

October 29, 1996

ppoeapc/word

Director - Division of Records & Reporting  
Florida Public Service Commission  
2540 Sunnard Oak Blvd  
Tallahassee, Fla. 32399-0850

961321-205

Re: Application by Point Water & Sewer, Inc. to Operate a Water & Wastewater Utility that Services the Point Townhome Community, Orange Park, Florida.

Dear Sir,

This letter is written in response to the Point Water & Sewer, Inc. application to operate a water & wastewater treatment plant(W&WWTP) at The Point Townhomes, Socratic Point Lane, Orange Park, Fla., Clay County. I strongly object to this application being granted. The reasons are numerous and varied. Detailed below you will find a factual background of what has taken place at the Point regarding the W&WWTP, along with a short list of reasons why this application should be denied.

In 1981, Jim Yonge, a developer and an attorney, developed The Point Townhome Community. He had this small community set as a PUD(Planned Unit Development) for a maximum total of "34" units (townhomes). He also leased out an adjacent sailboat marina to Candy Whitney(Whitney's Marina), which rents sailboat slips to individuals. He installed a water and wastewater treatment plant (15,000 GPD) to handle the water and wastewater needs of both the Point and Whitney's Marina. As of today there have been "19" units built. Two(2) units are owned by Mr. Yonge and/or one of his corporations and one(1) unit is owned by his daughter - Karen Carr. In the Covenants & Restriction Agreement with the homeowners at the Point(which Mr. Yonge wrote), Mr. Yonge set up the Point Property Owners Association(PPOA). All homeowners were a part of the PPOA. All homeowners paid dues and/or assessments to the PPOA. The dues were used to pay for water, sewer, yard maintenance, the pool, electric and other costs to maintain the community in good condition. Mr. Yonge, in the agreement he wrote, set the water & sewer rates at the same rates as the then "Kingsley Water & Sewer Company" rates. Mr. Yonge applied for and was granted an operating permit from the DER(now DEP) of the State of Florida. He hired Enviro-Systems, Inc. (Tom Ryan - President and majority stockholder) to operate both facilities in accordance with the laws and regulations regarding these facilities. Mr. Yonge, or his assigns, handled the payment of all water & sewer invoices directly to Tom Ryan through the PPOA funds.

In 1987, Mr. Yonge turned the PPOA records over to the Board of Directors of the PPOA. At that time they realized that they had been overcharged \$16,000 for water and sewer from 1981 thru 1987. In 1988, the PPOA and Mr Yonge, thru attorney's settled this issue by having Mr. Yonge pay the PPOA \$12,000 in overcharges from 1981 thru 1988. At that point Mr. Yonge said that he had an agreement to sell the W&WWTP to Tom Ryan. Tom Ryan talked with the PPOA regarding this proposed purchase. He said if he purchased the plant he didn't want to make any profit from rates. He said his profit would come thru operating the plants, doing repairs and selling the facility when county water and sewer reached the Point Townhomes. He said that in order to purchase the plants the future rates charged would have to change from "Kingsley Water & Sewer Rates" to "All Costs of Operating the W&WWTP". He signed an agreement to purchase the plants from Mr. Yonge for \$500. The sale was unable to be completed because Mr. Yonge had failed to have the dock, which the outfall line to the St. Johns River is attached to, permitted. The PPOA also installed a water meter to Whitney's Marina to calculate their usage exactly. The Marina had been paying a charge equivalent to one Townhome for years, although the PPOA felt that the Marina was using much more water than they were charged for. Our hunch was true - the Marina was using much more water than they were being billed for. We started billing the Marina quarterly a pro-rata of the actual costs to operate the water & sewer plants - without any profit.

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FPSC-RECORDS/REPORTING

In 1987, when Mr. Yorge applied for his plant permit renewal, he was informed that he would need to install a de-chlorination unit in the plant to be in compliance. In 1992, the DEP & the EPA notified Mr. Yorge that he had failed to install a de-chlorination unit on the sewer plant which was required on his DEP permit in 1987. The EPA then levied a fine of \$25,000 on the W&W/WTP for improperly discharging waste into a waterway. Mr. Yorge notified the EPA that the PPOA owned the plants and they were responsible. The PPOA took action and found that (1) Mr. Yorge did in fact own the plants and (2) Clay County acknowledged that Mr. Yorge owned the plants and (3) That Mr. Yorge, as part of the DER permit agreement signed in 1987, was the responsible party for not adhering to that agreement. Finally, after another battle, the EPA, in 1994, recognized that Mr. Yorge owned the plants. The cost to the homeowners to prove that Mr. Yorge actually owned both plants was more than \$4,000. It was quite obvious to the PPOA board members that Mr. Yorge was trying to dissolve his ownership interest in the plants by saying "the PPOA was running things" rather than factually saying the PPOA was just paying the bills. The PPOA did in fact (1) not trust Mr. Yorge's previous water & sewer bill paying methods and (2) were worried about quality water and sewer service.

In 1994, three of the Point homeowners, one of which was myself, reviewed all the past costs of operating the W&W/WTP, the current regulations, the age of the plants and the future escalating costs. We also found out that Clay County Water & Sewer (the purchaser of Kingalely Water & Sewer) were about to run county water & sewer lines across the road from our facilities. At this point we realized that it would be most cost effective to apply for service from Clay Count Water & Sewer (CCW&S). We called Mr. Yorge in November of 1994 on a conference call and told him that it was in all of our best interests (the Points, Whitney's & Mr. Yorge's) to apply for water and sewer to CCW&S. We told Mr. Yorge that we had discussed the cost breakdown with the CCW&S engineers which found that, if Mr. Yorge developed his additional "15" undeveloped lots the costs would be as follows: \$65,000 for the PPOA, \$75,000 for Mr. Yorge and \$65,000 for Whitney's Marina. This was based on projected E.R.C.'s. We also told Mr. Yorge that we would have to turn back the bill paying to him because the PPOA, by paying the bills directly, were being viewed as owning the plants. Mr. Yorge felt that we were trying to strong arm him and wouldn't have nothing to do with our thoughts or recommendations. We turned the bill paying over to him in January 1995. In August, 1995, he sued "16" members of the Point saying that he had "given them the plants thru an oral agreement" and said they were responsible for the EPA fine.

As of October 1996, the PPOA and Mr. Yorge have been embroiled in lengthy and expensive litigation over the issue of the EPA fine and ownership of the W&W/WTP. It is quite obvious to the PPOA that the only chance Mr. Yorge has of winning is to burn the PPOA and its' homeowners out of money. At of this point today, the PPOA has spent in excess of \$40,000 in litigation. We can only assume that Mr. Yorge has spent that amount or more. The PPOA is determined to continue to fight. During this period Mr. Yorge has reportedly sold the plants to his son, John Yorge of the Point Water & Sewer, Inc. for a supposed \$100,000. Possibly this transaction was done to transfer Mr. Yorge's ownership out of the plants. Mr. Yorge, since March of 1995, has billed the PPOA \$3,000 per month for water and sewer service - an amount "4" times greater than what the PPOA knows the actual costs are. Besides that, we understand that he is billing the Marina \$500 per month. There is not a single homeowner at the Point that would had purchased there had they known that the water & sewer rates would be used as extortion. Mr. Yorge has mentioned to others that "he can charge anything he wants to charge", saying he has a right to under the changed billing agreement set forth in 1988. It is interesting that Mr. Yorge has refused to pay his normal and special assessments to the PPOA during this same period - an amount as of this date much larger than what water & sewer rates should be.

The PPOA has refused to pay the outrageous bills received by Point Water & Sewer, Inc. Our reasons are that they can not be verified, the costs were extremely excessive and the PPOA could not agree on any point of the charges. In the prior years the PPOA paid the bills directly, the water and sewer costs averaged \$750 per month for the "19" units or \$39.47 per month per unit. We have been encroving this amount with our attorney - Mike Lindell. We also are of the opinion that Mr. Yorge has not kept the W&W/WTP in good working order, nor does he care to. An example of his neglect is the current condition of the outfall line that goes to the St. Johns River. This line has been broken for several weeks. Also, one of the sewer treatment plant blowers is down for some time, causing the other blower to be overworked. This latter situation has caused the electric consumption on

the plants to increase dramatically - a cost the PPOA has been paying directly since day one. Lastly, as of this date, the PPOA is not aware that Mr. Yonge has a current and valid DEP operating permit for the plants.

In closing, if you want documentation regarding all the facts above, the PPOA has plenty. Before ever considering this application, the PSC, the EPA and the DEP need to make an on-site inspection of the water & sewer plants. If you allow this application to be accepted the PSC will do grave harm to the Point homeowners. Each owner at the Point is very concerned about the welfare of their family and the environment. We feel that Mr. Yonge is not capable of overseeing the W&W/TP, nor is he concerned about the environment. He and/or his family members have had to the EPA, lied to the DEP and lied to the homeowners. Thousands of dollars are being squandered in a trumped up lawsuit that could continue for years. If level heads had prevailed, the PPOA, Mr. Yonge and Whitney's Marina would have now paid over 35% of the costs to bring in Clay County Water & Sewer - rather than waste them on an uncalled for lawsuit. Will Mr. Yonge and/or his family be honest, concerned and capable managers of the Point water and sewer plants? The PPOA, from past experience, knows they won't. I strongly suggest that the W&W/TP be turned over to the operation of the Clay Water & Sewer. If this can not be done, and The Point Water & Sewer, Inc. application is approved, all the families at the Point, the St. Johns River and the surrounding environment stand at risk. I will be present at any and all PSC hearings regarding this matter and would appreciate time to speak.

Sincerely,



Mark J. Easterling, Sr.

Unit 324 - The Point Townhomes, 904-269-6453.

cc: John Yonge, Point Water & Sewer, Inc.  
John Thrasher, Fla. State House of Representatives  
Jerry Agresti, Director - Clay Water & Sewer  
EPA  
DEP

*Mr. E. Mrs. Mark J. Easterling*  
*324 Scenic Point Lane*  
*Orange Park, FL 32073*