

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 120209-WS

APPLICATION FOR INCREASE IN
WATER AND WASTEWATER RATES IN
MARION, ORANGE, PASCO, PINELLAS,
AND SEMINOLE COUNTIES BY
UTILITIES, INC. OF FLORIDA.

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 4

COMMISSIONERS
PARTICIPATING: CHAIRMAN RONALD A. BRISÉ
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER ART GRAHAM
COMMISSIONER EDUARDO E. BALBIS
COMMISSIONER JULIE I. BROWN

DATE: Thursday, November 14, 2013

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: LINDA BOLES, CRR, RPR
JANE FAUROT, RPR
Official FPSC Reporters
(850) 413-6734/413-6732

A P P E A R A N C E S

	NAME:	PAGE:
1		
2		
3	SENATOR WILTON SIMPSON	6
4	MIKE FASANO	13
5	REPRESENTATIVE RICHARD CORCORAN	20
6	ANN MARIE RYAN	31
7	ANTHONY LIGUORI	47
8	JIM JOHNSON	51
9	JOHN RUSSOTTO	55
10	RICK NEILSEN	59
11	JOE MITCHELL	62
12	LEE ROBIDA	64
13	FRED STALL	69
14	NADA FLYNN	71
15	SUSAN ZAPPOLO	71
16	LORI THOMPSON	72
17	PETER LUCATUORTO	75
18	JOY LOTITO	76
19	RON SCUDERI	78
20	DEANNE RODRIGUEZ	80
21	PAUL LEOCI	80
22	DAWN BERGSON	82
23	DAWN BENEDETTI	83
24	ROSE MARIE PICHLER	84
25	SARAH ANTUNEZ	85

1 APPEARANCES (Continued):

2

3 LINDA ZOZZARO 88

4 EARL WARRICK 90

5 ANN MARIE RYAN 91

6 TOM LINGO 98

7 COMMISSIONER JACK MARIANO 100

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

P R O C E E D I N G S

1
2 **CHAIRMAN BRISÉ:** Good afternoon. We are going
3 to reconvene, as we, we addressed several dockets this
4 morning and we have a time certain for this afternoon.
5 So we are going to reconvene, and if our staff would
6 introduce the docket.

7 **MR. FLETCHER:** Commissioners, Bart Fletcher
8 with Commission staff. Good afternoon.

9 Item 4 addresses Utilities, Inc. of Florida's
10 request for water and wastewater rate increases for
11 Orange, Pinellas, Pasco, and Seminole Counties.

12 Staff has an oral modification to its
13 recommendation, the first being on page 36 with regard
14 to Issue 9. In the recommendation paragraph, the
15 correct ROE should reflect 10.38%, as well as the same
16 correction in the second sentence of staff's analysis
17 reflecting 10.38.

18 The second modification deals with Issue 13 on
19 page 41 in the recommendation paragraph, beginning in
20 the second sentence with salaries and expenses. The
21 correct reduction for water should be 27,520; 11,147 for
22 wastewater. The corresponding adjustment for pensions
23 and benefits for water should be \$1,802, and for
24 wastewater \$730. And finally with a reduction for
25 payroll taxes, for water it should be \$2,105 and

1 \$853 for wastewater. These modifications do not affect
2 staff's recommended revenue requirements.

3 Further, staff, as stated on page 5 of staff's
4 recommendation, the Office of Public Counsel submitted a
5 letter and a CD dated October 25th, 2013. The CD
6 contained over 3,000 protest forms from Summertree's
7 1,200 customers. There were six different forms which
8 contained statements from the customers to check if they
9 agreed. The statements on the forms were very similar
10 and can be broken down into two categories. The water
11 quality is unacceptable due to sediment, taste, color,
12 and odor for secondary standards, and that the rate
13 should be the same as Pasco County.

14 Staff is prepared to answer any questions the
15 Commission may have.

16 **CHAIRMAN BRISÉ:** Thank you very much.

17 So at this time we're going to hear from
18 customers and some elected officials that we have here
19 this afternoon, and we will call you up. The process
20 goes like this: When you come up to speak, please state
21 your name, your address. And as, as a custom, we, we
22 generally don't time our elected officials, so we won't
23 do that today. And for all the customers though we ask
24 that you contain your comments within two minutes.
25 Okay? And if someone has said something that you want

1 to say, you can express that you agree with the comments
2 of someone else or that's been stated before, but please
3 state your name and your address and so forth for the
4 record.

5 Currently we have about 26 people signed up to
6 speak, and so we will proceed accordingly. So at this
7 time we're going to ask Senator -- oh, Commissioner
8 Graham.

9 **COMMISSIONER GRAHAM:** Thank you, Mr. Chair.

10 One of the things I just wanted to add, if
11 you're here to speak about something other than
12 Summertree, let us know. We're assuming that you're all
13 here for Summertree. If that's not the case, please let
14 us know that.

15 **CHAIRMAN BRISÉ:** Thank you.

16 So at this time we're going to proceed. If we
17 can ask Senator Simpson to come forward, and thank you
18 for your participation here today.

19 **SENATOR SIMPSON:** Thank you. Yeah. It's --
20 I'm happy to be here today on behalf of -- oh, my name
21 is Wilton Simpson. My address is 322 Senate Office
22 Building. I represent Senate District 18. Summertree
23 is part of District 18 in Pasco County.

24 And what I'm here to do today -- there's going
25 to be plenty of people that are going to talk about the

1 conditions of the water and all of those things. What
2 I'm going to do is try to put some facts on the table
3 and ask for some delays.

4 The Summertree residents are paying about
5 \$85 a month for water is what's being reported. That's
6 double what some other areas of Pasco County are being
7 charged. Obviously many of these constituents are
8 having to buy water, special cleaners, things of that
9 nature because of the conditions of their water at great
10 cost to them. In addition to paying the additional
11 water fees and sewer fees, they're having to buy special
12 cleaning agents and so on.

13 The information that I have, over 65%, they're
14 being charged 65% more on their water base rates and 50%
15 more on consumption. When you look at this situation --
16 and we've allowed this in the State of Florida, by the
17 way. We have governed this way, we have allowed these
18 conditions to go on not only in Pasco County, Florida,
19 but in other areas of the state.

20 So what I am doing this year, and this is what
21 my ask is, I am asking that the PSC today not make a
22 decision today, no rate increase. Allow the Legislature
23 to have its time to put a bill together this year that I
24 intend to file that will address secondary water
25 standards and rates as they relate to what private

1 utilities can charge.

2 And so all I'm asking for -- we get out of
3 session sometime in early May. I'm asking for y'all to
4 delay this decision at least till June so that we can
5 put together some direction for the PSC to follow. And
6 I think that's a very -- I think that request is very
7 common sense, and I think for you to do any other thing
8 would be conflicting to what we expect to do this
9 legislative session. Thank you.

10 **CHAIRMAN BRISÉ:** Thank you, Senator Simpson.

11 I don't know if there were any questions for
12 Senator Simpson.

13 Commissioner Graham has a question for the
14 senator.

15 **SENATOR SIMPSON:** Yes.

16 **COMMISSIONER GRAHAM:** Senator, welcome.

17 **SENATOR SIMPSON:** Thank you.

18 **COMMISSIONER GRAHAM:** I guess this question is
19 to you or to staff because I am not the legal mind here,
20 but I'm not sure that if you pass that law during
21 session, that it would be retroactive to the rate case
22 that's already been filed. So regardless of what we do
23 here today, I don't think that law would be applicable.
24 And if Ms. Crawford can answer that question.

25 **MS. CRAWFORD:** Yes. There, there certainly

1 would be the retroactive application issue of a new law
2 while this case is already pending.

3 Further, I would like to point out that, while
4 I appreciate the senator's comments, the law that is in
5 effect at this time, 367.081, requires the Commission to
6 vote on a PAA rate request within five months of the
7 official date of filing. We are actually, in fact,
8 slightly past that time. The utility has waived the
9 five-month clock to today's agenda for the Commission to
10 make a vote. So the statute unfortunately does not
11 afford the Commission that kind of discretion.

12 **COMMISSIONER GRAHAM:** Now is there anything
13 that the senator can do in this legislation he's talking
14 about that would change that statute that you're
15 speaking to?

16 The reason why I ask this question because,
17 Senator, I don't want you to think that we're not
18 listening to you. But as things are today, if you pass
19 whatever it is you're looking to pass, our hands are
20 still tied.

21 **MS. CRAWFORD:** Well, there is a fairly uniform
22 law about retroactive application of statutes. And I
23 would not anticipate that whatever would be passed in
24 this, this upcoming session would likely have that kind
25 of retroactive application.

1 **SENATOR SIMPSON:** Yes, I'd like to follow up
2 on that then. So if it is not required, if y'all -- the
3 possibility of not waiting until June or July to make
4 this decision, then I'm clearly asking you to make the
5 decision for no rate increase.

6 We are going to address this in this
7 legislative body. It's egregious that we've allowed
8 this to go on this long in this state where we have
9 utilities over -- I don't want to say overcharging --
10 charging drastically higher rates than a local competing
11 municipality or other private carrier with no secondary
12 water standards. So just do what's right then. If we
13 can't delay the vote and, and put it into June so that
14 we can try to do what's right, then I'm asking you guys
15 to do what's right, the Commission to do what's right,
16 and say no and give us some time to work on this.

17 **CHAIRMAN BRISÉ:** All right. I think there may
18 be a few other questions or comments.

19 Commissioner Edgar.

20 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.
21 Senator Simpson, welcome as well. Thank you
22 for being here. It's nice to see you here on this side
23 of town.

24 **SENATOR SIMPSON:** Yes.

25 **COMMISSIONER EDGAR:** Just to follow up, I --

1 I'm sure we all do -- but I particularly appreciate your
2 interest and those of your colleagues in the Legislature
3 in taking on and discussing this issue and related
4 issues. How to deal from a ratemaking perspective with
5 secondary characteristics is something that this
6 Commission has struggled with during my time here, and
7 probably in years even prior to that, because our
8 statutory authority is at best unclear, and we have felt
9 that our hands were tied by the way the statutes were
10 written in order to address that through the ratemaking
11 processes. So thank you for taking that on, and we
12 always appreciate clarity in the statutes and direction
13 to us.

14 I also have a concern that with some of those
15 same statutes that we may not legally be able to defer
16 this issue that is before us. As you know, many things
17 in the statutes require government bodies to take action
18 within a certain amount of time so we aren't accused of
19 just kind of kicking the can or, or constantly delaying.
20 But I appreciate one of our attorney's, Ms. Crawford's
21 response on that. And as we continue to hear from
22 others who have come all this way to speak to us, I also
23 will ask our legal office to continue to consider your
24 request. And at the appropriate time later this
25 afternoon maybe we can discuss that in a little more

1 detail and flush out what, if any, options that we do
2 have. So thank you.

3 **SENATOR SIMPSON:** And what I would like to add
4 to that is this body can vote no, and so just hit the no
5 button. We will give you some additional cover this
6 session, I hope, and, and you can come back and address
7 this. You may not have to address this again next year.
8 Thank you.

9 Any other questions?

10 **CHAIRMAN BRISÉ:** Commissioner Balbis.

11 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman,
12 and thank you, Senator Simpson.

13 I just wanted to make a comment. I know this
14 is something that you have been very passionate about
15 and I appreciate you coming here today and watching
16 what, what happens and hopefully will recognize some of
17 the constraints we're under. But we do appreciate you
18 coming here. And I know you are passionate about it and
19 representing your district well, so thank you.

20 **SENATOR SIMPSON:** Thank you.

21 **CHAIRMAN BRISÉ:** Thank you, Senator Simpson.

22 **SENATOR SIMPSON:** Thank you.

23 **CHAIRMAN BRISÉ:** Okay. Now we will hear
24 from -- I want to say Senator -- but Tax Collector
25 Fasano.

1 **MR. FASANO:** Good morning, Commissioners,
2 Mr. Chairman. Thank you so very much. It's great to be
3 back, I guess.

4 I come here on behalf of the residents of
5 Summertree. You see many of them in the audience today.
6 Many of them are back home hoping that you will make the
7 right decision.

8 I'd like to talk a little bit about the
9 history of Utilities, Inc. and the quality of water that
10 they have provided to the residents of Summertree here
11 in Pasco County. Bad quality water is not a problem,
12 not a new problem for Summertree. The utility had a
13 history of water quality issues going back for years.
14 This is something, for those of you who were on this
15 Commission, just a couple of years ago we brought it to
16 your attention, the quality of water is bad.

17 The quality of water has not improved since
18 2010, the last time the Commission granted a rate
19 increase regarding Summertree. According to staff's
20 recommendation, the water has undesirable attributes.
21 Commissioners, the attributes of the water are not
22 undesirable, they are offensive. The customers find the
23 water quality or the attributes -- taste, color, odor,
24 sediment, and slime -- offensive. And what the
25 Summertree residents are asking you today is why should

1 they pay more for that type of water?

2 Despite meeting with the customers one time in
3 December of '010 to discuss possible solutions to the
4 quality of water issues, the utility has done nothing
5 meaningful to implement a permanent solution to resolve
6 the offensive attributes of the water, nor has the
7 utility proposed anything to rectify those problems.

8 Despite bad water, the utility wants a rate
9 increase. Summertree water is currently very expensive,
10 as Senator Wilton Simpson just expressed, and will cost
11 even more if the Commission approves all of the staff's
12 recommendation of 29% rate increase for the Summertree
13 water system.

14 I think you would agree with me, customers do
15 not, do not want to pay more for the same bad water.
16 The customers want a permanent cost-effective solution
17 to their water issues. In response to customers'
18 complaints about the offensive attributes of the water,
19 staff's recommendation suggests that home treatment
20 systems or point-of-use devices might be the best
21 alternative to reach customers' expectations for
22 improved quality water.

23 Why? Why should the customers, many on fixed
24 incomes, not only buy increasingly expensive water but
25 also have to pay for a second time to treat the water as

1 it comes into their homes? They're not responsible for
2 that. It's the utility company that is responsible for
3 delivering clear, clean, drinkable, bathe-able water.
4 It is not the customer's responsibility to pay for a
5 system to deliver that water when they're already paying
6 unaffordable rates to the utility company.

7 Quality of service. Staff's recommendation of
8 satisfactory for quality of service is not supported by
9 the facts, Commissioners. The staff's satisfactory
10 recommendation is contradictory by numerous customers'
11 comments at the August 8th, 2013, customer meeting about
12 quality service issues with the utility company. It is
13 contradictory by the numerous complaints filed in the
14 docket prior to October 25th about problems with quality
15 service.

16 The staff's satisfactory recommendation is
17 further contradicted by the 3,392 customer protest forms
18 e-filed with the Commission on October 25th and
19 545 signatures on petitions e-filed with the Commission
20 on October 28th. Why aren't the customers' protest
21 forms or customer petitions mentioned or discussed in
22 staff's satisfactory quality of service recommendation?
23 If they are, then someone correct me, but they're not.

24 Because the quality, water quality has
25 remained unchanged for many years and since it was a

1 major issue in the last rate increase; because of the
2 utility's lack of effort to propose or implement a
3 permanent solution to these quality issues; because of
4 the enormous unprecedented volume of complaints about
5 water quality, health concerns, and lack of good
6 customer service, the customers [sic] should find
7 Summertree quality of service unsatisfactory. Not
8 satisfactory, but unsatisfactory.

9 No increase in customer rates until a
10 permanent solution is implemented. The Commission
11 should make whatever ratemaking adjustments are
12 necessary to keep the customers' rates the same until
13 the utility implements a permanent cost-effective
14 solution that eliminates the water quality issues and
15 puts in place a satisfactory service to every customer
16 in Summertree.

17 A permanent cost-effective solution would be
18 for the utility to interconnect with and purchase water
19 from Pasco County Utilities right at the entrance of
20 Summertree. A better water source should resolve the
21 poor water quality; the offensive attributes, as I spoke
22 earlier; and the safety concerns that customers
23 currently have with Summertree's water.

24 Now the chief of staff or a representative of
25 the utility will tell you that the cost to hook up to

1 Pasco County would be in excess of \$10 million. That is
2 absolutely untrue. After looking into it, and I think
3 Public Counsel will confirm this, it is well under
4 \$2 million to be able to do this and thereby delivering
5 clean, quality water to those in Summertree and better
6 service. And until that is accomplished, please,
7 Commissioners, deny this rate increase. Thank you very
8 much.

9 **CHAIRMAN BRISÉ:** Mr. Fasano, I think there may
10 be a question for you.

11 Commissioner Brown.

12 **COMMISSIONER BROWN:** Thank you. Hi, Senator
13 Fasano. Nice to see you.

14 **MR. FASANO:** Good morning. Good afternoon.

15 **COMMISSIONER BROWN:** Good morning --
16 afternoon. It's a long day for us, too.

17 **MR. FASANO:** Yes, ma'am.

18 **COMMISSIONER BROWN:** Thanks for being here.
19 I'm curious in your role now as tax collector,
20 do you have any inside knowledge as to whether there's
21 an appetite by Pasco County to acquire the Summertree
22 system?

23 **MR. FASANO:** Great question. I have not heard
24 anything in the contrary that they would not want to
25 hook up. Pasco County, as you know, has been aggressive

1 in hooking up to and taking over private utilities.
2 Also FGUA, as you know, took over three utilities in
3 Pasco County. In fact, one recently, one that you've
4 had to -- dealt with, and I'm sure you're now, whew, we
5 don't have to deal with that one anymore. The first one
6 was Aloha Utilities, Lindrick, and then a couple of more
7 after that. I think Pasco County would have no problem
8 in hooking up to Summertree and providing clean,
9 drinkable, affordable water.

10 **COMMISSIONER BROWN:** Thank you. Maybe
11 Commissioner Mariano has some additional insight.

12 **MR. FASANO:** Yes, he may. Yes.

13 **COMMISSIONER BROWN:** Thank you.

14 **CHAIRMAN BRISÉ:** Any further questions? All
15 right.

16 **MR. FASANO:** Thank you. Good bless you. Have
17 a nice day.

18 **CHAIRMAN BRISÉ:** Thank you.

19 And just before we go to the next speaker,
20 Representative Corcoran, I want to, I want staff to
21 address the issue of the, the 3,000 petitions and so
22 forth and how come they're not part of the
23 recommendation. That's one of the questions I know I
24 asked, and I'm pretty sure my colleagues asked as well,
25 and I think there is an explanation.

1 **MR. LAWSON:** I'll answer the first part, and
2 then the staff has some more insights as to what we
3 actually found with 3,000. The documents were delivered
4 on October 25th, and the recommendation was due shortly
5 thereafter on November 1st. So the document was in the
6 final stages. As they pointed out, there were 3,000
7 pages of documents, so a decision was made to make a
8 brief reference to it in the case background because
9 there simply would not have been enough time to give the
10 proper care and consideration to all 3,000 documents.
11 Now that has since been done, those results have been
12 tallied, and I believe that we have some engineering
13 staff who can take a moment to explain what was found
14 and how much -- what they were able to determine from
15 those.

16 But the bottom line is those 3,000 documents
17 have been looked at and given the care and consideration
18 that we give all customer complaints. Every single one
19 of those documents has been read and reviewed by a staff
20 member who is participating in this docket.

21 **CHAIRMAN BRISÉ:** Okay. And I think we'll get
22 into the details of that, but I just wanted to make sure
23 that, that the customers were aware that though there is
24 a reference to those complaints within the
25 recommendation, they have been looked at, read by our

1 staff, and in our briefings we have addressed them. So,
2 so I just want to make sure that, that you all are aware
3 of that.

4 Representative Corcoran.

5 **REPRESENTATIVE CORCORAN:** Thank you,
6 Commissioner Brisé, fellow Commissioners.

7 I too represent the Summertree area and I have
8 a fair amount of degree of familiarity with it too,
9 having grown up in that area. But I just want to
10 address going back to whether you guys have that
11 authority. As far as I understand it, what we're
12 looking at is the Commission in every rate case will
13 make a determination of the quality of service resided
14 on three things, and those three things are the
15 utility's -- the quality of the utility's product,
16 operational condition of the utility's plant, and the
17 utility's attempt to address customer satisfaction.

18 And so what I want to do -- looking at that's
19 what you have to make your decision, not something
20 future in the Legislature, although I agree with Senator
21 Simpson, that's going to happen, we know that's going to
22 happen and hopefully in the next few months. Having
23 said that, looking at that criteria, I want to look at
24 two things.

25 First I looked at that criteria and I said,

1 okay, let's look at the actors. We've got Utilities,
2 Inc., which is now Corix, on one side and we have the
3 Summertree residents on the other side. And as far as
4 Corix Utilities on the one side, I think it's very
5 salient to you as a board when you're looking at the
6 criteria and the testimony of the people from our side
7 and their side on what is and isn't at play here, you
8 have a utility company who, when your own staff asked
9 for a copy of their purchase agreement when they were
10 looking to purchase Utilities, Inc., they submitted to
11 you this form with basically the entire thing redacted.
12 I mean nothing. They give you no information
13 whatsoever, everything just blacked out. But when the
14 same application was given in another state, they gave
15 the full purchase agreement.

16 The second thing is, is in a recent newspaper
17 article they said, as Senator Fasano just said, is that
18 it would -- "We can't hook up. It's impossible for us
19 to hook up. That would be \$10 million plus." Our own
20 county has said it would be \$1.5 million maybe maximum,
21 \$2 million on the outset, but probably closer to
22 \$1.5 million, not a significant amount, and yet they in
23 their newspaper as much as yesterday are saying it's
24 going to cost \$10 million.

25 My point being is I'm not sure what they could

1 say if I were in your shoes I would listen to. But what
2 I now do know is the Summertree residents, and I know
3 them intimately. Summertree used to be Point West. I
4 grew up in this area, and I didn't have two nickels to
5 rub together. And they have a great little nine-hole
6 golf course, so I used to sneak into Point West through
7 the guard gate and I would golf in Point West. And,
8 quite frankly, I'll even rat him out, Senator Fasano
9 used to go with me sometimes. (Laughter.) I think he
10 left, so he doesn't know.

11 But I can tell you this is a community of
12 retirees, and the retirees, they're going to come and
13 they're going to give you -- they've gone door to door
14 to all 500-plus residents and they've said, "Do you have
15 a water softener? Do you have bottled water? How much
16 do you buy?" And they've done a spreadsheet for you
17 guys to see that in addition to the exorbitant cost of
18 the rates they're paying, higher than almost anywhere
19 else in the county, almost double what county residents
20 pay right next door, they have to pay for water
21 softeners and bottled waters in the millions over and
22 above that. And on top of that, they do all of this and
23 they get inferior water for 22 years. If that doesn't
24 scream rejection, I'm not sure what does.

25 But even beyond that, what your staff, as far

1 as I've been understanding, Corix has been acquiring and
2 selling properties out the -- you know, pardon the --
3 you know, I don't want to -- I've got to be careful how
4 I say it -- in excess. You know, 15 million here or
5 7 million here or 8 million here, all over the place.
6 And as those customers on the nationwide dwindle, other
7 customers bear that cost. And they want you -- I think
8 they've said to you guys, I don't know the inner
9 workings, but they've said, "Hey, let's deal with that
10 down the road." No. That could be rate savings to
11 these people, and they should have those right now.
12 Let's have it all be -- let's us dictate the terms of
13 what we will and will not look at when it comes to rate
14 increases for Corix.

15 And what I'd say is what we're creating here
16 and have created for 22 years is what's called an
17 economics immoral hazard. You cannot continue to allow
18 a utility company to give inferior water and get rate
19 increases and expect at some point during that time
20 pendulum a different alternative to come about, which is
21 great water for low cost. It doesn't happen. The only
22 way that happens is if you reject them and you say we
23 will not give you the rate increase. And even if you
24 were to give some sort of rate increase today, you could
25 certainly, as you did with Aqua Utilities in the

1 Chuluota system over in Orlando, you could say, you know
2 what, Summertree is off the table, this is a disaster,
3 it's off the table. And you could do that today.

4 But I want to echo what Senator Simpson said;
5 there's lots of solutions here. I don't want you to
6 think we're coming here and just screaming "Say no." We
7 can have the county acquire them. And they've been in
8 discussions. I think the county has reached out to
9 FGUA, who's bought Aloha, who's helped you with
10 Lindrick, who's done all these things, and they have
11 reached out to them. And there's been discussions, but
12 they won't even -- we're dealing with this. We're
13 dealing with this company. How can you deal fairly with
14 those companies on a, on a purchase price? But, but
15 that is going on.

16 We could look at, we could look at having them
17 access the county water line for \$1.5 million or less.
18 That could definitely be done. We could also look at
19 the entire -- maybe there's an opportunity for a
20 condemnation proceeding and we could just take it from
21 them at a fair market value. In addition to that, we
22 could look at future legislation. What we do know is
23 you can, without question, say no today, it's the right
24 thing to do, and we can move forward and figure out a
25 proper solution, not just for our area of Summertree.

1 What Senator Simpson said is true; this has got to be
2 fixed long-term, it really does, and I hope we can.

3 And I will say this. I apologize a little
4 bit. Sometimes -- I grew up in an Irish Catholic family
5 with five kids, so this is what dinner sounded like, you
6 know. And when I was walking door to door in my race,
7 I, I was having a discussion, and there was an oil --
8 offshore oil drilling was really big at the time, and so
9 I get into a discussion with this guy and we're going
10 back and forth. And I could look at him and I could
11 tell he thinks I'm yelling at him. And I said, "Listen,
12 sir," and I handed him my mail piece -- I have six kids
13 and a wife -- and I handed it to him, and I said, "Look,
14 sir," I said, "I'm not angry. I'm really not. I just
15 talk passionately. It's kind of how I talk." And he
16 looks at the mail piece and he said to me, he said,
17 "Son, I see the mail piece. I see the six kids. I get
18 that you're passionate."

19 (Laughter.)

20 And so, Commissioners, I don't want you to
21 think I'm yelling at you. I'm not. But hopefully we
22 can, we can have a good result today and, and we can
23 move forward and fix this long-term. Thank you very
24 much.

25 **CHAIRMAN BRISÉ:** Thank you, Representative

1 Corcoran. I think there may be a question for you.

2 Commissioner Balbis.

3 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

4 And I don't have a question but I just have a
5 comment. And I can assure you that, at least speaking
6 for myself, I share your same concerns. I believe that,
7 you know, as with other cases we've had, there may be a
8 disconnect here from what the utility is saying on
9 customer service and what the customers are saying, and
10 those are the types of things we are going to flesh out
11 when we go to that issue, which is the first issue on
12 this, this case. And, and I too have questions about
13 connecting to the county water system. I've done my own
14 calculations and I've been surprised at some of the
15 numbers kicked around. So I can assure you we're going
16 to flesh out all of these issues today and, as we've
17 done in the past, make hopefully good decisions for the
18 customers. But I appreciate you coming here and I do
19 share your concerns.

20 **REPRESENTATIVE CORCORAN:** Thank you,

21 Commissioner.

22 **CHAIRMAN BRISÉ:** All right. Thank -- thank
23 you, Representative Corcoran.

24 Mr. General Counsel?

25 **MR. KISER:** Thank you, Mr. Chairman. I just

1 wanted to direct some comments to the future Speaker of
2 the House that, you know, two years ago, when we were in
3 a number of these cases, Commissioner Graham started
4 moving forward asking for a study commission on a lot of
5 the same issues you've just raised because we felt in a
6 number of those areas we were -- our hands were tied.
7 And so that went forth and legislation was passed, and
8 Commissioner Mariano was, served on that Commission, and
9 unfortunately the legislation hasn't passed yet. But
10 there's many parts of that that would be very helpful to
11 address. And unfortunately when we get into the legal
12 issues, particularly as it relates to that water
13 quality, we're pretty much stuck with having to follow
14 the recommendations and findings by DEP. That
15 legislation addresses some of that issues, and there's a
16 number of other things that would be very helpful.

17 And knowing that you have some hand in what
18 kind of legislation passes and hits the floor and gets
19 considered, we hope that you'll save some of that
20 passion that you showed here today for when those, when
21 hopefully that legislation comes up this year and can
22 help shepherd that through. That would greatly address
23 some of the areas that we, we just don't feel like we
24 have the legal authority to, to move in some of the
25 areas that you'd like to see us do. But that's, that's

1 on the horizon, and so we do hope that that moves
2 forward. Senator Hays has been -- already filed his
3 bill on it, and he was on the study commission as well.
4 So we hope you would really make that one of your
5 priorities, to watch that water legislation and, and add
6 to it. Thank you.

7 **CHAIRMAN BRISÉ:** All right. Thank you,
8 Mr. Kiser.

9 So I want to thank all of the elected
10 officials who came forward today. It is obvious that
11 they are passionate and, and appropriately representing
12 their constituents, and we certainly appreciate that and
13 take that into account as we will deliberate this
14 afternoon.

15 A couple of things though I want to remark.
16 We understand that you are passionate. Unlike anything
17 else, I know that water is probably one of the things
18 that affects us the most, in that we ingest it, out of
19 the things that we deal with here at the Commission. So
20 we know that you are passionate about the issues that we
21 are taking up today.

22 We like to run a process that respects
23 everyone, and so we, we, we appreciate the signs and we
24 take recognition of the signs, but we certainly hope
25 that there will not be any outbursts and things of that

1 nature, no clapping and, and all of that. That is our
2 preference. And certainly we want to respect you and
3 your time, and you want to respect the process so that
4 the process is fair for all. So we certainly appreciate
5 your, your participation. And, and by -- I saw many of
6 you nodding your heads, your agreement in the
7 recognition that this process has to be of a certain,
8 has to work a certain way. All right? So thank you.

9 Commissioner Graham, you have a comment?

10 **COMMISSIONER GRAHAM:** Thank you, Mr. Chairman.

11 The last time we were here we kind of sent the
12 company away with some marching orders, and they were
13 going to have meetings with the residents out in this
14 area and -- because back then the conversation was that
15 the water quality had problems: Smell, taste, color,
16 what have you. The utility had stated that they could
17 fix those problems, but there's a cost associated with
18 that stuff. So my understanding is they were supposed
19 to come down basically with a list of if you want this
20 done, it's going to cost this. If they want this done,
21 it's going to cost this. Long story short, when you
22 come to the podium if you're going to speak, if you
23 would just address if you had meetings with the customer
24 [sic] and if they were successful or not and what were
25 the outcome of those meetings.

1 I say this now because I don't want for
2 everybody to come up and then, had they known that I was
3 looking for this information, they would have said
4 something. So I'm saying something now. So if you have
5 anything out there you want to say about meetings with
6 the customer [sic], communications, that sort of thing,
7 I'd encourage that.

8 Thank you, Mr. Chair.

9 **CHAIRMAN BRISÉ:** With the company?

10 **COMMISSIONER GRAHAM:** With the company. Thank
11 you.

12 **CHAIRMAN BRISÉ:** All right. All right. With
13 that, we recognize that it's two minutes per person.
14 There is a device that is at the lecturn. It follows
15 our road rules: Green, you can go; yellow, it's time to
16 slow down; red, we stop. Okay? And my preference is
17 not to have to stop you. So when the light turns red,
18 please stop. Okay? And if it starts blinking, that
19 means you've, you've gone beyond your time. Okay? So
20 please don't allow it to start blinking. When it's,
21 when it's yellow, recognize that, that you have probably
22 about 30 seconds left or so. So govern yourself
23 accordingly.

24 All right. I will call the names. We have
25 Ms. Ann Marie Ryan. And when you come up, please state

1 your name and your address and so forth for the record.

2 Thank you.

3 **MS. RYAN:** Okay. Good afternoon,
4 Commissioners.

5 **CHAIRMAN BRISÉ:** Good afternoon.

6 **MS. RYAN:** My name is Ann Marie Ryan. I'm the
7 leader of one of the, of the water -- Summertree Water
8 Alliance.

9 I would like to ask a favor of the Commission.
10 You want to -- you asked that we abide by a two-minute
11 rule, and I have a favor to ask. It cost us \$4,000 to
12 come up here. We had to raise the money, and we have
13 some very important issues. There are seven people on
14 this committee who represent most of the people here,
15 and we have pictures of hundreds of people who couldn't
16 make the bus trip. I was hoping that you would give a
17 little more time to the seven people of our alliance so
18 that we can give you an honest picture of the issues
19 that we have so that we can ask you to give us a fair
20 decision.

21 **CHAIRMAN BRISÉ:** Okay. I, I recognize that
22 that is a fair request for the seven people, recognizing
23 that they may represent larger groups of people. And so
24 we'll up that time to four minutes for, for each one of
25 those seven individuals. Anyone beyond those seven will

1 be two minutes.

2 **MS. RYAN:** Okay. And I, I will keep my -- I
3 guess I lost time already.

4 **CHAIRMAN BRISÉ:** That's okay.

5 **MS. RYAN:** But I'll keep mine shorter, and I
6 ask if I could just come back at the very end and recap
7 if any point is missed.

8 **CHAIRMAN BRISÉ:** Would your preference be to
9 just come back at the end?

10 **MS. RYAN:** No. I think I have some important
11 things to address.

12 **CHAIRMAN BRISÉ:** Okay. So we'll try to split
13 your time.

14 **MS. RYAN:** I appreciate it.

15 Well, Commissioner Brisé and board and
16 Commissioners, I want to thank you for having us here
17 today, and I just would like to address some of the
18 issues that we're dealing with as a community. We're a
19 small group of people and we've made this journey, and
20 to have such a short period of time makes it difficult.
21 But let me try to put this into perspective.

22 The issue of not having our documentation
23 implemented into this record, into the decision that was
24 posted on November the 1st is very difficult. When we
25 went to the hearing in Pasco County back in August, we

1 were not told what the time frame was and how late and
2 when we should deliver things. It took us a journey to
3 try to get this all done. We put out petitions, the
4 people had to come into a clubhouse, pick them up, fill
5 them out, and then we sorted them all out and we mailed
6 them back to you at a cost of almost \$900 --
7 out-of-pocket expenses, unorganized. This is what we
8 had to do to run copies.

9 We put up little poster boards to get the
10 people to come, and they came by the hundreds. Our
11 community wants to be heard. So when these, these,
12 these documents were sent, we sent them to the Office of
13 Public Counsel to have them registered, and they were
14 e-filed. We didn't just take and just -- and bring you
15 papers that had no merit. We had sorted them. We had
16 them tallied. We put them together and we tried to give
17 you the overall view of what people thought. We weren't
18 just paying the mortgage with pennies and dumping them
19 on the floor. We sent really honest viewpoints from our
20 community. And when we read that only 23 people were
21 being considered in our rate increase, it was really a
22 travesty.

23 We don't know how to do anything different
24 than what we did. It's intimidating coming before the
25 board and dealing with companies that have millions of

1 dollars, that have years to sit and decide how they're
2 going to find the figures to put into our rate
3 increases. This is not our trade, but it has become our
4 life. We only had 60 days to come before you with
5 honest concerns and a need for change.

6 Now what we'd like to see -- and you had said,
7 I quote you from the newspaper, you said in one of the
8 newspapers that historically our coming here doesn't
9 change the outcome, but you said that there's a process
10 and included e-mails. I have it right here in the
11 paper. Okay? That there's e-mails and other things
12 that go into the docket that count.

13 And so when we found out that the rate
14 increase was given and none of our documentation was
15 looked out and our, and our presence doesn't count, then
16 how does a small community that is in a monopoly have a
17 voice? How do we make changes when they have years to
18 prepare? Tomorrow they'll start their next rate
19 increase. That's what they do. They have years to
20 prepare, and then they sit down with your staffers and
21 work out the details on how they're going to get this
22 rate increase, and we come here for change, we have two
23 minutes. We need to change the system so that people
24 have a chance for voices, so that we have the same
25 considerations as the utilities when they deal with our

1 rate increases.

2 Now I'd like to go and -- go further. We, we
3 have -- you asked a question, Commissioner Graham, about
4 where we were. Last year, in 2010, we came before you
5 and we had issues. And one of the issues that we asked
6 for was was there a way that we could have a water
7 filtration system put in our development. We were told
8 it would cost us 2,000 -- \$2 million and we couldn't
9 afford it. So they recommended that they had to sit
10 down and talk with us. And Mr. Patrick Flynn did come
11 to talk with us, and we sat down, we discussed things
12 including a flushing system.

13 Okay. They said we couldn't afford \$2 million
14 because it would up our rates. Well, guess what they
15 did? They spent \$2 million to get this rate increase.
16 They said they spent \$2 million. We don't know what
17 they spent it on. We don't know where all this company
18 money went. We're now getting the brunt of another
19 increase. If they had spent the \$2 million that we
20 asked for way back in 2007, we would have had better
21 water for the past six years. They didn't spend it in
22 2007 when they failed for seven out of eight quarters,
23 they didn't spend it in 2010 when we came before you
24 before, and here we are in 2013. They spent \$2 million.
25 We didn't get the benefit. We don't see the benefit.

1 They flush water. It is helpful but it is not a
2 solution.

3 If there's a problem with the Commission being
4 able to give us a fair, a fair evaluation because there
5 are inclusions or preclusions in the, in the second --
6 in the aesthetic quality of secondary standards, then
7 the standards need to be addressed. If the standards
8 aren't right -- maybe years ago it was okay. It's not
9 okay. You will have people coming up, we have people
10 from HOAs that are going to bring you photographs of
11 what we deal with. This is not imagined problems. We
12 have people who are in their 80s and 90s who are
13 bringing in bottled water.

14 The senator recommended and the
15 representative, and Representative Corcoran mentioned
16 that we spend between a quarter of a million and
17 \$800,000 on top of our water bills in order to bring in
18 drinking water. How would you like your mother and
19 father at 70 and 80 years of age pulling in gallons of
20 water? And the prices that we're coming back with are
21 not individual bottles of water but gallons of water.
22 It's the cheaper way to go.

23 So this is something we deal with all the
24 time. And I know you've heard this all before, but this
25 is our life. It's our life every day. And our quality

1 of water is our quality of life, it's our health. It
2 is, it's impacting the appearance of our homes, it's
3 impacting, it's impacting the quality of our life.

4 So if, if -- we need you to take a look and
5 really listen to each person that comes up. We have
6 very valuable people throughout our community that have
7 really worked hard to give you a better perspective.
8 But in answer it would have been nice to get a phone
9 call. The minute that your requirement, Commissioner
10 Graham, was over -- we were supposed to meet with them
11 in 2011. We never heard from the utilities again once
12 they got their whole grant. They had to meet with us
13 until the end of the year and they did. We had the
14 meeting scheduled for January of 2011. They never came.
15 Calls never came. We never heard anything. We've never
16 been given an opportunity to see what we could do to do
17 better, and there's been no meetings. All we get is
18 more bills.

19 And I'd like justification, I'd like to hear
20 what they did for \$2 million that they couldn't have
21 done with the filtration system, which would have taken
22 the chloramines out of our water. They said if we got
23 that filtration system, they believed in 2007 that we
24 would not continue to have chloramines in our water.
25 That's what helps to put all the slime in our pipes, in

1 our homes, and everything else. And they spent the
2 money, but they spent it the way they wanted to spend
3 it, not on what was best for the quality of our life.

4 And I also would like to find out why our, our
5 documents were treated the way they were. I'm amazed
6 that someone could sit down and go through these papers
7 in such a short time. But we did our job. We tried
8 really hard. And if there's something that we should
9 have done differently, I would really like to know.
10 Because I really think that for a small community we
11 really, really put out an effort. They get paid back
12 for every penny they spend on our rate increases. We
13 spent \$5,000 to get here for two minutes of time. I
14 think that they have had enough time.

15 I think that when meetings like this happen in
16 the future -- and I'm not judging what you're saying,
17 Chairman Brisé. I'm just saying that I think in
18 fairness they've had their say, they have their experts.
19 They put it all and plug everything in to these little
20 formulas. But there's more to people and there's more
21 to life than just black and white. These shades of gray
22 are impacting everything we do every day. And this
23 little tiny opportunity gives us hope, and I hope that
24 you'll be objective when you listen to the rest of our
25 community.

1 **CHAIRMAN BRISÉ:** Thank you. I think you have
2 a question from Commissioner Balbis, or a comment.

3 **COMMISSIONER BALBIS:** Thank you for coming
4 here and thank you for your testimony.

5 I have a question. You indicated the
6 December 2010 meeting with Mr. Flynn. Did he go into
7 detail --

8 **MS. RYAN:** Yes.

9 **COMMISSIONER BALBIS:** -- of the \$2 million and
10 how much the rate impact would be?

11 **MS. RYAN:** No, he didn't give us the rate
12 impact. But we did, we did have meetings. We sat --
13 well, I'll tell you what we did do. We went so far as
14 to have laid out at one point what the building would
15 look like, how many gallons of water it would handle,
16 how much space it would take up in their field. We even
17 talked about -- they even brought in somebody from Pasco
18 County to go over some of the details, an engineer. I
19 have the paperwork in my car. I can bring it in and
20 give it to you.

21 But, yes, we have -- I have a two-and-a-half
22 page email that he sent me back in December of 2010.

23 **COMMISSIONER BALBIS:** Okay.

24 **MS. RYAN:** But one of the things they thought
25 was more reasonable was the flushing.

1 **COMMISSIONER BALBIS:** Did he ever pose to you
2 as a representative of the community the choice as to
3 spend the \$2 million on, on that process versus your own
4 home treatment systems or no?

5 **MS. RYAN:** No. At the meeting last year, at
6 the meeting in 2010 it was kind of like a sidebar.
7 Well, it would cost \$2 million to do that, and then
8 they're complaining about their rates, it's too
9 expensive. Well, it's not like we saved money. They
10 went and spent \$2 million on something else and we don't
11 know what it is. We don't see mains, we don't see new
12 pipes, we don't see any construction. We don't know
13 what they did with \$2 million. We don't know why we're
14 here.

15 **COMMISSIONER BALBIS:** Okay. So the community
16 was never given a choice to decide we want to spend the
17 money on that or not?

18 **MS. RYAN:** No. They did -- they started with
19 the flushing to try -- because there was added
20 chloramines to the water. And they ran the water
21 through, out into the street, down our sidewalks, over
22 our Miami curbing, and we started having mosquito
23 problems. So I got in -- I was given a contact person
24 by the name of Mike Wilson. And I got in touch with him
25 and I asked him if he could put the pipes underground

1 because of the deterioration of the curbing and the
2 water and everything else. They did that.

3 **COMMISSIONER BALBIS:** Right. I saw -- yeah.
4 I saw that string of emails.

5 I just want to focus on the choice between
6 home treatment systems, because I too read staff's
7 recommendation that the most cost-effective option would
8 be the home treatment system. And so --

9 **MS. RYAN:** But it's not --

10 **COMMISSIONER BALBIS:** And I'm trying to get
11 there. Do you have a home treatment system or do you
12 know of --

13 **MS. RYAN:** I do.

14 **COMMISSIONER BALBIS:** And how much did you
15 spend to install it, and how much do you pay per month?

16 **MS. RYAN:** I have a whole house filter. I
17 have a reverse osmosis filter. We bring in bottled
18 water. We're in the process of putting in a tankless
19 water heater to cut down on the smell that comes from
20 the hot water tank because it erodes that. I don't have
21 a figure on that, but I, I can try to get that by the
22 end of --

23 **COMMISSIONER BALBIS:** Okay. Because I'm
24 trying -- you know, when we get to that issue I'm going
25 to question staff as to how they can make that

1 statement. So I'm trying to get ideas as to how much
2 the home treatment system costs for Summertree residents
3 and how much per month.

4 **MS. RYAN:** Well, we have that. We did a
5 survey.

6 **COMMISSIONER BALBIS:** Okay.

7 **MS. RYAN:** In fact, I will be happy to turn
8 all these surveys over. We went to all the homeowners
9 that were available, and we also sent out letters to the
10 snowbirds, and they all came back. And with the
11 exception of all of these files, there's only about
12 eight people who don't use bottled water totally for
13 drinking. We have a breakdown available. I think one
14 of the other members was going to talk about it, but --
15 can I give this out, Erik?

16 Okay. We have Lee Robida; he's one of the
17 people on our committee. He's the one that compiled
18 everything from the survey. So if it would be okay with
19 you, there's the diagram on the back. He's got a
20 handout to give you, and he can go over it in detail
21 because he studied this and compiled it for you. Is
22 that okay?

23 **COMMISSIONER BALBIS:** Yeah. That's perfect.
24 Thank you very much.

25 **MS. RYAN:** Okay.

1 **CHAIRMAN BRISÉ:** Commissioner Brown.

2 **COMMISSIONER BROWN:** Thank you.

3 Just a follow-up question. Well, first I want
4 to commend you and your alliance for organizing and
5 coming up here. We do listen to you, we take all of
6 your comments very, very seriously. And so I just
7 wanted to assure you that everything that you're saying
8 here today we are taking into consideration in our
9 decision.

10 That being said, you mentioned a January
11 meeting that was scheduled with the utility. What
12 happened? Was it, was it a firm meeting as a follow up
13 to the December --

14 **MS. RYAN:** I had an email and there was no
15 follow up on it and, and it just dissolved. And in
16 January of 2011 I did not make phone calls and things
17 like that because my mother had taken a turn on January
18 the 10th, and then I became her caretaker until she
19 passed in April of 2011 -- it was January 10 of 2011
20 through then -- and so I was not able. But no calls
21 came and nothing was done.

22 **COMMISSIONER BROWN:** I'm sorry to hear that.

23 Those pictures behind you, can you tell us
24 what those are? We can't -- I can't see them from here.

25 **MS. RYAN:** You know, we were asked -- you

1 know, people don't think about who the people are. So
2 we did -- when we had people go door to door just for
3 the petition, when it came to protests people had to
4 come and get them and do them on their own. But when it
5 came to the petition to ask you to reevaluate staff
6 decisions on, on this rate increase, we wanted you to
7 see the people who can't travel either for financial
8 reasons or health reasons, and these are the faces of
9 the people of Summertree. There's 120 people in these
10 pictures who would have come, who wanted you to know the
11 sacrifices that we made. We're not a rich community and
12 we had to raise the money. And it cost us \$600 more to
13 come here by bus because the staff postponed this
14 agenda; it cost us \$300 more per bus. So we went up
15 from 1,700 to \$2,000 a bus. We were scrambling to try
16 to get here.

17 And so two -- one couple in our community put
18 up \$700 so the people who wanted to come could come on
19 this trip. So this was a sacrifice by the people who
20 aren't represented in person here and the people who
21 were willing to make this eight-hour journey to be here.

22 And we are here to say that if this is the
23 standard that secondary water quality and aesthetics is,
24 it's not right. And it's the government's
25 responsibility to help us with our health -- we're

1 concerned about our health. We have a lot of cancer
2 issues, a lot of bladder issues, a lot of -- and we
3 don't know exactly what the problem is, but we do know
4 that we don't want to drink this water. So these
5 people, many of them, made the sacrifice so that the
6 rest of us could be here.

7 **COMMISSIONER BROWN:** Thank you so much.
8 Thanks for sharing that with us.

9 **CHAIRMAN BRISÉ:** Thank you. I don't know if
10 there's anymore questions at this time. I know you want
11 to come back up a little bit later.

12 I just want to, for context -- reporters put
13 things in the paper and sometimes they're taken out of
14 context. So I want to make sure that the context is
15 provided with respect to my statement --

16 **MS. RYAN:** Okay.

17 **CHAIRMAN BRISÉ:** -- reflecting the, the impact
18 of customers' input. There are certain types of cases
19 that come before the Commission because of their nature
20 that the customer input is not a factor, and this is not
21 one of those cases.

22 **MS. RYAN:** Okay.

23 **CHAIRMAN BRISÉ:** This is a case that considers
24 quality of service; whereas, the type of case that you
25 were talking -- that, that was quoted in reference to

1 the article that you probably read and quoted from is a
2 nuclear case where you have the engineers, the
3 accountants, and so forth that are providing specific
4 information as to the plant. And so you have the
5 professionals that are dealing with specific issues with
6 how the plant was built and so forth and so on. So
7 there isn't a quality of service issue that is factored
8 in there, in the clause hearings in particular. But in
9 this case, obviously quality of service is a number one
10 issue. So we are in desperate need to hear from you,
11 and we are very interested to hear from you. So that is
12 the context by which that quote or that statement fell
13 into. So I want to make sure that everyone is clear.

14 **MS. RYAN:** And we felt that. When we came
15 here and we -- and you were, you, Commissioner, and, and
16 Commissioner Graham really helped us the last time. You
17 heard our voices, and we were -- and we're grateful.
18 And we're grateful for the other Commissioners who are
19 hearing our voices. It's just important to take a look
20 at how much our, our water has gone up.

21 **CHAIRMAN BRISÉ:** Sure. Sure.

22 **MS. RYAN:** Last time they wanted our water
23 rate 117%, and when all was said and done we paid over
24 40 when the final came through between water and sewer.
25 And this time they're asking for 37 -- no, 47, and I

1 think that the staff is recommending over 30. If you
2 look at what happened, and I've been involved with -- I
3 have tried to work with Utilities, Inc. I've met with
4 them in 2006, 2010, 2013 to try to make things better,
5 and we've gone up over 100%. That's not fair.

6 **CHAIRMAN BRISÉ:** Okay. All right. Thank you
7 very much.

8 **MS. RYAN:** Thank you for your time.

9 **CHAIRMAN BRISÉ:** No problem.

10 In this segment -- and I don't know if these
11 names are in the order with the, with those individuals
12 who are assigned the four minutes. And so if,
13 Mr. Sayler, you can help me with that.

14 **MR. SAYLER:** Mr. Chairman, it's my
15 understanding the four -- or the additional persons are
16 Anthony Liguori, Joe Mitchell, John Russotto, Lee
17 Robida, Rick Neilsen, and Jim Johnson. Those are the
18 ones that are part of the Summertree alliance. I don't
19 know if they're in that particular order on the list.

20 **CHAIRMAN BRISÉ:** No, they're not. So -- but
21 the next person is Anthony Liguori, so we'll go with
22 Anthony Liguori. And I understand that he has, he has
23 some information for us and it's -- so you will be
24 assigned four minutes. Okay?

25 **MR. LIGUORI:** Good afternoon. It's a pleasure

1 to be here to be -- and to be able to speak and speak to
2 provide you folks with some information and some
3 background and color as to what we're experiencing at
4 Summertree.

5 The issue of water quality is, it's universal
6 in our community. The quality is terrible, there's
7 brown water, there's strange things growing on pipes and
8 toilets. You know, I don't want to get into all of that
9 detail because I'm sure the other people are going to
10 talk about that.

11 What I would like to talk about is
12 frustration. And I've lived at Summertree since 2005,
13 and the frustration for me is that every three years or
14 so I'm going on this trip, this bus trip to Tallahassee,
15 you know. And it's not for a football game; it's to
16 come here. And it would be much more fun to come here
17 for a football game.

18 Now the frustration is this: We come here; we
19 complain about water quality; they ask for some
20 unbelievable amount of money for a rate increase; you
21 folks kind of pare them down a little bit; they promise
22 they're going to do something; nothing really seems to
23 happen, or at least from my perspective it doesn't
24 happen; and then we do it again.

25 So why don't we look at this from the

1 perspective of let's change what we're doing. Why don't
2 we determine, and this seems to be really easy to me,
3 that the problem we're having is that the water that
4 we're pumping out of the ground can't really be fixed.
5 So that's based on the fact that we're in a very small
6 well field in an aquifer that has a certain type of
7 water, and we're going to pump that water from now until
8 doomsday. And we're going to spend a lot of money
9 trying to treat it to make it good, and it's not good,
10 and we're going to be back here in 2016 I guess.

11 So let's think about it differently. How do
12 we fix this? Well, we have to get a different water
13 supply, we got to go to a different aquifer. Maybe a
14 bigger universe of wells would help us out. Now to do
15 that, some people are saying 10 million, some people are
16 saying 2 million. Okay. So if we're in the 2 million
17 realm, we're looking at maybe \$1,500 per household. I
18 spend more than that in a year on water, so it's not a
19 lot of money for me.

20 So -- I'm going yellow here (indicating yellow
21 light on timer.) So my point is let's try and look at
22 this differently. Let's -- if you folks at the
23 Commission can do something or direct this process in a
24 way that we can look to the future and get a different
25 water supply or a different company, I'm happy to pay

1 the extra money to go with Pasco Water to get into a
2 better well field. That's what I want. I want to have
3 water I can drink, I can take a shower, I can take a
4 bath, I can wash my car and it doesn't take the paint
5 off. That'd be great. Spending a few more bucks
6 wouldn't bother me. But what bothers me is spending a
7 lot of money on water that I have to treat, change
8 filters every three weeks in my house, buy bottled
9 water, lug it into the house, put it in the
10 refrigerator, that's the frustration. And I think
11 that's what we're all facing. These people are just
12 frustrated with this whole situation, where if we had a
13 water company that was giving us a good product and they
14 were raising the rate to guarantee we had a good
15 product, I don't think we'd be arguing with you folks.
16 But what we're arguing about is the fact that we're
17 buying something that we don't like from a company that
18 we don't really feel happy with, and we'd like to do
19 something differently.

20 On the other -- just another aside here. I'm
21 also the president of the homeowners association at The
22 Greens. Ann Marie mentioned the fact that they went
23 into flushing. Well, they were flushing and flushing
24 and flushing, and two main areas of flush are in my
25 community, staining my streets that I have to maintain

1 as an HOA. I've called, I've sent e-mails, and I get
2 responses where they were coming out. I wanted them to
3 pipe the water underground and into the storm drains
4 instead of letting it run down the street and stain my
5 streets. So it took until this year, which is the rate
6 increase year, from the last rate increase for someone
7 to come out and put the pipes in to drain the water into
8 the system. Now my streets are stained and I've been
9 calling and asking them to clean the streets. I said,
10 "Since you stained them, you should clean them. Why
11 should I raise money or raise the maintenance fees of my
12 people to clean these streets?" Well, they sent some
13 guy out, he did something, and it's still a mess.

14 So as far as a response, I am not happy with
15 Utilities, Inc. of Florida. And the happiest thing I
16 could ever see in my life is at last Utilities, Inc.
17 driving out of Summertree for the last time.

18 **CHAIRMAN BRISÉ:** Thank you. If you could
19 state your address and that information for the record.

20 **MR. LIGUORI:** 11322 Golf Round Drive, New Port
21 Richey, Florida 34654. That's at Summertree.

22 **CHAIRMAN BRISÉ:** Thank you very much. All
23 right. Is it Jim Johnson?

24 **MR. JOHNSON:** My name is Jim Johnson,
25 6305 Bayside Drive, New Port Richey, Florida. I am not

1 a resident of Arborwood. I'm property manager for
2 Arborwood/Summertree representing about 289 homes, about
3 one-fourth of the Summertree residents. And I have a,
4 some photos that I took. I got a phone call from a
5 resident who told me she had black water coming out of
6 her sinks. So I questioned it, the black water.
7 Impossible. So I went down and looked at it, and I have
8 an exhibit -- I don't know if -- can you give them that?

9 Anyway, I went down and, believe it or not,
10 the water was disgusting. I took photos of it, e-mailed
11 it to the board members, as well as an employee of
12 Utilities, Inc. But the water that was there -- I'm
13 hoping you get the picture soon enough. The toilet was
14 completely black, so I thought, well, maybe it's
15 something other than the water, so I flushed it. The
16 same stuff came back.

17 I went into the sink -- I mean, I went into
18 the shower, turned on the shower faucet. Black water
19 came out of there. You can see it against the tiles.
20 But I've gotten a lot of phone calls from residents, a
21 lot of complaints, and I've seen it firsthand. I go up
22 to the pool area every morning, go into the bathrooms,
23 turn on the faucets, you get black water coming out of
24 them.

25 And, and I just -- I'm telling you right now,

1 if I lived there, I sure would not be bathing in it. I
2 wouldn't wash my clothes in it. I'm only there four
3 hours a day, but I bring in my own bottled water because
4 I wouldn't touch the water that's in there. So that's,
5 that's all I have to say.

6 **CHAIRMAN BRISÉ:** Thank you, Mr. Johnson. I
7 think there may be a question for you.

8 Commissioner Brown.

9 **COMMISSIONER BROWN:** Thank you.

10 Thank you, Mr. Johnson. Thanks for the vivid
11 pictures. You say that you represent -- your property
12 association I guess --

13 **MR. JOHNSON:** I'm the property manager for
14 Arborwood.

15 **COMMISSIONER BROWN:** Which is about --
16 represents about one-fourth of all the Summertree --

17 **MR. JOHNSON:** It's 288 homes.

18 **COMMISSIONER BROWN:** Okay. How many
19 complaints do you get on this black water issue?

20 **MR. JOHNSON:** Excuse me?

21 **COMMISSIONER BROWN:** How many complaints do
22 you get on the black water issue?

23 **MR. JOHNSON:** I've probably received at least
24 ten. And it seems to shift. Originally it started on
25 one street, Utilities started flushing, opening up

1 hydrants for eight hours a day. They had told us
2 something about shifting the water and from water
3 sitting. It, it, it cleared this situation up a bit.
4 Not to, not to where I would drink it, but it was more
5 of a grayish discoloration.

6 And then right after that I got another call
7 from somebody who said they were getting black water in
8 theirs halfway around the block.

9 **COMMISSIONER BROWN:** And then you called the
10 utility, you called the utility --

11 **MR. JOHNSON:** Yeah. I sent these pictures to
12 William Neal. I'm not sure where he is on the, on the
13 totem pole of Utilities, Inc. But I emailed him --

14 **COMMISSIONER BROWN:** Were they responsive?

15 **MR. JOHNSON:** Excuse me?

16 **COMMISSIONER BROWN:** Were they responsive to
17 your concerns? Was the utility responsive to your
18 complaints?

19 **MR. JOHNSON:** That's when they started
20 flushing the lines. I mean, they opened up fire
21 hydrants. I'm not sure exactly what that does, but they
22 were doing that on a daily basis for eight hours and
23 they're still continuing to do it.

24 **COMMISSIONER BROWN:** Thank you.

25 **MR. JOHNSON:** It's not solving the problem,

1 but they must be doing it for some reason. I'm not
2 sure.

3 **CHAIRMAN BRISÉ:** All right. Thank you very
4 much for your testimony.

5 I think the next person is John Russotto.
6 Okay. Hopefully I pronounced that right. Russotto.
7 Russotto. Okay.

8 **MR. RUSSOTTO:** Good afternoon. My name is
9 John Russotto. I live at 11623 Boynton Lane, New Port
10 Richey, Florida 34654. I'm one of the four-minuters,
11 but I probably won't need all four.

12 **CHAIRMAN BRISÉ:** All right. Thank you.

13 **MR. RUSSOTTO:** I'm here today speaking for
14 myself as a citizen, as a resident of Summertree, as a
15 member of the Summertree Water Alliance, and as a
16 ratepayer. I also -- I'm here to represent those people
17 who are homebound and are not able to be here today.

18 Thank you. This is not UI water, by the way.
19 We thought that we might need to bring water with us and
20 I thought perhaps we could bring some for you, but then
21 I thought that would be a very cruel thing to do. So we
22 did bring clear bottled water.

23 Anyway, there are many people, as you've
24 heard, who were not able to be here today. I did not
25 know this until I personally went out and knocked on

1 doors and found out how many homebound people there are:
2 People who are on oxygen, who are in wheelchairs, and
3 who take multiple medications, who are quite elderly and
4 would have liked to have been here but could not. And
5 so they trusted that I could speak for them as well.

6 Many of the residents and ratepayers live on
7 very modest incomes, mostly Social Security. Some have
8 small pensions to offset that. And I can't give you an
9 exact percentage, but I can certainly tell you that in
10 the subdivision where I live, which is the largest, 425
11 units, probably more than half of those people are above
12 the age of 75, and many of those, including my mom who's
13 94, live strictly off of Social Security income.

14 We're perplexed as we learn of yet another
15 rate increase for water and sewer services as we've
16 watched it go up through the years. And so we asked the
17 question, what should justify a rate increase? Is it
18 meeting minimum standards for water safety enough to
19 expect a 36% rate of increase for water or higher? Does
20 it make sense to pay a premium price for an
21 unsatisfactory product and poor service? Are we
22 citizens worth no better?

23 Assuming that we did receive a satisfactory
24 product and reasonable services, should we citizens put
25 our trust and faith in a company which has repeatedly

1 failed to address significant health hazards in other
2 communities across the United States? And I point
3 specifically to the state of South Carolina. If you're
4 not familiar with what has gone on there, we would be
5 more than happy to share with you data that we have
6 learned from those communities.

7 But let me give you one simple example of lack
8 of service. For over a year I served on the, I still
9 serve on the Summertree Recreational Facilities Board,
10 and my responsibility is to -- or one of my
11 responsibilities is to go around and look at all of the
12 facilities to see what is happening in our community.
13 And I check everything to be sure that we've swept the
14 walkways, that light bulbs are working, et cetera. And
15 I noticed in our community, for which we are very proud
16 of our maintenance and the way we keep it up, there's
17 one building and it has a fence on one side that is
18 owned by Utilities, Inc. that was in -- that was sorely
19 in need of repair, paint, and the fence was falling
20 apart. It took us over a year to get a response before
21 they finally sent somebody out there to fix that
22 building.

23 Now that's not a significant problem perhaps,
24 but it looked -- it was, it was an eyesore in our
25 community that I had to look at every day when I was

1 doing my exercise class with the community residents to
2 see that building staring us in the face.

3 So again I ask, should we put our trust in a
4 company that repeatedly fails to address problems of
5 their customers?

6 As citizens and ratepayers we're outraged by
7 the arrogance of this company -- to request a rate
8 increase for the inferior water and the poor service.
9 The water is not palatable, plain and simple.

10 Finally, I have to ask is the Public Service
11 Commission simply a bureaucratic rubber stamp which
12 wears blinders to the human condition and perhaps helps
13 the rich get richer? Have you no heart? We implore
14 you, look beyond the numbers, look beyond those, that
15 data that your staff has given you, take off the
16 blinders, use your sense of smell and taste and feel.
17 And finally we ask, exercise common sense. We're
18 seeking a permanent solution to this disturbing public
19 problem. We really need your help. Thank you.

20 **CHAIRMAN BRISÉ:** Thank you very much. Any
21 questions?

22 Seeing none, thank you for your testimony
23 today.

24 Our next speaker is Mr. Rick Neilsen, and he
25 is also one of our four-minute speakers.

1 **MR. NEILSEN:** Good afternoon, Commissioners.

2 My name is Richard Neilsen. I live in Arborwood,
3 11605 English Elm Drive, New Port Richey, Florida. I am
4 a resident and I am also president of the Arborwood at
5 Summertree HOA. So I speak with both of those in
6 regard.

7 I would first of all like for public record
8 read the first paragraph of my monthly newsletter last
9 month.

10 "Let me state that the residents of Arborwood
11 deserve a huge thanks for your support of the Summertree
12 Water Alliance in opposing the rate increase proposed by
13 Utilities, Inc. of Florida. I do not know what the
14 outcome will be; that's your decision. But I do know
15 that the community does want better quality water and
16 reasonable rates."

17 I go on to thank the volunteers who went door
18 to door to get the petition signed, get the letter to
19 the Governor signed, and completed the survey, which
20 you'll hear more about later.

21 And then I also state, "Through your support
22 we have gained the support of local and state
23 representatives." Finally I say, "Water consumption for
24 irrigation is one of our major expenses in my budget and
25 it's going up faster than any other area of my budget."

1 So that's a red flag for me.

2 On a personal level I am paying a high price
3 for poor quality water. I have a water filter. I drink
4 bottled water. And in my dishwasher I have to use Lemi
5 Shine because the glassware comes out horrible. You
6 wouldn't drink out of the glasses. This is what we deal
7 with every day.

8 From the homeowners association we pay an
9 average per resident of \$30 per month for irrigation.
10 That breaks down to -- we get 30 minutes a week because
11 we can only water, irrigate once a week. So that -- if
12 you put a rate increase in at your recommended 29%, it
13 would come to \$7.82 more per month for my homeowners
14 association per resident in their homeowners association
15 bill.

16 If I look at my own water bill, \$80 a month.
17 A 29% increase comes out to \$23.20. Adding it up, each
18 resident of Arborwood under the proposed rate increase
19 ends up paying \$31.02 more per month on top of all of
20 the bottled water, all of the filters and everything
21 that we're dealing with. These are raw facts.

22 I also note that the government -- many of us
23 are on Social Security. Next year, 2014, the Social
24 Security increase will be 1.5%. There's no increase in
25 Medicare. The cost that they are proposing to increase

1 our water is outrageous. For the quality it's
2 outrageous.

3 So that's all I want to say, and thank you.

4 **CHAIRMAN BRISÉ:** Thank you very much.

5 Any questions? Seeing none, thank you for
6 your testimony today.

7 Oh, I'm sorry. Commissioner Balbis has a
8 question.

9 **COMMISSIONER BALBIS:** Thank you for your
10 testimony. I just have a quick question.

11 You mentioned that you're limited to
12 irrigation one day per week?

13 **MR. NEILSEN:** Yeah.

14 **COMMISSIONER BALBIS:** Is that because of the
15 Phase III restrictions issued by the Water Management
16 District?

17 **MR. NEILSEN:** Yes. Yes.

18 **COMMISSIONER BALBIS:** So not from the HOA.

19 **MR. NEILSEN:** No. No. No. That's not from
20 the HOA. That's SWFWMD.

21 **COMMISSIONER BALBIS:** Okay. All right. Thank
22 you.

23 **CHAIRMAN BRISÉ:** All right. Our next speaker
24 will be Mr. Joe Mitchell, and Mr. Joe Mitchell is a
25 four-minute speaker as well.

1 **MR. MITCHELL:** I'm just trying to adjust it
2 there a little bit. Excuse me. There we go.

3 My name is Joe Mitchell, and I'm a resident of
4 Point West. My address is 11737 Boynton Lane, New Port
5 Richey, Florida.

6 Back in August I addressed the Public Service
7 Commission staff at the Pasco County Government Center
8 at length in reference to this rate increase. At that
9 time I was sincerely -- I was sincere with staff and I
10 told them I didn't think that a rate increase was even,
11 should even be at question at this point. The reason
12 being, I spoke at length about the, the wastewater, the
13 wastewater service, which at that time they were asking
14 for 8-point, 8-point something percent increase. And
15 the county -- Utilities, Inc. sells their wastewater to
16 the county for \$4.70 a gallon, yet they charge us 13 --
17 per thousand gallons, excuse me -- yet they charge us
18 \$13.71 per thousand gallons. So they're making roughly
19 \$9 a gallon -- \$9 per thousand gallons to send it to the
20 county to have it treated. They do not treat the water.

21 My understanding is that potable water is less
22 expensive to treat. And I've seen in Utilities, Inc. in
23 their, their documentation that they said that, that
24 they put in a force main, they put in generators and
25 other stuff for the tune of \$2 million. That did not

1 address the secondary water conditions. That has, that
2 has not solved that. This Commission, back in 2010,
3 asked Utilities, Inc., I believe, to ask them to try to
4 solve the secondary water conditions and that has not
5 been done.

6 I, I speak for myself and I've met with a lot
7 of people in our community. Again, we have 70-, 80-,
8 90-year-old people. Looking at the proposed staff
9 recommended increase of 30%, you're roughly going from
10 an \$80 bill to a \$110 bill for these residents. And,
11 again, the water quality is not acceptable. It does not
12 meet standards, not the secondary water conditions.

13 So, again, we ask the staff to have the
14 courage, the strength, and the wisdom to please take all
15 of our testimony into consideration and to please make
16 the right decision today. Thank you.

17 **CHAIRMAN BRISÉ:** Thank you, Mr. Mitchell.

18 Are there any questions for, Mr. Mitchell?

19 All right. Thank you for your testimony
20 today.

21 **MR. MITCHELL:** Thank you, sir.

22 **CHAIRMAN BRISÉ:** Next, Mr. Lee Robida, and
23 Mr. Robida or Robida is a four-minute speaker.

24 **MR. ROBIDA:** Robida.

25 **CHAIRMAN BRISÉ:** Robida? Okay. I was right

1 the first time.

2 **MR. ROBIDA:** My name is Lee Robida. I live at
3 11210 Merganser Way in the community of Cross Creek,
4 which is part of the whole community of Summertree.

5 Ann Marie asked me to get involved here some
6 time ago, in August, when we went to a meeting with the
7 other residents that did come to the meeting, and I
8 wrote a letter to the Commissioners about my thoughts
9 and feelings about this and I found that it was easier
10 to write than come here and stand in public.

11 After I got involved, I started researching
12 the CEO, Lisa Sparrow, of Utilities, Inc. And the first
13 thing that really set me on fire was "Corix out to
14 conquer U.S. by expanding Utilities, Inc." And there's
15 an interview that she is quoted, "However, Sparrow said,
16 'The jury is still out on Florida as a place for sound
17 investment in regulatory water systems.'" And to me
18 sound investment first starts with the citizens and the
19 ratepayers who drink and consume this water.

20 We don't mind the company making money and
21 it's the American way, capitalism. But when this type
22 of rate constantly happens over and over again, we're
23 going to stand up and voice our opinion, and we hope
24 you, the jury, the Public Service Commission, do the
25 right thing and vote the right way.

1 I want to thank the public service officials
2 that have come, the politicians, today to spend the time
3 with us. I deeply appreciate that myself for spending
4 that time.

5 I wrote the survey here that a lot of people
6 have. I'll give this to Erik.

7 (Pause.)

8 **CHAIRMAN BRISÉ:** You can speak.

9 **MR. ROBIDA:** Okay. I just wanted to make sure
10 everyone had a copy.

11 **CHAIRMAN BRISÉ:** All right.

12 **MR. ROBIDA:** What I did on this here is after
13 ratepayers of the community, citizens gave that
14 information back, I broke it down by who had water
15 softeners, who had reverse osmosis and filters and
16 bottled water. And then researching on the web, based
17 on our zip code area, based through local vendors --
18 Home Depot, Lowe's -- I tried to find the low cost and
19 the high cost of a system.

20 As you can see, I believe everything is
21 self-explanatory. But when I moved in, I found out I
22 was going to have to install a system. And someone
23 asked Ann Marie earlier, "How much did the system cost?"
24 Right away I had to put out \$1,452 for a water softener
25 and a reverse osmosis system so the water could be

1 consumed as palatable and to also treat it. The water
2 does have its issue. And I have a brand new home, one
3 year old, and I'm already starting to see hard water
4 coming in in certain areas. Something I'm going to have
5 to worry about one day, do I need to rip out the pipes
6 in this home? Okay.

7 On the consuming of water, bottled water, this
8 is where I'm focusing a lot, is annual cost recovery
9 water intake is 456.25 gallons annually, or 1.25 gallons
10 times 365 days. We're spending between \$273,302 to
11 \$1,680,140. Okay? This is unacceptable to keep living
12 like this with having to spend this kind of money when
13 we're already spending money on water that's not good
14 quality, has smells, and a company that is just out for
15 investment purposes but does not want to fix the
16 problem.

17 I have researched also in South Carolina the
18 issues going on up there and have letters from the
19 Governor to Lisa, Lisa to the Governor, and from the
20 community, the Mayor and the City Council of Tega Cay,
21 South Carolina, where they've had major sewer spills
22 where Utilities, Inc. is being held accountable for
23 this. And when you read the news articles, you get a
24 feeling of we don't care. This is how we're going to do
25 it.

1 Okay. If there's any questions on this
2 survey, I'll be happy to answer them.

3 **CHAIRMAN BRISÉ:** All right. Thank you.

4 Commissioners, questions?

5 Commissioner Balbis, there's a -- you have a
6 question?

7 **COMMISSIONER BALBIS:** Yeah. Thank you,
8 Mr. Robida. Thank you for coming here today.

9 I have a couple of questions. You've
10 tabulated the initial investment costs and then the
11 monthly or daily cost for the systems. What would be --
12 what was the average monthly cost per customer?

13 **MR. ROBIDA:** I went on a high to a low. I
14 didn't break it down that way.

15 **COMMISSIONER BALBIS:** Because you -- right.
16 Because you have the daily cost for the total number.
17 So I assume you have your chart in front of you.

18 **MR. ROBIDA:** Yes, I do.

19 **COMMISSIONER BALBIS:** Looking at the last
20 yellow block, the daily cost for recommended daily water
21 intake of 1.25, that's for -- the \$748, is that for how
22 many -- how many customers is that for?

23 **MR. ROBIDA:** That would be for the total
24 customers.

25 **COMMISSIONER BALBIS:** The total? So the

1 491 -- it would be 491, wouldn't it, or no? Or would
2 you have to add up all of those?

3 **MR. ROBIDA:** You have to add up your 281 to
4 407.

5 **COMMISSIONER BALBIS:** Okay.

6 **MR. ROBIDA:** The 491.

7 **COMMISSIONER BALBIS:** Okay. Did -- and I
8 asked the same question to the first speaker, but did
9 the utility meet with you or other representatives of
10 the community?

11 **MR. ROBIDA:** Okay. I have moved in -- I
12 closed on my home that was built just in September of
13 2012, and I've never talked to the utility other than
14 to, when I was asked why I was photographing some
15 meters, which I did a study of my own to see how much
16 water is wasted through a flushing system at the end of
17 my street, I explained to the person, "I'm just
18 measuring just for the facts of why this water is
19 wasted." And it came out to a waste of 68 gallons of
20 water per 11 homeowners on my street. That's the only
21 communications I've had with Utilities, Inc.

22 **COMMISSIONER BALBIS:** Okay. So to your
23 knowledge, there wasn't a representative of the utility
24 that presented an option of spending \$2 million for the
25 treatment plant or an option of spending however much

1 for connecting to Pasco County?

2 **MR. ROBIDA:** I was not a resident of
3 Summertree at that time.

4 **COMMISSIONER BALBIS:** Okay.

5 **MR. ROBIDA:** But I've looked into the history
6 of that.

7 **COMMISSIONER BALBIS:** Okay. Well, thank you
8 for your information. I appreciate it.

9 **MR. ROBIDA:** Thank you, sir.

10 **CHAIRMAN BRISÉ:** Any further questions for Mr.
11 Robida?

12 All right. Seeing none, thank you for your
13 testimony today.

14 **MR. ROBIDA:** You're welcome. Thank you.

15 **CHAIRMAN BRISÉ:** All right. From now on the
16 speakers will be two minutes. Okay? And so our next
17 speaker is Fred Stall.

18 **MR. STALL:** I'm Fred Stall, and I live at
19 11637 Cocowood Drive in New Port Richey, and that's part
20 of Arborwood. I'm also the -- on the board of
21 directors. I am the treasurer, and I can verify what
22 Rick, Mr. Neilsen said about our \$100,000 a year that we
23 pay out for our sprinkler system. And when you add all
24 that up and you're going to put 29% more on top of that,
25 that comes up to another \$29,000 that the folks in

1 Arborwood cannot afford.

2 And I live right straight across the street
3 from the pumping station that we have, it was just
4 pumping station number 13, and the fence around it is
5 falling down. We have mentioned that to them several
6 times and nothing has been done. It took us almost a
7 year -- the driveway was all broke up in big pieces and
8 it really looked bad -- it took our property manager
9 almost a year to get that replaced. And the only reason
10 why they did that was because they dug up a hole in the
11 street and they had to do some black topping over there,
12 so they went ahead and did that.

13 It really -- if they've spent \$2 million
14 there, I'd like to know where they spent it at because
15 they did put in a big pressure tank this summer while I
16 was gone, and it sticks way above the fence and it's
17 really a gaudy looking situation over there. The rest
18 of our neighborhood looks really nice and neat and we
19 try to keep it that way, and they don't try to keep up
20 their part of it. They just let it, let it go. And for
21 that kind of money that they're trying to charge us, I
22 think it's ridiculous. So I implore the board up here
23 to take all this in consideration and act favorably
24 towards us. Thank you.

25 **CHAIRMAN BRISÉ:** Thank you, Mr. Stall.

1 Any questions for Mr. Stall?

2 Seeing none, thank you for your testimony
3 today.

4 Our next speaker is Nada Flynn.

5 **MS. FLYNN:** My name is Nada Flynn.

6 **CHAIRMAN BRISÉ:** Sorry.

7 **MS. FLYNN:** 11607 Rose Tree Drive in Arborwood
8 in Summertree. And I support everything that my fellow
9 neighbors have said today. And I would also like to say
10 that right now we are 100 senior citizens, average age
11 70. And if you multiplied those years out, our working
12 time was probably at one -- two-thirds of that amount of
13 time, but we don't have earning time anymore. We are
14 dealing with Social Security. Our earning years are
15 behind us, and this increase is going to be a hardship
16 on a lot of us. Thank you. Thank you all for your
17 time.

18 **CHAIRMAN BRISÉ:** Thank you, Ms. Flynn.

19 Any questions for Ms. Flynn?

20 Seeing none, thank you for your testimony.

21 All right. Our next speaker is Susan Zappolo.

22 **MS. ZAPPOLO:** Good afternoon. My name is
23 Susan Zappolo. I reside at 11639 White Ash Drive, New
24 Port Richey, Florida, which is Summertree.

25 I agree with what has been said. I am a snow

1 bird in New Port Richey in Summertree. And when I came
2 back here, we come back and forth in six months, and our
3 bathrooms and our running water was black, absolutely
4 black. We do not drink the water here. We do not have
5 reverse osmosis or anything like that, but we do not
6 drink the water. We have company, we do not have them
7 drink the water. When we wash and take showers, we come
8 out grimy and slimy. And I know that if you lived in
9 Summertree, you would not do it as well. Thank you very
10 much.

11 **CHAIRMAN BRISÉ:** Thank you very much.

12 Any questions for Ms. Zappolo?

13 Seeing none, thank you for your testimony
14 today.

15 All right. Our next speaker is Lori Thompson.

16 **MS. THOMPSON:** Lori Thompson, 11609 English
17 Elm Drive, New Port Richey.

18 I would like to address a couple of different
19 issues that have been -- that have not been mentioned.
20 One of those being that I had the unfortunate experience
21 of dealing with customer service through Utilities, Inc.
22 I cannot begin to tell you the number of phone calls and
23 emails that were ignored. I'm a persistent person, so
24 finally I did get a little satisfaction, but it was not
25 without a lot of time and frustration involved.

1 Also, we, not so long ago we had a boil water
2 notice issued. Unfortunately some of our residents
3 didn't get that phone call or notification. I think
4 that is awful to think. And it was not just people that
5 possibly had disconnected their home phone and were just
6 now using cell phones. These were residents who've had
7 the same phone number for years and years.

8 I also have had to take laundry off-site to do
9 before, and I too buy bottled water. This is a major
10 concern to us. I ask you, put yourself in our shoes.
11 Would you want to live like this? And I find it very
12 upsetting, not only do we have to buy the water, bottled
13 water, pay our water bill, but then we have the expense
14 of paying for busses and all to come up here. So I
15 simply ask you, do the right thing and do not grant a
16 water increase.

17 **CHAIRMAN BRISÉ:** Thank you, Ms. Thompson.
18 There's a question for you.

19 Commissioner Edgar.

20 **COMMISSIONER EDGAR:** Thank you.

21 **MS. THOMPSON:** Yes.

22 **COMMISSIONER EDGAR:** Thank you. Ms. Thompson,
23 could you briefly give us a little more information
24 about what the concern or complaint was that you had
25 that you said you worked with customer service and had

1 some frustration in the response?

2 **MS. THOMPSON:** Yes. I was one during the
3 summer that experienced the horrible odor and water,
4 gray water. Mine was not black, it was gray. The smell
5 was horrible also. And I approached them for either an
6 adjustment or a refund on my water bill. And my first
7 call I spoke with someone saying that no one told me to
8 go out and buy water. That was my choice. And I
9 explained to them that was correct, that was definitely
10 my choice. But I felt in paying my water bill I was
11 paying them for a service they were to provide a quality
12 product for me, which they were not doing. And I got
13 shoved off saying they normally didn't do this. And
14 like I said, I'm persistent. I finally got ahold of a
15 supervisor and she promised that she would, I would have
16 to put it in writing and this, that, and the other,
17 which I did, that she would take it to a meeting with
18 her. Like I said, I called her back several times, left
19 voice mail messages. Never got a returned call. I
20 finally did. And it was amazing when I did get ahold of
21 her, she was able -- she said, "Well, I'm just going to
22 go ahead and give you a credit."

23 I mean, why did I have to go through all the
24 aggravation and the time involved, when evidently she
25 had the power to do that in the beginning but chose not

1 to? And it was my feeling that she felt that I would
2 give up and not pursue this.

3 **COMMISSIONER EDGAR:** Thank you. I appreciate
4 your persistence, and I appreciate your further
5 explanation.

6 **MS. THOMPSON:** Thank you.

7 **CHAIRMAN BRISÉ:** Thank you for your testimony.
8 Our next speaker is Peter Lucatuorto.

9 **MR. LUCATUORTO:** Yes, you got my name right.

10 **CHAIRMAN BRISÉ:** Okay.

11 **MR. LUCATUORTO:** My name is Peter Lucatuorto.
12 I live at 11531 Pear Tree Drive in New Port Richey. I'm
13 kind of new to the area. But because I come from
14 another area, as do most of the people here, we all have
15 other water systems that we've compared this water to,
16 and I think we know the differences between the waters.

17 In my past home we had very bad water. I
18 filtered it. We still had bad water until they replaced
19 the pipes in the road. Once they did that, the water
20 became good. The moral to that story, of course, is
21 garbage in, garbage out. If we start with good water,
22 all the things we do to get better tasting water will
23 work. It's -- if you don't do something about the water
24 coming in, we're never going to have good water.

25 Now it's not just Summertree that's the

1 problem, it's not just the seniors at Summertree that's
2 the problem, it's every place that this company does
3 this work, because this has been their response to
4 problem areas. We want you to help us, granted, but
5 we -- I think the issue is more than just our community.
6 It's all of the seniors in the state. And I'd like you
7 to consider that when you consider rewarding somebody
8 for poor service, that they have very, very, what's
9 called bad expense, right word to use, but when they're
10 spending a lot of money and then their rates are
11 increased because they've spent more money, that's not a
12 rewarding system. That's, that's one that rewards the
13 wrong actions. So we'd like you to at least look at
14 that and consider that when you make your vote as to the
15 increase. Thank you.

16 **CHAIRMAN BRISÉ:** All right. Are there any
17 questions?

18 Seeing none, thank you for your testimony
19 today.

20 Our next speaker is Joy Lotito.

21 **MS. LOTITO:** Good afternoon, Commissioners.
22 My name is Joy Lotito. I live at 11418 Sinatra Court,
23 New Port Richey. I live in Cross Creek. And I just
24 want to tell you that this is not easy for any of us to
25 do. My heart is pounding out of my chest, so I just

1 figured I'd tell you that.

2 I have black sludge coming out of my water.
3 Just imagine how it would be to go in your bathroom and
4 you're brushing your teeth, and you go to rinse and
5 there's -- you see something and it's actually black
6 sludge. You take a tissue and you wipe it and it's
7 black. You put that same tissue, you go in your drain
8 and it's black. What is that doing to our house, what
9 is that doing to our bodies? I don't know.

10 In my mother's house, in her refrigerator she
11 had an icemaker. It's got coils round and round and
12 round and round. Her ice stopped making. It was
13 yellow. She called the guy in. He said it was
14 definitely the water. It actually disintegrated the
15 plastic tubing. It's like, come on, really? So we
16 replaced it, over \$300. Within a couple of years it
17 happened again.

18 I, I put in the expense of a whole house water
19 system. My mother originally had a system also, but it
20 broke and she couldn't afford to replace it. And it's
21 just not a way to live. And thank you very much. I
22 appreciate your listening to all of our complaints.

23 **CHAIRMAN BRISÉ:** I have one question for you.

24 **MS. LOTITO:** Yes.

25 **CHAIRMAN BRISÉ:** Your mother also lives in

1 Cross Creek?

2 **MS. LOTITO:** She lived in Arborwood.

3 **CHAIRMAN BRISÉ:** Arborwood. Okay. Thank you.

4 **MS. LOTITO:** Thank you.

5 **CHAIRMAN BRISÉ:** All right. Our next speaker
6 is Ron Scuderi, Scuderi.

7 **MR. SCUDERI:** Scuderi.

8 **CHAIRMAN BRISÉ:** Scuderi. Okay. Forgive me.

9 **MR. SCUDERI:** My name is Ron Scuderi. I live
10 at 11439 Golfround Drive, The Greens at Summertree, New
11 Port Richey.

12 And I'd like to touch on a few things. The
13 first thing is I have -- the water quality is brutal. I
14 have a water softener, filters. I have to clean the
15 showerhead and the faucets every two days. I have to
16 buy ice cubes because I can't use the ice cubes that are
17 made in the refrigerator. I have to clean the toilet
18 bowls every two days because there's orange rings around
19 the bottom of them. I had to replace my dishwasher
20 after two and a half years, and a couple of months ago
21 the hot water heater, which I drained every four or six
22 months, wouldn't drain.

23 So I turned around and I figured, okay, I'll
24 call a plumber tomorrow. Before I could call the
25 plumber, the hot water heater burned out. I called the

1 plumber. He couldn't drain it, so he disconnected it,
2 took it out in the street, and took the hose cock off.
3 And he showed me, he says, "Here's what the problem is."
4 And there's all kind of sediment and garbage that was in
5 this clogging it up. And that's the quality of the
6 water. Now it's not only in the hot water; that's in
7 the cold water too. So how can you drink it? How can
8 you use it for anything? And, I mean, it's -- it costs
9 me approximately \$75 per month for the things that I
10 have to do there besides the water bill, and it's
11 ridiculous.

12 I mean, if you -- if I was -- you know,
13 they're asking for rate increases. If I was a utility,
14 I would -- and I worked for a utility in New York -- I
15 would look back on what the records are on the rate
16 increases. And if I wanted a 30% increase and I look
17 and I see, well, normally they knock me down by 25%, I'd
18 request 55%. So if they knock me down by the 25, I'm
19 still getting the 30%. And they think they're
20 overcharging us. Let's put it this way. If they were
21 supplying us with milk and the milk had the garbage in
22 it that the water does, the government would put them
23 out of business. Okay. That's all I've got to say. If
24 any of you's would like to see this, I'd be happy to
25 show it to you.

1 **CHAIRMAN BRISÉ:** Thank you very much.

2 Any questions?

3 All right. Seeing none, thank you for your
4 testimony today.

5 Our next speaker is Deanne Rodriguez.

6 **MS. RODRIGUEZ:** My name is Deanne Rodriguez.

7 I live at 11530 Rose Tree Drive, New Port Richey,
8 Florida, and I'm a member of the Arborwood division.

9 I want to thank you for being here, for
10 listening to everything we have to say. I don't know
11 how many people are here from Utilities, Inc., but I
12 speak to them as well.

13 What's happening is a travesty and it should
14 not be allowed. I hope that in the heart of hearts when
15 you make your decision that you will think about your
16 families being in the same situation that our families
17 are in. It's blatant, it should not be allowed, and I
18 hope that you'll correct it. Thank you.

19 **CHAIRMAN BRISÉ:** Thank you for your testimony
20 today.

21 Our next speaker is Paul Leoci. After Mr.
22 Leoci we'll have Dawn Bergson.

23 **MR. LEOCI:** I am here -- you know, thank you
24 for the Commission and the Chairperson for having me
25 here. I am here -- I live at -- my name is Paul Leoci,

1 11326 Clear Oak Circle, New Port Richey, Florida 34654.

2 I am here health wise (phonetic). In 19 -- in
3 2004, 2005, 2006, and part of 2007, right, they failed
4 in TTHM. I have a book at home that tells you what it
5 is and I'll explain that to you. The standard -- the
6 running annual average was 100. The standard for that
7 is 80 parts per billion. Then the HAA, five parts per
8 billion. The running average for that was 76. The
9 standard for that was 60 parts per billion. I'm not
10 only talking for myself, I'll tell you. I'm 85 years
11 old and my children love Summertree, and it's possible
12 that they may be moving into Summertree sometime soon.
13 All right? They're up in their age. All right?

14 So why am I here? For them. If they got to
15 move in with the water we're getting today, what's going
16 to happen to them? The people in St. Michael's church,
17 I don't have to mention my name in there anymore because
18 when I go in there for a Mass card, they know me
19 automatically because we have lost so many people in
20 Summertree. Right? And the reason they say, what could
21 happen, what could happen if this stuff is above? A
22 short-term exposure to TTHMs will not result in any
23 adverse health effects except; right? However, some
24 people who drink the water containing TTHMs in excess of
25 the MCL over many years -- now this is what, four, five

1 years that they were in violation, right -- may have
2 problems with their liver, kidneys, central nervous
3 system, and may have an increased risk of cancer, right,
4 for the, for the HHA5. Right? They may have the same
5 symptoms as I mentioned for the other.

6 I have a piece of paper here, 2009, they were
7 supposed to fix our problem. If you would like a copy,
8 I will give you a copy. Right? This is excellent.
9 Never happened. So thank you very much for listening to
10 me and please do something for us. Thank you.

11 **CHAIRMAN BRISÉ:** Thank you. I'll ask one of
12 our staff persons to collect that paper from you.

13 **MR. LEOCI:** Would you like to have this?

14 **CHAIRMAN BRISÉ:** Yes. Please.

15 Thank you, Mr. Leoci.

16 Our next speaker is Dawn Bergson. After Dawn
17 Bergson would be Dawn Benedetti, I think.

18 **MS. BERGSON:** My name is Dawn Bergson. I live
19 at 12106 Tournament View Avenue, New Port Richey,
20 Florida 34654. And I just want to say I stand behind my
21 neighbors and everything they've been complaining about.
22 It's a litany that goes on and on.

23 Today I brought some of our wonderful
24 Utilities, Inc. water in case anybody wants to sample
25 it, especially from Utilities, Inc. I even brought you

1 clean glasses. You're welcome to it. I'm up to here
2 with it.

3 Last week -- no, two weeks ago I had to
4 replace the water heater. I have my plumber on speed
5 dial because every time I turn around, there goes
6 another faucet, there goes another pipe. I'm done with
7 it. I'd sell my home but I can't; I can't with a clear
8 conscience. It's beyond ridiculous. I don't know what
9 you expect us to do. We're seniors; we're done in.
10 That's all I have to say.

11 **CHAIRMAN BRISÉ:** Thank you so much for your
12 testimony.

13 Dawn Benedetti.

14 **MS. BENEDETTI:** Benedetti.

15 **CHAIRMAN BRISÉ:** I'm sorry.

16 **MS. BENEDETTI:** It's Dawn Benedetti. That's
17 quite all right.

18 I live in Summertree at 11152 Clear Oak
19 Circle. I just want to say that I concur with
20 everything that's been said here today. I don't want to
21 take up too much of your time. But I did some --
22 everybody is asking for no rate increase and I'm looking
23 for a decrease. I have done studies and studies and
24 studies of all the rates across the country, and we are
25 just out of the charts, off the charts. I mean, I could

1 live in New York City, it would be cheaper, the water.
2 It's really, really crazy.

3 I -- they say the average use is about 6,000
4 to 7,500 gallons per month, and that 6,000 gallon use
5 costs me \$125 a month. I mean, I have my bill. I can
6 show it to you. I'd be glad to give it to you. You can
7 have it. But I'm just asking that you guys really just
8 consider all of this. Thank you.

9 **CHAIRMAN BRISÉ:** Thank you for your testimony.

10 Our next speaker is Rose Marie Pichler or
11 Pichler. All right. And then after, after Rose Marie
12 we have Sarah Antunez.

13 **MS. PICHLER:** Hello. My name is Rose Marie
14 Pichler. I live at 11700 Bayonet Lane in New Port
15 Richey, Summertree, Point West. I've been there for
16 seven years, and my first water bill was \$20. Today it
17 is \$80.

18 The quality of water has turned -- it's
19 horrible. I have filters all over my home, my faucets,
20 my showers. In the beginning I had skin rashes, my hair
21 was falling out, my dogs were getting sick. Now I have
22 filters and I spend a lot of money every year. I'm on a
23 limited income. And I hope you people consider what my
24 neighbors and friends have said today. You should be
25 ashamed of yourselves that you want to even raise our

1 water bills. Thank you.

2 **CHAIRMAN BRISÉ:** Thank you for your testimony
3 today.

4 Sarah Antunez.

5 **MS. ANTUNEZ:** Sarah Antunez at 11304 Mollymawk
6 Court, New Port Richey 34654.

7 I've lived in the community six years. I did
8 not know how bad the water was when I got back there. I
9 have been a healthy person up until the time I moved
10 into this community. I have now found out I've got
11 bladder cancer that I have to continue to monitor and
12 keep fighting. I also found out recently I also had
13 uterine cancer, which is nextdoor to your bladder.

14 At this point in life my water bill has
15 increased. I'm only one person, I'm widowed, and I'm on
16 a limited income too. I thought I moved into a
17 beautiful community and, of course, I have made a lot of
18 good friends. I'm here to fight to lower the water
19 because I also take care of elderly people. I'm a home
20 health aide and a nurse, and I basically have been
21 around to other communities and I've seen water bills
22 that are a heck of a lot less than what I'm paying. I
23 mean, when somebody gets a water bill that's like \$7 to
24 \$10 or \$13 and I'm looking at \$60 for one person -- I
25 mean, this is outrageous. The health (phonetic) is

1 increasingly in our neighborhood. Water is bad, the
2 smell is unreal, slime in my toilets. I have water
3 filtering systems, and right now when I moved in
4 basically I spent over \$3,000 just to put it in. I'm
5 not even sure what my water heater is. I haven't done
6 the flushing, which I should have done. I've been
7 taught to do. Now at this point of the game I have to
8 change the charcoal filters. It's going to run me over
9 a thousand dollars; money that comes out of my Social
10 Security which I don't have enough of. And like I said,
11 the rate increase is 1.5%. We can't live on this.

12 So I concur with the whole community that the
13 quality, the smell, the whole thing is outrageous. We
14 shouldn't have to live like this. And I think we ought
15 to change and get somebody else in the community that
16 can take care of us and give us better quality of water.
17 It's never going to get any better with the system we
18 have. They can't do any better for us.

19 What happened three -- in 2010? I was here
20 then. I see no change. It's gotten worse. So where's
21 all of our money going that they supposedly are getting?
22 We need better quality of water, period. Thank you.

23 **CHAIRMAN BRISÉ:** Thank you very much. There's
24 a question for you. Commissioner Brown has a question
25 for you.

1 **COMMISSIONER BROWN:** Thank you. I'm sorry to
2 hear about your health and your cancer.

3 Question for you about the \$3,000 you said you
4 spent. What was that for exactly?

5 **MS. ANTUNEZ:** That is for a water filtering,
6 charcoal water filtering system and a water softener
7 system.

8 **COMMISSIONER BROWN:** Okay.

9 **MS. ANTUNEZ:** And as of this next year -- I
10 should have had it done but I can't afford it. I have
11 to put things off. So what I'm getting is -- when we
12 had a period of time that the water wells went down, we
13 went over a week with bad water. I mean, we have to
14 take a bath in that. I mean, like us ladies, we shave.
15 Okay. You never know when you're going to get a cut,
16 that this bad water and what's in this water could get
17 in our system. And brushing our teeth, washing our
18 hair, washing our clothes. I mean, literally it's bad.

19 **COMMISSIONER BROWN:** Yuck.

20 **MS. ANTUNEZ:** I mean, people say they're
21 taking their laundry out to another facility to wash.
22 Well, let's face it, some people actually do go to
23 another community probably to take a bath. I wouldn't
24 blame them.

25 **COMMISSIONER BROWN:** Thank you.

1 **CHAIRMAN BRISÉ:** Thank you very much for your
2 testimony.

3 That is the last of our speakers that have
4 signed up to speak. At this time I did promise Ms. Ryan
5 some additional time. Before you come up, Ms. Ryan, it
6 seems like there's one person who didn't sign up to
7 speak who is interested in speaking, so we will make
8 this exception. And if you could provide your name and
9 your address.

10 **MR. SAYLER:** Also, Mr. Chairman, I believe
11 Commissioner Mariano is here as well.

12 **CHAIRMAN BRISÉ:** We're aware. Thank you.

13 **MS. ZOZZARO:** My name is Linda Zozzaro,
14 Z-O-Z-Z-A-R-O. I live at 11351 Merganser Way, New Port
15 Richey, Florida, in Summertree.

16 As my friend just told you, I've gone when she
17 had her bladder examined. And I said, "Hmmm." So I go
18 to a urologist, I go and get my bladder examined, and
19 I have to get biopsied just like she does because
20 they're finding growths inside the bladder. Now I've
21 been healthy and I've worked in nursing homes and I've
22 lived in New York with all the junk that goes on up
23 there. This is a disgrace, a disgrace to people and
24 humanity that you allow these senior citizens to get
25 such a high rate for their stockholders that we can't

1 even purchase, because if I could, I would probably be
2 able -- "Go right ahead, raise it, because I'm making
3 money on my stocks."

4 How dare we allow this to go on. You don't
5 know what these companies are doing. Are they being --
6 getting background checks? What are they putting in our
7 water? And to boot, what are they doing with SWFWMD?
8 This is a legal issue. SWFWMD in the preserves, they
9 take the water and pump it out of these stupid pipes and
10 for three years. Now they're swamp. I live right
11 next -- it's in the front side of me and the back of me.
12 They used to open up the fire hydrant on the end of the
13 block. It went on that empty lot and all that water
14 went into, into that woods there. I found a scorpion
15 yesterday. It's murky. You're making a mess out of
16 SWFWMD's property. And I guarantee if you went and did
17 a water test, you'd find what you're putting in the
18 water to clean it. You would find what we've been
19 complaining about all these years, these people. And I
20 think it's time somebody steps, steps up. It's not only
21 a rate increase -- they're a disgrace, and that's what I
22 have to say, to do this to people just so they can
23 benefit their stockholders. Thank you.

24 **CHAIRMAN BRISÉ:** Thank you for your testimony.

25 Ms. Ryan.

1 **MR. WARRICK:** May I have two minutes? I
2 haven't had a chance to talk.

3 **CHAIRMAN BRISÉ:** Come on up.

4 **MR. WARRICK:** Thank you for, thank you for
5 receiving me at this last minute. I'm Earl Warrick. I
6 live at 11308 Clear Oak Circle, Cross Creek. My zip
7 code is 34654.

8 **CHAIRMAN BRISÉ:** Go ahead.

9 **MR. WARRICK:** Okay. To bring in some
10 information on -- we just moved into the area, bought
11 the house in January, and so far I've replaced the water
12 softener and a filter system in front of the water
13 softener. The filter system is a GE filter system and
14 it's supposed to be changed every three months. That's
15 \$60 for a filter. But within a half hour after I
16 changed the filter it was white, and within a half hour
17 it was kind of a rusty red. And then last week or so
18 this terrible smell that we have in our water is because
19 of the anode in the hot water heater. So I removed the
20 anode in the hot water heater and it was just almost
21 completely ate up by the minerals that flow through our
22 water system, and it, it just -- and that's where most
23 of our smell is coming from. But that cost me \$172 and
24 I did all the work myself. If I'd have called a plumber
25 in, it would have been maybe twice that much or better.

1 So I feel bad for my next-door neighbor. He's
2 85; I'm 75. When you get beyond my age, you can't do it
3 yourself. So these people are putting up with the
4 smell, they're putting up with the sinks and all this
5 stuff only because they don't have the energy anymore
6 and they don't have the money. I'm fortunate that I'm a
7 jack of all trades and skilled at very little. But I
8 can change, I can change the problem. But even with me
9 changing it, I've spent quite a bit of money. I see
10 I've got a red thing, and I'll thank you for taking my,
11 my message. Anybody got a question?

12 **CHAIRMAN BRISÉ:** All right. I'm not seeing
13 any questions. Thank you for your testimony.

14 **MR. WARRICK:** No questions. Thank you.

15 **CHAIRMAN BRISÉ:** All right. Ms. Ryan, I'll
16 try this one more time. And Ms. Ryan has four minutes.

17 **MS. RYAN:** I have the answers to some of the
18 questions that the Commissioners had asked earlier.

19 **CHAIRMAN BRISÉ:** Okay.

20 **MS. RYAN:** I pulled out of my files the rate
21 increases from 1991 -- we have one, two, three, four,
22 five -- we have five, five rate increases from 1991.
23 The rate increase back in 1991 was \$81 -- it was 81.9%.
24 The rate increase for the second one came in, they asked
25 for 45% and they got 34.8%. In 2002, they asked for

1 24%; they got 16.2%. In 2006, when I started getting
2 involved, they asked for 65.2% and they received 33.4,
3 and that rate increase came even though they got an
4 order of unsatisfactory. That's when they had failed
5 for seven out of eight quarters, they still got a 33.3%
6 rate increase in 2006. In 2009, they asked for 48.5%;
7 they got 28.7. But this is only water. It's not
8 showing the sewer rates, okay, so it's really not even
9 the true value of what we have to pay. And now they're
10 asking for 36% and their staff is recommending 26%.

11 Of the first five rate increases, and we have
12 some that aren't included, from 1991 through 2010 they
13 received 194.5% rate increases. That's pretty steep.
14 If they get the one that they ask for today, and the
15 staff has recommended 26, our rates will have gone up
16 220%. The cost of living over the same time period went
17 up 13%. I don't think anyone here has an investment
18 that they can be guaranteed a 10% return on investment.
19 Inflation doesn't go up that rate, that way, and it's
20 very difficult. So you heard the rest of our testimony,
21 and I won't belabor it because I know that you'll do the
22 right thing.

23 But I do have an answer on where we were with
24 the \$2 million. I was able to pull out of my files all
25 the meeting notes that I had had with Mr. Flynn, and I

1 gave you a packet. On the bottom where it says, "See
2 2010," this was all taking place after that rate -- we
3 had come before you in 2010 and it followed through. It
4 starts with page 23 where we had an agenda. On the
5 second page we have a list of who attended: It was
6 Mr. Patrick Flynn, it was Mike Wilson, and all the
7 people that are listed there were representatives of all
8 of our communities.

9 The next page has the Utilities, Inc.,
10 meeting. It was handed to us by -- I don't know whether
11 it was Mr. Wilson or Mr. Flynn -- but it was a write-up
12 of exactly what that 2 million -- that \$1.2 million
13 water filtration plant was going to be. And it was so
14 detailed, it went down all these different points,
15 including how it was going to be landscaped.

16 On the next page I have handwritten
17 information that one of the people from Utilities, Inc.
18 was kind enough to give me, and it was a report by
19 Diane -- it was a Tampa Bay engineer that they had
20 brought to the meeting. So if you want to see if we did
21 our homework, we tried to make this work.

22 The next pages, page 28 through 30, are a
23 three-page email that I got from Mr. Patrick Flynn
24 thanking us for the meeting and telling us that they'd
25 be having further meetings with us.

1 The last page is January 2011, and right on
2 the bottom of my update to my community after we had had
3 this e-coli issue, that we were planning to have a
4 meeting with Utilities, Inc., on January the 10th, 2011.
5 I never got that meeting notice. It happened to be the
6 day that my mother went critical. And I have to say
7 that I did not pursue it, nor did they, and that's how
8 it ended. We were never given another option.

9 But I want you to know that since I moved into
10 the community in 2004, we met with them -- I invited
11 everybody from the community -- and we did try. And I
12 thank you for your time.

13 **CHAIRMAN BRISÉ:** Thank you. I think there's a
14 question for you. Commissioner Graham has a question.

15 **COMMISSIONER GRAHAM:** Thank you, Mr. Chair.

16 Ms. Ryan, I have a couple of questions. The
17 first question, I haven't heard anybody talk about
18 wastewater. Are we having any problems or issue with
19 the wastewater side of things are all just the drinking
20 water side?

21 **MS. RYAN:** The wastewater we have complained
22 about because of the expense. We're paying three times
23 higher than Pasco County and we don't think that's fair.
24 And what it does is if you, if you have a \$20 water
25 bill, you have a -- and it doesn't even matter whether

1 you use it, you can be away -- if you have a \$25 water
2 bill, you get 100% more than that for your sewer. It's
3 just a multiplier. I don't even know how they do it.

4 **COMMISSIONER GRAHAM:** I mean, but other than
5 the cost, do you have any complaints about the
6 wastewater side of things?

7 **MS. RYAN:** No side effects because they don't
8 process anything. Everything is sent off to Tampa. So
9 there's no processing on our property.

10 **COMMISSIONER GRAHAM:** Okay. The first
11 question I have.

12 The second question, of all the people that
13 came up here, I've heard two people talk about customer
14 service. I believe one was Mr. Liguori, he talked about
15 the flush waters and cleaning up the streets.

16 **MS. RYAN:** Yes.

17 **COMMISSIONER GRAHAM:** And then Ms. Thompson
18 talked about the experience that she had.

19 Do you know anybody else who is having any
20 problems, not quality but just customer service type
21 problems?

22 **MS. RYAN:** Customer service -- and actually
23 the reason why Tony Liguori was able to get that fixed
24 in his community -- he wasn't able to get that fixed in
25 his community. After multiple calls to the company,

1 they didn't get anywhere. Same thing with when we had
2 John Russotto talk about having to have the building in
3 bad repair where the well site is at Point West rec
4 facility. I had to make the phone -- I had to make an,
5 send an email to Mike Wilson. It took direct contact
6 with the regional director to get something done that
7 property managers couldn't do. Our property management
8 tried at the Summertree rec facility for six months to
9 try to get the building fixed, and it's right in our
10 main parking lot. And the same thing, we had over a
11 year and a -- almost two years before the water went
12 underground. And so then when they contacted me, then I
13 contacted Mr. Wilson.

14 Now I did not volunteer to get this job. When
15 we had done this the last time, I tried to have
16 Utilities, Inc., deal with each property manager, each
17 president, and they said they wanted one contact and
18 that's why I'm involved. I'm not, I'm not a control
19 freak; I'm just lucky.

20 And so -- and I have to say that when I deal,
21 when I do get in touch with Mr. Wilson, he's a, he's a
22 very respectable person. But we're not getting -- we
23 shouldn't have to monitor and run our own business. We,
24 we pay our taxes. We lived our life and now we're on
25 retirement, and we're now managing a water company. And

1 I have to say I think that -- I'm very proud of my
2 community. I think they spoke eloquently. I think
3 they've given you real food for thought. I'm hoping
4 that as a result of what we said here today that
5 there'll be ways in which you can turn around and change
6 that secondary quality issue. You were so good to us
7 before. And I know that there's letters of the law and
8 formulas work, but the system is broken and we're the
9 recipients and we don't want to do three more years of
10 this. We really need that permanent solution. And I
11 thank you.

12 **COMMISSIONER GRAHAM:** Thank you.

13 Thank you, Mr. Chairman.

14 **CHAIRMAN BRISÉ:** Commissioner Brown.

15 **COMMISSIONER BROWN:** I just have a comment,
16 Ms. Ryan.

17 **CHAIRMAN BRISÉ:** Ms. Ryan.

18 **COMMISSIONER BROWN:** Just a quick comment.
19 I'm just making a general comment. Thank you for this
20 chart, this is exactly what I was looking for, and I
21 appreciate you compiling it, as well as this information
22 is excellent. Thank you.

23 **MS. RYAN:** If you need more, I have lots of
24 paper.

25 **COMMISSIONER BROWN:** That's exactly what I was

1 looking for. Thank you.

2 **CHAIRMAN BRISÉ:** All right. Now we hear from
3 Commissioner Mariano. I see a hand up.

4 **MR. LINGO:** Excuse me, Commissioner. I didn't
5 sign up to speak because I didn't want to keep
6 reiterating.

7 **CHAIRMAN BRISÉ:** Please come to the mike.

8 **MR. LINGO:** You're asking questions about
9 customer service. I have a quick story to tell you
10 about customer service. It really goes to the point of
11 what goes on.

12 My name is Tom Lingo, and I live at 11618 Rose
13 Tree Drive in Summertree, Arborwood. I moved in in
14 2010, recently made single. Bought the house. Great
15 house, great neighborhood. Noticed immediately, single
16 guy, water bill is through the roof.

17 So I called the company and they said, "Well,
18 you have a leak." "How do you know I have a leak? You
19 didn't even come to look." I said, "I looked at the
20 meter." I said, "There's something wrong with your
21 meter outside." "You have a leak." This goes on month
22 after month, the bill is going up \$5, \$10 a month. I'm
23 up to \$65, \$70 a month. I'm alone and I'm also going
24 back and forth between this house and another house.

25 Finally one day the worker came, and I said to

1 him, "Guy, check the meter." He said, "You have a
2 leak." And I said, "Listen, I pressure tested all my
3 plumbing. I changed everything. There is no leak.
4 There's nothing wrong."

5 Okay. About a month later I got my bill and
6 it was nothing. I said, "Hmmm." Next month, nothing.
7 So I said, told another neighbor, I said, "Guess what?
8 Something's wrong with the meter." I didn't call them.
9 It's not my job. (Laughter.)

10 Okay. I come to realize that they had come to
11 fix a water leak, and the day they fixed the water leak
12 they sent a guy with a ten-pound sledgehammer, a pair of
13 pliers, and a shovel. He digs four feet down and he's
14 bang, ba-da-bing. When I came out, I said, "Guy, what
15 are you doing?" He says, "Well, I have to fix this
16 leak." "I said, "I have all the plumbing tools you need
17 in the garage. Let me give you something." "No. No.
18 It's fine." I said, "Guy, you're in a -- you're
19 knee-deep in muddy water. You're going to clog the
20 whole system." "Nah."

21 Well, that's what screwed up their meter even
22 worse. See, before it was going too fast, then it
23 dropped dead. I went six months, no water bill. I'm
24 saying, "This is good." Tell you what, they came
25 immediately when they realized that, you know, and they

1 fixed, they put a new meter in. Since that time my
2 bills have come down to almost a normal rate. But
3 there's a customer service story because you call them,
4 the first thing they tell you is you have a leak. I
5 mean, you know, come and take a look at your equipment.
6 Thank you for your time.

7 **CHAIRMAN BRISÉ:** Thank you for your testimony.
8 All right. Commissioner Mariano.

9 **COMMISSIONER MARIANO:** Thank you, Mr.
10 Chairman. A little awkward here with the setup here, so
11 pardon me.

12 Thank you very much for hearing my
13 constituents. I think they've done a great job, and I'm
14 so proud of them to get together, get united all on
15 their own will. Sadly they have to do it for the, for
16 the wrong reasons to put together. Part of the reason I
17 picked my American tie today, because I just don't think
18 America should be like this. But I do appreciate your
19 service.

20 And I do understand the rules that you're
21 bound by. I got a pretty good education sitting with
22 Commissioner Brown when she chaired our private
23 water/wastewater utility committee, which I got a great
24 education as far as the things you can do, things you
25 can't do, things to look out for every step of the way.

1 And I think Commissioner Brown will tell you I kind of
2 pretty much spoke my piece going across the board. And,
3 again, I -- it was a privilege to serve with you. I did
4 learn a lot.

5 In the recommendations that we did make, part
6 of the reason I think we did such a good job with just
7 getting that committee together, which started with the
8 Legislature actually forming that committee, I think we
9 scared Aqua out of the state. They really realized what
10 was coming down the road, what was going to happen to
11 them, and I think they left. They ended up selling to
12 the FGUA, broken (phonetic) down all the utilities, and
13 we resolved that situation. So thanks to the
14 Legislature's putting the force together, I think they
15 saw the writing on the wall, much as your, maybe the
16 operators here may be thinking the same way. So I want
17 to keep the pressure on, make the right decisions
18 happen, work within the framework that you have in front
19 of you.

20 You know, I studied a lot of different things
21 with it. Representative Corcoran, I'm glad he's still
22 with us here; Senator Simpson; and Tax Collector Fasano.
23 I think they spoke well, right to the issues.

24 And I want to highlight on one thing which I
25 think can be a crux to give you the authority to deny

1 not only this whole rate increase, but going back to the
2 220 rate increases -- percent of increases that they've
3 faced since '91.

4 Every time they're putting a cost in there,
5 they're putting it in there. Well, that's got to get
6 amortized out at some point. That's one of the things
7 we're going to be looking at with the recommendations we
8 made. After you get an amortization of the cost after
9 four years of collection with the new legislation, the
10 costs go back down to where they were before. And if
11 there's another rate increase coming in, they've got to
12 justify their costs.

13 From what I can see is they piggyback off the
14 one increase after another after another after another.
15 How can you tell me just pumping the water out based
16 upon the infrastructure they have they need to get all
17 the money they get that Pasco County gets?

18 Now one of the things that you have to look at
19 by the law is the utility's attempt to address customer
20 satisfaction, and I think here's where they've fallen
21 down dramatically over the evidence that I've seen and
22 just read through. There's a history going all the way
23 back for 22 years of different things that are going on.
24 And it's not just about the aesthetic qualities, which
25 Aqua, I think, was the famous one to quote way back

1 when. So dealing not with aesthetic qualities but
2 dealing with DEP violations that they've had along the
3 way, they're in there, they're in the record, and there
4 are reasons that you can actually deny their quality of
5 service.

6 Now I'll tell you when my staff gives me a
7 recommendation, and I just went through it with a tax
8 increase that they wanted to put on my citizens, I
9 rejected it because they didn't have the right
10 information together. I will tell you that 3,000 pieces
11 of information should have gotten a full load of
12 attention, and maybe they did, maybe they didn't.

13 The 500 letters from the Governor shows you
14 that there is a system that's in place to collect that
15 information that you guys maybe aren't getting. There's
16 information back here from a letter that Utilities,
17 Inc., sent to Pasco County back in 2005, in the letter
18 they asked Pasco County what would it cost to
19 interconnect? Now at that time the fees for impact fees
20 at that time were about \$556. They're now triple that.
21 So the numbers that they could have done way back when,
22 probably less than a million dollars, they could have
23 hooked up to the county. As recently as 2010, I believe
24 it was, they were meeting with Ann Marie about what to
25 do. And she just told you about the nice plan that they

1 had, that they were going to put all these things in,
2 even getting down to the landscaping. I asked her, as I
3 was over there talking and looking at their documents,
4 they never even asked her if they thought about
5 connecting to, interconnecting to Pasco County. That
6 would have been for a million dollars. I don't know
7 where they get off spending \$2 million that I'm hearing
8 about. But for a million dollars they could have hooked
9 up to Pasco County, get the same one my residents get
10 all the way through all these years since back to that
11 point in time and that never happened.

12 Now if you want to talk about prudent, which
13 they have to be prudent, acting in wisdom with how they
14 spend the money, guess what? They should be penalized
15 all the way back to when they wrote that letter because
16 they never tried to hook up with us again. And I'll
17 tell you how quick it was the county responded. We
18 didn't delay. We got that letter on October 27th asking
19 about with 2,000 -- 200,000 hookups -- 200,000 gallons
20 per minute going through, using with the residents they
21 had in place how much would it cost. We responded
22 December 1st, 34 days later. We gave them what they
23 needed to make that decision. We didn't hold them up.
24 It should have been fresh in their mind. That should
25 have been the course of action that they have taken.

1 They did not take it for these people, and these people
2 have suffered since.

3 And then when Ann Marie takes over as their
4 representative, they sit down in a meeting. And
5 customer service, they don't even bring up that idea to
6 her. It takes this hearing to bring this information
7 out. That is not acting in their best interest and it
8 is certainly not attempting to address the customer
9 relations.

10 And from one of the things that I learned with
11 the committee that I sat on is one of the things I
12 wonder about -- and pardon me if I'm talking like
13 Representative Corcoran, but I grew up with five Italian
14 kids in the house, so. (Laughter.)

15 But having said that, with what they have to
16 go through, spending all this time and money separating
17 the water, they should have been asked that. It should
18 have been presented to them. If they're not addressing
19 the customer satisfactions and it's on, not just on the
20 aesthetic qualities, there's other DEP violations here
21 that should have represented. So going from way back
22 then it should have been allowed.

23 When I look at -- and pardon me, I've got to
24 fumble here because I thought I was going to be able to
25 set this down. When I look at the three letters that

1 came forward, as late as -- public, Office of Public
2 Counsel just asked us again, they asked us what would it
3 take to have the county interconnect? And the question
4 has been asked, "Would the county like to interconnect?"
5 I will tell you this, just as I think you've heard me
6 say before, whatever is the best for my residents is
7 what I want to see. I think every one of them is
8 entitled to good water quality at reasonable rates.

9 The way the system is set up, I don't think
10 it's still even executed the right way. I don't think
11 the 220% increase should be there in the first place.
12 Going back to that, just going back to the '95 letter,
13 yeah, the 2005 letter that was sent to the committee, it
14 was estimated -- I can estimate those numbers, it would
15 have been about a million dollars to convert to Pasco
16 County then based upon those impact fees. The new
17 number is not the \$10 million you heard about, that you
18 might have read in the paper. That \$10 million number
19 is so inflated it's absolutely ridiculous. I talked to
20 my staff this morning, talked with J. R. Kelly trying to
21 figure out what the number would come out to be. It
22 would be less than \$2 million. If we had done it based
23 upon the same numbers back in 2005, it would have been a
24 million dollars. How much have these people overpaid?
25 I will tell you right now from everything I've read and

1 everything that's a fact, and I want to submit all this
2 to the record so you can consider it, ponder it through,
3 as I've done putting all the stuff, information
4 together, that this rate increase should not only be
5 denied, you should go back and go look at what you've
6 actually allocated because I think you've over allocated
7 to them. And I'll take any questions from here.

8 **CHAIRMAN BRISÉ:** All right. Commissioners,
9 any questions? Commissioner Brown.

10 **COMMISSIONER BROWN:** Thank you.

11 Commissioner Mariano, it's always nice to see
12 you. You zealously represent your constituents, and I
13 admire you for that. You always travel to our meetings
14 and it's always -- we always welcome that. So thank
15 you. And it was also a pleasure serving with you as
16 well on our study committee.

17 The interconnection fee, you said right -- you
18 just said it would cost, you think the number is more
19 along the lines under 2 million?

20 **COMMISSIONER MARIANO:** Under 2 million,
21 correct.

22 **COMMISSIONER BROWN:** Who would ultimately pay
23 that fee?

24 **COMMISSIONER MARIANO:** That would come, it
25 would come from the residents, an impact fee.

1 **COMMISSIONER BROWN:** Right.

2 **COMMISSIONER MARIANO:** And then there's
3 connection fees and other, other charges that are in
4 there as well. But the total cost, from what was told
5 to me, based upon what you read for the 10 million, is
6 actually under two the way it looks from our staff.

7 **COMMISSIONER BROWN:** Is this, is this
8 something that you've provided or is this staff?

9 **COMMISSIONER MARIANO:** I think, I think he's
10 got all the information that I have right here.

11 **MR. SAYLER:** These are the letters.

12 **COMMISSIONER BROWN:** Thank you.

13 **COMMISSIONER MARIANO:** Notice the dates on
14 them. And notice -- actually it was a quote from my
15 staff at the bottom of one of the letters. It says, "I
16 have attached the 2005 request," so we keep these
17 records, "regarding the same issue." So it's the same
18 exact issue that went back from 2005.

19 And, again, 34 days we gave them their
20 information. They had it quickly; they could have acted
21 on it. And whether, whether these rates are granted
22 because -- maybe they didn't go after it and you can
23 tell me better. But if you're not getting a rate of
24 return on impact fees, would you want to go spend the
25 money that way? Think, just think of a corporation.

1 They're guaranteed a rate of return on whatever they
2 spend, right, for capital expenses such as a plant.
3 Would they get that for impact fees? I suggest no.
4 Would they get that for interconnect? No. Why would
5 they want to go do it?

6 I'm telling you if they're going to act
7 prudently and if that's on the behalf of the citizens,
8 even as well as the company, they're going to still
9 spend a million dollars less -- they didn't act the way
10 they should have for these folks that are right here and
11 this proves it again. And now they're coming back to us
12 again after they've already built their other plant or
13 whatever they've done out there, because I don't know
14 what they've done out there, no one can seem to figure
15 it out. I don't know if it shows in the records clearly
16 enough. But even with the money they've spent they're
17 still coming back to us. We can be the solution. And
18 not even saying as far as taking them over, I'm saying
19 as the interconnect. It makes the most amount of sense,
20 it's the prudent decision, and it will give them the
21 opportunity to serve the citizens in a responsible way.
22 So, again --

23 **COMMISSIONER BROWN:** Yeah. Thank you,
24 Commissioner Mariano.

25 **COMMISSIONER MARIANO:** Thank you.

1 **CHAIRMAN BRISÉ:** Commissioner Graham.

2 **COMMISSIONER GRAHAM:** Thank you, Mr. Chairman.
3 Commissioner, welcome again.

4 **COMMISSIONER MARIANO:** Thank you.

5 **COMMISSIONER GRAHAM:** And I always enjoy
6 seeing you here. I'm a firm believer in local
7 government.

8 The first thing is you said the \$10 million in
9 the paper is wrong. Is it possible that the newspaper
10 could be wrong about something?

11 (Laughter.)

12 **COMMISSIONER MARIANO:** Remember, this came
13 from their CEO from the national company.

14 **COMMISSIONER GRAHAM:** I just want to make sure
15 that --

16 **COMMISSIONER MARIANO:** We verified.

17 **COMMISSIONER GRAHAM:** I wanted to make sure we
18 understood that part of it all.

19 The -- I appreciate the time that you put on
20 the water study committee. I know you got quite the
21 education in that. You know what our limitations are.

22 **COMMISSIONER MARIANO:** I do.

23 **COMMISSIONER GRAHAM:** What the *Florida*
24 *Statutes* holds us to. Now you do realize that of the
25 67 counties that we have out there, we only regulate 37

1 of them. So there's 30 counties that decided to opt out
2 of our control and what we do. And there are things
3 that specifically affect the PSC and there's things that
4 do not affect you as a local county. I mean, you know
5 your county has that option if you want to opt out and,
6 you know, control these things yourself.

7 **COMMISSIONER MARIANO:** Correct. As a matter
8 of fact, three times since I was elected in, first,
9 2004, I brought it to my county commission to take that
10 back. They were afraid of the legal costs involved.
11 Look at the team that these utility companies bring in
12 to fight. They had that fear that they may not
13 represent the people properly. I still would have taken
14 the chance because I would have liked to make the
15 decision right like you're making, you're going to make
16 right now. Because I know what they're going through, I
17 would have stuck within the laws and the regulations.
18 But three times I tried to bring it back.

19 The one thing the Commission did let me do is
20 set up a committee. I set up a committee. The
21 committee studied the issue and they brought back a
22 solution for some of those utilities called Aloha and
23 Lindrick. You might remember them. We ended up taking
24 them over, and since then we've bought out probably ten
25 other utilities. So that's been the way the Commission

1 has decided to go. I still think it's a more expensive
2 way to go because once you have to buy in after the PSC
3 has granted the rate increases, they still pay a high
4 rate. Granted they get great water quality, great
5 service, but they still pay a higher rate.

6 Your control right now still is to go back to
7 look deep into the records and figure out what is a
8 reasonable rate of return for what they have. Don't go
9 just by an increase of what they've got. Look at what
10 the rate of return is, look at what their actual
11 investment is. And don't let all these national
12 expenses from the accountants that are over here and all
13 the, all those people from out of town, look at what the
14 actual expenses are to actually take that water out of
15 the ground, through us, we treat it on the wastewater
16 side, but take a look at what their actual costs are and
17 then tell me what they really should be paying. There's
18 no way they should be double what the county is paying
19 right now. And, again, the solution's right there.

20 **COMMISSIONER GRAHAM:** The question I have for
21 you is do we have -- do you have any test data or have
22 you seen any test data comparing Pasco water, Pasco
23 County water to Utilities, Inc. water at Summertree?

24 **COMMISSIONER MARIANO:** I can tell you in the
25 past nine years how many phone calls I've gotten about

1 Pasco County water. Zero.

2 **COMMISSIONER GRAHAM:** No. But do you have any
3 empirical data?

4 **COMMISSIONER MARIANO:** I can get whatever data
5 you want to get.

6 **CHAIRMAN GRAHAM:** I mean, but do you know, is
7 there any there now? I mean, trust me, I'm going to be
8 asking that question later on. Just I want to know if
9 you have any data now.

10 **COMMISSIONER MARIANO:** What kind of data are
11 you talking about specifically?

12 **COMMISSIONER GRAHAM:** Well, I mean, the
13 secondary standards that we're talking about. Have you
14 looked at, you know -- what I'm looking for, what I'm
15 trying to get to is you make it sound like switch it
16 over to Pasco County and all the problems go away. And
17 my question is how do you know that that's any different
18 than the waters coming out of Summertree? How do you
19 know it's the water coming out of the ground or do --
20 how do you know if it's the water coming out of the
21 ground or the water coming out at the end of the pipe?
22 And those are the questions that we don't know yet and
23 those are some of the questions I'm going to ask.
24 Because we're only testing it at the plant; we're not
25 testing it as it goes into somebody's house.

1 **COMMISSIONER MARIANO:** Right. Actually that,
2 that is another issue we talked about as far as the,
3 getting to the house as part of the testing, in the
4 committee about doing that.

5 But I can tell you this: We've had at least
6 two rate increase hearings as our own PSC for our own
7 staff, you know, for our own public. We serve probably
8 60, 70% of the county. I'm guessing at that number. I
9 don't know if that's accurate. But in those rate case
10 hearings we've yet to have a single person talking about
11 secondary water quality. I will tell you this, if we do
12 get complaints, we act on it and we solve it. And I
13 don't have any neighborhoods that'll dress up in red
14 coming in to me to talk about bad water quality. The
15 issues don't exist with Pasco County water. Every
16 single person, it may be next-door to next-door, whether
17 it be Aqua Utilities who we had into us, we had how many
18 residents here talked about just give me the neighbor
19 [sic] like my water. Remember the Aqua rate case
20 hearing? What did everybody have? Half of them had it.
21 And I didn't set that up, just so you know. They all
22 said, "Hook us up to Pasco County water." We've got a
23 good reputation; we don't have those secondary aspects.

24 But even so, I know you don't have control
25 over that at this point in time. What you do have

1 control over is the violations that are here already and
2 the unwise investments that they made, how they tried to
3 correct the solution. And for them to come and not even
4 propose that solution to the residents back when Ann
5 Marie first met with them is reprehensible. It needs to
6 be corrected; they need to be penalized for it, not
7 rewarded.

8 **COMMISSIONER GRAHAM:** But it seems like -- so
9 the issue is not necessarily all just Utilities, Inc.,
10 but it's specifically the utility's plant at Summertree.
11 Because we don't have those other nine or ten companies
12 all here dressed in red yelling and screaming about
13 quality. We just have the people from Summertree;
14 correct?

15 **COMMISSIONER MARIANO:** Well, I can tell you
16 Zephyrhills has got one out there as well and they're
17 not happy either. They may not be as organized as these
18 folks, there's not as many of them, but those folks
19 there have, have issues as well. I won't get into what
20 they have specifically for issues, but they're not happy
21 either.

22 **COMMISSIONER GRAHAM:** Okay. Thank you.

23 **CHAIRMAN BRISÉ:** Commissioner Balbis.

24 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.
25 And thank you, Commissioner Mariano. Good to

1 see you again.

2 As far as Pasco County's water system, correct
3 me if I'm wrong, I believe they're supplied by Floridan
4 aquifer wells and reverse osmosis treatment. Is that --

5 **COMMISSIONER MARIANO:** We have a lot of wells
6 in Pasco County. I mean, from years ago when we had
7 water issues with the whole tri-county area we formed
8 Tampa Bay Water.

9 **COMMISSIONER BALBIS:** Right.

10 **COMMISSIONER MARIANO:** So as far as the bulk
11 water goes, a lot of the water that we're buying from
12 Tampa Bay water comes from our own wells. So we, we --
13 I mean, the supply hasn't changed. It's just the name
14 of making it work better with the region.

15 **COMMISSIONER BALBIS:** Right. I'm familiar
16 with your system, and most of it is treated with reverse
17 osmosis, which produces a much better water quality.
18 But I'd be interested in the data as well.

19 Just a question on the Pasco County rates.
20 You indicated in your letter what the bulk water costs
21 would be and also the capital recovery surcharges. Does
22 Pasco County charge any surcharge on top of that for
23 bulk water customers?

24 **COMMISSIONER MARIANO:** There might be -- there
25 is a slight surcharge on it. I don't know exactly the

1 number. In certain situations, like I know when we took
2 over Lindrick, to make the numbers work we actually
3 shaved it down a bit. We have the flexibility to
4 actually do that as well.

5 So depending on the situation, that may
6 change. I'm actually looking at trying to take over one
7 of the systems from FGUA and actually looking at what
8 the variable cost is to take that system over because I
9 want to shut down one of those troubled plants that DEP
10 used to always -- we'd have flooded over, effluent water
11 would go in the streets and all. So I'm actually
12 working on that to try to shrink that number down to try
13 to make these situations better.

14 **COMMISSIONER BALBIS:** Okay. So you do have
15 that flexibility for certain systems to look at what the
16 variable costs would be and negotiate those rates? And
17 is this a starting point with your rates?

18 **COMMISSIONER MARIANO:** Well, we -- it's a very
19 small number, so it's not going to affect -- the rates
20 we're talking about here, they're probably less than 1%
21 of what they're looking at.

22 **COMMISSIONER BALBIS:** Okay. But it wouldn't
23 be in violation of any of --

24 **COMMISSIONER MARIANO:** It's not a solution --

25 **COMMISSIONER BALBIS:** Okay.

1 **COMMISSIONER MARIANO:** -- as far as the
2 rates -- the rate paying that they're looking at is
3 something that you guys need to dive into.

4 **COMMISSIONER BALBIS:** Okay. Thank you.

5 **CHAIRMAN BRISÉ:** All right. Seeing no further
6 questions, thank you, Commissioner Mariano, for your
7 testimony.

8 **COMMISSIONER MARIANO:** Thank you. Thank you.

9 **CHAIRMAN BRISÉ:** All right. At this time,
10 before we move forward, we're going to take a
11 five-minute break, and we'll, we will see you at 3:45.

12 (Recess taken.)

13 **CHAIRMAN BRISÉ:** All right. We are going to
14 reconvene at this time. And, once again, we want to
15 thank all of the customers for coming out and the
16 decorum and all of that. We certainly appreciate it.
17 And we certainly heard what you have to say, and we'll
18 take that into account as we go through this phase of
19 the process.

20 So what happens now, we begin to take the
21 issues issue-by-issue and have discussion and sort of
22 begin to vote issue-by-issue based upon the
23 recommendation that is before us.

24 Commissioner Graham.

25 **COMMISSIONER GRAHAM:** Thank you, Mr. Chairman.

1 I was wondering if we could kind of handle
2 this like we did the one that we had earlier today. If
3 we could hear from --

4 **CHAIRMAN BRISÉ:** Sure.

5 **COMMISSIONER GRAHAM:** -- the company on the
6 issues that they have with staff recommendation, and
7 then OPC, and then kind of whittle it down from there.

8 **CHAIRMAN BRISÉ:** Sure. You beat me to the
9 punch.

10 **COMMISSIONER GRAHAM:** Oh; sorry.

11 **CHAIRMAN BRISÉ:** No problem. It's all good.
12 It's all good.

13 If we can have an outline of what the issues
14 of contention are that the company has with the staff's
15 recommendation, that OPC has with the staff
16 recommendation, and then we will go through the issues
17 in that fashion and so forth just so you can lay out the
18 issues. You will have the opportunity to address the
19 issues within the appropriate time frame as we get to
20 them.

21 Okay. So, Mr. Friedman.

22 **MR. FRIEDMAN:** Thank you, Commissioners. My
23 name is Marty Friedman, and I'm the attorney for
24 Utilities Inc. of Florida. Also with me is Mr. Patrick
25 Flynn, who's the Regional Director of Utilities Inc. of

1 Florida.

2 The two issues that we want to address are
3 Issues 13 and 14, that's salaries and rate case expense,
4 and there is an interaction between those two numbers.
5 And so it's hard to really discuss one without
6 discussing them both at the same time. So I'll try to
7 do that, and hopefully the understanding of the
8 interaction of those two numbers will be apparent.

9 When Utilities Inc. of Florida filed its rate
10 case, it filed and asked for the salaries of the
11 employees for the test year, and also asked for rate
12 case expense for the rate case cap time that those
13 people at Utilities Inc. spent on rate cases. And here
14 is the way this works and how it was filed, is that
15 those folks that worked on the rate cases, they
16 specifically account for their time as cap time. And
17 that is when they filed these MFRs that capitalized time
18 was reduced from the gross salaries, so then when they
19 made a gross salary apportionment, it was on the net
20 amount of employee's salary and not the gross amount of
21 employee's salary.

22 And, of course, the staff did a whole
23 different analysis of salaries, because our analysis had
24 those salaries that are cap time rate case expense
25 salaries not included in the gross salaries. The staff

1 just did an analysis looking at AWWA, some reports from
2 AWWA, and put all the salaries in there. So they kind
3 of ignored the way we did it.

4 So, I mean, I agree that the way the staff's
5 salaries are now you couldn't do what we think you
6 should have done, or the staff should have done in the
7 beginning and deduct those salaries and then add the
8 rate case expense because that would be double recovery.
9 And our suggestion is that we go back to the way we
10 filed it, and that is that there isn't any double
11 recovery under the methodology that the utility used.
12 And that is to use the actual salaries, the actual
13 salaries which would be net of rate case expense cap
14 time, and then those are allocated among the ways that
15 we always allocate those, and then allow the utility the
16 employee rate case expense for the part of their
17 salaries that are not included in the gross salaries for
18 allocation methodology.

19 One of the fallacies in the way that the staff
20 has done something, and they point out another case
21 where they did this, but I don't think the staff that I
22 recall has ever done an analysis where they -- like they
23 did in this case where they went through and tried to
24 look at the AWWA compensation survey and then try to
25 pigeonhole the categories in the survey with particular

1 people of the utility, and then say that's the amount of
2 the utility -- now that's a nice easy way to do it.

3 I mean, it's not right, it's not the way a
4 good regulatory agency should do. You need to look at
5 the employees that a company is saying they need and the
6 salaries that they are requesting and look at them and
7 tell them. Don't just do some average or some analysis
8 that doesn't really look at that particular company and
9 the employees and the salaries of those particular
10 people.

11 And the problem with using the water
12 compensation survey is that -- and I've just got the
13 numbers for 2012. I wasn't able to get exactly what
14 staff used in their analysis, but the analysis is the
15 same. And I understand they used the category that is
16 called all, which would include board operated, city,
17 county, private, and other, and there was a total of
18 146, at least in the 2012 survey, and only five of those
19 were private utilities. And that makes a difference.
20 If you are going to look at the average of all these
21 different categories, it makes a difference that only
22 five of these were private utilities. Particularly when
23 you look at the wide divergence in salaries between what
24 governments pay and what the private market has to pay.
25 And it is substantial.

1 For instance, they have got, on the annual
2 salary for the top executive, they have got a total
3 between 124 and 187 for all of the utilities, and -- or
4 the 50 percent -- this is the number that they used.
5 They've got -- the 50th percentile number is \$158,000
6 for a top executive. If you look at the salaries,
7 though, for private -- the 50th percentile for private
8 companies, the number is almost \$500,000. So what the
9 staff is doing by doing an average is they are not
10 taking into consideration that in this survey a very
11 small number of these companies are private, and it
12 drastically -- as you can see, it drastically affects
13 the compensation numbers that the staff came up with.

14 If you look at the compensation numbers for
15 private utilities, this is a comparison report, it's
16 done by revenue, and Utilities Inc. overall has about
17 \$119 million in revenue. There is another company here
18 called Middlesex that has got a water company that has
19 got 110 million in revenue, and they pay their chief
20 executive \$429,000. They pay their CFO 243; they pay
21 their COO 241; they pay the vice-president almost 300;
22 they pay the senior regulatory \$184,000.

23 Now these are all numbers that private
24 utilities are having to pay that is substantially
25 different than the average that the staff has used. An

1 average is just not what you do as a regulator. I mean,
2 if we are just going to look at average, we don't need
3 to do any analysis of anything. We could have these
4 rate cases done really quickly, but that's not good
5 regulatory practice. Every utility is different and
6 every utility deserves to be analyzed on its own for
7 better or worse. And the analysis that the staff did
8 avoids having to do that more difficult analysis of the
9 employees and salary ranges.

10 And let me just mention what the staff has
11 done. The staff in their analysis -- I'm going to
12 mention just two positions. They've got a general
13 counsel that they have recommended a salary of \$116,000.
14 For general counsel that -- Utilities Inc.'s General
15 Counsel has been 20 years in the utility business, John
16 Stover. You know, MBA from the University of Chicago.
17 Here's a lawyer with an MBA, 20 years of experience in
18 Chicago, and the staff says, well, that person probably
19 ought to get \$116,000. You know, associates in law
20 firms in Florida make \$116,000, not a JD with 20 years
21 of experience and an MBA.

22 The same with the chief regulatory officer.
23 The chief regulatory officer for Utilities Inc. the
24 staff is saying \$116,000 is fine for him. That person,
25 Mr. Lubritosi (phonetic), is a CPA. He also has an MBA

1 from Northwestern and 20 years of experience in the
2 utility business, and the staff is saying \$116,000. I
3 mean, it doesn't take a whole lot of common sense to be
4 able to understand that you cannot hire a competent
5 general counsel of a multi-state utility company, a
6 competent chief regulatory officer of a multi-state
7 utility company with \$110 million -- \$119 million in
8 revenue for \$116,000 and have him in Chicago. But
9 that's what the staff does.

10 And I suggest to you that if we look at every
11 one of these categories that you are going to find the
12 same thing is true, that they are using averages that
13 defy logic. And that's why we would suggest to you that
14 you reject the staff's recommendation and accept what
15 the utility has filed as their requested salaries. Go
16 back to the analysis that we did on rate case expense
17 that gives the utility rate case expense, because that
18 amount of capitalized time for rate case expense has
19 been deducted from the gross salaries that the utility
20 is requesting.

21 And those are the only two issues that we are
22 going to address. Mr. Flynn obviously is here to
23 address the issue of the day at the appropriate time.

24 **CHAIRMAN BRISÉ:** All right. Thank you very
25 much.

1 The Office of Public Counsel, Mr. Sayler.

2 **MR. SAYLER:** Thank you, Commissioners. Erik
3 Sayler on behalf of the Office of Public Counsel.

4 Obviously, Issue 1, quality of service for
5 Summertree, also Issue 13, salaries, and also an issue
6 which is kind of -- it's kind of behind the scenes of
7 all the issues as it comes to the rate base, which is a
8 key component in setting the rates. And Ms. Vandiver
9 will speak to Issue 13 and also what we -- the term we
10 are using in the office called phantom rate base, and
11 she will kind of explain what that is and how that may
12 be driving quite a bit of the costs of this particular
13 rate increase for not just Summertree, but all the
14 systems. So at the appropriate time she'll address
15 those.

16 **CHAIRMAN BRISÉ:** Okay. So the issues you
17 identified are really 1 and 13?

18 **MR. SAYLER:** 1 and 13, yes, sir. And then the
19 phantom rate base is kind of the whole thing, so --

20 **CHAIRMAN BRISÉ:** Okay. All right. So,
21 Commissioners, with that in mind, the issues that we
22 probably want to take up first is obviously Issue 1, and
23 then recognizing that Issues 2 through 12 at this point
24 are not contested issues. Then Issue 13 and 14, and
25 then Issues 15 through 25 are not contested issues,

1 either. All right. So let's get into Issue 1.

2 Yes, Mr. Sayler.

3 **MR. SAYLER:** Yes, sir. With regard to
4 Issue 2, Ms. Vandiver let me know that if you make any
5 adjustments to rate base it could affect Issue 2, even
6 though we don't have a specific recommendation on that
7 to share, it just would be a fallout.

8 **CHAIRMAN BRISÉ:** All right. So Issue 2 we'll
9 put in the contested/fallout type issues. Okay. So we
10 are going to go ahead and go to Issue 1.

11 Staff, if you can introduce the issue.

12 Mr. Rieger.

13 **MR. RIEGER:** Thank you very much. Thank you,
14 Mr. Chairman.

15 Issue 1 concerns the quality of service
16 provided by Utilities Inc. of Florida. Staff recommends
17 that the quality of service provided is satisfactory.
18 Staff reviews, per rule, three different parts of the
19 quality of service rule. The quality of the utility's
20 product, the operational condition of the utility's
21 plant and facilities, and the utility's attempt to
22 address customer satisfaction. As you know,
23 Commissioners, this case covers a four-county area
24 totaling 18 systems, 14 water and 4 wastewater. We will
25 be happy to entertain any questions at this time.

1 **CHAIRMAN BRISÉ:** All right. Commissioners,
2 where do we want to begin?

3 Commissioner Edgar.

4 **COMMISSIONER EDGAR:** Just a quick
5 clarification, if I may, to OPC. The customer testimony
6 that we have heard today, I believe every customer was
7 speaking specifically to the Summertree system,
8 recognizing that Issue 1 covers systems in four counties
9 and, therefore, other systems included, would your
10 concern on Issue 1, the staff recommendation related
11 only to Summertree. And, if so, would that be the first
12 prong of the three-prong test, or beyond that?

13 **MR. SAYLER:** It would be a little bit beyond
14 that, but it is mainly for Summertree. At the customer
15 meeting for Seminole County there was a question from
16 some customers complaining of similar issues, but they
17 are not nearly as organized as these customers, and the
18 utility explained what was causing their issues and gave
19 them some information that might resolve it, so it
20 seemed like they were satisfied. And I believe that is
21 the Park Ridge system there near Altamonte Springs.
22 But, yes, it is mainly Summertree. And I do have some
23 prepared remarks when we dive into actual Issue 1 to
24 share with the Commission.

25 **COMMISSIONER EDGAR:** Okay, thank you. I may

1 have some follow-up later, but I will defer to my
2 colleague to my left. Thank you.

3 **CHAIRMAN BRISÉ:** All right. Thank you.

4 Commissioner Graham.

5 **COMMISSIONER GRAHAM:** Thank you, Mr. Chair.

6 Actually, I want to hear from OPC to hear what other
7 things he has to say about the quality side of things.
8 And I would ask that you speak specifically about the
9 other ones and then speak about Summertree. I want to
10 see if we can't separate these two a little bit. So you
11 said you had some other additional comments, I would
12 like to hear that before we continue.

13 **CHAIRMAN BRISÉ:** All right. So at this time I
14 think, as I look at my colleagues, the consensus is we
15 want to hear from Mr. Sayler and from the Office of
16 Public Counsel with respect to Issue 1. And from my
17 perspective, I think as I heard the testimony here and
18 as I looked through the recommendation, there may be a
19 variance in respect to the quality in the different
20 counties. So if you can address all of the other
21 categories and then get to Pasco last, and then
22 specifically Summertree, that would be helpful.

23 **MR. SAYLER:** Yes, sir. With regard to the
24 other systems in the other counties, I don't see any
25 evidence of significant customer service issues beyond

1 what's in the staff's -- in the record, the MFRs, what
2 staff has addressed. So as far as quality of service
3 for the others, it appears satisfactory. I have not
4 heard anything that would dissuade me or persuade me to
5 say that it should be anything other than satisfactory.

6 So with respect to the other systems, at this
7 time, I mean, they may have some of the same customer
8 service issues, calling into the call center, things
9 like that, that would be in the MFRs. I can't speak to
10 anything specific, any examples to raise.

11 The Park Ridge customers had some water
12 quality product concerns, but they are not here today
13 like Summertree is. And I would say that they might not
14 be satisfactory, given those concerns. I don't know if
15 staff followed up with Park Ridge to find out, with
16 those four customers who attended, whether the
17 improvements the utility said were coming after the free
18 chlorine burn actually came to pass. So I will have to
19 defer to the Commission staff.

20 And in our letter to the Commission on, I
21 think it's August 22nd, we did raise quality of service
22 as something for the Commission staff to look into
23 because of the significant quality issue concerns that
24 were coming specifically from Summertree, but just in
25 general for the Park Ridge, as well. And I don't know

1 if there was any follow-up beyond what the company filed
2 or if they followed up with those four customers.

3 Now, turning to Summertree. First, I do want
4 to say thank you to Senator Simpson and Representative
5 Cochran who both took out of their busy schedules to
6 come here and speak to us today on behalf of their
7 constituents, as well as former Senator Fasano who came
8 up to speak on behalf of, you know, the taxpayers of
9 Pasco County, you know, and when you have high water
10 rates and that gets out into the real estate market
11 property values go down, and so I'm sure that will
12 affect the tax rolls -- not today, but down the road --
13 for his office. And, also, thank you, Commissioner
14 Mariano. He did a great job speaking on behalf and for
15 his customers.

16 But I would also like to thank Ms. Ann Marie
17 Ryan, who I met on August 8th, and she has done an
18 amazing yeoman's work working with her water committee.
19 They call themselves the Alliance, the Summertree Water
20 Alliance. And she is the one who went through and
21 mailed to me four boxes of documents which really is
22 this big ream of paper, this box of paper here, and then
23 since that occurred she also brought additional protest
24 forms, petitions, and also various results. So these
25 are all things -- these were scanned and e-filed to the

1 Commission.

2 Just to correct the record, they were e-filed
3 and then someone in the Clerk's Office made the
4 determination that these were customer correspondence as
5 opposed to a filing from OPC. So we decided to formally
6 intervene thinking that would clear up the issue, but
7 they remained in the docket file as they are. And these
8 are additional supplemental which I can provide to be
9 submitted from the snowbirds, the seasonal residents,
10 those who weren't there during September and October for
11 that.

12 One question Ann Marie kind of pointed out to
13 me regarding staff's recommendation, and maybe staff
14 will get to it, it's on Page 9. That's where it says
15 for the majority of the customers it appears that they
16 are satisfied with the service provided by the utility,
17 although there are customer concerns specifically about
18 water quality in Summertree and Park Ridge.

19 The utility records indicated that it responds
20 to each complaint, and I think her question is you're
21 saying for the majority of the customers, maybe it's the
22 majority of the systems, because Summertree is quite a
23 large system within the Utilities Inc. constellation,
24 Utilities Inc. Florida constellation. They represent
25 over 1,200 customers.

1 Really, Commissioners, the source of
2 Summertree's water, I think we can all deduce from the
3 extensive testimony, are the wells, that's the source of
4 their issues. And unless and until the utility switches
5 to a different water source, you know, these water
6 concerns with the quality of product will continue and
7 these customers will continue to suffer from so-called
8 undesirable attributes of taste, color, smell, sludge,
9 slime, black water, and you have heard about it from
10 them.

11 Ultimately, what we would like to ask as a
12 remedy for these undesirable attributes that have
13 lingered for more than 22 years is, first, find that the
14 quality of service is unsatisfactory. And upon making a
15 finding of unsatisfactory, that opens the Commission's
16 toolbox of abilities to make various ratemaking
17 adjustments for Summertree to ensure that there is no
18 rate increase. And we think that to incent the
19 permanent solution for this water quality by allowing no
20 further rate increase until it rectifies it, that will
21 certainly provide some incentive to Utilities Inc. to
22 find a solution sometime between now and the next three
23 years when they file the next rate case.

24 And to my knowledge, changing the source of
25 water through interconnection with Pasco is the most

1 cost-effective. You have heard lots of discussion about
2 a cost study that the utility requested back in 2005 as
3 well as the paperwork from a cost study that we asked
4 Pasco to provide to us that we could share to you. I'm
5 not going to go into that.

6 But, you know, why should the Commission find
7 the quality of service unsatisfactory? You know,
8 Chairman Brisé, you said earlier today that water is
9 important because it is something that we ingest. Well,
10 these people from Summertree do not ingest their water,
11 a vast majority do not, according to their survey, which
12 really only hit 491 of their 1,200 customers. So there
13 are a number of residents who didn't respond to the
14 survey whether they are seasonal residents or they just
15 were out and about when these people, Ann Marie and her
16 task force, went door to door knocking saying, hey, what
17 do you do? That's how that survey was compiled.

18 And, you know, this issue with quality of
19 service is something that is not new to the utility. It
20 didn't arrive overnight. This was an issue that was
21 known since 1990. The sheet that Ms. Ryan distributed
22 earlier talked about that this was a very troubled
23 system in 1990 when UIF acquired it. I'm assuming the
24 county didn't want to acquire it, and that's why UIF,
25 Utilities Inc. bought it. But they were noncompliant

1 with DEP standards for water and wastewater.

2 They ended up ultimately retiring the
3 wastewater system because of lots of issues and
4 interconnecting with Pasco County, and there was also
5 lots of complaints about fire connection. Low
6 pressures, things of that nature, so the utility
7 interconnected in 1991/'92 with Pasco County for the
8 purpose of emergency fire flows. But the staff order
9 from, I believe it is the 1991 rate case or the 1992
10 limited proceeding, I think it's the limited proceeding,
11 it states in there that they actually had a bulk water
12 service agreement to provide all the water, but for
13 whatever reason they didn't want to use it for providing
14 water. They just wanted it for fire flows.

15 So had the utility elected to take that
16 decision back in '91/'92 to just interconnect, retire
17 the wells, they are a problem, they are a source of
18 issue, we wouldn't be here today. You wouldn't have
19 over 100 customers here and two buses here, you know,
20 describing their daily issues that they have with this
21 water every single day. And, this provides --

22 **CHAIRMAN BRISÉ:** Can I stop you right there?

23 **MR. SAYLER:** Yes, sir.

24 **CHAIRMAN BRISÉ:** So what is your suggestion to
25 remedy that, the 1990/'91 decision and subsequent

1 decisions?

2 **MR. SAYLER:** I'm not sure I understand your
3 question, to remedy it? I'm not advocating to go back
4 to 1990 levels when they were \$5 per month on a flat
5 rate. I mean, there are costs that Utilities Inc. has
6 to incur. They own the distribution lines, so whatever
7 their depreciated value is left, they can earn a return
8 on that. I mean, I'm not saying they would go back.
9 I'm just saying this is a missed then, there was a
10 missed opportunity in 2005, and here we are on the brink
11 of yet another opportunity. And the ultimate remedy is
12 really to change the water source. I mean, you guys saw
13 the water. On some occasions it's terrible.

14 And really I think the first part that really
15 starts the ball rolling is if you make a finding of
16 unsatisfactory. And you had asked me, I believe,
17 Commissioner Edgar, about which two prongs. One is the
18 quality of the product, prong one. And then number two
19 is the attempt to achieve customer satisfaction. There
20 was a lot of discussion about how this board and really
21 it said, Summertree, you need to meet with these
22 customers to find a solution, and they were ordered to
23 meet. The order did not say continue to meet until the
24 solution is implemented, so they fulfilled the letter of
25 the law. They met one time, had a second meeting

1 scheduled, and nothing came forward.

2 And Ann Marie can tell you about how
3 frustrating that was. You know, she was in the midst of
4 a life crisis, but how frustrating that is to be here
5 again with the same issue. And to my knowledge the
6 utility really hasn't proposed anything in this rate
7 case as a permanent solution. At least in 2010 they
8 were speaking about a \$2 million water treatment plant
9 that might fix the problem. But when you start with a
10 bad source of water to begin with, it's very, very
11 difficult.

12 And I had a conversation with DEP about the
13 water source and some of the attributes and things like
14 that I'll discuss in just a moment, but, you know, 22
15 years is a long time. You know, someone born in 1991 is
16 now 22 years old, has graduated from FSU or UF. You
17 know, and a lot of these customers have lived there
18 since well before 1990. Ms. Ryan's parents have lived
19 there -- they bought in in the '70s and have lived
20 there; she and her husband retired there in the
21 mid-2000s.

22 So a lot of people are living with this
23 24 hours a day, 7 days a week, and they are not getting
24 any relief. So, you know, they come to our office and
25 they ask for help and we make some suggestions. But as

1 far as these petitions and these protest forms, I wish I
2 could have dreamt up this and encouraged them to do
3 this. This is all on their own initiative. They
4 provided it to us, and we tried to provide the vehicle
5 to provide it to you.

6 About the only thing that I can see that the
7 utility has remedied some of the water quality concerns
8 is just increased flushing. That was something that was
9 discussed extensively throughout the orders from 1991 to
10 present, that when you have this type of water it
11 stagnates in the line, it changes quality, things of
12 that nature, so you flush it and that helps improve the
13 water. It clears up all the gunk and junk. But the
14 problem is increased flushing is an expense that the
15 customers have to pay for because the source of their
16 water is bad to begin with. So one of the things that
17 can be done is if a new source is found, the flushing
18 will still continue because this system does have
19 engineering issues with dead-ends and things. But when
20 you start with a better quality of water product to
21 begin with then you don't have to flush as much. If it
22 gets stagnant it's not going to go as bad, as bad as
23 this system particularly does.

24 You know, I would have to say that our office
25 was disappointed that there was no mention of real

1 analysis in the staff's recommendation. But in my
2 conversations with Ann Marie, she was just very
3 devastated, and she was upset about that. And I'm glad
4 to hear that staff has spent time analyzing and has
5 briefed you all on it. And I hope during the course of
6 this we can hear some of that too, because I know that
7 would give the customers quite bit of comfort to know
8 that their voice in Tallahassee was heard. Because I
9 think they were afraid that it just went into the black
10 hole of the docket correspondence file never to be seen
11 again.

12 As it relates to the surveys, you know, these
13 customers -- staff's recommendation as it relates to,
14 you know, self-treating the water, it's identical to
15 what staff recommended or stated in the last
16 recommendation and also in the last order, but now, you
17 know, back in 2010 we didn't know the costs that the
18 customers were incurring for that. And of the, you
19 know, respondents which aren't all of it, less than
20 half, you know, they are spending anywhere from 200,000
21 to \$1.6 million.

22 And, Commissioner Balbis, you did ask what the
23 monthly cost of that was, and I did a quick calculation,
24 and I think it was about -- I lost it on my sheet of
25 paper here. I think it was about \$24,000 a month, just

1 the minimum, for buying bottled water. And that would
2 pay for a lot of rate increase, or offset a lot of rate
3 increase.

4 My conversation with DEP, because I, too, was
5 curious about DEP's regulations and what they do and
6 what they can't do. And it was Mr. Foster. It was
7 November 7th about the quality of water that the
8 customers have. Because I was curious as to how can you
9 say that the water quality is satisfactory if you have
10 hundreds of customers complaining about the smells, you
11 know, odors, low pressure, rust, things of that nature.
12 I mean, how in the world?

13 And I also asked them, you know, are you
14 familiar with the Summertree system, because I'm very,
15 very familiar with the Summertree system. But he
16 also -- and one of the things he had done was an
17 inspection of the Summertree system that was prompted by
18 a complaint that one of the residents of Summertree did
19 about too much chlorine in the water. So they came out,
20 tested it, and this is an annual inspection that they
21 perform, a compliance inspection I believe it's called.
22 And they looked at everything; bells, whistles, this and
23 that. They didn't retest the water for all the
24 undesirable attributes or the secondary things, they
25 just tested it for the chlorine and said the chlorine

1 was, I think, eventually within limits after a
2 particular amount of time.

3 But I asked them, well, have you heard about
4 all the complaints at Summertree? And he goes no. I
5 have two complaints that were brought to my attention.
6 He indicated that I believe there is a mechanism now
7 where water quality complaints that come to the
8 Commission, someone is supposed to send that over to DEP
9 for them to look into. It would be nice to hear more
10 about that from our office's perspective to know how
11 that process works so we can help the customers, because
12 they come to us to complain. I'm, like, okay, I can
13 carry your complaints, but if you want it to change,
14 you've got to go to DEP.

15 And I also asked Mr. Foster when do you do
16 something about secondary? When do you do something?
17 And he goes, well, we do something about secondaries
18 when they are two or three times out of compliance. I
19 mean, the levels are about twice as much, and we get
20 lots of complaints. If we don't get lots of complaints
21 and it's not really, really over, then, you know, let
22 sleeping dogs lie. He didn't say sleeping dogs lie,
23 those are my words.

24 But he also said there's kind of a threshold,
25 like 3,300 customers versus underneath because there is

1 a tremendous rate impact to really, you know, rectify
2 quality of service issues. But he said even then they
3 really only get involved to force the issue about
4 secondary quality of product issues. Only if there is
5 still a lot of complaints and if the water is way over
6 the levels.

7 I reviewed the test results. These test
8 results are done once every three years. The last time
9 it was done was April of 2012, and they were compliant
10 with the primary and secondary. So technically,
11 according to your rule, it appears that your hands are
12 tied, but I would say no. They test, DEP tests for
13 compliance at the source of the well. After it comes
14 out of the water (sic), it's treated, then that's when
15 they test for all of those things. They don't test at
16 the end of the line where they are flushing the water
17 out. They don't test any of the water that comes into
18 the customers' houses, and they only test for
19 compliance.

20 So you can be technically compliant with DEP
21 regulations at the point that it enters the distribution
22 system, but be way, way out of compliance by the time it
23 gets to any customer. So maybe that's a regulatory fix
24 the Legislature can implement. Maybe it's a rule.
25 Maybe there needs to be some rulemaking over at DEP.

1 And with regard to the Commission's rule, your rule is
2 still fairly broad, that you could say, well, DEP says
3 it has to be compliant at the source. We want it to be
4 compliant, you know, at the time it comes into the
5 customer's house for secondaries. I mean, you guys have
6 two different regulatory frameworks, but you can still
7 find them unsatisfactory for quality of product for
8 those reasons.

9 And the other thing that I asked them about
10 is, like, tell me about the change from free chlorine to
11 chloramines. In 2004 the government changed the
12 regulation and said your TTHM levels had to decrease
13 from 100 parts per billion to 80 parts per billion, and
14 it threw a lot of systems out of compliance. Because
15 Mr. Foster said that, you know, free chlorine is the
16 best disinfectant, but it had a byproduct, the
17 disinfectant byproduct of TTHMs. And when it comes to
18 testing, the only things that are tested at the point
19 that customers receive it are cooper, lead, and TTHMs,
20 and the HAAs. Those are the things that are tested
21 because, you know, they are known carcinogens and known
22 health effects.

23 But, I asked him, well, tell me about the
24 water, you know, the attributes of this water. He says,
25 well, you know, Pasco County in certain places you drill

1 you are going to get certain water or chemical
2 characteristics. And the chemical characteristics of
3 this system include sulfur, tanins, and colors, and
4 iron. And one of the wells is the backup well. The
5 only well out of compliance with the secondary standards
6 at the point that it enters the system is the backup
7 well, you know. But, you know, sometimes they have to
8 kick that on and it increases the iron in the water and
9 causes the problems that rust in the street and things
10 of that nature.

11 But I asked him about this biofilm. He said,
12 well, biofilm, if you are not aware of it, is as a
13 result of the chemical attributes of this particular
14 water source. And when you treat it with chloramines,
15 which is a mixture of chlorine and ammonia, and staff
16 has discussed that there, but that allows biofilm to
17 grow, and that's like plaque on the inside of your
18 arteries. And once a year the utility does a free
19 chlorine burn, and that dislodges all of that gunk. And
20 it dislodges it and they have to flush, flush, flush to
21 kind of flush the system. But if you're a customer, and
22 during the midst of all this stuff detaching, when you
23 turn on your tap, you flush your toilet, you turn your
24 shower on, you try to get a drink from your water tap,
25 you're going to get the gunk in your lines because you

1 are pulling it out of the distribution line into your
2 house.

3 And one thing that -- Ms. Ryan showed me a
4 copy of their notice for when they do a free chlorine
5 burn so customers can be aware, hey, maybe I don't want
6 to use my water a lot for the next day so I don't get
7 this junk in my lines. And the notice didn't explain
8 any of the things that would happen. And Mr. Foster
9 said that other utilities in the area have a much better
10 notice for when they do free chlorine burns that informs
11 the customers what's going to happen. Hey, your water
12 is going to change temporarily. Don't worry, it's still
13 disinfected, it's just the junk that's building up on
14 the inside of the pipes that we have got to flush out.

15 That's not what Utilities Inc. provided these
16 customers. And he actually was critical of Utilities
17 Inc.'s notice. He said they need to do a better job
18 noticing when they do free chlorine burns. But that's a
19 conversation he had with me. I don't know if that was a
20 conversation he had with staff or Utilities Inc. And he
21 also said that a lot of the utilities in the area in
22 order to help improve the water quality are now going to
23 free chlorine burns twice a year. So instead of just
24 one time a year it's really bad, it's twice a year half
25 bad.

1 But, you know, testing for primaries and
2 secondaries at the source for your compliance about
3 determining what is or isn't satisfactory, you know, I
4 think you guys have the ability to see something
5 different. But you also have the ability to make a
6 determination on whether this utility is doing a good
7 job addressing these customers concerns, and I'm not
8 going to, you know, tread over Commissioner Jack
9 Mariano's line (phonetic), but he did an excellent job
10 saying that they had, you know, many, many opportunities
11 to fix this, many missed opportunities. And, it would
12 have been a lot more cost-effective for the customers,
13 you know, years ago, not necessarily the utility's
14 bottom line.

15 As a result of changing the water source, I
16 believe common sense dictates that it will improve the
17 majority of their issues. They are still going to have
18 issues with lines that are dead-ends, but the flushing
19 should decrease significantly. And with decreased
20 flushing, then there should be a decrease in that
21 expense that's embedded in their rates.

22 And then also by changing the source, you
23 know, some costs should go down, some costs may go up,
24 and I have informed the customers that any solution that
25 may be implemented might put some upward pressure on

1 their rates. We don't know how much that upward
2 pressure would be, and that would be something I think,
3 you know, should be discovered, determined, and then
4 also provided to the customers so that they can make an
5 informed decision. But I think that with all the
6 bottled water that they are purchasing and with all the
7 house/home treatments that they have to replace filters
8 on, with all the expenses of hiring plumbers to fix
9 their hot water heaters, you know, that would offset
10 potentially some or all of their increase.

11 Ms. Ryan said that they are the ones that
12 initiated the contact regarding -- they are not
13 proactively reaching out to the customers to resolve
14 these customer quality-of-service issues. As was
15 discussed earlier, Zephyrhills, Labrador both are
16 Utilities Inc. systems in Pasco that have issues with
17 water.

18 There was a system in Pasco County, Aloha,
19 that had -- past tense -- had terrible bad water issues,
20 but those issues were permanently resolved when they
21 interconnected to Pasco Utilities, and that resolved
22 their issues. And also FGUA did some other projects,
23 but there is no complaints about the quality of the
24 water anymore. And even one of the Commissioners in
25 Pasco County lives in Aloha. She had some complaints

1 about other things, but not about the quality of the
2 water.

3 The other thing, Commissioner Balbis, you had
4 asked about the source of Pasco's water. Mr. Foster
5 from DEP said that the sources from wells within Pasco
6 County that tap into a better portion of the aquifer as
7 well as Tampa Bay water, which is a collection of wells,
8 surface waters, and also desal coming out of Tampa Bay.
9 So those are the sources of the water that would replace
10 the rotten wells there at Summertree if they
11 interconnect.

12 The relief we are requesting, Commissioners,
13 and I'll try to wrap up, you know, based upon all the
14 facts you hear today, I think you can find the overall
15 quality of service unsatisfactory. And given that it's
16 an ongoing problem for more than 22 years in the making,
17 that the utility hasn't done anything really meaningful
18 to mitigate or find a solution for.

19 And I think more importantly, I believe you,
20 Commissioners, have the authority and the ability to
21 provide an incentive, you know, a carrot and a stick for
22 the utility to do what's right and in the best interest
23 of their customers. That you can make whatever
24 adjustments are necessary to offset the rate increase
25 that they have requested.

1 There are lots of areas within this rate
2 filing, not just like the phantom rate base issue,
3 salaries and other things, where you can find
4 adjustments that you can make that would equal the
5 amount of the rate increase that the utility requested,
6 and we do ask you to make those adjustments.

7 I know there's an issue, Summertree rates or
8 Pasco rates, so how do you address the difference
9 between Summertree and Pasco. Well, it's my
10 understanding that about \$2 million worth of
11 improvements were made in the Pasco area that's driving
12 a small portion of their rate increase. The customers
13 tell me really nothing was done in their system, it was
14 done in the other systems in Pasco County. So
15 improvements to other systems are raising their rates.

16 So theoretically, you know, maybe what's good
17 for the goose is good for the gander. You know, just
18 lower all the rates of Pasco County until they find a
19 solution, and that will certainly speed up the results
20 and it will provide a little bit of rate relief for
21 their brethren in the other half of Pasco County who
22 would certainly -- I'm sure they don't want a rate
23 increase either.

24 And then, you know, call a time out for this
25 utility and say, no, don't come back and ask for another

1 rate increase until the permanent solution has come
2 here. And I would suggest that you can order that
3 something be done, and then have that brought back to
4 you so you can determine, and then you can get Ms. Ryan
5 and others who can say, you know, we agree with what
6 it's doing, and we know the costs will be whatever the
7 costs will be, and we are satisfied with it because of
8 the promise of clear water. Water that, you know, is as
9 good as the Publix water here beside me.

10 As far as your authority to do that, you know,
11 one thing, this agency is a legislative agency. You
12 know, when you look at the case law, it's a little
13 different how the court should treat this Commission.
14 And I believe there's some bad precedent out there that
15 say that if there is not something expressly in statute
16 then the Commission can't do it. That's just, you know,
17 error in the law that the appellant courts have picked
18 up on.

19 You are a legislative agency, and the
20 legislature says by proclamation you are. And you
21 guys -- not you guys, sorry -- the Commission has broad
22 authority under Chapter 367 to make their ratemaking
23 adjustments to ensure that things are done in the public
24 interest, and it says the provisions of this chapter
25 shall be liberally construed for the accomplishment of

1 this purpose.

2 And as far as when has this Commission done
3 something like this, you know, have we done it before,
4 because sometimes I make arguments before the Commission
5 and the response is we have never done that before,
6 there is no precedent, so we are not going to do it.

7 Well, I think you are free as a legislative
8 agency within the bounds of your statutory authority and
9 your rules to make new precedent if you need to. But
10 fortunately you don't have to in this case.

11 The Aloha case, which predates me, at least,
12 but as far as I heard about it quite a bit when I was
13 working, you know, it's a legend in Pasco County. Aloha
14 by PSC Order No. PSC-02-0593-FOF-WU, issued April 30th,
15 2002, in Docket Number 010503-WU, that Commission -- or,
16 excuse me, the Commission then created the precedent for
17 you to be able to use today.

18 The Commission completely offset a utility
19 rate increase. The Commission adjusted ROEs and
20 salaries and things of that nature and can do it to keep
21 it copasetic. And the Commission has done that also in
22 electric rate cases where it has zeroed out or greatly
23 reduced a rate case, a rate increase. And if you look
24 at the Aloha order you see what the Commission cited to
25 as authority North Florida Water Company versus Bevis,

1 United Telephone Company versus Florida Mayo, Gulf Power
2 v. Wilson. I mean, these are some seminal cases from,
3 you know, 1974, 1968, and 1992 that provide this
4 Commission authority to basically make whatever
5 adjustments.

6 And the Commission also found Chuluota and
7 Aqua unsatisfactory and did some adjustments to ROE and
8 other things, and carved that system out. So that is
9 the basis for your authority, your statutory authority,
10 your past precedent and your case law that supports what
11 you can do.

12 And there is a former general counsel here who
13 said, Commissioners, when it comes to where you have
14 discretion, your discretion is great. And we would ask
15 that you exercise your discretion for the customers.

16 And, in conclusion, do you guys remember the
17 movie Groundhog Day? This reminds me of Groundhog Day.
18 It's where Bill Murray's character was doomed to relive
19 Groundhog Day over and over and over again until, you
20 know, his character had a change of heart, and then no
21 more Groundhog Day. The customers are caught in their
22 own Groundhog Day. The change of heart for this system
23 is a change in the source of water.

24 They were here three years ago; they are here
25 today. And unless that source changes, assuming they

1 haven't moved out of Summertree, I'm sure they will be
2 here again. So thank you very much for your attention.

3 **CHAIRMAN BRISÉ:** Thank you.

4 Commissioner Graham, you have questions.
5 We'll get to Utilities Inc. to respond.

6 **MR. FRIEDMAN:** Thank you.

7 **COMMISSIONER GRAHAM:** Thank you, Mr. Chairman.

8 Well, one thing I disagree with, the rate
9 increase or no rate increase, that's not the solution to
10 this problem.

11 Mr. Sayler, do you know how long the system
12 has been around, when they got put on line?

13 **MR. SAYLER:** Actually, Ann Marie knows some of
14 the history, too. She says 1974 was when the first
15 residents moved into the Summertree area. It was at
16 that time called Paradise Point West, and that's the
17 main road that comes into Summertree off of State Road
18 52. If you're driving to New Port Richey you may have
19 passed that. And that's when that system was first
20 built.

21 And the wells are old. The distribution lines
22 are also old. I don't know, the utility can better
23 speak to what improvements they have made as it relates
24 to the distribution system.

25 **COMMISSIONER GRAHAM:** So as far as we know,

1 some of those pipes have been there since '74?

2 **MR. SAYLER:** Yes.

3 **COMMISSIONER GRAHAM:** Okay.

4 **MR. SAYLER:** And the utility could probably
5 confirm that.

6 Oh, the other thing. I apologize. Ms. Ryan,
7 she lives in one of the newer developments which started
8 in, I think, the early 2000s, so their lines are, you
9 know, about ten years old. And, you know, this system,
10 it started off here and it kind of moved here, and grew
11 here, and grew here, and all of them have issues.

12 **COMMISSIONER GRAHAM:** You keep mentioning and
13 I have heard several other people mention going to Pasco
14 County. Do you have any empirical data that shows the
15 water of Pasco County is better than the water they pull
16 out of the ground at Summertree?

17 **MR. SAYLER:** Well, Aloha, when they switched
18 to --

19 **COMMISSIONER GRAHAM:** You didn't answer the
20 question. Do you have any data that compares this to
21 the Pasco County?

22 **MR. SAYLER:** Have I tested the water?

23 **COMMISSIONER GRAHAM:** Yes.

24 **MR. SAYLER:** No, I have not.

25 **COMMISSIONER GRAHAM:** Okay. I mean, because I

1 hear that all the time, but no one has shown me that the
2 secondary standards are any better somewhere else. And
3 the last thing I want to do sitting here without any
4 data in front of me is say if you switch over, if you
5 spend \$2 million and switch over to Pasco County your
6 problems go away, because I don't have anything in front
7 of me that shows those problems go away.

8 **MR. SAYLER:** In my conversation with
9 Mr. Foster, I asked him, you know, he said the chemical
10 makeup of the Pasco water is different from the chemical
11 makeup of Summertree water. And while both water
12 sources are compliant with, at the point of going into
13 distribution, compliant with the primary and
14 secondaries, it's the chemical makeup of the Summertree
15 water that is different from Pasco water and that really
16 leads to all the problems. Pasco water, you know, as I
17 believe Commissioner Balbis stated, you know, they have
18 a reverse osmosis system that --

19 (Inaudible; simultaneous conversation.)

20 **COMMISSIONER GRAHAM:** I understand all of
21 that. My only problem is, my only concern is everybody
22 keeps saying that and there is no data there.

23 **MR. SAYLER:** Maybe Mr. Rieger with the
24 Commission staff can --

25 **COMMISSIONER GRAHAM:** We'll get there. I just

1 want to know why you said it.

2 **MR. SAYLER:** I'm carrying what I have been
3 told, so --

4 **COMMISSIONER GRAHAM:** Thank you.

5 Mr. Foster -- you said you talked to DEP. Did
6 he say anything about writing a letter to the utility
7 about putting more information in their letters to talk
8 about the free chlorine burn? Is he going to do
9 anything as far as reaching out to the utility rather
10 than just a conversation he had sitting with you as far
11 as fixing this problem?

12 **MR. SAYLER:** I believe he has had
13 conversations with the utility about their notice and
14 also about potentially doing increased chlorine burns,
15 but that would be between -- I'm just giving you
16 hearsay. I'm telling you what he told me, and his
17 opinion about their notice. And it's really up to the
18 utility to improve their notices. And I don't know if
19 he is going to ask them to do that. I don't know if he
20 has the authority to order it.

21 **COMMISSIONER GRAHAM:** Okay.

22 Mr. Chairman, I have a lot of stuff here. Do
23 you want me just to stop at my questions for OPC, or do
24 you want me to continue with the rest? I don't know if
25 Commissioner Balbis wants to ask specifics about OPC or

1 not.

2 **CHAIRMAN BRISÉ:** Let's see what Commissioner
3 Balbis -- if he has questions for OPC about the comments
4 that he has made so far.

5 **COMMISSIONER BALBIS:** Actually, my questions
6 are more focused to staff and also to the utility on
7 this issue.

8 **CHAIRMAN BRISÉ:** Okay. So before you get into
9 questions to staff, let's give the company an
10 opportunity to address us with respect to the issues
11 that are brought up by OPC.

12 **MR. FRIEDMAN:** I think I'm going to let Mr.
13 Flynn who has got more personal knowledge on this, but I
14 do want to comment on a legal issue that Mr. Sayler
15 mentioned about this being a legislative agency and,
16 therefore, it has some wide discretion that you may not
17 have otherwise. And all I can tell you is this is a
18 quasi-judicial process, not rulemaking. And you,
19 unfortunately, do not have that different discretion.

20 As a quasi-judicial -- using your
21 quasi-judicial powers is where we are today. And you
22 don't have the discretion like you do if it was a
23 legislative action. And I'll let Mr. Flynn deal with
24 the technical issues. Thank you.

25 **MR. FLYNN:** Thank you, Commissioners. I

1 appreciate your time today; I appreciate your attention.
2 I will try to cover all these points as briefly as I
3 can. It's obviously late in the day.

4 A number of things. First of all, I was
5 quoted in the paper as identifying connection costs that
6 would run in the \$10 million range. And I want to,
7 first of all, clear the air that I was incorrect. I
8 misspoke. I was in error. I was, in fact, thinking of
9 another project I'm working on in a different place, a
10 different state. A similar issue, a much larger cost
11 for wastewater connections. So I was in error.

12 Secondly, the cost identified in the
13 discussion earlier, one and a half to two million dollar
14 range is reflecting capital costs and some suggested
15 costs additional by a Pasco County staffer that is not
16 based on fact, it's just based on his assumption of what
17 would be required to accomplish the placement of an
18 interconnection tap and meter on Highway 52.

19 There's also the cost of designing,
20 permitting, and construction of water main to connect
21 that county line to our distribution network which is
22 not adjacent to the highway in adequate pipe size by its
23 own condition. Our pipe network is differently
24 designed, so there's some additional cost. I don't know
25 what that is, but we can certainly identify what that

1 might be.

2 Water quality. Let me back up. The cost of
3 an interconnect is certainly worth pursuing, and the
4 utility is certainly interested in providing information
5 to the Commission and to the community that would
6 essentially offer a comparison, a side-by-side
7 comparison, apples-to-apples of alternatives which would
8 be, in my view, identifying estimated capital cost,
9 estimated O&M cost, ancillary costs for the purchase of
10 bulk water if, in fact, the bulk water source was a
11 better quality and that met that criterion in a way that
12 would be winnowed down to what the impact on a per
13 customer per-month basis would be for one approach
14 versus another.

15 The existing source water, which is heavily
16 mineralized, it's our Floridan aquifer, can be treated
17 to whatever level is adequate, but it costs money, and
18 it has risks as to whether it can be consistently
19 modified to meet the perception of what the quality
20 should be for the benefit of the customer. And by the
21 same token we can purchase water from Pasco County,
22 again, assuming it meets the criterion that we are
23 looking for, and assume that it can be consistently
24 delivered at that quality and pressure and flow as a
25 comparison. So we can make those analyses and provide

1 some information back to the Commission. I think that
2 would be a very good step forward.

3 The cost is one aspect of it. Assuredly, the
4 reliability is also critical. The dependability of that
5 water quality on a going forward basis. So we would
6 have to include that perspective in whatever analysis we
7 put together that reflects what risk is associated with
8 the water quality improvement to the groundwater supply
9 versus the alternative. So I wanted to speak to that.

10 Secondly, some of the other issues raised by
11 OPC include discussions about the notification for the
12 DEP. We provide DEP with notification when we make a
13 change in our disinfection process. We're required to
14 do that. So Mr. Foster may not have been aware of it,
15 but his office was.

16 What we provide to the customers is provided
17 to DEP to make sure that it's adequate and is timely.
18 So it's my understanding they were -- his office has the
19 information, and we didn't get any feedback or flack
20 that it was inadequately describing what we are
21 proposing to do and why. We have done burns before, not
22 only with this system, but with other systems, and we
23 use the same terminology language to communicate to
24 those customers and haven't had any difficulties in
25 those instances.

1 Meetings with customers. I was looking back
2 in my notes before the meeting today to touch base with
3 Mike Wilson, my regional manager, regarding the meetings
4 that were held or were proposed to be held with Ms. Ryan
5 and the advisory group. We did meet in December of
6 2010, as has been described before. We were planning to
7 meet in January of 2011. I was not able to attend. I
8 had a conflict at the same time that Ms. Ryan's mom's
9 health was poor. And my understanding is that Mike
10 Wilson met with some of the other customers, but I may
11 be mistaken. I'm just not sure about that. I did not
12 attend any meeting in January.

13 There was a meeting in April of 2011. Mike
14 Wilson met with some of the community members. And
15 since that time over the succeeding two years we have
16 had numerous conversations with Ms. Ryan. Mike Wilson
17 has talked to Ms. Ryan on numerous occasions and/or
18 customers in the community regarding water quality
19 issues, regarding our flushing activity, regarding our
20 installation of automatic flushing valves and monitoring
21 that activity and the monitoring of the success of that
22 activity, monitoring the complaints generated over time.
23 So I want to make mention of those things.

24 Subsequent to that time period, we also
25 requested permission from DEP to modify our water

1 treatment at two wells to allow for the addition of an
2 iron sequestrant, a chemical designed to maintain iron
3 in solution, not to have it precipitate out, which is a
4 major component of what causes discoloration of the
5 water.

6 We received permission. We implemented that
7 in about 2010 or so, and have had mixed success with
8 that. Iron is a very difficult mineral to deal with.
9 So is sulfur. Those are two major issues associated
10 with the water quality complaints in Summertree.

11 We have also installed a SCADA system at our
12 wells in order to maximize the use of Well Number 1,
13 which is our smallest well, but our best quality water
14 well. We try to minimize the use of our worst quality
15 well, which is Well Number 2. Well Number 13 is our
16 third well, and it is used frequently because of the
17 size and location and the demand, the water demand
18 generated by the customers. So we try to minimize the
19 use of water that is inferior to Water Well Number 1,
20 which has the sweetest water of the three, and we have
21 had some success with that.

22 I do understand the complaints customers have
23 expressed today, and I take that to heart. I'm not
24 happy with some of the comments, obviously. It's
25 certainly a reflection on my management, and I will take

1 immediate steps to address that. But that being said, I
2 do know that my staff in the field work very diligently
3 and they communicate with the customers in an effort to
4 get good information and to be responsive. And to the
5 extent that we haven't maintained the building at Well
6 Number 2, or we didn't remove the iron stains on the
7 asphalt adjacent to a flushing valve, that's on us
8 obviously. We need to fix that.

9 Having said all that, that's kind of a
10 summary. I'm not going to go into great length as
11 others have, so I just want to answer any questions that
12 all of you may have.

13 **CHAIRMAN BRISÉ:** All right. Thank you very
14 much.

15 Commissioner Balbis.

16 **MR. SAYLER:** Excuse me, Mr. Chairman.
17 Ms. Ryan was whispering to me, and I believe she would
18 like to respond to something Mr. Flynn said, if that's
19 all right, related to his conversations regarding about
20 the context of her conversations with Mr. Wilson.

21 **CHAIRMAN BRISÉ:** Okay. Ms. Ryan.

22 **MS. RYAN:** I have no recollection of these
23 meetings, and I have -- and I have initiated almost all
24 the meetings, and almost all of our board members from
25 other communities are here. I have no awareness of any

1 of these meetings that took place since 2010.

2 Do you have anything -- the only thing I have
3 done with -- the only contact that I have had with Mr.
4 Wilson has been when communities can't get anything
5 done, then I will send an e-mail. But we don't talk on
6 the phone. We don't have meetings. I don't know when
7 any of this took place.

8 He has been very nice about responding in an
9 e-mail and getting a job done, and I have recognized
10 that in public and in a hearing. Because I think when
11 someone does the job and gets it done, I recognize it.
12 But as far as meetings and contact and conversations, he
13 did call our house when there was a main break to say
14 how long it would be done, after I called customer
15 service. But I wasn't there, he spoke with my husband.
16 But there's no conversations, no meetings, so maybe we
17 need to clarify that.

18 **MR. FLYNN:** I'll be happy to clarify. I'm not
19 saying there was a series of meetings. I'm just saying
20 there was a series of conversations that Mike Wilson
21 representing the utility has had with Ms. Ryan or other
22 members of the community over the last two years.

23 **CHAIRMAN BRISÉ:** Okay. Duly noted. Thank
24 you.

25 Commissioner Balbis.

1 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

2 I have a quick question for Mr. Flynn, and it
3 deals with the utility's attempt to address customer
4 satisfaction. And you went into a little bit with the
5 water quality issues, and one of the things that I keep
6 going back to is the improvements to the water plan, the
7 \$2 million, or \$2-1/2 million. And you indicated in
8 2010 during that case that you would entertain
9 discussion with the customers on what the best course of
10 action might be to get to the point in the future when
11 we can identify the costs for the plant, et cetera, and
12 then they could identify whether they support that
13 significant investment. And then you indicated that
14 would be a really critical, important, prudent thing to
15 do for us to have an understanding of the willingness on
16 their part to bear the cost.

17 Why didn't you move forward with -- or did you
18 move forward with presenting them, it's a \$2 million or
19 a \$3 million cost, it's going to result in a certain
20 type of water quality, and have the customers decide if
21 they're in support of that, which is what you indicated
22 in the previous rate case?

23 **MR. FLYNN:** My recollection is that the
24 discussion we had in December of 2010 as a group was
25 focused on what could be done cost effectively to

1 address the water quality issues that were present. And
2 it was evident before then that there was a cost
3 estimate of about 2, \$2-1/2 million for a capital
4 improvement to a central plant. And that it was
5 unattractive in terms of what that would have as an
6 impact on the customers in Summertree. So I may have
7 presumed wrong, but I presume that there was not much
8 interest in pursuing a cost comparison at that time.

9 **COMMISSIONER BALBIS:** Was there -- I guess
10 I'll speak to the representative of Summertree. Is that
11 your recollection, as well? Was there a vote? Was
12 there any indication that you were not interested in
13 that?

14 **MS. RYAN:** No. Initially when we went to look
15 at this in 2001, it was 1.2 million. Then when we
16 talked about it in 2010 it had gone up to 2 million.
17 And when we had the meeting in December, a quick-fix was
18 to -- because they put the sequestrant in the water, was
19 to do the flushing, not to augment having that plant.

20 And one of the reasons why we were interested
21 in the plant, even though it was expensive, was that
22 they said that they believe that we wouldn't even need
23 the chloramines in the wastewater if we had that plant
24 in place. But we never went forward with it. It never
25 went anywhere.

1 **COMMISSIONER BALBIS:** Okay. And I had staff
2 just put together what a rate impact would be for a \$2
3 million capital improvement, and they indicate for
4 3,000 gallons of usage at \$8.52 per month, and in
5 comparing that to the data that was collected by one of
6 the customers where they are paying \$19 a month all the
7 way up to \$120 a month just for drinking water. Why
8 didn't you present those options; why didn't you go that
9 extra step to say, okay, the \$2-1/2 million, it's going
10 to be X amount a month and just make that attempt with
11 them?

12 **MR. FLYNN:** I can only say that we looked at
13 what the capital cost impact would be on the customers
14 bill in general terms, and it was unattractive at that
15 point in time to the customer base.

16 **COMMISSIONER BALBIS:** But you indicated in
17 2010 it would be critical and prudent for you to do so,
18 and yet you didn't.

19 **MR. FLYNN:** I can't say anything more than
20 what I have said previously, Commissioner.

21 **COMMISSIONER BALBIS:** Okay. And really the
22 same discussion with the bulk water purchase. I mean, I
23 would have liked to have seen, you know, you had
24 presented to the customers, you know, here is the
25 option: Status quo and the rates are going to be X; we

1 can spend however much is going to be in additional O&M
2 or whatever it is for new plant, or we enter into a bulk
3 service agreement, and just be transparent and make a
4 true attempt to deal with their issues. Why didn't you
5 do that with the bulk water option, or did that just
6 come up recently?

7 **MR. FLYNN:** The cost for bulk water was
8 identified in 2007, or earlier. And to my recollection
9 that was the only portion of the capital cost, and the
10 full cost of the connection was going to be -- not only
11 the capital costs, but the bulk water purchase amount,
12 plus the retirement of the existing water supply system,
13 and that collectively was an onerous amount that would
14 be unattractive.

15 **COMMISSIONER BALBIS:** How much was that? Did
16 you quantify that?

17 **MR. FLYNN:** I don't have that in front of me,
18 sir.

19 **COMMISSIONER BALBIS:** Okay. Well, again,
20 let's go back to my previous point. And from your
21 statements previously, I think it's just a very easy
22 thing to address with your customers that here are your
23 options. Flesh them out. Do the effort that's needed
24 to come up with the costs, or a best guesstimate with
25 contingencies, and have them decide what they are in

1 favor of. And then I don't think we have 158 customers
2 here complaining about the issues because they know what
3 they are paying for, they know what they have agreed to,
4 and then you could move forward.

5 And I think with this issue we look at the
6 three main issues, and the one that I'm struggling with
7 with Summertree is your attempt to address customer
8 satisfaction, which I think there has been, again,
9 another disconnect. So that's really all the questions
10 I have for this issue for the utility.

11 **CHAIRMAN BRISÉ:** Sure. All right.

12 Commissioner Graham.

13 **COMMISSIONER GRAHAM:** Thank you, Mr. Chairman.

14 One question I have before this slips my mind.
15 This question is to staff. Staff, we had a rate case,
16 it may have been within the past year, year and a half
17 where the utility was buying bulk water from a
18 municipality or a county, and the complaint was that the
19 utility was paying the cost plus 25 percent because
20 that's what the statute allowed for them to sell it for.
21 Does that make any sense to anybody? I think this was
22 down in the Miami area somewhere.

23 **MR. FRIEDMAN:** Do you want me to --

24 Commissioner Graham, the law allows municipalities --

25 **MR. FLETCHER:** If I may, that was Lake Osborne

1 for Aqua, one of Aqua's systems, and there was a
2 25 percent surcharge.

3 **COMMISSIONER GRAHAM:** So if they do decide to
4 go with a bulk system, there's nothing that's going to
5 hold. And Commissioner back there, I'm not picking on
6 you; I'm just making a point.

7 There is nothing to say, unless they cut some
8 sort of a deal with Pasco County, that they can't charge
9 more than they are charging for their customers, and the
10 bulk can go up to -- to my understanding, the statute
11 allows them to go up to plus 25 percent.

12 **MR. FLETCHER:** That's correct. Outside of a
13 certain limit they charge 25 percent.

14 **COMMISSIONER GRAHAM:** Okay. I just want to
15 make sure I understood that.

16 Okay. It's interesting. This was one of the
17 first big cases that the Chairman and I went through
18 back in 2010. And, you know, you heard the old saying
19 about bringing information is like drinking water
20 through a fire hydrant, and that's pretty much what this
21 was like.

22 I went back and I pulled the transcript from
23 back then, and there are some things that I think are
24 kind of interesting. And this is from OPC back then.
25 It said, "The Commission found that the quality of water

1 was unsatisfactory in the last case. They found the
2 customers satisfaction was unsatisfactory. They found
3 the quality of service for Summertree to be
4 unsatisfactory, but yet here we are a few years later
5 and nothing has been done." And that was in 2010, and
6 they were talking about the 2007 rate case.

7 Then I went through and I looked at some of
8 the things that I said back then that I thought was kind
9 of interesting. "Mr. Flynn, one of the earlier
10 speakers, I believe Mr. Albanini (phonetic), talked to
11 you guys about collecting water samples from the
12 different homes. Did you collect those samples? Did
13 you ever get any testing done on those samples, so we
14 feel a little bit more comfortable about knowing what is
15 going on in your system?" That's one of the questions I
16 asked back then.

17 We talked about the website, because the big
18 issue that was going on back then was communication, and
19 we were told that there was a lot of flushing going on,
20 but people didn't know about the flushing and they
21 didn't know about when things were going to change. And
22 that there was a person out there working doing testing.

23 And we asked the questions, like, well, do you
24 have a website? Do you guys put this monthly testing on
25 the website just so the customers have a place to go and

1 they can get that information to see how the quality is
2 changing. And the question is, no, we do the required
3 annual information on the website. And my question was,
4 "Well, how much is it going to cost to do this on a
5 monthly basis? You can pay somebody \$10. It takes them
6 an hour, and you are collecting the information anyway,
7 so let's just share it with them." That was that one.

8 Another one. "What sort of things are you
9 guys doing to improve the communication? This goes back
10 to the whole communication. Or are you guys happy with
11 the status quo." Once again, I guess the
12 communication -- now, I'm not hearing as much this time
13 as we did last time about communication, so I'm assuming
14 that some of that stuff has been fixed.

15 And this is from Tom Walden of our staff. He
16 says, "There is absolutely no disagreement from the
17 staff that the water quality of Summertree leaves a lot
18 to be desired." And it kind of goes on and on.

19 The question I have, one of the first
20 questions I have, and the concern I had back then is we
21 do all the testing at the plant, and I looked at the
22 Florida Statute, and this is Florida Statute 367.111,
23 and it says that the Commission finds the utility has
24 failed to provide the customer with water and wastewater
25 service that meets the standards promulgated by the DEP.

1 The Commission may reduce the utility's return on equity
2 until standards are met.

3 Now, it says if the utility has failed to
4 deliver. Now my question is, and this may be to legal
5 staff, and, Mr. Friedman, I'd like for you to chime in
6 on this, as well. We are checking at the plant, but how
7 do we know if as it goes through some of these old pipes
8 with all the corrosion on the inside of these pipes that
9 the secondary quality that is at the plant is the same
10 secondary quality that's delivered to the house? And my
11 question to staff first is is it upon us, is it upon
12 DEP, or is it our determination on where they test this
13 water? Anyone.

14 **MS. CRAWFORD:** I'll take a stab.

15 Commissioners, what the Commission uses to
16 determine whether the utility is in compliance with
17 state standards is the DEP testing. And I can't speak
18 to what particular standards they have in place. My
19 understanding is they typically test at the plant. I
20 don't know whether they would routinely test outside the
21 customer -- you know, at the point of distribution, but
22 what we rely upon is the standards that DEP sets
23 statutorily and implements.

24 So if we, as a Commission, if you wanted to go
25 above and beyond what DEP uses for making its

1 determinations, I think the Commission could do that,
2 but, of course, there would be commensurate
3 cost-recovery that should be allowed the utility for
4 that additional above and beyond testing.

5 **COMMISSIONER GRAHAM:** Okay. I guess to the
6 utility. One of the big questions that we had back
7 then, and I want to know if we have done anything to
8 look into it, is have we tested to see the secondary
9 standards where it is at the plant, where it is halfway
10 through the system, where it is at the tail end of the
11 system, and to see if that same secondary standard is
12 the same throughout the system?

13 **MR. FLYNN:** We have not done that. I would
14 say, though, that the distribution network in Summertree
15 is primarily PVC pipe which doesn't corrode. It's not
16 the originator of any degradation of water quality.
17 It's pretty benign.

18 But we do know the mineralization in the
19 aquifer is the source of the iron and sulfur that's
20 evident at the tap. So I can't tell you that we have
21 done a survey of tracking change in water quality over
22 time and distance in the distribution network. We do
23 know that we do sample at customers' taps or in the
24 distribution network for chlorine residual, lead and
25 copper results, and trihalomethanes, and haloacetic

1 acids. So those things are far from the water plant
2 locations.

3 The secondary standards are not. They are
4 designed to be identifying what the conditions are as
5 water enters the -- the finished water enters the
6 distribution network.

7 **COMMISSIONER GRAHAM:** But from the testimonies
8 I heard today and the testimony I heard three years ago,
9 the biggest complaint that they are talking about is the
10 secondary standards and not necessarily the primary
11 potable water standards. And the pipes that Ms. Ryan
12 spoke about that were put in the ground back in 1974,
13 have those pipes been replaced? Because I can guarantee
14 you those aren't PVC pipes.

15 **MR. FLYNN:** They have not been replaced, no.
16 They are original pipes.

17 **COMMISSIONER GRAHAM:** So we have -- it's not
18 all PVC.

19 **MR. FLYNN:** No, no, it's not all PVC. I can't
20 say that for sure. But I do know the majority of it,
21 because Summertree was created over a number of years
22 through bankruptcies and redevelopment plans that the
23 oldest core section, Paradise Point Way and the duplexes
24 are the original pipe from that vintage. Arborwood is
25 younger pipe. It's PVC. The Cross Creek area is PVC.

1 The Greens is PVC pipe material.

2 **COMMISSIONER GRAHAM:** Well, because one of my
3 concerns, and I have to say I'm a little disappointed
4 that we don't have that data, or some information, or
5 knowing what is going on in the system. Because, once
6 again, the complaints that we are hearing are secondary
7 standard and not the potable water standard. And my
8 fear is -- one of my fears is if we go and buy from
9 Pasco County -- well, number one, I haven't had anybody
10 yet tell me or show me that the secondary standard is
11 any different in Pasco County than here. I hear the
12 process is different, but I haven't seen any test data.
13 That's number one.

14 Number two, if you get the cleaner water, if
15 that is the cleaner water and you push it through your
16 system, is it going to still be cleaner water as it gets
17 to the tail end of your distribution system? And until
18 you know the answers to those questions, how can -- you
19 know, how can we mandate or how can you really say that
20 that's going to be the fix?

21 **MR. FRIEDMAN:** And it may be the pipes in the
22 customer's homes that causes some of those problems, as
23 well.

24 (Audience response.)

25 **CHAIRMAN BRISÉ:** Folks, folks, folks, if we

1 can pause for a second. We certainly appreciate the
2 fact that we are all interested in this, but please
3 refrain from outbursts, okay? And we certainly
4 appreciate your participation, and we certainly
5 appreciate your respect of the process. Thank you.

6 **COMMISSIONER GRAHAM:** My concern is that there
7 is not enough -- and maybe this is just the engineer in
8 me, and the engineer wants to see data so we can make
9 intelligent decisions and not just guess. And it sounds
10 like there's a lot of guessing. And it's a shame that
11 this is all pushed together as one big rate case. And
12 we can get into that a little later after some of my
13 colleagues talk, but it's a shame that we can't push the
14 rest of this forward and just hold Summertree to the
15 side and deal with that on a separate issue. But that's
16 all I have to say for now.

17 **CHAIRMAN BRISÉ:** Okay. Commissioner Brown.

18 **COMMISSIONER BROWN:** Thanks.

19 My big issue is the utility's attempt to
20 address the customer concerns. That's what really
21 struck me here. Just looking at the volume of
22 complaints blew me away.

23 It's obvious that there needs to be a lot more
24 interaction with the customers. I know you had that
25 meeting in December, but there should have been a lot

1 more follow up and a lot more discussions, knowing the
2 history of the system and knowing the history of the
3 complaints. So I was very disappointed to see that
4 there was only one meeting that occurred.

5 Also, with regard to the quality of product, I
6 don't really think that undesirable attributes, as staff
7 says, I think that seems to be a little bit of an
8 understatement here.

9 Staff, I have some questions for you. I think
10 the Office of Public Counsel said they put a
11 recommendation in their earlier comments, Mr. Sayler
12 said that -- prevent the utility from coming back in
13 asking for another rate case until they have implemented
14 a plan. I'm sorry, Ms. Crawford, we can't legally
15 prevent the utility from filing a rate case?

16 **MS. CRAWFORD:** I know of no statute, case law,
17 anything that would give the Commission that kind of
18 discretion.

19 **COMMISSIONER BROWN:** Mr. Sayler, what do you
20 see -- I guess, what do you suggest that the utility can
21 do to improve discussion and coming up with solutions?
22 Do you have any suggestions moving forward?

23 **MR. SAYLER:** Yes, ma'am. Earlier about the
24 prevent them from coming in for a rate case, I
25 inartfully may have stated that. I agree there is no

1 law that you can prevent a rate increase or prevent them
2 from filing. But as far as, you know, allowing
3 additional rate increases, if still all of the systemic
4 issues with the quality of service are still arising, I
5 mean, it's like, you know, you might have 300 people
6 here, you might have the entire community here at the
7 next rate case, if they come in again without any --

8 **COMMISSIONER BROWN:** Could you speak a little
9 more clearer.

10 **MR. SAYLER:** Sorry. You might have the entire
11 1,200 customers come the next time if these issues
12 aren't solved. And I think that some things that were
13 suggested about, and what the utility offered somewhat
14 as an olive branch would be to sit down with the
15 customers, and something that Commissioner Balbis also
16 suggested which is, you know, do that status quo, what's
17 the cost of the status quo, what is the cost of
18 implementing this treatment for sulfur and iron which --

19 **COMMISSIONER BROWN:** Which I think should have
20 been done, you know, from the last rate case.

21 **MR. SAYLER:** Yes. Or the cost of
22 interconnecting with Pasco water. And I think that they
23 should sit down with customers, and our office, and
24 Commission staff, and, you know, give them a wide -- you
25 know, an eyes wide open to know the cost impact of those

1 three options.

2 We know the cost impact of the status quo, but
3 the cost impact of, you know, putting in new rate base,
4 new treatment, and also versus the capital costs. But,
5 you know, ultimately I think it's the -- you know, they
6 need to reach out to the customers, be more proactive.
7 And maybe -- I think in Aqua you ordered regular
8 monitoring of the utility for the benefit of those
9 customers. Perhaps quarterly meetings with the
10 customers attended by staff in our office until, you
11 know, there's a, a resolution to this issue has been
12 brought together, and bring it potentially as, you know,
13 a stipulated agreement between the customers, staff, and
14 our office, and the utility to bring it back for your
15 decision. And then, you know, if there's going to be a
16 rate increase, then, you know, after they have
17 implemented it, then, you know, grant them their rate
18 increase for whatever that cost is. But I certainly
19 think that they need to be more -- excuse me, that they
20 need to be more proactive in reaching out to the
21 customers.

22 **COMMISSIONER BROWN:** I couldn't agree more.

23 Thank you.

24 Mr. Flynn, I'm just curious. Do you have any
25 customer service representatives here today to address

1 some of the complaints and concerns that were raised by
2 the customers?

3 **MR. FLYNN:** I do not. I'm sorry, I do not
4 have anybody from customer service with me today.

5 **COMMISSIONER BROWN:** I just think it is
6 important. I mean, these people have -- you look at the
7 chart here, and you look at the history here of this
8 particular system. I think it's important that the
9 utility focus on this system and focus on communicating
10 with its customers and addressing the customers
11 concerns. Because clearly there is, as Commissioner
12 Balbis said, there is a disconnect here.

13 **MR. FLYNN:** I agree.

14 **COMMISSIONER BROWN:** Thank you. And I think
15 that the utility needs to make a more proactive effort
16 in working with the customers and addressing their
17 concerns henceforth.

18 **CHAIRMAN BRISÉ:** I have a question for staff.
19 If we were to -- this is an odd question, but we have a
20 circumstance that's a little different today.

21 If we were to look at Summertree and Arborwood
22 as independent utilities, would we still provide the
23 satisfactory reading? Or would we still say that they
24 were satisfactory, based upon all the information that
25 we have received from the customers in terms of

1 complaints and what we have seen with the system?

2 **MR. RIEGER:** Well, clearly based on what we
3 have heard here today that the customers find, still,
4 problems with that and compared to the previous rate
5 cases as it goes on. But according to the way we review
6 it, and according to the rule, yes, we probably would
7 with probably a recommendation for the utility to
8 continue to move more forward in proceeding to reconcile
9 the problems that there are. We believe that the
10 utility has attempted, to some extent, to provide
11 adequate service.

12 **CHAIRMAN BRISÉ:** Okay. So maybe let me ask
13 this other question. From staff's reading, and I think
14 I recall as Commissioner Graham was going through the
15 transcript and Commissioner Balbis alluded to some of
16 the issues that were brought forth last time. Do you
17 think that the utility did, not only according to the
18 letter of the law, but followed the intent of the
19 Commission's action or the Commission's vote?

20 **MR. RIEGER:** Yes. And I think Mr. Sayler
21 agrees with that basically.

22 **MR. SAYLER:** I apologize. I was talking with
23 my client. What was the question?

24 **CHAIRMAN BRISÉ:** Let me make sure I repose
25 that question, because I want to make sure that you got

1 it clearly. That based upon the order and based upon
2 the comments that were made by the Commission as we took
3 an action on this very utility, and particularly
4 particular to this system, do you think that the utility
5 understood the intent and acted based upon what the
6 intent of the Commission was and not just the letter of
7 the law?

8 **MR. BALLINGER:** Chairman Brisé, Tom Ballinger
9 with staff.

10 **CHAIRMAN BRISÉ:** Sure.

11 **MR. BALLINGER:** After listening to the
12 comments today and going back, I was not here with the
13 last rate case on the intent, I tend to agree with
14 Commissioner Balbis. I think the intent from the
15 Commission was to have that sit down, have a choice laid
16 out to customers, let them make a choice with eyes wide
17 open. Clearly that did not happen.

18 There was some discussions. The utility went
19 forward with an effort, which in staff's mind does
20 mitigate the problem somewhat. Flushing is probably the
21 lowest cost option to go forward, but obviously it
22 didn't solve the problem. So I don't think the intent
23 was very -- it was clear I think from the Commission, I
24 don't know if it was understood by the utility and going
25 forward, so I would say they missed the intent from the

1 last time.

2 **CHAIRMAN BRISÉ:** Okay. Because listening to
3 what I have heard today, I think the intent was clearly
4 missed. I mean, it's okay to have the meeting, or one
5 or two meetings, but I think our intent was truly to
6 have a process that would keep us from being in the
7 posture that we are in today with this kind of friction.

8 Understanding that there might have been a
9 need to address some of the challenges, but there would
10 have been sort of an agreement and an understanding by
11 customers as to what that would take, and there would
12 have been a good understanding from consumers, and they
13 would say, well, we can live with this or we can't live
14 with this and so forth.

15 So that was my reading, based upon what I
16 recall from our decision and our process last time.
17 And, Mr. Flynn, maybe we misread each other, but
18 maybe -- I'll give you an opportunity to address that.

19 **MR. FLYNN:** I'm not going to argue with you.
20 I mean, essentially, we haven't -- we did what we did to
21 meet the requirements in the order.

22 **CHAIRMAN BRISÉ:** Sure.

23 **MR. FLYNN:** And we certainly could do more.
24 We can always do more. And we certainly didn't solve
25 the problem, and we need to solve the problem. That's

1 the bottom line. We need to find a solution.

2 **CHAIRMAN BRISÉ:** Okay.

3 **MR. SAYLER:** Commissioner Brisé.

4 **CHAIRMAN BRISÉ:** Sure.

5 **MR. SAYLER:** My client would like to respond
6 to some of the things, or just comment on them. My
7 client, Ms. Ryan, would like to say a few things, if she
8 may, regarding some of the discussion related to this
9 and some of the other things mentioned earlier.

10 **MS. RYAN:** Just one statement.

11 **MR. SAYLER:** Just one statement, she said.

12 **CHAIRMAN BRISÉ:** Sure.

13 **MS. RYAN:** I know you want to move on. I just
14 want to make something clear. I think that from the
15 beginning I have tried to have an open understanding for
16 our community with Utilities Inc. I have never been
17 vindictive. I have never put them down. I have never
18 had any arguments with them.

19 I have initiated meetings since 2006 because
20 my basic thing is quality of water. So I do have a
21 concern, and it's this, one simple thing: For the past
22 22 years they have raised our rates, to date,
23 195 percent. You heard them state today that there has
24 been no, no change in our infrastructure. How can you
25 justify another 26 percent on top of that when we have

1 the same old thing? All it is is a profit base.

2 It doesn't add up. If I was in business, I
3 would be put out of business. We have a 195 percent
4 increase and no change in our structure at all. Water
5 flushing is inexpensive for them, but the cost gets put
6 onto us. They flush over a quarter of a million gallons
7 of water a month, I believe. And I am very concerned
8 that if a company can get these kind of increases and
9 has nothing to justify it -- we don't have a new well.
10 We don't have a new system. The only change that we had
11 was an injection system when the chloramines were an
12 issue.

13 I'm very concerned where we go from here. I
14 have, I have always initiated these meetings. I have
15 never turned them down, and we still haven't improved.
16 And I think you know that I have been fair with trying
17 to get this done. And my constituency behind me, my
18 community will know and state I told them from day one,
19 we never said that we -- I know that there's rules, and
20 I know that there's federal and state statutes and they
21 were meeting what those requirements are. But when it
22 came to the bottom line is we still have the bad water.
23 And when you look at how much we have spent and what we
24 have, it's really, really unjust. It's a big company
25 stepping on little people. That's all I have to say.

1 **CHAIRMAN BRISÉ:** Thank you very much.

2 Commissioner Graham.

3 **COMMISSIONER GRAHAM:** Thank you, Mr. Chairman.

4 And thank you for narrowing down what the point of all
5 this is, and I think you hit it right on the head. I
6 don't think that the will of the Commission was done or
7 achieved. I'm sitting here looking at customer
8 complaints, and I believe this is from the 2011 test
9 year. And water quality, if you look at all 15 of the
10 utilities, the 15 different locations, water quality was
11 8 percent of the complaints that they got. Most of the
12 complaints were billing, and then equipment repair and
13 miscellaneous, but water quality was 8 percent. But if
14 you look at just Summertree, water quality is
15 71 percent. And that there, more than anything else, is
16 a big indicator.

17 **CHAIRMAN BRISÉ:** Right, and that goes back to
18 my question to staff. If this was a stand-alone case,
19 would we deem this satisfactory?

20 **MR. RIEGER:** It would have to be based on the
21 criteria that we try to adhere to that we have already
22 explained. Customers concerns should be addressed,
23 though. If we put weight on the customers concerns,
24 that would probably be the tipping point. If we
25 disregard whether or not they are in compliance with

1 DEP, disregard whether or not their operational
2 facilities are inadequate operations, then there would
3 be a situation where clearly there would be a need for
4 improvement related to the customer satisfaction part,
5 based on the quality of the product that they receive.

6 **CHAIRMAN BRISÉ:** Okay. Commissioner Balbis.

7 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

8 And just to follow up real quickly. I mean, I
9 understand the difficult position that staff is in, but
10 I think that's why we are the ones that are to
11 ultimately determine what the quality of service is.
12 And I would focus on that third segment, which is the
13 utility's attempt to deal with customer satisfaction.
14 And I don't believe they adhered to the intent of the
15 previous order, and that's something that I want to have
16 addressed.

17 I certainly do not have a problem with
18 separating out Summertree water system and finding --
19 determining that it is not satisfactory. Whether it is
20 marginal or unsatisfactory, we can have those
21 discussions, but certainly I would want the order to
22 require them to have that side-by-side analysis, present
23 it to the homeowners, and have them decide for
24 themselves what they are willing to pay for to move
25 forward with.

1 **CHAIRMAN BRISÉ:** All right. So let's talk to
2 legal and see what the parameters are with respect to
3 that. From my understanding from my briefings, we have
4 a county issue that allows some flexibility there, and
5 then we could also talk about the possibility of
6 drilling down further. But if we can walk through or
7 talk us through that process.

8 **MS. CRAWFORD:** Correct. The utility's rates
9 are based on a countywide situation, and in Pasco County
10 it's Oranewood --

11 **MR. LAWSON:** Oranewood with 1,700, and, of
12 course, Summertree with the 1,400.

13 **MS. CRAWFORD:** And certainly you can look at
14 quality of service and find the other county systems to
15 be satisfactory, but the Pasco County systems either, as
16 the Commissioner says, marginal or unsatisfactory, that
17 is certainly well within your discretion.

18 If I understand where you are headed with
19 this, the next question is is that alone sufficient or
20 is more needed. And I have heard suggestions such as
21 more reporting, verified meetings with customers,
22 quarterly meetings with customers. I think any
23 direction the Commission can give to be very specific
24 and very clear about what it expects the utilities to
25 do, what feedback it needs to give to us, the staff, or

1 to you, the Commission, the better. And there are some
2 other options, and at your guidance I'm happy to kind of
3 walk through those, as well.

4 **CHAIRMAN BRISÉ:** Okay. So from a legal
5 perspective, addressing the county is probably the
6 cleanest way of doing this.

7 **MS. CRAWFORD:** Absolutely, because the rates
8 are consolidated by county.

9 **CHAIRMAN BRISÉ:** Okay. So from my
10 perspective, I think as we look at the recommendation,
11 and look at all the systems, all 18 systems, that the
12 vast majority of the systems, from my perspective, would
13 meet that satisfactory grade, or so forth, or
14 determination. As a Commissioner, I think the Pasco
15 County systems -- I think they are problematic. And,
16 you know, we can have a discussion from the bench as to,
17 you know, what would be the appropriate determination of
18 assignment. I know staff has the framework that you
19 have to work within, so I want to hear from my fellow
20 Commissioners as to what their thoughts are on this
21 particular issue.

22 Commissioner Edgar.

23 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.
24 I was about to make a motion, but then you --

25 **CHAIRMAN BRISÉ:** Sure.

1 **COMMISSIONER EDGAR:** Is that okay?

2 **CHAIRMAN BRISÉ:** Sure. Go right ahead.

3 **COMMISSIONER EDGAR:** Okay. Let me throw this
4 out there and we will see where it goes.

5 I would move at this time for Issue 1 that we
6 make a finding of satisfactory quality of service for
7 all county systems within this docket other than the
8 Pasco County two systems, and for those we find them to
9 be unsatisfactory. I believe that would address Issue
10 1.

11 And then after we -- if that carries, close
12 that out. I think there would be an opportunity to see
13 how that falls out through some of the other issues. I
14 personally do think that there should be a rate impact
15 from a finding of unsatisfactory, but I think that would
16 be a discussion with the future issues.

17 **CHAIRMAN BRISÉ:** Sure. We have a motion.

18 **COMMISSIONER EDGAR:** Commissioner Balbis has
19 reminded me that I should say for the water portion of
20 the docket. Thank you.

21 **CHAIRMAN BRISÉ:** All right. There is a
22 motion. It has been seconded. Further discussion?
23 Commissioner Graham.

24 **COMMISSIONER GRAHAM:** Thank you, Mr. Chairman.
25 My concern is it's not all of Pasco County

1 that is a problem, it's Summertree. And if there's
2 going to be an adjustment to ROE, and I get the fact
3 that it is Pasco County ROE, and not Summertree's ROE,
4 but what is the other one in Pasco County, is it
5 Orangewood?

6 **MR. FRIEDMAN:** Yes.

7 **COMMISSIONER GRAHAM:** The people in Orangewood
8 aren't complaining about water quality, it's the people
9 in Pasco County, I'm sorry, the people in Summertree
10 that are complaining about water quality. And so you
11 want that ROE relief to be to the people that are
12 getting the bad water and not necessarily everybody in
13 Pasco County. And so, I guess, how do we go about
14 making that happen?

15 Because I don't have a problem getting back
16 here and knocking off 50 basis points, or 100 basis
17 points, or whatever we would determine that is going to
18 be off of the ROE, but it should be specifically to
19 Summertree and not to all of Pasco County. Now, is
20 there a way of tweaking, internally tweaking that?

21 **MS. CRAWFORD:** And actually counsel clarified
22 something for me; I just want to make it clear. As far
23 as just the pure determination of quality of service,
24 you can single out Summertree from the other Pasco
25 system.

1 The difficulty is when we're talking about
2 dinging ROE as a result to that, that finding about
3 quality of service. Because the rates -- and staff can
4 speak better to this probably than I can -- because the
5 rates are consolidated, there is no real way to tease
6 out the rates of one system than the other. And so any
7 adjustment to ROE, I believe, would need to be on a
8 county basis. It would, unfortunately, impact
9 Orangetree, as well, but that's just how the systems,
10 the rate structures are set up.

11 **MR. LAWSON:** And I'll just fill in. They are
12 actually correct. In 2006, the finding was all the
13 systems were satisfactory except for Summertree, which
14 was unsatisfactory. In that case, the actions taken
15 were limited because it was indirectly caused by the
16 fact that they had changed the secondary standards by
17 DEP and the utility had entered into a consent order to
18 get it fixed.

19 So in this case, you can find just Summertree
20 unsatisfactory, but as counsel alluded to, as we go
21 forward with deciding what to do, whether it's to
22 require additional reporting to affect the rates, or
23 ding them on the ROE, those things we'll have to look at
24 because some of those are intertwined with Pasco County.
25 But for the moment we can find one unsatisfactory, and

1 then as you, as the Commission, move forward to decide
2 what actions to take and require, we'll just have to
3 address those on an as-desired basis.

4 **COMMISSIONER GRAHAM:** Well, I think it is --
5 if I could, Mr. Chair?

6 **CHAIRMAN BRISÉ:** Sure, go right ahead.

7 **COMMISSIONER GRAHAM:** I think it needs to be
8 all of those things you're talking about, because as we
9 said before, the things that we're talking about now are
10 the exact same things we were talking about back in
11 2010. And as Commissioner Balbis said, and the Chairman
12 had said, those things weren't realized. And, you know,
13 I thought back then that the general feel of the
14 Commission was going to be what was going to rule the
15 day. And, you know, they understood the communication
16 had to be there; they understood that they had to sit
17 down, and I thought there was going to be a laundry list
18 sitting down with the ratepayers and said, you know, if
19 that is the fix you want, this is what it's going to
20 cost. If this is the fix you want, this is what it's
21 going to cost. If this is the fix, back and forth, and
22 they can look and decide what they are going to order
23 off the menu. And it sounds like that sort of thing
24 didn't happen.

25 So I think -- and the last thing I want to do

1 is micromanage anybody, but I think it's to the point
2 now where we're going to have to micromanage, and we are
3 going to have to say you need to have a meeting in 60
4 days, and we need to hear back, and you need to do this.
5 And this is the last thing I want to do, but it sounds
6 like that is where we need to be now, because we don't
7 want to do this again, as somebody said earlier, about
8 Groundhog Day.

9 **MR. LAWSON:** And I believe as you folks make
10 those decisions, you know, staff is going to be in a
11 position to be able to advise what's the -- within the
12 framework, how we can go about accomplishing that and
13 getting the details right.

14 **CHAIRMAN BRISÉ:** All right. So we have a
15 motion on the floor, and the motion is to address the
16 rating of satisfactory versus unsatisfactory for the
17 systems. And the way I understand the motion, it's
18 Pinellas, Orange, and Seminole Counties would be found
19 satisfactory, and Pasco County would be deemed
20 unsatisfactory, if that's correct. I'm looking at the
21 maker of the motion.

22 **COMMISSIONER EDGAR:** Yes, sir.

23 **CHAIRMAN BRISÉ:** Okay. And so it seems like
24 there is additional comments.

25 So, Commissioner Graham.

1 **COMMISSIONER GRAHAM:** Mr. Chairman, I think
2 that that was the motion, but I think we could change
3 it, if you listen to what Ms. Crawford said, that we can
4 find specifically Summertree unsatisfactory. But when
5 we deal with the rest of that stuff, it may have to be
6 county-wide.

7 **CHAIRMAN BRISÉ:** Right. But we have to check
8 with the maker of the motion to see if that's what the
9 maker of the motion wants to do.

10 Commissioner Edgar.

11 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.
12 I think that we are having a meeting of the
13 minds and that we are all on the same page, Mr.
14 Chairman. You, of course, spoke completely accurately
15 as to the motion that I made. I do believe I understand
16 the concerns, and I agree with them. Realizing the next
17 issues to come, I was trying to have some symmetry in
18 approach, that the scalpel is not always precise enough
19 or perfect, so I think that the way I worded it was,
20 again, for some symmetry and neatness as we go through.

21 However, the concern that Commissioner Graham
22 has expressed I do see as, again, a friendly and on the
23 same page, so if he would like to make a friendly
24 amendment, I certainly am open to considering that,
25 recognizing that then we will need to address that on

1 the following issues.

2 **CHAIRMAN BRISÉ:** Okay. Commissioner Graham,
3 the floor is yours.

4 **COMMISSIONER GRAHAM:** I guess the friendly
5 amendment would be that we would find all -- we find 15
6 of the 14, all but Summertree satisfactory, and
7 Summertree unsatisfactory.

8 **CHAIRMAN BRISÉ:** Okay. So, the motion has
9 been amended. And that is for water, correct?

10 **COMMISSIONER GRAHAM:** That is just for water,
11 not wastewater.

12 **CHAIRMAN BRISÉ:** Okay. So the seconder of the
13 motion, would you accept the amendment?

14 Okay. So the motion has been amended. Any
15 further discussion?

16 Okay. Seeing none, all in favor say aye.

17 (Vote taken.)

18 **MR. KISER:** Mr. Chairman?

19 **CHAIRMAN BRISÉ:** Yes, sir.

20 **MR. KISER:** In looking down the road, when we
21 come back to this issue on what action to take
22 specifically in the one case here for Pasco County, I
23 would like a few minutes to get the legal folks together
24 to discuss, so we are all together on what we come up
25 with in terms of your alternatives. I just want to ask

1 you for that time, when it's appropriate.

2 **CHAIRMAN BRISÉ:** Sure. Thank you. We are
3 going to shortly take, like, a 10 or 15-minute break.
4 But just before that, Commissioner Graham would like to
5 make a statement.

6 **COMMISSIONER GRAHAM:** Thank you, Mr. Chairman.
7 I guess this is to legal. As you guys are
8 putting your collective mental knowledge together, the
9 concern I have, Summerwood being 1,700, and Summertree
10 being 1,400, I mean, you're talking -- there are so many
11 more people that are there, and they are going to
12 receive so much more of the impact of the unsatisfactory
13 rating here, and see if there is some creative way that
14 that positive impact can be channeled toward Summertree
15 and not towards Pasco County as a whole. And if you
16 come back and say that's the case, that's fine, but bat
17 it around a little bit, if you would. Thank you.

18 **CHAIRMAN BRISÉ:** All right. With that, we are
19 going to take a fifteen-minute break, or a break that
20 brings us to 6:00 o'clock.

21 (Recess.)

22 **CHAIRMAN BRISÉ:** All right. We are going to
23 reconvene at this time, and hopefully we can push
24 through to the end from this moment forward.

25 We took a vote on Issue 1 with respect to the

1 satisfactory level, and so I think we were talking about
2 next steps, and let's see what staff has to say at this
3 time.

4 **MR. FLETCHER:** Commissioners, if I may. Staff
5 considered options of how to calculate and isolate the
6 Summertree and the effect of any potential reduction in
7 ROE. We believe using a customer percentage basis of
8 the Summertree customers over the total customers in
9 Pasco County Water System that you can get there, you
10 could -- basically, it is approximately 41 percent for
11 the Summertree folks, and this is just theoretical using
12 100 basis points reduction in ROE. It would have the
13 effect of a revenue decrease of \$23,060 for the total
14 Pasco County water.

15 So if you were to apply the customer
16 percentage for Summertree, it would work out to be about
17 9,300, approximately \$9,400. So if you use that, you
18 can calculate an across-the-board decrease of
19 approximately 2 percent.

20 So for illustrative purposes, on staff's
21 recommendation on Page 97 of the recommendation shows
22 the Pasco County water rates, and this was for
23 hypothetical purposes. On the second to the last column
24 staff's recommended final, if those were the Commission
25 approved rates, hypothetically what you would do is you

1 would keep those rates for the Orangewood system
2 customers. But for the Summertree, in order to
3 recognize the effect on an ROE reduction, you would
4 reduce those rates that the Summertree customers would
5 pay by approximately 2 percent.

6 **CHAIRMAN BRISÉ:** Okay. Commissioner Graham.

7 **COMMISSIONER GRAHAM:** Thank you, Mr. Chairman.

8 Mr. Fletcher, is it possible, because you said
9 if you took the 100 basis point dink on the ROE for the
10 county is \$23,000, can you just apply that whole \$23,000
11 to Summertree?

12 **MR. FLETCHER:** Yes, it's possible. We can
13 make that calculation.

14 **COMMISSIONER GRAHAM:** And then that would be a
15 reduction of what?

16 **MR. FLETCHER:** That would be a -- if you would
17 give me a moment to calculate that.

18 That would be a reduction of approximately
19 5 percent.

20 **COMMISSIONER GRAHAM:** See, now that sounds a
21 little bit better to me than the 2 percent. Thank you.

22 **MR. FLETCHER:** Yes, sir.

23 **CHAIRMAN BRISÉ:** Okay. Commissioner Edgar.

24 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.
25 A question for staff. Mr. Fletcher, ROE is addressed in

1 Issue 9, and we did have an oral modification on that,
2 so I want to make sure I have the right numbers in front
3 of me.

4 As is the recommendation as it stands now as
5 was modified, not with any additional changes, what is
6 contained in the staff recommendation for ROE as of now?
7 Is it 10.38?

8 **MR. FLETCHER:** Yes, Commissioner, 10.38.

9 **COMMISSIONER EDGAR:** Okay. And what is the
10 ROE currently for these systems?

11 **MR. FLETCHER:** If you would give me one
12 moment.

13 **COMMISSIONER EDGAR:** Sure.

14 (Pause.)

15 **MR. FLETCHER:** Presently they are authorized a
16 10.69 percent ROE.

17 **COMMISSIONER EDGAR:** Okay. I may have an
18 idea, but I need to think about it for a minute.

19 **CHAIRMAN BRISÉ:** Sure.

20 **COMMISSIONER EDGAR:** So if you would maybe
21 come back to me shortly.

22 **CHAIRMAN BRISÉ:** Sure, no problem.

23 **COMMISSIONER EDGAR:** Thank you.

24 **CHAIRMAN BRISÉ:** Commissioner Brown.

25 **COMMISSIONER BROWN:** Staff, Ms. Crawford,

1 under what issue do you think it would be appropriate to
2 address the additional request, edicts of the utility
3 such as quarterly meetings, communications with --
4 further communications with the customers, and that kind
5 of thing? Under what --

6 **MS. CRAWFORD:** I certainly welcome technical
7 staff's suggestion on that, but perhaps quality of
8 service, Issue 1, would be the appropriate place to
9 provide the mechanical follow-up of reporting, meeting
10 with customers, and what have you.

11 **COMMISSIONER BROWN:** But we already -- my
12 understanding is that procedurally we have already voted
13 and approved, we voted on that issue.

14 **MS. CRAWFORD:** You have. I certainly think
15 the Commission has the discretion to add to that issue,
16 however. I don't think you're foreclosed from doing so.
17 And I don't know that -- it is cleaner to have it under
18 an issue. That seems to be the issue that suggests
19 itself to me. I don't think there's any prohibition to
20 adding conditions that weren't in the original staff
21 recommendation as you see appropriate.

22 **MR. LAWSON:** And I would follow on that in
23 previous cases in this document, that Issue 1 was where
24 they had addressed the issues such as reporting
25 requirements, additional testing, and meetings.

1 **COMMISSIONER BROWN:** Mr. Ballinger.

2 **MR. BALLINGER:** Yes, ma'am.

3 **COMMISSIONER BROWN:** Listening to the
4 discussion that we have had here and the different ideas
5 that were proffered by Office of Public Counsel, with
6 the understanding that I think that there needs to be a
7 very clear message to the utility of how to proceed
8 moving forward, so we have to be -- I understand that we
9 have to be very specific.

10 Knowing that, you know, there was a disconnect
11 with what we said last time and what the utility
12 followed through on the utility's part, what do you
13 suggest that is appropriate, considering all the things
14 that you have heard today?

15 **MR. BALLINGER:** The timing of the meetings
16 could be up to you. It could be quarterly or within six
17 months. A lot of that would depend on how long it would
18 take the utility to get together cost estimates of the
19 various options. But I did hear the two options
20 considered as one interconnection with Pasco County as
21 one option, and the other one would be the pursuit of
22 this aeration plant and other filtration that they had
23 proposed a couple of years ago. Again, I think
24 resurrect that as another solution.

25 There may be other solutions, as well, that

1 the company may want to propose to the homeowners
2 association. I think those meetings should line those
3 out, those options. The costs, the time to implement
4 them, some sort of a -- I don't want to say guarantee of
5 what they will do to the problems. I don't know that
6 you can guarantee everything, but at least what they are
7 trying to solve, and maybe some other side effects that
8 may come about from this.

9 And that's not only the capital costs, but the
10 operating costs as well so that the customers can get a
11 bill impact. What we are trying to get here is get the
12 homeowners an estimate of what the bill impact would be
13 in the future for these options.

14 The other part of this meeting needs to be the
15 customer side to say yea or nay; which one do they want,
16 and knowing full well what's going forward. Because I
17 think if a company is going to do this to pursue
18 measures to meet secondary standards which they are
19 technically meeting under the law, but we're going
20 forward with this, I think customers need to be on board
21 of what the costs are going to be before the utility
22 goes and spends the money.

23 **COMMISSIONER BROWN:** That was helpful.

24 And I think quarterly meetings makes sense,
25 even if they don't have the cost estimates. Just to

1 have that, you know, initial discussion because there
2 has been such a lack of communication with the customers
3 and the utility for this particular system.

4 **MR. BALLINGER:** And that's perfectly fine.

5 And we have done that before where utilities have
6 meetings with homeowners and report back to staff with
7 the minutes of the meetings and the results of them and
8 that kind of thing, and any handouts that were done,
9 that kind of thing.

10 **COMMISSIONER BROWN:** Okay. Thanks.

11 **CHAIRMAN BRISÉ:** Commissioner Balbis.

12 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

13 And I agree, I think quarterly meetings are
14 appropriate at the minimum. And I want to make sure
15 that the order does provide specific instructions for at
16 least the minimum that's discussed in the meetings and
17 that is the provision of cost estimates, and bill
18 impacts, and ultimate water quality results of at least
19 those two options. And if the utility comes up with
20 additional water quality improvements, then they can
21 present those, as well.

22 **CHAIRMAN BRISÉ:** All right. Commissioner
23 Graham.

24 **COMMISSIONER GRAHAM:** Thank you, Mr. Chairman.

25 I think one of the things that needs to happen

1 at these quarterly meetings, I get the whole idea of the
2 financial impact, but, once again, as I have been saying
3 since this has started, we need some data out there.
4 And so we need to make sure that if one of the options
5 is Pasco County that we are looking at it, and we are
6 comparing apples-to-apples, and we are seeing that
7 currently you have this water quality, secondary
8 standards. Pasco County is here, and if we put in the
9 filtration system we're talking about we will get you
10 here.

11 I mean, so I think the order needs to have all
12 that in there so that there is some sort of -- and I
13 don't know if you need to call it an engineering study.
14 Heck, you can just get somebody out there and grab
15 samples and get the testing done. But I think that also
16 needs to be in there. Because, you know, I'm sick and
17 tired of guessing. I want to know what it's like
18 throughout the system.

19 Where are you getting it from, and what it's
20 like all the way down toward the end of the system. And
21 we have some older pieces that are back in 1974. If
22 there is a difference in quality there, as well. I
23 mean, because before we start doing all this and before
24 we start spending millions of dollars to fix the
25 problem, let's make sure it's going to fix the problem.

1 **CHAIRMAN BRISÉ:** Okay. Commissioners,
2 anything else on what we would like the order to say
3 with respect to our forward progress?

4 Commissioner Brown.

5 **COMMISSIONER BROWN:** I just want to be clear
6 with the utility. Is the utility -- do you understand
7 what we are here requesting of you with these quarterly
8 meetings?

9 **MR. FLYNN:** Yes.

10 **COMMISSIONER BROWN:** Okay.

11 **MR. FRIEDMAN:** I have one question. When you
12 talk about giving the customers a choice, I presume that
13 the customers decision will be made by the homeowners
14 association and whatever they say goes? I just want to
15 make sure we define who the customers are, because
16 there's a bunch of them out there.

17 **CHAIRMAN BRISÉ:** And that is a very valid
18 question and concern.

19 **MR. FLYNN:** And there are multiple homeowner
20 associations in the community.

21 **CHAIRMAN BRISÉ:** Understood. We will go to
22 Commissioner Balbis and then Commissioner Graham.

23 **COMMISSIONER BALBIS:** Maybe we should pose
24 that question to the representative of the homeowners
25 association. What do you think would be the best way to

1 accurately assess all of the customers within that
2 system's desire for whichever water quality improvement
3 option or status quo option is?

4 **MS. RYAN:** That's not something I had -- I
5 don't know. I'm assuming that since we are the
6 ratepayers that we would have to have a vote of the
7 community and the vote would be the majority wins, I
8 guess, or the majority rules. I guess that's what we
9 would have to do. We don't have any infrastructure for
10 this.

11 **COMMISSIONER BALBIS:** But there's multiple
12 homeowners associations, correct?

13 **MS. RYAN:** Six.

14 **COMMISSIONER BALBIS:** Okay. So you recommend
15 that each homeowner association would vote and then the
16 results --

17 **MS. RYAN:** I think we would need to have a
18 community vote, I guess.

19 **COMMISSIONER BALBIS:** Okay. And I think
20 that's some of the things that could be fleshed out
21 through this process. Because at the end of the day, I
22 don't -- they couldn't move forward with a project
23 without bringing it forward to us, and at that point we
24 can accurately assess the desires.

25 **CHAIRMAN BRISÉ:** Sure.

1 **MS. RYAN:** It's not something that's written
2 in our HOA rules. I've been the president of the
3 Summertree Recreation Facility, I have been president of
4 the homeowners association, and making decisions for
5 ratepayers, you know, for this kind of a thing is an
6 individual home base thing.

7 I mean, the associations pay bills; they are
8 ratepayers, too. But they can't make a homeowner make
9 that decision, so it would have to be a community vote,
10 and I can work on that.

11 **CHAIRMAN BRISÉ:** Commissioner Edgar.

12 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.

13 And, Ms. Ryan, I appreciate your comments.
14 And having served as an officer on homeowners
15 associations in my own area before, it can get very
16 messy. Well intentioned, but messy sometimes.

17 Commissioners, I have some discomfort with us
18 trying to structure a vote or a method for individual
19 customers or customer groups to reach a decision. I do
20 think that is very much a local issue and a local
21 process, but I do believe that we have had some kind of
22 similar instances in past years where OPC has taken a
23 role. I know Mr. Reilly did when we were dealing with
24 Aloha some years ago has taken an advocacy and active
25 facilitator role in working between different customer

1 groups, and the alliance and homeowners associations.
2 So it may be that OPC can fulfill some of that role as a
3 continuation of the work that they have been doing with
4 these customers to date.

5 **COMMISSIONER GRAHAM:** Second.

6 (Simultaneous conversation.)

7 **CHAIRMAN BRISÉ:** Mr. Sayler.

8 **MR. SAYLER:** Yes. OPC would happily
9 participate in the process to try to figure out which of
10 the three or four solutions is the best one. If we have
11 got to take a neutral -- and educate the customers, all
12 customers. And if we have to, you know, dance the line
13 between HOAs and things like that, we'll make that
14 decision at that time. But what we want to do
15 ultimately is, you know, find a permanent improved
16 solution for these customers. And we will happily
17 participate, to the extent of our statutory authority,
18 on those issues.

19 **MR. FRIEDMAN:** It's Ms. Ryan's group that we
20 meet with when you are going to say meet with the
21 customers or meet with the homeowner association? It's
22 her association or her group that we're talking about?

23 **CHAIRMAN BRISÉ:** Commissioner Edgar.

24 **COMMISSIONER EDGAR:** Thank you.

25 Ms. Ryan clearly has been a great advocate and

1 spokesperson and has shown great organizational skills,
2 which I appreciate. But, again, I would look to OPC
3 working with Ms. Ryan and the others, and I just have a
4 concern with us being overly prescriptive on that
5 component.

6 **MR. FRIEDMAN:** But I don't want to be sitting
7 here three years from now and they say, well, you should
8 have met with these group of people instead of this
9 other group of people. So I want to be as specific as I
10 can without just, you know, going over the edge on it.

11 I want to make sure we talk about, you know,
12 which homeowner -- if you're just saying whoever OPC
13 says we work with, then when we get ready to schedule a
14 meeting we call Mr. Sayler and let him do it, then I'm
15 fine with that. That takes it out of my -- I'm happy
16 with that. As long as y'all agree that whoever he
17 decides at the homeowners association to meet with is
18 good enough for y'all.

19 **CHAIRMAN BRISÉ:** And I'm just speaking for me.
20 I think that that makes a lot of sense. If OPC is in
21 contact with all of the homeowners associations then
22 they could be the conduit to establish the meetings and
23 so forth. And I think that that is probably a good way
24 to go because they would be representing them anyway.

25 **MS. RYAN:** I think our community would like

1 that, too.

2 **CHAIRMAN BRISÉ:** Commissioner Graham.

3 **COMMISSIONER GRAHAM:** So how do we penalize
4 OPC if they don't have quarterly meetings?

5 (Laughter.)

6 **MR. SAYLER:** I believe the utility is
7 responsible for the quarterly meetings. We would be
8 attending the quarterly meetings on behalf of the
9 customers.

10 **CHAIRMAN BRISÉ:** We're walking back already,
11 huh?

12 (Laughter.)

13 **MR. SAYLER:** My understanding was that you
14 were going to -- excuse me. My understanding was the
15 utility was going to hold quarterly meetings, OPC would
16 be there to help facilitate the interaction between the
17 alliance, the homeowners association, any customers who
18 want to attend this meeting, because it's not going to
19 be a closed meeting. I couldn't imagine that.

20 Because the important part is to give all the
21 customers an informed choice, and, you know -- so,
22 anyhow, we will happily facilitate whatever we can and
23 work with the utility to make sure that these meetings
24 go off smoothly.

25 **COMMISSIONER GRAHAM:** I guess I want to be

1 clear. The way I look at this, and my fellow
2 Commissioners can tell me, you are, quote, the chairman
3 of these meetings. You will decide if it's just going
4 to be Ms. Ryan's small group of six, if it's going to
5 all of those people, or if it's just going to be you.

6 So he's going to call you and you are going to
7 help schedule that meeting and it's going to be
8 quarterly. That is what my understanding is, unless
9 somebody else up here thinks anything differently.

10 **CHAIRMAN BRISÉ:** Say that again.

11 (Laughter.)

12 **COMMISSIONER GRAHAM:** I mean, so you and
13 Ms. Ryan can make the determination if it's going to be
14 the small group of six or seven, which are her
15 organizations. If it's going to be all the homeowners,
16 or how big or small the group is going to be, you can
17 decide. I mean, initially it can be small and you can
18 branch it out to larger, saying we want your feedback on
19 this, and you can go back to several small meetings, but
20 you guys make that determination.

21 **MR. KELLY:** I'll chime in here, Commissioner.
22 I don't know that I can sit there and tell who can come
23 and who can't come, since I represent all the
24 ratepayers. I think what Mr. Sayler was getting at and
25 what I was whispering in his ear is that we will agree

1 to work with the utility and Mr. Friedman to facilitate
2 and set up the meetings, we'll attend the meetings, and
3 so forth.

4 My statutory authority only goes so far. But
5 I can't sit there and dictate who can come to the
6 meeting and who can't. I can help notify the
7 ratepayers, but I can't sit there and say only these six
8 can attend or not. I mean, I just want to make that
9 clear. But certainly we have envisioned, as we have
10 done in the past, I think Commissioner Edgar is correct,
11 Steve Reilly has done this quite a number of times. We
12 are doing this now over in Calhoun County. That is a
13 non-jurisdictional county, and we contact all the
14 consumers and try to get them to come to the meetings.
15 And who comes comes and who doesn't doesn't, but I can't
16 pick and choose who comes and who doesn't.

17 **COMMISSIONER GRAHAM:** My concern is, and as
18 Mr. Friedman said earlier, I don't want to be sitting
19 here three years from now and they are pointing at you
20 and you are pointing at them and nobody was in charge.
21 And so we're looking to point to somebody today to say
22 you need to make sure that this happens, or you come
23 back to our staff or back to us, and we'll handle that
24 part in the order.

25 And, you know, you don't have to pick and

1 choose. You can call a meeting with the group of six.
2 They all could show up, because it is a public meeting,
3 but, you know, you will call the meeting of six. And,
4 you know very well that you can encourage more people to
5 show up or less people to show up, and if it's something
6 you need the feedback from everybody. But what I don't
7 want is for everybody to sit back and shrug their
8 shoulders and say I don't know what happened. We want
9 some accountability here.

10 **CHAIRMAN BRISÉ:** Any further comments?

11 The way I view it, it would be the utility's
12 responsibility to -- if we say we're going to have
13 quarterly meetings, it would be the utility's
14 responsibility to host the meetings or to follow the
15 schedule. I think OPC's role should be that if there
16 are six homeowners associations, that they work with the
17 six homeowners associations to make sure that there is
18 proper representation at the meetings and so forth.

19 And if Homeowners Association X decides that
20 they are not going to participate, and they help
21 maintain a record as to that Homeowners Association X
22 decided that they are not going to be part of the
23 process so that if we are back here three years or
24 whatever from now, there is a record, and that we don't
25 have a group of people who are upset because there was a

1 decision made by the whole, and you have a particular
2 homeowner association that's saying, look, we weren't a
3 party to that.

4 And I think that is part of Commissioner
5 Graham's concern. So hopefully within that broad
6 structure that, you know, we can work something out that
7 makes sense.

8 **MR. SAYLER:** Yes, sir. And OPC, we certainly
9 understand the end goal. We understand what the end
10 goal is, is to find a solution that's workable for the
11 customers so that we are not here three years from now
12 at almost 7:00 o'clock at night.

13 But at the same time, the reality is, you
14 know, the utility brings two systems; they say, you
15 know, Plan B is right, and we say, no, Plan C is better.
16 So we might be coming back here with a dispute about
17 what system is better, what is more cost-effective,
18 things of that nature for you to decide.

19 As far as the Commission's authority,
20 certainly you can order the utility to meet with the
21 customers, and OPC will certainly participate to the
22 fullest extent that we can to be that facilitator. I
23 don't know if the Commission has authority to order us
24 to do it, but we certainly commit to do it.

25 I don't know if it would be helpful to have

1 somebody from Commission staff attend those meetings as
2 kind of a monitor so you can act as secretary, or -- you
3 know, we will certainly keep notes and present those to
4 you, but it might be helpful for someone from staff to
5 attend to be that secretary. Someone with, you know, an
6 understanding of the engineering and/or ratemaking
7 implications, as well, so --

8 **CHAIRMAN BRISÉ:** All right. Thank you.

9 Commissioner Brown.

10 **COMMISSIONER BROWN:** Just to be clear, I
11 really saw this as more simplistic. I really saw this
12 in a very simply way. I don't want us -- I agree with
13 Commissioner Edgar. We shouldn't be too prescriptive.
14 But I really saw the burden is on the utility to conduct
15 these quarterly meetings. And having the Office of
16 Public Counsel there, if necessary, having staff there,
17 which is a nice idea. But, really, it would be the
18 burden of the utility to host these quarterly meetings,
19 to notify all of the residents in the Summertime --
20 tree -- sorry, Summertree neighborhood, and to notify
21 all of them. You know, to send them notices when the
22 meetings are to occur, then to take --

23 And really it's just a very simple approach,
24 and then just take a vote after the options have been
25 offered, deliberated over, and then go through. And

1 that's the way that I envisioned it, rather than having
2 the Office of Public Counsel dictate who to communicate
3 with.

4 **CHAIRMAN BRISÉ:** All right. We are getting
5 pretty far into the weeds on this issue. So
6 procedurally we have -- we have voted on Issue 1. We
7 want to add some direction, or provide some direction to
8 staff and to the utility with respect to what should go
9 into the order to properly reflect our intentions. So
10 right now the chair is looking for that. And so if we
11 can do that, we will be happy to entertain a motion that
12 would sort of give some clarity, and then we're ready to
13 move on to the next issue. Okay.

14 Commissioner Graham.

15 **COMMISSIONER GRAHAM:** Let's get Mr. Ballinger
16 back up here so he can state -- and you guys have dealt
17 with the same sort of thing with Aloha and other places.
18 What sort of things should they be doing in these
19 quarterly meetings to move us forward?

20 **MR. BALLINGER:** As I said earlier, I think the
21 meeting should be when the company has the information
22 about what the options are, what problems they are
23 pretended to solve, and what the costs of those would
24 be, including the bill impacts. Not only capital, but
25 ongoing O&M and things of that nature. Any other

1 staffing that would need to be, those kinds of things.
2 A clear picture of what the options are and lay it out
3 in terms of bill impacts.

4 I think that should be, if possible, all the
5 customers in the area. At least notice it to allow
6 them, to invite them to get input. There doesn't
7 necessarily need to be a vote then at the time, I don't
8 think, but I think it may be several meetings to go
9 through to have give and take. As Mr. Sayler said,
10 there might be some questions to go back and forth.

11 I'm not sure at having staff available at
12 those meetings. We would have -- it's a little awkward.
13 It's almost like a negotiating table, and staff tends to
14 stay out of those arenas. We can go if you choose, but
15 it does put us in a bit of an awkward position at that
16 juncture.

17 We can get reports from them of what happened
18 at the meetings, what handouts were done, what
19 information was exchanged, things like that, and monitor
20 that. But I would suggest to you that staff does not
21 need to be there to make this go.

22 Is it two meetings, three meetings, I don't
23 know. That's the unknown. It's kind of, you know, keep
24 going until you probably get to some resolution, if
25 possible, or come back to us if you are at an impasse, I

1 guess, is what it would be.

2 **COMMISSIONER GRAHAM:** I guess the question I
3 have is what is the mechanism for us to bring them back
4 in here if we get three-quarters or a year into this and
5 it's not -- we're not seeing results, or we're not
6 seeing a path, we're not seeing a direction?

7 **MR. BALLINGER:** I'm going to defer to legal on
8 that one. You might be at a show cause part, I don't
9 know.

10 **COMMISSIONER GRAHAM:** I mean, you guys need to
11 tell me this, because if we're making a motion I want to
12 make sure it's in the motion. So I don't necessarily
13 want to go through a show cause. If that's the only way
14 to do it, that's fine, but, once again, we don't want to
15 be here in three years doing this same thing again.

16 **MS. CRAWFORD:** Certainly. And, of course,
17 staff wants to do what it can. If the utility is
18 finding its having difficulty working with customers,
19 the customers find they are having difficulty with the
20 utility, if OPC -- if somebody identifies a lack of
21 function in these meetings, we really encourage them to
22 contact staff soon, sooner than later, so staff can
23 hopefully intervene. See if it can work out any of
24 these rough spots informally. We would certainly
25 encourage the parties to contact us and keep us in the

1 loop so we can try and identify where the rough spots
2 are and hopefully help work those out.

3 If the order provides some very specific
4 direction about what the utility is obliged to do, and
5 if it appears that the utility is failing to meet the
6 terms of that order, show cause is kind of the obvious
7 vehicle to try and address that apparent lack of
8 compliance through 367, Chapter 367.

9 **COMMISSIONER GRAHAM:** So help me with this
10 motion on -- I mean, that's what I'm looking for is a
11 little direction on this motion so we can decide, once
12 again, where is the tipping point? Where is the point
13 where we go show cause because we're saying you're not
14 doing this correctly or you're not moving forward far
15 enough?

16 **MS. CRAWFORD:** And that's where the specific
17 direction of the Commission needs to be pretty clear.
18 How many meetings; do we want them quarterly; are they
19 to report -- is the Commission to report to us within X
20 number of days of the meeting happening and providing
21 minutes of the meeting, copies of all documents that
22 were provided or discussed. That is the sort of thing
23 that is helpful in an order. It provides clarity to the
24 customers; it provides clarity to the utility, but it
25 also gives the Commission a vehicle to help monitor

1 compliance. And if there is an apparent lack of
2 compliance with those specific elements, that gives us a
3 vehicle to try and get in there and address what is
4 going on.

5 **COMMISSIONER GRAHAM:** We're all dancing around
6 the same -- but I need words.

7 **MS. CRAWFORD:** Yes.

8 **CHAIRMAN BRISÉ:** All right. Let's see if
9 Commissioner Balbis has a motion.

10 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.
11 I think I may have a solution here, and I move that the
12 order direct the utility to work with the Office of
13 Public Counsel in developing a customer engagement plan,
14 and with that plan outline the number of meetings,
15 frequency, et cetera. But after that, the utility will
16 develop water quality options, including but not limited
17 to the connection with Pasco County water, And also
18 moving forward with the water treatment, improvements
19 with the aeration, and storage, and high service
20 pumping, the potential and expected outcomes of those
21 plans and the potential bill impacts.

22 That information will be provided to staff for
23 review, and that any conflicts in this process will be
24 brought to the Commission through staff. And at the end
25 of the customer engagement plan they will provide the

1 results that have been realized.

2 **CHAIRMAN BRISÉ:** Okay. There is a motion. Is
3 there a second?

4 **COMMISSIONER EDGAR:** Second.

5 **CHAIRMAN BRISÉ:** Okay. It has been moved and
6 seconded. Any further discussion?

7 Commissioner Graham.

8 **COMMISSIONER GRAHAM:** I want to hear from the
9 utility because I thought Mr. Friedman made a good point
10 last time. I want to make sure that they are clear on
11 the direction. I want to make sure OPC is clear before
12 we vote on this motion.

13 **CHAIRMAN BRISÉ:** Sure.

14 **MR. FLYNN:** It's crystal clear.

15 **COMMISSIONER GRAHAM:** OPC?

16 **MR. SAYLER:** Clear.

17 **CHAIRMAN BRISÉ:** All right.

18 Commissioner Brown.

19 **COMMISSIONER BROWN:** I think the only thing
20 that I have concern with on the motion is that we are
21 letting the Office of Public Counsel dictate the number
22 of meetings. I thought that there was discussion here
23 on the bench that said that quarterly meetings would be
24 appropriate. Putting that in the discretion of the
25 Office of Public Counsel kind of gives me a little bit

1 of concern when I heard that we all agreed that the
2 quarterly meetings were appropriate.

3 **COMMISSIONER BALBIS:** And, Mr. Chairman, if I
4 could respond to that. The reason why I backed away
5 from the quarterly meetings is that I thought it was a
6 little leaning towards the micromanagement level and
7 just to have a quarterly meeting to have it. It may
8 take four or five months to develop the plan, and so it
9 would just be a waste of everyone's time to have that
10 meeting.

11 And I would rather have the utility work with
12 the Office of Public Counsel in scheduling, okay, the
13 first meeting is going to be in 60 days, for example,
14 and after that it may be 120 days. And just developing
15 that and apprising staff of that. And then if there is
16 a problem it gets brought to us. So that's why I just
17 kind of backed away from the micromanagement issue. Let
18 the parties that are dealing with the details come up
19 with the appropriate schedule.

20 **COMMISSIONER BROWN:** Okay.

21 **CHAIRMAN BRISÉ:** Commissioner Graham.

22 **COMMISSIONER GRAHAM:** A slight amendment to
23 that. I want to make sure that there is empirical data
24 that justifies these costs as well as the financial.

25 **COMMISSIONER BALBIS:** Yes. And in my motion

1 when I listed that it has potential and expected
2 outcomes, that's clearly quantifiable. You know, water
3 quality data for Pasco County, or pilot data if it
4 exists for the improvement, the other improvement
5 project.

6 **CHAIRMAN BRISÉ:** Okay. Staff, is that clear
7 enough?

8 **MR. BALLINGER:** Yes, sir.

9 **CHAIRMAN BRISÉ:** Okay. Thank you. Okay. We
10 have a motion and it has been seconded. All in favor
11 say aye.

12 (Vote taken.)

13 **CHAIRMAN BRISÉ:** All right. Thank you very
14 much. All right. So we are -- after six hours, we are
15 on Issue 2. Do we want to address the ROE now or
16 address that later?

17 Sure. Commissioner Edgar.

18 **COMMISSIONER EDGAR:** Thank you. And I
19 mentioned earlier that I was trying to formulate
20 something. So if I may, to help me think that through,
21 Mr. Chairman, ask a question to staff.

22 With all of the discussion that we've had, if
23 I were to propose something along the lines of the
24 Commission considering approving the staff
25 recommendation on all remaining issues, which I think

1 is, like, 2 through 25 or so, with the amendment that
2 Summertree would be pulled out from that specifically,
3 and that no rate increase would apply to Summertree,
4 would that be possible for you all to work out from an
5 accounting and procedural standpoint?

6 **MR. LAWSON:** Would you give us a second to
7 confer?

8 **COMMISSIONER EDGAR:** It's okay with me.

9 **CHAIRMAN BRISÉ:** Yes. Do you need a second or
10 do you need a certain amount of time?

11 **MR. LAWSON:** A couple of seconds. We probably
12 won't need a recess, just a brief pause.

13 **CHAIRMAN BRISÉ:** All right. So we'll be in
14 informal recess.

15 **MS. CRAWFORD:** Mary Anne Helton knows me big.
16 I will take a stab at that, Commissioners. We have case
17 law that clearly establishes that you can address
18 reduction in ROE for things such as mismanagement. You
19 can do it if the DEP standards show it for quality of
20 service. However, the case law is also very clear that
21 you must allow the utility an opportunity to earn a fair
22 rate of return.

23 And so you can take them down to the bottom of
24 that range, and that's a case-by-case factual
25 determination for each utility. And you can take them

1 to the bottom of that range, but anything below that is
2 going to be confiscatory. So when we talk about
3 reducing ROE for things like mismanagement, that's where
4 we get that 100 basis points. And so we have a case, in
5 fact, OPC mentioned it earlier. It's a Florida Supreme
6 Court case, Gulf v. Wilson, and it does mention a number
7 of other cases where the Commission took the utility
8 below that range of return and that was not appropriate,
9 and the court would not uphold those decisions.

10 But you have flexibility within that range to
11 reduce and even to raise ROE to reward for good
12 management. In this case we are talking about the
13 opposite. But to do otherwise is confiscatory, and I
14 would not support denying any increase as long as the
15 utility has supported that the increase for the system
16 is reasonable, is just, and is designed to generate the
17 opportunity to earn a fair rate of return.

18 **CHAIRMAN BRISÉ:** Commissioner Edgar, you still
19 have the floor.

20 **COMMISSIONER EDGAR:** Thank you, sir. Well,
21 with what I was suggesting the utility would still be
22 authorized to earn the 10.39 rate of return. I was not
23 talking about lowering it beyond that. So I guess to
24 you or maybe -- because I'm not an accountant, if on the
25 other items a rate increase were not to apply simply to

1 Summertree, it sounds to me that you're saying that
2 would bring it significantly below that 10.39.

3 **MS. CRAWFORD:** Again, I am not an accountant
4 either, so I would have to rely on staff to say what the
5 actual rate impact of doing that would be.

6 **COMMISSIONER EDGAR:** And there, again, that
7 would just be to that one system, and you were talking
8 to the utility as a whole for those 18 or so.

9 **MS. CRAWFORD:** Again, I would have to have
10 staff say how that is calculated. If it is calculated
11 on a county-by-county basis, if it's over all systems.
12 They have indicated they can break out as best as
13 possible the Summertree system, but I would have to have
14 them speak to what the ultimate effect of that would be.

15 **COMMISSIONER EDGAR:** All right. Thank you.

16 **CHAIRMAN BRISÉ:** Mr. Fletcher.

17 **MR. FLETCHER:** If I may. As we talked earlier
18 and I think it was Commissioner Graham that applied the
19 100 basis points reduction of the entire Pasco water,
20 apply that only to the Summertree customers. That would
21 result in a 5 percent reduction, approximately 5 percent
22 reduction in the rates. To do more would be, as Ms.
23 Crawford suggested, it would be confiscatory. If you
24 went any more than the 5 percent reduction in rates that
25 would be applied to the Summertree.

1 **COMMISSIONER EDGAR:** I'm not talking about a
2 100-point basis point ROE reduction. I'm talking about
3 no basis point reduction.

4 **MR. FLETCHER:** And that's what I'm saying. If
5 you did the no, it would be the confiscatory. I think
6 consistent with legal's opinion, you could only lower
7 it.

8 **COMMISSIONER EDGAR:** I'm not talking about
9 lowering it.

10 **MR. FLETCHER:** You could only -- consistent
11 with what --

12 **MR. WILLIS:** Let me try.

13 Commissioner Edgar, as I understand, what
14 you're wanting to do is you are wanting to say no
15 increase for Summertree.

16 **COMMISSIONER EDGAR:** In other words, that
17 their rates would be as they are today.

18 **MR. WILLIS:** Their rates would stay the same.
19 The problem that I think Jennifer is talking about and
20 Bart is trying to explain is that at this point there is
21 a staff recommendation that shows there needs to be a
22 certain revenue increase to come to the low end of what
23 the Commission would consider a range of reasonableness.
24 If you were to give them no revenue increase whatsoever
25 and maintain the same rates --

1 **COMMISSIONER EDGAR:** For one system.

2 **MR. WILLIS:** For one system.

3 **COMMISSIONER EDGAR:** But the increase would,
4 potentially for discussion purposes only, go into effect
5 for the remaining systems, potentially?

6 **MR. WILLIS:** Right. Because the rates are
7 maintained by county and not as all counties together,
8 you'd have to look at the one county itself, Pasco
9 County.

10 **COMMISSIONER EDGAR:** I'm not talking about the
11 county, because I was told that you could just break out
12 Summertree. That's what Mr. Fletcher said --

13 (Inaudible; simultaneous conversation.)

14 **MR. WILLIS:** And that's exactly what I'm
15 talking about. If we're looking at what Ms. Crawford is
16 talking about on trying not to get where the court might
17 consider it confiscatory, if you were to give Summertree
18 no rate increase whatsoever, then the earning level for
19 that county, Pasco County as a whole would be below that
20 low end of the range of reasonableness at that point.

21 **COMMISSIONER EDGAR:** By how much?

22 **MR. WILLIS:** And I think that would fall into
23 what she is saying is confiscatory.

24 **COMMISSIONER EDGAR:** By how much?

25 **MR. WILLIS:** Well, to take the whole county

1 for water --

2 **COMMISSIONER EDGAR:** I'm not talking about the
3 county. I'm talking about Summertree.

4 **MR. WILLIS:** I know. I know. To do what
5 Commissioner Graham was talking about and applying the
6 100 basis point reduction to get it to the very low end,
7 and I know you don't want to talk about 100 basis point
8 reduction, but \$23,000 would bring them down to the low
9 end of the range of reasonableness. And to give them a
10 zero increase is a lot more than that, a lot more than
11 23,000.

12 **COMMISSIONER EDGAR:** How much?

13 **COMMISSIONER BALBIS:** Mr. Chairman.

14 **MR. WILLIS:** Based on a quick calculation, it
15 looks like about 97,000.

16 **CHAIRMAN BRISÉ:** Say that number again?

17 **MR. WILLIS:** 97,000.

18 **COMMISSIONER EDGAR:** And 100 basis points --

19 **MR. WILLIS:** That would be Summertree's share.

20 **COMMISSIONER EDGAR:** Uh-huh. And 100 basis
21 points ROE for just Summertree is how much?

22 **MR. WILLIS:** It's about \$9,000 compared to 90,
23 if you do what Commissioner Graham said and apply the
24 whole amount, 23,000 for the entire, it would be 23,000,
25 and applied it only to Summertree.

1 **COMMISSIONER EDGAR:** All right. Thank you.

2 **CHAIRMAN BRISÉ:** Commissioner Balbis, did you
3 have a question? All right.

4 Commissioners, we can move on and come back to
5 this issue. I think this issue requires some additional
6 thought, okay?

7 Issue Number 2.

8 **MR. LAWSON:** Issue Number 2 is staff's
9 recommendation on whether the audit adjustments agreed
10 to by the utility should be made. Staff believes that
11 those agreed-to audit adjustments should be made, and
12 those amounts are shown in staff's recommendation on
13 Page 14 in Summary Table 2-8.

14 **CHAIRMAN BRISÉ:** All right. Thank you. I
15 think OPC had mentioned that they had some issues here.

16 **MS. VANDIVER:** Yes. Thank you, Commissioners.
17 One of our biggest concerns in this case is the issue of
18 adjustments to rate base that the utility makes in its
19 MFRs. This is not an issue that is addressed in the
20 staff recommendation, but there is an issue in Staff's
21 Recommendation Number 2 that references Audit Finding
22 Number 1, which is tangentially related to this issue.

23 The utility has made substantial roll forward
24 and reconciling adjustments to each of the rate base
25 components. These adjustments appear to result in

1 material increases in plant or rate base for some of
2 these counties. I have tried to review the MFRs and the
3 staff audit workpapers, but have been unable to convince
4 myself that these adjustments are correct.

5 The adjustments become more complex in every
6 rate case as they compound and escalate with every new
7 rate case. My concern with this issue is two-fold:
8 First, I believe that these adjustments create what is,
9 in essence, a phantom rate base. These adjustments
10 result in an increase in rate base that directly
11 contributes to higher rates for these ratepayers. Rates
12 should only be set on plant that is used and useful in
13 the provision of service to the ratepayers, and it is a
14 violation of the statutory requirement to allow the
15 utility to create phantom rate base and recover this
16 through rates. And this applies to all four counties.

17 I have two specific examples that I believe
18 illustrate this point. In the last rate case, in the
19 2007 docket, or 2008. I'm confused now. But, anyway,
20 the Commission order included a balance of 39,000 for
21 CIAC in the Orange County system. The utility
22 adjustments included in this case wipe out that entire
23 balance and include what amounts to a negative CIAC
24 balance of \$4,400. There is no way that a utility can
25 have a negative CIAC balance unless they start refunding

1 CIAC to the customers more than the customers paid in.

2 CIAC is an account that continues to increase
3 and should never decrease unless a utility retires a
4 specific plant that is donated. In effect, by reducing
5 CIAC in this manner, the utility has created a phantom
6 rate base in the amount of \$44,000.

7 The second example is the CIAC in the Seminole
8 County wastewater system. The last order included a
9 CIAC balance of \$771,000, and the current MFRs reduce
10 this amount to 714,000 creating a difference of 57,000
11 at least.

12 My second concern with this issue is the
13 amount of time that the staff analysts, the staff
14 auditor, and our office spent trying to verify the
15 accuracy of these adjustments. Not only is it time
16 consuming, but it takes away from time that should be
17 spent on other issues.

18 I have repeatedly reviewed these journal
19 entries earn adjustments and have never been able to
20 reconcile them to the orders that you issued. The issue
21 of phantom rate base is not an issue that is covered by
22 the settlement filed in the generic docket nor is it
23 listed as a remaining issue in that docket. Therefore,
24 we recommend no rate increases be granted to any systems
25 in this filing until the spectre of phantom rate base

1 has been eliminated.

2 We believe the Commission should require the
3 utility to provide workpapers that start with the
4 balances in the 2002 rate case which used a 2001 test
5 year. This is the first date that the utility started
6 using balances that did not have these adjustments in
7 it. Those workpapers should then be used to update for
8 only the additions and retirements on the utility's
9 books and any Commission adjustments. There should be
10 no another adjustments that are required. Any
11 adjustments that they reference for Commission orders
12 should be easily reconcilable to the Commission orders.

13 When I look at current and past MFRs and audit
14 workpapers, I try to use the additions and retirements
15 used and updated the 2001 test year. But those do not
16 make sense. I can look at additions and see negative
17 numbers, and there's no explanation for why the utility
18 has a negative addition.

19 I believe the utility should be required to
20 bear the burden of updating the 2001 test year to prove
21 that the balances and the current rate bases are
22 correct. Not only is the rate base incorrect, but if
23 the plant balances are incorrect the depreciation
24 expense may be overstated, also. If you cannot rely on
25 rate base, you cannot determine that a reasonable

1 revenue requirement is appropriate.

2 Thank you.

3 **CHAIRMAN BRISÉ:** All right. Thank you.

4 Staff.

5 **MR. FLETCHER:** Commissioners, in this case as
6 far as in any case, we sent out an audit service request
7 and we have our auditors substantially review from the
8 last rate case the established rate base components.
9 They go forward and they have extensive procedures and
10 our audit manual here and objectives and procedures to
11 look at the additions since then, and our auditors did
12 that in this case for each county. And other than the
13 adjustments that are outlined in the audit report that
14 you see in Issue 2, there were no other findings.
15 Without any other additional evidence, staff stands by
16 its recommendation.

17 **CHAIRMAN BRISÉ:** Okay. Thank you.

18 Commissioner Balbis.

19 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

20 I have a question for staff. The Office of
21 Public Counsel issued a letter on August 22nd that had
22 36 concerns not just with the audit report or MFRs, but,
23 you know, other issues. And specifically concerning the
24 \$42,000 adjustment, which was Item 11 in their letter,
25 did staff review the utility's response to that?

1 **MR. FLETCHER:** Staff did look at the utility's
2 response, and definitely saw that it was nonresponsive
3 to OPC's letter. However, we, again, relied -- with
4 their concerns three through sixteen, which includes
5 concern number eleven, again, we fell back to the
6 auditors review, relied heavily on that in this rate
7 case as far as their objectives and procedures from when
8 the Commission last establishes rate base, all the
9 components, and to go through year-by-year the
10 additions, retirements, and recalculations of each of
11 those components, and we didn't see anything to suggest
12 there was any further adjustment warranted.

13 **COMMISSIONER BALBIS:** So that specific issue
14 where the utility stated that it was originally recorded
15 in 1996 and it should have been recorded as a deferred
16 asset through 2003, that the reversing entry was all
17 that was required. That's nonresponsive, but did the
18 audit report go that far back, or did it specifically
19 look at this issue, did staff look at this issue?

20 **MR. FLETCHER:** Well, it's Commission practice
21 that once rate base is established you don't go back
22 beyond that. We dealt with this in a couple of other
23 systems in the past where once it's established, to try
24 to bring up what has already been decided by the
25 Commission -- you have a starting point. And once that

1 has been resolved by the Commission, we don't go back
2 further beyond what the Commission had approved for
3 those balances.

4 **COMMISSIONER BALBIS:** So in the 2009 and then
5 consequent 2010 order, the Commission approved that
6 adjustment?

7 **MR. FLETCHER:** That is correct. Encompassed
8 in the Commission's last rate case, the Commission set
9 that in our audit process. In this PAA rate case, we
10 didn't go beyond the last test year that was in the last
11 rate case. So what was approved and it was encapsulated
12 in that approved amount, we did not take a second look
13 at it, because Commission practice is once you set that
14 rate base, we only look at additions subsequent to that.

15 **COMMISSIONER BALBIS:** Okay. Then a question
16 for OPC. In the previous rate case, did you raise this
17 issue and did it exist then, or is this a new
18 adjustment?

19 **MS. VANDIVER:** These are not new adjustments.
20 And I would like to make -- these are new adjustments.
21 In each rate base there's adjustments, and they keep
22 compounding. And I don't believe in the last rate case
23 we were able to reconcile them, and I don't remember if
24 we brought them up. But the company made adjustments in
25 this rate case that goes back three rate cases. So to

1 say that we don't go back and readjust prior orders, it
2 appears to me that that's what they are doing with their
3 adjustments.

4 **CHAIRMAN BRISÉ:** Mr. Fletcher.

5 **MR. FLETCHER:** We didn't have anything in the
6 audit finding that warranted additional adjustment other
7 than what was in the audit report. I can't speak to
8 that particular one, if there was a roll forward. I'd
9 have to go in there and do a detailed analysis to see if
10 there was a change from what was previously approved by
11 the Commission.

12 I can't speak to that whether that was the
13 case. All I can tell you is the procedures were
14 followed in accordance with when it was last established
15 by our auditors. There were no additional findings than
16 what you see in Issue 2.

17 **COMMISSIONER BALBIS:** You have stated a few
18 times that you stand by the audit findings and there
19 aren't any additional adjustments warranted. Did you go
20 back and look in response to OPC's letter, a fresh look
21 at the adjustments that were made by the utility, or
22 just hang your hat on the audit findings?

23 **MR. FLETCHER:** We basically reviewed the OPC's
24 concerns, then we went back at the audit workpapers,
25 kind of double-checked any kind of recalculations that

1 they had done in their audit. We didn't see any
2 anomalies or any areas that concerned us based on the
3 auditor workpapers in response to OPC's concerns, so we
4 stand by the audit report and adjustments there.

5 **COMMISSIONER BALBIS:** Okay. Could you respond
6 to OPC's statement that the utility went back three
7 years to prior rate cases to make adjustments?

8 **MR. FLETCHER:** Not specifically. I don't have
9 that particular adjustment, and without going and having
10 that granular detail and having a detailed analysis of
11 that, I can't speak to that specific issue.

12 **COMMISSIONER BALBIS:** But you stated initially
13 that the utility's response was nonresponsive to OPC's
14 concern and that you didn't specifically look back into
15 this issue. I'm just confused. It's nonresponsive, you
16 keep harping on the audit that was done before OPC's
17 concerns, and the limitations we have as a PAA process,
18 it's not a hearing. So how are you approving that
19 adjustment when you didn't look into it in detail, and
20 the audit apparently didn't see anything with it, and
21 the utility was nonresponsive?

22 **MR. FLETCHER:** That's basically taking a
23 second look at the auditors workpapers, their
24 calculations. I don't recall that specific done by Mr.
25 Brown, the review of the audit workpapers, and trying to

1 test check and recalculate the additions/retirements
2 associated with that. I don't recall that specific
3 adjustment.

4 **COMMISSIONER BALBIS:** Well, I know during our
5 briefing -- and, Mr. Brown, you were ill; I'm glad to
6 see you're doing better. So maybe if you could take a
7 crack at this specific issue because, obviously, the
8 words phantom rate base concern me, and I just want to
9 make sure that we have looked into this closely,
10 especially if the utility was nonresponsive.

11 **MR. BROWN:** I actually don't know what the
12 utility's response was on this particular concern
13 regarding OPC's issues and concerns. I would have to go
14 back and look at that.

15 I'm confident, though, with the analysis that
16 our audit staff did, and that's my primary basis for my
17 recommendation here.

18 **MR. FLETCHER:** And if I could just add that
19 the roll forward adjustments that Ms. Vandiver is
20 referring to, that specific one, the auditors, they look
21 at that. The roll-forward adjustments that included
22 that adjustment, going back that time the auditors did
23 look at that and they didn't have any findings on it.

24 **COMMISSIONER BALBIS:** Okay. So, Mr. Brown, I
25 can read you the response. It's very short. And you

1 deal with this day in and day out, and so the response
2 is CIAC is money or property received prior to
3 expenditures taking place resulting in a liability on
4 the books. In a general ledger report, liabilities are
5 typically represented as negative numbers. The \$42,000
6 adjustment was originally recorded on the books in
7 1996 on the UR ledger. The amount should have been
8 recorded as a deferred asset and amortized over seven
9 years through 2003. Since it should have been fully
10 amortized and was on the UR ledger and not the AA
11 ledger, a reversing entry was all that was required.

12 Do you agree with that response? Did you
13 review that response?

14 **MR. BROWN:** Actually, I don't know.

15 **COMMISSIONER BALBIS:** Okay. I think the only
16 question I had on that concerning Issue 2 was that one,
17 because I had concerns about the utility's response.
18 And I did notice that the utility didn't respond to all
19 of those, but did staff review in detail OPC's letter?

20 **MR. BROWN:** Yes, sir, I did.

21 **COMMISSIONER BALBIS:** And the recommendation
22 that is before us reflects your review of their letter?

23 **MR. BROWN:** Yes, sir, it does.

24 **COMMISSIONER BALBIS:** Okay. Thank you.
25 That's all I had.

1 **CHAIRMAN BRISÉ:** Commissioners, any further
2 questions on Issue 2? All right. At this point I
3 suppose we're ready to -- sure, Commissioner Balbis.

4 **COMMISSIONER BALBIS:** Back to the Office of
5 Public Counsel. For this issue, for your Issue 11 as it
6 pertains to Issue 2, what -- I mean, you raised a
7 question and a concern about it, but what were you
8 recommending to be changed in staff's recommendation
9 specifically to this negative entry, or reversing entry?

10 **MS. VANDIVER:** I believe that for Orange
11 County -- hold on. There should be at a minimum an
12 adjustment made to reduce rate base or to increase CIAC
13 by -- let's see if I have that -- \$44,000. That's a
14 round number, but -- and that was based on what was in
15 the last order adjusted for any increases that were
16 shown in the MFRs for this case.

17 **COMMISSIONER BALBIS:** Okay. Mr. Chairman, if
18 I can have the utility -- if you would like to add to
19 your response to that, especially with staff's statement
20 that it was nonresponsive.

21 **MR. FRIEDMAN:** No, and I'm certainly not
22 qualified to do that. But I don't -- I mean, the staff
23 looked at it, the auditor looked at it, and just because
24 it is articulated it's being a phantom adjustment, maybe
25 that has got some appeal from a rhetoric standpoint.

1 But I don't think that makes it -- because she calls it
2 phantom adjustment that that means that what the staff
3 and the auditors did was wrong.

4 And as Mr. Brown pointed out, or Mr. Fletcher
5 pointed out, the auditors looked at this exact question
6 and did not recommend any audit adjustments because of
7 it. And so just because Public Counsel now sits here
8 and calls it a phantom adjustment, I don't think that
9 should necessarily give it a lot of credence.

10 **COMMISSIONER BALBIS:** Okay. Thank you.

11 That's all I had.

12 **CHAIRMAN BRISÉ:** All right. So we are on
13 Issue 2. And so I think there's a question.

14 Commissioner Edgar.

15 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.
16 And if I may come back, because I'm still thinking this
17 through, and I'm not sure who to pose this to. So to
18 our staff, whomever wants to see if you can help me walk
19 through this. What I think I was hearing you say is
20 that although the Commission has made a finding of
21 unsatisfactory for service for one system out of the 18
22 that are before us, that the only adjustment that we can
23 make from the rates as they are proposed in the staff
24 recommendation is a 2 percent reduction by 100 basis
25 point of ROE on Summertree. Is that correct?

1 **MR. FLETCHER:** Actually, it would be an
2 approximately 5 percent reduction, basically attributing
3 all the 100 basis point reduction in ROE to the
4 Summertree customers.

5 **COMMISSIONER EDGAR:** 9 percent? Excuse me.

6 **MR. FLETCHER:** 5 percent.

7 **COMMISSIONER EDGAR:** 5 percent, \$9,000?

8 **MR. FLETCHER:** Correct.

9 **COMMISSIONER EDGAR:** So from what the staff
10 has recommended that would be the end result if we were
11 to adopt all of the staff recommendations is a \$9,000
12 reduction to the rates as proposed overall?

13 **MR. FLETCHER:** For the Summertree customers.
14 Excuse me, I stand corrected. With Commissioner Graham,
15 he suggested taking the entire \$23,660 revenue
16 requirement associated with 100 basis point reduction to
17 the Summertree customers. So that would be 23,000 which
18 would result in approximately a 5 percent reduction to
19 the rates for those customers.

20 **COMMISSIONER EDGAR:** Five percent reduction
21 from which rates, the rates currently, the rates as
22 requested, or rates as the staff has proposed?

23 **MR. FLETCHER:** Rates as recommended.

24 **COMMISSIONER EDGAR:** Okay. And other than a
25 100 basis point reduction on Issue 9, there are no other

1 reductions in the recommended rates that this Commission
2 can make due to our concerns?

3 **MR. WILLIS:** To address your question
4 specifically, in the past when the Commission has deemed
5 that there have been management oversights, they have
6 looked towards salaries. And we have case after case
7 where the Commission has reduced management salaries by
8 whatever they felt reasonable to compensate for the
9 problems that management was perceived to have done.
10 And in this case you have allocated salaries that are
11 allocated specifically to the system. You could look to
12 that and decide that there may be a certain percentage
13 of management salaries that you want to reduce to send a
14 signal that the company should have done more to take
15 care of this problem.

16 **COMMISSIONER EDGAR:** Okay. And maybe I heard
17 incorrectly, but what I thought that you and
18 Ms. Crawford were telling me earlier is that if we made
19 any disallowance beyond 100 basis points that that would
20 be confiscatory.

21 **MR. WILLIS:** But what you're doing when you
22 are looking at management salaries, you're saying that
23 the salary expense is higher than what they should have
24 received. It's overcompensation for what management
25 did, so you are reducing the compensation to what you

1 believe was appropriate.

2 **COMMISSIONER EDGAR:** I understand that. What
3 I didn't completely understand was, I was trying to ask
4 you -- or, not just you, but generally of other
5 potential reductions. I kept being told that that would
6 be confiscatory, so I think we had a disconnect.

7 **MR. WILLIS:** We did have a disconnect. I was
8 specifically talking to the rate of return portion.

9 **COMMISSIONER EDGAR:** And I was not.

10 **MR. WILLIS:** Okay. We had a disconnect on
11 that. You could go a little bit further. I don't know,
12 I'd have to ask staff exactly what the salary level is
13 that's being allocated to that certain system. I don't
14 know that that would be enough to bring it down a full
15 \$97,000-something.

16 **COMMISSIONER EDGAR:** So, again, the only item
17 that you are saying that we could make an adjustment to
18 would be 9 and 13?

19 **MR. WILLIS:** Yes, that's correct.

20 **COMMISSIONER EDGAR:** Ms. Crawford?

21 **MS. CRAWFORD:** I would agree with what
22 Mr. Willis has said.

23 **COMMISSIONER EDGAR:** Okay. Thank you.

24 **CHAIRMAN BRISÉ:** All right. Thank you.

25 So let's get back to 2 and see if we can

1 dispose of 2. Okay. Is anybody ready to propose a
2 motion on Issue 2?

3 Commissioner Balbis.

4 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

5 And I alluded to this earlier, but, you know,
6 we're in a position here where we're in a Proposed
7 Agency Action process where witnesses cannot provide
8 sworn testimony and intervenor witnesses cannot provide
9 expert testimony that can be cross-examined. I
10 appreciate the fact that the Office of Public Counsel
11 has raised concerns. I certainly looked into it very
12 closely. I see -- as far as Issue 11 of OPC's letter,
13 that is something that concerns me. I think the utility
14 did respond. I'm glad that the staff did look at it.
15 But, unfortunately, without the ability of other
16 testimony or evidence entered into the record, I have to
17 support staff on this issue. So, therefore, I move
18 staff's recommendation on Issue 2.

19 **CHAIRMAN BRISÉ:** Okay. There is a motion. Is
20 there a second?

21 **COMMISSIONER GRAHAM:** Second.

22 **CHAIRMAN BRISÉ:** It has been moved and
23 seconded. Any further discussion?

24 All right. All in favor say aye.

25 (Vote taken.)

1 **COMMISSIONER EDGAR:** Nay.

2 **CHAIRMAN BRISÉ:** Okay. Thank you.

3 Issue 3. And there didn't seem to be
4 contention on Issues 3, 4, 5, 6, 7, and 8. So if we
5 could potentially address those issues together.

6 Commissioner Brown.

7 **COMMISSIONER BROWN:** I did want to speak to
8 Issue 3 and just let the Commissioners know that the
9 current status of the generic docket stipulation has
10 been filed on Friday of last week. That stipulation is
11 set to be voted on by this Commission in mid-December or
12 early January.

13 **CHAIRMAN BRISÉ:** All right. Thank you. So we
14 are ready to entertain a motion on Issues 3 through 8.

15 Commissioner Graham.

16 **COMMISSIONER GRAHAM:** Move staff
17 recommendation on Issues 3 through 8.

18 **CHAIRMAN BRISÉ:** Okay. Is there a second?
19 Okay. Can we get a second before we go to questions?

20 **COMMISSIONER BROWN:** Second.

21 **CHAIRMAN BRISÉ:** Okay. It is moved and
22 seconded.

23 Commissioner Balbis.

24 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.
25 I had a few questions for the utility on Issue

1 5, which is pro forma plant adjustments.

2 **CHAIRMAN BRISÉ:** Sure.

3 **COMMISSIONER BALBIS:** So if I can offer a
4 friendly amendment to exclude Issue 5 from that motion.

5 **CHAIRMAN BRISÉ:** All right.

6 **COMMISSIONER GRAHAM:** So amended.

7 **CHAIRMAN BRISÉ:** Okay. So it has been amended
8 to exclude Issue 5.

9 **COMMISSIONER EDGAR:** I'm sorry, Mr. Chairman,
10 which issues are --

11 **CHAIRMAN BRISÉ:** We were looking at 3, 4, 6,
12 7, and 8.

13 **COMMISSIONER EDGAR:** Would it be possible to
14 take 3 separately?

15 **CHAIRMAN BRISÉ:** Okay. We can do that.

16 **COMMISSIONER EDGAR:** Thank you.

17 **CHAIRMAN BRISÉ:** So why don't we do this. The
18 mover, if you could rescind the motion altogether, and
19 we'll start again. Okay. So the motion has been
20 rescinded. We are on Issue 3.

21 **COMMISSIONER EDGAR:** I would move approval on
22 Issue 3 of the staff recommendation.

23 **CHAIRMAN BRISÉ:** Okay. Is there a second?

24 **COMMISSIONER BROWN:** Second.

25 **CHAIRMAN BRISÉ:** Okay. It has been moved and

1 seconded. All in favor say aye.

2 (Vote taken.)

3 **CHAIRMAN BRISÉ:** All right.

4 **COMMISSIONER EDGAR:** Thank you.

5 **CHAIRMAN BRISÉ:** Issue 4.

6 **COMMISSIONER GRAHAM:** Move staff.

7 **COMMISSIONER BROWN:** Second.

8 **CHAIRMAN BRISÉ:** Okay. It has been moved and
9 seconded. Any further discussion? Seeing none, all in
10 favor say aye.

11 (Vote taken.)

12 **CHAIRMAN BRISÉ:** Okay.

13 **COMMISSIONER EDGAR:** Nay.

14 **CHAIRMAN BRISÉ:** So we have no on -- we also
15 have a no on 4.

16 We are moving on to Issue Number 5. I think
17 Commissioner Balbis had questions on Issue 5.

18 **COMMISSIONER BALBIS:** Yes. I have a few
19 questions on Issue 5 concerning the pro forma plant
20 improvements for the utility. For the Park Ridge
21 project, you indicated in your capital project approval
22 form that the issue with replacing the water mains and
23 the tuberculation that's within the water main, you
24 listed in there part of the reasoning was increased
25 pressure which would increase flow, and you even

1 specifically stated an increase in revenue. Did you
2 quantify that increase in revenue? And, if so, where?

3 **MR. FLYNN:** No, sir, I did not quantify the
4 revenue uptick. My thinking in the way that was phrased
5 was to indicate that customers may use more water in a
6 given month after the improvements were made reflecting
7 the better delivery of water to the tap. But it would
8 most likely be a short-term impact, if any, because
9 customers would adjust their usage pattern to reflect
10 the feedback on whatever consumption pattern change they
11 had. Excuse me, it wasn't really a driver for the
12 thing. It might have been an ancillary effect, if any.

13 **COMMISSIONER BALBIS:** And I understand. And
14 logically it makes sense. You're going to have higher
15 pressure, more flow, et cetera. I'm just wondering if
16 there was any adjustment to the revenue requirement, and
17 perhaps it's more appropriate when we discuss the rate
18 structure and any proposed repression analysis to look
19 at that closer.

20 The other question I had is in the Ravenna
21 Park improvements, you spent -- there's an \$80,000 force
22 main project, and there was an increased frequency of
23 repairs, asbestos, cement pipe, et cetera. But when
24 staff questioned an uptick in repair costs, and if you
25 were expected to see a decrease in that because of this

1 and other projects, you indicated no. Why shouldn't
2 there be an adjustment to O&M repair costs if you're
3 spending \$80,000 to replace a force main?

4 **MR. FLYNN:** The question was broached to me
5 this week, and my response was to look at our experience
6 in the test year with respect to any repairs made to
7 that force main. There was one repair made in 2012.
8 Nothing in the test year. In 2012, I think there was a
9 \$541 expense incurred for repair. The previous one to
10 that was 2009. I think there was a couple thousand
11 dollars spent on repairs. There was not a history of
12 chronic failure. There was an expectation that it would
13 only get worse, and if it did fail it would be a really
14 significant environmental hazard, given this location
15 and so on.

16 **COMMISSIONER BALBIS:** Okay. And the Revenna
17 Park project, is that -- and I knew this an hour ago,
18 but it has been a long day -- is that in Seminole
19 County?

20 **MR. FLYNN:** Yes, sir. Seminole County
21 includes Revenna Park, yes.

22 **COMMISSIONER BALBIS:** Okay. So staff's
23 question to you was Seminole County's MFR B-7, materials
24 and supplies expense increased by \$4,500 during the test
25 year for increased frequency and cost of repairs. I'm

1 having a hard time with not going along with staff
2 questioning that and eliminating that, because customers
3 are spending \$80,000 to repair that force main.

4 **MR. FLYNN:** Well, the customers -- the rate
5 base contribution reflects the relocation or the
6 replacement of that original force main in a place that
7 would be accessible and would be unlikely to fail, given
8 the optimum piping conditions and location and
9 construction methods. So it was felt to be a prudent
10 investment to allow for a reduced environmental risk of
11 failure of the pipe.

12 **COMMISSIONER BALBIS:** Okay. And for staff,
13 the materials and supply, supplies expense in MFR
14 Schedule B-7, where is that included? Is that in
15 operation and maintenance?

16 **MR. FLETCHER:** That's correct.

17 **COMMISSIONER BALBIS:** And which issue is that?

18 **MR. FLETCHER:** It's not addressed in any
19 specific issue.

20 **COMMISSIONER BALBIS:** Would it be 17,
21 pro forma O&M adjustments?

22 **MR. FLETCHER:** It could be made there, but we
23 didn't make it an adjustment for it.

24 **COMMISSIONER BALBIS:** Okay. And a question
25 for staff. This is my last question. On the Revenna

1 Park they spent a significant amount on reducing their
2 excessive inflow and infiltration, and I believe it was
3 quantified at 19,000 gallons per day in reduction and
4 wastewater treatment. Do you feel that is adequate to
5 address the reduction in I&I expected from that capital
6 project?

7 **MR. FLETCHER:** I'm going to have to defer to
8 engineering on that one.

9 **MR. RIEGER:** Yes, it is reasonable to expect
10 that where we don't have true numbers yet, because the
11 project -- we have not been able to receive actual
12 numbers of what the benefit of that project might have
13 incurred.

14 **COMMISSIONER BALBIS:** Okay. Thank you.
15 That's all the questions I had on this issue.

16 And I can move staff's -- I'll move staff's
17 recommendation on this issue and address any adjustments
18 in 17.

19 **COMMISSIONER GRAHAM:** Second.

20 **CHAIRMAN BRISÉ:** Okay. There is a motion on
21 Issue Number 5. Any further questions or comments?
22 Okay. Seeing none, all in favor say aye.

23 (Vote taken.)

24 **CHAIRMAN BRISÉ:** Any opposed?

25 **COMMISSIONER EDGAR:** No.

1 **CHAIRMAN BRISÉ:** Okay. Moving on to Issue
2 Number 6.

3 Commissioner Brown.

4 **COMMISSIONER BROWN:** Thank you.

5 Staff, the remedy -- and we talked about this
6 a little bit in our briefing here, but the remedies that
7 are being implemented, do you think that they are going
8 to adequately address the excessive unaccounted for
9 water, specifically looking at the Phillips system which
10 is making no improvements?

11 **MR. RIEGER:** In reference to the --

12 **COMMISSIONER BROWN:** Issue 6, yes.

13 **MR. RIEGER:** The excessive unaccounted for
14 water situation. It would appear that it would be. And
15 the Phillips improvement deals with --

16 **COMMISSIONER BROWN:** There's no improvements.
17 Phillips is making no improvements.

18 **MR. RIEGER:** And the data, we spoke with the
19 utility concerning the Phillips about what review on the
20 project there was, and they have verified the customer
21 metering as far as how accurate that is.

22 **COMMISSIONER BROWN:** That's the high -- that's
23 22 percent, though. One of the highest. And I think
24 the utility wants to address that.

25 **MR. FLYNN:** If I may, Phillips has a base of

1 80 people. A very small number. So it doesn't take a
2 very large number of gallons per day to be missing to
3 generate a pretty significant percentage increase in
4 water loss, and that's really the case here.

5 We diligently looked for where the water loss
6 was. It wasn't from metering inaccuracies. It wasn't
7 from water distribution leakage. It wasn't from
8 inaccurate master meter. It wasn't from the
9 interconnect with the next-door neighbor utility.

10 We essentially ended up identifying the
11 problem was the meter -- I'm sorry, the well pump was
12 cavitating when it runs, because the water table has
13 dropped over time. And the remedy, which we now have in
14 place, was to modify the pump column and the setting of
15 the pump to allow for a lower flow rate, pulling it from
16 a lower elevation in order to avoid cavitation and,
17 therefore, the flow through the flow meter would be
18 accurately describing what was going on.

19 So essentially what I'm trying to say is there
20 isn't water missing in actuality, it just isn't
21 quantified because of the inaccuracy of the flow meter
22 at the well itself. It miscalculates the actual volume
23 going through it because of cavitation effects.

24 **COMMISSIONER BROWN:** For the other systems, it
25 seems that those percentages have been somewhat high or

1 unstable. They haven't really decreased. Are the
2 improvements going to change that?

3 **MR. FLYNN:** I would expect so. At Revenna
4 Park we had a similar issue with the cavitation of the
5 pump setting on one of the two well pumps. These are
6 small systems. There's not a whole lot of volume per
7 day generated from some of these locations. There's not
8 a huge amount of gallons that makes a significant
9 difference in the percentage. It's very difficult, even
10 with diligent efforts, to find out what might be the
11 cause.

12 We have good meter accuracy with our meter
13 inventory in service, and we are diligent at looking and
14 repairing leaks, and we are diligent in recording what
15 volume we can estimate is missing, and we have good
16 analysis by our staff to monitor that. So it's a
17 challenge, and we understand that. But we are
18 continually looking for ways to minimize that loss.

19 **COMMISSIONER BROWN:** And continue to do so?

20 **MR. FLYNN:** Absolutely.

21 **COMMISSIONER BROWN:** Okay. With that, I would
22 move staff recommendation.

23 **COMMISSIONER EDGAR:** Second.

24 **CHAIRMAN BRISÉ:** Okay. It's moved and
25 seconded. So we are still in the question phase.

1 Commissioner Balbis.

2 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.
3 A question for the utility. In the Pasco County system,
4 the Summertree system, how much water are you using for
5 flushing?

6 **MR. FLYNN:** I would have to look at the
7 documentation, but it's a lot. Because we are doing it
8 through five points of automatic flushing valve activity
9 based on timer operation plus manual flushing activity
10 at various dead-ends over the course of a typical week
11 or month.

12 **COMMISSIONER BALBIS:** Okay. And I believe the
13 representative from the homeowners association threw out
14 a number, but I don't --

15 **MR. FLYNN:** She mentioned a million gallons
16 per month, and that may be true.

17 **COMMISSIONER BALBIS:** Okay. Because in that
18 system you have 10.5 percent unaccounted for water.
19 What percentage of that do you think is from flushing?

20 **MR. FLYNN:** None. The percentage should be
21 reflecting the net of flushing activity best quantified
22 adjustments made to reflect accurate metering, and those
23 kinds of things. So what we're saying is that
24 10.5 percent is missing, unaccounted for total.

25 **COMMISSIONER BALBIS:** Okay. So you do meter

1 the amount that's flushed, you meter that? Because I
2 thought the unaccounted for water was the amount
3 produced and the amount billed, correct? No?

4 **MR. FLYNN:** Adjusted for authorized utility
5 uses.

6 **COMMISSIONER BALBIS:** Okay. So that's taken
7 out of that?

8 **MR. FLYNN:** Correct.

9 **MR. RIEGER:** There's an other uses category
10 reflecting that.

11 **COMMISSIONER BALBIS:** Okay. That's the only
12 question I had.

13 **CHAIRMAN BRISÉ:** Any further questions on
14 Issue 6?

15 All right. Seeing none, there is a motion on
16 the floor. It has been seconded. All in favor say aye.

17 (Vote taken.)

18 **CHAIRMAN BRISÉ:** Any opposed? All right.
19 Thank you.

20 Moving on to Issue Number 7.

21 **MR. BROWN:** Issue 7 is staff's recommendation
22 on what the appropriate working capital allowance is for
23 each system. The appropriate working capital allowance
24 is shown in the table just below the recommendation on
25 Page 33.

1 **CHAIRMAN BRISÉ:** All right. Commissioners, we
2 are on Issue 7. Any questions or comments?

3 **COMMISSIONER GRAHAM:** Move staff.

4 **COMMISSIONER BROWN:** Second.

5 **CHAIRMAN BRISÉ:** Okay. There has been a
6 motion and a second. Any further discussion? Okay.
7 All in favor say aye.

8 (Vote taken.)

9 **CHAIRMAN BRISÉ:** Any opposed?

10 **COMMISSIONER EDGAR:** No.

11 **CHAIRMAN BRISÉ:** Okay. Issue 8.

12 **MR. BROWN:** Commissioners, Issue 8 is the
13 appropriate rate base, and it is a fallout issue.

14 **CHAIRMAN BRISÉ:** Okay.

15 **COMMISSIONER GRAHAM:** Move staff.

16 **CHAIRMAN BRISÉ:** Okay. There is a motion. Is
17 there a second? We are on Issue 8.

18 **COMMISSIONER BROWN:** Second.

19 **CHAIRMAN BRISÉ:** Okay. It has been moved and
20 seconded. Any further discussion?

21 Okay. We're ready for the question. All in
22 favor say aye.

23 (Vote taken.)

24 **CHAIRMAN BRISÉ:** Any opposed?

25 **COMMISSIONER EDGAR:** No.

1 **CHAIRMAN BRISÉ:** Okay. Moving on to Issue
2 Number 9.

3 **MR. FLETCHER:** Issue 9 is staff's
4 recommendation regarding the appropriate ROE.

5 **CHAIRMAN BRISÉ:** All right. Thank you. I
6 suppose we are going to have plenty of discussion here.
7 All right.

8 Commissioner Graham.

9 **COMMISSIONER GRAHAM:** I'll start it off. I
10 will make the motion that Mr. Fletcher mentioned earlier
11 about the 100 basis point reduction of the Pasco County
12 ROE, which comes out to about \$23,000, and make sure
13 that's only applied to Summertree, which makes it a
14 5 percent reduction to the proposed rates.

15 **COMMISSIONER BALBIS:** Second.

16 **CHAIRMAN BRISÉ:** Okay. It has been moved and
17 seconded. Any further discussion?

18 Okay. Seeing none, all in favor say aye.

19 (Vote taken.)

20 **CHAIRMAN BRISÉ:** Opposed?

21 **COMMISSIONER EDGAR:** No.

22 **CHAIRMAN BRISÉ:** Okay. Issue 10.

23 **MR. BROWN:** Issue 10 is staff's recommendation
24 on the appropriate weighted average cost of capital.
25 Staff recommends that the appropriate weighted average

1 cost of capital for the test year is 7.1, or
2 7.41 percent for all UIF systems.

3 **CHAIRMAN BRISÉ:** Okay. Thank you.

4 Commissioner Graham.

5 **COMMISSIONER GRAHAM:** I move staff
6 recommendation on Items 9, 10, 11, and 12. I'm sorry,
7 10, 11, and 12.

8 **CHAIRMAN BRISÉ:** Okay. Is there a second on
9 that motion?

10 **MR. FLETCHER:** If I may, if we could be given
11 administrative approval to effect the -- for the fallout
12 for Summertree, the ROE.

13 **COMMISSIONER GRAHAM:** Yes.

14 **CHAIRMAN BRISÉ:** Yes, absolutely.

15 Okay. So there is a motion to approve Issues
16 10, 11, and 12. Okay. Is there a second?

17 **COMMISSIONER BROWN:** I'll second it.

18 **CHAIRMAN BRISÉ:** Okay. There is a second.
19 Now we're open for questions and discussion.

20 Commissioner Balbis.

21 **COMMISSIONER BALBIS:** Thank you. I have a
22 question for staff, and there are -- I just want to make
23 sure I understand this. Because we went over this in
24 our briefing, and I had concerns there. But you're
25 stating that only Finding Number 8 will be discussed

1 here. Could you please explain this recommendation and
2 the adjustments to the test year O&M expense considering
3 the comments that have been made here?

4 **MR. BROWN:** Can I have just a second to look
5 at that, Commissioner?

6 **COMMISSIONER BALBIS:** Sure.

7 **MR. BROWN:** Basically, what I was trying to
8 express was that there was a host of audit findings that
9 are addressed elsewhere, and that the only one
10 specifically being addressed in this particular issue
11 was that Audit Finding Number 8, that the others were
12 being addressed in other issues.

13 **COMMISSIONER BALBIS:** Okay. Because I did
14 have some concerns about those other ones, so that's the
15 only question I have for 12.

16 **CHAIRMAN BRISÉ:** Okay. All right. So we have
17 a motion on the floor to approve Issues 10, 11, and 12.

18 Are there any questions on Issues 10, 11, or
19 12? Okay. If not, I think we're ready to -- we're
20 ready to entertain a vote. All right. All in favor say
21 aye.

22 (Vote taken.)

23 **CHAIRMAN BRISÉ:** All right. Any opposed?

24 **COMMISSIONER EDGAR:** No.

25 **CHAIRMAN BRISÉ:** All right. Moving on to

1 Issue 13.

2 **MR. BROWN:** Issue 13 is staff's recommendation
3 on whether any adjustments should be made to the
4 utility's salaries and wages, pensions and benefits, and
5 payroll taxes.

6 **CHAIRMAN BRISÉ:** Okay. Thank you.

7 Commissioner Brown.

8 **COMMISSIONER BROWN:** I have a question. The
9 utility raised some interesting commentary at the -- for
10 staff, this is a question for y'all -- raised some
11 interesting commentary about using comparables to the
12 AWWA as a barometer for evaluating the reasonableness of
13 the requested compensation levels. And I know at this
14 Commission we have utilized that for comparative
15 measures, but I thought that the utility did raise that,
16 you know, there are certain positions and categories
17 that require a certain amount of expertise, per se.

18 When you evaluate and look at it, did you just
19 do a blanket comparison based on the duties and
20 responsibilities of the utility versus those of the ones
21 enumerated in the AWWA? How did you consider that? Did
22 you -- I think Mr. Friedman used an example of a general
23 counsel making, you know, a certain level of salary with
24 20 years of experience in the Chicago area. And did you
25 consider those type of factors in evaluating the

1 compensation?

2 **MR. FLETCHER:** In our evaluation, we
3 considered the survey. Those who responded to the
4 survey have various years of service. We don't have the
5 empirical evidence to show exactly those entities that
6 submitted the information in the survey, what years of
7 service, we don't have it to that detail, or the survey
8 doesn't give that amount of detail.

9 **COMMISSIONER BROWN:** I mean, what the utility
10 provides you with, though. Do you have that detail?

11 **MR. FLETCHER:** We don't have that detail,
12 either. What we have is -- what we were only given in
13 this case was the job duties, the position title, and
14 the duties and description of each position by the
15 utility. And we compared that consistent with the case
16 law, Sunshine Utilities, Inc. of Florida versus the PSC,
17 where you have to prepare the job duties and
18 descriptions.

19 And we only identified the ones that are on
20 Table 13-3 that we believe were comparable consistent
21 with the case law. And, again, given the fact that, you
22 know, there are going to be some disparities in that,
23 staff used the upper maximum limit that was in the
24 survey for each of those positions.

25 **COMMISSIONER BROWN:** And I'm acknowledging

1 that this Commission has utilized and relied on the AWWA
2 in setting compensation levels and average. I just
3 wanted to see what factors you analyzed in setting that
4 other than just what the AWWA says.

5 **MR. FLETCHER:** Just comparing the duties and
6 responsibilities with the job descriptions given by the
7 utility, that's what we compared and limited to the
8 maximum limit for those positions.

9 **COMMISSIONER BROWN:** Do you look at the years?
10 Do you look at the previous, from the previous rate
11 case, what those positions earned in also setting those
12 compensation levels? Pardon me, if I may just add also,
13 and what the Commission found in the prior rate case for
14 those particular categories?

15 **MR. FLETCHER:** For these particular positions,
16 we did not look at what the Commission previously
17 approved for them. We were using this methodology that
18 we recently have been using for Class A and B utilities,
19 namely Ni Florida and Pluris Wedgefield, to utilize the
20 survey in order to recommend what we believe is the
21 appropriate amount for these positions.

22 **COMMISSIONER BROWN:** Is this method utilized
23 by -- what this Commission does, is this method utilized
24 by other state commissions?

25 **MR. FLETCHER:** I'm not aware of that, if it is

1 or not.

2 **COMMISSIONER BROWN:** Okay.

3 **CHAIRMAN BRISÉ:** Commissioner Balbis.

4 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

5 I think recently we have used the AWWA survey to adjust
6 or review compensation, correct?

7 **MR. FLETCHER:** That is correct. For Pluris
8 and Ni Florida, those are the ones that we have used it
9 for Class A and Bs, but we have used it significantly in
10 the past for SARCs where there was no salary recorded,
11 and we have consistently used the survey in order to
12 determine a reasonable salary for small mom and pop
13 utilities.

14 **COMMISSIONER BALBIS:** Okay. And, you know, I
15 appreciate the utility's statements and Mr. Friedman
16 about the qualifications of the personnel, et cetera.
17 And, you're right, I would expect that those persons
18 with that level of expertise to be compensated more. I
19 think unfortunately what we're dealing with now are
20 small systems that are now managed by a larger company,
21 and we may be getting into a situation where customers
22 are paying more because they are being operated by a
23 larger company. So, you know, that's the concern that I
24 have. So I think that what staff is doing with looking
25 at the AWWA survey is appropriate, because customers

1 should not pay more just because they are operated by a
2 bigger company. So I support staff's recommendation on
3 this issue.

4 **MS. VANDIVER:** Commissioners, would we be
5 allowed to address this issue, please?

6 **CHAIRMAN BRISÉ:** Sure.

7 **MS. VANDIVER:** We had asked for this earlier,
8 I believe.

9 **CHAIRMAN BRISÉ:** Sure.

10 **MS. VANDIVER:** This is an important issue to
11 us, also. I'd like to point out that the total salary
12 and benefits expense included in the MFRs in this case
13 is double of the amount included in the last Commission
14 order issued only three years ago. The last order
15 included a total of \$420,000 for a 2008 test year, and
16 this current rate case includes \$858,000 for the current
17 test year.

18 This is \$438,000 additional expense for a
19 three-year period. We believe that this is unreasonable
20 and that the utility has failed to provide persuasive
21 evidence why they should have doubled in a three-year
22 period.

23 I would like to point out two things. One,
24 the utility responded -- we had an issue on this in our
25 list, and the utility responded that they had provided

1 workpapers to the auditors, and it provided updated
2 salaries and allocations. And it agreed that the
3 salaries have gone down since the 2011 test year, and
4 that the utility in their letter said the utility feels
5 the amounts it provided in response to the audit report
6 should be the salary expense allowed in the filing. And
7 they reflect actual salaries as of May 2013 with no
8 proposed pro forma increase for raises or merit
9 adjustments.

10 My review of that response indicates a
11 decrease of almost \$80,000 to the requested salaries.
12 While that is only a portion of the \$438,000 increase, I
13 believe that that amount should be admitted, also.

14 Second, in regard to the staff's adjustment, I
15 believe that it's reasonable to look at the level of
16 salaries, but I think that the staff adjustment fails to
17 look at the quantity of employees that are being charged
18 to these systems. Our review of the positions included
19 in the expense shows a total of 108 positions, which
20 includes three assistant managers, five supervisors, 14
21 managers, four directors, and eight executive officers
22 for a total of about 30 percent of what are called
23 management or upper level executive offices.

24 I do not believe that that is reasonable. I
25 believe that that should be evaluated and considered in

1 setting the payroll and benefits expense in this case.
2 And at a minimum, I think it should be reviewed for what
3 was in the last case and indexed forward. And the
4 utility should be required to bear the burden of why
5 that has gone up over the last case.

6 Thank you.

7 **CHAIRMAN BRISÉ:** Thank you.

8 Just a question, probably to the utility.
9 What is the total number of customers that you have for
10 all of these systems that we are talking about in this
11 case?

12 **MR. FLYNN:** For UIF?

13 **CHAIRMAN BRISÉ:** Uh-huh.

14 **MR. FLYNN:** I believe it's in the 6,000 range.

15 **CHAIRMAN BRISÉ:** 6,000.

16 **MR. FLYNN:** Six or 7,000. That doesn't
17 include Marion County, which is not part of the rate
18 case.

19 **CHAIRMAN BRISÉ:** Right, just for this rate
20 case. All right. Thank you.

21 **MR. FLYNN:** Actually, I take that back,
22 Commissioner. That's probably the water count. The
23 wastewater is additional, those four wastewater systems.
24 And there's probably -- yes, there's a number in the
25 file. I don't have it in my hand, but it's --

1 **MR. FLETCHER:** If I may, that information is
2 contained on Page 78, Attachment A, for the total
3 customer counts.

4 **CHAIRMAN BRISÉ:** Yes. Thank you.
5 Commissioner Brown.

6 **COMMISSIONER BROWN:** I thought what
7 Ms. Vandiver said was very persuasive, your argument. I
8 just want -- for clarity, are you supportive then of the
9 staff recommendation?

10 **MS. VANDIVER:** I think it should go further
11 than what staff recommended. But, yes, I think at a
12 minimum it should be that. Plus the amount that they
13 agreed to in their letter that responded to our issue.

14 **COMMISSIONER BROWN:** I kind of agree with you
15 on that.

16 **CHAIRMAN BRISÉ:** Commissioner Balbis.

17 **COMMISSIONER BALBIS:** Just to follow up with
18 OPC, that would be an additional \$80,000, correct?

19 **MS. VANDIVER:** Correct.

20 **COMMISSIONER BALBIS:** Okay. Thank you.

21 **CHAIRMAN BRISÉ:** Any further questions or
22 comments on this issue?

23 Commissioner Balbis.

24 **COMMISSIONER BALBIS:** I have one last question
25 for staff.

1 **CHAIRMAN BRISÉ:** Go right ahead.

2 **COMMISSIONER BALBIS:** With the significant
3 increase in salaries, wages, pension benefits, and taxes
4 from the last rate case, what did you feel or believe
5 that the utility provided that met the burden of proof
6 to justify those additional costs?

7 **MR. BROWN:** I know that I looked at a lot of
8 confidential information that they provided regarding
9 salaries and increases. I think it's my understanding,
10 too, that in the last several rate cases that the
11 salaries and benefits were held to indexes only --
12 correct me if I'm wrong -- and that, you know, this time
13 the economy is turning around and it seemed a little
14 more appropriate to maybe boost salaries a little bit.

15 **COMMISSIONER BALBIS:** But as far as the actual
16 dollar --

17 (Audience response.)

18 **CHAIRMAN BRISÉ:** Folks, folks; thank you.

19 **COMMISSIONER BALBIS:** We'll get back to that.
20 As far as the actual dollars spent, I understand the
21 salaries themselves, but to have such a significant
22 increase, what did they provide to justify that from the
23 previous rate case?

24 **MR. BROWN:** I mean, their salary and benefits
25 information. All the confidential information that they

1 filed, and staff looked at that. Staff also didn't just
2 look at this as a stand-alone. We looked at it in
3 regard to kind of the average O&M cost. The allocated
4 costs. Basically, what does it look like on an average
5 per customer or per system. And when viewed in
6 conjunction with all the other adjustments that were
7 being made, it did appear to be a reasonable range.

8 I know back in the Pluris Wedgefield docket,
9 the average was about 399 in O&M expenses per customer.
10 Here we determined that there was a range of -- I think
11 the lowest was 164 per customer going all the way up to
12 384.

13 **COMMISSIONER BALBIS:** And I did see that
14 information, and I appreciate that. I guess my question
15 is specifically in the last rate case, which was just
16 three years ago, what was the total salaries, wages,
17 pension benefits in the test year?

18 **MR. FLETCHER:** I don't have the benefits and
19 the payroll taxes, but it appears the salaries were --
20 based on their B-7 and B-8 schedules in the MFRs, it was
21 329,322 for total company.

22 **COMMISSIONER BALBIS:** So if I were to look at
23 your Table 13-1 -- so instead of 451,868, it would be
24 this 329,000, is that correct, or no?

25 **MR. BROWN:** That table is inaccurate,

1 Commissioner. It needs to be revised. I mean, it
2 contains -- when I put that table together, it was meant
3 to be a summary of what was filed in the MFRs.

4 **COMMISSIONER BALBIS:** Okay.

5 **MR. BROWN:** And I pulled some of the
6 numbers -- everything but Orange County has incorrect
7 information in it. I pulled from the wrong column.

8 **COMMISSIONER BALBIS:** Okay. All right. So
9 let me back up. So 329,000, or thereabouts, was the
10 last rate case test year, salaries, wages, et cetera.
11 And this year it's somewhere over 400,000, I would
12 assume, right? So the question is did they have
13 additional customers; did they need to hire additional
14 staff; how did they justify that increase?

15 **MR. FLETCHER:** I don't know what Mr. Brown's
16 analysis was, but based on the confidential information,
17 I don't know if he did an increase in employee count. I
18 can tell you one thing that might attribute to the
19 increase from the last rate case is some of the
20 divestitures in the system. Once you divest a system,
21 then you have the remaining systems that share more of
22 the allocated costs from the employees from Northbrook
23 that would lend itself to an increase above the customer
24 growth and inflation since the last rate case.

25 **COMMISSIONER BALBIS:** Okay. And I know there

1 has been some oral modifications to a lot of these
2 issues. So, Mr. Chairman, can we come back to 13 just
3 so I can make sure I have the right numbers on it
4 because I think it's an important issue.

5 **CHAIRMAN BRISÉ:** That's fine with me.

6 Commissioner Graham, did you have questions?

7 Sure. Go ahead, Commissioner Graham.

8 **COMMISSIONER GRAHAM:** I just want to make sure
9 that as we are looking at 13 that we are comparing --
10 because they're talking about the increase between last
11 rate case and this rate case, and I want to make sure we
12 are comparing what the customer asked for last time and
13 what they are asking for this time and not what we
14 granted them last time and what they are asking for this
15 time.

16 Does that make sense?

17 **COMMISSIONER BROWN:** No.

18 **CHAIRMAN BRISÉ:** So you're saying what the
19 company asked for last time and what the company asked
20 for this time. I think that that, with reference to the
21 MFRs, that's specifically what Commissioner Balbis was
22 addressing.

23 Okay. All right. So let's table Issue 13 for
24 now and move on to Issue 14.

25 **MR. BROWN:** Issues 14 is staff's

1 recommendation addressing the appropriate amount of rate
2 case expense.

3 **CHAIRMAN BRISÉ:** Okay. Commissioners, I
4 think -- Mr. Friedman, you already said your piece on
5 this?

6 **MR. FRIEDMAN:** I did. And I agree if you
7 don't adjust the salaries, then you don't buy my
8 argument on the rate case expense, because it would
9 allow double recovery. So it really depends upon how
10 you go on the salary issue as to whether I still have a
11 dog in that fight.

12 **CHAIRMAN BRISÉ:** All right. Good deal. All
13 right. Commissioners?

14 Commissioner Graham.

15 **COMMISSIONER GRAHAM:** I guess the question I
16 was going to ask, are we going to table 14 until --
17 table 13 and 14?

18 **CHAIRMAN BRISÉ:** That sounds reasonable to me.
19 Okay. Let's move on to Issue 15.

20 **COMMISSIONER GRAHAM:** Well, I would move staff
21 recommendation on 15 through 24.

22 **CHAIRMAN BRISÉ:** I know Commissioner Balbis
23 wanted to address Issue 17. Okay.

24 All right. So any other issues that
25 Commissioners want to pull out of 15 through 24?

1 **COMMISSIONER BALBIS:** Mr. Chairman, the issue
2 associated with the appropriate rate structure and
3 associated repression adjustments.

4 **CHAIRMAN BRISÉ:** Okay. So that's 19 and 20.
5 All right. Commissioner Edgar.

6 **COMMISSIONER EDGAR:** I can handle it
7 differently. Thank you.

8 **CHAIRMAN BRISÉ:** Okay. All right. So if
9 there is a certain level of comfort, then we could take
10 up Issues 15, 16, 18, 21, 22, 23, and 24. I'm looking
11 to legal and staff to ensure that that doesn't create
12 any problems if we were to take those up in a block,
13 considering what we have outstanding. What we have
14 outstanding are Issues 13, 14, 17, 19, and 20. And I
15 know I'm missing one. I think that's it, right? Okay.
16 So we should be fine taking those up.

17 **COMMISSIONER EDGAR:** Will you roll them one
18 more time?

19 **CHAIRMAN BRISÉ:** Sure. Issues 15, 16, 18, 21,
20 22, 23, and 24.

21 Okay. All right. So, Commissioner Graham, if
22 you could restate your motion.

23 **COMMISSIONER GRAHAM:** I move those issues as
24 stated.

25 **COMMISSIONER BALBIS:** Okay. I second that,

1 and could I just make sure we give staff administrative
2 approval to make the adjustments to revenue
3 requirements, et cetera --

4 **CHAIRMAN BRISÉ:** Sure.

5 **COMMISSIONER BALBIS:** -- for the other issues.

6 **CHAIRMAN BRISÉ:** Okay. Included in that
7 motion is to give staff the administrative authority to
8 deal with all the fallouts. Okay. So that's 15, 16,
9 18, 21, 22, 23, and 24.

10 Okay. We have a motion. It has been
11 seconded. All in favor say aye.

12 (Vote taken.)

13 **CHAIRMAN BRISÉ:** Any opposed?

14 **COMMISSIONER EDGAR:** Mr. Chairman, I'd like to
15 be reflected as yes on 15 and 24 and no on the others.

16 **CHAIRMAN BRISÉ:** Okay. Thank you.

17 **COMMISSIONER EDGAR:** Thank you.

18 **CHAIRMAN BRISÉ:** All right. Now, on to 17.

19 **MR. BROWN:** Issue 17 addresses whether
20 additional adjustments should be made to pro forma O&M
21 expense.

22 **CHAIRMAN BRISÉ:** Okay. Commissioner Balbis.

23 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.
24 And based on the discussion I had on the pro forma plant
25 adjustments, I believe there should be a negative

1 adjustment to repair and maintenance to reflect the
2 improvements that customers are going to be paying for.
3 So I would recommend that there is a further reduction
4 of \$4,500 to pro forma O&M expense to reflect that.

5 **CHAIRMAN BRISÉ:** Okay. Is that a motion?

6 **COMMISSIONER BALBIS:** I thought it may have
7 been, but if not, I move to revise staff's
8 recommendation to include an additional \$4,500
9 reduction, period.

10 **CHAIRMAN BRISÉ:** Okay. Is there a second?

11 **MR. FRIEDMAN:** Is that based on something,
12 or -- I'm just -- because we talked about \$540-something
13 being a deduction.

14 **CHAIRMAN BRISÉ:** Commissioner Graham.

15 **COMMISSIONER GRAHAM:** That was the question I
16 was going to ask.

17 **CHAIRMAN BRISÉ:** Okay.

18 **COMMISSIONER BALBIS:** Okay. So the question
19 is what is this based on? Okay. In the utility's
20 response to staff's first data request dated June 13,
21 2013, they were asked the question, Number 31,
22 "According to Seminole County's MFR, materials and
23 supplies expense increased by approximately \$4,500
24 during the test year for increased frequency and cost of
25 repairs due to the age of the systems." I then asked

1 the utility representative if that project -- if the
2 Revenna Park force main project was included in that,
3 and he indicated it did. And then I indicated that if
4 customers are spending \$80,000 for a force main
5 replacement they should not have to repair that main.
6 And since that is the limited amount of information we
7 have, since it's a PAA process, I think it's appropriate
8 to make that reduction in their O&M expense in order to
9 account for the \$80,000 for the force main.

10 **CHAIRMAN BRISÉ:** Okay. Commissioner Graham.

11 **COMMISSIONER GRAHAM:** I would like to ask the
12 utility to address that concern.

13 **MR. FRIEDMAN:** Yes. I think that's the O&M
14 for the entire system. It's not related to that one
15 pipe. When the staff asked us, I guess, in response to
16 briefings how much we had in the test year to replace
17 the particular \$80,000 pipe in question, we said none in
18 the test year. But we said we had \$540-something in
19 repairs to that line after the test year. But this is
20 talking about, you know, an additional -- well, all
21 4,500 of it really is -- none of the 4,500 is related to
22 that \$80,000 pipe. None of it from the test year. And
23 even past the test year there are only \$540 worth. And
24 I don't think it's appropriate to consider that, but if
25 you're going to consider a reduction because of the

1 \$80,000 line, I don't know how you can do more than the
2 540 bucks, or whatever that number is that they spent to
3 repair that pipe. I mean, I think it's arbitrary just
4 to say you're going to reduce it by every repair cost in
5 Seminole County.

6 **COMMISSIONER GRAHAM:** Thank you.

7 Commissioner Balbis, can you elaborate a
8 little bit more?

9 **COMMISSIONER BALBIS:** Sure.

10 Again, recognizing we have very little
11 information, and that the utility's only response -- and
12 just to remind everyone, the utility has the burden of
13 proof that the 4,500 is an increase to the expense.
14 That's not the entire materials and supplies expense.
15 And they did not provide the justification that I felt
16 was necessary for that, knowing that \$80,000 was spent
17 on a force main. And I discussed this with staff, and
18 staff looked into it, as well, and they couldn't find
19 any additional information on it.

20 They disagreed with the adjustment, but I feel
21 that it is warranted, and that if you make a capital
22 improvement like this there should be a reduction in
23 materials and supplies due to the fact that you do not
24 have to repair a force main when you are replacing an
25 asbestos cement pipe that's 30/40 years old.

1 So if the utility can point to additional
2 information somewhere that outlines that, I would
3 appreciate it, but I couldn't find it.

4 **MR. FRIEDMAN:** Well, nobody asked the question
5 until after your briefings. Nobody asked the question.
6 How do you know it's an issue if nobody asked the
7 question? If they would have said how much money is
8 related to that pipe in the test year, we would have
9 said nothing. If they would have said how much did you
10 have in the year after the test year, we would have said
11 \$540. But it's all in the question that's asked.

12 If somebody doesn't ask a specific question,
13 how do we know what the question they are going to ask
14 is? How do we know what their concern is if they don't
15 ask us? We do exactly what the MFRs say. We file
16 exactly what the MFRs require us to file. We give
17 exactly the explanation that the MFRs require. And if
18 the staff has any questions about particular numbers,
19 that's what the data requests are for. And if they
20 don't ask the specific question, then how do we know to
21 answer it? And we're going to be penalized \$4,500
22 because we didn't provide information that the staff
23 never asked for?

24 **CHAIRMAN BRISÉ:** I'd like to hear from staff
25 on this.

1 **MR. BROWN:** I think staff did ask for it. I
2 mean, that's what our data request specifically asked
3 for. I could be wrong, but that is --

4 **COMMISSIONER BALBIS:** That's my understanding,
5 as well.

6 **MR. FLYNN:** Commissioner, if I could add that
7 the project replaced pipe that wasn't chronically
8 failing and chronically incurring repair maintenance
9 activity. It was located in a place and of a condition
10 that risked failure, and we took action to address that
11 by spending \$80,000 to replace Orangebrook pipe before
12 it caused an environmental catastrophe. So there is not
13 a dollar and cent reduction in O&M in the test year by a
14 function of the investment. That wasn't the driver for
15 the investment to replace that piece of pipe.

16 **CHAIRMAN BRISÉ:** Okay. I think we have a
17 motion on the floor. Did we have a second to that
18 motion? We don't have a second as of yet.

19 Is there a second? Okay. There isn't a
20 second to that motion at this time, so that particular
21 motion dies for lack of a second.

22 Okay. Commissioner Brown.

23 **COMMISSIONER BROWN:** I would like to hear if
24 the Office of Public Counsel has an opinion on this
25 issue.

1 **MS. VANDIVER:** We have not investigated this
2 issue. Listening to what I have heard, I do believe
3 it's the utility's burden to prove their case up front.
4 If they are going to ask for pro forma plant, they
5 should present all the cost savings as well as related
6 costs. And I'm just not familiar with the issue to know
7 about Mr. Flynn's issue on, you know, the failing pipe,
8 so I can't address that.

9 **CHAIRMAN BRISÉ:** Okay. I want to further
10 explore the issue of what question was posed and what is
11 the response that was provided. Because if the
12 appropriate question was posed, and the information that
13 was provided didn't provide enough clarity, or wasn't
14 answered appropriately so that the calculations could go
15 in properly, then that is an issue versus if the
16 question was posed and it just wasn't answered. So to
17 me that's important.

18 **MR. FLETCHER:** If you could give us a moment,
19 we will try --

20 **CHAIRMAN BRISÉ:** And how you arrive at your
21 recommendation, which is different from what
22 Commissioner Balbis is proposing if, you know, as
23 Mr. Brown stated, that that was a question that was
24 posed.

25 **MR. BROWN:** Commissioners, I do not have the

1 first data request. When the question was asked
2 originally, it was more of just trying to find out if
3 there were any savings that would be realized from that.
4 Beyond that, I don't have any additional information.

5 **CHAIRMAN BRISÉ:** Commissioner Balbis.

6 **COMMISSIONER BALBIS:** Thank you. And, you
7 know, I don't want to beat a dead horse here, but --

8 **COMMISSIONER EDGAR:** But --

9 (Laughter.)

10 **COMMISSIONER BALBIS:** But -- and here is the
11 way I approach, you know, capital projects, and there is
12 very limited information included in the MFRs. I
13 reviewed every internal capital request form and looked
14 at the justification for it, which is how I have always
15 approached capital projects.

16 In this specific case, I was able to vote in
17 favor of the pro forma project because I agreed with the
18 utility's justification for the project. Part of the
19 justification was the reduction in repair costs. So if
20 we do not make an adjustment to the repair costs, then I
21 believe it's inappropriate. And that is where I'm
22 trying to put my finger on a number that isn't arbitrary
23 and capricious that is backed up by the information that
24 is provided to make the appropriate adjustments.

25 So if customers are spending \$80,000, there

1 should be a benefit, especially if that's one of the
2 reasons to justify it. So the only thing I could find
3 was the \$4,500. Reviewing the utility's response to the
4 requested additional information, they did indicate
5 there is one repair in the test year for \$575. I didn't
6 think that adequately answered it, but that did come in
7 late. I received this this morning. So that was my
8 thought process in it.

9 **CHAIRMAN BRISÉ:** Okay. So I guess we are
10 ready for disposition on this matter, so we can
11 entertain a motion and see where we go with that.

12 Commissioner Balbis.

13 **COMMISSIONER BALBIS:** I'm going to try to go
14 0-for-2 here. I would support staff's recommendation on
15 this issue provided there is a reduction by \$540.75 for
16 the Revenna Park force main replacement plant addition.

17 **CHAIRMAN BRISÉ:** Okay. Is there a second? Is
18 there a second?

19 All right. It dies for lack of a second here.
20 All right.

21 **COMMISSIONER BROWN:** Mr. Chairman, I move
22 staff recommendation.

23 **COMMISSIONER GRAHAM:** Second.

24 **CHAIRMAN BRISÉ:** Okay. It has been moved and
25 seconded. All in favor say aye.

1 (Vote taken.)

2 **CHAIRMAN BRISÉ:** Opposed?

3 **COMMISSIONER BALBIS:** Nay.

4 **COMMISSIONER EDGAR:** No.

5 **CHAIRMAN BRISÉ:** Okay. All right. Moving on
6 to 19.

7 **MS. HUDSON:** Commissioners, Item 19 is what is
8 the appropriate rate structure.

9 **CHAIRMAN BRISÉ:** Commissioner Edgar.

10 **COMMISSIONER EDGAR:** Is there a rate impact on
11 this recommendation with this issue?

12 **MS. HUDSON:** Other than the fallout from the
13 changes that have been recommended.

14 **COMMISSIONER EDGAR:** Let me try again. For
15 Issue 19 and only Issue 19, if we approve the staff
16 recommendation, we are approving a rate structure. Is
17 there a rate impact contained within this rate
18 structure?

19 **MS. HUDSON:** There also are -- the rates that
20 we are recommending are within this rate. They go
21 hand-in-hand. Once you design the rate structure, the
22 rates are pretty much a fallout.

23 **COMMISSIONER EDGAR:** Okay. Thank you.

24 **CHAIRMAN BRISÉ:** Okay. Issue 19.
25 Commissioner Balbis.

1 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

2 And it's good to see you again. I know we had
3 a lot of discussions on the rate structure, and from a
4 summary that I put together, there are only, I believe,
5 two counties for water where you are changing the first
6 and second tier --

7 **MS. HUDSON:** Correct.

8 **COMMISSIONER BALBIS:** Okay. And that would be
9 Orange County and Seminole?

10 **MS. HUDSON:** That's correct.

11 **COMMISSIONER BALBIS:** Okay. And one of the
12 concerns that I have is, you know, these customers are
13 already paying a significant amount for their water.
14 And in those two counties when you're lowering the first
15 tier from where it is today of -- Orange County is
16 0 to 6,000 gallons, to 0 to 5,000 gallons, that those
17 customers are already -- they have limited the amount of
18 water that is discretionary because of the concerns we
19 have heard today. Although it's a different county, but
20 I think it is reflective throughout their system.

21 So I'm hesitant to change the tiered structure
22 from what it is today. They already have a tiered rate
23 structure, at least on the gallonage amount on the first
24 tier. Just match what they have. I think the customer
25 is already paying a lot for their water. I think they

1 are trying to reduce as much as they possibly can, and I
2 would hate to have a rate impact on those customers who
3 already have eliminated or minimized their discretionary
4 usage. So I'm supportive of staff's structure with the
5 exception of those two counties, and just switching
6 those tiers back to what they were before, which is
7 0 to 6 for Orange County and 0 to 6 for Seminole County.

8 **CHAIRMAN BRISÉ:** Okay. Commissioner Brown.

9 **COMMISSIONER BROWN:** Which schedule, again, is
10 it in the back that actually lays it all out?

11 **MS. HUDSON:** Well, we have the Alternative
12 Schedule 4-A starting with Orange County is on Page 88.

13 **COMMISSIONER BROWN:** So on Page 96, 4-A, Pasco
14 County, staff is actually recommending a BFC increase
15 from the current amount of 45 percent to 50 percent?

16 **MS. HUDSON:** That's correct.

17 **COMMISSIONER BROWN:** Can you explain why?

18 **MS. HUDSON:** The Pasco County customer base is
19 very seasonal, and they did see a reduction in
20 consumption from the last rate case. And since they are
21 seasonal, staff felt it was appropriate to increase the
22 base facility charge to allow for revenue sufficiency
23 for this system.

24 **COMMISSIONER BROWN:** Thank you. What was that
25 percentage of reduction?

1 **MS. HUDSON:** 11 percent.

2 **COMMISSIONER BROWN:** 11 percent. And those
3 census numbers, did they decrease? I know that you
4 relied a lot on census data from the federal government.

5 **MS. HUDSON:** For Pasco County and Pinellas, it
6 didn't warrant a change to those for the number of
7 people per household, so those pretty much remained the
8 same from what it was in the last rate case. So we
9 didn't change the per person household to determine what
10 the nondiscriminatory threshold would be for those two
11 counties.

12 **COMMISSIONER BROWN:** I believe the Office of
13 Public Counsel wanted to say something.

14 **MR. SAYLER:** Chairman -- thank you,
15 Commissioner Brown. My discussions, getting familiar
16 with Pasco County and Summertree in particular, I do
17 know there are seasonal residents for Summertree, but
18 what was explained to me about the other system,
19 Orangewood, it's in a place called Holiday, and it's a
20 neighborhood that -- it's economically depressed, high
21 crime, a lot of renters, things of that nature.

22 And one issue for them, from what I
23 understand, is that high rates kind of force turnover in
24 those rentals, so there's a lot of issues there. But
25 the question about what staff is saying that I wanted to

1 respond to is about seasonal residents. And actually
2 Ms. Ryan can actually say about the percentage for
3 Summertree, but as far as the Orange County, I don't
4 think there is -- the Orangewood system there in Pasco,
5 I don't think there's that many seasonal residents.
6 There's just a lot of renters.

7 **MS. RYAN:** I just wanted to say that the
8 reason why our rates -- why there is less consumption is
9 people are trying to manage their bills. And so because
10 they are not drinking the water, and they are bringing
11 the water in, and we have a lot of people who used to
12 take showers at home and they are going to the rec and
13 they are showering there. We have almost a 50 percent
14 increase in that activity.

15 And so, people, some people wrote that they
16 don't even flush the toilet unless it's a necessity, and
17 this is how these people who are living on Social
18 Security get by. They can't do it any other way. They
19 are taking their water from washing dishes and watering
20 their plants. I mean, they are going to keep reducing
21 how much water they use because they can't afford these
22 rates. So to increase the rates is counterproductive.

23 What we need is fairer rates. People could
24 use more water. Not higher rates so we can't afford to
25 use the water. It's kind of a convoluted thing. But

1 you really, really are going to hurt the people who need
2 the water the -- who are economically deprived. And you
3 are also hurting people who are seasonals, because our
4 seasonals pay year-round. And our seasonals are paying
5 40 and \$50 a month for water that they are not using for
6 five months out of the year.

7 And this isn't the only state they can come
8 to. Our condominiums, which is the largest rental area,
9 have dropped down into nine and \$16,000 for our units.
10 We are to the point now that -- I mean, no one is ever
11 going to get the money back. And it's impossible to
12 rent, when you try to get rentals, because people don't
13 want to pay that when they are renting.

14 In order to make do, people have to rent those
15 little condos that are now worth nine and 16,000 for
16 over 1,000 to 1,200 a month. So the rentals, people
17 can't even rent out their places, so we are getting more
18 and more foreclosures. So this may only be a small
19 increase, but this is -- it's really going to impact the
20 community.

21 **COMMISSIONER BROWN:** Thank you. Very salient
22 point.

23 Ms. Hudson, just a follow up.

24 **CHAIRMAN BRISÉ:** Sure.

25 **COMMISSIONER BROWN:** Can you remind me in

1 this, I know you gave us three options, including the
2 recommended rate structure. What is the average, the
3 current average monthly consumption?

4 **MS. HUDSON:** For which county?

5 **COMMISSIONER BROWN:** Pasco. We are still in
6 Pasco.

7 **MS. HUDSON:** It is 2,500.

8 **COMMISSIONER BROWN:** 2,500. Pretty low --

9 **MS. HUDSON:** Yes.

10 **COMMISSIONER BROWN:** -- relatively speaking.
11 Okay. Thanks.

12 **CHAIRMAN BRISÉ:** Commissioner Brown, do you
13 have anything else? Okay.

14 Commissioners, any further questions or
15 comments? Commissioner Balbis.

16 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.
17 I don't know if we are in a position for a motion or
18 not.

19 **CHAIRMAN BRISÉ:** Sure.

20 **COMMISSIONER BALBIS:** Although I do have
21 concerns about raising the base facility charge for
22 Pasco County, but I think -- I would move the staff's
23 recommended structures for each of their counties with
24 the exception to Orange County and Seminole County, and
25 revise the first tier to match the test year structure

1 in those and give staff administrative approval to
2 obviously adjust the rates accordingly.

3 **CHAIRMAN BRISÉ:** There has been a motion.
4 Okay.

5 Is there a second? Is there a second?

6 **COMMISSIONER GRAHAM:** I'll second for
7 discussion.

8 **CHAIRMAN BRISÉ:** Okay. It has been moved and
9 seconded.

10 All right. We are open for discussion and
11 additional questions. Commissioner Graham.

12 **COMMISSIONER GRAHAM:** I guess my question is
13 to staff as far as how those changes will impact the
14 rates.

15 **MS. HUDSON:** It will lower the gallonage
16 charge and would make less gallons subject to repression
17 when we change those thresholds back to what they were
18 -- what they are currently.

19 **COMMISSIONER GRAHAM:** Also, any comments from
20 the utilities?

21 **MR. FLYNN:** Commissioner, what is the
22 question, please?

23 I'm neutral.

24 **COMMISSIONER GRAHAM:** Okay. Thank you.

25 **CHAIRMAN BRISÉ:** Commissioner Brown.

1 **COMMISSIONER BROWN:** Thank you. I just want
2 to make a comment about Pasco County, which I just have
3 some concerns with the recommended rate structure. I
4 have concerns with raising the BFC to 50 percent. I
5 think it is obvious that the customers have cut back on
6 their usage, while it appears to be seasonal, even based
7 on the 2,500. I think the alternative to rate
8 structure, if we are looking at the average consumption,
9 nondiscretionary under that tier of 3, that produces the
10 lowest rates for the average consumption. So to me the
11 Alternative 2 looks the best in terms of the effect for
12 the average customer in Pasco County. So that's my
13 evenly thoughts about this on Pasco County.

14 **CHAIRMAN BRISÉ:** Okay. So what do you wish to
15 do?

16 **COMMISSIONER BROWN:** I would support -- was
17 there a motion?

18 **CHAIRMAN BRISÉ:** There was.

19 **COMMISSIONER BROWN:** I would support the
20 motion with the exception of choosing Alternative 2 for
21 Pasco County.

22 **CHAIRMAN BRISÉ:** So are you seeking to amend
23 the motion?

24 **COMMISSIONER BROWN:** Yes.

25 **CHAIRMAN BRISÉ:** Okay. All right. Will the

1 maker of the motion accept the amendment?

2 **COMMISSIONER BALBIS:** Yes.

3 **CHAIRMAN BRISÉ:** Okay. So the motion has been
4 amended. Are we clear on what the motion is with the
5 amendment?

6 Okay. All right. So it has been moved and
7 the seconder of the motion agrees to the amendment. All
8 in favor say aye.

9 (Vote taken.)

10 **CHAIRMAN BRISÉ:** Any opposed?

11 **COMMISSIONER EDGAR:** No.

12 **CHAIRMAN BRISÉ:** All right. Moving to the
13 next issue. What are we on now, 21? 20, sorry.

14 **MS. HUDSON:** Twenty is what are the
15 appropriate repression adjustments, and with that change
16 it will lower the repression adjustments for the two
17 counties that we are changing the nondiscretionary
18 threshold.

19 **CHAIRMAN BRISÉ:** Okay. So, in essence, a
20 fallout. Okay. No? Questions or comments on 20.
21 Commissioner Balbis.

22 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.
23 The only question I have is on what staff is
24 recommending for an expected reduction in residential
25 consumption or repression. And the question I have for

1 staff, since the last rate case for each county, do you
2 have the information on how much of a reduction there
3 has been for each county?

4 **MS. HUDSON:** For Orange County it was
5 4 percent; Pasco County, 11 percent; Pinellas County,
6 16 percent; and Seminole County, 11 percent.

7 **COMMISSIONER BALBIS:** Okay. So just three
8 years ago with a significant rate increase and customers
9 have significantly reduced their consumption, why do you
10 expect an additional reduction in consumption when we
11 have just heard from a representative from the
12 homeowners association that they are taking showers in
13 the community center, if you will, and holding back on
14 flushing toilets? Why do you expect an additional
15 4.9 percent for Orange, 4.4 for Pasco, et cetera?

16 **MS. HUDSON:** It has been our experience in the
17 past. We used to require the utilities to provide
18 reports after the Commission has approved a repression
19 adjustment, and that signified that the customers -- in
20 response to an increase in price that a customer would
21 reduce consumption by .4. We use a negative .4 as the
22 response to any change in price, and that's what this is
23 recommending here.

24 Now I do realize that hearing what Ms. Ryan
25 said, that they do have other factors that contribute to

1 them reducing their consumption, so that could be --

2 **COMMISSIONER BALBIS:** Especially, I mean, even
3 Pasco County, Commissioner Brown alluded to it, but
4 2,500 gallons per month is a very -- that's under 100
5 hundred gallons a month (sic), which is very low. So
6 I'm concerned that -- let me back up.

7 So with this expected reduction, the
8 repression, in essence, raises the rates anticipating a
9 drop in consumption, correct?

10 **MS. HUDSON:** Correct.

11 **COMMISSIONER BALBIS:** So if we anticipate this
12 reduction and set the rates associated with that and it
13 doesn't happen, then customers would be paying more than
14 they really need to.

15 **MS. HUDSON:** And it would create a revenue
16 surplus, overearnings potentially if they don't cut
17 back.

18 **COMMISSIONER BALBIS:** Okay. In the previous
19 water case that we ruled upon, it seems like years ago,
20 but it was this morning, you indicated that with the
21 minimal consumption you didn't recommend a repression
22 adjustment for those systems. What's the difference?

23 **MS. HUDSON:** Our recommendation was because of
24 the revenue increase itself was low and not necessarily
25 what the average consumption was. I believe Mr. Reilly

1 used that as his analysis as to why we should have not
2 made a regression adjustment.

3 Typically, if the increase is less than
4 10 percent, or there is at least a \$5 change in price,
5 then no regression adjustment is made.

6 **COMMISSIONER BALBIS:** Okay.

7 **MR. DEAN:** Commissioner, if I may jump in
8 here. Lord forbid at this late hour an economist starts
9 talking about anything, but please bear with me. It has
10 been Commission practice if rates only go up less than
11 10 percent not to apply the negative .4 adjustment. In
12 economic theory, any time there is a price increase
13 there is a decrease in usage. So to be strictly
14 theoretical, it could be applied in every situation, but
15 as a matter of ongoing practice we have not applied it
16 in those cases with a rate increase of less than
17 10 percent.

18 **COMMISSIONER BALBIS:** Doesn't the .4 apply to
19 a 10 percent increase, correct?

20 **MR. DEAN:** .4 would be for a one percent
21 increase in a rate, or 10 percent, that would be
22 4 percent reduction. It's a negative .4. And that has
23 been quantified not just from us following up with
24 two-year studies, but that has been confirmed as a
25 regression figure for the water management districts,

1 academic journals, we have done a literature review.
2 It's also a function by your income, gross domestic
3 product, economic conditions. There's other things that
4 causes repression besides a price increase. If you get
5 a pay increase, you may consume more, everything else
6 being equal. There I go, I said it.

7 **COMMISSIONER BALBIS:** I have a question for
8 the representative from the homeowners association. Do
9 you think that your homeowners will be able to reduce
10 their consumption by another 4-1/2 percent? Will they
11 because of the price increase?

12 **MS. RYAN:** Well, right now, I mean, we are
13 spending a ton of money bringing in water. I guess -- I
14 don't know. I mean, I think they're going to be very
15 disappointed if we wind up getting another increase. I
16 mean, this takes away -- we haven't even got good water.

17 We would be using the water. We wouldn't have
18 to have low consumption if we could use the water. If
19 we could cook our pasta, if we could -- if we could just
20 use the water, this wouldn't be a problem. So I don't
21 know how much more they can sacrifice. It would be a
22 health issue, but if you want, I will leave you the -- I
23 have -- what is it, surveys. On the bottom of the
24 surveys I would like you to read how many people are
25 doing things I would never do just to try to conserve

1 water.

2 It's a sanitation issue. They are elderly
3 people. They have to choose. They choose food, they
4 choose their electric, they cut their water. It's
5 really sad.

6 **MR. DEAN:** Commissioner, let me remind you
7 that the repression, the increase in rates for
8 repression doesn't apply to the nondiscretionary usage
9 which we estimate is, you know, human consumption;
10 bathing, potable water, that kind of thing.

11 **COMMISSIONER BALBIS:** It doesn't apply to the
12 first tier, correct?

13 **MR. DEAN:** Yes. What we call the zero tier.

14 **COMMISSIONER BALBIS:** Right. So, Ms. Hudson,
15 hearing what you have heard today from the customers,
16 and I understand the theory that's applied, and I
17 understand what we have done in the past, although this
18 morning, because it wasn't that much of an increase,
19 although staff indicated that it was because consumption
20 was low, would you revise your recommendation or do you
21 still think specifically for Pasco County a 4.4 percent
22 additional reduction is warranted?

23 **MS. HUDSON:** I think so, because, again, our
24 first tier is the nondiscretionary use, which you
25 can't -- regardless of what the price change would be,

1 you essentially don't respond to it because it is
2 essential.

3 Looking at their bill analysis, they do have
4 consumption that is over that that could be targeted for
5 reduction in consideration of what the price increase
6 may be. They could be irrigating, those type of things.

7 **COMMISSIONER BALBIS:** Okay. Thank you. And I
8 guess just to summarize, I think the customers are
9 already using very little water. I don't know there is
10 going to be that much of an adjustment to it, and I
11 think it's just going to result in customers paying more
12 than they have to, if we move forward with staff's
13 recommendation.

14 **CHAIRMAN BRISÉ:** Okay. Further comments or
15 questions on Issue 20? Okay. I guess we are ready to
16 entertain a motion.

17 **COMMISSIONER GRAHAM:** Move staff.

18 **CHAIRMAN BRISÉ:** Okay. There is a motion to
19 move staff. Is there a second for that motion? Okay.
20 I'm not seeing a second, so the motion dies for lack of
21 a second.

22 Is there another motion? Commissioner Balbis.

23 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

24 I think that in the case of Seminole County,
25 Pinellas County, and Pasco County, who have seen over a

1 10 percent reduction in their consumption since the
2 previous rate case, that any additional repression
3 adjustment is not warranted. I think Orange County that
4 has, from the last rate case had a 4 percent reduction,
5 I think that the recommended repression adjustment is
6 appropriate. So with that, I would move to revise
7 staff's recommendation to not have any repression
8 adjustments for Pasco, Pinellas, and Seminole, and keep
9 the recommended 4.9 percent for Orange.

10 **COMMISSIONER BROWN:** Second.

11 **CHAIRMAN BRISÉ:** Okay. It has been moved and
12 seconded. Any further comments or discussion? All
13 right. All in favor of the motion, say aye.

14 (Vote taken.)

15 **CHAIRMAN BRISÉ:** Any opposed?

16 **COMMISSIONER EDGAR:** No.

17 **CHAIRMAN BRISÉ:** Okay.

18 **MS. HUDSON:** I would just like to add, for
19 Orange County it won't be the 4.9 percent because we are
20 changing the threshold, but just whatever the fallout
21 number is for --

22 **COMMISSIONER BALBIS:** Yes. And I would revise
23 my motion to reflect whatever the fallout number is for
24 Orange.

25 **MR. DEAN:** Thank you.

1 **CHAIRMAN BRISÉ:** All right. Thank you. All
2 right.

3 So we have already taken action on 21, 22, 23,
4 and 24. And so now we are going back to Issue Number
5 13.

6 All right. There is a request to take about
7 five minutes, so we will take five minutes.

8 (Recess.)

9 **CHAIRMAN BRISÉ:** All right. I think that was
10 a well-needed break. Now we are, I believe, on the home
11 stretch. Issues 13 and 14, and then 25. They were teed
12 up before, and so, Mr. Saylor, it seems like you want to
13 say something with respect to that issue.

14 **MR. SAYLER:** I will defer the substantive
15 discussion to Ms. Vandiver. The process question I have
16 here right now -- and we have a lot of customers who
17 drove a long way and they are going to have a four-hour
18 ride back -- right now what I have seen on the table is
19 that there is a \$23,000 reduction to the utilities or
20 the Commission's recommended rate increase of 230,000
21 for Pasco County, but all of that is being allocated to
22 Summertree. However, that's, you know, that's just an
23 overall reduction of 10 percent, but how much is that
24 going to reduce the staff's recommended increase?

25 My understanding, staff was recommending an

1 increase. If you are going to allocate between
2 Summertree and also between Orangewood, you know,
3 Summertree being 41 percent of staff's recommended rate
4 increase, it still seems like even after you have
5 reduced the recommended -- staff's currently recommended
6 rate increase for Summertree by \$23,000, the utility is
7 still getting a 75 percent -- they are getting
8 75 percent of that recommended rate increase. And I'm
9 just trying to understand if those numbers are right,
10 because I know they are going to want to know what their
11 dollars and cents rate impact is going to be on their
12 bills on a going-forward basis.

13 I don't know if it was -- I was asking the
14 rate staff, and they don't know if they can have a rough
15 number, but it would be helpful for them to know at
16 least, you know, what the percentage increase will be
17 for them, based upon the adjustments that you make here.

18 And assuming if you make more adjustments to
19 salary or things like that, or any other adjustments,
20 whether they are just to Pasco County or system-wide, I
21 think it would be helpful and, you know, a good customer
22 service point for them. Because then they would
23 actually know what the bottom line is, what their
24 expectation of their bills are. They just don't find
25 out about it the next time they open the bill after the

1 new rates have been in place.

2 So just a request if that can be something
3 that can be calculated. Kind of like a tally sheet at
4 the end of the day, how much of a rate increase are they
5 still getting. Because it still seems like they are
6 going to be getting a rate increase. And our office
7 asked for no rate increase. Because with no rate
8 increase for Summertree, I think that would really
9 incent and incentivize the utility to really come to the
10 table, meet with us, get these engineering reports, come
11 down with these alternatives, and get that done more
12 quickly than if we reward them with 75 -- or, sorry,
13 reward is the wrong term. If they are still granted
14 75 percent of what staff is recommending. Thank you.

15 **CHAIRMAN BRISÉ:** Okay.

16 **MR. FRIEDMAN:** And if I might add to that,
17 what Mr. Sayler is ignoring is the fact that he's
18 talking about reducing either salaries or ROE, and if
19 you read the statute, 367.111, it says you have the
20 authority to reduce the ROE and other actions if the
21 quality of service doesn't meet DEP's primary and
22 secondary standards.

23 This is different than other cases where
24 people have -- where the utilities have been in
25 violation of secondary standards. This company is not

1 in violation of secondary standards.

2 **CHAIRMAN BRISÉ:** Thank you.

3 All right. Mr. Fletcher.

4 **MR. FLETCHER:** Yes. I would like to follow up
5 on OPC's statements regarding the salaries. During the
6 break, staff looked at the utility's response and
7 updated number for salaries. We would agree with OPC's
8 position that salaries should be reduced further based
9 on a further review. And basically the amount that the
10 utility agreed to in their audit response was a total of
11 \$120,138. That was for the four counties that they have
12 asked for here.

13 Now, we believe that our adjustment already in
14 the recommendation of 38,667 is included in that amount.
15 So what we would propose, similar to what Ms. Vandiver
16 stated earlier, would be about an \$80,000 additional
17 increase. We calculate that to be \$81,471. That is for
18 the four counties that are in this case for the -- let
19 me get this here. It would be for the payroll taxes.
20 It would be an additional reduction of \$51,378. And for
21 the pensions and benefits there would be a further
22 reduction of 33,684. So it was all of those incremental
23 reductions.

24 **CHAIRMAN BRISÉ:** Okay. Thank you.

25 Commissioners, we are on 13. Comments,

1 direction? Commissioner Brown.

2 **COMMISSIONER BROWN:** Mr. Fletcher, could you
3 please just reiterate that one more time for us, to be
4 clear?

5 **MR. FLETCHER:** Yes.

6 **COMMISSIONER BROWN:** Thank you.

7 **MR. FLETCHER:** Basically, in the utility's
8 response to staff's audit, I believe it was the
9 affiliate, they agreed that an updated salary amount
10 beyond the test year, there were adjustments that were
11 made to the salaries and by default there were
12 reductions that they were amenable to make. And that
13 resulted in their audit response, a reduction for the
14 four counties of \$120,138.

15 We believe with comparing the AWA study with
16 those certain positions that are listed on Table 13-3
17 are subsumed in this adjustment, and we believe netting
18 that, what we have in the recommendation so far, it
19 would mean an additional recommendation to reduce
20 salaries for the four counties by \$81,471, the payroll
21 taxes to be reduced by 51 -- incrementally from what we
22 have in the recommendation now, a further reduction of
23 \$51,378, and for the pensions and benefits a further
24 reduction of 33,684.

25 **COMMISSIONER BROWN:** Thank you.

1 **MR. FLETCHER:** Thank you.

2 **MR. FRIEDMAN:** A total of all three?

3 **MR. FLETCHER:** All of those are incremental
4 reductions, 81,000, approximately 51,000 and the 33,000,
5 approximately.

6 **CHAIRMAN BRISÉ:** Okay. So what is the sum of
7 that? If you could do that for us, please.

8 **MR. FLETCHER:** It would be a sum of additional
9 reduction of \$166,533.

10 **MR. FRIEDMAN:** What was that number?

11 **MR. FLETCHER:** \$166,533.

12 **CHAIRMAN BRISÉ:** Okay. Commissioner Graham.
13 Oh. A follow up, Commissioner Brown.

14 **COMMISSIONER BROWN:** Thank you.

15 Ms. Vandiver, was that more in line with what
16 Office of Public Counsel was looking at?

17 **MS. VANDIVER:** Yes. And they are slightly
18 different numbers than I had, but that sounds very
19 reasonable, yes.

20 **COMMISSIONER BROWN:** Thank you.

21 **CHAIRMAN BRISÉ:** Commissioner Graham.

22 **COMMISSIONER GRAHAM:** Thank you, Mr. Chairman.
23 Mr. Fletcher, the 81,471, how did you get
24 that? Is that the 120,000 minus the 38,667?

25 **MR. FLETCHER:** That's correct.

1 **COMMISSIONER GRAHAM:** Okay. Thank you.

2 **CHAIRMAN BRISÉ:** Okay. Commissioners, any
3 further comments or questions on 13?

4 Commissioner Brown.

5 **COMMISSIONER BROWN:** Mr. Chairman, I would
6 move staff recommendation as modified herein.

7 **CHAIRMAN BRISÉ:** All right. Is there a
8 second?

9 **COMMISSIONER BALBIS:** Second.

10 **CHAIRMAN BRISÉ:** Okay. We have a second. All
11 right. Now we are open for discussion and further
12 questions.

13 **COMMISSIONER BALBIS:** I have a question for
14 staff. Those reductions, the additional reductions, how
15 are they applied? Looking at Table 13-1, are they
16 applied uniformly per county?

17 **MR. FLETCHER:** As Mr. Brown stated earlier,
18 there was -- the only correct number in that Table 13-1
19 was for Orange County water. There was people from --
20 (simultaneous conversation) -- different county.

21 **COMMISSIONER BALBIS:** The additional
22 reductions that staff is recommending, how are you going
23 to apply those?

24 **MR. FLETCHER:** Okay. That's outlined in the
25 utility's response to the audit. The specific numbers

1 for salary would be basically a \$5,900 reduction for
2 Orange County for the salaries, a reduction for Pasco
3 County water of \$46,058, Pinellas County water a
4 reduction of 5,000, for Seminole County water, a
5 reduction of approximately 29,000. For Pasco County
6 wastewater an approximate reduction of \$18,000, and for
7 Seminole County wastewater an approximate reduction of
8 15,500 for the salaries. I could go through the pension
9 and benefits.

10 **COMMISSIONER BALBIS:** No, that's --

11 **MR. FLETCHER:** They have them here delineated
12 by -- the reductions by county.

13 **COMMISSIONER BALBIS:** And how are those
14 allocated?

15 **MR. FLETCHER:** Those are allocated based on
16 ERCs.

17 **COMMISSIONER BALBIS:** Okay. So instead of
18 going through the other two items, what would be the
19 total reduction for Orange, Pasco, Pinellas, and
20 Seminole for water, if it's easy for you to do?

21 **MR. FLETCHER:** I would have to calculate that.

22 **COMMISSIONER BALBIS:** Okay. I'm just trying
23 to recreate your Table 13-1, at least just with the
24 reductions. So what would the total reduction for Pasco
25 County be?

1 **MR. FLETCHER:** If you would look at Table 13-4
2 for the salaries, and you said Pasco County water, we
3 have the 12,000 -- well, the total reduction for Pasco
4 County water would be 46,058. Subsumed in that 46,068
5 number that I gave you, included in that is what you see
6 for a reduction the staff is already recommending, the
7 12,788. That's part of the total adjustment of 46,058
8 for that system.

9 **COMMISSIONER BALBIS:** Okay. Thank you.

10 **CHAIRMAN BRISÉ:** All right. Any further
11 questions or comments on Issue 13? We do have a motion
12 on the floor and it has been seconded. If there are no
13 further questions or comments, I think we're ready to
14 vote.

15 Okay. All in favor say aye.

16 (Vote taken.)

17 **CHAIRMAN BRISÉ:** Any opposed?

18 **COMMISSIONER GRAHAM:** No.

19 **CHAIRMAN BRISÉ:** Okay. So we have two
20 opposition. Good deal. It carries.

21 Going on to 14. Issue 14.

22 **MR. BROWN:** Commissioners, Issue 14 is the
23 appropriate amount of rate case expense.

24 **COMMISSIONER BALBIS:** Mr. Chairman, I
25 recommended that we had -- pushed this off until the

1 later part, and I just want to ask staff. Mr. Friedman
2 is concerned about double-counting, I want to make sure
3 that with the decision that we made in 13 that the
4 appropriate recommendation is made for 14.

5 **MR. FLETCHER:** If you will give me one moment.

6 (Pause.)

7 Okay. After conferring with Mr. Brown, if you
8 would look on Table -- Page 51, Table 14-3. After
9 staff's revised recommendation for Issue 13, if you look
10 at the WSC in-house fees, by making that reduction in
11 the salaries as I mentioned earlier on Page 13, then
12 staff would recommend revising its recommendation and to
13 approve \$143,568 for the in-house fees, because it would
14 not be double-counting at this point due to the
15 reduction of salaries in Issue 13.

16 **COMMISSIONER BALBIS:** Okay. So that
17 staff-recommended adjustment would be zero?

18 **MR. FLETCHER:** Correct. And the effect of
19 that would be 143,568 divided by 4. It would have an
20 impact of 35, approximately 36,000 on the total company.
21 Whereas in Issue 13 there was a total reduction of
22 166,000. So if you net the two, you're coming up with
23 approximately \$130,000 net reduction in expenses.

24 **COMMISSIONER BALBIS:** Okay. And,
25 Mr. Friedman, does that alleviate your concerns?

1 Although I do enjoy when you get excited and start
2 yelling, but --

3 (Laughter.)

4 **MR. FRIEDMAN:** Yes. Was that brief enough?

5 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.
6 That's all I had.

7 **CHAIRMAN BRISÉ:** All right. No problem.

8 **MR. SAYLER:** Ms. Vandiver has some concerns,
9 so do I, regarding that, because traditionally you have
10 made this adjustment for the double counting. And I
11 believe the other adjustment that was put forward to
12 staff as far as an answer to the data request, it's an
13 apples and oranges thing. I don't know, but that's the
14 thing.

15 This is an adjustment that staff has made for
16 many rate cases, basically reducing the in-house
17 employees. But I think the other issue, as I understand
18 it from discussing with Ms. Vandiver is that that
19 adjustment that you made under Issue 13 was not related
20 to in-house employees. And so I'm just thinking you're
21 giving something back because -- based upon the tally
22 from Issue 13, it reduced the rate increase, at least
23 for the Summertree customers, by a substantial amount.
24 So instead of being a \$90,000 increase, it was only
25 going to be \$45,000. But by putting these in-house

1 employees back, you know, it's giving some of that back
2 to the utility and taking that away from the customers.
3 So I just wanted to point that out.

4 And then also I don't know if it would be
5 appropriate to request an adjustment to rate case
6 expense to offset the expenses that the customers had to
7 expend coming here in the range of, I think, 4,500, even
8 more. I don't think the Commission has done that
9 before, but as Ms. Ryan eloquently stated, the utility
10 gets all their rate case expense. And if there is any
11 way to reduce some of their rate case expense to offset
12 the costs that they had to come here, to travel here, to
13 prepare all this, I think that would certainly be fair
14 and appropriate.

15 **CHAIRMAN BRISÉ:** Is it Ms. Vandiver?

16 **MS. VANDIVER:** Yes.

17 **CHAIRMAN BRISÉ:** Can you address the issue
18 that Mr. Sayler was trying to address for you?

19 **MS. VANDIVER:** I really, first, would like to
20 know if staff could repeat how they netted the numbers,
21 because I got lost on how he was -- the impact was, I
22 didn't understand that.

23 **CHAIRMAN BRISÉ:** All right.

24 **MR. FLETCHER:** Commissioners, in the response
25 to the audit, if you tally up for the utility's proposed

1 reductions, or agreeable reductions to the -- based on
2 the updated salary numbers, it was \$120,138 total
3 reduction they were amenable to. Now, in how we got the
4 incremental 81,471 is, as Commissioner Graham pointed
5 out, you reduce what we have in the recommendation now
6 of a reduction of 38,667, in order to derive that
7 \$81,000 number. And we followed a similar suit to go
8 through and tally all the reductions for payroll taxes
9 and pensions and benefits. And what we did is in order
10 to figure out the incremental amount, we reduced what we
11 have in our recommendation for those on Table 13-4 on
12 Page 44. We had a 2,500, approximately \$2,500 reduction
13 in pension and benefits, and then a \$2,900 reduction in
14 payroll taxes. So it was just the netting of those
15 numbers for what they had in the total agreeable
16 adjustments in the audit response.

17 **MS. VANDIVER:** I meant I didn't understand the
18 netting with the rate case expense. He threw out some
19 numbers on that. Sorry.

20 **MR. FLETCHER:** According to the audit
21 response, from what we gather in their response, the
22 reductions included, I just mentioned \$120,000. What
23 that also includes is removing from the gross number,
24 before it is allocated down, the amount of time that the
25 utility, WSC employees spent on this rate case. So you

1 net that number before you come up with that adjustment.
2 And that is what Mr. Friedman was talking about earlier,
3 is because they reduced the gross amount before the
4 allocated based on ERCs, that there is no longer a
5 double-counting argument because it will not flow
6 through to the salaries and wages for employees and
7 officers. And that's all encapsulated in that utilities
8 audit response for that \$120,000 reduction in salary.

9 **MS. VANDIVER:** That wasn't exactly what I
10 asked, but my main concern would be that I don't have
11 the documents in front of me to verify that the
12 employees that are here in the in-house fees are the
13 employees that are used in the audit response. So I
14 couldn't answer the question whether it alleviates that
15 concern or continues, since I don't have that
16 information.

17 **CHAIRMAN BRISÉ:** Okay. Thank you. So,
18 therefore, the comments that Mr. Sayler made, you
19 couldn't completely agree with those either?

20 **MS. VANDIVER:** I think he succinctly stated
21 our --

22 **CHAIRMAN BRISÉ:** Overall position.

23 **MS. VANDIVER:** -- our concern overall, what
24 our policy concern is. But whether it applies in this
25 case, I'm not convinced.

1 **CHAIRMAN BRISÉ:** Okay. I just wanted to get
2 clarity on that. Thank you.

3 So we are still on Issue 14. All right.

4 What do we want to do here, Commissioners?
5 Commissioner Brown, you had your light on.

6 **COMMISSIONER BROWN:** No, I turned it off.

7 **CHAIRMAN BRISÉ:** Okay. No problem.

8 Well, in the meantime, while we're thinking,
9 if I can get legal to address the issue of the customers
10 component, or the request, or your comment by Mr. Sayler
11 in terms of bus charges and things of that nature. If
12 we were inclined to do so, what would we, sort of,
13 connect ourselves to to do so, from a statutory
14 perspective?

15 **MS. CRAWFORD:** I have had no experience in
16 past cases that would speak to the recovery of those
17 type of costs from the utility's rate case. I really
18 don't have any suggestions, I'm sorry, in that regard.
19 It's just an unprecedented area as far as I'm aware.

20 **CHAIRMAN BRISÉ:** Sure. And maybe Mr. Sayler
21 can point us somewhere in the statute where you can give
22 us some advice as to how we can -- if we were inclined
23 to do so, or case law for us to do that.

24 **MR. SAYLER:** Let me think about that. But in
25 the meantime, I believe Ms. Ryan can give you a better

1 number for what they spent. And while she's sharing
2 that better number, I will pull out the trustee
3 statutes. Because this is a PAA proceeding, the posture
4 is it's a rate case. It's not the formality of an
5 administrative hearing, so you have a lot of discretion
6 to make certain adjustments to salaries, to things of
7 this nature, all throughout because, you know, the
8 utility provided, you know, some filings saying this is
9 what we're spending.

10 You don't have to accept that. You could say,
11 well, we accept 90 percent of that, or 95 percent of
12 that. Even though they have it on paper, you can accept
13 it -- and if they don't like your adjustments, they can
14 protest. And that would be the vehicle, and then take
15 those issues to hearing. And then if they succeed after
16 providing evidence to you in an administrative hearing
17 that they persuade you differently, then you would give
18 them that money back plus additional rate case expense
19 for pursuing it.

20 So any adjustments that you make here today,
21 you know, it would be the burden -- if the utility
22 disagrees with it, they can protest it. If we disagree
23 with it, we weigh the calculus of whether it's worth the
24 rate case expense to protest. So --

25 **CHAIRMAN BRISÉ:** I just want to make sure I

1 understand what you are synthesizing. That if they have
2 made rate case expense, and I think that is one, I think
3 I know that that's in the statute.

4 **MR. SAYLER:** Right.

5 **CHAIRMAN BRISÉ:** That if we said, okay, let's
6 say the customers paid -- you know, it cost \$5,000 to
7 get up here, so then we could say, you know what, the
8 salary of Person X, we'll take \$5,000 from their salary,
9 and they can protest and we'll see how that plays out.

10 **MR. SAYLER:** Yes.

11 **CHAIRMAN BRISÉ:** Okay. That's what the Office
12 of Public Counsel is suggesting today?

13 **MR. SAYLER:** What we are suggesting is within
14 the rate case expense being currently associated with
15 Pasco County water, which is \$44,799, which if you --
16 excuse me, that's what was requested. Staff's
17 recommended was 23,000. And if you accept their
18 adjustment to add, then, those in-house employees back,
19 then that number is going to go up substantially.

20 And what I'm asking is for whatever the dollar
21 amount reduction, and Ms. Ryan has very good records
22 here, just be offset from what they have to pay in rate
23 case expenses as just a line item adjustment. And I
24 believe that you can do that.

25 **MR. FRIEDMAN:** I disagree with his legal

1 interpretation. Just because it's a PAA process doesn't
2 mean you throw all the regulatory requirements and all
3 the statutes out the window just on the basis of, well,
4 if somebody doesn't like what arbitrary action you take,
5 they can always protest it. There is no legal basis for
6 that.

7 **CHAIRMAN BRISÉ:** Okay. Thank you.

8 Commissioner Graham.

9 **COMMISSIONER GRAHAM:** My fear, going down this
10 path, is setting a precedent that's going to be one of
11 those things that runs way out of control. How do
12 you -- the statutes allow for the utilities to recoup
13 rate case expense. If you allow for Public Counsel, or
14 ratepayers, other people to recoup their rate case
15 expense, how do you start controlling it? I mean, how
16 do you decide if a ratepayer decides he's going to take
17 out TV commercials to argue the rate case expenses?
18 And, you know, where do you stop that? Where do you cap
19 that?

20 I mean, I think if this is something that the
21 legislators want to get into and they want to allow for
22 recuperation of rate case expenses for all parties, that
23 may be a different story. But here today, I don't think
24 I want to go down that path.

25 **CHAIRMAN BRISÉ:** Okay. And just one

1 clarification on that. I mean, the Office of Public
2 Counsel, their expense is paid by all the taxpayers of
3 the state. So, you know, that needs to be clear. We're
4 talking about anybody else other than the Office of
5 Public Counsel, in terms of clarity there.

6 We are on Issue 14. And I know you all were
7 thinking as we were going through the thought of
8 entertaining the expenses there and trying to figure out
9 from a statute perspective where that can happen and so
10 forth. So let's see if anybody has anything on Issue
11 14, looking to my fellow Commissioners.

12 Commissioner Balbis.

13 **COMMISSIONER BALBIS:** Thank you.

14 I have a question for Mr. Brown. I have read
15 the utility's response to Audit Finding Number 10, and
16 I'm having a hard time following staff's logic in
17 eliminating that 143,000 and the whole double-counting
18 issue. Could you -- because you're basing it on the
19 utility's response to Audit Finding 10, and I'm reading
20 that and it doesn't clarify it for me. So could you
21 please walk through that again for me?

22 **MR. BROWN:** Well, I can try. I think in the
23 past, I mean, it's pretty obvious what we have done in
24 the past, because I outlined it in the recommendation as
25 far as addressing WSC employees. I think the reference

1 that Mr. Fletcher made just a short time ago was that
2 those adjustments that we have typically made as staff
3 for WSC employees in our recommendation, the utility has
4 already made those adjustments in its adjustments here,
5 is that correct?

6 **MR. FLETCHER:** That's correct. And if I can
7 follow up a little bit further. In the utility's audit
8 response, it states that the file -- the updated
9 information that we got from May of 2013, that file
10 shows that the cap time has been removed before any
11 allocation of salaries based on ERCs, therefore, to
12 avoid double counting.

13 So, again, you start with a gross number and
14 you set aside a certain amount of what they say they are
15 going to work on the rate case. That time was set
16 apart. And we believe that if you do that, if you make
17 the adjustment to the gross amount before you allocate
18 based on ERCs, then there would not be a double
19 counting.

20 **COMMISSIONER BALBIS:** Okay. That clarifies
21 it. I guess for Office of Public Counsel, do you
22 disagree with that logic, because it seems to start
23 making sense to me?

24 **MS. VANDIVER:** I would agree that it's
25 possible that it doesn't overlap completely. I think

1 the time periods are still a little bit mismatched. I
2 don't think it's a dollar-for-dollar, but it's a more
3 close match than it would have been with the test year.

4 **COMMISSIONER BALBIS:** Okay. Thank you.

5 **CHAIRMAN BRISÉ:** All right.

6 **MR. SAYLER:** A question, how would that flow
7 through on the rate impact to the various systems? And
8 that would be something that I think would -- for
9 keeping my scorecard of the up and downs in the revenue
10 requirement for all the systems, but specifically
11 Summertree water. That would be helpful for us.

12 **CHAIRMAN BRISÉ:** Have y'all worked that out
13 already?

14 **MR. FLETCHER:** We have not had time to
15 calculate that other with the exception of Pasco County
16 water itself. As mentioned on Page 51, the 143,568,
17 again, if you take that number and you divide it by
18 four, and the share for Pasco County water would be
19 33.07 percent, so that would equate to an increase in
20 revenue requirement of approximately \$12,000.

21 And, again, that's still a net decrease based
22 on the Commission's approval of the revised salary
23 reductions in Issue 13. It still works out to be a net
24 decrease from what staff had originally had in its
25 recommendation.

1 **CHAIRMAN BRISÉ:** What is the exact number of
2 the decrease if you --

3 **MR. FLETCHER:** Let me get that amount. If you
4 would give me a moment?

5 **CHAIRMAN BRISÉ:** Sure, no problem.

6 (Pause.)

7 **MR. FLETCHER:** The net decrease is
8 approximately \$6,700.

9 **CHAIRMAN BRISÉ:** Okay. Thank you.

10 All right, Commissioners, this is where we
11 are.

12 **MR. SAYLER:** Excuse me, net decrease to rate
13 case expense, or just from the staff's originally
14 recommended rate increase for Pasco County?

15 **MR. FLETCHER:** In Issue 13, the Commission's
16 approval, it had an incremental decrease to salaries,
17 and pensions and benefits, and payroll taxes of \$18,525
18 in Issue 13. And the increase, the effect of allowing
19 the WSC employees in the rate case issue is an increase
20 of \$11,869. That gives you the net decrease for Pasco
21 County water of approximately \$6,700.

22 **MR. SAYLER:** Under prior Issue 13, I thought
23 it was a \$30,000 reduction for Pasco water?

24 **MR. FLETCHER:** It was a \$33,120 total
25 reduction based on the response to the audit. What was

1 already embedded in that in staff's initial
2 recommendation in Issue 13 was 14,603 related to the
3 salary and the corresponding payroll taxes and pensions
4 and benefits. Therefore, the incremental decrease was
5 \$18,525 for Pasco County water. When you net that
6 against the increase of 11,869, that gives you a net
7 decrease from what was initially in staff's
8 recommendation for Pasco County water of \$6,700.

9 **CHAIRMAN BRISÉ:** Okay. Thank you.

10 Commissioners, we are on 14. What do we want
11 to do?

12 Commissioner Graham.

13 **COMMISSIONER GRAHAM:** I'm not quite sure what
14 to do on 14. I was against what we did on 13, so I
15 don't know how to unring that bell to fix this bell. So
16 I really can't make a motion here.

17 **CHAIRMAN BRISÉ:** Okay.

18 **COMMISSIONER EDGAR:** I feel your pain.

19 **CHAIRMAN BRISÉ:** Is there -- all right,
20 Commissioners, any additional thoughts?

21 Commissioner Balbis.

22 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

23 I continue to be frustrated with this process.
24 I think maybe it's because it's late in the day, but I
25 agree with the logic that staff presented to me. And in

1 their response in Audit Finding Number 10 on putting
2 that back in, it makes sense we are not double counting
3 it. So with that, I mean, I support with that revision
4 staff's recommendation on this issue. I do have -- I
5 still have some concerns with some of these rate case
6 expenses. But, unfortunately, with the level of
7 information that we have and the statutory issues that
8 we are dealing with we don't have too many other options
9 on this.

10 So with those -- I think I made the motion,
11 but with those revisions, I move staff's recommendation
12 with zeroing out the staff adjustment for WSC in-house
13 fees in order to avoid the double counting.

14 **CHAIRMAN BRISÉ:** Okay. Is there a second to
15 that motion?

16 **COMMISSIONER BROWN:** I'll second it.

17 **CHAIRMAN BRISÉ:** Okay. It has been moved and
18 seconded. Any discussion or questions?

19 All right. Seeing none, all in favor say aye.

20 (Vote taken.)

21 **CHAIRMAN BRISÉ:** Any opposed?

22 **COMMISSIONER EDGAR:** No.

23 **CHAIRMAN BRISÉ:** Okay. So the motion carries.
24 So with that we have approved Issue 13 -- I mean, 14,
25 rather. I think now we are on to 25.

1 **COMMISSIONER GRAHAM:** That's correct.

2 **MR. LAWSON:** Staff's recommendation on the
3 question of should this docket be closed, no. If no
4 person whose substantial interests are affected by the
5 Proposed Agency Action files a protest within 21 days of
6 the issuance of the order, a consummating order should
7 be issued. However, the docket should remain open for
8 staff's verification that the revised tariff sheets and
9 customer notice have been filed by the utility and
10 approved by staff. Once these actions are complete,
11 this docket should be closed administratively.

12 **CHAIRMAN BRISÉ:** Thank you.

13 Commissioner Edgar.

14 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.

15 And for a rarity of the last little while this
16 evening, if you'll allow me, I will in a moment make a
17 motion to approve the staff recommendation on this
18 issue. But before I do so, I would like to take just a
19 moment to make, hopefully, a somewhat explanatory
20 comment.

21 Commissioner Balbis said a moment ago that he
22 was frustrated with this process. I am frustrated with
23 this process, and probably everyone in this room is
24 sensing some frustration both with the hour, but also
25 with some of the issues that we are all dealing with,

1 and many of the implications and ramifications.

2 One of our earlier speakers on this docket
3 made the statement that quality of water impacts quality
4 of life. And that is certainly true, and is kind of
5 where I started from looking at this issue. I recognize
6 fully that a regulated utility by law and by principle
7 is entitled to the cost of doing business, reasonably
8 prudently incurred costs and a reasonable rate of
9 return.

10 And I try to address these issues as I have
11 over the years, and I will continue to do so
12 intelligently and with intellectual honesty and
13 consistency. So I recognize that my vote on many of
14 these items today is largely symbolic, and I appreciate
15 the forbearance of my Commissioners to allow me that
16 right in this instance. What I have tried to do with my
17 votes is signify my belief, as I stated earlier, that in
18 this instance there should not be a rate increase for
19 Summertree.

20 But I was told that that would be confiscatory
21 to go further than we have, and we have also been told
22 that the legislature is going to be looking again more
23 closely at these issues. And my vote today is, again,
24 is symbolic in many respects, I recognize, but my
25 personal support of continued examination and discussion

1 of all of these issues.

2 One of the first issues of great contention
3 that I dealt with as a brand new shiny Commissioner a
4 number of years ago dealt with Aloha Utilities. And I
5 was drinking from the firehose at that point,
6 Commissioner Graham, and I voted to begin the process to
7 revoke their certificate. And I think numerous people
8 in the room about fell out of their chair at that point
9 in time, because that's an unusual stance.

10 With Aloha we were dealing with many of the
11 issues that we have heard about today, issues of black
12 water and odor. And in that instance it took us a
13 number of years to make significant improvement. And we
14 did it by all parties, with strong advocacy by OPC and
15 consumers, customers in the area working together, and
16 with strong support and pushing by this Commissioner,
17 individual Commissioners, and our staff.

18 And I am hopeful that in this instance that
19 process that we have outlined will come to the
20 forefront, and that we will see real benefits and real
21 progress and have options with numbers that we can all
22 feel that we have the material that we need in order to
23 make intelligent decisions about those numbers.

24 So I recognize that. And I want to state for
25 the record that this company does much good work, has a

1 good product in many, many systems and many hard-working
2 employees. But I have said many times before, and I
3 will say it again, our consumers and customers deserve
4 good value for the money that they pay for a monopoly
5 service product. And I do have concerns that with the
6 rate increases that we have, by law, studied carefully
7 but at times had to impose, that the value proposition
8 in this service territory of Summertree is not coming to
9 fruition.

10 So with that, Commissioners, again, thank you
11 for your patience and for your forbearance. I look
12 forward to working with each of you on all of these
13 issues as we continue, and I move approval of Issue 25.

14 **CHAIRMAN BRISÉ:** Okay. Is there a second?

15 **COMMISSIONER GRAHAM:** Second.

16 **CHAIRMAN BRISÉ:** Okay. It has been moved and
17 seconded.

18 Commissioner Graham.

19 **COMMISSIONER GRAHAM:** Thank you, Mr. Chairman.

20 I guess the first thing I want to say is ditto
21 to what Commissioner Edgar just said. I agree,
22 Utilities Inc. is a good water company. We are not
23 getting or the ratepayers are not getting what they
24 should be getting out of Summertree. I think that we
25 lay down enough guidelines to make sure that we start

1 moving forward with addressing the issue like I thought
2 we were doing three years ago, but evidently we did not.
3 I was disappointed from a legal standpoint of some of
4 the things that we could and could not do, and hopefully
5 the legislators, they are talking about dealing with
6 this issue, and hopefully this is one of the things that
7 they will be able to deal with.

8 I think we did make some progress in the right
9 direction, not as far as I would like to go, but, you
10 know, not being an attorney myself, I'm just taking the
11 recommendation from our legal staff. And hopefully we
12 can do some things differently after this next session
13 is over.

14 **CHAIRMAN BRISÉ:** Commissioner Balbis.

15 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.
16 And I believe I said it twice, and I'll say it a third
17 time. I have been frustrated with this process. You
18 know, we have a limited amount of information especially
19 in the PAA process to review, and we are still held by
20 the statutory restrictions. But I do want to point out
21 that of the different categories of quality of service,
22 we deemed them unsatisfactory, which is the worse
23 classification that we can do. And we have assigned a
24 penalty, the largest penalty that we can do by statute.
25 And as staff indicated, anything else would be

1 inappropriate. So we have taken those steps.

2 And, you know, my frustration is with the
3 process, somewhat with staff, knowing the limitations
4 that they have, and also with the utility. But I
5 certainly in the future need to see additional
6 information when it comes to capital projects. You
7 know, we have made these same comments with Aqua
8 Utilities, with other utilities on these water quality
9 issues that customers complain about the quality of the
10 water and the price. But if you solve the quality of
11 the water, there seems to be much more of an appetite to
12 deal with it. But when you are getting both, it's a
13 problem.

14 And so we have made these recommendations and
15 we have ordered utilities to meet with the customers to
16 outline the improvements. There's an engineering
17 solution to any problem, but the transparent
18 communication with the customers is important. And so
19 I'm glad the utility recognized that, and I'm hopeful
20 that they are going to move forward with it.

21 But I just want to thank everyone for being
22 here today. I certainly enjoy, you know, having your
23 testimony, and we do take it seriously and consider it,
24 and I think it was well worth the trip. So --

25 **CHAIRMAN BRISÉ:** Okay. Any further comments?

1 We are on Issue 25.

2 Okay. It has been moved and seconded. All in
3 favor say aye.

4 (Vote taken.)

5 **CHAIRMAN BRISÉ:** All right. With that, I want
6 to express my gratitude to, first of all, all of the
7 customers that have taken their time to travel to
8 express your thoughts and opinions, to organize
9 yourselves so that your voices can be heard.

10 I also want to express my gratitude to all of
11 the elected officials that participated in this process,
12 and some of their staff are still here, so I want to
13 express my gratitude to their staff, as well, for
14 sticking it through to this lateness of this hour.

15 I also want to express my appreciation to
16 staff, always working hard and sometimes we beat you up
17 and, you know, that's part of the process. But we thank
18 you for being professional and for doing your job as is
19 required.

20 And so moving forward, I certainly hope that
21 as the order will come out that if things that we have
22 laid out in our comments in terms of laying out the
23 process moving forward, that we will come to some sort
24 of resolution that addresses the issues that are really
25 the center of the problem, and that is the quality of

1 the water. And we certainly hope that there will be a
2 resolution that both the company and the consumers can
3 agree to something that makes sense.

4 So with that, we thank you, and we stand
5 adjourned.

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STATE OF FLORIDA)

:

CERTIFICATE OF REPORTERS


COUNTY OF LEON)

WE, JANE FAUROT, RPR, and LINDA BOLES, RPR, CRR, Official Commission Reporters, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that we stenographically reported the said proceedings; that the same has been transcribed under our direct supervision; and that this transcript constitutes a true transcription of our notes of said proceedings.

WE FURTHER CERTIFY that we are not a relative, employee, attorney or counsel of any of the parties, nor are we a relative or employee of any of the parties' attorneys or counsel connected with the action, nor are we financially interested in the action.

DATED THIS 13th day of December, 2013.



JANE FAUROT, RPR



LINDA BOLES, CRR, RPR

FPSC Official Commission Reporters
850-413-6732/6734

EXHIBIT NO. _____

DOCKET NO: 120209-WS – UIF - Summertree

ISSUE: Summertree Quality of Service

DESCRIPTION: “Black Water Photos”

PROFERRED BY: OFFICE OF PUBLIC COUNSEL

Parties/Staff Handout
Internal Affairs/Agenda
on 11/14/13
Item No. 4
Docket # 120209-WS

Sayler, Erik

From: Ann Ryan <amr328@hotmail.com>
Sent: Tuesday, November 05, 2013 10:10 PM
To: Sayler, Erik
Subject: Photos on Black water in Arborwood HOA
Attachments: photo 1.JPG; ATT00001.htm; ATT00001.bin; ATT00002.htm; photo 2.JPG; ATT00003.htm; ATT00002.bin; ATT00004.htm; photo 3.JPG; ATT00005.htm; ATT00003.bin; ATT00006.htm; photo 4.JPG; ATT00007.htm; ATT00004.bin; ATT00008.htm; photo 5.JPG; ATT00009.htm; ATT00005.bin; ATT00010.htm

Here are photos taken by Jim Jonson, property mgr for Arborwood Homeowners' Association. He will be attending the conference and he will be discussing these photo from an Arborwood resident's experience with Utilities, Inc. Perhaps you could make a few copies for the Commissioners packet. I will forward the resident & Management emails regarding this issue tomorrow. -Ann Marie

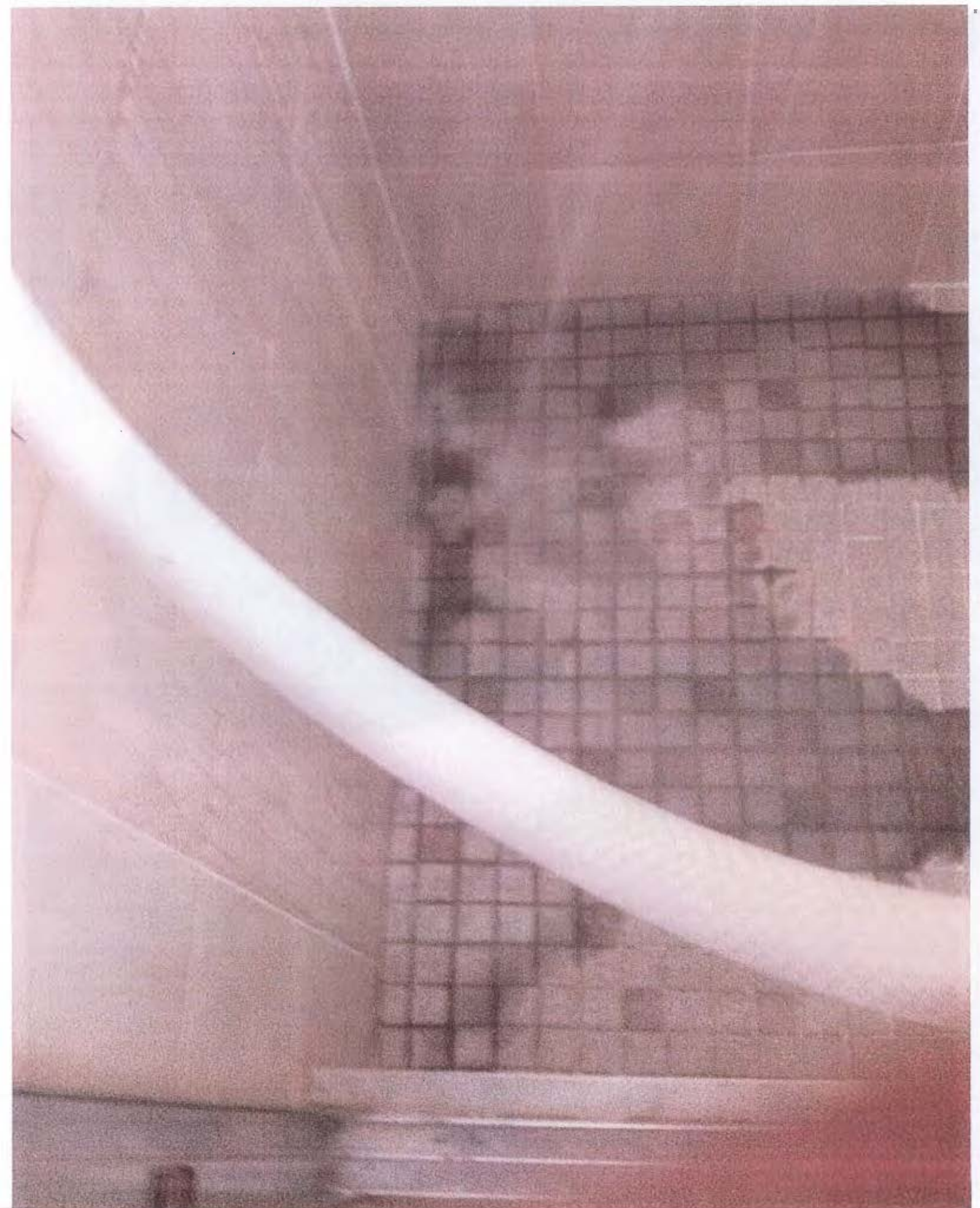
Sent from my iPad

Begin forwarded message:

From: "Jim Jonson" <Jim21johnson@yahoo.com>
To: "amr328@hotmail.com" <amr328@hotmail.com>
Subject: Toilets











Summary of the

Summertree Survey of Additional Customer Costs

Between 407 and 491 of Summertree's 1,200 customers responded to a survey conducted by the Summertree Water Alliance regarding the additional costs paid by customers for point of use treatment systems (water softeners, water filters, reverse osmoses systems, etc.) and their purchases of bottled water. The survey shows the Range of Costs Summertree Customers have paid, and will continue to pay, because of bad quality water provided by UIF.

According to the survey results:

Installed Point of Use treatment systems have cost between \$121,000 and \$843,000 for survey respondents. This does not include the cost of maintaining those systems, adding salt, replacing filters, or the cost of plumbers to clear clogged drains, repair damaged appliances, replace faucets, or replace hot water heater elements caused by the poor quality of the water. Not all customers with installed treatment systems responded to this survey, so the actual installed costs may be much higher.

The approximate annual cost for bottled water for intake (drinking) purposes is between \$273,000 and \$1,680,000 annually for survey respondents. This does not include the amount of bottle water used for cooking or other purposes. Not all customers who purchase bottle water responded to this survey, so the actual annual costs for bottle water may be much higher.

See Attached Survey Results

Parties/Staff Handout
Internal Affairs/Agenda
on 11/14/13
Item No. 4
Docket No. 120209-WS

Summertree Survey of Additional Customer Costs

Survey: Summertree Residents	# households	COST LOW	unit	COST HIGH	REMARKS: (1)
Additional Water Expenses					Cost is determined by the buyers need's of what unit/product is expected to do as well as what grade of water quality the buyer desires to achieve.
Customer Sunk Costs					
WATER SOFTNER		\$ 409.00	1 unit	\$ 3,000.00	low cost unit is self purchased & installed by contractor and high cost unit is self purchased & installed by contractor
Arborwood	81				
Cross Creek	77				
The Fairways	25				
The Greens	34				
Pointe West	11				
Unknown & late signers	28				
Seasonal Residents	25				
TOTALS	281	\$ 114,929.00		\$ 843,000.00	Cost range does not include the ongoing cost for salt, maintenance, etc.
REVERSE OSMOSIS & WATER FILTERS		\$ 15.00	1 unit	\$506.00	low is for sink faucet unit & high is for mid grade range under sink, ex: R/O
Arborwood	106				
Cross Creek	91				
The Fairways	23				
The Greens	44				
Pointe West	56				
Unknown & late signers	36				
Seasonal Residents	51				
TOTALS	407	\$ 6,105.00		\$ 205,942.00	Cost range does not include ongoing cost for filters, maintenance, etc.
Installed cost of point of use treatment systems	COST RANGE	\$ 121,034.00	to	\$ 843,000.00	Cost range does not include recurring costs associated with these systems
Annual Recurring Costs for Customers					
	# households	Cost Low	unit	Cost High	Cost Range from Low to High for Bottled Water Purchases
BOTTLED WATER		\$ 1.22	per gallon	\$7.50	Cost per gallon bottle is approximately \$1.22; Cost per gallon of water if purchased in 16.9oz (500ml) bottles is approximately \$7.50 per gallon. Approximately 2/3 of all bottled water sales are single 16.9oz (500 mL) bottles. (2)
Arborwood	117				
Cross Creek	86				
The Fairways	23				
The Greens	40				
Pointe West	90				
Unknown & late signers	38				
Seasonal Residents	97				
TOTALS	491	\$ 599.02	to	\$ 3,682.50	Estimated Cost range for a gallon of water.
Estimated Range of Daily and Annual Costs for purchasing bottled water based upon the recommended daily intake of fluids for a household of two persons					
Daily Cost for Recommended Daily Water Intake of 1.25 gallons per day	DAILY COST RANGE	\$ 748.78	to	\$ 4,603.13	Adequate intake of fluids for a household of 2 persons is roughly 1.25 gal per day. This figure does not include water used for cooking, brushing teeth, etc. (3)
Annual Cost for Recommended Annual Water Intake of 456.25 gallons annually (1.25 gal * 365)	ANNUAL COST RANGE	\$ 273,302.88	to	\$ 1,680,140.63	Annual adequate intake of fluids for a household of 2 persons is roughly 456.25 gal * 365). This does not include water used for cooking, brushing teeth, etc.
According to these results, the 491 respondents to these surveys are paying between \$273,000 and \$1.68 million annually for bottled water.					
Range of Costs Summertree Customers responding to this survey have paid and will continue to pay because of bad quality water.					
According to these survey results, Point of Use treatment systems have cost these Summertree Customers between \$121,000 and \$843,000, installed. This does not include the cost of maintaining those systems, adding salt, replacing filters, or the cost of plumbers to clear clogged drains, repair damaged appliances, replace faucets, or replace hot water heater elements caused by the poor quality of the water. Not all customers with installed treatment systems responded to this survey, so the actual installed costs may be much higher.					
According to these results, purchase of bottled water is an annually recurring cost to these 389 Summertree customers, representing approximately one-quarter of the community. The approximate annual cost for bottled water just for intake (drinking) purposes is between \$273,000 and \$1,680,000 annually. This does not include the amount of bottle water used for cooking or other purposes. Not all customers who purchase bottle water responded to this survey, so the actual annual costs for bottle water may be much higher.					
(1) Survey results for Summertree compiled from a Summertree residents' survey and from web search. LSR 10/23/13 - 20 to 25% of residents responded to this survey - for informational purpose only. Updated - 11/13/2013					
(2) Known Unknowns: what is not known is the amount of consumption per household or or size of unit of water bottle regularly purchased. Daily fluid intake is estimated below.					
(3) The Institute of Medicine determined that an adequate intake (AI) for men is roughly 3 liters (about 13 cups) of total beverages a day. The AI for women is roughly 2.2 liters (about 9 cups) of total beverages a day. Per household of two persons, that amounts to 3L + 2.2L = 5.2L = approximately 1.25 gal per day per household. (Source: http://www.mayoclinic.com/health/water/NU00283)					

Handwritten notes and signatures at the bottom of the page, including a date stamp "11/13/13" and a signature.



Summertree Water System Proposed Water Quality Improvements

Docket # 120209-WS

Parties/Staff Handout
Internal Affairs/Agenda
on 11/14/13
Item No. 4

Utilities, Inc. of Florida, the supplier of water and wastewater services throughout the Summertree community, has initiated an engineering effort to design and construct new water treatment facilities that are designed to provide improvements to the public water supply throughout your community. The Utility is pleased to provide below a brief description of the proposed project, its purpose, components and timeline. Additional information will be forthcoming in future issues.

What is the objective in designing the new facilities?

Groundwater native to our aquifer contains elevated levels of naturally occurring total sulfide that cause noxious odors to be present in the drinking water. This results in numerous customer complaints. The new water treatment process is designed to reduce this sulfide concentration to a nominal amount. This in turn will cause a reduction in the amount of chlorine used in the disinfection process and thereby improve the taste of the water. Additionally, the treatment process is designed to remove color from the water. Water treated in this process will have a more stable chlorine residual throughout the distribution system. As a result, there will be a reduction in flushing activity and the amount of water used for flushing.

Where will the facilities be built?

The centralized water treatment plant will be located on Utility property on the west side of Paradise Pointe Way south of Pampas Drive. Additionally, raw water mains will connect the water supply wells to the treatment plant. Finished water mains will connect the treatment plant to the distribution system so as to provide adequate pressure and flow during peak demand periods.

When will construction begin and how long will it take?

Assuming the Utility does not encounter extensive delays in the permitting phase that is now under way, construction will likely start in the first quarter of 2009. It is anticipated that construction will take six to nine months followed by testing, start-up, and final clearance by the Florida Department of Environmental Protection. The Utility anticipates having the new facilities on line and in service before the end of 2009.

What treatment method will be used?

Over the last few months, the Utility's design engineer, Tampa Bay Engineering (TBE), conducted a series of pilot studies to determine which treatment technology offers the most efficient and cost effective method of addressing odor and color issues. This effort identified packed tower aeration as the preferred alternative based on a combination of factors including: present and future regulatory constraints, capital and O&M expense, operational reliability, staffing requirements, chemical treatment, chemical storage and energy expense.

What facilities will be constructed and how big will they be?

The current design includes twin cylindrical aerators that will be used to strip sulfides from the raw water, an adjacent biofilter to treat the sulfide off-gas, a ground storage tank for finished water, an electrical control building and field office, chemical storage, pumping equipment, an emergency

generator, and disinfection equipment. The facilities are designed to meet the needs of the Summertree community when it is fully built out. These project components will be clustered on about one acre of the Utility's property and utilize a portion of the field that is already devoid of trees. It is our hope that the existing tree line will remain and act as a visual buffer.

What will be the impact of construction on the Summertree community?

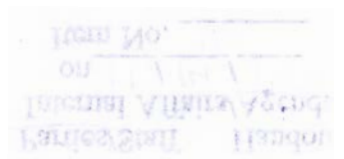
The amount of truck traffic associated with construction of the water treatment facilities will not be substantially different from the traffic generated from home construction activities. Landscape buffers will be established in conformance with Pasco County land planning regulations. Water mains will be constructed primarily using directional drilling methods to minimize the impact of the work on property owners, residents and guests. Water mains will be routed along road rights-of-way and through utility easements. Some of the pipe work will include open trench construction methods, but the contractor will be required to restore work areas to pre-construction conditions.

What agency reviews the design of the facilities and issues a construction permit?

The Florida Department of Environmental Protection regulates all community drinking water systems in Pasco County. FDEP is in the process of reviewing construction plans prior to issuing a construction permit. Additionally, the project will undergo site plan review and approval by the Pasco County development review process.

How will you be able to get more information about the project?

If you have questions about this project, please call Customer Service at 1-800-272-1919 between 8:00am and 4:30pm. Alternatively, you can email us at florida@uiwater.com.



UIF Summertree History – Summary of 22 years of rate increase requests and continued quality of service issues stemming from water source

Docket No.	900928	910020	920834	020071	060253	090462	120209
Request	Approval of transfer of Paradise Pointe West (aka – Summertree) to UIF	1991 Rate Case	Limited Proceeding to establish rate base for Summertree & increase rates	2002 Rate Case – establish county-wide uniform rates	2006 Rate Case	2009 Rate Case	Current Rate Case
Order No.	Order No. 24259	Order No. 25821	PAA Order PSC-93-0430-FOF-WS	Order PSC-03-1440-FOF-WS	Order PSC-07-0505-SC-WS	Order PSC-10-0585-PAA-WS	TBD
Quality of Service	No finding	Satisfactory	Satisfactory	Stipulated as Satisfactory	Unsatisfactory	Qualified Satisfactory	Staff Rec - satisfactory
Requested Rate Increase	n/a	unknown	Req. 45.70% increase	Req. 24.47% increase	Req. 65.25% increase	UIF Granted 48.52% interim increase	Req. 36% increase
Authorized Rate Increase for water	Water - \$5.36 per month for first 4,000 gal + \$0.53 for each additional 1,000 gals	Received 81.89% increase	Received 34.85% increase	Received 16.24% increase	Received 33.34% increase. No rate decrease ordered for unsatisfactory	Received 28.17% increase. Partial interim rate refund ordered	Staff Recommending 26% increase. BFC \$15.72 0-3kgals = \$4.81 3+kgals = \$5.28
Notes:	When UIF acquired Summertree, the water and wastewater systems were non-compliant with DEP standards	Several areas of concern expressed by the customers for UIF should continue to address: fire protection, water odor and appearance , and infiltration.	Stagnant water and bad odors primarily on those streets that have closed systems or dead-end lines. Problems with odors, rust, and low pressure . Bulk water agreement with Pasco County only for fire protection.	At the hearing, parties stipulated that quality of service was satisfactory.	Unsatisfactory – non-compliance with DEP standards (TTHMs) and water pressure problems, offensive smell and taste, and brown color of water .	Satisfactory finding contingent upon UIF retesting water for DEP primary & secondary standards at the point of entry to distribution system. Undesirable attributes, including taste, odor, and color	Missing analysis of 3,392 Customer Protest Forms with Quality of Service issues & Customer Petition signed by 545 of 1,200 customers. Both items were e-filed & provided to Commission prior to Staff Rec filing.

Parties/Staff Handout
Internal Affairs (Agenda)

on 11/14/13

Item No. 4

Docket No. 120209-WS

12/6/10
Meeting
Agenda

UIF MEETING AGENDA
December 6, 2010

- ✓ 1. Review the e-coli notification and follow-up. Not everyone was notified and we would like some documentation on how this matter was addressed. Several residents reported being ill just prior to and during this time frame.
- 2. Now that UIF has implemented their new rates, we would like to know how the refund from interim rates to current approved rates will be implemented. Basically, what is the time frame for reimbursement credit?
- ✓ 3. We would like a diagram of the location of our wells and of flush points throughout the community.
- ✓ 4. We want to discuss the programmable flushing devices that might be installed to our flush points. We have questions regarding how the water would be disbursed and cost to the community.

One time

interim
difference - current

2 Pilots Merganser

3/4" Tournament

2" CCreek

improves
efficiency
individuals

Parties/Staff Handout
 Internal Affairs Agenda
 on 11/14/13
 Item No. 4
 Docket No. 120209-WS

Utilities, Inc. Meeting Roster, December 6, 2010

CHAIR: Ann Marie Ryan

Utilities, Inc. of Florida

Patrick Flynn, Regional Director

Mike Wilson, Regional Manager

Arborwood:

Janet Orlandino

Cross Creek:

Barbara Doyle

Richard Clissold

Fairways:

Carol Povolny

Greens:

Pat Foley

Joe Jabolanski

Pointe West:

Marion Dahl

Marianne Flanagan

Nancy Hovey

Villas:

Judy Harris

C2010-24

UTILITIES INC MEETING

A-Water contains sulfide:

1. Company must flush mains to reduce chlorine residue
2. A change in regulation forces water company to add ammonia to reduce trichloroethenes

12/16/10

B-Construction of new treatment center for Summertree:

1. Need treatment plant to remove sulfide-treat gases to be benign
- 2-Treatment removes carbons before adding ammonia-possibly will be able to stop adding ammonia

New
Utility
Plant
Amenities

ammonia

- a-Chloramines have been used for a hundred years

C-New Plant Building

- 1-10-25' high tower aeration equipment
- 2-Bio-filter to treat sulphur odors is to be close to ground
- 3-Above ground storage tank with pump station
- 4-Small building for equipment and staff
- 5-County must agree to plan with EPA approval

D-Plan process:

- 1-Need permit approval
- 2-After approval receive bids from contactors
- 3-Award contracts and begin building
- 4-County inspects and analyzes plant
- 5-Building will cover approximately 1/4 of the land; placement near to the road on

Northeast corner

- a-Water rates will further increase

6-Will videotape roads and grounds before construction and will return all property to pre-construction condition

E-Company will address residents and answer questions at a special meeting

F-Will help with new landscaping

C2010-25

Wire - Jamp Boy Engineers

- Utilities

Change type of permit - applied minor ^{modification} change

a - added 1.8 acre - put over 10 acres

b - 2 permits ① for plant ① for pipeline

c - buffering zones - only for wetlands

d - make repairs to damaged roads (usual) - 1 yr. warranty on contracting

Landscaping plan must be submitted to county for approval - Patrick Flynn must be contacted

- l - rock formation causes minerals:

f - hurricane 140 mph. must withstand

g - want to begin mid 2009.

Need approval of ERP pipeline under Arborwood

a - went through all property to be within environmental

c - Public Service Commission - Utilities granted certificate

Wire fence around all the buildings

Bldg. 13' tall - in front

8' # 26 tall - 1.9 acres

10' from road.

Utilities
Inc.

14/10
Engineer
Report

Good morning, Ann Marie,

Thank you so much for setting up last Monday's meeting with the representatives of the various neighborhoods within Summertree. I agree with you that improving communication with our customers is our common goal. It is why we wanted to meet with the advisory group, especially to discuss the notification process associated with the recent positive E. coli sample result at Summertree Well #2. As we discussed, bacteriological sampling occurs monthly in Summertree. We sample each of our water supply wells. We also sample at various locations in the distribution system using an FDEP-approved sampling plan and then send the samples to a commercial lab for analysis that takes about two days to complete. Once the lab confirmed the presence of E. coli bacteria in the November Well #2 sample, the lab promptly notified utility personnel who immediately notified FDEP and the customers using our reverse 911 calling system. By quickly isolating Well #2 from the distribution system, we were able to protect public health while continuing to maintain water service. We then took five additional samples from the well as required by rule, which all turned out negative. This is an example of how public health is protected through a multi-barrier approach. It's also important to emphasize that we have never had an E. coli positive sample in the 20 years we've owned the system, which makes me suspect that the one positive result was caused by sampling error, not because of contamination of the water supply.

As you know, we discussed many additional topics on Monday that were pertinent to the Summertree community. You may recall that we talked about how we execute unidirectional flushing of the Summertree distribution system beginning at our three wells and moving radially outward. We also clarified that the "looping" of the distribution system does not mean that every water main on every street is connected from two different directions but that the system has large size pipes that feed smaller pipes that ultimately end at the

12/20/10
Email
From
Patricia
Flynn

C2010-28


periphery of the system, what we call dead ends. "Looped water mains" from our perspective denotes that there are larger diameter pipes that connect the multiple well sites, and depending on the specific address, the piping network provides the means to isolate portions of the system to make repairs without having to impact the whole community. Water does not continually circulate through the piping network like a giant Jacuzzi. Instead, the wells operate in response to a slight drop in pressure that reflects water demand. As water is used, the pressure drops sufficiently to trigger one or more wells to run resulting in water flowing from the wells to the piping system and then to customer taps. The wells run until such time as the pressure returns to the top end of the operating range and then turn off. The process is repeated routinely in order to deliver adequate volume and pressure throughout Summertree.

Mike and I failed to make clear that we would be conducting a unidirectional flushing activity throughout Summertree in coordination with our "burn" of the system. I assumed incorrectly that all of you at the meeting had already received the notice that was mailed to all customers on November 30 in which we outlined the flushing activity and our temporary switch to standard chlorine disinfection beginning on Friday, December 3. In fact, one of the women at the meeting mentioned the strong chlorine smell in her water Monday morning, which was attributable to the change in the disinfection process. The purpose of doing this "burn" is to prevent a buildup of nitrogen compounds in the water mains due to the use of ammonia in the disinfection process. We will be repeating this "burn" process on an annual basis with prior written notice to the customers. To repeat, it was our understanding that we covered that topic sufficiently but apparently that wasn't the case. We can discuss this process further if you would like at our next meeting.

Regarding the posting of the refund due the customers, the PSC rule that applies states the following:

C.2010-29

approach since it is the most timely and cost effective way. Optimally, everyone will have a phone number on their account so all will be able to take advantage of this technology.

 Can you tell me the name of the lady seated directly across from you and to my left? She asked me to look into an issue with a customer's meter being read on Holly Ann Court and I want to follow up with both her and the customer.

You had proposed that the various neighborhood newsletters be used to disseminate pertinent information, either specific to a neighborhood or impacting the whole community. When you provide me with a list of the various HOA presidents with their email addresses, I'll be better able to circulate information to all of the community in a prompt fashion. I want to assure you that we are very much interested in developing a dialogue with the customers through this advisory group, and in that regard, it may be beneficial to meet routinely, perhaps quarterly, in order to provide a platform for improved communications. You offered to provide minutes of last week's meeting as well.

We look forward to meeting again on January 10 where we will provide a status of our pilot test of automatic flushing valves at two locations.

Thanks,

Patrick

(321) 972-035

C-2010-30

JANUARY 2011 -- UTILITIES, INC. UPDATE

1) E-coli Notification Concerns

Water sampling is done daily for chlorine residuals and bacteriological sampling occurs monthly in Summertree as mandated. When a positive result was found for presence of E. coli bacteria in the November Well #2 sample, the lab promptly notified utility personnel who promptly notified the FDEP and Summertree customers by calling the phone number on file with the utility company. (If you were not notified, call Utilities Inc. at 1-800-272-1919 to verify your contact phone number.) By quickly isolating Well #2 from the distribution system, they were able to protect public health while continuing to maintain water service. Five additional samples were taken which all turned out negative. This is an example of how public health is protected through a multi-barrier approach. It's also important to emphasize that UFI have never had an E. coli positive sample in the 20 years they've owned our system, which makes them suspect that it was caused by sampling error, not because of contamination of the water supply.

2) Implementation of New Rates and Reimbursement Credit

Florida law requires that refunds be made within 90 days of the commission's order. The order was dated October 20, 2010 which means that the refund must occur before January 18, 2011. Mr. Flynn stated that the billing department was working on the credits and it will be posted to our accounts within the next 30 days.

3) Location of Summertree Wells and Structure

The committee was shown location of our wells as we requested. Although the mains and pipes are interconnected to maintain pressure throughout the entire system, water does not continually circulate through the piping network like a giant Jacuzzi. Instead, the wells operate in response to a slight drop in pressure that reflects water demand. The piping network provides the means to isolate portions of the system to make repairs without having to impact the whole community.

4) Installation and Cost of Programmable Flushing Systems in Summertree

Flush points are used to control chlorine residuals in our water system. There are presently two trial automated flushing systems in Summertree: one on Tournament View and one on Merganser Drive. These devices can be regulated to run more often and for shorter periods of time and offer more controlled regulation than the current manual system. Additional automated flushing systems and locations are being considered, it will be discussed further in January. The system costs approximately \$300.00 - \$400.00 per installation.

5) **Discussion notes** from Dec. 6, 2010 meeting and Dec.2010 correspondence with Mr. Flynn will be posted on SRF Bulletin Board. The committee will meet with Mr. Flynn and Mr. Wilson again on January 10, 2011.

JANUARY RESIDENTS' INFORMATION MEETING

Wednesday, January 12, 2011 -- 6:30 PM (A)

*Meeting never
happened.
No further
discussion*

©2010 -- 31

EXHIBIT NO. _____

DOCKET NO: 120209-WS – UIF - Summertree

ISSUE: Summertree Quality of Service

DESCRIPTION: “Cost of Interconnection with Pasco
County – Dated: November 5, 2013 &
December 1, 2013

PROFERRED BY: OFFICE OF PUBLIC COUNSEL

Parties/Staff Handout
Internal Affairs/Agenda
on 11 / 14 / 13
Item No. 4
Docket No. 120209-WS

Sayler, Erik

From: Joseph Richards <jrichards@pascocountyfl.net>
Sent: Tuesday, November 05, 2013 1:50 PM
To: Sayler, Erik
Subject: FW: Summertree
Attachments: Summertree water request 2005.pdf

In response to your inquiry regarding the County cost information associated with the possibility of the implementation of an interconnection between the County and Summertree, we would require payment of impact fees which are currently \$1,561.00 per equivalent residential unit (ERU). Based on the systems' average annual water demand of 300,000 gallons per day and our 300 gallons per ERU, this equates to 1,000 ERU's. The total for the water impact fee would be \$1,561,000.00. All meter installation and other construction costs for the installation or upgrade of a suitable bulk service connection would need to be paid for directly by Utilities, Inc. We would estimate \$10,000.00 to \$20,000.00 in expenses, if this is necessary, as there is an existing back-up supply connection in place. Some upgrade assessment of capacity will be required, but we have not investigated this thoroughly. This bulk meter service connection design or upgrade would be subject to review and approval by the County.

Ongoing monthly costs of service for an equivalent eight-inch meter would include a current base charge of \$616.00, plus a use charge of \$3.55 per 1,000 gallons. These are our current rates which are adjusted annually, by the Board of County Commissioners. Initially, an account deposit of \$4,722.00 will also be required. Execution of a bulk water services agreement would be required with a provision that the cost of our service would be reflected in the Public Service Commission-approved rate structure.

I have attached the 2005 request regarding this same issue. Please let us know if you need further information.

Regards,

Joe Richards
Senior Assistant County Attorney
Pasco County, Florida
West Pasco Government Center
8731 Citizens Drive, Suite 340
New Port Richey, Florida 34654
727-847-8120



"Bringing Opportunities Home"

The information transmitted, including attachments, is intended only for the person(s) or entity to which it is addressed and may contain material that is confidential, privileged and/or exempt from disclosure under applicable law. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and destroy any copies of this information. Under Florida law, email addresses are public records. If you do not want your email address released in response to a public-records request, do not send electronic mail to this entity. Instead, contact this office by phone or in writing.

CUSA18A7



PASCO COUNTY, FLORIDA

DADE CITY (352) 521-4274
LAND O' LAKES (813) 996-7341
NEW PORT RICHEY (727) 847-8145
FAX (727) 847-8083

UTILITIES SERVICES BRANCH
PUB. WKS./UTILITIES BLDG., S-213
7530 LITTLE ROAD
NEW PORT RICHEY, FL 34654-5598

December 1, 2005

Mr. Tony Wierzbicki
Construction Manager
Utilities Inc. of Florida
200 Weathersfield Ave.
Altamonte Springs, FL 32714

RE: Summertree - Bulk Water Service Agreement

Dear Mr. Wierzbicki:

In response to your inquiry regarding the County cost information associated with the possibility of implementation of the subject service agreement, we would require payment of impact fees which are currently \$556.00 per equivalent residential unit. These impact fees are subject to change and are currently under review. All meter installation and other construction costs for installation of the bulk service connect would need to be paid for directly by Utilities, Inc. This bulk meter service connection design would be subject to review and approval by the County.

Ongoing monthly costs of service for the stated eight-inch meter would include a current base charge of \$440.80, plus a use charge of \$3.28 per 1,000 gallons. These are our current rates which are adjusted annually, with Board of County Commissioners approval. Initially, an account deposit of \$500.00 will also be required.

As noted in your letter, we have converted to chlormines should you wish to maintain some of your existing supply capacity. Execution of a bulk water services agreement would be required with a provision that the cost of our service be reflected in your Public Service Commission-approved rate structure.

Hopefully, this information is helpful, and let us know if you would like to proceed.

Sincerely,

Bruce E. Kennedy, P.E.
Assistant County Administrator
(Utilities Services)

BEK/ltr/awierzbicki

cc: John J. Gallagher, County Administrator
Robert J. Sigmund, Utilities Fiscal and Business Services Director

UTILITIES, INC. OF FLORIDA

AN AFFILIATE OF UTILITIES, INC
200 WEATHERSFIELD AVENUE
ALTAMONTE SPRINGS, FLORIDA 32714

NOV 4 2005

CORPORATE OFFICES:
2335 Sanders Road
Northbrook, Illinois 60062
Telephone: 847-498-6440

Telephone: 407-869-1919
Florida 800-272-1919
Fax: 407-869-6961
florida@utilitiesinc-usa.com

October 27, 2005

Mr. Bruce Kennedy, P.E.
Assistant County Administrator
Public Works/Utilities Bldg. Suite 213
7530 Little Road
New Port Richey, Florida 34654

Re: Bulk Water Agreement

Dear Mr. Kennedy:

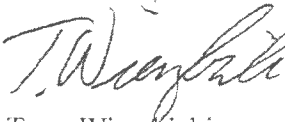
Utilities Inc. of Florida owns, operates and maintains the water system within the Summertree development located off State Road 52 in New Port Richey. A study was recently performed on the raw water supply to identify potential solutions to remedy the color and THM formation issues within the distribution system. The Company wishes to explore the possibilities of a bulk water agreement with Pasco County as an alternate solution for these issues.

Information from the County is necessary in order to perform a cost analysis of the most effective treatment options. Please provide costs associated with any impact fees, the bulk purchase rate, an annual fee and any additional fees required for the bulk purchase through an 8" meter for 1085 residential connections with an average daily flow of 200,000 GPD. Early next year, an additional phase with 146 connections at build out will come online.

Please verify the County disinfects with chloramines. This process will impact our ability to continue to use our existing wells should that be a potential solution identified.

Your help in this manner is greatly appreciated. Feel free to contact me at 407-869-1919, ext. 242 if you need additional information to comply with this request.

Very truly yours,
UTILITIES, INC. OF FLORIDA


Tony Wierzbicki
Construction Manager