

MEMORANDUM

October 18, 1996

TO: DIVISION OF RECORDS AND REPORTING
FROM: DIVISION OF LEGAL SERVICES (AGARWAL) ^{RA}
RE: DOCKET NO. 960814-WS - Investigation of possible
overearnings in Manatee County by Keith & Clara Starkey
d/b/a/ Heather Hills Estates.

Please file the attached documents in the above referenced docket.

RA/dp

Attachment

cc: Division of Water and Wastewater (Casey, Bethea, Edwards)

ACK _____
AFA _____
APP _____
CAF _____
CMU _____
CTR _____
EAG _____
LEG _____
LIN _____
OPC _____
RCH _____
SEC 1 _____
WAS _____
OTH _____

DOCUMENT NUMBER - DATE
14292 OCT 23 96
FPSC-RECORDS/REPORTING

TO:

RAJ AGARWAL FPSC ATTY

FROM:

JOHN MORROW

MEADHER HILLS

BADDER, GA

PHONE/FAX 941-756-5627

5 SHEETS TO FOLLOW

Water Rate Information (Proposed/Draft) Sheet 1 of 1

Following are documented verifiable facts pertaining to Weather Hills Utility:

- (1) Florida Public Law mandates that the utility "must" be regulated. Manatee County chose to relegate this dubious authority to the Florida Public Service Commission (FPSC).
- (2) The FPSC audited the books of Weather Hills. As per the records and size of this utility they found the following:
 - (A) The utility is and has been overcharging the residents.
 - (B) In the previous year (1995) said utility (using the 9,000 gallon per quarter minimum) charged the residents for over 4 "MILLION" gallons of water and wastewater not consumed.
 - (C) From the amount of water supplied to the utility by Manatee County (through their master meter to our individual meters) over 900,000 gallons of water are unaccounted for. This means the loss is due to the old dilapidated aged lines and equipment, leakages and so forth. Under the new rate structure the utility would pay for this lost water and not the consumer. It is not our fault that no up-grading has been done in over 30 years. The FPSC stated that these lines have reached their life expectancy.
 - (D) The minimum usage (9,000 gallons per quarter) is "NOT" the state preferred way of charging customers. The basic rate structure plus paying for only what we use is the preferred way. (As per Jack Shreve of the Office of Public Council the minimum usage way of charging for water was set up decades ago. This was the way to allow developers to recoup money spent for drilling wells, adding and operating pumping and waste treatment facilities. It was "NOT" implemented for utilities that just buy the water from the city or county with very little expenditures).
 - (E) The following quote is from page 14 of the FPSC report pertaining to the new rate restructuring. "We find that the rates set forth below are fair, just, reasonable, and not unfairly discriminatory. These rates have been designed to allow the utility to recover its expenses and the opportunity to earn a 10.18% return on its investment".
 - (F) The FPSC decided that it is unfair to charge customers for water and wastewater that they do not use.

In their decision the PPSC allotted the utility the following assessments based on size and actual costs:

- (a) Salaries and wages for officers (Keith and Clara) \$12,755.00
- Water officer salaries and wages \$4,252.00
- Waste water officer salaries and wages \$4,252.00
- Materials and supplies - \$570.00
- (c) Contractual services - \$2,000.00/water - \$1,747.00 waste water
- (d) Rent - \$2,665.00 per year (office space in club-house)
- (e) Transportation Expenses - \$512.00/year (150 miles per month @ \$.29/mile)
- (f) Insurance Expense - \$26.00/year
- (g) Bad debt expense - \$323.00/year
- (h) Taxes (assessment, payroll, etc) - \$3,888.00 water and \$3,452.00 waste water
- (j) Depreciation expenses - \$796.00 water, \$2,300.00 waste water

The above sums going to the utility total \$41,255.00. On top of this the PPSC allows the utility to make 10.4¢ on every 1,000 gallons of water they "sell" to us and 18.35¢ on every 1,000 gallons of waste water. At last year's usage this is over \$3,600.00 more for water and over \$7,600.00 more for waste water. They will reap their pound of flesh but the PPSC rolls them how it is divided up.

(3) This new restructuring will benefit the single resident the most, the widow and the widower living alone (with one income) that "does not" use as much as some of us. The seasonal resident will save \$27.51 per quarter (\$109.02 for 4 months). At the very worst scenario some of us will pay 56.8¢ per quarter more. This is 15.28¢ per month. Even this will be rare. Is this not the fair treatment for all concerned?

Following is a chart showing the new rates under the PSC restructure (supplied by the PSC) with a comparison that I made with the present rates charged by the utility. As you will see anyone using 7,000 gallons or less (5 - 7,000) will receive a savings every quarter from \$27.51 for no water used to \$10.78 at 7,000 gallons used. From 7,000 gallons to 9,000 gallons we would pay from the same amount (\$75.96 at present) to a maximum increase of \$6.85 more per quarter. From 9,000 gallons on you start gallons the over-payment drops. From 15,000 gallons on you start saving again. (My last bill was for 11,400 gallons at a charge of \$87.24 as compared to \$91.98 at the new rate. This means that I would pay this utility \$4.74 for the quarter more than I am now paying. This is a very small amount to pay to save my neighbor \$27.51 on her bill). (You are supposed to be good Christians. Is it not time to start practicing what we preach?)

Water Used	new rate	old rate	difference	your neighbor
none (0)	\$48.45	\$75.96	- \$27.51	
1,000 gal	\$51.27	\$75.96	- \$24.69	
2,000 gal	\$56.09	\$75.96	- \$19.87	
3,000 gal	\$59.90	\$75.96	- \$16.06	
4,000 gal	\$63.72	\$75.96	- \$12.24	
5,000 gal	\$67.54	\$75.96	- \$8.42	
6,000 gal	\$71.36	\$75.96	- \$4.60	
7,000 gal	\$75.18	\$75.96	- \$.78	
8,000 gal	\$78.99	\$75.96	+ \$ 3.03	
9,000 gal	\$82.81	\$75.96	+ \$ 6.85	
10,000 gal	\$86.63	\$80.87	+ \$ 5.76	
11,000 gal	\$90.45	\$85.78	+ \$ 4.67	
12,000 gal	\$94.27	\$90.69	+ \$ 3.58	
13,000 gal	\$98.09	\$95.61	+ \$ 2.47	
14,000 gal	\$101.90	\$100.52	+ \$ 1.38	
15,000 gal	\$105.72	\$105.43	+ \$.29	
16,000 gal	\$109.54	\$110.33	- \$.80	
17,000 gal	\$113.36	\$115.23	- \$ 1.87	
18,000 gal	\$117.17	\$120.16	- \$ 2.99	
19,000 gal	\$120.99	\$125.08	- \$ 4.09	

Notice that under the new rate structure the utility will lose money on the 250,000 plus gallons that they supply to the golf course. Are we expected to pay for their water usage??

Health Hill Estates Utility

Docket No. 960814-WS

Note: This information supplied by F.P.C. Sample Usages and Costs Using New Rate Structure

Water Usage	Wastewater Usage @ 85%	Water Charge per Quarter	Wastewater Charge per Quarter	Total Quarterly Charge
0 gallons	0 gallons	\$21.39	\$27.00	\$48.45
1,000 gallons	950 gallons	\$22.76	\$29.51	\$52.27
2,000 gallons	1,700 gallons	\$24.13	\$31.60	\$55.69
3,000 gallons	2,550 gallons	\$25.50	\$34.40	\$59.90
4,000 gallons	3,400 gallons	\$26.87	\$36.65	\$63.72
5,000 gallons	4,250 gallons	\$28.24	\$39.30	\$67.54
6,000 gallons	5,100 gallons	\$29.61	\$41.76	\$71.36
7,000 gallons	6,000 gallons	\$30.98	\$44.20	\$75.18
8,000 gallons	6,800 gallons	\$32.35	\$46.64	\$78.99
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10,000 gallons	8,500 gallons	\$35.09	\$51.54	\$86.63
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12,000 gallons	10,200 gallons	\$37.83	\$56.44	\$94.27
13,000 gallons	11,050 gallons	\$39.20	\$58.88	\$98.08
14,000 gallons	11,900 gallons	\$40.57	\$61.33	\$101.90
15,000 gallons	12,750 gallons	\$41.94	\$63.78	\$105.72

367.0614 Rates and charges; requests for staff assistance in changing -

(1) The commission may establish rules by which a water or wastewater utility whose gross annual revenues are \$150,000 or less may request and obtain staff assistance for the purpose of changing its rates and charges. A utility may request staff assistance by filing an application with the commission.

(2) The official date of filing is established as 30 days after official acceptance by the commission of the application. The utility may not limit a fee, as provided by a rule, to a utility whose gross annual revenues are \$150,000 or less, until 30 days after acceptance. The commission may deny the application. The commission has 30 days after the official date of filing within which to issue a final order.

(3) The provisions of 367.0611(1), (2)(a), and (3) shall apply in determining the utility's rates and charges.

(4) The utility, in requesting staff assistance, shall provide a statement of the rates and charges approved by the commission unless the utility's rates and charges produce less revenue than the utility's rates and charges proposed.

(5) In the event of a protest or appeal by a party other than the utility, the commission may provide for temporary rates subject to a fund with interest.

(6) The utility, upon appeal to the commission, regarding a rate case, the request for rate relief is deemed to have been withdrawn. Temporary rates, if previously approved, must be discontinued, and any money collected from the customers of the utility with interest.

(7) The commission may, by rule establish standards and procedures whereby rates and charges of a utility may be set using criteria other than those set forth in 367.0611(1), (2)(a), and (3).

367.0614(1), (2)(a), and (3)

SARC

367.0616 Recovery of rate case expenses - The amount of rate case expenses determined by the commission pursuant to the provisions of this chapter to be recovered through a public utility rate shall be apportioned for recovery over a period of 4 years. At the conclusion of the recovery period, the rate of the public utility shall be reduced immediately by the amount of rate case expense previously included in rates.

Very important
stability

98

Note 11

As per the lawyer for the FPC the utility can pass on to the consumer (but not the utility) all expenses deemed necessary to deal with this action. The expenses do not go into the tens of thousands of dollars, all the utility customers would have to pay equally. The utility has the one job to find the regulations of this legislative action. Call at 1-800-413-6229

It seems that the utility is getting a few people to do its dirty work and be the SCARE & OAT.

DATELINES

SARASOTA MANAGER AM 10/11/96
News from in and around your

RESIDENTS PETITION AGAINST

Residents petition against utility rates

Forty-two residents have petitioned against the Florida Public Service Commission for considering utility rate increases for the Florida mobile home park.

The residents, who live in the Heather Hill Estates, and their two neighbors, have organized for a rate hearing scheduled for October.

In August, the commission ordered Heather Hill Estates' rates and charges to be reduced. The commission also ordered the commission to review the rates for each of the other mobile home parks in the area.

The petitioners say the utility rates are too high and that the utility companies are not providing adequate service.

They also say the utility rates are too high and that the utility companies are not providing adequate service.

SARASOTA

Mission Harbor contract OK'd

The Sarasota County Commission approved a contract for the development of Mission Harbor.

County commissioners Norm Turner, Robert J. Merrill and others approved the contract, which will lead to the sale of Mission Harbor. The contract is for the development of a 200-acre site in Mission Harbor. The contract is for the development of a 200-acre site in Mission Harbor. The contract is for the development of a 200-acre site in Mission Harbor.

The 21.5-acre Mission Harbor property will be sold to the county. The contract is for the development of a 200-acre site in Mission Harbor.

FROM :

PHONE NO. :

P82

Editor,

Utility Regulation

Sheet 1 of 2 9/24/96

I live in Weather Hills Estates, a sub-division (mobile home park) in Bradenton. I am proud to say that I am one of the residents responsible for having these so-called utility companies in our county regulated as required by law. Our county commissioners did not do their job for so long that some (at least one) of these utilities thought that they could do whatever they pleased. Even now they are twisting and distorting the facts.

The Florida Public Services Commission (FPSC) audited our park which was the first to come under their authority. (We own our land and the county owns the streets). They found that the utility WAS overcharging the people and that their 9,000 gallon minimum usage rate per quarter was not justified and was not in the best interests of the residents or the state. (There is no incentive to conserve water when you are being charged for it anyway). Their rates are being re-structured to a base facility charge (RTS) plus a charge for ONLY the water that we use. Some of us (Including me) will pay slightly more but the majority will see a reduction in their water bills. The largest increase in here will be approximately \$8.27 per quarter and the largest decrease will be approximately \$27.72 per quarter. Thank you FPSC.

While going through this long process other questions arose. This utility did not pay the Readiness To Serve fee (RTS) to the county for all its customers. They conveniently filed false information to the county and also to the state when they first took over authority. These facts are all documented. This was brought up by me at the last County Commissioners' meeting on this subject. They were very interested in this fact at the meeting and requested that I send a reminder to them. This I did, more than once. Nothing seems to have been done. Are we telling these people that it is OKay to break the law? Why should the rest of us have to pay the RTS fee if it does not apply to everyone? The next fact that surfaced is of greater interest. In the 12 month test year (1995) that the FPSC reviewed our park was supplied 8,886,600 gallons of water through the master meter owned by the utility. After a review of all our accounts the FPSC found that over 900,000 gallons of water was unaccounted for in this system. These lines were installed in or before 1966 and the system has never been up-dated. These figures show that over 10% of the water being supplied to us is being lost in the system. The county and the state ask us to conserve our fresh water but they allow an atrocity like this to continue. Where is the justice?

Other 704

See next page

Page 2 of 2 9/24/96

Other places may have similar problems. If the people have their facts straight and persevere they can accomplish small miracles. The Florida Public Service Commission has shown that they do listen and, most of all, they care enough to act. They do not twist the facts and mislead the people like some of these small utility companies. These utilities can no longer set their own rates. They can no longer do as they please. We, the consumer, now have a right to be heard and to be represented. This is no longer a one sided situation.

John Morelli

John Morelli

110 50th Avenue West
Bradenton, Florida 34207
941-756-5627
Heather Hills Estates

To:

Raj Agarwal FPSC ATTY

From:

John Morrell

MEADHER HILLS

BADENTON

PHONE/FAX 941-756-5627

5 SHEETS TO FOLLOW

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 - (F) The FPSC decided that it is unfair to charge customers for water and wastewater that they do not use.

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 - (e) Transportation Expenses - \$522.00/year (150 miles per month @ \$.29/mile)
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 - (h) Taxes (assessment, payroll, etc) - \$3,988.00 water and \$3,412.00 waste water
 - (j) Depreciation expenses - \$796.00 water, \$2,300.00 waste water

The above sums going to the utility total \$35,265.00! On top of this the FPSC allows the utility to make \$0.41 on every 1,000 gallons of water that they "sell" to us and \$0.35 @ 85% of water use per 1,000 gallons for waste water. At last years' usage this is over \$3,600.00 more for water and over \$2,600.00 more for waste water. They still reap their pound of flesh but the FPSC tells them how it is divided up.

- (3) This new restructuring will benefit the single resident the most, the widow and the widower living alone (with one income) that "does not" use as much as some of us. The seasonal resident will save \$27.51 per quarter (\$35.02 for 6 months). At the very worst scenario some of us will pay \$6.85 per quarter more. This is \$2.28 per month. Even this will be rare. Is this not the fair treatment for all concerned?

(4) Following is chart showing the new rate under the FPSC restructure (supplied by the FPSC) with a comparison that I made with the present rates charged by the utility. As you will see anyone using 7,000 gallons or less (0 - 7,000) will receive a savings every quarter from \$27.51 for no water used to \$0.78 at 7,000 gallons used. From 7,000 gallons to 9,000 gallons we would pay from the same amount (\$75.96 at present) to a maximum increase of \$6.85 more per quarter. From 9,000 gallons to 15,000 gallons the over-payment drops. From 15,000 gallons on you start saving again. (My last bill was for 11,400 gallons at a charge of \$87.24 as compared to \$91.98 at the new rate. This means that I would pay this utility \$4.74 for the quarter more than I am now paying. This is a very small amount to pay to save my neighbor \$27.51 on her bill). (You are supposed to be good Christians. Is it not time to start practicing what we preach?)

<u>Water used</u>	<u>new rate</u>	<u>old rate</u>	<u>difference</u>	<u>your neighbor</u>
none (0)	\$48.45	\$75.96	- \$27.51	
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18,000 gal	\$117.17	\$120.16	- \$ 2.99	
19,000 gal	\$120.99	\$125.08	- \$ 4.09	

NOTE!!! Under the new rate structure the utility will lose money on the 269,000 plus gallons that they supply to the golf course. Are we expected to pay for their water usage??

Heather Hills Estates Utility
 Docket No 960814-WS
 Sample Usages and Costs Using New Rate Structure

Note!! This information supplied by F.P.S.C.

Water Usage	Wastewater Usage @ 85%	Water Charge per Quarter	Wastewater Charge per Quarter	Total Quarterly Charge
0 gallons	0 gallons	\$21.39	\$27.06	\$48.45
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367.0814 Rates and charges, requests for staff assistance in changing. — **SARC**

(1) The commission may establish rules by which a water or wastewater utility whose gross annual revenues are \$150,000 or less may request and obtain staff assistance for the purpose of changing its rates and charges. A utility may request staff assistance by filing an application with the commission.

(2) The official date of filing is established as 30 days after official acceptance by the commission of the application. If a utility does not remit a fee, as provided by s. 367.145, within 30 days after acceptance, the commission may deny the application. The commission has 15 months after the official date of filing within which to issue a final order.

(3) The provisions of s. 367.081(1) (2)(a), and (3) shall apply in determining the utility's rates and charges.

(4) The utility, in requesting staff assistance, shall agree to accept the final rates and charges approved by the commission unless the final rates and charges produce less revenue than the existing rates and charges.

(5) In the event of a protest or appeal by a party other than the utility, the commission may provide for temporary rates subject to refund with interest.

(6) If a utility becomes exempt from commission regulation or jurisdiction during the pendency of a staff-assisted rate case, the request for rate relief is deemed to have been withdrawn. Temporary rates, if previously approved, must be discontinued, and any money collected from the customers of the utility with interest

(7) The commission may by rule establish standards and procedures whereby rates and charges of small utilities may be set using criteria other than those set forth in s. 367.081(1) (2)(a), and (3).

History — s. 3 on 88-362 s. 1 on 90-182 s. 4 on 91-428

367.0815 Recovery of rate case expenses.—The amount of rate case expense determined by the commission pursuant to the provisions of this chapter to be recovered through a public utilities rate shall be apportioned for recovery over a period of 4 years. At the conclusion of the recovery period, the rate of the public utility shall be reduced immediately by the amount of rate case expense previously included in rates.
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288

Note!!

As per the lawyer for the FPSC the utility can pass on to the consumer (us) (Starkey-the utility) all expenses deemed necessary to deal with this action. The expenses can go into the tens of thousands of dollars, all the utility customers would have to pay equally. Call the lawyer for the FPSC to find the ramifications of this egotistic action. Raj at 1-904-413-6228

It seems that the utility is getting a few people to do its dirty work and be the SCARF&OAT.

very important statute!!!

DATELINES

SARASOTA MANATEE AM 10/1/78
 News from in and around your

BRADENTON**Residents petition against utility rates**

Fourteen residents filed a petition against the Florida Public Service Commission for ordering unfair restructuring of utility rates at a Bradenton mobile home park.

The residents, all customers of Heather Hills Estates, said they received higher utility bills and asked for a future hearing, according to documents.

In August, the commission ordered Heather Hills Estates' Keith and Clara Starkey to make costly equipment changes and change rates. The commission found the couple had "overearned" about 43 cents per month on water for each of the subdivision's approximately 353 homes, but under-earned on sewer service.

The petitioners say the ruling is wrong because of the following: It did not consider maintenance and office expenses that never

were charged to residences; it "erroneously and unfairly" revised rates from a flat fee to a per-1,000-gallon charge; and it approved rates that are excessive.

SARASOTA**Mission Harbor contract OK'd**

In a 3-2 vote Monday, the Sarasota City Commission approved a contract that it hopes will lead to the sale of Mission Harbor.

Commissioners Nora Patterson and David Merrill couldn't get a third vote for delaying the work of a Boca Raton law firm that will be paid \$97,000 to market Mission Harbor. The city's agreement with the firm of Siemon, Larsen & Marsh includes plans for a public charette, scheduled for the week of Oct. 21.

The 11.6-acre Mission Harbor property, north of downtown, was once the designated site for Sarasota County's new library.

Utility Regulation

Sheet 1 of 2 9/24/96

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Other places may have similar problems. If the people have their facts straight and persevere they can accomplish small miracles. The Florida Public Service Commission has shown that they do listen and, most of all, they care enough to act. They do not twist the facts and mislead the people like some of these small utility companies. These utilities can no longer set their own rates. They can no longer do as they please. We, the consumer, now have a right to be heard and to be represented. This is no longer a one sided situation.

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