

1 BEFORE THE
2 FLORIDA PUBLIC SERVICE COMMISSION

3 In the Matter of:

4 DOCKET NO. 140239-WS

5 APPLICATION FOR STAFF-ASSISTED
6 RATE CASE IN POLK COUNTY BY
7 ORCHID SPRINGS DEVELOPMENT
CORPORATION.
8 _____/

9
10 PROCEEDINGS: CUSTOMER MEETING

11 COMMISSION STAFF
12 PARTICIPATING:

KELLY THOMPSON
TRACI MATTHEWS
AJONELLE POOLE

13
14 DATE: Thursday, June 11, 2015

15 TIME: Commenced at 6:00 p.m.
Concluded at 6:30 p.m.

16 PLACE: Chain O'Lakes Complex
17 210 Cypress Gardens Boulevard West
Winter Haven, Florida 33880

18 TRANSCRIBED BY: LINDA BOLES, CRR, RPR
19 Official FPSC Reporter
20 (850) 413-6734

P R O C E E D I N G S

1
2 **MS. THOMPSON:** I'm Kelly Thompson, and I'm
3 with the Public Service Commission. And I'd like
4 every -- to thank everybody for taking the time and,
5 and coming out and let us hear your concerns.
6 That's what we're here for this evening.

7 This is the staff-assisted rate case for
8 Orchid Springs Development Corp., Docket No.
9 140239-WS. Like I said, I'm Kelly Thompson, and I
10 am actually the lead on the case. I'm in the
11 Division of Economics, and I actually take what the
12 accountants give me and I develop the rates for the
13 case.

14 I have with me also Traci Matthews, who's
15 the engineer on the case. She's going to be taking
16 a site visit tomorrow and looking at the property,
17 looking at the systems, and then making her
18 assessment when she gets back to Tallahassee.

19 We also have Ajonelle Poole in the back,
20 who you may have signed in to speak with. She's
21 also back there; has a plethora of information.
22 Feel free to grab any pamphlets that you might want
23 to read later or that somebody that couldn't make it
24 tonight might want to look at and read at a later
25 time.

1 One of the important things that I want to
2 make sure everybody grabbed was the yellow Special
3 Report sheet. It contains anything and everything,
4 hits on the highlights of the case. But the most
5 important piece is probably the back page, and
6 that's where you would write your comments down and
7 mail them back to us so we can make note of them,
8 put them in the docket file, and make sure they're
9 there for anybody to read and as they're reviewing
10 and getting ready to make a decision on the case.

11 We are staff, we, we put the
12 recommendation together, but it is ultimately the
13 five Commissioners on the panel that makes, makes
14 the decision on the case.

15 Okay. Let's give a little history on
16 Orchid Springs. The utility was granted its
17 certificate in 1998, although it has been in
18 operation since 1969. The utility's last rate
19 increase was approved in 1998, and they applied for
20 this particular rate case on December -- in December
21 of 2014. What is a SARC and what do we do from
22 here?

23 A SARC is a staff-assisted rate case, and
24 it's the process where we as Commission staff assist
25 the small water and wastewater utilities in its rate

1 relief request. We offer assistance. Our
2 assistance as staff usually eliminates the need to
3 hire outside accountants and engineers, thus
4 reducing the rate case expense that can be passed on
5 to you, the customer.

6 The steps in the process is they file
7 their application, and then we have an auditor that
8 will go to the company's premises and conduct an
9 audit of their books and records. We have our staff
10 engineer who goes out and evaluates the utility's
11 operations, and they are also the main contact with
12 DEP to find out if there's any issues with the
13 Department of Environmental Protection.

14 We then prepare a staff report, which some
15 of y'all I know went down to the company's office
16 and read through and looked at prior to this
17 meeting, and that contains our preliminary
18 recommendations and findings relevant to the rate
19 increase. And the important word there is
20 preliminary. That's just what we have found thus
21 far. The investigation is ongoing pending this
22 customer meeting, pending her site visit, pending
23 any information that the company may submit to us,
24 but those figures that you saw in the staff report
25 are just preliminary in nature. It's something that

1 we put together so that we would have something to
2 discuss here tonight.

3 This, this meeting is held for you, the
4 customer, so that we can hear your input and your
5 concerns. After the customer meeting, staff will go
6 back to Tallahassee and prepare and file a
7 recommendation that details our proposed rates. The
8 recommendation will then be filed and heard by the
9 Commissioners at an upcoming Commission Conference.

10 When preparing the staff recommendation,
11 staff considers your input and information obtained
12 subsequent to this preliminary staff report and
13 customer meeting for its recommendation to the
14 Commissioners. The rates in the final
15 recommendation may be different from what you saw in
16 the staff report.

17 After this meeting, we'll file the
18 recommendation and then we will actually go to
19 agenda or the Commission Conference. At the
20 Commission Conference, the Commissioners will -- we
21 will present the recommendation to the
22 Commissioners, and the Commissioners could ask us
23 questions, they could ask for alternatives prior to
24 them voting on the recommendation.

25 The Commission then may either approve it,

1 deny it, or modify our recommendation. The utility
2 and the customers are allowed to speak at this
3 Commission Conference. If you plan on coming to
4 Tallahassee, just make sure that you let us know
5 you're coming so we can make sure that the proper
6 measures are in place to have your name and make
7 sure that, that we give you the time to speak. All
8 of the staff contact numbers are on page 2, and you
9 would want to contact Lee Eng Tan, who's listed as
10 the legal contact person. That's who you would want
11 to contact to let know that you intend to come to
12 Tallahassee and speak.

13 After the agenda, the Commission's
14 proposed agency action order is issued within 20
15 days. This just memorializes what the Commission
16 voted on and approved at the agenda.

17 After the PAA order is issued, then there
18 is a 21-day protest period where any substantially
19 affected party other than the utility may protest
20 the order and request a hearing. The utility must
21 agree to accept the final rates approved by the
22 Commissioners unless they produce less revenue than
23 the existing rates and charges.

24 If a timely protest is filed, then a
25 hearing will be set, and we, we hold the hearing

1 down as close as we can to the service territory.
2 The hearing will be conducted by at least three of
3 the five Commissioners, and the utility and the
4 protesting parties will litigate the issues.

5 You as a customer can testify before the
6 Commissioners at the hearing, but please note if you
7 are a protesting party, then you are liable for your
8 own expenses to put on your case.

9 Now let's talk specifics. Let's talk
10 about Orchid Springs' staff-assisted rate case.
11 This is just a brief slide of the utility's test
12 year revenues and expenses along with staff's
13 preliminary calculations. The test year numbers
14 indicate what the company recorded in its books and
15 records, and staff's preliminary numbers represents
16 adjustments made to those numbers.

17 Based on the revenue and expense
18 information on the previous slide, we then calculate
19 the preliminary rates. This, this can be found on
20 page 3 of the Special Report. And that's just
21 another breakdown of what the rates are.

22 Then we have a water slide and a
23 wastewater slide. And then this is just a monthly
24 residential bill comparison at 4,000 gallons, which
25 is average consumption, 6,000 gallons, and 10,000

1 gallons. Now these are the rates at the time that
2 the company filed the case and what we are
3 preliminarily recommending. It doesn't include the
4 interim rates that are in effect now because those
5 are just for a specified amount of time. And then
6 that's the same slide for wastewater.

7 **UNIDENTIFIED SPEAKER:** Put that one back
8 again, please, wastewater.

9 **MS. THOMPSON:** Oh, I'm sorry. I did add
10 an interim rate column for wastewater.

11 Staff's recommendation on Orchid Springs'
12 SARC is tentatively scheduled to be filed on
13 August 13th of 2015 and heard by the Commission on
14 August 27th, 2015. Again, the Commission may either
15 approve, deny, or modify staff's recommendation.

16 I know after hearing all of this
17 information you are curious as to what you as a
18 customer of Orchid Springs can do to participate in
19 this process. You can provide comments at today's
20 meeting -- your experience with this specific
21 utility, any billing issues, the quality of service
22 issues. You can provide written comments on the
23 form that I showed you attached to the Special
24 Report. You can attain a copy of staff's
25 recommendation and monitor the agenda through our

1 website.

2 This is just a slide showing the Special
3 Report. That's the complaint form. This is our
4 website, www.floridapsc.com. You can go there. A
5 plethora of information on the Conference Meeting
6 Agendas up there. That's where you'll want to click
7 to get to our Commission Conferences, and you can
8 actually watch them live as they're happening. And
9 then that's just a screen of after you click that
10 tab, that's the window that will come up.

11 The Office of Public Counsel, who are
12 they? They are an advocate for you, the customer
13 before the Florida Public Service Commission. Their
14 telephone number is 800-342-0222, and I've also
15 listed their website. But they are your voice as a
16 consumer in front of the Commission.

17 I've also listed our Consumer Assistance
18 Hotline. That's the number you can call and get
19 answers to questions, file a complaint, any, any
20 sorts of things.

21 Now we'll get to the consumer comment
22 part. Please remember that this meeting is being
23 videoed and recorded. I will call you forward in
24 the order in which you signed up to speak. If you
25 could come up to the microphone when your name is

1 called and please state slowly and clearly your
2 name, address, and please spell your last name.
3 That way when we get back to the office and review
4 this tape and video, we'll be able to understand who
5 was speaking.

6 That concludes my slide presentation.
7 We'll now get to the customer comments. And our
8 first customer to speak is Mr. Palmer.

9 Okay. Mr. Palmer.

10 **MR. PALMER:** My name is Robert Palmer,
11 P-A-L-M-E-R. My address is 111 Las Flores, Winter
12 Haven, Florida 33884.

13 On behalf of the Orchid Springs Homeowners
14 Association, I would like to thank you, Kelly and
15 your staff, for the opportunity to present our
16 thoughts and opinions regarding the proposed water
17 and sewer rates for the community.

18 We have reviewed the information sent to
19 us by the Commission and have found the proposed
20 monthly water rates to be nominal and within reason
21 since there was an excess of water revenue through
22 2014. During the 2014 calendar year, (inaudible)
23 residents of \$120,826 versus the claimed expenses of
24 \$170,343 created a departmental deficit of \$29,462.
25 This incurred loss we understand was satisfied by

1 another department within the organization. We
2 collectively understand that losses of this nature
3 cannot be withstood on an ongoing basis, nor is it
4 our intent to recommend that they do.

5 We do, however, feel that the proposed
6 sewer rates are somewhat excessive, and suggest that
7 the following formula be used to adjust the rates
8 for the future.

9 This is just an idea. Given the \$30,000
10 deficit for 2014, add a 5 percent inflation rate and
11 then average customer usage of 4,000 gallons per
12 month, which would equal \$36,829. Divide this
13 number by 310 customers and again divide it by 12
14 months, equals a \$9.90 per month increase and would
15 provide a more equitable answer. Surely this would
16 offset any sewer shortfall and satisfy the revenue
17 issues of the residents.

18 It is further suggested that in the
19 future, rate increases on water and sewer be
20 amortized over a period of years rather than waiting
21 17 years to impose any dramatic increases in rates.
22 Although much of the deficit incurred for sewer and
23 wastewater treatment last year was primarily
24 attributed to the charges for Winter Haven, we are
25 indeed curious as to how many delinquent customers

1 made contributions to this number and what is being
2 done to counter nonpaying residents.

3 Thank you for your time.

4 **MS. THOMPSON:** Thank you. We will look
5 into some of your concerns and get back with you
6 when I get to the office. I got your number?

7 **MR. PALMER:** Yes.

8 **MS. THOMPSON:** Okay.

9 **MR. PALMER:** Thank you, Kelly.

10 **MS. THOMPSON:** Thank you.

11 Our next speaker is Alday (sic) Bennett.

12 **MR. BENNETT:** Alden.

13 **MS. THOMPSON:** Alden.

14 **MR. BENNETT:** My name is Alden Bennett.

15 **MS. THOMPSON:** Okay.

16 **MR. BENNETT:** 454 San Jose Drive, Winter
17 Haven 33884. That's Bennett, B-E-N-N-E-T-T.

18 First I want to thank Bob for an excellent
19 and much needed candid response to the proposed
20 water, wastewater rate increases, and an advanced
21 thanks to all the Orchid Springs attendees, and
22 especially those who intend to get back up here and
23 have a word.

24 One thing I did want to mention, please
25 rest assured that all monetary figures used in Bob's

1 presentation and everything else have been furnished
2 by either the State or the City of Winter Haven. We
3 haven't made up any numbers.

4 I personally take exception to the almost
5 \$2,600 in late billing fees rightfully charged to
6 Orchid Springs Development Corporation by the City
7 of Winter Haven. This may seem like a petty
8 complaint, but it is right -- but is it right for
9 OSDC to include it in their expenses, thus letting
10 it be shared by all of us? I don't think we should
11 have to share it with what they were penalized for.

12 On the same subject, ironically we are
13 fined a \$10 late fee charge and have no one to share
14 it with us. By the way, the Commission
15 recommendation is for a \$5 late fee, not 10. We're
16 already paying 10. And why not add five more days
17 to the late fee deadline? I'm sure that most people
18 would be happy to stay with a \$10 late fee if they
19 had enough time to get the money in. You get a
20 weekend holiday with a Monday off and a little bit
21 late mail delivery, and there's no way they get
22 their money on time. I personally do it through my
23 bank, so I guess they do get it in time, although a
24 couple of times last year they didn't even with a
25 bank transfer automatically.

1 Now just in case anybody mentions later on
2 that the proposed rate increase is doubled, it is
3 not. It is slightly over 50 percent as (inaudible).

4 Now a very serious concern that Bob just
5 mentioned, it's rumored that a significant number of
6 owners do not pay the service and maintenance fees,
7 do not pay the road repair fees, and sometimes don't
8 even pay for their gas and water and yet they're
9 still there. And it's outrageous and cannot be
10 ignored because all that does, just like the late
11 fees for the OSDC, it just shares that problem to
12 the rest of us. And we haven't done anything wrong
13 but we have to make up for that money. So I ask
14 that that be recognized. And with that, I bid you a
15 fond farewell.

16 (Applause.)

17 **MS. THOMPSON:** Thank you.

18 Mr. Bob Fling.

19 **MR. FLING:** My name is Bob Fling. I'm a
20 resident of the community. I live at 119 Pino POCO,
21 Orchid Springs, Florida -- Winter Haven, Florida.

22 I have reviewed the annual reports filings
23 to the Commission for the last 14 years through
24 December 31st of 2014. It is my judgment, based on
25 that information, there should not be any increase

1 in monthly charges due to the owners of the
2 property. The company's records show it has
3 accumulated a loss of \$442,294. It has never shown
4 a profit.

5 This company is a Subchapter S
6 organization. It does not pay federal income taxes.
7 The income and loss is passed directly to the
8 shareholders of the corporation. This means that
9 the shareholders can offset other sources of income
10 received during the year if there is a loss to this
11 company. Since the company does not try to make its
12 income, there must be some other reason for the
13 corporation to want to increase the rate to the
14 customer. This is unknown; it is not available to
15 the residents in the community.

16 I thank you for the opportunity to be
17 present and address the Commission. Should you have
18 questions, I would be happy to answer them.

19 **MS. MATTHEWS:** Thank you.

20 **MS. THOMPSON:** Thank you.

21 **MR. FLING:** Do you have a copy of this?

22 **MS. THOMPSON:** Yes, sir.

23 Lou Bell.

24 **MS. BELL:** My name is Lou Bell. I reside
25 at 417 San Jose Drive, 33884, Winter Haven in Orchid

1 Springs.

2 As I look around, I have to tell you, I
3 see a lot of young faces out there, and to y'all it
4 may look old, but we have residents who are much,
5 much older than this. And all of us, almost
6 everyone in this room, almost everyone is on a fixed
7 income. Those who are not here and who are more
8 elderly than we are are on fixed incomes. I think
9 it is unconscionable that the rate of increase on
10 wastewater is where it is, and I would like to ask
11 the Commission -- I'm not a numbers person. I deal
12 more with (inaudible) than I do with numbers, but
13 I'd like to ask that the Commission really consider
14 the hardship that this increase is going to present
15 to a lot of our residents, and it will present a
16 hardship. Thank you.

17 **MS. MATTHEWS:** Thank you.

18 **MS. BELL:** Thank you for your time.

19 **MS. THOMPSON:** Thank you.

20 Ms. McNamee.

21 **MS. McNAMEE:** Hi. My name is Liz McNamee.

22 I live at 455 Las Cruces, Winter Haven 33884. And I
23 wasn't planning on speaking, but I'm surprised that
24 we didn't have a better turnout. That's the case, I
25 guess, always. They'll complain later.

1 But the thing that I want to point out,
2 that this neighborhood is known for the water going
3 out all of the time. So I guess I wanted at least
4 one person to talk about that. If the rates are
5 going to go up so much, can we expect better
6 service? It just seems like -- I was born and
7 raised in Winter Haven. My water hardly ever went
8 out. But in Orchid Springs, my mom has been here
9 since '97, I think, and every time you turn around
10 they've got a sign up saying we have to boil the
11 water.

12 I would say the majority of the residents
13 are seniors, and, you know, I know that even with
14 the phone I had my mom signed up, when she was
15 really sick, to make sure she's top on the list. I
16 think the same as TECO where they put seniors ahead
17 to try and fix their house first. It would seem
18 like with the majority -- in a neighborhood with a
19 majority of senior citizens, that they wouldn't have
20 to -- I mean, some of them don't even leave their
21 house, so they're not even going to know that they
22 have to boil the water unless a neighbor is telling
23 them.

24 So, I mean, like I said, I just bought my
25 house in January, but I -- you know, with my mom,

1 and she's been here since '97, and it just happens
2 all of the time. Now, granted, our neighborhood is
3 built on a swamp, so I know we have -- we've always
4 had water issues and flooding, but it just seems
5 like our water goes out all the time. And now
6 you're asking to raise rates a lot, and I feel like
7 we don't get the service now, so I don't kind of
8 understand that.

9 And this is also the first that I've heard
10 that there are people in the neighborhood that are
11 getting the services but not paying the bills. You
12 know, I've never heard of such a thing. Why, why
13 aren't -- why isn't their water being out off or
14 their gas being cut off? I'm sure -- you know, I
15 don't think you guys have to do with the gas, but I
16 don't understand how they are still getting service.
17 Especially with several, you know, foreclosures, I
18 understand that, you know, and they're not getting
19 payment from, you know, those people. Just like our
20 neighbors, you know, they went in the nursing home
21 and then they died and it's been sitting empty. I
22 get that portion of not getting paid, but I assume
23 they cut it off. But if people are living there and
24 they're not paying the bill, I don't understand
25 that.

1 **MS. THOMPSON:** The boil water notice and
2 the water outages and the nonpayment, that's
3 something that we're going to have to look at when
4 we get back to the office.

5 Could I -- I've got your name and number,
6 and Traci or myself, one or both of us will call you
7 back when we can look into it and research it a
8 little bit better.

9 **MS. McNAMEE:** Okay. All right. That
10 sounds good. I just have never heard of such a
11 thing. I just assumed if people weren't paying
12 after, you know, two months or three months, they're
13 cut off, so --

14 **MS. MATTHEWS:** Well, that's the first
15 we've heard of it, too. So, yeah.

16 **MS. McNAMEE:** Yeah. (Inaudible).

17 Okay. Thank you very much.

18 **MS. THOMPSON:** Thank you.

19 **MS. MATTHEWS:** Thank you.

20 **MS. THOMPSON:** All right. That will
21 conclude our portion of the meeting. We'll be here
22 packing up and, and so forth. So if there's some of
23 you that maybe didn't want to speak in public that
24 might have a question, we'll be happy to answer it
25 to the extent that we can. If we don't know an

1 answer right away, we'll certainly get your name and
2 number and give you a call back when we get back to
3 Tallahassee. Thank y'all for coming.

4 (Applause.)
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1 STATE OF FLORIDA)
 :
2 COUNTY OF LEON) CERTIFICATE OF REPORTER

3
4 I, LINDA BOLES, CRR, RPR, Official Commission
5 Hearings Reporter, Hearing Reporter Services Section,
6 Office of Commission Clerk, do hereby certify that the
7 foregoing proceedings were transcribed from digital
8 recording to the best of my ability.

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

14 DATED this 22nd day of June, 2015.

15 *Linda Boles*

16 _____
17 LINDA BOLES, CRR, RPR
18 Official FPSC Hearings Reporter
19 (850) 413-6734
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