

2740 Palo Verde Drive
Avon Park, Fl. 33825

Florida Public Service Commission
Gunter Building
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, Fl. 32399-0850

REC-11 JUN 11 9 07 AM '99

Reference Docket 981198-WS.

We the undersigned residents of Casa Del Lago Condominiums, serviced by Damon Utilities, wish to file this letter of protest over the proposed rate as stated in your letter dated March 3, 1999 .

Based on the Staff report dated Feb. 23, 1999 to Troy Rendell, Public Utilities Supervisor:

1. Case background:

It should be noted that Rodney Davis and Jeff Hartsine are Officers, both in Damon Utilities Inc., and DDH Partnership Inc., (Developers of the Casa Del Lago Condominiums,)as well as the Village Greens Subdivision. Mr. Davis is also a partner and owner of the Plantation Restaurant and the River Greens Golf Course.

Casa Del Lago Condominiums were started in 1985 & 1986 and the first units were occupied early in 1987. A listing of owners, addresses and dates of occupancy are attached. Originally there were to be 106 residential units consisting of triplexes and fourplexes. All were to be completed by November 1993. Early in 1994 we signed another agreement with the developer, DDH Partnership to extend this date to March 1999, changing to duplexes and triplexes only. This year we extended the completion date to March 2001, and hope that the developer can FINALLY finish this project. To date only 78 of the proposed 99 units are done, with 76 having Certificates of Occupancy, and two yet to be completed.

In paragraph two it states that Damon Utilities services 226 water customers and 79 wastewater customers, we believe those numbers to be in error, and should be corrected before you hear this Docket.

2. Quality of Service:

It is stated therein that, with the exception of rusted catwalks in the wastewater plant, appearances were satisfactory and that no foul or obnoxious odors were detected.

At least three instances during 1998, there were FOUL and OBNOXIOUS ODORS that would have made a skunk proud. During this period, the residents had to keep their doors shut and use their

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heat pumps in order to breathe.

It has been noticed that in the previous rate case, on page 19 of the January 23, 1992 Memorandum, that the staff recommended only one pump out of sludge per year, (with 29 wastewater customers) and now on page 14 of the February 8, 1999 memo the staff recommends four (4) loads be pumped every year (with 79 customers ?????) Could it be this created the smelly problem?

3. Used and Useful:

In this section it is noted that the lapse time meters at the master lift station (Number one) are not a good way to measure flows. Why doesn't the Staff recommend something more accurate, and also have like items installed on lift stations number two and number three. With this, more accurate reading could be made and better information had for rate cases. In the last paragraph it states " In 1991 a gravity system including a lift station was added to accommodate a thirteen lot subdivision called Village Greens". However if you would go back to Docket 900690-WS and find a 1991 Memorandum, dated October 4, 1991; from Ted Davis to: S. Robbins in which it is stated under General Information: " Damon Utilities intended to only serve Casa Del Lago, a 106 unit condominium complex that receives both water and wastewater service..... The most recent project will service a twelve lot (?) development known as Village Greens." This is also mentioned again, in the same(10/14/91) memorandum, on page 4, under the heading Collection System " The collection system appears to be adequately designed and constructed to serve the customer base. The Casa Del Lago system feeds into lift station number one, where a six (6) inch PVC force main transports the influent (effluent) to the plant. The most recent development is designed to independently feed into lift station number two, where a four (4) inch PVC force main will transport the influent (effluent) to lift station number one." These statements were based on the physical inspection of the site by Mr. Ted Davis, Engineer, Bureau of Special Assistance, during the period of August 13 to the 16, 1990.

Since the lift station (Number two) and all the piping were in place during this inspection, then these items must have been included in the 1991-92 Docket 900690-WS., and included in the rate base at that time.

On page 12 of that same report it states " The outstanding project construction is the development of the Village Green subdivision, and the cost of this construction will be included in the Auditors report."

In the February 23, 1999 report from Staff to Mr. Troy Rendell, it is stated on page 6 " In 1993 a new clubhouse was built and a lift station, number three, was built to transport the wastewater

(and associated two inch PVC force main) from lift station number three to lift station number two.”

On page 4 under Rate Base

The staff increased the rate base by \$34,964.00. Is it possible this is all for the lift station number three and the related 2” PVC line to serve the clubhouse. If this is true, we STRONGLY object to this charge, since this lift station and force main serve only the one commercial customer.

We believe that if this were an electrical utility the cost of the lift station and the related force main would have been borne by the entity it services. As it stands now, the remaining 77 customers are underwriting the cost of providing wastewater services to an entity which is a profit making commercial operation. As shown in the earlier documents the wastewater treatment plant was designed for the Casa Del Lago and Village Green residential units, not commercial entities.

We, therefore request this charge be removed from the Rate Base and the owners of the clubhouse and restaurant be made to pay for this exclusive item. **No other customers will ever be serviced by this exclusive lift station or force main** Damon Utilities will never collect enough revenue from that entity to pay for the connection while the 78 residential customers will take 27 years to pay off this addition to UPIS.

In 1991 there was an addition to the UPIS of \$27,409.00 which would have included the cost of adding the 12 unit subdivision (Village Greens) with lift station number two and the 4” force main to lift station number one.

This leaves the UPIS addition of \$ 34, 964.00 as the cost of adding the commercial entity (River Greens Clubhouse & the Plantation Restaurant) to the system. This 2” PVC line is over 2800 feet long.

We request that this item be back charged to the owners of the clubhouse and restaurant and not added to the Rate Base.

4. Margin Reserve:

We would like to take exception to the statement by the Staff regarding the growth of Casa Del Lago Condominiums. To date and the attached listing of Occupancies and Closings show that only two (2) units were built in 1998 and they are still vacant. Two (2) units are under construction in 1999, with one (1) having been sold and the other vacant, both without Certificates of Occupancy. This constitutes a total of nine (9) units constructed in the past three years and four them still unoccupied. We believe that the calculations were not skewed but reflect the actual and real growth. We see no need for any margin reserve on this system, since all that needs be done is to open more tanks, that are readily available and already constructed.

5. Rate Base:

We have already voiced our protests about the rate base, but want to add a comment about the \$1,250.00 charges to be added to each rate base for "Y2K" computers. First: the calculations are somewhat off, since the relationship between 226 water customers and 79 waste water customers is not 50/50. WHY penalize the wastewater customer again. A better split would be \$1,852.50 for water and \$647.50 for wastewater. Based upon the mathematical ratio. It would have more prudent to spend \$57.00 for a new BIOS chip and \$40.00 for labor to install it. In addition a lease arrangement with Gateway Computers would have reduced this figure to something more reasonable. Heck this out, Please.

6. Cost of Capital

It would also seem that a reasonable and prudent manager would have renegotiated the loans during the 1997-1998 year to take advantage of much lower interest rates. However, since the loans are due and payable to a related company, owned and operated by the same owners as Damon Utilities, it is in their best interests and not those of the ratepayer to keep the interest rate higher than the market.

7. Net operating Income:

Here we note that this utility has operated for 6 to 7 years with a significant rate increase and managed to do quite well, even adding \$34,000.00 in new lines and a lift station. Yet none of this benefits the average rate payer.

8. Operating Income:

Here again we think that the ratio of water customers versus to wastewater (74/26%)customers should be reflected in the adjustments to the following accounts: Salaries & Wages 601/701, Transportation \$650/750, Regulatory Commission, \$665/775, Misc. expenses, \$675/775, and Taxes other than Income. These accounts were not allocated according to the ratio of customers.

9. Revenue Requirement:

The rate of return of 9.21% is beyond what any reasonable business person could expect. Had this project been completed on time, there would have been the proper numbers of customers to support it. These factors should have been considered before the project was started. You must generate customers, before you can expect to make money.

10. Appropriate Rates:

We feel that the Staff has done a good job, putting all these facts together, but think that they could have reviewed the previous Docket 910690-WS, and been a little fairer in their proposed rates. Say only a 9% increase in gallonage rates for Residential Wastewater customers. If you wish to raise the commercial customers the 44.90% to assist the utility in paying for the 2844 foot line and lift station we would not object. Maybe the utility could recover its costs quicker.

11. Issue 14:

Here we feel very strongly that Damon Utilities should be fined for "willfully and knowingly" disregarding an order (25789, dated Feb. 24, 1992) to discontinue collecting capacity charges for water customers, but to continue collecting a service availability charge from its wastewater customers. It should be noted here that the 30 wastewater connections were at Casa Del Lago Condos, built by DDH Partnership and that only 1 unit, was at Village Greens. While the balance (47) were individual lot owners at River Greens Golf Course, who are not connected to the wastewater system.

12. Issue 16:

Again, this is a issue of the Utility, knowingly violating and Order (24306, dated April, 1991) from the Public Service Commission to maintain their books in conformity with the NARUC Uniform system of Accounts. In both cases we are sure these Orders were reviewed by Damon's legal representative and they were advised to conform. In the previous Audit, (dated September 20, 1991) wherein the Utility was told to get its books in order, their reply was, " we will respond at a later date". IT IS NOW MUCH LATER, AND THEY HAVE ON STAFF A PERSON STUDYING FOR HER C.P.A. DEGREE, THEY HAVE PURCHASED A NEW Y2K COMPLIANT COMPUTER, AND YOUR STAFF HAS FELT THEY ARE CAPABLE OF DOING IT RIGHT. THEY HAVE HAD 8 1/2 YEARS TO CONFORM.

The Unit Owners of Casa Del Lago Condominiums

CC: David Yates, President
Casa Del Lago Condominium Assn.

Office of Public Counsel

Troy Rendell, Public Utilities Supervisor

Attachments: Signature list
Occupancy list.

This document prepared by:

Jack C. Hughson Jr.,
2772 Del Casa Court
Casa Del Lago Condominiums
Avon Park, Fl. 33825-8767
941-453-0868

Casa Del Lago Protest er - Signature listing:

Flint/ Baker :: Janet/ James: James T. Baker - Janet L. Flint
Stone, Gloria: ~~James T. Baker~~
Hunt, Tom / Linda: ~~James T. Baker~~ - Linda K. Hunt
Tholen, Robert / Barbara: Robert Tholen - Barbara Tholen
Fagan, Edward / Diane: Ed Fagan - Diane Fagan
Salyers, John / Pearl: John Salyers - Pearl Salyers
Minne, Paul / Louise: Paul Minne - Louise Minne
Watson, James./ Jean: Jean W. Watson
Gorenson, Ralph / Ruth: Ralph Gorenson - Ruth Gorenson
Plagens, Harold / June: Harold Plagens - June Plagens
Tschida, William / Marianne: William Tschida - Marianne Tschida
Henderson, Enid: Enid Henderson
Procarione, Jay / Marilyn: Jay Procarione - Marilyn Procarione
Yates, David / Dee: David Yates - Dee Yates
Leslie, Ronald / Geraldine: Ronald Leslie - Geraldine Leslie
Platts, Myrene: Myrene Platts
Williams, Ralph / Joyce: Ralph Williams
/ Murray, Richard / Lorraine: Richard Murray - Lorraine Murray
Boever, Vincent / Margaret: Vincent Boever - Marge Boever
Harmon, Calvin / Mart Lou: Mary Lou Harmon
Hollar, Robert / Sharon: Robert Hollar - Sharon Hollar
Kost, Michael / Ester: Michael Kost - Ester Kost
Snyder, Richard / Joesphine: Richard Snyder - Joesphine Snyder
McCormack, Robert / Sharon: Robert McCormack - Sharon McCormack
Krug, William / Marilyn: William Krug - Marilyn Krug
Muehlenberg, Leo / Mary: Leo Muehlenberg - Mary Muehlenberg
Fretwell, Harold / Douella: Harold Fretwell - Louella Fretwell
Smiley, Roberta: Roberta A. Smiley

Casa Del Lago Protest ~~er~~ - Signature listing:

- Robinson, Howard/Dolores: ~~Howard Robinson~~ ~~Dolores Robinson~~
 Padfield, William/Betty: ~~William Padfield~~ ~~Betty Padfield~~
 Bowling, Janet/ Hershel: ~~Janet Bowling~~
 Brobst, Roger: ~~Roger Brobst~~
 Childress, Jerry: ~~Jerry Childress~~
 Doren, Bernice:
 Dayhoff, ~~Roberta~~ Barbara: ~~Barbara Dayhoff~~
 Bauerlein, Anthony: ~~Anthony Bauerlein~~
 St. Pierre, Roland, Audrey: ~~Roland St. Pierre~~ ~~Audrey St. Pierre~~
 Burke, Albina: ~~Albina Burke~~
 Brewer, Calvin/ Ruth:
 Hughson, Jack/ Lee: ~~Jack Hughson~~
 Webb, Sandra: ~~Sandra Webb~~
 Anderson, Leslie/ Margaret: ~~Margaret Anderson~~
 Storck, Warren / Marie: ~~Warren Storck~~ ~~Marie Storck~~
 Watson, Lawrence/ Dorothy: ~~Lawrence Watson~~ ~~Dorothy Watson~~
 Dubey, Clinton / Annamarie: ~~Clinton Dubey~~ ~~Annamarie Dubey~~
 Lee, Harold / Alice: ~~Harold Lee~~ ~~Alice Lee~~
 Bradshaw, Charles / Melba: ~~Charles Bradshaw~~ ~~Melba Bradshaw~~
 Rauser, Donald/ Florence: ~~Donald Rauser~~ ~~Florence Rauser~~
 Strouss, Oran/ Louise: ~~Oran Strouss~~
 Kaufmann, Wesley: ~~Wesley Kaufmann~~
 Purcell, Neil / Anne: ~~Neil Purcell~~ ~~Anne Purcell~~
 Culbertson, Sharon:
 Stubbs, Frank / Robby: ~~Frank + Robby Stubbs~~
 Beecher, G. Nevin / Normal: ~~G. Nevin Beecher~~ ~~Normal Beecher~~
 Murphy, Donald, Suzanne: ~~Donald + Suzanne Murphy~~
 Moree, Glenn / Diane: ~~Glenn Moree~~
 Craft, John / Mary: ~~John + Mary Craft~~
 McLaughli, Patricia:
 Rowley, Leroy / Ruth: ~~Leroy Rowley~~
 Olds, William / Darlean: ~~William Olds~~ ~~Darlean Olds~~
 Strouss, Oran / Louise: ~~Oran Strouss~~
 Henry, James / Wilda:
 Austin, Clark / Velma: ~~Clark J. Austin~~
 Haines, John / Carolyn:
 Williams, Bruce / Marguerite: ~~Bruce Williams~~ ~~Marguerite Williams~~
 Hern, Normand / Winefred: ~~Normand + Winefred Hern~~
 Campbell, Charles / Jean: ~~Charles W. Campbell~~ ~~Jean T. Campbell~~
 Molin, Margaret: ~~Margaret Molin~~
 Stull, Donald/ Rite: ~~Donald + Rite Stull~~
 Hartsell, Lowell / Betty: ~~Lowell Hartsell~~ ~~Betty Hartsell~~
 Horton, Max / Lorraine: ~~Max Horton~~ ~~Lorraine Horton~~
 Fusani, Tireno / Clara:
 Knepper, John / Burma: ~~John Knepper~~ ~~Burma Knepper~~

ORIGINAL OCCUPANCY & CLOSING DATE REPORT.

<u>OCCUPANCY</u>	<u>CLOSING</u>	<u>UNIT</u>	<u>LAST NAME</u>	<u>FIRST NAME</u>	<u>SPOUSE/OTHER</u>	<u>ADDRESS 1</u>
8701	5/25/87	01 D	ROBINSON	HOWARD	DOLORES (DEE)	2856 PALO VERDE
8701	8/12/87	01 A	PADFIELD	WILLIAM	BETTY	2862 PALO VERDE
8701	4/13/89	01 B	BOWLING	JANET	HERSHEL	2860 PALO VERDE
8701	5/16/89	01 C	RIDENS *	KEVIN	MICHELLE	2858 PALO VERDE
8710	10/1/87	01 G	BROBST	ROGER		2848 PALO VERDE
8710	10/9/87	01 E	CHILDRESS	JERRY	& Z.B.	2852 PALO VERDE
8710	7/15/88	01 F	DOREN	BERNICE		2850 PALO VERDE
8805	5/17/88	12 E	DAYHOFF	ROBERTA		2791 PALO VERDE
8805	6/15/88	12 H	BAUERLEIN	ANTHONY	& T.J.	2797 PALO VERDE
8805	9/1/88	12 G	ST. PIERRE	ROLAND (LEFTY)	AUDREY (SUNNY)	2795 PALO VERDE
8805	3/15/89	12 F	BURKE	ALBINA (BEA)		2793 PALO VERDE
8812	12/15/88	12 D	BREWER	CALVIN	RUTH	2754 DEL CASA CT
8812	6/2/89	12 A	HUGHSON	JACK	LEE	2772 DEL CASA CT
8812	7/12/89	12 B	WEBB	SANDRA		2764 DEL CASA CT
8812	9/20/89	12 C	ANDERSON	LESLIE	MARGARET	2756 DEL CASA CT
8907	3/21/90	11 A	(CRABTREE'S)	FOR SALE		2801 PALO VERDE
8907	7/13/90	11 B	WATSON	LAWRENCE	DOROTHY	2803 PALO VERDE
8907	10/8/90	11 C	DUBEY	CLINTON	ANNAMARIE	2805 PALO VERDE
8907	12/27/90	11 D	LEE	HAROLD	ALICE	2807 PALO VERDE
9003	9/1/88	11 G	BRADSHAW	CHARLES	MELBA	2813 PALO VERDE
9003	5/1/90	11 F	RAUSER	DONALD	FLO	2811 PALO VERDE
9003	5/3/90	11 E	STROUSS	ORAN	LOUISE	2809 PALO VERDE
9008	8/16/90	02 E	KAUFMANN	WES		2836 PALO VERDE
9008	12/18/90	02 F	PURCELL	NEIL	ANNE	2834 PALO VERDE
9008	5/30/91	02 D	CULBERTSON	SHARON		2838 PALO VERDE
9008	6/10/92	02 G	STUBBS	FRANK	ROBBY	2832 PALO VERDE
9101	1/16/91	02 C	BEECHER	G. NEVIN	NORMALEE	2842 PALO VERDE
9101	4/24/91	02 A	MURPHY	DON	SUZANNE	2846 PALO VERDE
9101	8/15/91	02 B	MOREE	GLENN (J.J.)	DIANE	2844 PALO VERDE
9111	2/4/92	13 G	CRAFT	JOHN	MARY	2769 DEL CASA CT
9111	2/14/92	13 E	McLAUGHLIN	PATRICIA		2765 DEL CASA CT
9111	4/3/92	13 H	ROWLEY	LEROY	RUTH	2771 DEL CASA CT
9111	12/15/95	13 F	OLDS	WILLIAM	DARLEAN	2767 DEL CASA CT
9208	2/10/93	13 C	(STROUSS)	FOR SALE		2748 DEL LAGO CT
9208	2/22/93	13 D	HENRY	JAMES	WILDA	2746 DEL LAGO CT
9208	8/16/93	13 B	AUSTIN	CLARK	VELMA	2750 DEL LAGO CT
9208	9/29/93	13 A	HAINES	JOHN	CAROLYN	2752 DEL LAGO CT
9310	10/15/93	10 C	WILLIAMS	BRUCE	MARGUERITE	2821 PALO VERDE
9310	11/1/93	10 B	HERN	NORMAN H.	WINEFRED	2819 PALO VERDE
9310	11/8/93	10 A	CAMPBELL	CHARLES	JEAN	2817 PALO VERDE
9312	1/10/94	09 G	SMILEY	ROBERTA		2845 PALO VERDE
9312	12/2/94	09 F	MOLIN	MARGARET M.		2843 PALO VERDE
9312	12/2/94	09 E	STULL	DON	RITA	2841 PALO VERDE
9404	3/31/94	10 G	HARTSELL	LOWELL	BETTY	2831 PALO VERDE
9404	4/1/94	10 F	HORTON	MAX	LORRAINE	2829 PALO VERDE
9404	4/8/94	09 A	FUSANI	TIRENO (TY)	CLARA (JUDY)	2833 PALO VERDE
9404	7/7/95	09 B	KNEPPER	JOHN	BURMA	2835 PALO VERDE
9407	7/25/94	09 C	FLINT/BAKER	JANET/JAMES		2837 PALO VERDE
9407	2/28/95	09 D	STONE	GLORIA		2839 PALO VERDE

<u>OCCUPANC</u>	<u>CLOSING</u>	<u>UNIT</u>	<u>LAST NAME</u>	<u>FIRST NAME</u>	<u>SPOUSE/OTHER</u>	<u>ADDRESS 1</u>
9409	6/27/95	03 F	HUNT	TOM	LINDA	2818 PALO VERDE
9409	8/16/95	03 E	THOLEN	ROBERT	BARBARA	2820 PALO VERDE
9410	6/16/95	05 B	FAGAN	EDWARD	DIANE	2794 PALO VERDE
9410	6/16/95	05 A	SALYERS	JOHN	PEARL	2796 PALO VERDE
9411	11/10/94	10 D	MINNE	PAUL	LOUISE	2825 PALO VERDE
9411	11/10/94	10 E	WATSON	JAMES	JEAN	2827 PALO VERDE
9502	6/16/95	04 G	GORENSON	RALPH	RUTH	2800 PALO VERDE
9502	12/27/95	04 F	PLAGENS	HAROLD	JUNE	2802 PALO VERDE
9503	8/16/95	06 D	TSCHIDA	WILLIAM	MARIANNE	2778 PALO VERDE
9503	8/28/95	06 C	HENDERSON	ENID		2780 PALO VERDE
9512	9/13/95	03 B	PROCARIONE	JAY	MARILYN	2828 PALO VERDE
9512	9/13/95	03 A	YATES	DAVID	DEE	2830 PALO VERDE
9512	9/13/96	03 D	LESLIE	RON	GERRY	2824 PALO VERDE
9512	11/26/96	03 C	PLATTS	MYRENE J.		2826 PALO VERDE
9602	2/20/96	05 E	WILLIAMS	RALPH	JOYCE	2788 PALO VERDE
9602	3/18/96	05 F	MURRAY	RICHARD	LORRAINE	2786 PALO VERDE
9605	6/10/96	05 C	BOEVER	VINCENT	MARGARET	2792 PALO VERDE
9605	6/25/97	05 D	HARMON	CAL	MARY LOU	2790 PALO VERDE
9606	6/17/96	08 G	HOLLAR	ROBERT	KAREN	2866 PALO VERDE
9606	7/15/96	08 F	KOST	MICHAEL	ESTER	2868 PALO VERDE
9702	3/15/97	06 A	SNYDER	DICK	JO	2784 PALO VERDE
9702	11/5/97	06 B	MC CORMACK	ROBERT J	SHARON	2782 PALO VERDE
9710	10/27/97	04 C	KRUG	WILLIAM	MARILYN	2810 PALO VERDE
9710	11/4/97	04 E	MUEHLENBERG	LEO	MARY	2804 PALO VERDE
9710		04 D	FRETWELL	HAROLD	LOUELLA	2808 PALO VERDE
9800		14 C		MODEL		2753 DEL LAGO CT
9800		14 D		MODEL		2755 DEL LAGO CT
9900		04 A		MODEL		2810 PALO VERDE
9900		04 B		MODEL		2812 PALO VERDE

COUNT OF UNIT:

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