

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 140031-WS

INITIATION OF SHOW CAUSE
PROCEEDINGS AGAINST COUNTRY
CLUB UTILITIES, INC. IN
HIGHLANDS COUNTY FOR
VIOLATIONS OF RULE 25-30.120,
FAC, REGULATORY ASSESSMENT
FEES; WATER AND WASTEWATER
UTILITIES.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 4

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

DATE: Thursday, March 13, 2014

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

REPORTED BY: JANE FAUROT, RPR
Official FPSC Reporter
(850) 413-6732

P R O C E E D I N G S

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2 **CHAIRMAN GRAHAM:** As staff is getting set up
3 on Item Number 4, I'll walk you through how we're going
4 to handle this. Staff is going to brief us on the
5 item. We have the owner of the utility, Mr. Harris is
6 going to be on the phone. He is going to speak for
7 three minutes about this issue. We will entertain any
8 questions from the Commission and any questions from
9 staff, and then we'll move forward as normal.

10 Staff.

11 **MS. CORBARI:** Good morning, Commissioners.

12 Item 4 addresses Docket 140031, initiation of
13 show cause proceedings against Country Club Utilities
14 for failing to remit its regulatory assessment fees for
15 the years 2010, 2011, and 2012 in the amount of
16 \$46,836.91, which includes statutory penalties and
17 interest.

18 Staff is recommending Country Club be ordered
19 to show cause in writing within 21 days why it is not
20 obligated to remit payment in full. And the owner of
21 Country Club Utilities, Mr. Greg Harris, is going to be
22 participating by telephone. Staff is available to
23 answer any questions.

24 **CHAIRMAN GRAHAM:** Thank you, staff.

25 Mr. Harris.

1 **MR. HARRIS:** Yes, sir.

2 **CHAIRMAN GRAHAM:** I believe you were informed
3 that we're going to give you three minutes to brief us
4 on your case here, and if you'd hold afterwards for any
5 questions from any Commissioners.

6 **MR. HARRIS:** Yes, sir.

7 **CHAIRMAN GRAHAM:** And you may begin whenever
8 you are ready.

9 **MR. HARRIS:** Good morning, Chairman Graham
10 and Commissioners, and thank you for the opportunity
11 this morning.

12 I acknowledge that CCU is delinquent in its
13 regulatory assessment fees, but am requesting that a
14 order to show cause not be entered at this time. The
15 crux of all of CCU's issues stem from a lack of
16 substantial revenue due to some of the lowest rates in
17 the State of Florida. My rates have remained unchanged
18 since 1992, while operating expenses, maintenance
19 expenses, et cetera, have drastically increased in those
20 22 years. Any argument that the RAFs are included in my
21 rates fails to take into consideration that the cost of
22 water to my customers in 2014 is the same as it was in
23 1992, while all costs incurred on my end have increased
24 exponentially.

25 I am literally stuck between a rock and a hard

1 place. In 2002, I requested a conservation rate to
2 combat the overpumpage by my customers, but was denied,
3 and it was suggested that I implement an aggressive
4 conservation program. In 2013 I was fined over \$83,000
5 by the water management district for overpumpage by my
6 customers. The district reported to the Commission that
7 the average charge district-wide is \$2.70 per 1,000
8 gallons, whereas mine is only 70 cents per 1,000
9 gallons.

10 In 2011 I initiated a request for a
11 staff-assisted rate case, but was told I would not get
12 one unless the RAFs were paid. DEP intervened and
13 persuaded the Commission to do a rate case in 2012, and
14 the Commission accepted my \$2,000 application fee. In
15 October of 2013, however, staff informed our county
16 attorney that unless the RAFs were paid, the rate case
17 would not proceed.

18 I cannot make the necessary upgrades to my
19 wastewater treatment plant that DEP is requiring. I
20 cannot pay the fine that the water district has
21 assessed, and any efforts I have made to encourage
22 conservation have done little, if anything, because most
23 customers think the water is free and most importantly I
24 lack any enforcement power to rectify the overpumpage
25 and my customers know that.

1 While I regret the way that I have handled
2 things with the Commission in the past, please know that
3 I never intended to violate or disregard the law.
4 Simply put, I had no other choice because the money just
5 isn't there.

6 I have done everything in my power to maintain
7 and operate this company at some of the lowest rates in
8 the State of Florida. I have put more than \$140,000
9 into this company since 2011, much of which has been
10 borrowed. I have been forced to sell and/or liquidate
11 personal property and assets to continue running the
12 utility, including the motor home given to me by my
13 mother, my father's coin collection, and my retirement
14 savings.

15 I do not take a salary nor do I pay my wife or
16 daughter for the help they provide. All agencies
17 involved -- Pinellas County, DEP, the City of Sebring,
18 and the water management district -- acknowledge that my
19 rates are too low, except for the Commission. In fact,
20 representatives from the City of Sebring have said they
21 would raise my rates five times what the current rates
22 are.

23 Repayment of the RAFs seems to be the central
24 issues with the Commission, and I am in no position to
25 pay the fines and penalties as outlined in previous

1 letters from the Commission as bankruptcy would be my
2 only option. But I am making a good faith request today
3 that the Commission work with me to establish a payment
4 plan that is economically feasible for me and acceptable
5 to the Commission.

6 On that note, I have some debt retiring in the
7 next few months and will be able to commit to a payback
8 schedule. I will be sending Kelly a schedule this
9 afternoon of possible scenarios of what I can do to
10 retire past-due amounts while keeping current on the
11 future RAFs.

12 In conclusion, I'm requesting that an order to
13 show cause not be entered at this time, and I'm asking
14 the Commission to work with me to find mutually
15 beneficial solutions regarding CCU's RAF payments, as
16 well as moving forward with at least a conservation rate
17 to help me come into compliance with the water
18 management district.

19 Thank you.

20 **CHAIRMAN GRAHAM:** Thank you, Mr. Harris.
21 Hold for any questions.

22 **MR. HARRIS:** Yes, sir.

23 **CHAIRMAN GRAHAM:** Commissioners, any
24 questions of Mr. Harris? Commissioner Balbis.

25 **COMMISSIONER BALBIS:** Thank you, Mr.

1 Chairman. And thank you, Mr. Harris, for
2 participating.

3 I have a quick question. You indicated a
4 proposal to have a payment schedule worked out with
5 staff. Have you in the past notified or had discussions
6 with staff about a payment schedule, or is this the
7 first time that you have proposed this?

8 **MR. HARRIS:** No, sir, we did. I was paying
9 \$500 a month for about seven months until I got the
10 comment back from our county attorney that you're not
11 going to get a rate increase. And at that point in
12 time I decided to put that \$500 towards my vendors.

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

14 **MR. HARRIS:** You're welcome.

15 **CHAIRMAN GRAHAM:** Anything further,
16 Commissioners?

17 Any questions from staff of Mr. Harris?

18 **MS. CORBARI:** No, sir.

19 **CHAIRMAN GRAHAM:** Mr. Harris, if you'd just
20 hold tight and we'll continue.

21 **MR. HARRIS:** Yes, sir.

22 **CHAIRMAN GRAHAM:** Okay. I guess this is back
23 to the Commission. Commissioners, any further
24 discussion of Item Number 4?

25 If no discussion, I'll entertain a motion.

1 Commissioner Edgar.

2 **COMMISSIONER EDGAR:** A question, if I may.

3 **CHAIRMAN GRAHAM:** Sure.

4 **COMMISSIONER EDGAR:** Your questioning is
5 moving faster this morning than my thinking is.

6 (Laughter.)

7 But to staff, is it correct that if the
8 Commission approves the recommendation for a show cause
9 that the staff would continue to work with the
10 owner/operator as he has requested?

11 **MS. CORBARI:** Yes. Staff is always open to
12 proceeding with settlement discussions, and any
13 potential settlement reached would need approval of the
14 Commission. However, staff would recommend to proceed
15 with the show cause just to best protect the
16 Commission's interest at this time.

17 **COMMISSIONER EDGAR:** And what about the
18 customers? What is the best path to protect the
19 customers?

20 **MS. CORBARI:** To proceed with the show
21 cause -- to proceed with the show cause.

22 **COMMISSIONER EDGAR:** And would it be accurate
23 to say that to approve the show cause, that the fact
24 that that puts a timeline in place may help potentially
25 encourage settlement discussions?

1 **MS. CORBARI:** Yes. We believe it will
2 provide a little incentive to have a more concrete
3 settlement proposal from the utility.

4 **COMMISSIONER EDGAR:** Thank you.

5 **CHAIRMAN GRAHAM:** Any further discussion from
6 the Commission? Commissioner Brown.

7 **COMMISSIONER BROWN:** I just wanted to point
8 out that staff has worked repeatedly with this owner
9 and the utility for several years now, isn't that
10 correct, with the payment plan?

11 **MS. EARNHART:** Toni Earnhart with Commission
12 staff.

13 Yes, Commissioner, we have, and we have worked
14 diligently to not pursue compliance actions. And after
15 the payment plan was defaulted, this was our next
16 option.

17 **COMMISSIONER BROWN:** That was my
18 understanding, too. Thank you for pointing that out.

19 **CHAIRMAN GRAHAM:** Further discussion? I'm
20 ready for a motion.

21 **COMMISSIONER EDGAR:** I'll move staff.

22 **COMMISSIONER BALBIS:** Second.

23 **CHAIRMAN GRAHAM:** It has been moved and
24 seconded, staff recommendation on Item Number 4. Any
25 further discussion?

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Seeing none, all in favor say aye.

(Vote taken.)

CHAIRMAN GRAHAM: Any opposed?

By your action you have approved staff
recommendation on all issues in Item Number 4.

Thank you.

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STATE OF FLORIDA)

: CERTIFICATE OF REPORTER

COUNTY OF LEON)

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

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

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

DATED THIS 20th day of March, 2014.



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