need to have --

19 CHAIRMAN CLARK: Mr. Armstrong and
20 Mr. Shreve, I think it is clear that Mr. Shreve
21 represents all the customers; and his concern in this
22 case, and correctly so, is the amount of on overall
23 increase as it affects all the customers.

24 And Ms. Bennett, what you have heard is that
25 under uniform rates your rates for Marion Oaks would

1 be lower. If we do not do uniform rates and do either
2 something like stand-alone or modified caps that we
3 have done, your rates will be higher than what they
4 have requested in this rate case.

5 MR. SHREVE: And, Madam Chairman, if I
6 could?

7 CHAIRMAN CLARK: Thank you, Ms. Bennett.
8 Go ahead, Mr. Shreve.

9 MR. SHREVE: One thing, the Commission I
10 don't think you can say is at fault in this. They
11 have followed what they considered the rulings of the
12 court and changed those rates. That may change later
13 but they are following what the indications have been.

14 What Mr. Armstrong didn't tell you is, now,
15 they said -- and I saw in in the Orlando Sentinel
16 they're requesting an average of \$10 increase per
17 customer on water rates and I think they said \$12 on
18 sewer. If the uniform rates stay there, that's what
19 they are requesting. If the uniform rates do not stay
20 there and you go to stand-alone, they still want the
21 entire amount of money, there just may be a lot more
22 of it coming from you. Thank you.

23 CHAIRMAN CLARK: Thank you, Ms. Bennett.

24 MR. SHREVE: Thanks very much.

25 (Witness Bennett excused.)

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CHAIRMAN CLARK: If the lady would come forward and give us your name and address. Come to the microphone; and if you have filled out a card, please give to it Mr. Shreve. You can give that to Mr. Shreve.

MARTHA KUBICKI

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

CHAIRMAN CLARK: Come up to the microphone and tell us you are Martha Kubicki again.

WITNESS KUBICKI: I'm Martha Kubicki. I live on 2170 Southeast 39 Street, Ocala Florida 34480.

I purchased my home from Jack Clark in 1978. At that time, my water and sewer bill, there were kind of acceptable. And suddenly it seems to me that Jack Clark sold the system, the utility systems, to the Southern State Utility.

Since that happen, my utility bills have increasing ridiculous and I can't afford it. The reason I moved to Florida because I wasn't able to continue to live with my income.

This is my statement against the Southern State Utility. Thank you.

1 CHAIRMAN CLARK: Thank you, Mrs. Kubicki. I
2 can tell you, I'm not related to that Jack Clark.
3 (Laughter) My son is Jack Clark, but it is not the
4 same one.

5 Mr. Shreve, is there anyone else who has
6 signed up?

7 MR. SHREVE: We don't have anyone else who
8 signed up.

9 UNIDENTIFIED SPEAKER: I would like to make
10 a couple of additional comments.

11 CHAIRMAN CLARK: All right. I'm going to
12 start with Mr. Sparacia. But let's remember that you
13 have already made some comments, and keep them brief.

14 WITNESS SPARACIA: Quick, believe me,
15 because I'm not the type --

16 CHAIRMAN CLARK: You need to come to the
17 microphone.

18 WITNESS SPARACIA: I want to thank you for
19 the opportunity to have me back here.

20 I'm not the type to take notes. And
21 something that skipped my mind that's very, very
22 important and I'm sure people sitting here from Marion
23 Oaks should tell you and the utility company could
24 tell you, too.

25 Now, concerning where the first happened

1 that Marion Oaks had there and then the Utility took
2 off over, I was the cause, and I'm very proud of it,
3 that there were four lift stations put in in the
4 immediate area. One is in back of the Quick King, one
5 by the Barnett Bank, one in back of the Touch of Italy
6 and one in by the townhouses. And I don't want anyone
7 to say I'm a liar about that. Then besides which they
8 might have put in a couple more elsewhere.

9 But one thing happened to when the Southern
10 States come in that vents were put into the existing
11 lift stations, which there were no vents there. I
12 spent hundreds of dollars on photographs and I have
13 done a lot of work. So that I thought it would be the
14 most important thing about those lift stations there
15 which your Southern States put in, that was done on my
16 account. And I'm very, very happy that I caused
17 something for the good of the people living in that
18 area. Because before there was no lift stations in
19 that area, and that's why they had that dummy thing
20 there and pumping out this into into the roadway.

21 I want to thank you so much for the
22 opportunity.

23 CHAIRMAN CLARK: Thank you, Mr. Sparacia.

24 Mr. Gypert, I think you indicated to me
25 next, but you -- you have to come to the microphone.

1 WITNESS GYPERT: I only got one thing that I
2 wanted to add to what I said. Most of the people come
3 to Florida because they are retired. What are you
4 getting in Social Security? What are they coming down
5 here with, \$800 a month? You have to pay \$150 out of
6 \$800 for water and sewage. Let's face reality. What
7 are we doing? We're chasing people out of here to
8 give other people big money, big profits. That's kind
9 of ridiculous.

10 We have companies that are talking about
11 closing up. They can't afford these prices and keep
12 in competition.

13 So we're just walking into this and we're
14 getting deeper and deeper because a few people are
15 going to make a killing. And it's your job I guess to
16 try to keep the people coming here and the companies
17 here to do the job so you can get paid.

18 CHAIRMAN CLARK: Thank you, Mr. Gyphert.

19 WITNESS GYPERT: Okay? (Applause)

20 MR. SHREVE: Thank you.

21 CHAIRMAN CLARK: Mr. Rezutka, did you want
22 to add one thing?

23 WITNESS REZUTKA: One last comment.

24 First of all, I would like to say there
25 would be a lot more in attendance here tonight but on

1 my way in the entrance is flooded, cars were stuck, or
2 you would have had quite a few more. I had a
3 circumvented route to get here. So you might be
4 careful on your way out in case it still is.

5 CHAIRMAN CLARK: I'm sorry. I mean, we
6 could not have predicted this.

7 WITNESS REZUTKA: I understand that. But I
8 think you would have had a larger crowd; I'm certain a
9 lot turned around.

10 CHAIRMAN CLARK: I'm sure we would have,
11 based on what we had at the other service hearings in
12 Ocala.

13 WITNESS REZUTKA: The thing I wanted to
14 address is the statement that only \$10 more for the
15 water, \$11 or \$12 for the sewer. Well, it's \$11 for
16 the water, \$12 for the sewer, that's \$23 a month. You
17 multiply that out by 12 months in the year and each
18 individual would be paying \$276 more for the utility
19 this year using the minimum gallonage of 6,000 than
20 they would otherwise. Thank you.

21 CHAIRMAN CLARK: Thank you, Mr. Rezutka.
22 Mr. Neufeld? Come to the microphone.

23 WITNESS NEUFELD: Mr. Deason, Ms. Clark and
24 Ms. Johnson, is there any reason why Southern States
25 is giving an interim rate or even a consideration of

1 an increase before the court case is settled?

2 Normally you always settle the court case first.

3 Could that be a consideration or what is the reason

4 why?

5 CHAIRMAN CLARK: It has happened before that
6 we have been in another rate case before we have
7 completely settled it in terms of appeals.

8 We have no control over how fast or how slow
9 the judicial system works. And under the statutes, if
10 they feel they are underearning, they are entitled to
11 come in and ask for an increase. And we have to look
12 at it and make sure. If it is not sufficient we can
13 reject it, but the statute does not prohibit them from
14 filing a rate case while one is still pending in the
15 court.

16 WITNESS NEUFELD: Because these are
17 astronomical increases they're asking for.

18 CHAIRMAN CLARK: I understand that.

19 WITNESS NEUFELD: Even if we don't
20 understand them. You don't understand them either,
21 obviously. Thank you.

22 CHAIRMAN CLARK: Thank you.

23 Ladies and gentlemen, I appreciate your
24 coming out here, especially in the weather. If
25 there's no further comment, we are going to adjourn

1 the hearing now.

2 Thank you very much, this hearing is
3 adjourned.

4 (Ocala Service Hearing concluded at 7:37
5 p.m.)

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1 STATE OF FLORIDA)
2 : CERTIFICATE OF REPORTER
3 COUNTY OF LEON)

4 I, SYDNEY C. SILVA, RPR, CSR, Official
5 Commission Reporter,

6 DO HEREBY CERTIFY that the Ocala Service
7 Hearing in Docket No. 950495-WS was heard by the
8 Florida Public Service Commission at the time and
9 place herein stated; it is further

10 CERTIFIED that I stenographically reported
11 the said proceedings; that the same has been
12 transcribed under my direct supervision; and that this
13 transcript, consisting of 79 pages, constitutes a true
14 transcription of my notes of said proceedings.

15 DATED this 23rd day of October, 1995.

16

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Sydney C. Silva
SYDNEY C. SILVA, RPR, CSR
Official Commission Reporter
(904) 413-6734

DOCKET 950495-WS
EXHIBIT NO. 18
CASE NO. 96-04227

FLORIDA PUBLIC SERVICE COMMISSION

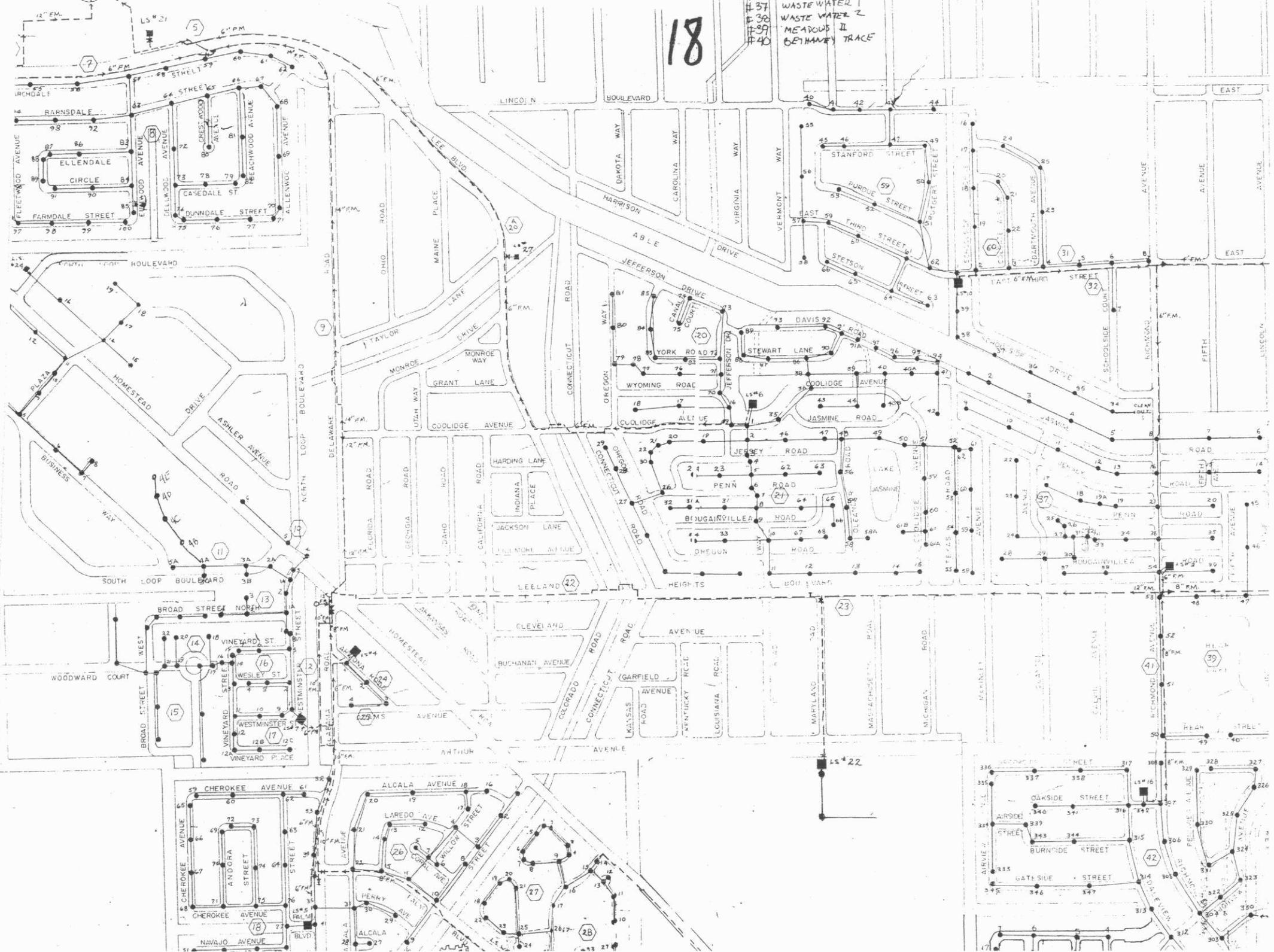
DOCKET

NO. 950495-WS EXHIBIT NO. 18

COMPANY/

WITNESS:

DATE 4/24/96



18

WASTE WATER I
WASTE WATER 2
MEADOWS II
BETHANNEY TRACE

#37
#38
#39
#40

LS# 22

LS# 31

6" FM



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OFFICE OF
COUNTY ATTORNEY
MARION COUNTY

601 S.E. 25th Avenue
Ocala, Florida 32671

COPY

Area Code 904
829-7720

DOCKET 950495-WS
EXHIBIT NO. 20
CASE NO. 96-04227

MEMORANDUM

TO: Commissioner T. W. "Tommy" Needham
FROM: Randall R. Moring *RM*
DATE: October 10, 1989
RE: Marion Oaks Utilities

Since our conversation yesterday, I have received a substantial amount of information concerning the water utilities problem in Marion Oaks. The background of the controversy is as follows:

In 1985, Deltona apparently found themselves in urgent need of cash. They entered into an arrangement with a corporation called Topeka Group Inc., whereby Topeka furnished the needed funds in return for preferred stock; this stock was convertible to capital stock of Deltona's utility subsidiaries. In June of 1989, Topeka exercised their convertible rights, resulting in what was apparently a hostile take-over of the Deltona utility. As this action resulted in a change of ownership, PSC approval was required. The PSC held hearings concerning approval on August 31st and October 1st; approval was opposed by Deltona, various homeowners associations and several other counties where similar developments are located.

One of the major objections to the transfer of ownership was that Topeka is refusing to honor Deltona's commitment to extend water lines to remote areas within the development. This refusal is also the subject of a Federal court action, but the Court has postponed any ruling in that case until the issuance of the PSC ruling, due November 1st. At the moment, informal speculation is that PSC will either deny the transfer of ownership, or permit it provided that Topeka honors the extension promises made by Deltona.

As far as the situation in Marion Oaks is concerned, little can be done presently to solve the problem of those houses which are already built but which are unable to obtain water service. The plats were recorded after 1972, with lot sizes between 1/4 and 1/2 acre. They must therefore comply with the State requirements which will

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WITNESS:
DATE: 11/28/90

permit a septic tank system but not a well. F.A.C. 10D-6.046. However, if the PSC rules as expected, the extensions will be made available by either Topeka or Deltona; only the timing on the extensions is uncertain.

In order to avoid the issuance of any more building permits in the effected areas, I am contacting David Townsend to discuss how his office can notify anyone wishing to build prior to the issuance of the building permit. Presently, his office is issuing authorization of a building permit, subject to proof of public water availability before a CO is issued. I believe we can arrange for actual proof of availability prior to issuance of the permit.

All of this information is preliminary, and I will pursue the matter further. Should you have any questions or wish further information, please let me know.

jn

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Sat Oct 11/88

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REGION BRIEFS

Marion Oaks Utilities notes sewer problem

OCALA — Officials of Marion Oaks Utilities have acknowledged there is a problem in the subdivision with sewer lift stations that are unable to pump effluent to a central treatment plant, State Attorney Investigator Charles Vowinkle said Friday.

He met with officials from the utility and the Deltona Corp., its parent company, to view a videotape made by a Marion Oaks resident who complained to the Marion County Commission about the problem last week.

Frank Sparacia told commissioners last week about a situation involving a sewer line serving a small shopping center in the subdivision that was not connected to the central system.

The utility used trucks to pump out a holding tank in a non-functioning pumping station to move the untreated sewage into the central system, county health officials said. The utility did not have proper permits to build the lines or pump station. Residents complained about periodic spills of raw sewage and odor.

Utility officials requested time before the county commission Tuesday to discuss the problem.

Star-Banner sponsors student Journalism Day

OCALA — Both high school and college students interested in obtaining careers in journalism are invited to participate in the Journalism Day activities sponsored by the Ocala Star-Banner.

On Saturday, Oct. 8, Star-Banner editors, reporters and photographers will provide students with helpful information on how to succeed in journalism.

From 9 a.m. to 3 p.m., seminars will be held on investigative reporting, sports and feature writing, page layout and design, news photography, beat coverage and much more.

Lunch will be provided and students will be given a tour of the building, located at 2121 S.W. 19th Ave. Road. Participants will also receive first hand knowledge of how a daily newspaper is produced in one of the country's most modern publishing facilities.

Resume and school newspaper critiques will also be provided upon request.

For more information contact Cherie Beers or Larry Bush at 867-4104 or 867-4114.

BIG SUN

Ocala Star-Banner ★ Saturday, Oct 8, 1988

Ocala employees

By Tom Saul
Staff Writer

OCALA — Employees of Ocala's water and sewer department were given a memo Friday telling them the city is opposed to an effort organizing a vote on joining a labor union, according to the note signed by Director Richard Davis.

One man also said workers were allegedly forced to stay after work Friday and listen to an anti-union talk by a deputy director in which a blunt threat was made against employees who sign cards authorizing a vote.

"We were told that if we sign a card and the union doesn't fly, they will know who signed them and we all have families to support," said the employee. He asked that his name not be used for fear he would lose his job.

William Hall, the deputy director, was the

man who allegedly made copies of the memo workers but that there was nothing. He also said he

"We've been hearing three or four days that in and organize a vote was in response to," manager Dick Lewis.

"We would be opposed think it would be the employees. All you have has done for the fire memo, I think it speaks

Employees of the are currently the organized by a union. City officials of the union over labor issues. Unions dabbled in city council

HEPATITIS SCARE



FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950495-W3 EXHIBIT NO. 21
COMPANY/
WITNESS:
DATE: 4/24/96

DOCKET 950495-W3
EXHIBIT NO. 21
CASE NO. 96-04227