



## I N D E X

	SPEAKER:	PAGE NO.:
1		
2		
3	JESSICA CRAWFORD	12
	TERRY MICKET	15
4	MARSHA STRAUGHAN	20
	LINDA McKENNA	31
5	GARY PAPUCCI	41
	SUSIE SANDERS	59
6	JOHN FLEMING	61
	DOROTHY BETH MULLINS	66
7	BRENDA KREEGER	67
	ANDY WERNER	70
8	JEFF LASKOWSKI	72
	ANGELO DeSANTIS	74
9	GARY WIEPKING	75
	MARIE TAYLOR	79
10	WILLIAM BEVERLY	80
	DOUGLAS ALLEN	82
11	GARY RAMEY	85
	RICHARD HOPSEKER	86
12	RUSS WILKINS	88
	ELAINE WIEPKING	91
13	KATHI ADKINS	95
	VANESSA HAMPTON	96
14	BRENDA KREEGER	101
	DOUGLAS ALLEN	103
15	LINDA McKENNA	104
	BRENDA KREEGER	106
16	VANESSA HAMPTON	106
17		
18		
19		
20		
21		
22		
23		
24		
25		

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

1  
2           **MR. MOURING:** Good evening, ladies and  
3 gentlemen. If I could have everyone's attention. I've  
4 got 6:00, so if everyone could take their seats, we'll  
5 go ahead and get started.

6           First of all, I wanted to thank everybody for  
7 coming tonight. What we're here for is the customer  
8 meeting in Docket Number 130194-WS, and that's for  
9 Lakeside Waterworks in their staff-assisted, their  
10 application for a staff-assisted rate case.

11           Let me first introduce myself. My name is  
12 Curt Mouring. I'm with the Florida Public Service  
13 Commission. I'm a Public Utilities Supervisor in the  
14 Division of Accounting and Finance.

15           The gentleman who greeted you at the door is  
16 Mr. Dick Durbin, and he's from our consumer outreach  
17 group at the Commission.

18           I've just got a brief presentation here. And  
19 what I'm going to discuss is just kind of an overview of  
20 the SARC process, give a summary of staff's report,  
21 which is a preliminary report, and take some comments  
22 and questions from you, the customers.

23           The staff-assisted rate case or SARC process  
24 was developed by the Legislature through Section 367 to  
25 assist customers of small utility companies that

1 generally don't have a large amount of working capital,  
2 a large amount of -- a large customer base to spread  
3 costs over. And the reason why we do staff-assisted  
4 rate cases is to shift some of the burden of conducting  
5 a rate case away from the utility and to the Commission  
6 staff. And what that does is that saves on rate case  
7 expense.

8           Typically for a larger utility filing for rate  
9 relief they would need to prepare a detailed set of  
10 schedules which outlines the specific relief that  
11 they're requesting. They need to hire consultants and  
12 other professionals and legal counsel, and that can  
13 really add up and that -- I mean, up to between 80 and  
14 \$100,000 or more. And that -- by having the Commission  
15 staff carry the majority of the load, that reduces that  
16 down significantly. And that's a prudent expense that  
17 would be borne by ratepayers otherwise.

18           Just a little overview on the SARC process,  
19 the utility starts the process by filing an application  
20 requesting rate relief. The Commission staff will  
21 conduct an audit of the utility's books and records and  
22 establish a 12-month historic period for a test year.

23           Staff will review the audit report. Our  
24 engineering staff will go out and inspect the utility's  
25 facilities. We'll also look at operation and

1 maintenance data and billing records before we prepare  
2 our staff report.

3 Staff will also conduct a customer meeting,  
4 which is where we are right now, to gather information  
5 from you, the customers, and to hopefully give you guys  
6 some information about the process and how you can  
7 participate.

8 Then, lastly, staff will prepare a  
9 recommendation. I apologize if that's difficult to see  
10 there, but staff will prepare a final recommendation for  
11 the Commission. The staff report, again, I'm going to  
12 stress that it's a preliminary report, and it's prepared  
13 as a basis for conducting the customer meeting, just to  
14 give you guys an idea of the scope, the magnitude of  
15 what the rate case is going to likely generate. Just  
16 kind of a talking point of here's what rates could very  
17 well look like based on a preliminary examination.

18 Staff's position may certainly change based on  
19 information obtained subsequent to the issuance of the  
20 staff report. If we receive additional information from  
21 the company or information from the customers, things  
22 can change as a result of that. So, again, the numbers  
23 that are in this yellow Special Report are derived from  
24 the staff report and they are subject to change. I just  
25 want to make sure that's very clear.

1           This customer meeting is conducted by the  
2 Commission staff in the utility's service territory to  
3 provide customers the opportunity to provide input to  
4 staff regarding the utility, which may include but is  
5 certainly not limited to the proposed rates; customer  
6 service received by you, the customers, from the  
7 utility; the quality of service; the quality of the  
8 product; and any billing issues that you may have had.

9           The Office of Public Counsel and utility  
10 representatives are also permitted to attend the  
11 meeting, but it is not their meeting. I don't believe  
12 we have anyone from the Office of Public Counsel here  
13 this evening, but there are, I believe, three utility  
14 representatives here. If you'd like to speak with them  
15 directly, they are here. They're towards the back of  
16 the room.

17           Staff's recommendation. After the customer  
18 meeting and staff prepares its final recommendation with  
19 staff's proposed rates, the recommendation will be voted  
20 on by the Commission at a regularly scheduled agenda  
21 conference in Tallahassee. The recommendation in this  
22 case is currently scheduled to be filed on November 13th  
23 and the agenda conference is tentatively scheduled for  
24 the 25th of November. At the agenda conference the  
25 Commissioners may ask questions of staff prior to

1 voting. The utility may participate. The Commissioners  
2 may have questions for the utility. And the  
3 Commissioners can vote to approve, deny, or modify  
4 staff's recommendation. They are the ultimate  
5 decision-makers. Customers are also certainly permitted  
6 to attend the agenda conference in Tallahassee and  
7 address the Commissioners directly. If you do plan on  
8 attending and you wish to address the Commissioners,  
9 please let someone from Commission staff know that  
10 you're there so that we can make the appropriate  
11 arrangements. And again that's November 25th.

12 After the agenda, the Commission will vote.  
13 After 20 -- 20 days after the Commission votes, an order  
14 will be issued, a PAA order, proposed agency action  
15 order will be issued. Once the order is issued, the  
16 21-day protest period will begin where any substantially  
17 affected party other than the utility may protest the  
18 order and request a formal hearing under Section 120.57.

19 As part of the SARC process, in exchange for  
20 the Commission bearing the brunt of the workload, the  
21 utility is not permitted to protest unless rates that  
22 are approved would generate less revenue. So unless  
23 there's a rate decrease that's approved, the  
24 Commission -- the utility cannot protest the  
25 Commission's PAA order in a staff-assisted rate case.

1           If a timely protest is filed, a hearing with  
2           at least three of the Commissioners will be scheduled in  
3           or about the customers of the utility's actual service  
4           territory. The utility and protesting parties will  
5           litigate the protested issues. Customers can actually  
6           testify at that customer service hearing.

7           Then there will be a formal hearing in  
8           Tallahassee where each party is responsible for filing  
9           testimony, putting on witnesses, preparing  
10          cross-examination, conducting depositions, and attending  
11          the prehearing conference held in Tallahassee. After  
12          the hearing, staff will prepare a post recommendation --  
13          a post-hearing recommendation based on the record  
14          developed at the hearing. No participation from the  
15          utility or customers is permitted at the final agenda.  
16          And a final, a final vote will be made and the final  
17          order will be issued. That final order would only be  
18          appealable to the First DCA of Florida.

19          So here's some specifics about this  
20          staff-assisted rate case for Lakeside. The utility's  
21          last rate case application was filed in 2007 by  
22          Shangri-La By the Lakes Utilities but was subsequently  
23          withdrawn. And the utility was granted its operating  
24          certificate in 1994.

25          The primary drivers for why the utility is



1 seeking rate relief here is that they're earning,  
2 they're earning, they're operating at a loss right now.  
3 They're earning below their authorized rate of return.  
4 And the primary drivers of that are O&M expenses  
5 increasing subsequent to the change of ownership.

6 Here we have some of the staff-adjusted test  
7 year figures. For the water operations -- I'm sorry.  
8 For the water operations we've got revenues of \$38,806,  
9 with operating expenses of \$60,436 with an operating  
10 loss of \$21,630. And similarly on the wastewater side,  
11 operating at a loss of \$26,401 based on staff's  
12 adjust -- preliminary adjustments.

13 Again, based on staff's preliminary numbers,  
14 here are the proposed comparison of the proposed bill  
15 impact, the rate impact. For water the base charge  
16 would be going from 12.96 to \$15.80, and the usage  
17 charge or gallonage charge would be going from a flat  
18 \$1.23 per 1,000 gallons regardless of how many -- of how  
19 much water is used to an inclining block rate structure  
20 that has two tiers -- one for the first 4,000 gallons  
21 where each 1,000 gallons would be billed at \$4.02, and  
22 each 1,000 gallons above 4,000 would be billed at  
23 \$10.21 -- I'm sorry -- \$10.28.

24 And at the bottom here, I apologize, that's  
25 kind of cut off, we have a total bill for a 4,000-gallon

1 customer under the current rates would be \$17.88 and  
2 under the proposed rates would be \$31.88. And I believe  
3 that same information is in here on, I think it's  
4 page 3 towards the bottom it has a 4,000 typical  
5 residential bill at 4,000 gallons as that. And it also  
6 provides total bill comparisons for 6,000 and 10,000  
7 gallons.

8 Here's the wastewater rates. The existing  
9 charges are a base charge of \$10.01 and a gallonage  
10 charge of \$2.46, and we'd be going to a proposed base  
11 charge of \$15.47 and a gallonage charge of \$7.68.  
12 Likewise on page 4 it provides a comparison of a typical  
13 bill.

14 Now on the wastewater side I would want to  
15 point out that the usage is tapped at 6,000 gallons, so  
16 that's why there's no difference between the typical  
17 bill at 6,000 and the typical bill at 10,000. No usage  
18 over 6,000 gallons is billed.

19 Again, just in this case staff's  
20 recommendation on this SARC is tentatively scheduled to  
21 be filed November 13th for the November 25th agenda  
22 conference in Tallahassee. Again, the Commission may  
23 either approve, deny, or modify staff's recommendation.

24 So here's where we talk about how you can  
25 participate in the process. And the first thing you can

1 do is sign up to speak where Mr. Dick Durbin is at the  
2 door, sign up to speak. This meeting is being recorded.  
3 It will be placed in a docket file where the  
4 Commissioners will have full access to it. They can  
5 listen to the audio. They can hear your concerns  
6 firsthand. If you do speak, please come forward to the  
7 microphone. The meeting is being recorded.

8 Here's an example of another way you can  
9 participate in the process. The very last sheet of your  
10 special report is actually a pre-addressed comment,  
11 consumer comment letter that you can fill out and mail  
12 into the Commission. It will also be placed in a  
13 correspondence docket file that the Commissioners will  
14 be able to access. If you're not able to attend the  
15 customer meeting in Tallahassee, you can watch it or  
16 listen to it live on the Internet via the Commission's  
17 website, which is at [www.FloridaPSC.com](http://www.FloridaPSC.com). I think that  
18 website is in here too, Dick.

19 **MR. DURBIN:** It's on the second page.

20 **MR. MOURING:** Yeah. The website is in your  
21 Special Report also on the second page. And on there,  
22 if you go to, at the very top -- I don't -- I'm sure you  
23 can't read that, I can barely read it -- there's a tab  
24 that says Agendas and Hearings. If you click on that,  
25 it'll bring down a drop down menu where you can -- one

1 of the choices is audio and video coverage. And on  
2 November 25th, you can stream the actual Commission  
3 agenda. You can watch the video with audio or you can  
4 just stream the audio, if you'd like. And you can also  
5 come up to Tallahassee and attend in person. Again, if  
6 anyone wishes to travel up to Tallahassee and address  
7 the Commissioners, all that we ask is that you please  
8 make us aware so that we can make sure that the  
9 Commissioners know that you're there.

10 You can also reach out to the Office of Public  
11 Counsel. They are an advocacy group that advocates  
12 specifically on behalf of customers. There's their 800  
13 number and their website, FloridaOPC.gov. You can also  
14 call the Florida Public Service Commission consumer  
15 assistance, and there's our 800 number, and again the  
16 website, FloridaPSC.com. And that's the end of my  
17 presentation here.

18 Before we get started on the consumer comments  
19 section, this evening we do have with us Ms. Jessica  
20 Crawford from Senator Hays' office, and she is here and  
21 would like to make a brief comment. So I will turn the  
22 floor over to her.

23 **MS. CRAWFORD:** Hello, everyone, and thank you  
24 for letting me be here. The senator, you know, does  
25 wish that he could be here. He had another event -- I'm

1       sorry -- that had been scheduled. But he is aware of  
2       the issue. I know we have received several letters from  
3       you all with your concerns and with the rate increase.  
4       So, you know, he wanted me to say a few things. You  
5       know, while the senator knows and we all know a water  
6       company --

7               (Technical difficulties with sound system.)

8       Okay. Sorry about that. You know, while he  
9       understands and we all know that a company, a water  
10      company does need to make a profit, and while your  
11      current rates do seem low, he does seriously question  
12      the appropriateness of such large increases at once. I  
13      know in the letters you all said it was up to 300  
14      percent, and I know that's a lot for you all.

15             So what he believes that should happen is more  
16      information needs to be conveyed to you all to let you  
17      know the rate of return the company is allowed in  
18      statute and why these increases are justified so you all  
19      know why this is happening. And, you know, the senator  
20      has filed legislation in the past that deals with this,  
21      and, you know, we haven't gotten much traction, but this  
22      is an issue that he is aware of and this isn't the first  
23      time we've heard about it. So he knows and, you know,  
24      we're here to try and help. And I want to get more  
25      familiar with the issue. That's why I'm here to take

1 notes. And if you all want to talk to me after or, you  
2 know, meet with the senator at any time, just, you know,  
3 let me know. I'll give you my information. But I'm  
4 just, you know, happy to be here and hear what you all  
5 have to say and see what we can do. So thank you. If  
6 he was here, he would say more, but I'm not the senator.  
7 So that's it for me.

8 **MR. MOURING:** All right. Thank you.

9 **MS. CRAWFORD:** All right. Thank you.

10 **MR. MOURING:** All right. And before we get  
11 started here -- and I will call you up in the order in  
12 which you've signed up -- Ms. Crawford brought up an  
13 excellent point. We did -- we have received a lot of  
14 letters from you guys where you reference a 300 percent  
15 increase. And I did want to address that a little bit  
16 in terms of, hopefully give you guys a better  
17 understanding of what the new rates actually mean in  
18 terms of what you'll actually be paying. And I did  
19 discuss briefly the switch on the water side from a flat  
20 rate, from a flat gallonage rate regardless of how many  
21 gallons you use to a tiered and inclining block  
22 structure with two tiers. The only way that you'd  
23 really see a 300 percent increase would be if you're a  
24 heavy user in the 11,000 to 12,000 gallons a month.

25 **UNIDENTIFIED SPEAKER:** That's not true.

1 That's not true. (Inaudible.) I know that's not true.

2 **MR. MOURING:** Okay. Well, I'd be happy to  
3 speak with you about -- and get your perspective on  
4 that.

5 So the first tier, the \$4.02 recommended water  
6 rate, gallonage rate, for a lower user at about 2,000  
7 gallons a month would be looking at a total bill  
8 difference of closer to about 50 percent increase. The  
9 more water you use, the higher the percentage of overall  
10 increase in your total bill is going to be. And, again,  
11 that's as a result of the rate structure. So I -- if  
12 you have additional questions, I'd certainly be able to  
13 speak with you and hopefully try to answer your  
14 questions.

15 But with that being said, I will go ahead and  
16 we will start with Terry Micket. If you would come up  
17 to the podium here, and please remember that this  
18 meeting is being recorded, and state your name, your  
19 address, and please spell your last name. Is Terry  
20 Micket here?

21 **UNIDENTIFIED SPEAKER:** He's right over there.

22 **MR. MOURING:** Oh.

23 **MR. MICKET:** It's me. It's me.

24 **MR. MOURING:** I apologize.

25 **MR. MICKET:** That's okay. Can everybody hear

1 me?

2 (Audience responded yes.)

3 Okay. First off, I'd like to thank the PSC  
4 for coming. I'd like to thank the Waterworks guys for  
5 shelling off all of our, all of our neighbors here at  
6 Shangri-La and all of our extended neighbors at both  
7 neighborhoods from both ends of the park. Thank you for  
8 coming.

9 I'm not here to represent Shangri-La as a --  
10 I'm a director on the, on the board, but I'm not here to  
11 direct that. I think these questions need to be asked  
12 of each of us and all of us and we need to be asking  
13 them to them.

14 My concern is, number one, I'm getting an  
15 increase for water as proposed for my water. Just what  
16 do I get for that increase? What additional -- what do  
17 I get for that? The question that I'm asking is if  
18 they're going to -- say I use 4,000 gallons a month,  
19 okay, and then one month I use 7,000 gallons because my  
20 lawn needs more water, okay, is there a reliable way to  
21 charge me for that period of time?

22 As we all know, our water bills come in  
23 normally 29 to 31 days of use. If I use more at the end  
24 of one month, is it, is the, is my bill going to be for  
25 total gallons used that month?



1           **MR. MOURING:** Yes, it would.

2           **MR. MICKET:** Okay. So given that, and you're  
3 asking, they're asking for an increase, and I understand  
4 that every company needs to make a profit and I don't  
5 object to any company making a profit, I just object to  
6 the fact that normally with a profit comes something for  
7 the consumer. I don't know that we're getting any more  
8 than we ever got before, yet we're being asked to pay  
9 more for it.

10           Also I want -- also I want to address, and  
11 this is probably more for the water guys, is the quality  
12 of our water. There's several residents here that have  
13 had problems with their quality of water -- black rings  
14 in toilet bowls. A lot of folks here that live in the  
15 park don't even drink the water. They go out and buy  
16 bottled water because they're afraid to drink the water.

17           Again, why are we being asked to pay an  
18 increase for water that we can't even drink? These are  
19 points that need to be made. When it's your turn to  
20 speak up, please reinforce these questions because I've  
21 been asked by a lot of folks to address a lot of  
22 different things. So when it's your turn to speak,  
23 please, you know, amplify or exemplify maybe these  
24 points that I'm trying to make.

25           I do think that a fair, adequate -- a fair

1 adjustment is needed. I talked to this gentleman before  
2 and I went online and I read the PSC's mission  
3 statement. Their mission statement reads to facilitate  
4 an efficient provision for safe and reliable services at  
5 fair prices, and I agree that that's probably what  
6 they're doing. I disagree with the word "safe and  
7 reliable." We have -- we had a water test done. We all  
8 got the letter in the mail that said our water test was  
9 done, our water was adequate. And if you look at that  
10 water test results, it's the same results for 2014 by  
11 the number, by the decimal as 2013, as 2012. So now I  
12 have to ask the question, we're asking for a rate  
13 increase. Do we have a new water test and can we get an  
14 independent test that's not done by Lakeside Waterworks  
15 or U.S. Water or whoever you guys work for. The point  
16 is that we need to know the quality of our water is good  
17 before we're expected to pay an increase, and I'm asking  
18 the PSC do they agree or disagree with that.

19 **MR. MOURING:** Well, again, the quality of the  
20 product provided is a cornerstone of staff's analysis --  
21 I'm sorry -- and our engineering staff will look into  
22 that. The Public Service Commission is not the primary  
23 agency in terms of jurisdiction when it comes to water  
24 quality issues. That would be the Department of  
25 Environmental Protection or the county health

1 department.

2 But there are adjustments that the Commission  
3 can make in taking into consideration the quality of the  
4 water as deemed by the DEP or the county health  
5 department. But our engineering staff will certainly be  
6 looking into that.

7 **MR. MICKET:** Thank you. And the final point  
8 that I'd like to make, because I read over mission  
9 statements, goals and objectives for the PSC, and as  
10 they relate, as I learned from you as they relate, I'm  
11 not so convinced that the PSC is meeting all the goals  
12 and objectives. I would ask the PSC to do a  
13 self-evaluation and see if they truly are meeting all  
14 the goals and objectives by providing us safe and  
15 efficient water. That's all I have. Thank you. And  
16 don't be afraid. If you're on the list to speak, please  
17 get up and speak your mind. That's the only way that  
18 we're going to learn anything anymore and allow these  
19 folks to help us. Thank you.

20 **UNIDENTIFIED SPEAKER:** Can I speak out of  
21 turn?

22 **MR. MOURING:** Have you signed up to speak?

23 **UNIDENTIFIED SPEAKER:** Yes, I have.

24 **MR. MOURING:** We will get to you, if you don't  
25 mind. We'll just --

1           **UNIDENTIFIED SPEAKER:** Well, it's in reference  
2 to what Terry is talking about.

3           **MR. MOURING:** We'll get to you, sir.

4           **UNIDENTIFIED SPEAKER:** All right.

5           (Inaudible.)

6           **MR. MOURING:** All right. And, again, I  
7 think -- I do appreciate your comments, Mr. Micket.  
8 And, again, none of the Commissioners were able to be  
9 here tonight. If you do have concerns, please make them  
10 known. The Commissioners, that's the only way they're  
11 going to know about it is the record that we build here  
12 tonight. So if it's already been brought up by another  
13 customer, by all means, please bring it up again if it's  
14 pertinent to you. Please, please make sure that we get  
15 all of your concerns onto the record.

16           Our next speaker is Ms. Marsha Straughan.

17           **MS. STRAUGHAN:** Straughan.

18           **MR. MOURING:** Straughan. Thank you.

19           **MS. STRAUGHAN:** I have a letter here I would  
20 like to read.

21           **MR. MOURING:** I'm sorry. Could you speak into  
22 the microphone?

23           **MS. STRAUGHAN:** I have a letter here that I  
24 would like to read from James Mall (phonetic). He is a  
25 customer and President of the HOA.

1           "Please allow this letter to be read at the  
2           September customer meeting as I will be unable to attend  
3           due to prior commitments that take me out of town. It  
4           is my plan to attend the November meeting in  
5           Tallahassee, if possible.

6           "On May 14th, 2014, per your letter, we were  
7           informed that the customer meeting could not be, would  
8           not be continued to no earlier than October 2014. Your  
9           letter suggested that we contact our R. J. Reilly [sic],  
10          Public Counsel. After contacting R. J. Reilly the  
11          meeting was changed again to September 11th, 2014. A  
12          September 11th day is better than the previous July 24th  
13          date, but it's still too early as the majority of the  
14          snowbird residents of Shangri-La do not return until  
15          late October.

16          "The purpose of the meeting is to give  
17          customers and other interested persons an opportunity to  
18          offer comments regarding the quality of service the  
19          utility provides, the rate hikes, and to ask questions  
20          and comment on other issues.

21          "Since Lakeside Waterworks has taken over the  
22          water pressure has improved and their response to  
23          customer needs has been adequate. The majority -- the  
24          major concern is the proposed rate increase. Most of  
25          the residents are retired on fixed incomes, and

1 depending on the outcome of this rate case increase  
2 could have a major impact on their monthly budgets.

3 "In their informational letter sent out by  
4 U.S. Water on August 13th, it states that the current  
5 rates in the staff preliminary rates listed here,  
6 currently for water is 1.23 per gallons. The proposed  
7 rate increase is \$4.02 for 0 to 4000 gallons, for a rate  
8 increase of 226.82 percent. The proposed rate increase  
9 is \$10.28 for over 4,000 gallons for a rate increase of  
10 735.77 percent.

11 "The current rate for wastewater is \$2.46.  
12 The proposed rate increase is \$7.68, for a rate increase  
13 of 212, 212.19 percent. This facility charge by meter  
14 size, currently \$12.96, proposed \$15.80. That's a  
15 21.91 percent increase. The base facility charge for  
16 all meters apparently \$10.01, proposed \$15.47, for an  
17 increase of 54.54 percent.

18 "The result of these proposed increases would  
19 result in many residents paying more for water than  
20 electricity. Water rate increases of 200 percent and  
21 735 percent is excessive and unfair. Please consider  
22 all the ramifications of your actions before making your  
23 decision. Respectfully submitted by James Mall."

24 I also have a letter from Richard Carter. It  
25 says, "Dear Staff and Commissioners, my letter to you as

1 of May 21st was a request to reschedule the July 24th  
2 hearing date. Subsequently I became aware that the  
3 hearing was rescheduled to September 11th.

4 "This is my written submission to be  
5 considered in your deliberations at the hearing  
6 scheduled for September 11th. I am unable to attend the  
7 scheduled hearing in person.

8 "Shangri-La By the Lake is a 55-plus community  
9 defined by the State of Florida as a retirement  
10 community. However, this is (inaudible) is resolved.  
11 The major financial rate impact will be borne by the  
12 Shangri-La community well into the future. The second  
13 year cost projection is about 2.5 times the purchase  
14 price though the actuals come in at this level. It does  
15 not appear year one did."

16 **MR. MOURING:** I apologize. I'm not 100  
17 percent sure I understand what --

18 **MS. STRAUGHAN:** It's saying that the first  
19 year didn't come in at the actuals that we were  
20 budgeted.

21 **MR. MOURING:** I'm not sure what --

22 **MS. STRAUGHAN:** And that the second year cost  
23 projection is about 2.5 times the purchase price.

24 **MR. MOURING:** I'm not sure what they were  
25 looking at.

1           **MS. STRAUGHAN:** I'm sorry. I don't either.  
2 I'm just reading the letter.

3           **MR. MOURING:** I'd very much like to give you  
4 an answer, but I'm not sure.

5           **MS. STRAUGHAN:** "And then almost 500,000  
6 gallons of water were unaccounted for. It seems  
7 metering and pumps should be a primary for the utility.  
8 On a number of occasions the utility states that this is  
9 a new experience for them and it is a private utility in  
10 dealings with the PSC.

11           "The utility's experience elsewhere, the  
12 prioritized approach, the upgrade could and should be  
13 shared with the rate paying community only, Lakeside  
14 Water. The system has been in place since 1983. The  
15 owner/residents rent (phonetic) the lot. Potable water  
16 distribution, wastewater collection, in the event of a  
17 failure, who is the responsible party?"

18           **MR. MOURING:** That would depend upon where the  
19 failure occurred and how it was addressed.

20           **MS. STRAUGHAN:** "As a member of this community  
21 for 11 years, I am fully aware of the cost of delayed  
22 maintenance. Richard Carter."

23           Now I get to me. Okay. I agree with Terry.  
24 The 2013 water quality report was the same numbers as  
25 2012. Those numbers are two years old, so how can you



1 say our water quality has improved?

2 **MR. MOURING:** And, again, that's something  
3 that our engineering staff will look into. Again, we  
4 are not the primary agency in terms of jurisdiction over  
5 water quality, but it is part of our analysis. It will  
6 be examined.

7 **UNIDENTIFIED SPEAKER:** Will we be apprised of  
8 that?

9 **MR. MOURING:** It will be, staff's findings  
10 will be memorialized in its recommendation. We have an  
11 issue on the quality of service. I'm not sure if that  
12 specifically will be. I mean, certainly they won't have  
13 the full results of any findings but they may address  
14 that and what was discovered. Again, the Department of  
15 Environmental Protection or the county health department  
16 would be the agency that would have that information.

17 **UNIDENTIFIED SPEAKER:** We won't receive that,  
18 the results of that analysis unless we investigate the  
19 staff report.

20 **MR. MOURING:** No. I'm sorry. We are the  
21 Florida Public Service Commission. The Department, the  
22 Florida Department of Environmental Protection or the  
23 county health department would be the primary agency  
24 with jurisdiction over water quality. They determine if  
25 the water is safe to drink. They cite for violations,

1 things of that nature. We do examine the water quality  
2 in determining our quality, the overall quality of  
3 service provided by the utility. That's one of the  
4 things we look at is the actual quality of the product.  
5 And we can take that into consideration, make  
6 adjustments based on it. But we don't make, we don't  
7 determine the quality of the water.

8 **UNIDENTIFIED SPEAKER:** So how do us as  
9 individual customers find out the results of any  
10 analysis or examination of the quality that's being  
11 made?

12 **MR. MOURING:** Again, I would, I would reach  
13 out to the Department of Environmental Protection or the  
14 county health department.

15 I'm sorry. Please continue.

16 **MS. STRAUGHAN:** Okay. It also says that they  
17 were, the rate increase is due to the services that they  
18 give us. What services does Lakeside Waterworks provide  
19 that the previous owner didn't?

20 **MR. MOURING:** Again, the utility is operating  
21 at a loss, as per staff's initial examination of the  
22 books and records. I can't give you a specific this is  
23 what's being provided now. If you'd like, I could  
24 follow up with you after the fact. Primarily it's  
25 driven by a -- the service contract with U.S. Water

1 Services, and perhaps one of the representatives back  
2 there can give you a lot more specificity in terms of  
3 what's being provided now that was not being provided  
4 later. I just, off the top of my head, I can't give you  
5 a detailed answer. I could get back with you, if you'd  
6 like.

7 **MS. STRAUGHAN:** All right. Initial charges,  
8 we're going to start giving a deposit of \$60 for water  
9 and \$80 for sewer. Now are we going to have to pay this  
10 or are we grandfathered in?

11 **MR. MOURING:** You should -- you would be  
12 grandfathered, I would imagine, unless and until the  
13 utility has a reasonable suspicion that you will not pay  
14 your bill in the future. There is a rule or a statute  
15 on that. Again, I can't tell you specifically what it  
16 is, but I would imagine that would be at the discretion  
17 of the utility. And they would have to prove that they  
18 have just cause to charge an existing customer an  
19 initial customer deposit.

20 **MS. STRAUGHAN:** Okay. So that is really going  
21 to apply to new units, new houses?

22 **MR. MOURING:** Yes. And even if -- it would  
23 still be at the utility's discretion whether or not they  
24 wanted to do --

25 **MS. STRAUGHAN:** How about new buyers? If we

1 sell our house, is the new buyer going to be required  
2 for this deposit?

3 **MR. MOURING:** Again, that would be at the  
4 discretion of the utility. And by rule after a certain  
5 period of time the utility would need to refund that  
6 with interest, assuming a customer stayed in good  
7 standing.

8 **MS. STRAUGHAN:** Lakeside Waterworks is owned  
9 by four shareholders of U.S. Water. Three are U.S.  
10 Water officers. There are no employees. All work is  
11 contracted out. Lakeside Waterworks knew the condition  
12 of the utility before buying. They want almost a  
13 9 percent profit from the beginning. As to repair and  
14 maintain the utility, profits should grow automatically.  
15 They have no long-term debt. Where can I go and get a  
16 9 percent profit on my investments?

17 **MR. MOURING:** Well, again, I --  
18 (Applause.)

19 As a regulated utility their earnings are  
20 regulated. They are not permitted -- they are permitted  
21 a range within which they are -- they can earn if they  
22 are above that or below that. If they're below that,  
23 they can petition for a rate increase. If they're above  
24 that, the Commission can, on its own motion, bring them  
25 in for an overearnings investigation. Again, it's

1 driven by statute. 367.081 states that a utility is  
2 permitted to recover its prudent, prudently incurred --

3 **UNIDENTIFIED SPEAKER:** We can't hear you.

4 **MR. MOURING:** I apologize. Section 367.081 of  
5 the *Florida Statutes* permit that privately held utility  
6 companies are permitted to recover their prudently  
7 incurred expenses and earn a reasonable return on their  
8 investment. That 9 percent would represent a -- the  
9 weighted average cost of capital. However, that's  
10 another point with this staff-assisted rate case.

11 Staff is recommending the use of an operating  
12 ratio in lieu of traditional rate of return regulation  
13 where the utility would earn a return on its unamortized  
14 investment.

15 In this case with this company their rate  
16 base, their unamortized investment is considerably less  
17 than their operating expenses because it is an older  
18 system. The returns that would be generated from that  
19 would be insufficient to cover normal variance in  
20 revenues and would not provide a reasonable return to  
21 the utility. So in lieu of that, we provide an  
22 operating ratio margin on their operating expenses, and  
23 that's what staff is recommending be used here for both  
24 water and wastewater.

25 **MS. STRAUGHAN:** But isn't that a 28 percent

1           somewhere?

2                   **MR. MOURING:**   It's 10 percent.   It's  
3           10 percent of their operating and maintenance expenses.  
4           Which I don't have that right in front of me here,  
5           but --

6                   **MS. STRAUGHAN:**   It was proposed that the  
7           owners, they should get an increase in salary or  
8           bonuses.   They don't provide any work.   Why do they  
9           need an increase?

10                   **MR. MOURING:**   That is something that  
11           Commission staff has been looking at and an adjustment  
12           has been made.   We are still recommending that there is  
13           officer salaries.   But, again, this is preliminary in  
14           nature.   We are still reviewing it.

15                   **MS. STRAUGHAN:**   Okay.   Why didn't U.S. Water,  
16           since they're providing all the contractual, there's  
17           basically no employees, why didn't U.S. Water buy the  
18           utility?

19                   **MR. MOURING:**   I cannot answer that.   Again,  
20           I'm not with the utility.   I'm here with the Florida  
21           Public Service Commission.   I can't speak to why they  
22           did or didn't do what they have done.

23                   **MS. STRAUGHAN:**   Okay.   And -- all right.   When  
24           Lakeside Water took over from Shangri-La Utilities we  
25           did get a small increase in our sewer and water bills.

1 How come we were never notified? If you did not look at  
2 your bill, you did not realize. It was only a penny, we  
3 went from 1.22 to 1.23, and there was another small  
4 increase in sewer. We were not notified. Don't they  
5 have to notify of any increase or change?

6 **MR. MOURING:** You would need to be notified.  
7 I was not aware of that. If you can get with me after  
8 the meeting, if you can provide some sort of  
9 documentation, our staff, our economic staff will  
10 certainly look into that and see if -- make sure that  
11 proper notification was given and that the rate increase  
12 was with the appropriate authority.

13 **MS. STRAUGHAN:** Okay. Thank you very much.

14 **MR. MOURING:** Thank you for your comments.

15 The next name I have is Linda McKenna.

16 **MS. MCKENNA:** Terry and Marsha have addressed  
17 most of my issues too, but I'm going to reiterate. In  
18 look at the staff report, Issue 6, Marsha mentioned what  
19 services does Lakeside Water provide that Shangri-La did  
20 not? None of us are aware of any new services that  
21 we're getting.

22 And I have a question too. The owners  
23 contract with themselves. The owners of Lakeside Water  
24 are also the owners of U.S. Water. So they're paying,  
25 they're getting double pay. If they're getting a salary

1 as an officer of Lakeside Water, they're also paying  
2 themselves as owners of U.S. Water for all the  
3 contractual services. I mean, something smells rotten  
4 in Denmark. And I know it's legal, probably unethical,  
5 but I assume it's legal or the PSC, who is looking out  
6 for the citizens of the state, would not have allowed  
7 it.

8 **MR. MOURING:** And I will comment on that  
9 briefly. Affiliate transactions are treated separately.  
10 They are treated with additional scrutiny at the Florida  
11 Public Service Commission. They are not illegal.

12 **MS. MCKENNA:** We know they're not illegal. It  
13 just stinks.

14 **MR. MOURING:** And we have done an extensive  
15 analysis on it, and our findings will be memorialized in  
16 staff's recommendation. It's due to be filed on  
17 November 13th.

18 **MS. MCKENNA:** And when Marsha addressed the  
19 issue of the deposit, which is Issue 11 on your staff  
20 report, I need to address that.

21 It's at the discretion of the company if they  
22 wish to make a customer put a deposit down. But current  
23 customers are grandfathered.

24 **MR. MOURING:** Current customers should  
25 certainly be grandfathered, unless and until the utility



1 has a reasonable expectation that the customer will not  
2 pay their bill in the future. And initial customer  
3 deposits are -- and I -- basically to try to curb bad  
4 debt expense for customers who don't pay so that those  
5 costs are not borne by the general body of ratepayers.  
6 Again, customer deposits are subject to refund with  
7 interest, assuming the customer stays in good standing  
8 with the utility.

9 **MS. McKENNA:** I think that should be spelled  
10 out somewhere -- if we sell our home, the new, the new  
11 owner is going to have to make a deposit or not.  
12 Doesn't the PSC set that?

13 **MR. MOURING:** No, ma'am. We don't determine  
14 if the utility --

15 **MS. McKENNA:** You don't determine whether a  
16 deposit is legitimate.

17 **MR. MOURING:** We can set -- what we do is we  
18 set the -- if they have a tariff for it. But it is at  
19 the utility's discretion whether or not they collect  
20 that for new customers.

21 **MS. McKENNA:** Well, in Issue 13, you will  
22 approve the rate -- the approval date is going to be  
23 given before the protest period is over. So why is  
24 isn't the -- you set a preliminary rate increase, and  
25 then we have 21 days, I think it is, to protest. Now

1 from the day you set that rate until we get notified  
2 what this rate is, how do we, how do we know we're going  
3 to have time within that 21-day period to file a  
4 protest?

5 **MR. MOURING:** The Commission will vote on a  
6 rate that will be in staff's recommendation that the  
7 Commissioners will vote on.

8 **MS. McKENNA:** Yes.

9 **MR. MOURING:** That will be in the order when  
10 it's issued.

11 **MS. McKENNA:** Yes.

12 **MR. MOURING:** 21 days after that order is  
13 issued would be the protest period. I'm not sure -- the  
14 utility --

15 **MS. McKENNA:** You could eat up those 21 days  
16 getting the notice to the resident, to the customers.

17 **MR. MOURING:** And I apologize on that. There  
18 is noticing requirements. You would be, need to be -- I  
19 believe it's 14 days notice, no less than 14 days notice  
20 on the -- on a rate.

21 **MS. McKENNA:** Okay. Fourteen days notice to  
22 the customers of your order. And then that -- then we  
23 have, what, seven days to file a protest?

24 **MR. MOURING:** I apologize. No. It would be  
25 14 days before a rate is changed, before your, before

1 your rate is changed, the rate that you will be charged  
2 is. The rate that you will be charged will be what was  
3 voted on by the Commissioners. That -- it was -- it  
4 would be in the order available online on the  
5 Commission's website. If you'd like to get a copy, you  
6 can get with me. I'll make sure that you get one as  
7 soon as one is issued. That rate will be in there.  
8 That will be the rate that they would charge you.

9 **MS. MCKENNA:** But the customers individually  
10 are not going to get a notice, a timely notice from the  
11 PSC that there is, this is what the rate will be. No  
12 telling us that we now have 21 days from a date certain  
13 to file a protest.

14 **MR. MOURING:** I'm not sure if -- I'm not sure.

15 **MS. MCKENNA:** It's procedural and I'd like to  
16 know what -- I worked for lawyers for 50 years, so I'm  
17 --

18 **MR. MOURING:** We will have someone from our  
19 legal staff get back with you, if you'd like.

20 **MS. MCKENNA:** Okay.

21 **MR. MOURING:** I'm not 100 percent sure, and I  
22 don't want to give you any bad information.

23 **MS. MCKENNA:** Okay. Because I was concerned  
24 about notice issues and the time period and the lapse  
25 between us getting information and protesting.

1           **MR. MOURING:** I do -- there is a noticing  
2 requirement that customers are notified prior to new  
3 rates going into effect. But in terms of when that,  
4 when that would occur for you in the process, I'm not  
5 sure right here right now.

6           **MS. MCKENNA:** Make a note and have to  
7 (inaudible) me a copy of that.

8           **MR. MOURING:** I will ensure that our, someone  
9 from our legal office gets back with you with the  
10 specific answer to your question.

11          **MS. MCKENNA:** Okay. The operating expenses,  
12 they appear to be a little excessive considering the  
13 utility owners are also the owners of U.S. Water.

14          **MR. MOURING:** Again, we're talking about a  
15 contractual services other. It represents that  
16 utility -- U.S. Water Service's management service  
17 agreement being the largest component there, and that is  
18 the affiliate transaction that staff has done an  
19 extensive analysis on.

20          **MS. MCKENNA:** Extensive analysis?

21          **MR. MOURING:** Yes, ma'am. It is an affiliate  
22 transaction and those are treated --

23          **MS. MCKENNA:** Because they're paying  
24 themselves basically.

25          **MR. MOURING:** -- with additional scrutiny.

1 You are correct, ma'am.

2 **MS. MCKENNA:** Okay. Now the percentage of --  
3 you discussed that on Marsha's question. But who  
4 determines what's a reasonable return? The PSC, staff  
5 people?

6 **MR. MOURING:** That would be the Commission,  
7 yes. And it's --

8 **MS. MCKENNA:** The Commission as a whole, not  
9 you as an employee of the Commission. The five  
10 Commissioners.

11 **MR. MOURING:** They would ultimately approve  
12 it. Commission staff would recommend.

13 **MS. MCKENNA:** Okay. The staff makes all these  
14 recommendations.

15 **MR. MOURING:** Yes. Yes.

16 **MS. MCKENNA:** So somebody on level two, not  
17 level one, is going to determine what they consider is a  
18 reasonable return?

19 **MR. MOURING:** Yes, ma'am. And for water  
20 companies there's a debt component and there's an equity  
21 component. The equity component is based on a  
22 Commission-approved leverage formula that they do every  
23 year. It's very formulaic in nature. It gives, it  
24 gives you the appropriate return on equity based on the  
25 capital structure of the utility.

1           **MS. MCKENNA:** Why don't they use CPI?

2           **MR. MOURING:** That -- I feel like CPI would be  
3 not representative of the nature of the investment risk  
4 for a small water company.

5           **MS. MCKENNA:** This small water company has  
6 no investment risk.

7           **MR. MOURING:** CPI would be an inflationary --

8           **MS. MCKENNA:** They paid \$85,000 for this  
9 company. They didn't take any risk. They knew they  
10 were going to make a profit when they bought it with a  
11 minimal expense.

12           **MR. MOURING:** Okay. And, again, as per our  
13 initial findings, they're operating at a loss right now.

14           **MS. MCKENNA:** Yeah, because they're paying  
15 themselves excessive contractual expenses.

16           **MR. MOURING:** I do appreciate your comments.  
17 I don't mean to argue with you.

18           **MS. MCKENNA:** Water quality is the issue, and  
19 that was pointed out. And I, for one, of many -- I know  
20 people that I know don't drink the water. If we're not  
21 using the Brita or bottled water, it's really an issue.  
22 I mean, shouldn't there be independent testing? Is the  
23 company testing its own water? Are they contracting  
24 with U.S. Water to test Lakeside Water? I mean, that's  
25 what it sounds like.

1           **MR. MOURING:** I'm not sure who does the  
2 testing. Again, DEP or the county health department  
3 would be the ultimate authority on that.

4           **MS. MCKENNA:** Well, shouldn't the PSC require  
5 independent testing? I mean, that's -- you're looking  
6 out for the best interest of the people supposedly.

7           **MR. MOURING:** Again, if we were to require  
8 them to do independent testing, we would be duplicating  
9 the work of another state agency.

10          **MS. MCKENNA:** So a state agency is testing  
11 this water?

12          **MR. MOURING:** The Florida Department of  
13 Environmental Protection, Florida county health  
14 department has jurisdiction over the water quality.

15          **MS. MCKENNA:** Okay. They have jurisdiction.

16          **MR. MOURING:** Yes.

17          **MS. MCKENNA:** Who's doing the testing?

18          **MR. MOURING:** I'm not sure who -- I don't work  
19 for DEP.

20          **MS. MCKENNA:** But you work for the PSC.

21          **MR. MOURING:** Yes, ma'am.

22          **MS. MCKENNA:** And don't you review all the  
23 documents that are submitted?

24          **MR. MOURING:** Our engineering staff looks at  
25 the water quality issues, yes.

1           **MS. MCKENNA:** So how do we find out who is  
2 doing the testing?

3           **MR. MOURING:** Again, I'll repeat it one more  
4 time. It's the Florida Department of Environmental  
5 Protection. Our staff does look at that, our  
6 engineering staff looks at that, and they take the  
7 findings of the DEP or the county health department into  
8 consideration in determining the overall quality of  
9 service being provided by the utility.

10          **MS. MCKENNA:** Okay. So Lakeside Water submits  
11 a water quality report to DEP.

12          **MR. MOURING:** Yes.

13          **MS. MCKENNA:** Who knows where Lakeside Water  
14 got their testing done.

15          **MR. MOURING:** And I'm not an engineer. I'm  
16 not going to pretend to know how the test is taken.

17          **MS. MCKENNA:** I think that needs to be  
18 investigated.

19          **MR. MOURING:** And our engineering staff does  
20 certainly look into it.

21          **MS. MCKENNA:** Because of the way this whole  
22 system is run.

23          **MR. MOURING:** And, again, I do appreciate the  
24 comments on the quality of the water. That is something  
25 that our engineering staff will be looking at. They



1 have been looking at it and they will continue to look  
2 at it.

3 **MS. McKENNA:** That's all I have. Thank you.

4 **MR. MOURING:** All right. Thank you very much.

5 (Applause.)

6 All right. The next name I have is Gary  
7 Papucci.

8 **MR. PAPUCCI:** Hello, neighbors. Welcome,  
9 Public Service Commission, and thanks for moving the  
10 meeting until September from July at our request because  
11 we've had a few more people come back to be able to  
12 present information. We wish you would have held it in  
13 November when the majority of the people are back, but  
14 we do thank you for that consideration.

15 **UNIDENTIFIED SPEAKER:** I can't hear you.

16 **MR. PAPUCCI:** Can you hear me now?

17 **UNIDENTIFIED SPEAKER:** Yes.

18 **MR. PAPUCCI:** I just want to touch real quick  
19 on the actual consumer confidence report that we were  
20 all mailed stating that the facts were from 2013. Once  
21 you looked at it, it was really 2012's report, just  
22 recopied. 2012 was moved to 2013. This we feel we need  
23 to address. We now understand that the Public Service  
24 Commission should be looking at that even though they  
25 don't take care of the quality of our water.

1           **MR. MOURING:** That is correct, sir.

2           **MR. PAPUCCI:** The Public Service Commission  
3 has increased the operation and maintenance budgeted for  
4 the new company by 20 percent. They have also added  
5 another 10 percent operation ratio on top of that. Why  
6 would this be granted to a company that has no track  
7 record? It's a brand new company. Lakeside Waterworks,  
8 Incorporated, never existed before. That's one question  
9 I had for the Public Service Commission.

10           **MR. MOURING:** And again it's by law. Section  
11 367.081 of the *Florida Statutes* state that a privately  
12 held utility company is permitted to earn its prudently  
13 incurred -- or is permitted to recover its prudently  
14 incurred costs and a return, and a reasonable return.

15           **MR. PAPUCCI:** And is it not also true this  
16 brand new company is allowed to get granted an  
17 8.74 percent return on equity? For a brand new company,  
18 they won't treat it at the lowest possible rate of  
19 return. Why would a brand new company be given that  
20 courtesy via 8.7? That's in addition to the actual cost  
21 of operating the Waterworks.

22           **MR. MOURING:** That's correct. And as I  
23 pointed out before, and I think you just, you just  
24 mentioned it there, the return on equity, based on  
25 staff's recommended use of the operating ratio margin,

1 the ROE does not matter, the return on equity doesn't  
2 matter. It's not used in determining the return that  
3 the utility has earned -- that the utility is earning.  
4 It's the, it would be the 10 percent on the operating  
5 ratio -- on the operating and maintenance expense.

6 **MR. PAPUCCI:** That's true on the operating  
7 expense, but they're also being granted an 8.7 percent  
8 return on equity on top of what we just talked about.

9 **MR. MOURING:** No, sir. No. It's in lieu of.  
10 They are not earning 8 point -- the return on equity is  
11 not being used in this docket. It is being set. Their  
12 capital structure is being set, but it's not being used  
13 in determining the appropriate return that the utility  
14 will be permitted to earn.

15 **MR. PAPUCCI:** So the rate of return of 8.74,  
16 which is in one of your documents, is not being used.

17 **MR. MOURING:** Yes. No, sir.

18 **MR. PAPUCCI:** (Inaudible.)

19 **MR. MOURING:** Yes.

20 **MR. PAPUCCI:** Why are rates and basic facility  
21 charges at a very high percentage increase? A two-tier  
22 inclining rate has been instituted, being proposed at  
23 4,000 gallons usage. At 4,000 gallons you'll see your  
24 actual water cost increase by 250 percent. Our current  
25 unit measure is one equals 1,000 gallons. Actual usage

1 is rounded down in billing. That produces a carryover  
2 usage to the next month which will add up to another  
3 unit, possibly going into the second tier, which is  
4 going to be that \$10.28 gallon for 1,000 gallons.  
5 (Inaudible.) I don't think your calculation of the  
6 average use of, you know, Shangri-La community and the  
7 surrounding area being serviced by Lakeside Water is  
8 4,438 gallons of water billed monthly. (Inaudible) with  
9 438 gallons carried over to the next month. Next month  
10 here comes the same bill, 4 438 gallons, you're going to  
11 be billed for four units, carrying over another 438  
12 gallons to the next month, an 876-gallon carryover.  
13 Third month shows up, same usage, 4,438. Now we  
14 actually get billed for the 4,000, plus because we've  
15 got a carryover of 876, that means we have another unit.  
16 So now the bill reflects five units plus a carryover of  
17 376. So every three months, if we truly use 4,438  
18 gallons of water that the Public Service Commission  
19 claims we do, we can expect (inaudible) show up for that  
20 next unit.

21 With that being said, we feel if the two-tier  
22 system has to be used, the least they can do is increase  
23 that to 5,000 gallons. Not 4,000 going to the  
24 \$10 range.

25 Irrigation customers paid \$125 for an

1 additional meter. There is no basic facility charge on  
2 this meter. The Public Service Commission has also  
3 stated there is no extra cost for the water company that  
4 supplies that water. My question is how will this be  
5 billed to the customer? Will irrigation usage be billed  
6 standalone or is that on the water bill?

7 **MR. MOURING:** If it's a separate meter, it  
8 should be billed on a standalone basis. And, again, the  
9 idea behind an irrigation meter is to not be billed for  
10 the wastewater associated with irrigating. It should be  
11 billed separately certainly. That's the entire point of  
12 an irrigation meter.

13 **MR. PAPUCCI:** Can we take that to the bank?  
14 Because if we have an irrigation -- if we have, say,  
15 less than 4,000 gallons of regular water usage and we  
16 have an irrigation system for water that's running  
17 through that meter, which is not being returned to the  
18 water plant, we use two more units, we're -- we can be  
19 in \$10.28 gallon water usage.

20 **MR. MOURING:** That is something -- if you were  
21 billed for the consumption of two different meters on  
22 one bill, I would certainly contact the utility and  
23 contact the Public Service Commission.

24 **MR. PAPUCCI:** So what I can take away from  
25 this meeting, that both meters will be billed at the

1 rate for each separate meter. 4,000 on the water, up to  
2 4,000 on the water, and then up to 4,000 irrigation, and  
3 neither one would cause me to go (inaudible) the  
4 \$10 water? You're not going to add them together.

5 **MR. MOURING:** Now that I'm actually, I'm not  
6 sure I understand what you're asking now. I'm not sure.  
7 I'd have to have someone from our billing, our economic  
8 staff answer that question.

9 I would assume the answer would be they would  
10 be separated. But I'm not sure I understand what you're  
11 asking now, and I will have someone give you a  
12 definitive answer on what the appropriate billing  
13 practice would be for that.

14 **MR. PAPUCCI:** So I can expect a phone call  
15 back from somebody?

16 **MR. MOURING:** If you -- you can leave me your  
17 information. I've got -- I'm assuming this number on  
18 here is accurate, 352-3 --

19 **UNIDENTIFIED SPEAKER:** Yes.

20 **MR. MOURING:** Okay. Yeah. We can have  
21 someone give you a call back. We can -- if you'd rather  
22 get an email, we can do that.

23 **MR. PAPUCCI:** Email would be fine.

24 **MR. MOURING:** Okay. If you don't mind, if  
25 you'd let me get your email address after the meeting.

1           **MR. PAPUCCI:** Now we talked about (inaudible)  
2 rates. Now let's talk about general service rates,  
3 which are billed at different numbers.

4           General service, Shangri-la By the Lake, the  
5 actual (inaudible) different rates for the basic  
6 facility charge for the water and the wastewater  
7 treatment. Now this same company that we rent from,  
8 they actually pay for the club house, the pool, the  
9 office, irrigating common areas, storage area, and five  
10 park residents with (inaudible). Shangri-La Mobile Home  
11 Park pays these bills. They pay a higher rate than we  
12 do as residents for both water, basic facility charge,  
13 and even meter sizes. The cost of doing business can be  
14 passed through to residents in addition to lot rent  
15 increases.

16           Shangri-La By the Lake Mobile Home Park is a  
17 55-plus community with 132 residents per the 2013 HUD  
18 survey. Residents are seniors. A lot are living on  
19 fixed incomes. This is a (inaudible) to the people  
20 living here. Not only will you be hit on your water  
21 bill, your rent is going to be going up by the way. So  
22 we need the State Service -- excuse me -- the Public  
23 Service Commission to definitely consider what you are  
24 impacting on senior citizens.

25           Lakeside Waterworks, Incorporated, purchased

1 and started operations on November 16. They immediately  
2 signed a five-year service agreement with U.S. Water  
3 Service (inaudible). There are no employees with four  
4 shareholders. Three of the four are corporate officers  
5 of U.S. Water and they hold 92 percent of the shares of  
6 Lakeside Water. We definitely know there's a nexus  
7 involved between Lakeside Water and U.S. Water. It's  
8 legal.

9           How can you justify a \$73,932 contract per  
10 year when no one else bid against them until  
11 January 2014? That was 13 months after they took over.  
12 And the only reason that they had the bid is because the  
13 Public Service Commission asked them to get somebody  
14 else to bid. They went out, three people, and they all  
15 denied to even quote. Who would quote against U.S.  
16 Water when they already own the big corporation and  
17 their officers actually own this little company? There  
18 can never be a fairness there.

19           My question is is \$73,932 a fair, just, and  
20 reasonable rate that we're paying? I don't believe this  
21 is true.

22           **MR. MOURING:** Well, and, again, we're talking  
23 about the same affiliate transaction between U.S. Water  
24 Services and Lakeside Waterworks, and that is something  
25 that staff has done, again, an extensive analysis on.



1 And staff's recommendation will have its detailed review  
2 and recommendation in its recommendation that's filed  
3 with the Commission on November 13.

4 **MR. PAPUCCI:** Lakeside Water paid \$85,000 for  
5 the utility and carried over a \$201,000 accumulated  
6 (phonetic) depreciation from the old company. How is  
7 this possible? How can you carry depreciation from a  
8 company that doesn't exist no more? How did that pass  
9 through?

10 **MR. MOURING:** It's based on the service life  
11 of the assets in place.

12 **MR. PAPUCCI:** So I pay \$85,000 and I get a  
13 \$201,000 writeoff? Not a bad deal.

14 **MR. MOURING:** An acquisition adjustment would  
15 be made.

16 **MR. PAPUCCI:** Lakeside Water, after  
17 investigating the system, accepted it as satisfactory  
18 condition and complied with the Department of  
19 Environmental Protection. They paid \$85,000. In its  
20 schedule of capital structure it's only valued at  
21 \$78,409. That appears to me they already paid \$6,500  
22 too much for the utility and that there is going to come  
23 back and be reflected in our water rates. That's just a  
24 statement.

25 The \$201,000 depreciation which was carried

1 over from the old water company shows up in the 2013  
2 annual report of Lakeside Water at a cost of \$7,144.  
3 That means that money we have to pay in the form of our  
4 rate increases. Why should we pay for something that  
5 passed through with the purchase of the old utility? It  
6 doesn't make sense.

7 **MR. MOURING:** And I would like to comment on  
8 that. I think there's a misunderstanding here. The  
9 accumulated depreciation of the system serves as a  
10 contrast. It reduces the plant's investment,  
11 unamortized investment, which would be what we call a  
12 rate base that they would earn a return on.

13 Like I said, they're not earning a return on  
14 that because their rate base, their unamortized  
15 investment is considerably below their normal operating  
16 expenses, which would make the return insufficient to  
17 cover normal variations in revenues and impair the  
18 utility's ability to take on new debt if it needed to,  
19 that it wouldn't be able to service if it's return on,  
20 if it's -- 8 percent return on equity would not generate  
21 returns sufficient to cover debt service costs if they  
22 needed to take on any new debt for plant improvements or  
23 for any reason.

24 So, again, the accumulated depreciation carry  
25 forward has, has, I mean, literally no impact on the

1 return that the utility is earning. That's all based on  
2 the operating ratio method being applied to the O&M  
3 expenses, the operating and maintenance expenses.

4 **MR. PAPUCCI:** I see on their annual report  
5 that they were able to (inaudible) this \$201,000  
6 depreciation, they were able to charge against their  
7 actual income \$7,144. So that really did cost us as  
8 customers because that's \$7,000 that we have to make up  
9 in our water bill. That's on this year's, the 2013  
10 annual report from Lakeside Water, the depreciation  
11 would show up next year and the year after. Why -- I  
12 just don't agree with being stuck with a 2,000 --  
13 \$201,000 depreciation for a company that does not exist  
14 anymore. This same company that sold out when they had  
15 their final electric bill readings, they ended up with  
16 \$1,808 worth of credit on seven meters. That credit  
17 didn't come across the board. That was left at the old,  
18 at the old water company. We got the depreciation  
19 passthrough but we didn't get anything credit for the  
20 \$1,808 that's left on the final electric bills.  
21 Statement, not fair. So the \$1,808, that there is  
22 priceless.

23 We talked about what services -- they tell us,  
24 the Public Service Commission, that the services of the  
25 new operator are so much better than the old operator.

1 We actually don't see any there. We'd like to know what  
2 they are. What new service are they giving us?

3 **MR. MOURING:** And, again, that will be in  
4 staff's recommendation when it's filed.

5 **MR. PAPUCCI:** The 2013 annual report of  
6 Lakeside Water, Incorporated, shows \$1,485 for  
7 shareholders' salaries, \$1,686 for rent, and \$1,376 for  
8 contract services above what was actually granted for  
9 them in contracts. What I'm talking about is the actual  
10 officers of Lakeside Water are now, they're paid \$6,000  
11 a month. They actually charged \$1,485 more than that.  
12 They charged \$7,485.

13 On the actual rent, the agreement of the rent  
14 for Lakeside Water -- excuse me -- for Lakeside Water to  
15 Shangri-La they pay rent of \$400 a month, yet we got  
16 charged for \$5,280, \$1,686 more than what we agreed on.  
17 And the actual contract -- well, actually this is the  
18 contract with U.S. Water came in at \$1,686 more than  
19 actually what was actually quoted. How can this be?  
20 How can their annual report show numbers that are  
21 actually above what they actually agreed they were going  
22 to pay?

23 **MR. MOURING:** And I, again, like I said in my  
24 presentation, our Commission staff sent auditors to  
25 examine the actual books and records, to review

1 invoices, to review all supporting documentation, and  
2 they created -- and they provided their report, which is  
3 available online, the auditor's report, that detailed  
4 exactly what these expenses are.

5 And if you have specific questions on, if  
6 you'd like for me to respond to those, I don't have the  
7 information right in front of me here, but I can  
8 certainly respond to those key accounts that you'd like  
9 to know, what specifically is in there as opposed to  
10 what you're seeing in the annual report.

11 **MR. PAPUCCI:** That would be great. Does it  
12 have anything to do with the test year that the Public  
13 Service Commission said out when it started July 1st,  
14 2012, and ran through June 30th, 2013, which actually  
15 that's four and a half months of that test year being  
16 ran by the old Shangri-La Water Company and then the  
17 other seven and a half months run by U.S., I mean,  
18 excuse me, by Lakeside Water? The test year was  
19 actually (inaudible) to the utilities.

20 **MR. MOURING:** That's correct. Our Commission  
21 staff, our audit staff, generally what they typically  
22 try to do is just get the most recent 12-month period  
23 for which records are available, understanding that they  
24 need to get a complete picture and there's a delay in  
25 billing. And they're looking for the most recent

1 12-month period for which records are available, and  
2 that's what dictates what the test year will be.

3 **MR. PAPUCCI:** Lakeside Waterworks has great  
4 potential for growth of customers. In their report  
5 they're basically saying it's flat. I disagree. We had  
6 a market slump in 2008 when the actual market in Florida  
7 basically along with the rest of the country just about  
8 went negative.

9 Okay. Recent recovery has brought two new  
10 loans and two lots sold in our water area right now as  
11 we speak. Lakeside Water entered into a development  
12 agreement for water and wastewater in a new area called  
13 Harbor Shores Development for eight lots with water and  
14 septic and Insim Estates with four lots with water and  
15 wastewater. This is all documented under Docket  
16 12317-WS dated 12/20/12. This is one month after they  
17 actually bought the utility. That means there's 84 lots  
18 that they already know they have a good chance of  
19 supplying services to.

20 Now let's talk about vacant lots. There  
21 are -- and by the way in that agreement if water and  
22 sewer is extended, it's already speculated that the  
23 developer pays the cost to put the infrastructure in and  
24 it's deeded over to the water company. So any new  
25 customers in this 84 units will come at no cost to

1 Lakeside Water. Not a bad deal. I'm happy. Happy for  
2 us.

3 Vacant lots. We drove around. Existing lots  
4 that are vacant right now: In Eagle Point there's 14;  
5 Golden Tree Drive there's 48; Shangri-La By the Lakes  
6 Mobile Home Park has 17; Insim Lane, which has two lots  
7 which is on one existing site; Harbor Shores has three;  
8 and Forest State Road has 16. With simple math we come  
9 up with the possibility of 184 more customers on this  
10 utility company. That basically doubles. Right now  
11 we're at 186 customers, actually 187 because we know  
12 (inaudible) about water service. Is this being  
13 considered in actually setting our rates the actual  
14 amount of growth that can happen?

15 **MR. MOURING:** Growth, the growth within the  
16 service territory is considered in staff's determination  
17 of the used and usefulness of its plant. And it would  
18 also be used in setting miscellaneous service charges,  
19 which would be the plant capacity charges for the main  
20 extension, a charge to where the new customers would pay  
21 for that, and it would be, well, it would be transferred  
22 over to Lakeside. Customer growth is a consideration  
23 there. In terms of determining the number of billing  
24 determinants, the number of customers, the number of  
25 gallons used with which to spread the costs over, I'm

1 not sure of the answer to that. I don't believe it is.  
2 I believe it's used on -- it's based on actual customer  
3 counts.

4 **MR. PAPUCCI:** Okay. I would like the Public  
5 Service Commission to be made aware there are 184 new  
6 customers right now. About 100 of them already have a  
7 water and sewer line going by their properties, and the  
8 other 84 are already in agreement with Lakeside Water  
9 that when they go there that they will pay to put the  
10 water and sewer in and turn them over to the utility. I  
11 think that's worth noting. There's a great potential  
12 for them to have a lot more income.

13 Now you just touched a little bit on the ERC,  
14 the equivalent residential connection numbers, what we  
15 were just talking about, and that's another thing that  
16 really caught my eye when I was looking at all this  
17 information. In 2011 and 2012 the water ERCs were  
18 listed at 186. The wastewater, which is your sewer, if  
19 you want to call it that, was listed at 176. Along  
20 comes Lakeside Waterworks. Now they pay for water from  
21 186 down to 160. They take the wastewater from 176 down  
22 to the ERC of 143. Will this change of ERC affect our  
23 customer rates?

24 **MR. MOURING:** No. Again, that's -- our  
25 Commission audit staff determines the number of



1 connections and the type of connection that it is, which  
2 determines the ERC, the equivalent residential  
3 connection. Those billing determinants are used to  
4 separate the --

5 **MR. PAPUCCI:** (Inaudible.) If the ERC  
6 changes, it does affect our rates.

7 **MR. MOURING:** It would depend. It doesn't --  
8 I mean, it would depend on what was -- which rates have  
9 never been -- this utility hasn't come in for a rate  
10 case that it's actually completed. So I don't know what  
11 you're comparing it to in terms of if it changed.

12 **MR. PAPUCCI:** Well, what I'm comparing it to  
13 is I look at Shangri-La by the Lake Utilities when they  
14 filed (inaudible) for the wastewater and water, they  
15 claimed 186 and 176 right along. Along comes Lakeside  
16 Water, which filed in 2013, and they dropped their  
17 numbers down to 160, 143. I've got a bad feeling that  
18 this is not being in consideration for us to set our  
19 rates going forward.

20 **MR. MOURING:** Our economic staff does do its  
21 analysis to ensure that the appropriate billing  
22 determinants are used, the appropriate ERCs are  
23 reflected and used in calculating rates.

24 **MR. PAPUCCI:** Lakeside Water has asked for  
25 amounts for funds for prudently invested fees. What is

1 this? How is this going to affect our rates? This is  
2 something brand new that just came in the last document  
3 since this docket.

4 **MR. MOURING:** Allowance for funds prudently  
5 invested allows the utility to earn a return based on  
6 its actual capital costs for projects that it  
7 invested -- that are approved by the Commission as  
8 prudently, as prudent projects.

9 **MR. PAPUCCI:** So they're asking for a larger  
10 --

11 **MR. MOURING:** It's a rate.

12 **MR. PAPUCCI:** Okay. A rate.

13 **MR. MOURING:** It's a rate. Yes, sir.

14 **MR. PAPUCCI:** Which is part of how they come  
15 up with the actual cost.

16 **MR. MOURING:** It -- the AFPI rate is not  
17 reflected in the rates that are being recommended here  
18 today. They're not base rates. They're not gallonage.  
19 AFPI is a rate that the utility would be able to earn on  
20 future projects.

21 **MR. PAPUCCI:** Okay. Water is a universal  
22 right. I'm just asking for rates that are fair, just  
23 and reasonable. And with the way right now with the  
24 company being formed from three owners, four of the  
25 owners of U.S. Water, we really have to question is this

1 just and reasonable. Thank you.

2 **MR. MOURING:** All right. Thank you, sir.

3 (Applause.)

4 The next name that I have is Patrick Shannon.

5 **MR. SHANNON:** I'm declining at this moment.

6 **MR. MOURING:** You're declining?

7 **MR. SHANNON:** Yes.

8 **MR. MOURING:** All right. Thank you, sir. And  
9 I do apologize. Susie Sanders.

10 **MS. SANDERS:** Hello. Can you hear me?

11 **MR. MOURING:** No. If you'd just slide it up.

12 **MS. SANDERS:** Hello.

13 **MR. MOURING:** Yes, ma'am.

14 **MS. SANDERS:** We might be old and gray, but  
15 you didn't know you were walking into a den of lions,  
16 did you?

17 The only thing I want to say is from the  
18 heart. My family and I have lived in this community for  
19 over 20 years, and I was here with my parents when we  
20 didn't have to pay for water. I'm born and raised in  
21 Florida. I do not appreciate having to pay for water,  
22 bottled water (inaudible). That's a God given right  
23 also. I was here when this was all orange groves. My  
24 point being is I can see a little bit of rate increase,  
25 but this is totally ridiculous. I'm on a very limited

1 income. I'm poverty level, and you're going to increase  
2 my water bill to almost what my electric bill is?  
3 You're taking my rights away. It's not correct. Also  
4 in the same token, why do I have to clean my toilet  
5 because of the black ring? Why do I have go to the  
6 dentist because the hard water has ruined my teeth? Why  
7 do I have to go to the hairdresser and the hairdresser  
8 says your water is no good, it's damaging your hair?  
9 Okay?

10 (Applause.)

11 I have gallons of jugs of water on my kitchen  
12 counter because I will not drink the water. We have to  
13 put the gallons on the side and let them sit for 24  
14 hours to get the chlorine out to make it safe. I have  
15 animals. I will not let them drink the water here.  
16 Okay? It will kill my animals.

17 To increase this and for us to be able to  
18 maintain our yards and everything is ridiculous. You're  
19 taking away too much. They need to really think. And  
20 the biggest thing I have an issue with is that we know  
21 that Florida is in trouble with the aquifer; right?  
22 Okay. But they let Niagara come in here and take  
23 millions of gallons of water to make a big profit, and  
24 here, all these people here, we have to go buy water  
25 because we can't drink the water here. And you want to

1 increase it 300 percent? Garbage. And, yes, there's  
2 something really wrong in Denmark. Thank you.

3 (Applause.)

4 **MR. MOURING:** Thank you very much for your  
5 comments.

6 Eunice Tibbets.

7 **MS. TIBBETS:** My question was answered. Thank  
8 you.

9 **MR. MOURING:** Okay. Thank you. I'm sorry.  
10 John Fleming.

11 **MR. FLEMING:** First of all, thank everybody  
12 for coming. It was really nice to see this turnout.  
13 And I want you to know if you'd done this in October  
14 instead of September, you'd have two to three times as  
15 many people here. Half of the people in this community  
16 are up north. We sent them emails. I know Marsha has  
17 had several contacts with the people, and they wish they  
18 could be here but they can't because they're up there  
19 until October.

20 I have one comment. The average person in  
21 this community is retired like I am, they're on Social  
22 Security. Their average increase for the last two years  
23 is 1.5 percent. You're looking at \$20 to \$30 maybe, \$35  
24 for some in a little higher bracket, and you want to  
25 increase water 300 percent. Now you got these guys back

1 here, I thought they were going to participate in this,  
2 and not one of them has manned up and come up here and  
3 answered any questions.

4 (Applause.)

5 **MR. MOURING:** I do, I would like to comment on  
6 that. This is not the utility's meeting. They are  
7 permitted to attend it, but this is the Public Service  
8 Commission's meeting with you, the customers. They,  
9 again they are allowed to be here but they, we are, it  
10 is our meeting, it is not their meeting. I just want to  
11 be very clear about that.

12 **MR. FLEMING:** Well, my understanding of the  
13 letter is that they would be here to represent  
14 themselves too.

15 **MR. MOURING:** If you wish, if you'd like to  
16 speak with them, you can go back there and do that. But  
17 in terms of the actual proceeding of the meeting, no.  
18 This is our meeting. I do want to be very clear about  
19 that.

20 **MR. FLEMING:** I appreciate that. I thank you  
21 for that. Are you an attorney?

22 **MR. MOURING:** No, sir.

23 **MR. FLEMING:** You're not.

24 **MR. MOURING:** No.

25 **MR. FLEMING:** Because you speak in legalese.

1           **MR. MOURING:** Unfortunately that's a big part  
2 of my job. But, no, I'm -- I deal with accounting.

3           **MR. FLEMING:** Well, I hope you take us  
4 seriously here.

5           **MR. MOURING:** Absolutely.

6           **MR. FLEMING:** We need you to understand where  
7 we're coming from. We're not trying to be hard-nosed.  
8 We know that there needs to be an increase, but not  
9 300 percent, not 200 percent.

10          **MR. MOURING:** And, again, if you look at the  
11 total bill that would be paid for a 4,000, 4,000-gallon  
12 customer, you're looking at about an 80 percent increase  
13 on the water.

14                   (Simultaneous conversation.)

15          **MR. FLEMING:** We've all done the numbers.

16          **MR. MOURING:** I'm confused.

17          **MR. FLEMING:** The bill is going to basically  
18 double. It may be even more than that from what we  
19 heard from Gary with some of the other hidden fees.

20          **MR. MOURING:** I'm sorry. I'm sorry. If we  
21 could -- if you've signed up to speak, you know, we --

22          **MR. FLEMING:** Okay.

23          **MR. MOURING:** But, again, if you take the --  
24 on the second to the last page here, and this is why --  
25 again, I'm not trying to misrepresent it, but if you

1 take the average typical bill at 4,000 gallons, which is  
2 the 31.88, you subtract the old, the present rate 4,000  
3 gallon bill of 17.88 and divide that by 17.88, you will  
4 not get 300 percent.

5 **UNIDENTIFIED SPEAKER:** (Inaudible.)

6 **MR. MOURING:** Well, if you, at any rate, if  
7 you add the 31.88 with the 46.19 and subtract from that  
8 the 17.88 plus the 19.85 and divide that by the sum of  
9 the current rates, I don't know off the top of my head  
10 what that is, but it's not 300 percent.

11 **UNIDENTIFIED SPEAKER:** How about the basic  
12 facility charges, both of them going up on top of it?

13 **MR. MOURING:** Uh-huh. The base charge on  
14 water went up about 20 percent, 22 percent.

15 **UNIDENTIFIED SPEAKER:** Your own publication,  
16 if you add them all up and do the math, the average  
17 bill, less than 4,000 gallons is (inaudible). If  
18 somebody uses 6,000 gallons, their bill will go up  
19 (inaudible) percent.

20 **MR. MOURING:** Well, and I can talk with you  
21 after the meeting on that, I can go through that with  
22 you. And whoever else would like to go through it, I'd  
23 be happy to do that with you. But also to get back to  
24 your comments, any customers that are not able to be  
25 here tonight, they can send in a letter. It doesn't



1 have to be on this pre-addressed form. They can send us  
2 in a letter, they can call. There's a number of ways  
3 for them to participate without actually having to be  
4 here. And I want to make sure that you're aware of that  
5 and that they can be made aware of that.

6 **MS. FLEMING:** I appreciate that. We  
7 appreciate you being here. We appreciate you sitting  
8 and listening. I know we've been a little bit hard on  
9 you. But we're just asking to show some compassion and  
10 help the older people in this community that really  
11 can't afford that big an increase. That's all I have to  
12 say.

13 **MR. MOURING:** I do -- I very much appreciate  
14 your comments. I know the Commissioners appreciate your  
15 comments. Thank you.

16 (Applause.)

17 Next I have Connie Turner.

18 **MS. TURNER:** My questions have been answered.

19 **MR. MOURING:** Okay. Susanna Pittlekow.

20 **MS. PITTLEKOW:** My questions have been  
21 answered, but it is outrageous.

22 **MR. MOURING:** Okay. Just to make sure that's  
23 understood, she said her questions have been answered  
24 but believes the increase is outrageous.

25 Dorothy Beth Mullins.

1           **MS. MULLINS:** My comments are the --

2           **MR. MOURING:** Would you slide the --

3           **MS. MULLINS:** My comments are the same as  
4 everyone else's. It's outrageous. There are a lot of  
5 ladies and gentlemen here who are single who live on one  
6 income, and that will be an astronomical disaster for  
7 them because our increases don't amount to 300 percent.  
8 They're very low. And, you know, it's hard to live as  
9 it is. So we need better consideration. And when did  
10 we stop opening a meeting with saluting the flag or  
11 praying?

12           **MR. MOURING:** I apologize.

13           **MS. MULLINS:** I mean, this country was based  
14 on God, and we forgot him. And he's more important than  
15 anything else. Thank you.

16           **MR. MOURING:** Thank you.

17           (Applause.)

18           **UNIDENTIFIED SPEAKER:** Especially on 9/11.

19           **UNIDENTIFIED SPEAKER:** Yes.

20           **MR. MOURING:** The next name I have is Robert  
21 Rostas.

22           **MR. ROSTAS:** I waive my (inaudible).

23           **MR. MOURING:** Charles Rice.

24           **MR. RICE:** I waive. Everything has been  
25 answered by (inaudible).

1           **MR. MOURING:** All right. Thank you, sir.  
2           Robert Hartong.

3           **MR. HARTONG:** My questions were asked. As  
4           expected, no answers.

5           (Applause.)

6           **MR. MOURING:** Brenda -- is it Kreegen?

7           **MS. KREEGER:** Kreeger.

8           **MR. MOURING:** Kreeger.

9           **MS. KREEGER:** Well, I think Marsha and Gary  
10          and everybody said everything. Mine is medical.  
11          Because of the water I am now suffering from severe  
12          medical issues. I have been treated with 35 bladder  
13          infections, and we have narrowed it down in the last six  
14          months to the water. I now have to buy bottled water to  
15          cook with, to drink, any time I want water, except to  
16          bathe in, and I have to make sure that I don't get any  
17          in my mouth from the water.

18                 I took the three pieces of paper -- I called  
19          it -- that had the readings of the water, and everybody  
20          has stipulated they were all the same. And, yes, they  
21          were. I'm going to the EPA with it and so is my doctor.  
22          This is not right. I shouldn't have to fork out over  
23          \$500 a month on water, bottled water just to live on  
24          when water is supposed to be free. For someone else to  
25          get a salary increase -- I don't get 49 percent or

1 whatever you say increase on my Social Security check  
2 every year. And you're asking all of us and everybody  
3 in their vicinity to pay \$100 more a month, which my  
4 bill right now is 31.88. If I pay this increase, I'm  
5 going to pay a total of \$73 and something a month plus  
6 what Shangri-La is going to assess me on my grant next  
7 year. And now I have medical bills that I'm paying out,  
8 I have \$500 a month in water I'm paying. It's not  
9 getting it, not at all.

10 And now I am facing bladder surgery for the  
11 removal of my bladder because I've been drinking this  
12 water. I can tell when it's bad, and they must realize  
13 it right away because within hours I come back and you  
14 can smell the chlorine in it.

15 **UNIDENTIFIED SPEAKER:** Exactly right.

16 **MS. KREEGER:** That's not right. I've lived in  
17 Florida all my life and I've lived in big subdivisions,  
18 and I have never had water like I have here. And it  
19 wasn't that way before 2012. I had good water. The  
20 water tasted good. And by the way, let me tell y'all,  
21 I've already been told by the EPA and by my doctors that  
22 sitting your water to the side and letting it settle  
23 doesn't work. It does not work. It does you no good.

24 So I have a bedroom filled, a spare bedroom  
25 filled -- every time I go to the grocery store I buy

1 bottled water. And they're asking us for this kind of  
2 increase. I don't mind 15, 20 percent increase, but  
3 this kind and the bills I'm having to pay because of the  
4 water, no. And now looking to possibly having my  
5 bladder removed because of the severe infections I have  
6 come across. No. Something needs to be done.

7 And everybody needs to go to the EPA, because  
8 that is who's going to find out what's wrong with this  
9 water. They are. They're not responsible for it. And  
10 you can have your own individual water sample done by an  
11 individual water treating company like there's one,  
12 there's one up in Ocala. That's where my water was  
13 taken. Your doctor, if you have a urologist, he can  
14 have your water tested for you. And I've done it and my  
15 water is bad. It's unsuitable for consumption. And  
16 that's what I have to say.

17 **MR. MOURING:** Thank you very much for your  
18 comments.

19 (Applause.)

20 **UNIDENTIFIED SPEAKER:** Please let me elaborate  
21 on that.

22 **MR. MOURING:** I will get to you, sir. I  
23 promise.

24 **UNIDENTIFIED SPEAKER:** You may not have time.

25 **MR. MOURING:** Andy Werner.

1 (Applause.)

2 **MR. WERNER:** I'm not going to say much. My  
3 issue is more like we were -- I was part of the 2011 and  
4 the staff requested, when we went through it, the best  
5 they said they could do was a CPI (inaudible). All the  
6 hassle, everything we went through. I just want to know  
7 did I get shortchanged on my side (inaudible) the AAA  
8 people?

9 **MR. MOURING:** I'm sorry. You're with the  
10 former owner?

11 **MR. WERNER:** Yes.

12 **MR. MOURING:** I've looked through the audit  
13 report. The only thing I can tell you is that the  
14 revenues have decreased since the 2012 audit report and  
15 that the revenues have increased -- or the expenses have  
16 increased. And I know that's --

17 **MR. WERNER:** We needed a better accountant.  
18 That's the only way I can see, because there is --  
19 they've had the same amount of breaks that we probably  
20 had. I mean, it's just -- I just don't understand. I  
21 mean, I mean, it's just how, how -- I mean, I guess it's  
22 how you move the numbers around because that's the only  
23 thing I guess, now listening to you, that can be  
24 justified.

25 **MR. MOURING:** I do, I apologize. I wasn't

1 part of the 2011/2012 case.

2 **MR. WERNER:** Well, then I guess I must have  
3 got shortchanged.

4 **MR. MOURING:** I don't know what the facts and  
5 circumstances were in that outside of what was in the  
6 audit report, because it was withdrawn before there was  
7 a recommendation.

8 **MR. WERNER:** Yeah. Because, I mean,  
9 maintenance wise, they had it cleaned up, made it more,  
10 look better than what we had. But we passed all our  
11 inspections with DEP. So, I mean, that's the only -- I  
12 mean, I don't know. It's just frustrating because I had  
13 to sell a business that we were, we were bleeding, we  
14 were running in the red. I mean, I don't see how -- you  
15 said we were making money when we're -- I mean, we dealt  
16 with utility, utility technicians. We did not have an  
17 in-house per se, and they're not cheap, when we had  
18 breaks that I could not repair.

19 But I just -- that's where I just get the  
20 frustration. But things just don't make sense. And it  
21 really, it still does hurt me that I had to sell the  
22 business because I didn't want to. But that's all I  
23 have to say. All right.

24 (Applause.)

25 **MR. MOURING:** Thank you.

1 Jeff Laskowski.

2 **MR. LASKOWSKI:** Laskowski, but thank you.

3 **MR. MOURING:** Laskowski. I apologize.

4 **MR. LASKOWSKI:** I was schedule to get a  
5 haircut, but with the rate increases I felt (inaudible).

6 (Laughter.)

7 Just a little humor. Listen, it's getting  
8 late and I'm going to read a brief statement that I  
9 wrote. But if anybody wants to join me with saying the  
10 pledge of allegiance to the flag and have 30 seconds  
11 quiet time for the anniversary of 9/11, please stand up.

12 (Pledge of allegiance given.)

13 Thank you, folks.

14 (30 seconds of silence observed.)

15 Okay. Thank you for your time. Have a seat.

16 Okay. Shangri-La By the Lake Utilities was  
17 purchased in 2012 by Lakeside Waterworks, Incorporated,  
18 for the sum of \$85,000. That's been said and said  
19 tonight. Two principals within the corporation purport  
20 to have over 65 years experience in the water and  
21 wastewater industry. That would be Gary Deremer, who is  
22 the president, and Cecil Delcher, who is the vice  
23 president. They state they have controlled service  
24 (inaudible) for more than 450 utilities within the State  
25 of Florida and over 70,000 customers on a daily basis.



1 This is from their own statements that's been published.

2 It would be hard, if not impossible, for  
3 Mr. Deremer and Mr. Delcher not to know the condition of  
4 the equipment at Shangri-La By the Lake Utilities when  
5 it was purchased in 2012. Therefore, it is my opinion  
6 that the staff-assisted rate proposal is unusually high  
7 with regards to water rates, especially as compared to  
8 the rates in surrounding cities and towns and also all  
9 the counties in the entire State of Florida which are  
10 considerably less.

11 I have with me a condensed report for Lake  
12 County in Kansas City as reported by Raftelis Financial  
13 Consultants -- that's R-A-F-T-E-L-I-S -- for 2013. So  
14 it's a new report. The combined minimum base charge for  
15 4,000 and 8,000 gallons per month, and I have copies, if  
16 you would like. I already gave you a copy. This report  
17 clearly shows that the submitted rate request is  
18 completely unjustified as compared to the entire state,  
19 which is 55.98 combined for 4,000 gallons and \$86.40 for  
20 8,000 gallons. Now the entire report for that year --  
21 for this year with all the Florida counties is available  
22 online. It appears that Mr. Deremer and Delcher were a  
23 car that had a blown engine and they want the fancy  
24 NASCAR (phonetic) to pay for it. I don't want to be a  
25 fan. I want (inaudible). A normal rate increase is

1 fine as long as it's in context of what's going on  
2 really, not to line their pockets. And basic math, and  
3 I try to keep things as basic as I can, they have nearly  
4 200 customers, \$500 a month. Do the math. They're  
5 making money. Whether they're saying they are or not,  
6 they're making money. And it's not right to gouge us.  
7 And we're on Social Security just like most everybody in  
8 here. And that's all I have to say. Thank you.

9 **MR. MOURING:** Thank you for your comments.

10 Shirley Basle.

11 **MS. BASLE:** My questions have been answered.

12 **MR. MOURING:** All right. Thank you.

13 Angelo DeSantis.

14 (Applause.)

15 **MR. DeSANTIS:** (Inaudible.)

16 **MR. MOURING:** That'd be just fine.

17 **MR. DeSANTIS:** Thank you very much. Boy, do  
18 we have a nice bunch of people in this town or what?  
19 They've covered everything. I have nothing else to say  
20 other --

21 **UNIDENTIFIED SPEAKER:** Oh, here we go.

22 **MR. DeSANTIS:** I'm so glad I'm alive. You  
23 know why? You know why?

24 **MR. MOURING:** Why is that?

25 **MR. DeSANTIS:** Three years ago I spent \$5,000

1 to have a water purifying system put in my house. Every  
2 once in a while they have to come over and change the  
3 filters. The last time they came over to change the  
4 filters -- I've got two filters under the sink. One is  
5 for the regular tap water. The other one is something  
6 they put in whenever I want to drink it. When they  
7 changed those filters, the one I use for drinking  
8 (inaudible) was clear. The one I use for cooking and  
9 washing was black. The water coming into the house  
10 hasn't changed. So if these people don't have filters  
11 in their water system, they're drinking that water.  
12 It's not acceptable.

13 **MR. MOURING:** All right. Thank you for your  
14 comments.

15 (Applause.)

16 Phyllis Rogers.

17 **UNIDENTIFIED SPEAKER:** She left.

18 **MR. MOURING:** She left?

19 Okay. And I apologize, Gary Wiepking.

20 **MR. WIEPKING:** It's Curt; right?

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

22 **MR. WIEPKING:** Okay. My name is Gary Wiepking  
23 (inaudible) at 160 Formosa Island Road. And we moved  
24 here a year and a half ago after we retired because this  
25 neighborhood was considered affordable and was on the

1 water and we're really thrilled to be here. It's a  
2 great community, great people that live here as well.

3 I guess the thing I wanted to address real  
4 quick here, because everything else has been pretty well  
5 covered what I had written down here, on your website it  
6 says that you make sure that the rates are fair, just,  
7 and reasonable. Now I just want to find out from you,  
8 is this really going to be the case? I see a lot of --  
9 -- I'm not thrilled about bureaucracy and I see a lot of  
10 that going on. I understand your position at this point  
11 in time. But for what we're having here tonight with  
12 these people represented, do we have representation from  
13 you or is this just for naught?

14 **MR. MOURING:** And that's an excellent  
15 question. I appreciate you asking that.

16 The role of the Commission is not to advocate  
17 on behalf of the utility or to advocate specifically on  
18 behalf of the customers.

19 **MR. WIEPKING:** Right.

20 **MR. MOURING:** We are the regulators. We are,  
21 to the best of our ability, be a neutral third party and  
22 be fair to both the customers and to the utility.

23 In our, in the Commission's role of -- it does  
24 its very best to set rates that are truly fair, just,  
25 and reasonable and not unduly discriminatory to anybody,

1 to either party, to the customers or to the utility.

2 **MR. WIEPKING:** I guess what I was miffed  
3 about, originally when I heard about a staffer, I didn't  
4 even know who the staffer was. I figured it was U.S.  
5 Water, you know, that was coming up with this  
6 recommendation on Lakeside Waterworks. And then I found  
7 out it was you, your company, not you personally. Then  
8 I thought that's ridiculous. You know, you're coming up  
9 with something, you know -- and as you've heard  
10 everybody say here, for the most part everybody here is  
11 on fixed income and you know the increase is only 1.5  
12 percent this year. I know you as a state employee just  
13 got a 3 percent raise because my wife got a 3 percent  
14 raise as a school teacher.

15 **MR. MOURING:** That's news to me.

16 **MR. DeSANTIS:** Go look at your check.

17 **MR. MOURING:** I got a 3 percent decrease about  
18 a year and a half ago.

19 **MR. DeSANTIS:** I'm sorry about that. You  
20 don't work for the state?

21 **MR. MOURING:** I work for the state.

22 **MR. DeSANTIS:** Well (inaudible).

23 (Laughter.)

24 **MR. DeSANTIS:** Anyway the fact of the matter  
25 is, you know, with the cost of living, inflation,

1 inflation is 2 percent based on a recent report just  
2 released last month by the government, and then you have  
3 between 1 to 2 percent for the cost of living adjustment  
4 and then we have this kind of an increase here. This is  
5 going to hamper a lot of people in this community. It's  
6 going to hamper us to a degree. I mean, we can possibly  
7 live with it. But I'm just saying there are a lot of  
8 single folks here, widows and widowers. Approximately  
9 46 percent of our population in Shangri-La are in that  
10 position, and you heard Beth address that before.

11 And I think -- I would hope there's a human  
12 aspect of you all that would consider what has been said  
13 here tonight because, you know, we can crunch the  
14 numbers, Gary proved that, and make it say whatever you  
15 want. But let's deal with reality. That's the thing  
16 that really bothers me, and I'm not hearing reality from  
17 your group. And I would hope that's the case, I really  
18 do. And I hope you stand by the fair, just, and  
19 reasonable, because right now I don't see it at all.  
20 Thank you.

21 (Applause.)

22 **MR. MOURING:** All right. Thank you for your  
23 comments.

24 Is it Marie Taylor?

25 **MS. TAYLOR:** How do you work this thing?

1           **MR. MOURING:** You slide the -- it slides.

2           **MS. TAYLOR:** Hello. Can you hear me? All I  
3 want to know, can we drink the damn water? Why do we  
4 have to pay for it? It's God given. God gave us this  
5 water and we're supposed to drink it. I'm sick of it.

6 I want to know can we drink the damn water or can't we?

7           And my toilets, I've never seen toilets in my  
8 whole life -- I'm 93 years old and I've never had to  
9 wash toilets like I wash my toilets all the time. They  
10 are filthy. And look at me, do I look like I'm filthy?  
11 Forget it. Can we drink the water or can't we? I want  
12 to know yes or no.

13           (Applause.)

14           **MR. MOURING:** Thank you very much.

15           The next name I have is Lila Folz.

16           **UNIDENTIFIED SPEAKER:** She left.

17           **MR. MOURING:** Lila left. William Beverly.

18           **MR. BEVERLY:** I'm new to the area but I just  
19 wanted to say that I -- people talk to me about  
20 investing money. They say you could lose. This sounds  
21 to me like a deal. They're guaranteed -- they guarantee  
22 them a profit. I mean, I don't care what they paid for  
23 the utility. They're going to get -- somebody is  
24 guaranteeing them a profit.

25           But I'm new over here and I have a little

1 question about the service because I came here, I didn't  
2 know anybody, the great people in Shangri-La or any of  
3 my great neighbors around here. I called this number  
4 that's on the fence around here that's supposed to be  
5 the emergency number. I called that to find out where I  
6 got my water from. Didn't get too good a response. I  
7 got a whole bunch of recordings and stuff, and I thought  
8 that was an emergency number. But, and anyway seven  
9 plus utilities later I still couldn't figure out  
10 anything. I asked one of the workers who I, who I could  
11 contact. And he said, well, I'm not too sure because I  
12 don't know for sure who I'm working for. That's was his  
13 exact statement.

14 Now after hearing about this company and how  
15 the things went about, I said I guess I can understand  
16 because right now I wouldn't know who to call if I had  
17 an emergency. And I don't know what would happen  
18 because I was asking if I need to get a meter put in,  
19 and that was sometime, I think, in April when the  
20 contractor asked me if I could get that put in, because  
21 they won't put it in in someone's name. It's got to be  
22 in mine so they can guarantee they're going to get paid,  
23 so the contractor don't run off on them, they know I'm  
24 committed. But anyway six weeks later they said, in two  
25 weeks we're going to have that. Two weeks later I



1 called, they didn't know me. So I'm questioning their  
2 service.

3 And in the meantime I got my house built  
4 because I had some good neighbors who let me get the  
5 water from them so they could mix the concrete and lay  
6 the blocks and do them sort of things. So I guess for a  
7 new customer, I'm questioning where is the service going  
8 to be at when you really need it?

9 (Applause.)

10 **MR. MOURING:** Thank you, sir.

11 Mildred Riddle.

12 **UNIDENTIFIED SPEAKER:** She's gone.

13 **MR. MOURING:** She left.

14 And I do apologize, I'm having a hard time  
15 making out this name, but is it Jeanne Helstader or  
16 maybe Jeremy or --

17 **UNIDENTIFIED SPEAKER:** What's the address?

18 **MR. MOURING:** 12 -- or 132 Shangri-La --

19 **UNIDENTIFIED SPEAKER:** She's gone.

20 **MR. MOURING:** She's gone. Okay.

21 **UNIDENTIFIED SPEAKER:** Not (inaudible). She  
22 just left.

23 (Laughter.)

24 **MR. MOURING:** Douglas Allen.

25 **MR. ALLEN:** Well, I don't want to belabor any

1 of the points that have already been made, but I'm  
2 sitting here thinking I have to ask myself, the revenues  
3 according to the numbers you've shown us are 30 percent  
4 of what the expenses are. So I ask myself why would  
5 anybody buy that company unless they knew something?  
6 Now I don't -- the main point here is I knew we pretty  
7 much all expect that at some point to receive a rate  
8 increase, but the percentage that they're asking here is  
9 just extreme. Our national pastime is not Major League  
10 Baseball or National Football League, it's gouging John  
11 Q. Public, and I think they're setting a new standard  
12 here. Okay. Now the PSC needs to know that.

13           And I'm sorry to see that the representative  
14 for Representative Hays has already left us, because I  
15 think he needs to know that as well and we, maybe we'll  
16 keep that in mind when it comes to the next election.

17           Also, I'd like to see a more extensive  
18 breakdown of those expenses and revenues so that we can  
19 really define that and find out what that amounts to and  
20 possibly even compare that to a public utility.

21           I'd like to know if it's on a standard, since  
22 this is a private company, with a public utility and  
23 whether or not the rate increase they're asking for is  
24 on par with what a public utility might be expected to  
25 receive. Can you answer that for us?

1           **MR. MOURING:** I absolutely can. No is the  
2 answer. The Commission examines each utility on a  
3 standalone basis, and comparing them to -- you see it  
4 often times where a privately held company is compared  
5 to a municipally owned and operated utility like, I'm  
6 sorry, that was Mr. Laskowski handed out the comparison  
7 there. Municipally owned and operated utilities, one,  
8 they do not necessarily have to set rates that are cost  
9 based. They're allowed to -- they can issue bonds to  
10 raise capital. They have access to very low capital,  
11 very cheap capital. They do not pay income taxes, they  
12 do not pay ad valorem property taxes, they don't pay  
13 taxes, and also they're typically very large. They  
14 serve entire cities and they could take advantage of  
15 economies of scale. You know, the City of Eustis has a  
16 lot more than 187 customers. It's very difficult to  
17 compare them. It's certainly not an apples-to-apples  
18 comparison to compare a small, particularly a small  
19 privately owned utility with a municipally owned and  
20 operated one, and that's just the fact.

21           **MR. ALLEN:** So are we even in the ballpark?

22           **MR. MOURING:** I'm not sure what -- I mean --

23           **MR. ALLEN:** I mean, is it -- are we sort of  
24 separate because we are served by a private company  
25 rather than a public company?

1           **MR. MOURING:** I will make sure that the  
2 handout that Mr. Laskowski has given me ends up in the  
3 docket correspondence file. And I can direct you to  
4 where that is on the Commission's website, and you can  
5 take a look at the figures he's got. He also mentioned  
6 a website where this is available. But like I said, the  
7 Commission cannot set rates that are on parity with a  
8 municipally owned and operated one because they,  
9 operationally they are very different.

10           **MR. ALLEN:** Okay. Like I say, I don't want to  
11 take up too much time here, but I just -- the main point  
12 that I think that everyone is concerned here is the  
13 percentage of increase here is just extreme and  
14 unjustified and unacceptable in my opinion. I think the  
15 PSC needs to know that. And all the members of that  
16 Commission maybe need to think about that the next time  
17 they want to get reelected. If they're going to permit  
18 this kind of thing to go on, at some point we're just  
19 going to get tired of it and going to start doing  
20 something about it. So thank you.

21           (Applause.)

22           **MR. MOURING:** All right. Thank you, sir.  
23 Marilyn Larrabee.

24           **UNIDENTIFIED SPEAKER:** She left.

25           **MR. MOURING:** She left.

1 Joan Hopseker. Hopseker, Hopseker.

2 **MS. HOPSEKER:** My questions have been  
3 answered.

4 **MR. MOURING:** Okay. Thank you.

5 Gary Ramey.

6 **MR. RAMEY:** I want to thank all -- I thank all  
7 the previous speakers and all the questions that you  
8 guys asked that I didn't think of.

9 I just have a couple of questions. Has staff  
10 of PSC had any previous meetings with U.S. Water and  
11 Lakeside Waterworks and how many? And if so, is that  
12 information available?

13 **MR. MOURING:** Staff has issued written data  
14 requests to the utility. I don't believe we've sat down  
15 and met at any point. But we have issued written data  
16 requests. Those are available online as well as the  
17 utility's response.

18 **MR. RAMEY:** Has the staff or PSC had any  
19 previous meetings with the utilities in regard to the  
20 new possible customers that we should have?

21 **MR. MOURING:** No.

22 **MR. RAMEY:** Thank you.

23 **MR. MOURING:** All right. Thank you for your  
24 comments.

25 (Applause.)

1 I suspect Richard Hopseker is gone as well?

2 **UNIDENTIFIED SPEAKER:** No. No.

3 **MR. MOURING:** Oh.

4 **UNIDENTIFIED SPEAKER:** You wish he was gone.

5 (Laughter.)

6 **MR. HOPSEKER:** They told us that we had to put  
7 in a meter, the St. Johns Water Authority, to measure  
8 how much they were using for watering lawns. Well,  
9 right now my, I got one little number on it because I  
10 don't water the lawn, and yet I paid \$125 for the meter.  
11 Now can I take that meter out?

12 **UNIDENTIFIED SPEAKER:** I'll give you \$50 for  
13 it.

14 (Laughter.)

15 **MR. HOPSEKER:** Sold to the man right there.

16 **MR. MOURING:** I -- if the St. Johns River  
17 Water Management District required you to put that meter  
18 in, I would --

19 **MR. HOPSEKER:** Well, I don't believe everybody  
20 did. What I mean is right now if I took it out.

21 **MR. MOURING:** That would be a question for the  
22 Water Management District. I, I could not tell you. I  
23 didn't --

24 **MR. HOPSEKER:** The St. Johns or these people?

25 **MR. MOURING:** It would be the St. Johns River

1 Water Management District. Whoever -- your utility,  
2 they're the ones that --

3 **MR. HOPSEKER:** Well, that's what they told me  
4 at the office, not everybody did.

5 **MR. MOURING:** Okay.

6 (Simultaneous conversation.)

7 **UNIDENTIFIED SPEAKER:** Can I address that?

8 **MR. MOURING:** You can speak with him one on  
9 one.

10 **UNIDENTIFIED SPEAKER:** Well, the PSC ordered  
11 the \$125.

12 **MR. MOURING:** The Commission would have set  
13 the meter charge.

14 **UNIDENTIFIED SPEAKER:** They set the charge.

15 **MR. MOURING:** Yes, ma'am. But the Commission  
16 did not require him to get an irrigation meter.

17 **UNIDENTIFIED SPEAKER:** (Inaudible.)

18 **MR. MOURING:** All right. Does that make --  
19 does that answer your question? All right. Well, thank  
20 you, Mr. Hopseker.

21 (Applause.)

22 I have two names on here, Russ and Kandi  
23 Wilkins. If we can just go one at a time, I'd  
24 appreciate it.

25 **MR. WILKINS:** I'm Russ. I don't think I need

1 that. Y'all can hear me. That's my wife Kandi. We  
2 like on Taipei.

3 **MR. MOURING:** If you would, just to make sure  
4 that the microphone picks up everything. I appreciate  
5 it. Thank you.

6 **MR. WILKINS:** Okay. This is my wife Kandi.  
7 We live down on Taipei. We're relatively new. We're  
8 about six, seven months into it. Y'all have made some  
9 great points. I commend y'all for doing your homework.  
10 Very impressive.

11 It sounds like we all need to get some water  
12 tests done before this next meeting.

13 **UNIDENTIFIED SPEAKER:** Right.

14 **MR. WILKINS:** And actually, you know, bring  
15 the paper with you and let's show it to them, you know,  
16 what the experts say, not just what we say, what the  
17 experts say about our water, then we'll have a valid  
18 point.

19 There was some questions, I was wondering  
20 about the 2011, why it was tabled, but I think Andy  
21 answered that for me. It was before y'all even bought  
22 us out or whoever bought them out; right?

23 **MR. MOURING:** That would be the utility.

24 **MR. WILKINS:** Okay. And their rates, how do  
25 they -- I heard one gentleman ask this. I didn't hear



1 the answer. How do these rates compare to the public  
2 utilities as far as -- I know we're from Apopka and what  
3 you're proposing is more than we were paying and that  
4 included our garbage pickup. And I understand you might  
5 need an increase, you know, but we've got to be  
6 reasonable about this.

7 And the last point is if there is an increase,  
8 will it all be at one time or would it be over a period  
9 of time? And I guess my last question would be when is  
10 the next time y'all can bring this up and try to  
11 increase again? I mean, is this a yearly thing or is it  
12 every three years or four years or five years or who can  
13 stimulate (phonetic) that?

14 **MR. MOURING:** Okay. And let me try to answer  
15 those. The rate increase, whatever the Commission  
16 approves, would happen at one time. That would not be  
17 phased in over a period of time. And just as a point of  
18 clarification, I think early on you mentioned at the  
19 next meeting, am I correct? Just as a point of  
20 clarification, unless and until this is protested, the  
21 next meeting will be the Commission agenda in  
22 Tallahassee where the Commissioners vote on it. So I  
23 just want to make sure that you're not expecting there  
24 to be another meeting down here.

25 **MR. WILKINS:** I know not here. I know it will

1 be elsewhere. But so does that mean if we do our water  
2 test we need to make sure they're sent to, where  
3 somebody will be aware of that, or you're saying that if  
4 we do a water test, we're kind of, we've come up short?

5 **MR. MOURING:** Make -- if you have a water test  
6 performed and if you, if you can do it through DEP, I'm  
7 not sure what the process is, but whatever you find,  
8 please make sure that staff is aware, that Commission  
9 staff is aware of that, and they will contact DEP and  
10 get the information that they need from DEP.

11 **MR. WILKINS:** Okay. And I assume somebody  
12 here knows how to get ahold of these people.

13 **MR. MOURING:** There are names and phone  
14 numbers right in this --

15 **MR. WILKINS:** A water test isn't hard. You  
16 can -- actually Home Depot have them free. You can go  
17 down and get them and do your own, if you want, or you  
18 can call it in. And we do need to have some expert  
19 testing done, not just what we say.

20 **UNIDENTIFIED SPEAKER:** That Home Depot test  
21 does not test for certain things that can cause you bad  
22 health issues.

23 **MR. WILKINS:** And you're right. But if that  
24 test comes up with something, just one thing --

25 **MR. MOURING:** I'm sorry. If we could just

1 make sure that we -- if you would address me and just  
2 try to -- I do apologize, but it is --

3 **MR. WILKINS:** You got my point.

4 **MR. MOURING:** To be fair to the rest of the  
5 customers.

6 **MR. WILKINS:** Once again, I want to commend  
7 the ones that came up here. You did your homework. I'm  
8 very, very impressed.

9 **MS. WILKINS:** I understand that this is your  
10 meeting, and we do thank you for your time and  
11 consideration in this matter. We appreciate the water  
12 people being here. We've addressed several key points  
13 and they weren't allowed -- are we allowed to invite  
14 them to speak so that we can hear their answers to our  
15 very valid concerns?

16 **MR. MOURING:** Just as soon as I leave.

17 **MS. WILKINS:** Okay. Thank you.

18 (Laughter.)

19 **MR. MOURING:** Thank you for your comments.

20 (Applause.)

21 Elaine Wiepking.

22 **MS. WIEPKING:** I understand that you can't  
23 compare these rate increases to public rate increases,  
24 but what about private companies' increases?

25 **MR. MOURING:** Again, it would depend on a lot

1 of different factors whether or not it could be a fair  
2 comparison of the water rates. I mean, it depends on  
3 the size --

4 **MS. WIEPKING:** Is there some website that  
5 somebody can go to to check it out and compare?

6 **MR. MOURING:** Not that I'm aware of, ma'am.  
7 Not that I'm aware of.

8 **MS. WIEPKING:** And then this is my question  
9 for you, and the utility guys are still here.

10 **MR. MOURING:** They are.

11 **MS. WIEPKING:** If you -- you said that you did  
12 not get a 3 percent increase. So those of us who got  
13 1.5 are a little bit ahead; right?

14 **MR. MOURING:** I -- state employees were given  
15 a \$1,000 raise, it wasn't a percentage, but that was  
16 about a year ago.

17 **MS. WIEPKING:** How would you feel if you got a  
18 letter that said -- now you're saying the least amount  
19 it can go up is 80 percent, and then we've seen 100  
20 percent and some people see 300.

21 **MR. MOURING:** The percentage increase on the  
22 total bill that you would be paying, it varies, depends  
23 on the usage level.

24 **MS. WIEPKING:** Correct. I got that. How  
25 would you feel if next month your personal water bill

1 went up 80 percent?

2 **MR. MOURING:** That would be a big increase,  
3 for sure.

4 **MS. WIEPKING:** Right. Would you think that  
5 that was fair?

6 **MR. MOURING:** It would be, it would depend on  
7 what the facts and circumstances were. I certainly  
8 understand, I'd be -- it would be a big burden on me.

9 **MS. WIEPKING:** Exactly.

10 **MR. MOURING:** And Commission staff --

11 **MS. WIEPKING:** It's going to be a burden on  
12 everybody here.

13 **MR. MOURING:** Absolutely.

14 **MS. WIEPKING:** Do you think 80 percent or  
15 100 percent or 300 percent would be just on your bill?

16 **MR. MOURING:** Again, it depends. If it's  
17 300 percent or having the water service no longer  
18 available, it would depend on the circumstances.

19 **MS. WIEPKING:** And the third important one, do  
20 you think it would be reasonable?

21 **MR. MOURING:** Again, it depends on the  
22 circumstances.

23 **MS. WIEPKING:** Oh, we know our circumstances.  
24 None of us feel this is fair or just or reasonable.

25 **MR. MOURING:** Again, like I said, the

1 Commission's role is to be fair, just, and reasonable to  
2 all parties, both the customers and to the utilities.

3 **MS. WIEPKING:** So far the only parties I hear  
4 that's being -- well, it's not even fair, just, and  
5 reasonable to these four owners who are making a  
6 killing, so it's not even fair, just, or reasonable to  
7 them, and it's certainly not fair, just, or reasonable  
8 to any of us, and it wouldn't be to you and it wouldn't  
9 be to the people who work for them. I mean, it's not  
10 fair, just, or reasonable to anybody as far as I'm  
11 concerned.

12 **MR. MOURING:** All right. Thank you for your  
13 comments.

14 (Applause.)

15 Ron Corbin.

16 **MR. CORBIN:** My questions have been answered.  
17 Thank you.

18 **MR. MOURING:** All right. Thank you, sir.

19 **MR. CORBIN:** Or I should say not answered but  
20 they've been asked.

21 **MR. MOURING:** Okay.

22 **UNIDENTIFIED SPEAKER:** No answers, just  
23 questions.

24 **MR. MOURING:** Kathi Adkins.

25 **MS. ADKINS:** I just have a couple of comments.

1 I didn't do my homework like everybody else, but I did  
2 take some notes on all your notes.

3 Can y'all hear me? Many of us here have had  
4 our own business. The only way that we make a profit is  
5 if we put out a good product. And I don't feel like the  
6 product is good, so I don't understand how the  
7 Commission can allow them a 9 percent profit if the  
8 product is not that way. The government is allowing  
9 them to make profit, but the private sector would --  
10 that business would fail. I have a concern about that.

11 And there's people getting sick over this.  
12 I've been here 11 years over on Harbor Shores Road. I  
13 can't even tell you how many toilets I've replaced, how  
14 many showerheads I've replaced, and it's not a good  
15 product. And I feel like the Commission should take  
16 that in consideration. If the product is not good, they  
17 shouldn't make the 9 percent. It's just the way it is.  
18 And when they bought, when they bought this, they  
19 already looked at it, they did their due diligence, they  
20 found out the numbers, they saw that it was an older  
21 system, and yet they bought it anyway. If I bought a  
22 business that was underperforming because I thought I  
23 could make a profit because I could do something for it,  
24 it would be out of my pocket to make that private -- to  
25 make that business. I wouldn't go anywhere else to get

1 it. And I feel as if because of that it's very unfair.  
2 I'm hoping the Commission will look at that. That's all  
3 I have to say.

4 (Applause.)

5 **MR. MOURING:** Thank you very much for your  
6 comments.

7 Warren Bornstein.

8 **MR. BORNSTEIN:** I'll wait until they speak,  
9 until after you leave.

10 **MR. MOURING:** I'm sorry? You'd like to speak  
11 with the utility?

12 **MR. BORNSTEIN:** Yes.

13 **MR. MOURING:** Okay. So you would not like to  
14 address -- okay. That's the last name I have of folks  
15 that have signed up to speak at this point.

16 **MR. DURBIN:** Vanessa Hampton.

17 **MR. MOURING:** Okay. I'm sorry?

18 **MR. DURBIN:** Vanessa Hampton.

19 **MR. MOURING:** Yes. Vanessa Hampton.

20 **MS. HAMPTON:** Hi. Can you hear me? My name  
21 is Vanessa Hampton. I live at 35100 Forest Lake Road in  
22 Leesburg, Florida. I came here, I had, really had no  
23 intention of speaking, but then as we went along I was  
24 trying to put things together. And I guess what it  
25 boils down to is if I have a, say, \$35 average water



1 bill right now, my bill is going to go up somewhere in  
2 the neighborhood of between \$78 and \$80, rough math.  
3 I'm not really sure if that's right or not. Which,  
4 you're right, it's not a 300 percent increase, but it is  
5 double what I'm paying now, which I think is a really  
6 large increase and a really large burden to put on a lot  
7 of these people. I likewise think that the Public  
8 Service Commission needs to re-look at the numbers that  
9 Lakeside Water has put in and re-look at some of the  
10 expenses that they are stating, as well as their  
11 relationship. And I know it's all, from what I  
12 understand, because they're subcontracting work out to  
13 other corporations that they are the primary  
14 stockholders and directors of, and I know you can do  
15 that and that's legal. We've said that. But just  
16 because something is legal doesn't make it right. And I  
17 think we all need that.

18           And I think that's what is a lot of what is  
19 wrong with our society today and everything else, and I  
20 think -- I understand these people need to make money  
21 and I understand they probably do need a rate increase  
22 to update antiquated equipment or whatever, but let's  
23 make it reasonable. Let's make it something that the  
24 people here in the community can live with and they can  
25 live with. I don't think doubling our monthly bill is

1 reasonable. I just think that's a little over the top.  
2 I think, you know, everybody needs increases, but that's  
3 too much. That's all I have to say.

4 **MR. MOURING:** Thank you very much for your  
5 comments.

6 **MR. DURBIN:** We have one more lady that would  
7 like to speak.

8 **MR. MOURING:** Okay. If you would, if you  
9 don't mind coming up and if you'd give me your name and  
10 address and spell your last name.

11 **MS. HAMPTON:** I think I turned the microphone  
12 off too.

13 **MR. MOURING:** Okay.

14 **MS. HAMPTON:** You need to turn it back on.

15 **MS. FRANGENMORE:** How do you turn it on?

16 **MR. MOURING:** You slide the thing up. Uh-huh.

17 **MS. FRANGENMORE:** Good evening, all residents.  
18 My name is Cindy Frangenmore (phonetic). I live at 109  
19 China Lane. I didn't intend to speak tonight, as some  
20 of you other people have decided. However, my water  
21 bill currently runs \$33 to \$35 a month. I have been  
22 working, so even though I'm semi-retired, I will be  
23 fully retired by the end of this month. So I will be in  
24 the same situation as the rest of you who are living on  
25 Social Security. So I do appreciate all the comments.

1 I want to thank Gary and Marsha and Linda and  
2 all of those that have done their homework. I didn't do  
3 my homework. But the main reason that I wanted to speak  
4 is to bring up something that has not been mentioned  
5 yet. I don't know the words, I'm not a member of their  
6 family, I don't know them personally. I know Andy has  
7 already spoken. I do know that Shangri-La Waterworks  
8 did request an increase of maybe \$5 or \$10 a month and  
9 they were turned down. So I don't know whether they  
10 went to the PSC or who they went to. And maybe you can  
11 tell me why did they get turned down for \$5 or \$10 a  
12 month increase when they weren't making a profit and  
13 they couldn't even break even probably with that small  
14 increase, and yet this new company is allowed to make a  
15 profit of 9 percent?

16 **MR. MOURING:** And let me first say, yes, they  
17 did file with the Florida Public Service Commission. I  
18 believe that was in 2010 or 2012. And it was withdrawn  
19 as a result of the Commission audit, staff auditing the  
20 books and records of the utility and it appearing that  
21 the utility was over-earning during those times.

22 I was not -- I did not participate in that, in  
23 the last rate case, in the case that was filed by the  
24 Werners. All I could look at was the audit report from  
25 the last case and the audit report in this case. And

1 the revenues have decreased since then from the last  
2 audit report to the current audit report and the  
3 expenses have gone up, which leads to the rate increase,  
4 the staff recommended rate increase.

5 **MS. FRANGENMORE:** Well, we all heard Andy  
6 Werner speak before saying that he did not want to sell  
7 the Waterworks and it was not making money, and we had  
8 all heard that in the community that it was not making  
9 enough money and that he needed to make a rate increase.  
10 And you're sort of contradicting that and saying that --

11 **MR. MOURING:** Absolutely. And like I say, I  
12 don't know what specifically it was, but the auditors  
13 were not able to reach the same conclusion that he did,  
14 that Mr. Werner did based on the records that the  
15 Werners provided to our audit staff.

16 So, again, I don't, I don't know why  
17 specifically the numbers worked out the way they did. I  
18 was not a part of it. All I can look at is the audit --  
19 what our auditors compiled, and for me to say any more  
20 would be speculation.

21 **MS. FRANGENMORE:** It just doesn't seem to add  
22 up that they couldn't get a small increase and yet this  
23 company is allowed to request even a much larger  
24 increase. So there's some -- very, very many unanswered  
25 questions for us residents here when we see that the, it

1 seems like the previous owner maybe had been unfairly  
2 treated in some way or it was some political advantages  
3 of the company. We're not sure what, but I just wanted  
4 to voice my opinion. And I thank you for that.

5 **MR. MOURING:** All right. Thank you.

6 (Applause.)

7 All right. Are there any other customers who  
8 did not sign up to speak that would like to speak?

9 All right. Seeing none --

10 **MS. KREEGER:** I'd just like to ask a question.  
11 I had heard something about base rates.

12 **MR. MOURING:** Could you repeat your name just  
13 for the record?

14 **MS. KREEGER:** Oh, Brenda Kreeger. Brenda  
15 Kreeger.

16 **MR. MOURING:** All right. Thank you.

17 **MS. KREEGER:** I had heard about the base rate  
18 charge going up on the irrigation systems, but then  
19 Linda told me that they were not going to go up. My  
20 question was will they ever go up? And what about those  
21 people who have a meter but their irrigation system is  
22 no longer working, haven't worked in years? I bought  
23 two houses here and have meters, but the irrigation  
24 systems never worked. And I just had an estimate on  
25 making this one work that I'm in now, and I'm not paying

1 that kind of money to put in a new irrigation system.

2 **MR. MOURING:** Your question is if you --

3 **MS. KREEGER:** Will they ever go up, will they  
4 ever try to put a base rate on that irrigation meter?

5 **MR. MOURING:** I don't know the answer to that.

6 **MS. KREEGER:** We don't have one now.

7 **UNIDENTIFIED SPEAKER:** If it's not being used.

8 **MR. MOURING:** I mean, the utility certainly  
9 can get an irrigation base charge for an irrigation  
10 meter.

11 **MS. KREEGER:** They can without giving notice?

12 **MR. MOURING:** No. They would have to give  
13 notice. It would be --

14 **MS. KREEGER:** Is that something that could be  
15 slid in on this?

16 **MR. MOURING:** You would receive notice.

17 **MS. KREEGER:** So we would receive notice at  
18 the same time we receive notice of what y'all feel is  
19 going to be the rate increase?

20 **MR. MOURING:** Yes. Well, you would receive  
21 notice of what the Commission-approved rate increase  
22 would be.

23 **MS. KREEGER:** So, in other words, that could  
24 come back to slide, yeah or nay, whether --

25 **MR. MOURING:** It -- whatever the base -- if

1 they were to charge a base rate for irrigation meters,  
2 that would need to be in staff's recommendation and in  
3 the order. It would be available, the recommendation  
4 would be filed on November 11th or November 13th, and  
5 the recommendation or the order would be available  
6 within 20 days of the agenda conference.

7 **MS. KREEGER:** So I guess what I'm asking is  
8 right now we don't, we've been told that, no, they're  
9 not going to ask for a base rate on the irrigation  
10 system. But is that something that they might ask for  
11 before you make your final recommendations?

12 **MR. MOURING:** That could be something that  
13 they ask for, but that would need to be --

14 **MS. KREEGER:** (Inaudible.)

15 **MR. MOURING:** Right. That would need to be  
16 voted on by the Commission.

17 **MS. KREEGER:** But we would be notified if that  
18 was part of the overall package?

19 **MR. MOURING:** Yes, ma'am. That would be in  
20 the notice.

21 I'm sorry. Yes, could you repeat your name?

22 **MR. ALLEN:** I just have a follow-up  
23 clarification question to the lady speaking.

24 **MR. MOURING:** I'm sorry. Can you repeat your  
25 name?

1           **MR. ALLEN:** Douglas Allen.

2           **MR. MOURING:** Thank you.

3           **MR. ALLEN:** When the Commission makes their  
4 determination and you say that notice will go out, will  
5 that be a personal letter or something to us  
6 individually or will it just be a public notification in  
7 a paper?

8           **MR. MOURING:** And I -- you can ask the  
9 utility. That, generally that would be a bill stuffer  
10 that would show up in your bill or it may be a separate  
11 letter.

12           **MR. ALLEN:** Okay. So we won't hear from you.  
13 This is a letter from the utility.

14           **MR. MOURING:** I'm sorry?

15           **MR. ALLEN:** We won't hear from the Commission.  
16 We'll hear from the utility in terms of a rate increase.

17           **MR. MOURING:** You will get a letter from the  
18 utility that was approved by the Commission.

19           **MR. ALLEN:** Okay.

20           **MR. MOURING:** I'm sorry?

21           **MS. McKENNA:** And you're going to let us know  
22 that time frame?

23           **MR. MOURING:** Can you repeat your name? I'm  
24 sorry.

25           **MS. McKENNA:** My name is Linda McKenna.



1           **MR. MOURING:** Thank you.

2           **MS. McKENNA:** And I questioned before. The  
3 date you, the date that you set an order, then the  
4 utility notifies us what the rates are.

5           **MR. MOURING:** Again, I don't want to give you  
6 bad information about the timeline of when notifications  
7 are filed. And that's, I will have someone from our  
8 General Counsel, our General Counsel's Office get back  
9 with you.

10          **MS. McKENNA:** I have another question. Is the  
11 PUC staff --

12          **MR. MOURING:** PSC.

13          **MS. McKENNA:** -- staff and the Commissioners  
14 all political appointments?

15          **MR. MOURING:** No, ma'am. The Commission staff  
16 are just career service or select exempt service  
17 employees of the State of Florida.

18          **MS. McKENNA:** None of them are elected.

19          **MR. MOURING:** No. None of the Commissioners  
20 are elected. They're appointed and, appointed by the  
21 Governor and confirmed by the --

22          **MS. McKENNA:** Appointed by the Governor. So  
23 they're political appointments.

24          **MR. MOURING:** They're appointed, and they're  
25 confirmed by the Senate.

1           **MS. KREEGER:** Brenda Kreeger. Is the public  
2 allowed to see the audited reports that you gather  
3 whether they get this increase or they don't get this  
4 increase? Is the public, are we allowed to see? I was  
5 a bank auditor for 25 years.

6           **MR. MOURING:** The audit report is available  
7 online right now.

8           **MS. KREEGER:** It is online.

9           **MR. MOURING:** I can show you where to get it.

10          **MS. KREEGER:** Okay. So your people audited  
11 their books.

12          **MR. MOURING:** Yes, ma'am.

13          **MS. KREEGER:** We go to your site to see their  
14 audit?

15          **MR. MOURING:** Yes. You would go to the PSC's  
16 website, and I'll show you where you can find that  
17 document.

18          **MS. HAMPTON:** I have a question.

19          **MR. MOURING:** Yes, ma'am.

20          **MS. HAMPTON:** Vanessa Hampton. And my  
21 question is, and I think someone asked it earlier and I  
22 didn't hear the answer, was if this rate increase or  
23 whatever rate increase comes with this, how many times  
24 and how often can the utility company apply for this  
25 rate increase?

1           **MR. MOURING:** They can apply no more than  
2 twice a year by law.

3           (Simultaneous conversation.)

4           If they apply this year, the soonest they'd be  
5 able to apply would be next year.

6           **MS. HAMPTON:** So they applied this year. They  
7 can't apply again next year.

8           (Simultaneous conversation.)

9           **MR. MOURING:** Absolutely. And that's by law.  
10 It's -- they're allowed to do that. They're allowed to  
11 seek rate relief. They may not get it, but they're  
12 allowed to apply for it.

13           All right. Are there any other customers that  
14 would wish to speak at this time? All right. Seeing  
15 none, I will conclude this meeting, and I thank you very  
16 much for your comments.

17           On behalf of the Commission, I thank you for  
18 every bit of your comments. It's very important  
19 information. And that's the kind of feedback that our  
20 Commissioners really, really need. So thank you all  
21 very much. And I will stick around after the meeting.  
22 If you have some questions you just want to ask me one  
23 on one, I can sit down with you guys and go through the  
24 rate impacts, but we can do that after the meeting. All  
25 right. Thank you all very much.

(Customer meeting concluded at 8:35 p.m.)

- 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

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    )  
                          :  
COUNTY OF LEON     )

CERTIFICATE OF REPORTER

I, LINDA BOLES, CRR, RPR, Official Commission Hearings Reporter, Hearing Reporter Services Section, Office of Commission Clerk, do hereby certify that the foregoing proceedings were transcribed from digital recording to the best of my ability.

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' attorneys or counsel connected with the action, nor am I financially interested in the action.

DATED this 23rd day of September, 2014.

*Linda Boles*

---

LINDA BOLES, CRR, RPR  
Official FPSC Hearings Reporter  
(850) 413-6734