

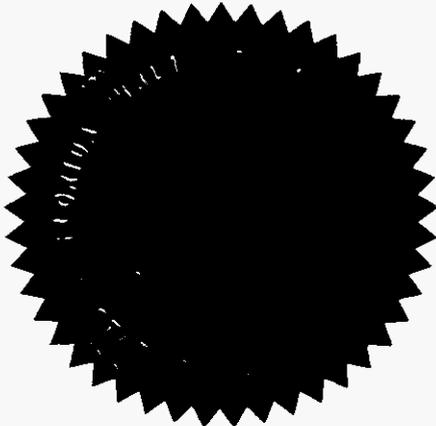
BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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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: SEBRING SERVICE HEARING

BEFORE: COMMISSIONER JULIA L. JOHNSON
COMMISSIONER DIANE KIESLING
COMMISSIONER JOE GARCIA

DATE: Monday, November 27, 1995

TIME: Commenced at 6:00 p.m.
Concluded at 6:43 p.m.

PLACE: Highlands County Administration Building
County Board Room
411 South Eucalyptus Street
Sebring, Florida

REPORTED BY: ROWENA NASH HACKEY
Official Commission Reporter

1 APPEARANCES:

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

5 **LILA A. JABER**, 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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I N D E X

MISCELLANEOUS

ITEM	PAGE NO.
CERTIFICATE OF REPORTER	38

WITNESSES

NAME	PAGE NO.
W. R. MAGILL	
Direct Statement	16
TOM DOYLE	
Direct Statement	18
WILLIAM GAULT	
Direct Statement	23
GEORGE A. KAHL	
Direct Statement	26
ACHILLES DeVITA	
Direct Statement	32

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

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

3 COMMISSIONER JOHNSON: Ladies and gentlemen,
4 can you hear me? Is the PA system working? You can
5 all here me in the back there?

6 AUDIENCE: Yes.

7 COMMISSIONER JOHNSON: Very good. I would
8 like to call this hearing to order today. Counsel,
9 could you please read the notice for today's meeting?10 MS. JABER: Yes. Pursuant to notice, this
11 time and place has been designated for a customer
12 service hearing in Docket No. 950495, application for
13 a rate increase by Southern States Utilities, Inc.14 COMMISSIONER JOHNSON: I would like to now
15 take appearances starting with the Public Counsel.16 MR. SHREVE: Jack Shreve and Charlie Beck,
17 Public Counsel's Office, Claude Pepper Building,
18 Tallahassee, Florida, on behalf of the Citizens of the
19 State of Florida in opposition to the rate increase.20 MR. FEIL: Matthew Feil, 1000 Color Place,
21 Apopka, Florida, Southern States Utilities. I'm here
22 on behalf of Southern States Utilities.23 MS. JABER: Lila Jaber on behalf of the
24 Commission Staff.

25 COMMISSIONER JOHNSON: My name is Julia

1 Johnson. I'll be the presiding Commissioner here at
2 the proceeding tonight. To my right is Commissioner
3 Diane Kiesling, and to my left, hopefully, will be
4 Commissioner Joe Garcia.

5 We will go ahead and begin the proceeding
6 without him, but we want you to know that all of your
7 comments will be a part of the official record. Our
8 court reporter will dictate and have that as a part of
9 the record so that all of the Commissioners will have
10 the benefit of that written testimony to read during
11 the process of this case.

12 We have provided for you, if all of you have
13 had an opportunity when coming in, to receive a
14 special report. The report lays out all of the issues
15 in the case. It lays out the request of the utility,
16 and it lays out the -- I believe, the final rates that
17 they are requesting.

18 This is your opportunity to comment, not
19 only on the rate case here and the rates, but also on
20 the quality of service of this particular utility. We
21 are here to hear whatever concerns you may want to
22 express to us. We don't necessarily have to limit it
23 to the water issues here. As Commissioners, we would
24 like to hear your concerns regarding any issues that
25 we regulate.

1 The purpose of this proceeding is to have
2 you present your sworn testimony to us. To the extent
3 that you have questions for our Staff, we have
4 numerous members of our Staff that I would like to
5 introduce to you at this time that could answer any
6 questions or may assist you in any of your local
7 problems.

8 We have Chuck Hill, he's in the back there.
9 He's the Director of the Water and Wastewater
10 Division. Marshall Willis is sitting here in the
11 front. He's our Bureau Chief in the same division.
12 Bob Crouch is our engineer. To the extent that there
13 are any water issues that you may have regarding
14 quality or service or any other issues like that, Bob
15 is our expert, and he will be here to assist you on
16 those matters.

17 Troy Rendell is also here. He's our Rate
18 Supervisor. Lila Jaber has introduced herself, she's
19 our lead attorney on our water and wastewater issues.
20 Sandy Simmons is here in the back there. She's with
21 our Records and Reporting. Margaret Ring is with
22 Consumer Affairs. Bev DeMello is the Director of
23 Consumer Affairs. And we have our court reporter,
24 Rowena Hackney, who will be taking all of your spoken
25 testimony here today.

1 And, again, to the extent that we have
2 people testifying, if you could, when you come
3 forward, state your name and address for the record.
4 And to the extent that your name is a complicated
5 name, if you could spell that for our court reporter
6 to help assist her in making the record as accurate as
7 possible, we would appreciate that.

8 Again, if you have any questions and for
9 those of you who don't want to provide oral testimony,
10 there is a sheet here where you can provide your
11 written comments, and just fold it over, staple it,
12 put a stamp on it, and mail it to us. Or for those of
13 you who tonight would like to just have questions that
14 you don't feel comfortable coming before the
15 Commission, if you could just put those questions in
16 writing and submit those to Bev, and we can respond to
17 you in a written form.

18 With that, I would like to swear in those
19 witnesses that would like to testify today. And I
20 think, Public Counsel, you have the list of those who
21 agreed to testify today?

22 MR. SHREVE: Yes, ma'am.

23 COMMISSIONER JOHNSON: If you could stand
24 then and raise your right hand?

25 (Witnesses collectively sworn)

1 Thank you. You may be seated.

2 The attorneys have informed me that they
3 would like to make brief opening statements on this
4 matter. Before they do that, let me inform you of one
5 additional thing in our blue sheet that I just
6 remembered. We have listed here a Commission schedule
7 that states when we would be holding the service
8 hearing that we are holding and our technical hearing.
9 We decided just last week that we will hold another
10 series of public testimony.

11 Public Counsel and some of the other
12 intervenors petitioned the Commission with a request
13 that we provide you with additional opportunities to
14 provide testimony. It was their position that the
15 notice that we had sent out to all of our customers
16 was not sufficient in that it did not put customers on
17 notice to the maximum extent of their liability.
18 Although we felt that the notice was legally
19 sufficient, in an abundance of caution in giving us
20 the opportunity to hear from each and every one of the
21 citizens, in an abundance of caution to ensure that
22 they do understand the case as it is progressing, we
23 have decided that we will hold another round of public
24 hearings and allow customers to testify.

25 Those of you who testify tonight, your

1 testimony will be part of the record, and there will
2 be no need for you to testify again unless you so
3 choose to testify. We will hold another hearing in
4 Highlands County, I believe, February 6th of next
5 year --

6 MS. JABER: 7th.

7 COMMISSIONER JOHNSON: February 7th of next
8 year.

9 Given the fact that we will be holding
10 additional hearings, that will change the date of our
11 actual technical hearings where we will hear the
12 technical matters presented by the attorneys and the
13 witnesses. And it will also change the date for our
14 final hearing, or our final decision. That date has
15 not been established at this point in time, but you
16 will be notified as to when you should expect a final
17 decision from this Commission.

18 With that, I would like to go ahead and
19 allow Southern States to begin with their opening
20 statements, followed by Jack Shreve, Public Counsel.

21 MR. FEIL: Thank you, Commissioners. As I
22 said before, my name is Matthew Feil. I'm here on
23 behalf of Southern States Utilities, Inc. Southern
24 States filed the instant rate case, because since
25 SSU's last rate case, it has invested or will invest

1 nearly \$100 million of additional money in utility
2 plant. None of that \$100 million is currently
3 recovered, or none of the earnings on that money is
4 recovered through SSU's current rates because SSU's
5 last rate case, as I said, was in 1991; and all that
6 investment occurred, or will occur, after 1991.

7 Southern States has submitted proof to the
8 Commission that it has earned less than 3% rate of
9 return in 1994. With the additional plant investments
10 it's going to be making in 1995 and 1996, that 3%
11 return will erode completely.

12 SSU's position is that its investors are no
13 different from any other investors, that when money is
14 invested in a business enterprise, greater returns
15 should be expected, and that's true to an extent in
16 any business including regulated business. It can be
17 asked why has SSU invested so much money since the end
18 of 1991. On average SSU has spent \$20 million, or
19 will have spent \$20 million, in additional plant. The
20 answer to that question in large part is that Southern
21 States didn't have a choice.

22 The Department of Environmental Protection,
23 the Water Management District, the Environmental
24 Protection Agency and local governments all require
25 SSU's plants to meet their regulations. Water and

1 Wastewater industries are not decreasing cost
2 industries, or decreasing regulation industries; they
3 are increasing cost and increasing regulation
4 industries. So the vast majority of that \$100 million
5 I referred you to is attributable to enforcement of
6 and new regulations.

7 What I just spoke to pertains to one of the
8 big issues in the rate case, which is the overall
9 revenue requirement. The other big issue in the rate
10 case is rate structure. Whereas the first big issue
11 pertains to how much total revenue SSU should be
12 entitled to recover, the second issue pertains to who
13 should pay for what, which customer groups, however
14 those costs are being allocated, and what person or
15 groups.

16 In this case, SSU has requested what is
17 referred to as a uniform rate. The uniform rate, all
18 the costs for providing service to the various service
19 areas that SSU serves through the state, are pooled
20 together. And the rate which we propose is uniform
21 for all those service areas with some limited
22 sections. Currently, you are being charged the
23 uniform rate as a result of SSU's last rate case.

24 SSU believes that the uniform rates benefit
25 the customers, if not in the present, in the long run.

1 And as a matter of fact, in Leader Lakes, or Covered
2 Bridge as you all are also referred to as, you will
3 benefit from the uniform rate at the end of this rate
4 case because the alternative calculation of rates,
5 so-called stand-alone calculation of rates, would
6 result in a somewhat higher overall average bill than
7 would the proposed uniform final rates. And that
8 would be to the tune of about \$6 a month in savings if
9 you were to be charged the uniform rates.

10 There are some customer groups that oppose
11 the uniform rates. Those customers believe that their
12 alternative rate, the stand-alone rate, would be less
13 expensive. Those customers also use considerably more
14 water than the customers of Covered Bridge use. We
15 believe that those customers should be charged a
16 somewhat higher rate in order to send them a
17 conservation signal. The customers in Covered Bridge
18 use approximately 2,300 gallons of water a month. The
19 customers in these other service areas, which are
20 opposed to uniform rates, use three, four, fives times
21 that amount.

22 Thank you for your time, and I look forward
23 to hearing your testimony.

24 MR. SHREVE: As Commissioner Johnson told
25 you, the Public Service Commission has now ordered, or

1 requiring Southern States to send out an additional
2 notice so that you will have accurate figures on the
3 maximum exposure that you have. You are entitled to
4 know that before you are required to come in here and
5 probably would develop a lot more interest if all of
6 you had that information. You will have that soon;
7 the Public Service Commission has ordered that.

8 Mr. Feil talks in terms of the uniform rates
9 and the stand-alone rates. The biggest problem I have
10 and I think what should be done is that each
11 individual system, that before you put that money in a
12 pot and give it to Southern States -- because what
13 they want is the money, whether it comes from you or
14 whether it comes from someone else, they should not be
15 entitled to anything above a fair, just, and
16 reasonable rate from any individual, from any utility
17 out there, any group of customers. To charge or say
18 that they are entitled to a couple of hundred dollars
19 from Chuluota and then have someone else pay it, that
20 is not right. That whole thing should be cut down and
21 then make the determination as to what the rate should
22 be and not let Southern States walk away with that
23 money.

24 Now, Mr. Feil, I think, made a mistake when
25 he said they have proved to the Public Service

1 Commission as to what their earnings are. They have
2 made statements and they have put in some evidence and
3 some testimony as what their earnings are, but what
4 they will not tell you is they are earning money on an
5 investment that they do not have. When they purchased
6 Deltona, there was probably \$9 million that is in
7 their rate base that they are receiving a return on
8 that you are paying a part of that on, that they are
9 not counting in that. They made a sale in Sarasota
10 County and made \$18 or \$19 million profit on that,
11 they're not counting that in there.

12 When the customers support a system over the
13 years and they make a profit on it when they sell it,
14 then the customers deserve to receive the benefit of
15 that profit the way it has always been in the past
16 until Southern States in the last case.

17 Lake County, Southern States came in in Lake
18 County, and they had a countywide rate. They made a
19 sale and lost money on it. That money was charged to
20 the customers. Now, what's good for the goose is good
21 for the gander. If they make a profit, you are
22 entitled to benefit from it because you paid the
23 taxes, you paid the interest, you pay to support those
24 systems, and you deserve it.

25 You are going to get a lot more information,

1 and I'll be very short because we will be back down
2 here, I believe you said on the 7th.

3 Southern States wants to increase your
4 revenue requirement, what they get out or justify from
5 your system. In the water rates, from approximately
6 \$50,000 to \$80,000. Now, where's that big investment
7 that can justify that? On the sewer part of it, from
8 31,000 to 63,000, over a 100% increase. Now, where is
9 the investment for that? There is absolutely no
10 excuse for you to pay, or anyone else on the system to
11 pay more than a fair, just, and reasonable rate. They
12 are in this for business. If they picked up some
13 systems that they have problems with, it is their
14 problem; they made the decision, and they should be
15 stuck with it, not you. Thank you very much.

16 (Applause)

17 COMMISSIONER JOHNSON: Are there any other
18 preliminary matters?

19 MS. JABER: No.

20 COMMISSIONER JOHNSON: Seeing none, Public
21 Counsel, you can call your first witness.

22 MR. SHREVE: Thank you, Madam Chairman.

23 Mr. McGill.
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W. R. MCGILL

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

WITNESS MCGILL: My name is W. R. McGill. I reside at 170 Parkview Circle in Covered Bridge. Covered Bridge is a retirement community, approximately 240 homes located between Sebring and Lake Placid.

All or most residents of Covered Bridge are senior citizens on a fixed income and all wish to register a strong objection to the proposed water rate increase as designated in Docket 950495-WS. It is obvious to us, to us all here in this room, that a rate increase of approximately 75% is extremely excessive by any standard. It is not only excessive, but outrageously unreasonable.

And in light of the bare bones service we are presently receiving from SSU in Covered Bridge, as we are operating on an antiquated system, and when I hear this gentleman tell me about \$100 million that is put into the system, this whole amount of money has passed us by. We haven't seen any of it.

The only thing that has ever been done there

1 is necessary maintenance to keep the plant running.
2 Nothing else. No expenditures, no capital
3 expenditures at all. And I just can't see any
4 justification for this kind of rate in view of what we
5 in Covered Bridge are receiving.

6 No capital improvements have ever been
7 performed in Covered Bridge at our facilities. The
8 residents of Covered Bridge can attest to the poor
9 quality of water they must now endure: discoloration
10 of the water, sand and other microisms in the drinking
11 water, forcing many of them to buy and use bottled
12 water. This should not be necessary. This type of
13 service certainly merits no rate increase. Let SSU
14 clean up their act before granting a rate increase of
15 this magnitude. Thank you very much. (Applause)

16 COMMISSIONER JOHNSON: Mr. McGill, there was
17 one thing and I apologize for not mentioning, if you
18 could after you have testified, remain because the
19 attorneys may have questions for you.

20 Any questions for Mr. McGill?

21 Okay. Thank you.

22 MR. SHREVE: Thank you, Mr. McGill

23 Mr. Doyle?

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THOMAS DOYLE

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2
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 DOYLE: Good evening, Commissioners;
7 good evening, Mr. Shreve. I'm Tom Doyle, D-O-Y-L-E,
8 30 Edgewater Drive West, Lake Placid, Florida. I have
9 been a resident of Covered Bridge for 13 years, and I
10 have visited Tallahassee on many occasions to talk to
11 the Commissioners, and I'm happy to do it again.

12 What I have to say is redundant to what
13 Mr. McGill said. Actually, the rate increase is
14 tremendously outlandish as far as Covered Bridge is
15 concerned, and I would like to give a few facts about
16 the money that was spent on the Covered Bridge system
17 in the past years that Southern States took over.

18 The vice president of customer relations
19 came down to visit our plant -- our homeowners
20 building, and said that she spent \$50,000 on covered
21 bridge's water system. But I happen to know for a
22 fact -- I'll give you the figures -- she spent or
23 Southern States spent \$400 for a used tank, holding
24 tank, the old one had a leak in it, was in and on the
25 premises and used as a used tank, and a \$25 chlorine

1 injector system that injects chlorine into the water.
2 And this was strictly maintenance. The total cost
3 that Southern States has spent, \$425, not 50,000. Yet
4 they increased the rates 50% from the time they took
5 over and now want another 77%, and I understand it can
6 go higher.

7 And what you are doing is penalizing the
8 members of Covered Bridge for an antiquated system
9 that was put in in 1975 by Fisher Lakes Utilities. It
10 has never been revised or refurbished or anything.
11 And we do not have great water, we have a tremendous
12 amount of hydrogen sulfide in the water. Some are
13 fortunate enough to have a filtering system; those
14 that don't, simply have to suffer with it and buy
15 water.

16 But to come in and say that we have to pay
17 on the \$100 million that Southern States has invested
18 in 127 utility companies doesn't include us, because
19 we have 240 members in our association. We have had
20 no increase in the quality of the water or in the
21 service, we still get sand in the water, the water is
22 barely, barely portable, nothing more. And anything
23 more I would say would simply be redundant to what
24 Bill said, so I'm going to bug off if I may. Thank
25 you. (Applause)

1 Would the attorneys like to ask me any
2 questions?

3 MR. FEIL: No, sir.

4 MR. SHREVE: Thank you, Mr. Doyle.

5 COMMISSIONER JOHNSON: Mr. Doyle -- is it
6 Doyle?

7 WITNESS DOYLE: Yes, ma'am.

8 COMMISSIONER JOHNSON: We do have a couple
9 of questions, one from our Staff attorney.

10 WITNESS DOYLE: Yes.

11 MS. JABER: Have you ever called the utility
12 about your quality of service problems?

13 WITNESS DOYLE: Many, many times and written
14 letters, made personal trips to Tallahassee to advise
15 them on that. It hasn't changed a thing in the past
16 15 years.

17 MS. JABER: Have they ever responded about
18 the sand in the water?

19 WITNESS DOYLE: Yes, they have. They've
20 offered small impossible to do things, other than put
21 in a filter at your house that will take the sand out.
22 I'm sure that the pipes are leaking and have been for
23 many years. They were put in in 1975, have never been
24 changed. And I can't tell you when the last time the
25 system was cleaned. To my knowledge, I know at one

1 time seven years ago, they did a small job of trying
2 to clean out the holding tank. It since has leaked,
3 and now we have a used one in there.

4 COMMISSIONER JOHNSON: Thank you. I have
5 more question for you.

6 WITNESS DOYLE: Yes, ma'am.

7 COMMISSIONER JOHNSON: You stated that the
8 representative from Southern States alleged that
9 she --

10 WITNESS DOYLE: She spent \$50,000.

11 COMMISSIONER JOHNSON: -- 50,000 had spent?

12 WITNESS DOYLE: She said that her company
13 had spent \$50,000 for improving the facilities in
14 Covered Bridge. The actual fact is she spent \$425 for
15 a used tank and a chlorine injector. And that I know
16 because I was involved in that.

17 COMMISSIONER JOHNSON: With respect to her
18 allegations, did she say what type of improvements had
19 been made?

20 WITNESS DOYLE: She mentioned that through
21 the state they had built other places, and I said it
22 doesn't do anything for us.

23 COMMISSIONER GARCIA: How are you involved
24 with that \$425 that they spent? You said that you
25 were part of that?

1 WITNESS DOYLE: At one time I was president
2 of Covered Bridge, and during that period, they put in
3 that new tank after the old one leaked and had to be
4 replaced.

5 COMMISSIONER JOHNSON: And they still
6 replaced it with, you said, a used?

7 WITNESS DOYLE: A used tank, and they
8 painted it on the premises.

9 COMMISSIONER JOHNSON: Thank you.

10 MR. SHREVE: When was that Mr. Doyle?

11 WITNESS DOYLE: Pardon?

12 MR. SHREVE: How long ago was that?

13 WITNESS DOYLE: I would say five years ago,
14 Mr. Shreve.

15 Is that right, five years ago?

16 COMMISSIONER JOHNSON: Well, we'll have to
17 have that testimony from one of the witnesses -- or
18 maybe you can get back up, and it must be given by one
19 of the sworn witness.

20 WITNESS DOYLE: I understand, okay. I'll
21 say five years, and I know I'm pretty accurate. Thank
22 you.

23 MR. SHREVE: Mr. Doyle?

24 WITNESS DOYLE: Yes.

25 MR. SHREVE: If I may, according to the

1 Southern States figures that they have turned over to
 2 the Public Service Commission and claimed, they have
 3 claimed in this case they spent about \$50,000 in '93
 4 and '94. And the rest of it is projected --

5 WITNESS DOYLE: An absolute fallacy,
 6 Mr. Shreve. They have not spent five cents other than
 7 they had to do to keep the place running, and only
 8 replaced the tank when it had to be replaced.

9 MR. SHREVE: Great. Thank you, sir.

10 COMMISSIONER JOHNSON: Thank you.

11 WITNESS DOYLE: Thank you. (Applause)

12 MR. SHREVE: Mr. Gault?

13 - - - - -

14 **WILLIAM GAULT**

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 GAULT: My name is William Gault. I
 19 live at 9 South Hillside Drive in Covered Bridge. I
 20 think they've said about everything I was going to
 21 say. But I want you to testify, any company that can
 22 make 10.32% profit on their investment, you can't get
 23 that anywhere in the nation, and I don't know who they
 24 think they are.

25 I've lived in Florida for 40 years. Most of

1 my time has been spent in Fort Lauderdale. When I
2 came here to retire, I thought we would have a better
3 situation than someone raping the public, which they
4 are very well known for in the State of Florida. And
5 I think it's about time the people stood up.

6 I've lived here six months and the water is
7 atrocious. I have a heart condition, and I have
8 diabetes. And I have to buy water because I cannot
9 drink the water that comes through my tap. Thank you.

10 COMMISSIONER GARCIA: Let me ask you, have
11 you called the Commission and complained about some of
12 the things you talked about?

13 WITNESS GAULT: I called the Commission back
14 in August in Tallahassee. I didn't hear anything from
15 them.

16 COMMISSIONER GARCIA: You didn't here
17 anything from the Commission?

18 WITNESS GAULT: No, I never got a call back.
19 Also, there was a scheduled meeting, I think in
20 September, off of Lakeview, for SSU for this same
21 meeting. I showed up over there, my wife and I,
22 nobody there, nobody. I was never notified or
23 anything. I've got the letter at the house.

24 COMMISSIONER GARCIA: Could you give me your
25 name again just so I can check our files?

1 WITNESS GAULT: William Gault, G-A-U-L-T.

2 COMMISSIONER JOHNSON: And Mr. Gault, our
3 engineer, as I stated before, is here. And to the
4 extent that you still have issues outstanding, you can
5 get with Mr. Crouch there after the proceeding, and
6 we'll try to assist you and answer any questions that
7 you may still have.

8 WITNESS GAULT: Okay, thank you.

9 MR. SHREVE: Mr. Gault, I appreciate your
10 testimony, sir. You had mentioned that they were
11 asking for the 10.32%. Actually, what they are asking
12 for is a profit or return on their investment, is
13 either 12.5% or 12.25%. The 10.32 considers their
14 loan that they are paying interest on, that's an
15 average. They actually want a profit or return of
16 12.5 or 12.25.

17 WITNESS GAULT: They shouldn't operate a
18 business. If they've got to make loans operate a
19 business, we are not here to pay their interest on
20 their loans that they make bad judgments on.

21 MR. SHREVE: Thank you, sir. (Applause)
22 Mr. George Kahl?

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GEORGE A. KAHL

1
2
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 KAHL: My name is George A. Kahl,
7 K-A-H-L. I live at 55 Edgewater Drive West at Covered
8 Bridge. And my complaint was on the service I
9 received this summer.

10 COMMISSIONER KIESLING: Mr. Kahl, could you
11 get closer to the mike?

12 WITNESS KAHL: Okay.

13 COMMISSIONER KIESLING: None of us could
14 hear you. Thank you.

15 WITNESS KAHL: My complaint is the poor
16 service I received when I was up north this summer. I
17 left April the 29th about 5:15 in the morning. And
18 the first bill I received after that had 4,785 gallons
19 charged to me, and that's pretty heavy usage for eight
20 days. So I called up and got somebody on the phone.
21 And I think I paid them \$26 or something, which was
22 the correct amount.

23 And the next month we had a bill for 3,000
24 gallons of water. Now, the house was closed, the
25 water was turned off, there was no usage whatsoever,

1 so I had to call back again. And during that summer I
2 had received five bills, and every one of them was
3 erroneous.

4 The third bill was for 9,980 gallons. I
5 told my wife we must have developed a new swimming
6 pool in the front yard. (Laughter)

7 I called them up on that one. They said,
8 well, they'd figure it out and see what was the
9 trouble. And I waited a week and called back, and
10 they hadn't. Then I got a letter from SSU saying if I
11 didn't pay that bill by August the 25th, they'd be
12 cutting my water off.

13 Well, then I wrote a letter to them and told
14 them what I had been getting and so on. And I said,
15 if you do cut the water off, I'll have to see the
16 water commission in Florida when I get back.

17 Then apparently somebody got on it because a
18 few days later I got a letter of apology for receiving
19 five erroneous bills for the summer. So that was my
20 squawk. I was afraid I was going to have to get an
21 attorney to do something before I got back.

22 COMMISSIONER JOHNSON: There may be
23 questions for you.

24 COMMISSIONER GARCIA: Let me just tell you
25 and I'm sure it has been mentioned, but I want to

1 repeat it. Any time you have a problem with the
2 Company, you will notice on the blue sheet of paper
3 that Staff has handed out, there's a 1-800-number
4 there. You can call that number.

5 There is a process whereby the complaint is
6 filed, the Company is given a certain amount of days
7 to straighten out the problem with us. And it
8 certainly saves you the time and aggravation of having
9 to get an attorney, because we sort of serve as a
10 hearing or a forum for you to try to take care of that
11 problem.

12 WITNESS KAHL: Your bills that were mailed
13 to me in Indiana --

14 COMMISSIONER GARCIA: No, I didn't send you
15 any bills.

16 WITNESS KAHL: But SSU.

17 COMMISSIONER GARCIA: Right. I have nothing
18 to do with SSU. (Laughter)

19 WITNESS KAHL: Well, they had an 800 number,
20 and I called that.

21 COMMISSIONER GARCIA: Right. That's not the
22 number I'm talking about.

23 WITNESS KAHL: Oh, okay.

24 COMMISSIONER GARCIA: I'm not with SSU. I'm
25 with the Florida Public Service Commission. And what

1 I'm asking you is that there's a blue sheet of paper.
2 On that front cover, there's a phone number;
3 Commissioner Kiesling is holding it up. You call that
4 number any time you have a problem, whether it be a
5 problem with the bill, whether it be a problem with
6 the service, you get cut off for no reason, you call
7 that number. We have a trained Staff that; for the
8 most part, only handles complaints. And they have to
9 get back to you, and the Company has to respond to our
10 questions.

11 WITNESS KAHL: Well, I don't know if that
12 number was on anything I had up in Indiana.

13 COMMISSIONER GARCIA: Probably not, probably
14 not. But I would suggest you keep that bill, just
15 like if you have problems with your electricity most
16 of the time or telephone services.

17 WITNESS KAHL: That was my only complaint.

18 COMMISSIONER JOHNSON: Mr. Kahl, did the
19 Company ever explain the reason for writing those
20 bills?

21 WITNESS KAHL: They kept saying somebody was
22 reading the meter wrong. But five consecutive times,
23 I couldn't believe it.

24 COMMISSIONER JOHNSON: That was the only
25 explanation you got?

1 WITNESS KAHL: Besides, in '93 and '94, I
2 also went up North and had no problems whatsoever, so
3 I just figured they must have had some new employees
4 or doing one every month or something because they
5 weren't getting it right.

6 COMMISSIONER JOHNSON: Now, did it only
7 happen during those months, or did you only receive
8 erroneous bills during those months when you were
9 away?

10 WITNESS KAHL: Yes.

11 COMMISSIONER JOHNSON: Okay.

12 WITNESS KAHL: And we were away and the
13 water turned off in the house and nobody living there,
14 so usually I have some neighbors come in and check the
15 coils. When I saw that 9,980, I said -- I called him
16 up and said, Go in there and see what's going on.

17 He went in. He says, There's no water in
18 the house, no leak anyplace that he could see.

19 COMMISSIONER JOHNSON: I would like for
20 Mr. Crouch to also get with this gentleman. Although
21 they seem to have corrected the problem, we may want
22 to just look at some of your bills to make sure that
23 they are accurate.

24 WITNESS KAHL: Now, the first one I got
25 since I've been back here is fine.

1 COMMISSIONER JOHNSON: Okay. (Simultaneous
2 conversation)

3 WITNESS KAHL: The one, it was different.

4 MR. SHREVE: Thank you, Mr. Kahl.

5 (Applause)

6 Mr. Martini?

7 WITNESS MARTINI: I'm declining my speech.

8 Everything I wanted to say has been said.

9 MR. SHREVE: Thank you, sir. That's all I
10 have.

11 COMMISSIONER JOHNSON: Are there any other
12 witnesses? Have you been sworn, sir?

13 UNIDENTIFIED WITNESS: No, I haven't.

14 COMMISSIONER JOHNSON: Are there any other
15 citizens here that would like to testify that haven't
16 been sworn in?

17 UNIDENTIFIED WITNESS: Actually, I'm not
18 acting as a witness; I just want to make a statement
19 or a comment.

20 COMMISSIONER JOHNSON: Sure. Let me go
21 ahead and swear you in, and we'll allow you to make a
22 statement.

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ACHILLES DeVITA

1
2
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 Could you state your name and address for
7 the record, please?

8 WITNESS DeVITA: Achilles DeVita. If you
9 are a student of Greek mythology, you'll know how to
10 spell that?

11 COMMISSIONER JOHNSON: How do you spell
12 that.

13 WITNESS DeVITA: A-C-H-I-L-L-E-S.

14 COMMISSIONER KIESLING: What was the last
15 name?

16 WITNESS DeVITA: The last name is DeVita.

17 MR. FEIL: Achilles is actually the
18 Romanized version.

19 WITNESS DeVITA: What's that?

20 MR. FEIL: Achilles is the Romanized
21 version. It's not actually Greek. It's Achillous;
22 it's Greek. (Laughter)

23 MR. DeVITA: My real name is Achille,
24 without the "S"; but on my birth certificate, it's
25 says Achilles.

1 I have nothing really to add to what has
2 already been stated here, but I would paraphrase
3 everything that hasn't been said. I've been a 13-year
4 or 14-year resident of Covered Bridge. I used to be
5 quite active with the water department when it
6 belonged to Mr. Miller. I happened to be active in
7 the maintenance of the area. And I did do things that
8 he didn't want to do, but it was just a question of
9 dealing with one person, Mr. Miller. And I guess I
10 was persuasive enough to get him to do things that had
11 to be done.

12 But in spite of that, I still put in a
13 reverse osmosis system into my home, so I have no
14 complaint about the drinking or cooking water that I
15 use. But I think when we first heard about this
16 increase, I did some arithmetic on it. And I found
17 it, in my mind, the increase they were looking for was
18 nowhere near commensurate with what service or quality
19 of water we've been getting. I don't think there's
20 been a change in that for the 14 years -- or 13 years
21 that I've been there.

22 The meeting we held at the clubhouse, I
23 stated that to the people of the water company, but
24 all it was, it was a statement, nothing was done. So
25 I just think that the increase is obscene, it's

1 unconscionable, and I just don't think they deserve
2 it. Thank you.

3 COMMISSIONER GARCIA: Let me ask you
4 something since you've had some experience even with
5 the water company. What do you think about uniform
6 rates? What do you feel about them?

7 MR. DeVITA: I don't think it's right. I
8 don't know why a little association like ours should
9 be subsidizing somebody who is going to have water
10 that's costing the amount a reverse osmosis water
11 would cost.

12 COMMISSIONER GARCIA: How about if it was
13 the other way around? How about if they were
14 subsidizing you, someone else was subsidizing you,
15 sir?

16 MR. DeVITA: How do you want me to answer
17 that? (Laughter)

18 I don't think it's right one way or another.
19 I think we should be paying for what we get, whether
20 it's us or somebody else. I don't know where this
21 reverse osmosis system is going into, but I imagine
22 people that will have this sort of water could afford
23 to pay for it, maybe we can't.

24 It's gotten to a point where my neighbors
25 are having a problem paying the kind of increases

1 they've already gotten. Maybe at the next meeting --
2 it just so happens I ran across a bill that I received
3 just before Mr. Miller sold to this new company. And
4 I think between water and sewer that the entire bill
5 was about \$7 or \$8 at the most, and that's what it was
6 consistently until this new change came in.

7 COMMISSIONER GARCIA: Mr. Miller was the
8 developer also?

9 MR. DeVITA: He was the developer. And the
10 system is primitive; the system is primitive. The
11 aerator is made up of concrete sewer locked pipes --
12 conduits. One stacked up on the other. The water is
13 loaded with sulfites in it. It's black, it stinks.
14 It's not only smelly, it stinks.

15 And we had Mr. Miller during the time that I
16 was active, we got in there and cleaned down the side
17 walls of this aerator. I mentioned it to -- what is
18 it, SSU?

19 COMMISSIONER GARCIA: Yeah.

20 MR. DeVITA: And they said that probably
21 they were going to look into it and do something about
22 that. But, like I said, I didn't know about this tank
23 that was replaced, but it was primitive when it was
24 first put up. I don't think it was engineered.

25 Anything else?

1 MR. SHREVE: Thank you, sir.

2 MR. DeVITA: That's enough for me. Thank
3 you. (Applause)

4 COMMISSIONER JOHNSON: Ladies and gentlemen
5 that concludes our --

6 COMMISSIONER GARCIA: Let me say something
7 before you close-up. I want to apologize to all of
8 you who were here on time. I have a tendency of
9 getting lost on the freeways, and I did once again. I
10 know that I got most of the customer testimony -- I
11 didn't you are right. Just to say it I guess, again,
12 and I'm sure the Chairman has stated, if you don't
13 want to speak but you want to have your testimony as
14 part of the record, you'll notice that on those blue
15 sheets you can also write, have a written statement.
16 But, again, I'm sorry for being late.

17 COMMISSIONER JOHNSON: Thank you again for
18 coming out this evening. And for those of you who
19 have outstanding issues, we directed you to Mr. Crouch
20 over here on the right. Bev DeMello is in the back.
21 If you have any other consumer complaints or issues
22 you would like to forward to her -- and we welcome any
23 of your questions or concerns. And thank you for
24 coming.

25 Again, our second hearing on this same issue

1 will be held in Highlands County. The location has
2 not been determined, so we're not sure if it will be
3 in this particular facility. We think it will be.

4 We will be? Okay, she has secured this
5 particular facility. It will be on February 7th, 1996
6 at 6 p.m. And you will receive another notice to that
7 effect. Thank you very much for coming, and we
8 appreciate your testimony.

9 MR. SHREVE: Thank you.

10 (Thereupon, the hearing concluded at 6:43
11 p.m.)

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1 STATE OF FLORIDA)
2 COUNTY OF LEON)

CERTIFICATE OF REPORTER

3 I, ROWENA NASH HACKNEY, Official Commission
4 Reporter,

5 DO HEREBY CERTIFY that the SEBRING SERVICE
6 HEARING was heard by the Florida Public Service
7 Commission at the time and place herein stated; it is
8 further

9 CERTIFIED that I stenographically reported
10 the said proceedings; that the same has been
11 transcribed under my direct supervision; and that this
12 transcript, consisting of 37 pages, constitutes a true
13 transcription of my notes of said proceedings.

14 DATED this 14th day of December, 1995.

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ROWENA NASH HACKNEY
Official Commission Reporter
(904) 413-6736