

**Diamond Williams**

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**From:** coakley [wdco@comcast.net]  
**Sent:** Thursday, December 02, 2010 4:13 PM  
**To:** Filings@psc.state.fl.us  
**Subject:** Docket 100330-WS William Coakley filing  
**Attachments:** PSC appeal 12.2.10S.pdf

FROM:

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DOCKET # 100330-WS

Application for increase in water/wastewater rates in Alachua, Brevard, DeSoto, Hardee, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc.

In behalf of: LAKE OSBORNE ESTATES/LAKE OSBORNE CIVIC ASSOCIATION, INC

Number of pages of attachment: 5

Document description: Request to consider special circumstances, grievances, and a Petition for Relief.

Aqua Utilities Florida (AUF) intends to impose a unified rate on all Florida rate payers which will proportionately cause Lake Osborne Residents to carry an unfair burden of the capital costs of repairing/maintaining other water systems unrelated to Lake Osborne Estates. LOE (Lake Osborne Estates) is a unique situation in that it is a "pass through" system from Lake Worth to the LOE system with AUF the middleman, adding no value but working a 100% profit margin.

The Petition for Relief is a request to be placed in a newly designated rate class due to the special circumstances LOE finds itself in and is also accompanied by a request to roll back current rates to a parity level.

12/2/2010

DOCUMENT NUMBER-DATE

09730 DEC-2 0

FPSC-COMMISSION CLERK

To: Ann Cole  
(acole@psc.state.fl.us)  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

From: William Coakley – Lake Osborne Civic Association, Inc

Date: Thursday December 2, 2010

Reference: Docket No. 100330-WS

Greetings,

As the President Elect of the Lake Osborne Civic Association and as Chairman of the Committee on Water Rights for the Association, I would like to submit my request to represent the interests of the 1200 residents of Lake Osborne Estates in the Florida Public Service Commission's proceedings whereby the interests of our Association and our community will be presented.

It is my understanding that the PSC is subject to established parameters that may restrict any focus on rate structures as it applies to certain groups and locations. And if true, this might preclude any examination of the unique circumstances LOE (Lake Osborne Estates) finds itself in with respect to the class 3 rate structure AUF (Aqua Utilities Florida) has applied to LOE (Lake Osborne Estates).

Therefore we submit this request for the PSC to fully consider our unique situation, our grievances and Petition for Relief which we believe qualifies us to be placed in a new rate class whereby a rollback of the current rates may be considered based on the following:

1. AUF has already petitioned for and was granted an unprecedented 250% rate increase (\$2.03 to \$5.01 per thousand gallons) that went into effect April of 2009. Now, a year and half later, they are requesting an additional 30 – 55% rate increase.

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FPSC-COMMISSION CLERK

2. The problem for us IS the rate structure. We are a unique pass-through water consumer. AUF (Aqua Utilities Florida) is not adding any value to the LWU (Lake Worth Utilities) water we receive ...yet we are paying nearly double what a Lake Worth resident pays for the same water.
  3. AUF has no investment in wells, pumps, chlorination, filtration, tanks, water softening or other water system infrastructure for LOE nor do they carry the burden of maintaining these infrastructure elements...other than owning and (poorly) maintaining the LOE distribution system ...namely, pipes installed in the 50's and 60's purchased by AUF ca 2004.
  4. AUF doesn't own or maintain the water meter at the junction of LWU and the Lake Osborne Estates distribution systems.
  5. They have no local office, no local staff, no local customer service center.
  6. LOE is an isolated system hundreds of miles from the nearest other AUF facility and even the meter reader comes from Tampa across the state to read the meters.
  7. The primary reason given for AUF's rate hike is ...capital investment has far exceeded their projected expectations. But that raises three questions. First, how could sound business practices and projections fail to predict such emergency capital need that has now suddenly "forced" AUF into financial "dire conditions" which could lead to insolvency? Second, can we be certain that in its haste to acquire a water empire; that AUF has not rashly overextended itself? And third, has AUF conducted its acquisition prudently? Or is it possible that impulsive and reckless decision-making in this pursuit of empire building ...may have been encouraged by knowing AUF can take full advantage of their monopoly control of a life requirement to force citizens to pay for these irresponsible actions?
  8. Further, the sudden and unpredicted appearance of these extraordinary capital investment requirements, have nothing to do with the LOE water system nor will LOE residents benefit in any way from them. We don't share in common... any of these water system infrastructure elements other than distribution piping. In other words, it is patently unfair for life's most essential requirement to be subject to a monopoly controlled market whereby we are forced to pay for the repairs and replacement of capital equipment in dilapidated water systems and wells hundreds of miles away... that were purchased by AUF's "aggressive acquisition campaign."
  9. And as we found out recently when a water main broke... AUF didn't have a contractor on retainer who was capable of servicing the system in a timely manner. This precipitated a 12 hour delay in any attempt to assess the leak as it discharged tens of thousands of gallons of potable water into the storm sewer system. No one was on site with a pipe map and no one knew where to turn the water off. AUF had never tested the sectioning valves to see if they even
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worked... so they had to shut down the entire Lake Osborne Estates distribution system leaving 467 families without water.

10. AUF strictly “passes on” the water they receive from LWU and doubles the rate forcing LOE residents to pay the highest rates anywhere in our area.
11. Current AUF rates are excessive and not within a normal distribution parity range... indicating abuse of their favorable monopoly position.
12. Concern has arisen as to why AUF would agree to pay a residential rate for water plus 25% to LWU. Why is there no traditional “bulk rate” water agreement? 90,000 gallons of water per day is not just another commercial user.
13. AUF has taken full advantage of its monopoly control by doubling a retail rate and forcing the public to pay an excessive and unreasonable rate for a life necessity. And with such unchecked monopoly control, there is no incentive for AUF to negotiate a better deal in behalf of the public... leaving the people unprotected and defenseless against such price gouging.
14. Perhaps it weighs to AUF’s advantage to strike such deals since it helps narrow the profit margin justifying further rate hikes based on “dire conditions” and low profitability.
15. A concern over the integrity of AUF is noted in the duplicity of AUF claiming its financial “dire conditions” have necessitated yet another emergency request for a substantial rate hike... while its parent website lures investors proclaiming lucrative dividends, good financial standing, stability, profitability, and touts the success of its “aggressive acquisition” policies in meeting all of its goals. Both cannot be true can it?
16. The second justification given for the upcoming AUF rate hike is that consumption is down causing a 16% drop in revenues. The SFWM study on water rates makes it abundantly clear that the economics behind this justification assures an endless procession of rate hike requests. As the rates increase, economic laws of supply and demand cause a corresponding drop in consumption/demand. This is basic ‘supply and demand economics’ in a pretty much inelastic market. Thus AUF is creating its own economic “idiot loop” such that every rate increase granted necessitates a request for the next rate increase to offset the corresponding drop in consumption.
17. Therefore, we believe a significant portion of the “dire conditions” in which AUF has found itself in ...are self inflicted and are the result of impulsive and imprudent business practices and not due to fluctuations in the scarcity of water supply or other normal market influences.

18. Residents are concerned that the present AUF rates have already precipitated and accelerated blight on our community because fewer residents can afford to irrigate even within the County water restrictions. More rate hikes will cause less irrigation and will cause further harm to our community and more blight.
19. A roll back of the current rates would likely reverse some of the blight and would likely restore for AUF ...part, if not all, of the loss of revenues due to the past rate hike of 250% which lowered consumption and revenues for AUF.

## SUMMARY AND PETITION

We believe the “one size fits all” rate that AUF intends to impose on our unique circumstances will cause further harm and blight to our community and will preclude LOE residents from being charged a fair and equitable rate for the most essential life element of our existence on which AUF maintains a monopoly control.

## OUR APPEAL – ROLL BACK RATES

AUF is a corporation privileged with supplying the public with a fundamental life essential in a monopoly market where the natural competitive dynamics of supply and demand do not regulate price. The PSC came about to give “a conscience” to an entity (the corporation) that otherwise does not have one. Therefore as the assigned “conscience” for AUF we enter our plea:

## OUR PLEA

We are requesting that LAKE OSBORNE ESTATES be placed in a new and appropriately determined rate class which takes into full consideration the unique circumstances of LAKE OSBORNE ESTATES, parity rates, and fairness as regards a roll back of current rates to something approaching a parity level.

For the supply of life’s most essential requirement, the wellbeing of our community has been subject to the whims of a corporate tyrant for supply of that life necessity. We believe it’s patently unfair that our requirement for a life essential has been made subject to these outrageous, unprecedented, and relentless rate increases fabricated by a company claiming “dire conditions” have forced them to raise water rates 250%, then a year and half later they want another 30 – 55% while retail water rates in the area only rise 14% or less. And at the same time, this is a company that gives its employees 4% raises and boasts that it pays record dividends to stockholders, while it buys water at residential rates instead of bulk rates, and recklessly pursues a water empire without proper forecasting of capital requirements...then forces the public to pick up the tab for all of its irresponsible behavior.

AUF has once again demonstrated the well established predisposition of monopolies to take unfair advantage of the defenseless public through this privileged market position of

supplying something the public can't live without. And without any recourse, representation, or effect to leverage on these unfair corporate practices against the public wellbeing; we place our grievances and Petition for relief before this honorable body for your consideration.

Thank you,

s/ William Duiguid Coakley  
President Elect, Lake Osborne Civic Association, Inc  
Chairman of the Committee on Water Rights  
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