



1 PARTICIPATING:

2                   STEPHEN C. REILLY, ESQUIRE, Office of Public Counsel,  
3 representing the Citizens of the State of Florida

4                   MARTIN S. FRIEDMAN, ESQUIRE, representing  
5 Century-Fairfield Village, Ltd.

6                   MR. RICH, representing the homeowners association in  
7 Century-Fairfield Village.

8                   LISA BENNETT, ESQUIRE, and CHERYL JOHNSON,  
9 representing the Florida Public Service Commission staff.

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

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**CHAIRMAN CARTER:** Staff, would you introduce the issue, please.

**MS. JOHNSON:** Good morning, Commissioners.

Item Number 6 is an application for a certificate to provide water and wastewater service in Marion County by Century-Fairfield Village, Ltd. We have five issues to address in this recommendation. All the parties are here and represented to address your concerns and questions, and we can proceed any way you want.

**CHAIRMAN CARTER:** Let's do this. Mr. Reilly, do you want to go first?

**MR. REILLY:** I will. Thank you.

**CHAIRMAN CARTER:** You're recognized, sir.

**MR. REILLY:** I just wanted to offer a few words of appreciation and thanks to all the parties for making this settlement agreement possible. We would like to thank the staff for inviting us into the case, and we would particularly like to thank the park owner's willingness to negotiate and work with the customers to fashion a solution that met the needs of both the park owner and the customers.

We believe this agreement essentially maintains the status quo with the exception of establishing these conservation rates which we believe will resolve the problem of a few of the customers greatly exceeding and using a great deal

1 of water. And the few customers using a lot of water was  
2 causing the park owner to exceed its consumptive use permit, so  
3 we really believe the settlement agreement offers a  
4 win/win/win, a win for the customers, the park owner, and, of  
5 course, addresses the problem of the water management district  
6 in overconsuming.

7 So we just want to thank the staff's willingness to  
8 support the agreement, the water management district's  
9 willingness to support, and just want to thank everybody for  
10 all their good work.

11 **CHAIRMAN CARTER:** Mr. Friedman.

12 **MR. FRIEDMAN:** Thank you. I'm Martin Friedman of the  
13 law firm of Rose Sundstrom & Bentley; we represent  
14 Century-Fairfield Village. And we do support the staff's  
15 recommendation. It has never been the park's intent to become  
16 a utility, and the sole purpose of invoking these rates is  
17 merely to curb the consumption of those people that use  
18 excessive amounts of water so that the park does not find  
19 itself in a position of violating its consumptive use permit  
20 and having to pay fines. So we certainly support the staff's  
21 recommendation and applaud them for thinking outside the box in  
22 coming to a resolution. Thank you.

23 **CHAIRMAN CARTER:** Thank you. Mr. Rich.

24 **MR. RICH:** Yes.

25 **CHAIRMAN CARTER:** You're recognized, sir.

1           **MR. RICH:** This is Mr. Rich; I'm from the homeowners  
2 association in Fairfield Village, and I just had a few words I  
3 wanted to say here.

4           The first thing I want to do is I wanted to thank the  
5 Commissioners for listening to our point of view at the last  
6 meeting that we had. And this whole issue of (inaudible,  
7 telephone interference) proposal originally was an important  
8 thing for the retirement community because they are on limited  
9 income.

10           I wanted to mention that Steve Reilly put in a lot of  
11 time in this, and certainly without him we never could have  
12 reached this agreement at all. And, you know, the members here  
13 at the homeowners association were very pleased with it when I  
14 brought it up to them.

15           I really wanted to thank CRF, and the staff, and also  
16 the Commissioners, and more than anything I wanted to thank  
17 Steve Reilly for all the work that he did in bringing this  
18 proposal together, and we just wanted to say that we are  
19 totally in favor of it and we wanted to urge your approval.

20           Thank you.

21           **CHAIRMAN CARTER:** Thank you, Mr. Rich. Mr. Reilly's  
22 boss is here so he is listening. I'm sure Mr. Reilly  
23 appreciates that.

24           **MR. REILLY:** You read that statement beautifully. I  
25 appreciate that.

1           **CHAIRMAN CARTER:** Commissioner Skop, you're  
2 recognized, sir.

3           **COMMISSIONER SKOP:** Thank you, Chairman.

4           And, like I say, I would like to commend staff and  
5 OPC and the parties for reaching a settlement agreement.

6           One quick question directed, I guess, to Mr. Reilly  
7 who would probably be the most appropriate party. On Page 5 of  
8 the staff recommendation it speaks to the disposition of the  
9 monies that were collected from customers from the period of  
10 May 2007 to September 2007. And under the settlement agreement  
11 the utility is allowed to retain that. And I guess the purpose  
12 of that, as stated in the staff recommendation, is to cover the  
13 costs incurred for implementing the conservation rates and  
14 complying with the Commission's regulatory requirements.

15           I don't know if any of my colleagues share this  
16 concern, but I guess the issue came up before when we initially  
17 addressed it and there was some concern of disposition of that  
18 money, whether it should go back to the customers, which I  
19 think the consensus was, no, it really shouldn't, because they  
20 used too much water. Should it go to the utility? Well, maybe  
21 not, because they are the ones that departed from the rule.  
22 And I fully agree with the staff recommendation that the  
23 utility should not be show caused, but it just seems to me it  
24 is kind of like rewarding somebody for doing something wrong.

25           And I am just wondering if any portion of this money

1 is going to conservation education measures. For instance, if  
2 you communicated the message throughout the homeowner's  
3 association the need to conserve and messaging that way, and it  
4 seemed to me that that might be a worthy cause for some of that  
5 to go to education to educate the residents about the need to  
6 conserve.

7           **MR. FRIEDMAN:** Mr. Friedman might be able to address  
8 the company's plans to do any information like that, but the  
9 company in stepping forward with this plan is really going to  
10 possibly be receiving little or no income. And they have  
11 committed themselves now to do monthly meter readings, sending  
12 out bills to those customers who do exceed the minimum number  
13 of gallons, and then also filing annual reports with the  
14 Commission. So there is going to be all kind of additional  
15 costs that the company is going to need to have money to fund.  
16 And this was funds being collected by the company by the people  
17 who did greatly exceed the usage.

18           The feeling was they are going to be underfunded to  
19 do all the things that they needed to do and that it was  
20 appropriate to fund this new conservation rate. And, in  
21 effect, it was conservation dollars for the benefit of the  
22 customers, so it was one of bargaining things that was put on  
23 the table and the homeowner's association signed off on it on  
24 behalf of the customers, and we thought it was an appropriate  
25 way to help make the company more whole. We aren't making the

1 company whole. They are going to be operating these  
2 conservation rates probably well below compensatory rates, and  
3 so that was just one of the things we negotiated and thought  
4 that was fair and reasonable.

5 COMMISSIONER SKOP: Thank you.

6 CHAIRMAN CARTER: Commissioner Argenziano, you're  
7 recognized.

8 COMMISSIONER ARGENZIANO: First, I would like to  
9 respond to Commissioner Skop. The water management  
10 district spends a lot of tax dollars on teaching people about  
11 conservation and they do a good job. They have done a lot, all  
12 of the water management districts. So, that's number one. But  
13 if you recall in some of the conversations we had there were a  
14 lot of leaks in the systems. So there weren't that many  
15 people -- that's why I had the problem with staff's original  
16 recommendation on charging more for the people who were  
17 conserving and doing a good job. And there were many people in  
18 that community who did not use a lot of water, and those people  
19 who were, we found that there were leaks, if you remember  
20 through the questioning, and that once the leaks were fixed the  
21 consumptive use went down tremendously.

22 So, number one, I would like to thank the staff for  
23 instituting what I wanted at that time was the conservation  
24 rates because you don't punish people who are conserving. And  
25 because, as Mr. Rich said, you had a retirement community here



1 and this could really hurt a lot of people. And I would also  
2 really like to -- OPC, of course, and I don't know how much you  
3 paid Mr. Rich, Mr. Reilly, to say all of those wonderful  
4 things --

5 (Laughter.)

6 **MR. RICH:** Big bucks.

7 **COMMISSIONER ARGENZIANO:** But, no, we know you  
8 didn't.

9 We know you did a very good job, Mr. Rich, and we  
10 appreciate that. And the community did a great job. But the  
11 park owner has to be commended, also, because I don't think his  
12 intention ever was to stick the people with a higher bill. And  
13 the fact, as you just mentioned, that he is not really making  
14 any money off this system, and I have to commend that. I have  
15 to appreciate that. So I think this is a great scenario where  
16 everybody just came together, and I really do appreciate staff  
17 implementing those conservation rates, because I really thought  
18 that was the way to go, and I just want to say thank you to  
19 everybody involved.

20 **CHAIRMAN CARTER:** Commissioner Skop.

21 **COMMISSIONER SKOP:** Thank you, Mr. Chairman.

22 And I thank Commissioner Argenziano for those  
23 thoughts and comments. I think the point that I was trying to  
24 make, though, and I think the conservation rates will help, but  
25 maybe additional education would be warranted. I know SWFWMD

1 does that, but also, too, that the homeowners association, to  
2 the extent that, you know, if people continue to use a lot of  
3 water, and I think the leaks that were mentioned have been  
4 fixed, and that's probably where a lot of the excess usage or  
5 consumption was coming from, but I would just be worried if  
6 people don't show any conservation that perhaps that the same  
7 situation would arise where they were overwithdrawing, I guess,  
8 the permit.

9           **CHAIRMAN CARTER:** Commissioner Argenziano.

10           **COMMISSIONER ARGENZIANO:** And I agree 100 percent.

11 The only good thing about that is when you are in a  
12 conservation rate, as they are, if people choose to squander  
13 water or use it in an inefficient way, then they are going to  
14 pay more. That is what I appreciate about the conservation  
15 rates. I think that, in itself, is a, hey, unless you really  
16 want a high, high water bill -- but conservation is very  
17 important and I know really seldom do I really commend the  
18 water management districts. Sometimes I have a hard time with  
19 them, but they do a really good job on teaching conservation.  
20 And, again, I just appreciate what everybody has come together  
21 on. It works great that way.

22           **MR. RICH:** Could I make a comment?

23           **CHAIRMAN CARTER:** Yes, sir. You're recognized, Mr.  
24 Rich.

25           **MR. RICH:** We are working very -- well, I can't say

1 very closely, but we are working with CRF on this issue, and  
2 I sent out a notice urging the people to, you know, there is  
3 only a few of them, but urging the people to conserve. And  
4 also I urged some of the people if they see somebody that's  
5 overusing greatly to let us know so that we can address the  
6 issue. And what I told them in the notice that I sent out was  
7 the Commissioners may want to revisit this thing, if they don't  
8 do the things that they are supposed to do. So we just wanted  
9 to let everybody know that we are going to work with CRF in  
10 making sure that they don't overuse here.

11 **CHAIRMAN CARTER:** Thank you, Mr. Rich. When all  
12 parties are willing to work together, you get an innovative  
13 program like this. And, Mr. Reilly, you did a great job.

14 **MR. REILLY:** Thank you.

15 **CHAIRMAN CARTER:** You need to pay me more on that,  
16 though.

17 (Laughter.)

18 **CHAIRMAN CARTER:** Commissioner Skop, you're  
19 recognized.

20 **COMMISSIONER SKOP:** Thank you, Mr. Chair.

21 I guess if there is no further discussion I would  
22 make the motion to move staff recommendation to adopt the  
23 settlement agreement.

24 **COMMISSIONER EDGAR:** Second.

25 **CHAIRMAN CARTER:** There's a motion and properly

1 seconded. Commissioners, any debate?

2           Hearing none, all those in favor let it be known by  
3 the sign of aye.

4           (Unanimous affirmative vote.)

5           **CHAIRMAN CARTER:** All those opposed, like sign. Show  
6 it done. Thank you.

7           And thank you, Mr. Rich, for your participation.

8           **MR. RICH:** And I want to thank everybody again, too.

9           **CHAIRMAN CARTER:** Yes, sir.

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1 STATE OF FLORIDA )

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CERTIFICATE OF REPORTER

3 COUNTY OF LEON )

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5 I, JANE FAUROT, RPR, Chief, Hearing Reporter Services  
6 Section, FPSC Division of Commission Clerk, do hereby certify  
7 that the foregoing proceeding was heard at the time and place  
8 herein stated.

9

10 IT IS FURTHER CERTIFIED that I stenographically  
11 reported the said proceedings; that the same has been  
12 transcribed under my direct supervision; and that this  
13 transcript constitutes a true transcription of my notes of said  
14 proceedings.

15


16 I FURTHER CERTIFY that I am not a relative, employee,  
17 attorney or counsel of any of the parties, nor am I a relative  
18 or employee of any of the parties' attorney or counsel  
19 connected with the action, nor am I financially interested in  
20 the action.

21

DATED THIS 24th day of June, 2008.

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