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June 21, 2002  
VIA HAND DELIVERY

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OF COUNSEL

Mr. Troy Rendell  
Division of Economic Regulation  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: East Marion Sanitary Systems, Inc.; PSC Docket No. 010869-WS  
Staff Assisted Rate Case  
Our File No. 37023.01

RECEIVED  
JUN 21 1 14:25  
COMMISSION CLERK

Dear Mr. Rendell:

Attached is a copy of an outline of the annual time expended by Mr. Herbert Hein, dealing with utility matters for East Marion Sanitary Systems, Inc. As would be expected, despite the fact that Mr. Hein has a Contract Operator and a Contract Management Company, there is no one available to do the day-to-day maintenance and operation of the system. The one resident who is involved in the day-to-day maintenance has extremely limited responsibilities that do not involved the day-to-day maintenance of the system, other than simple review and checking on the chlorinators daily. The remaining maintenance is the responsibility of Mr. Hein, to the extent it is minor maintenance. These are the types of things that every Utility Manager must do on a daily basis.

As further justification for the time expended by Mr. Hein in overseeing Utility operations, Mr. Hein kept a record of his activities related to the Utility over approximately a 3 1/2 week period. This time record from May 28, 2002 through June 20, 2002 is attached hereto as well. As you can see, Mr. Hein spent an average of 16.67 hours per week during this period of time dealing with Utility issues. While some of these may be somewhat nonrecurring, they are all of a nature that are the type of activities that a manager would have to deal with on a regular basis and will recur in one form or another throughout each and every year.

Based upon the attached information, I believe you can see that Mr. Hein spends at the very least, 15 hours per week dealing with utility matters. This is close to the original estimate proposed by the staff, in addition to the cost expended for the resident who is hired part time. Appropriate recognition of this cost must be included, or the staff will be ignoring the day-to-day maintenance and management of the system and time expended in working with regulators and overseeing filings with those entities.

AUS Water and Sewer Plant Lands

- CAF
- CMP
- COM
- CTR
- ECR
- GCL
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- SEC   I
- OTH

The staff has proposed to allow only recognition of the value of the land utilized by the Utility for its plant sites at the time the Utility was originally certificated. While that may be a reasonable basis for determining the value if the land is still owned by the same or some other person who took that land by purchase from the prior owner, it is not appropriate in this case for several reasons:

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Mr. Troy Rendell  
June 21, 2002  
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Mr. Hein acquired the Utility from a bank after foreclosure of a loan due to the bank from the original owner of the Utility and the development. Mr. Hein is not related to either the original owner or the bank in any way. The land was separately sold by the bank to a third party and Mr. Hein had to specifically work out an arrangement whereby the Utility was allowed to use that property. Therefore, during the certification proceeding undertaken by the Commission in Docket No. 971269, Mr. Hein provided an Affidavit that he had control and power of direction over the land trusts and trustees for those properties. This statement was made as a result of the fact that he had a five year arrangement in effect from 1995 through the year 2000, whereby he was allowed to utilize that property simply by paying the property taxes and maintaining the property. That original arrangement with the landowners has now expired and as such, the landowners are demanding rental payments in the amount of \$600 per month. The Utility's current owner has no alternative but to pay that or to purchase the property at a cost of approximately \$70,000, for which the current landowners have agreed to sell. In either case, the Utility has no choice but to pay either the monthly rental fee or to purchase the property and to receive a return on that investment, either of which must appropriately be recognized in rate setting. To do otherwise is not only unreasonable, but is confiscatory.

In addition to the land and management labor issues outlined above, the Utility has incurred approximately \$3,000 thus far in obtaining my services related to this staff assisted rate case, and will incur an estimated \$2,000 more in seeing this through to a final decision. The Commission should include an amortization of this amount in rate setting.

If you have any further questions in this regard or need any further information from me, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding  
For The Firm

FMD\tms  
Attachment  
cc: Blanca S. Bayo  
Ted Davis  
Ryan Fitch  
Sally Moniz  
Herbert Hein

eastmarion\rendell.ltr

Yearly Hours Expended by Herbert Hein  
East Marion Sanitary Systems, Inc.; PSC Docket No. 010869-WS

Supervising, overseeing duties, discussing issues, and answering questions and concerns of the part-time employee (Joe Pakoca) when he calls	50 hrs.
Joe works 5 hrs./week doing chlorinator tests only	
Time it is going to take to get replacement when Joe moves	6 hrs.
Repairs to air lines in sewer plant	25 hrs.
Repairs to chlorinator in sewer plant	6 hrs.
Repairs to blower alternator in sewer plant	5 hrs.
Calling and working with Ocala Power when fuse gets blown at power pole	3 hrs.
Replacing alarm and signal lights in panels	10 hrs.
Calling and getting estimates for work to be done (i.e. getting bids for disking percolation ponds, getting mowing bids, getting bids for large fence repairs)	50 hrs.
Time supervising that mowing is done properly or repairs done as agreed	30 hrs.
Time spent on the phone and in person with the operator	24 hrs.
Turning blowers back on after DEP inspectors shut them off and forget to turn them on after an inspection	2 hrs.
Writing letters to DEP in response to inspection letters	10 hrs.
Repairing fence posts that are rotten and get broken off in storms	20 hrs.
Repairing fence panels that are broken when branches or trees drop on them	60 hrs.
Meeting with the health department and DEP on inspections when possible	5 hrs.
Working on regulating flow to sewer plant to prevent washout after an extended power outage at a lift station	20 hrs.
Checking on power outage at lift station when alarm goes off/reset breakers or call power company if fuse is blown	8 hrs.
Replacing indicator lights and alarm lights in lift station panels	2 hrs.
Painting of all exterior electrical panels to prevent deterioration	5 hrs.
Calling and working with contractor when lift station pumps get pulled either to repair them or de rag them	10 hrs.
Having lift rails repaired when needed	5 hrs.
Having lift station tanks cleaned and pumped to remove grease and sludge	2 hrs.
Time to get bids for having transfer switches installed for backup generator	26 hrs.
Time to get bids for battery backup alarms for lift station and sewer plant	3 hrs.
Time spent to check why white water pump is off and turning it on after operator turned it off and when damaged calling pump repair company to replace sensor or probe as needed	5 hrs.
Time going and purchasing new chlorinator pump as needed and installing	3 hrs.
Removing injector nozzle and cleaning (every 3 months)	2 hrs.
Cleaning and painting tank	6 hrs.
Repairing pump house as needed	6 hrs.



## To:

Marshall Deterding  
(850) 656-4029 Fax

## From:

Herbert Hein  
(352) 625-0117  
(810) 241-8789 cell#

Time spent to renew St. Johns Water Management permits	15hrs
Time to purchase occupational permits	8hrs
Time to complete consumptive use permit	20hrs
Time coping & mailing out water quality letter annually	5hrs
Applying for State of Florida inspection certificate	3hrs
Time spent monthly reviewing billing and bill payment 8*12	96hrs
Time spent getting insurance quotes	30hrs

5/28 Met with Len Tabor from Enviro-masters finalize records and receive Co records from them	3hrs
5/29 Met with Joe Pakola, he is resigning from water testing	1.5hrs
Met with Mike Blake & Wayne at sewer plant to discuss needed repairs and to discuss repairs done by their personnel to broken airline	2.5hrs
5/30 Called & spoke to 3 different people about replacing Joe Pakola. Set appointments with them	2hrs
5/31 Met with 2 people & went over what would be required of them & to do chlorine testing	1.5hrs
6/3 Met with 3rd person to go over testing procedures & hired him	2hrs
Met with Dave Hanna, Florida Rural water Association went over MOR's so that he could do water audit	1hr
6/5 Met with Greg Gordan at sewer plant & discussed sewer plant operations and corrections needed, discussed modifying splitter box	2.5hrs
6/6 Met with representative of new billing Co. & transferred program & data to their system & did some sample data input. Set up printer to do billing	4hrs
Met with Tony to start training at water & sewer plant	4hr
Called Davis supply about problems with chlorine	1.5hrs
Called office in Michigan to get copies of Davis supply deliveries and billing	.75hrs
Called Davis supply back	.50hrs
6/7 Met with Tony & Barry (from Aqua Pure) at water plant to introduce them to each other & to discuss plant operation	1.5hrs
6/8 Met with Tony at water plant, Chlorinator had lost its prime & chlorine levels were to low. Showed Tony how to prime pump and ran chlorinator manually to bring chlorine level up	3.5hrs

6/10	Called Davis supply to ck when new chlorine was being delivered & showed Tony how to adjust chlorinator	2hrs
	Met with new billing CO about forms needed for a new service connection & related charges. Went over entering a new customer into computer	1.5hrs
6/11	Returned call to JWJ about doing a water line locate for an under street bore & set appt	.5hrs
6/13	Delivered new water service form to title co at closing and met with new customer	1.25hrs
	Called Davis supply about chlorine delivery	.5hrs
	Typed up letter to all customers about who to call for with water problems & to provide each customer with Aqua Pure's phone Number. Passed out info sheet to 1/2 of the customers	4hrs
6/14	Passed out the rest of the info sheets to the customers	2.5hrs
	Reviewed Consumer confidence report, prepared by Aqua Pure	
	Made arrangements to get them passed out to all the customers	2.5hrs
6/17	Prepared forms to mail out copy of Consumer confidence report to DEP and the PSC	1.5hrs
6/19	Met with Tony at sewer Plant about repairing broken air line	.75hrs
	Received St. Johns water management water used record & started to complete form due at the end of the month	1.5hrs
6/20	Met with Tony to do water main locate at new home with JWJ	1.25hrs
	Worked with Tony to do Air line repair at sewer plant	4hrs
	Made note book for Tony with phone #'s of who to call for different repairs	1.5hrs

TOTAL 57.0 hrs.

16.7 hrs/week