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P R O C E E D I N G S

1
2 **MS. THOMPSON:** We have some representatives
3 with the Office of Public Counsel here this evening. We
4 also have some utility representatives here, as well as
5 Ms. Williams, who is from the office of the
6 Representative Ken Roberson.

7 And, again, we're here for Docket No.
8 150102-SU, which is Utilities, Inc. of Sandalhaven,
9 application for a rate increase. I'm Kelly Thompson.
10 I'm with the Division of Economics. We have Suzanne
11 Brownless at the table, who is a Senior Attorney in our
12 Office of the General Counsel. And at the table, as you
13 met when you came in, we have Mr. Dick Durbin with the
14 Office of Public Information.

15 At this time I would like to tell you that
16 there was an administrative error that occurred with
17 your last bill. We have been -- we are aware, and the
18 next bill will not be issued until the correct rates are
19 implemented. So your next bill will have the correct
20 Commission-approved interim rates as well as any credit
21 due for the misbilling.

22 In addition, if there is a problem and you're
23 not able to pay your bill, if you will please contact
24 the utility, they are willing to work with you, no late
25 fees, no penalties. Just call them. The number is

1 located on your bill. If you can't find it or have a
2 question, you can call me or you can call one of the
3 staff members. Our numbers are listed in the yellow
4 sheet that you have. The person on the case, Ms. Sonica
5 Bruce, her phone number is there. I work with her. So
6 any one of us, if you have a problem contacting the
7 utility about your bill, just let us know. But they're
8 willing to work with you, so just call them if you have
9 a problem. So we are aware and we're working on it, and
10 you should not receive another bill until the correct
11 rates are implemented.

12 With that, I'm going to proceed with the rest
13 of my presentation. At the end of the presentation
14 there will be a time for you, the customer, to get up
15 and speak. I just ask that when you get up there, state
16 your name, spell your last name, and give us your
17 address, please. And with that, I'll continue the
18 presentation.

19 All right. If you signed up to speak, this is
20 the form that you would have completed. We are here
21 this evening to describe the Commission's rate case
22 process, receive your comments. You will be called up
23 in the order that you signed up to speak, and just
24 please remember that these comments are recorded and
25 videoed.

1 I will cover the utility's application, what
2 the utility's requested final rates are -- and just
3 remember those are just requested -- the proposed agency
4 action process, and what you as a customer can do.

5 Let's start with a little history. The
6 utility's last Commission-approved rate increase was in
7 October of 2007. The utility's rates at the time of
8 this filing were established in a subsequent Charlotte
9 County rate proceeding.

10 On April 1st, 2015, Utilities, Inc. requested
11 a rate increase. The utility stated that the increase
12 will allow it to recover all prudently incurred expenses
13 that it will incur on a going-forward basis and generate
14 a fair rate of return on its investment.

15 This is a table that reflects what the rates
16 were at the time of filing, what the Commission-approved
17 interim rates are, and what -- the utility's requested
18 final rates.

19 This is a table that reflects what a typical
20 bill would look like with the various rates, what the
21 rates were at the time of filing, what the
22 Commission-approved interim rates were, and then what a
23 bill would look like with the utility's requested final
24 rates. And this is at different levels of consumption:
25 The 3,000 gallons, 5,000 gallons, and 8,000 gallons.

1 How does the proposed agency action process
2 work? The utility may request this by statute. It's an
3 informal process. It typically costs much less than
4 going straight to a formal hearing process. It must be
5 completed within five months of the official filing
6 date, and it could be protested by any affected party.

7 What does the Commission do? We, as staff, we
8 conduct a thorough investigation, we hold a customer
9 meeting, we write a PAA recommendation, and then we
10 present that recommendation to the Commissioners at the
11 Commission Conference.

12 What does a staff investigation consist of?
13 We audit the utility's books and records, we determine
14 the used and useful plant, the quality of service, and
15 the prudence of the utility operations by staff
16 engineers. Investigation is done by our staff
17 accountants of the accounting, the rate, and billing
18 issues.

19 What is the purpose of this customer meeting?
20 The purpose of the customer meeting is to receive your
21 comments regarding the quality of service provided, the
22 utility's interaction with its customers, the proposed
23 rate increase, and to answer any customer questions.
24 Just remember, this night is for you. It's not for the
25 utility. The utility -- as I said, there are

1 representatives from the utility and the Office of
2 Public Counsel.

3 What do we do with the recommendation at the
4 Commission Conference? Staff prepares and files a
5 recommendation. The recommendation is reviewed by the
6 Commissioners and voted on at a Commission Conference.
7 At this Commission Conference, the customers and the
8 utility representatives are allowed to speak. And I
9 would just make a note that if you intend to make an
10 appearance and speak at the Commission Conference, just
11 please let one of the staff members know such as myself
12 so we can make sure proper measures are taken to allow
13 you your time to speak at the Commission Conference.

14 Currently our staff recommendation is due to
15 be filed on November 18th, with the Commission
16 Conference scheduled for December 3rd. That is when the
17 Commissioners will vote on the recommendation. And,
18 remember, they can approve it, they can deny it, or they
19 can even modify what staff recommends.

20 After the Commission Conference, this is when
21 the order is issued within 20 days of the conference
22 date. After that -- once the order is issued, then
23 there's a 21-day protest period that begins where any
24 substantially affected party may protest the order and
25 request a hearing.

1 What happens if you protest? The utility can
2 put the rates into effect; however, the approved
3 increase would be subject to refund with interest. If
4 no party files a protest, then the new rates will be
5 effective upon issuance of the consummating order, and
6 that usually happens three to five days after the
7 expiration of the protest period.

8 If a protest is filed, then the formal protest
9 process must be completed within eight months. A
10 hearing will be held, and we typically try to hold that
11 hearing in -- as close in proximity to the service
12 territory as possible. The hearing will be before at
13 least three of the five Commissioners. The utility and
14 the protesting parties will litigate the issues, and the
15 customers can testify before the Commissioners at this
16 hearing.

17 Each party is responsible for filing their
18 testimony, putting on witnesses, preparing
19 cross-examination, conducting depositions, and attending
20 a Prehearing Conference that's held in Tallahassee.

21 After the hearing, staff will prepare another
22 recommendation based on the testimony given at the
23 hearing. No participation from the utility or customers
24 is allowed at the final Commission Conference. Then the
25 Commissioners will take a final vote and issue a final

1 order. It may be appealed to the First District Court
2 of Appeals.

3 What can you do? You can definitely provide
4 comments at today's meeting. If you would rather not
5 get up and speak this evening, there's a customer
6 comment form in the back of that yellow Special Report
7 that was given to you. You can write your written
8 comments and turn it into us this evening before you
9 leave, or you can mail it into the Commission. It will
10 be put into the docket file, and at that time it becomes
11 a part of the docket file and will be reviewed while
12 decisions are being made.

13 You can obtain a copy of staff's
14 recommendation by going to our website at www.fl.psc.com
15 [sic], and you can also monitor the agenda. On the day
16 that it happens, you can watch it live via our website.

17 This is just a copy of the yellow Special
18 Report that was handed out to you this evening. It
19 contains some case-specific information. On the second
20 page it provides all of the staff contact names and
21 numbers. If you have any questions, feel free to give
22 us a call. It also gives you a breakdown of the
23 different rates at the different periods of time. And
24 then there's the customer comment form. Fill out your
25 comments, fold it, put a stamp on it, and send it in.

1 This is a -- this is our -- and, sorry, it's
2 floridapsc.com. And then that's what you'll see when
3 you get there. You can go to Conferences and Meeting
4 Agendas, and it will bring you to the Commission
5 Conference tab that you can watch the agenda live.

6 If you click the Clerk's Office tab, then that
7 will lead you to entering the docket number, which is on
8 the front page of the Special Report, and that will take
9 you to any and all documents filed in the docket file,
10 and you can review them as well.

11 There are representatives from the Office of
12 Public Counsel here this evening, but here is their
13 contact information. They are your advocate before the
14 Florida Public Service Commission. There's their phone
15 number and web address.

16 Here is our Consumer Affairs hotline, if
17 there's any complaints or information that you may need,
18 it's an 800 number, as well as our website.

19 And one last reminder before we start taking
20 consumer -- customer comments, it is being recorded and
21 videoed. Come to the podium and the microphone and
22 please state your name, address, and spell your last
23 name.

24 That concludes this portion of the customer
25 meeting, and at this time we will start with customer

1 comments, and I will call the first customer in just a
2 minute.

3 Okay. Our first customer is Mr. Furman. Good
4 evening.

5 **MR. FURMAN:** Good evening. My name is Leroy
6 Furman, F-U-R-M-A-N. I'm the president of Fiddler's
7 Green Condo Association II at 6800 Placida Road in
8 Englewood, and I have prepared a text that I would like
9 to read from.

10 I want to set the stage for what is felt to be
11 the root cause for this request. The whole issue asking
12 for this outrageous rate increase is without a doubt an
13 effort by Utilities, Inc. of Sandalhaven to get the
14 ratepayers to pay for their bad management decisions and
15 subsequent actions, which include dismantling the plant.

16 Fiddler's Green Condominium Association II is
17 closest in proximity to this plant. As a result, it has
18 to bear the brunt of the noxious odors coming from the
19 plant and the heavy truck traffic in and out of the
20 facility. Damage to the roads has been an ongoing
21 problem, and, quite frankly, it's like pulling teeth to
22 get the utility to do any reparations. Village Green II
23 has had to absorb the costs or pay a significant portion
24 of them. The concrete on the access road is broken
25 under the weight of the trucks and needs to be replaced

1 already. It has been addressed to the facility with no
2 reparations made.

3 The straw that broke the camel's back in this
4 issue is when water accumulated around our Building 30
5 in late 2013. When it was reported to the utility, Mike
6 Wilson, who is the supervisor over the plant operator,
7 told us it was the result of sheet flow, which is
8 water -- it was the result of sheet flow, which is
9 water -- which is water running over the surface of the
10 ground. He insisted that because he had the
11 credentials, he was qualified to make that statement
12 when we disputed that statement. It was apparent we
13 were getting nowhere in reaching a solution to get rid
14 of the water accumulating in the area adjacent to
15 Building 30 and the dumpster enclosure.

16 We contacted several community -- or county
17 departments to see if they contributed in any manner to
18 the problem. Representatives of the department visited
19 the area and reviewed their operations. Any
20 responsibility borne by their departments was
21 eliminated.

22 The county health department contacted the
23 Florida Department of Environmental Protection and asked
24 that they become involved, which they did. After they
25 did considerable research, including a review of plant

1 records, test borings for soil samples, water samples,
2 as well as borings on the berm which surrounds the
3 settling pond (phonetic) used by the facility, the
4 result was that the water that was accumulating in the
5 area as well as that coming through the berms and up
6 through the blacktop was not from sheet flow. It was
7 due to saturation of the soil due to excess percolation.
8 It was obvious that something was seriously wrong.

9 The permit allowing the percolating was
10 authorized for 45,000 gallons per day. Records show
11 that they were percolating 79,000 gallons per day, which
12 is a violation of the permit.

13 The result of the investigation performed by
14 the FDEP was a consent order issued to Utilities, Inc.
15 requiring the plant to be offline by October 1 of 2015.
16 We have a complete file in our office covering the whole
17 incident from the time one of our owners in Building 30
18 reported he could not get to the dumpster near his
19 building to take out his rubbish (phonetic) due to all
20 the water that was on the ground surrounding the
21 dumpster up to and around that time all the way to when
22 I left (phonetic).

23 Now the July 23rd application, the basis for
24 the request is to be able to support, quote, operations
25 on a going-forward basis and an opportunity to earn a

1 fair return on the utility's investment in used and
2 useful property for public use, unquote. Maybe they
3 should have thought of that when service and conditions
4 were ignored.

5 That taken into account, why should the
6 ratepayers be required to pay anything to a firm of
7 making bad decisions, bad business decisions, which is
8 what this is all about? Many of the ratepayers in this
9 area are on fixed incomes. They do not get a fair rate
10 of return really. When was the last time many of the
11 ratepayers got a return of 11 percent? When they make
12 bad decisions, they suffer the consequences. While
13 (phonetic) the utility incurred substantial additional
14 operating costs and investment, and the page 2 of that
15 did not answer the poor management question.

16 How many customers' water are going to be shut
17 off because they cannot pay the preposterous rates? Do
18 they care or are they more interested in a fair rate of
19 return for their investors?

20 The July 22nd, 2015, letter to Sandalhaven
21 customers, which everybody sitting in this room probably
22 got -- by way of background, which is part 2 of that
23 letter, given the violation of the percolation gallons
24 per unit written by FDEP, how can it be written that,
25 quote, the plant consistently met its permit limits for

1 effluent water quality then and continues to do so now,
2 close quote? Does the percolation violation and the
3 water coming under the ground to Fiddler's Green along
4 with the stench it creates have any impact on the
5 quality of the effluent being produced at the plant?
6 The fact that you lost your sole reclaimed (phonetic)
7 water customer is not the fault of the ratepayers. It
8 again shows bad management, poor decisions.

9 Part 3, there is a significant cost, and
10 decisions to build on anticipated growth is another
11 decision made for money purposes that may have been
12 impacted by bad management, poor decisions. If that
13 wasn't the reason, why is it necessary to ask for an
14 increase to operate a plant that will no longer be
15 operating? The only equipment left will be the
16 collection lines underground and several pumping
17 stations. The main plant will have been disabled.

18 In the recent past, units in Fiddler's Green
19 Condominium Association II, excuse me, had sewage
20 backing up, but that wasn't their problem.

21 The utility and the FDEP reached an agreement
22 only after a number of complaints had gone unresolved
23 and required the intervention of the FDEP. It was not
24 the utility that made the decision to close the plant.
25 It was a consent order issued by FDEP. The total cost

1 of this project should be on the shoulders of the
2 utility and their 10.2 percent rate of return
3 investment.

4 To summarize, percolation violations, which --
5 and treated effluent coming through the berms and up
6 through the grounds (inaudible) and making living
7 conditions in the area very difficult and unhealthy.

8 What is the utility paying the Englewood Water
9 District to take effluent produced by their collection
10 line? Why does it take such an enormous rate increase
11 to maintain the collection lines? There is no plant to
12 maintain. There is no cost associated with trucking.
13 The lines and the pumping stations are the only items
14 that require maintenance (inaudible) costs.

15 The maintenance of Fiddler's Green Boulevard
16 and the access road by the Townhouse 4 are continuing
17 problems. The odor from the plant is a problem. It
18 continues to be an obnoxious nuisance. It is evident
19 that Utilities, Inc. is determined to have the
20 ratepayers pay for dismantling and decommissioning of
21 the plant. It is also evident that ratepayers are
22 expected to provide a fair rate of return to Utilities,
23 Inc. when they had absolutely nothing to do with the
24 operation of the Sandalhaven facility.

25 The reason that a fair rate of return is not

1 realized is due to bad management and poor business
2 decisions by the ownership and the management of the
3 facility. The ratepayers should be the primary concern
4 of this petition. And I understand that today I had a
5 call that Utilities, Inc. is looking to have this
6 closure date of October 1 extended because they can't --
7 there's a possibility, real possibility they can't close
8 the easement from FPL putting a line across in order to
9 service the last pumping station that they put in. Now
10 this has been an ongoing thing for quite a while. I
11 don't know why an easement wasn't in place a long, long
12 time before this. But, anyway, those are my remarks,
13 and thank you very much.

14 (Applause.)

15 **MS. THOMPSON:** All right. Mr. Krieg.

16 **MR. KRIEG:** Hi. My name is William Krieg.
17 I'm the president of Kestrel Circle Residents, which is
18 in Sandalhaven. And I agree with just about everything
19 he said.

20 In the first place, when the corporation that
21 bought Utilities of Sandalhaven, the -- Charlotte County
22 was -- put in a bid on it to buy that, and this
23 corporation offered, like, \$2 million more than
24 Charlotte County did. Now they're trying to make the
25 ratepayers pay all this bad management and bad business

1 decisions, and that's why I believe that they should not
2 give them this rate increase that they're doing.

3 And also they're, like he said, they're going
4 to pump all that stuff over to Charlotte County.
5 They're not pumping it to Charlotte County?

6 (Inaudible audience responses.)

7 Oh, okay. Well, they're pumping it someplace
8 else other than taking care of it, so they're not going
9 to have to treat the water. It's going to be treated by
10 another utility. Why are they charging us more to treat
11 the water than what the utility would cost -- charge
12 them to treat the water, because they don't have to
13 treat it anymore? And that's all I have to say for
14 right now. Thank you very much.

15 (Applause.)

16 **MS. THOMPSON:** Mr. Hessel?

17 **MR. HESSEL:** I'm going to pass.

18 **MS. THOMPSON:** Okay. Ms. Wright.

19 **MS. WRIGHT:** I'm Betty Wright, W-R-I-G-H-T.
20 My address, 10501 Amberjack Way, Unit 103. I am in The
21 Hammocks. My husband and I bought and moved in a little
22 over two years ago. We have observed the area improve,
23 recover slowly but steadily. With this rate increase,
24 if it goes through, the condo fees, the HOA fees for
25 every condo, for every homeowner are going to increase,

1 our resales are going to go flat, our new construction
2 is going to stop, and our property values are going to
3 stagnate.

4 Not just the residential, the businesses as
5 well. We're going to have a problem with the
6 restaurants, with the marinas, with the carwash, with
7 every business. They'll no longer be able to compete.

8 We are a small area. In the big picture we
9 are a drop in the bucket. We're going to be forced to
10 pay unreasonably if this rate goes through. I appeal to
11 you, do not let this happen. Thank you for listening.

12 (Applause.)

13 **MS. THOMPSON:** Ms. Burkey [sic]. Mary Burkey.

14 **MS. BURNEY:** Do you mean Burney?

15 **MS. THOMPSON:** Burney, sorry.

16 **MS. BURNEY:** I'm Mary Burney, B-U-R-N-E-Y, and
17 we live in Sandalhaven.

18 **UNIDENTIFIED SPEAKER:** Can you move the
19 microphone up a little bit? Thank you.

20 **MS. BURNEY:** We live in Sandalhaven on Audubon
21 Avenue, 3042.

22 I was just wondering when it says the
23 Commission-approved interim rates, is that the rate
24 they're supposed to be charging us now, or when does
25 that take effect?

1 **MS. THOMPSON:** It should be the rate that they
2 are charging now.

3 **MS. BURNEY:** Okay. And another question was
4 can't we -- or maybe the county commission could check
5 with the Englewood Water District and the Charlotte
6 County utilities to get a comparison of their rates.
7 Shouldn't we be close to their rates? Because Englewood
8 is only 22 to 72 base, \$3 per 1,000 gallons, and
9 Charlotte County utilities was 29.36 base, with 4.09 per
10 1,000 gallons. Would they be interested in buying these
11 other people out so that we could have reasonable rates
12 like they have?

13 **MS. BROWNLESS:** Ms. Burney, Suzanne Brownless.
14 It's nice to see you.

15 The Commission -- the method for determining
16 rates under Chapter 367, which is the statute that
17 controls how the Florida Public Service Commission goes
18 about setting rates, it's not a comparative process.
19 You look at the investment that each utility has, you
20 look at the O&M expenses that each utility has, and you
21 set rates based upon a reasonable rate of return based
22 upon the investment that's found to be prudent.

23 So that's the process that we are in the
24 process of developing the information to do. So it's
25 unique to each utility. The rates that are charged by

1 Charlotte County or the rates that are charged by
2 Englewood are presumably set on a similar method for
3 their individual systems.

4 **MS. BURNEY:** So they should be similar to ours
5 since we're all in the same area.

6 **MS. BROWNLESS:** The rates will not necessarily
7 be similar. The process used is similar, but the rates
8 that are ultimately developed would depend upon the
9 amount of investment for each utility.

10 **MS. BURNEY:** So if they waste money, you
11 reward them by letting them raise our rates?

12 **MS. BROWNLESS:** Well, no, ma'am. If we
13 determine that any of the expenses were, quote, a waste
14 of money or unreasonable or imprudent, then those would
15 be disallowed in the development of the ultimate rates.
16 And that is, in fact, what the staff at the Public
17 Service Commission is in the process of doing is
18 analyzing those O&M expenses and determining whether
19 they were prudently incurred.

20 **MS. THOMPSON:** And it also depends on the
21 customer base that they have to spread the costs over,
22 and that varies from utility to utility as well.

23 **MS. BURNEY:** But you don't compare the
24 utilities?

25 **MS. THOMPSON:** No, ma'am.

1 **MS. BURNEY:** To see who is good at managing
2 and who isn't.

3 **MS. THOMPSON:** Well, that's part of the
4 ratemaking process.

5 **MS. BURNEY:** You look into their management?

6 **MS. THOMPSON:** But a comparison from utility
7 to utility, no, ma'am, we do not compare those.

8 **MS. BURNEY:** You don't compare managements
9 then?

10 **MS. THOMPSON:** No, ma'am.

11 **MS. BURNEY:** That's too bad.

12 (Applause.)

13 **MS. THOMPSON:** And I apologize. I can't read
14 the next one. Des --

15 **MS. HANUM:** Dee Hanum.

16 **MS. THOMPSON:** Dee, yes, ma'am.

17 **MS. HANUM:** I'm Dee Hanum, H-A-N-U-M. I'm
18 also from Sandalhaven Mobile Home Estates. I really do
19 have a few questions. The first one --

20 **UNIDENTIFIED SPEAKER:** Use the microphone,
21 please.

22 **UNIDENTIFIED SPEAKER:** Speak into the
23 microphone.

24 **MS. HANUM:** The first one, okay. Aren't our
25 rates for sewage based on usage of water? Okay. That's

1 a start.

2 Now you raised our rates really, really bad
3 and very high. Why were they raised now before it's
4 been okayed?

5 **MS. BROWNLESS:** All right. What you have
6 right now is what we call an interim rate, interim
7 rates. These are rates that were put in place subject
8 to a preliminary analysis of the data, and what we did
9 was we went back to the audit that the Florida Public
10 Service Commission conducted in 2006 and 2007, the last
11 time that the Florida Public Service Commission has set
12 rates for this utility, and we looked at all the
13 adjustments that were made there, we looked at all the
14 data that was there, we looked at the utility's interim
15 request, and we carried that forward and developed
16 interim rates. Those interim rates are subject to
17 refund with interest.

18 **MS. HANUM:** I understand that. But, you know,
19 if you look back over our rates over the years and the
20 months, the rate that they have given like myself has
21 tripled from what I normally pay and have paid.

22 **MS. BROWNLESS:** And let me share this with
23 you. At the very beginning of this hearing when we
24 talked about an administrative error that had been made
25 in the implementation of the interim rate, unfortunately

1 what happened was the proposed interim rates were put in
2 effect and reflected on your bill, not the interim rates
3 approved by the Public Service Commission. So you
4 will -- the next bill that you get will have the correct
5 interim rates, it will have a credit for the overcharge,
6 and you will not be penalized in any way. We will make
7 sure that that is right. So the bill that you get the
8 next time will be correct and reflect the correct
9 interim rates, which are not three times --

10 **MS. HANUM:** So we actually will get a refund?

11 **MS. BROWNLESS:** You will get a credit on your
12 bill, yes, ma'am.

13 **MS. HANUM:** Because, like, last month was zero
14 and this time it was, like, triple. So there was no way
15 I could have used that much water or sewage in a month.

16 **MS. BROWNLESS:** Oh, no, ma'am. It was a
17 clerical error, there's no doubt about that, and we have
18 worked very hard and the utility is working very hard to
19 make sure that the next bill --

20 **MS. HANUM:** Why was it done in the first
21 place?

22 **MS. BROWNLESS:** Wrong paperwork --

23 **MS. HANUM:** They always find somebody to blame
24 it on.

25 **MS. BROWNLESS:** Well, we will make sure that

1 you are made whole. That's our job, and we're making
2 sure that will happen.

3 **MS. HANUM:** Well, I certainly hope so because
4 I absolutely refuse to pay what you are charging because
5 it is ridiculous. I've been down here in Florida for 30
6 other years and this is the first I've ever run into any
7 problem. I'm sure there's a lot of you that have been
8 down here that long, right, or more, and it is -- for
9 people who are on a fixed income, it's a little bit
10 difficult.

11 **MS. BROWNLESS:** Yes, ma'am. We appreciate
12 that.

13 **MS. HANUM:** Or they can't give a correct
14 answer.

15 (Applause.)

16 **MS. THOMPSON:** Mr. Gillaspie.

17 **UNIDENTIFIED SPEAKER:** Can you increase the
18 volume?

19 **MS. THOMPSON:** Just talk louder into the
20 microphone, if you can, please.

21 **MR. GILLASPIE:** I have some prepared remarks
22 and I --

23 **MS. THOMPSON:** Sorry, sir. Would you mind
24 stating your name and spelling your last, and your
25 address, please?

1 **MR. GILLASPIE:** My name is Clark Gillaspie,
2 G-I-L-L-A-S-P-I-E. I'm the Association Manager for Cape
3 Haze Resort, and the address of that property is
4 8401 Placida Road, Cape Haze, Florida 33946.

5 Okay. Thank you. I forgot. I have prepared
6 remarks. I gave a copy of this to Mr. Durbin for the
7 record, and I'm going to read it -- I hope I can make it
8 in, trust me -- before I run through this paper.

9 May I just clarify something with regard to
10 billing? If we have paid something on our bill, at
11 least something, do we still need to call Utilities,
12 Inc. regarding the balance of the bill, or can we just
13 stipulate here tonight that if we paid something, that's
14 good enough, there won't be interest and penalties?

15 **MS. THOMPSON:** If you've paid something, wait
16 until the next bill is issued, and it should true you up
17 to what the true charges are and the remaining balance
18 due.

19 **MR. GILLASPIE:** Okay. I tried to pay more
20 than the amount that was due, but I didn't pay the full
21 amount. Can I be assured that I will not have interest
22 and penalties even if I don't call. See, I have seven.
23 I just assumed --

24 **MS. THOMPSON:** There will be no penalties and
25 interest.

1 **MR. GILLASPIE:** Thank you, ma'am.

2 **MS. THOMPSON:** If you do run into problems,
3 there's contact numbers either for the utility on your
4 bill or the Public Service Commission staff members,
5 myself and some of my co-workers, feel free to call us
6 and -- but you should have no penalties, no interest.
7 You shouldn't run into that issue.

8 **MR. GILLASPIE:** Thank you very much. One of
9 my -- I didn't look at all of my bills in detail, but
10 one of the bills I looked at this morning, just to go
11 back and verify, not only was I charged more or less
12 double the rate that I should be paying, I was also
13 billed for almost double volume that we actually use.
14 The rates are based on Charlotte County Utilities.
15 Charlotte County said that we used 23,000 gallons. I
16 was billed for 41,000 gallons. So it's not just a
17 matter of the rate being wrong. Apparently it's the
18 volumes are wrong as well.

19 **MS. THOMPSON:** And if you have a problem with
20 that bill that you could send to me -- just get my
21 contact information before you leave, and I will check
22 into that issue.

23 **MR. GILLASPIE:** Okay. Sure. I will be
24 pleased to check into that.

25 Ma'am, what is your name, please?

1 **MS. BROWNLESS:** My name is Suzanne Brownless.

2 And if anybody out there has an issue with the amount of
3 water they were billed for, the bill was based on
4 incorrect volume information, my name is on there, my
5 contact information is on there. Please call me and let
6 me know. I assure you I will look into it.

7 And if you have any issue with any interest or
8 any type of penalty payment imposed as a result of this
9 billing error, I would also like to know that as well.

10 **MR. GILLASPIE:** Sure. Thank you very much. I
11 enjoyed your comments earlier with regard to the rate
12 setting process, and my comments here tonight are taking
13 just a slightly different angle on your comments. I
14 hope you'll receive them well.

15 Dear Commissioners and staff, the power of
16 monopolies can be awesome. Monopolies can accomplish
17 wonderful things that because of physical size and level
18 of capital commitment would be difficult or impractical
19 for companies to achieve while competing in a free
20 market. But the power of monopolies can also be
21 formidable in a negative way, as we all know, and that's
22 why we don't allow monopolies to exist in this country
23 without the appropriate oversight. Proper oversight
24 replaces the free market forces that would otherwise be
25 present as a check and balance. The consumer gives up

1 his right to choose in exchange for the regulators'
2 promise of protection.

3 The arrangement is mutually beneficial. The
4 monopolies gain the security, investing huge sums of
5 capital in a controlled environment, knowing they will
6 be able to realize a stable return on their investment
7 over a long period of time; the customers enjoy a
8 service that they may not be offered otherwise, and they
9 too have security, believing they will be able to enjoy
10 the service over a long period of time at a fair price;
11 and the regulator ensures the public does not suffer
12 monopolistic abuses. It's a grand bargain indeed.

13 One method of regulating is to set a universal
14 price. All who choose to provide a particular public
15 service must sell at said -- at such set price, and
16 sometimes these are referred to as promulgated rates or
17 prices. And we've all experienced the benefits of such
18 regulation, sometimes without knowing it. For example,
19 everyone in this room who has purchased title insurance
20 has enjoyed a promulgated rate.

21 The State of Florida has chosen not to set a
22 universal price for sewer services but to regulate sewer
23 companies' rates based on operating expenses and
24 invested capital presumably because it is determined
25 that the cost of providing sewer service varies

1 significantly from place to place across the state.

2 Fair enough.

3 Since it is not a universal price, however,
4 the Commission has to ensure it is a fair price in every
5 jurisdiction. And in most cases effective and fair
6 regulation can be simply a matter of calculating the
7 capital invested, looking at the equity ratio, adding up
8 the operating costs, and applying that formula to
9 determine the new tariff, but it's not the case in all
10 cases.

11 A formula can be the basis for the day-to-day
12 regulation and good for you because you don't need to
13 treat every matter as a whole new exercise, but the
14 formula is not the essence of the grand bargain that was
15 made. Your grand bargain demands sound business
16 practices on the part of the utility. Your grand
17 bargain demands that the regulator be a substitute for
18 free market forces that would act upon the utility.
19 Otherwise, there is no bargain because otherwise the
20 public, with the assistance of its own government, is
21 placed at the mercy of a monopoly without checks and
22 balances.

23 Just as any business does, the utility has to
24 control its overhead and other costs. It has to
25 maintain its facilities. It has to plan well for the

1 future. It has to implement its plan effectively at a
2 reasonable rate. It has to provide good service to its
3 customers. It has to collect and pay its bills and so
4 on. There's nothing in the grand bargain that relieves
5 the utility from having to practice its business well in
6 order to stay in business.

7 If the carwash in our neighborhood triples its
8 prices for whatever reason, good or bad, it will surely
9 be out of business in no time. And the reason I'm
10 saying tripling is because the matter that's before us
11 today is really an extension of the matter that was
12 before us in 2012. These are the same issues. The
13 40 percent increase then in conjunction with a proposed
14 137 percent increase today takes the total price to more
15 than triple what it was before 2012. So that's why I'm
16 saying tripled.

17 The same is true for the neighborhood gas
18 station or the restaurant or the hair salon or the
19 hospital or the bank. The free market does not allow
20 companies to abuse the public. Free markets ensure that
21 products and services are offered at appropriate prices.
22 Why should our sewer company be allowed to triple its
23 prices for whatever reason, good or bad? The free
24 market would not allow it, and the Commission, standing
25 in place of the free market -- in place of free market

1 forces, being the protector of we, the ratepayers,
2 should not allow it either.

3 We have heard the argument that Sandalhaven
4 made certain business decisions that may have seemed
5 rational and prudent at the time and in the context in
6 which they were made. Although that's an interesting
7 argument, the argument completely misses the point.
8 Whether decisions were good or bad at the time is
9 completely irrelevant.

10 Consider a hypothetical gas station that's
11 tripled its size, tripled the number of pumps and tanks,
12 tripled the area of its convenience store, tripled its
13 staff and so on in anticipation of strong market growth
14 that simply didn't materialize. Would the free market
15 allow the gas station owner to triple his prices to
16 cover his bad decisions? Of course not. Would we pay
17 \$7.50 per gallon? Of course we wouldn't.

18 But there's a more interesting question. What
19 if the market felt that the gas station owner had been
20 justified in making the decision he made to triple his
21 size. Would we then agree to pay \$7.50 per gallon? Of
22 course we wouldn't. Whether he made a good or bad
23 decision is irrelevant to what we would agree to pay for
24 his gasoline. The gas station owner has to accept the
25 current market price and find a way to carry on until

1 that anticipated growth materializes, or he has to go
2 out of business. Why should Sandalhaven -- the
3 Sandalhaven situation be any different?

4 Sandalhaven made the decisions it made, good
5 or bad. The ratepayers didn't make those decisions.
6 The Commission did not make those decisions.
7 Sandalhaven made them and Sandalhaven should have to
8 live with them. Sandalhaven is entitled to a fair
9 price. If sewer rates have increased, if their costs
10 have increased, if our general area has seen rate
11 increases, then Sandalhaven should seek and win a
12 similar increase, but a tripling of prices in
13 three years is preposterous.

14 The public gives up its right to choose in
15 exchange for the consumer -- in exchange for the
16 Commission's protection. We trust the Commission will
17 protect us now and perform the function of a free
18 market, as it should, and keep our rates in line with
19 others in our general area. I know that doesn't meet
20 your formula, but the formula is the basis for
21 regulation, not the essence of regulation.

22 There's one other concept I would like to
23 discuss, and it was actually touched on by one of the
24 earlier speakers. Any rate increase awarded to
25 Sandalhaven serves to preserve Sandalhaven's capital

1 investment. It goes without saying. It's obvious. But
2 at what cost? It is not simply a matter of ratepayers
3 digging a bit deeper and paying a higher monthly bill.
4 A much bigger cost to all of us is the erosion of the
5 capital investment we have in our properties in the
6 Sandalhaven franchise area. When household costs or
7 when condominium maintenance fees are increased at a
8 rate faster than that typically experienced in the free
9 market, the direct, inevitable result is a decrease in
10 property values.

11 The net effect of a large increase for
12 Sandalhaven would be to take capital away from the
13 ratepayers and give it to a monopoly. How ironic would
14 it be if the Commission allowed the party who made the
15 poor business decisions to benefit and preserve its
16 capital at the expense of those who have no part in that
17 decision-making process? The free market would not
18 allow it, and we trust the Commission will not allow it
19 either. Thank you very much for listening to me.

20 (Applause.)

21 **MS. THOMPSON:** Mr. Armen.

22 **MR. ARMEN:** I'm Brian Armen, A-R-M-E-N,
23 Secretary of Fiddler's Green Condo Association I,
24 6800 Placida Road, Englewood, Florida 34224. I've got
25 to follow that guy? I will try to say what he just said

1 less eloquently.

2 We have 70 units as a part of our complex,
3 maybe 72. Average use for most folks seems to be about
4 \$43. I heard that quite clearly when they were
5 complaining about \$90 bills with the billing error. Add
6 to that, this may be a way of explanation for some
7 folks, Charlotte County appears to read only estimated
8 bills every so often, and it just so happens that their
9 catch-up month was August, the month that Sandalhaven
10 increased their rates. So it might be a double whammy
11 because of that.

12 A 137 percent rate increase, a 139 percent
13 rate increase, how do you say it sounds a little bit
14 excessive? From the statement tonight read on the
15 screen regarding the request for a rate increase, it
16 seems the primary purpose for that increase appears to
17 be a return on investment for the investors' benefit,
18 not for the benefit of the consumer. Therefore, I would
19 speak against the request for a rate increase on behalf
20 of all of our residents at Fiddler's Green Condo
21 Association I.

22 (Applause.)

23 **MS. THOMPSON:** Mr. Atkins.

24 **MR. ATKINS:** Good evening. I'm Marty Atkins,
25 A-T-K-I-N-S, 8571 Amberjack Circle in The Hammocks.

1 I'd just like to be fairly brief here. As you
2 can see, there's a lot of people out here with gray
3 hair. I've got a few of them. You know, we're not the
4 silent majority. I can tell you that.

5 I'd like to mention about the incorrect bills
6 that went out. I just don't understand how it wasn't
7 made clear tonight that you should pay your prior bill
8 and no more. I just don't see how a business can get
9 away with sending a bill out when it wasn't made clear
10 tonight that you should pay what your prior bill was and
11 no more. I just don't understand it. While you paid
12 the bill and maybe we're not going to charge you
13 interest and penalties -- I can just imagine if I was a
14 gas station and tripled my bill, tripled my prices, I
15 would have no customers. If I was a retailer, oh,
16 sorry, I made a mistake. You can buy that item today,
17 I'll give you a refund tomorrow. I think it wasn't made
18 clear and it should have been really made clear that
19 nobody should pay a dime more than last month. Nicely
20 said.

21 Again, I'm going to be brief. I just have a
22 couple of comments here. You know, we're going from a
23 processing company to a pipeline company, and I just
24 don't see -- and, believe me, I'm fairly conservative.
25 People, if they can explain what these additional costs

1 are, I'm all willing to look at it, but I just don't see
2 how you go from a processor and pipeline company and go
3 up 139 percent. To me that's voodoo economics really.

4 Next question. You know, we're talking
5 Utilities, Inc., we're talking Sandalhaven, LLC, and
6 we're talking another corporation. I think the staff
7 have to really look at all the inner company accounting
8 gimmicks these guys have done, if any, over the last ten
9 years and negate all those transactions.

10 Okay. Additionally, you know, we have a small
11 company here, probably doing about maybe \$700,000,
12 \$750,000 a year in revenue. My question really comes
13 down to are they allocating the same amount of corporate
14 overhead of each company as they would on normal size
15 companies, utilities -- five, ten, 20? Because I don't
16 think we should be paying for more charter jets,
17 limousines, you know, triple martini lunches. And I
18 just think you folks should have a limitation when we
19 have small, a very small microcosm here, that we should
20 not be paying for this additional overhead that large
21 companies can afford to pay. I just think you have to
22 look at that.

23 The next question is, and I don't know if this
24 goes into the rates, if Sandalhaven is sold to me for
25 20 million, would you allow me to have that additional

1 depreciation in the rates because I paid double, triple?
2 And, you know, if that is in your ratemaking process,
3 then I think that's what they're up to. They want to
4 double or triple the rates and then sell to another
5 company, and that company will say, "Well, here's our
6 investment, 20 or 30 million. We need to get a return
7 on capital." Boy, I'd like to get a return on capital
8 like that, by overpaying, and then they would reward me
9 for additional capital expenditures.

10 One other, one other item, and I would like to
11 know additionally -- we're going from a processing
12 utility to a pipeline company -- really what necessary
13 capital expenditures these folks need to make in the
14 future. I mean, we've got a couple of pumping stations,
15 we've got effluent going down, maybe it (inaudible) now
16 and then, you've got to do some maintenance, but what
17 else is there? So if they have additional amounts and
18 they're way over and above what they've been spending
19 the last three years, i just don't see why that should
20 be part of the ratemaking process. That concludes my
21 remarks. I thank you for allowing me to make the
22 remarks.

23 (Applause.)

24 **MS. THOMPSON:** I would like to take a minute
25 and apologize if I wasn't clear earlier about the

1 misbilling. If you haven't paid your bill, call the
2 utility. If you want to pay what your bill was the last
3 month but not the overage, that's fine. There was a
4 billing error. We're aware of it. We're making
5 corrections. They're not sending out the next bill
6 until the corrections are in place, and they can issue
7 any credits due, if necessary, at that time. So if I
8 was unclear about the billing error, then I apologize.

9 If you wish to -- if you wish to speak and
10 haven't signed up, please do, and I'll address you when
11 you come up to the podium to speak. Okay. And that --
12 let's get to the next speaker. Mr. Arway.

13 **MR. ARWAY:** My name is William Arway. I'm a
14 resident of Shamrock Shores. I live at 10039 Franklin
15 Drive, Englewood, 34224.

16 **MS. THOMPSON:** And is your last name A-R --

17 **MR. ARWAY:** A-R-W-A-Y.

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

19 **MR. ARWAY:** I have heard so many things here
20 today which I don't believe anybody here would disagree.
21 I see one common thread running through everything
22 that's been said, and it's relative to something you
23 just talked about, and it is this rate increase
24 inadvertently a month earlier or whatever the time was.
25 There's a bad problem with that. There are many people

1 here who have their bills paid automatically every
2 month, and how many of those people have had to have
3 double their payment made, and they're going to be
4 reimbursed next month? What about the bills that they
5 have to pay this month?

6 This is an example, as I said, of something
7 that's run through everything that's been said, and that
8 is poor management practices. These things are just not
9 acceptable in good business. Everything we've heard
10 here says that. And this talk about, well, we made a
11 mistake. And we said, "No, this rate increase has only
12 been proposed," and then we paid for it. We paid for
13 it. We're going to get our money back, but that's not
14 the point. It's the practice, the procedure that the
15 company seems to be using. Everything else that's been
16 said is related to that kind of practice, the way this
17 company runs their business. Thank you.

18 (Applause.)

19 **MS. THOMPSON:** Mr. Gerard. Mr. Gerard.

20 **MR. GERARD:** Good evening. Harry Gerard,
21 6800 Placida Road, Englewood. I'm in Fiddler's Green
22 II. I'm Building 28. I want to talk about the quality
23 of life. I live close to the plant, and the last two
24 years it's been unbearable with the smell and the water.

25 The thing I want to bring across is they got

1 caught, and that's why they're supposed to close the
2 plant. Now we're understanding that it looks like they
3 might not close it by October the 1st. They've got
4 another excuse to keep doing this.

5 The quality of life I want to bring up is we
6 have lost some good families because they said they were
7 done, they were fed up with the smell and the water. We
8 lost some good families, and that's what I want to bring
9 up.

10 The other thing I'd like to bring up is that
11 I'm one of those automatic pay bills, so they take out
12 whatever they want and they run the bill up, no problem.
13 The only thing I'm asking is that if I didn't pay on
14 time, I get charged a penalty and I also get charged
15 interest. I hope they have the same courtesy for me. I
16 would like a little bit of interest on my money because
17 I would get something out of it if wasn't --
18 (inaudible).

19 (Applause.)

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

21 **MR. MORRILL:** My name is Eldon Morrill,
22 M-O-R-R-I-L-L. I live at Fiddler's Green 2,
23 6800 Placida Road. I live in a townhouse which has a
24 swell behind it where water runs down to Bender
25 (phonetic) Bay Creek. I've been there for 15 years, and

1 for 13 years of those the fresh water flowed down there
2 and had no smell. The last two years, even up till
3 yesterday, the water that flows through there is very
4 obnoxious. The quality of life is gone. We can't sit
5 on our patios because it's just very unpleasant.

6 I'm treasurer of the association. We have 174
7 units. 150 of those are northern snowbirds. They pay
8 that base rate six months of the year when they're not
9 here, so they're paying a dollar rate for no service. I
10 think that's totally wrong. I think your base rate
11 calculations are wrong. The quality of life is bad.
12 It's all based on bad business that this company is
13 doing. Thank you.

14 (Applause.)

15 **MS. THOMPSON:** And Ms. Leslie Furmage.

16 **MS. FURMAGE:** Hi. I'm Leslie Furmage,
17 F-U-R-M-A-G-E. I'm a resident of Shamrock Shores, which
18 is a community of about 75 homes. 95 percent of the
19 people there, I believe, are retirees, and this is going
20 to hit folks hard having an increase this large. And
21 even in this community, you read the paper every day,
22 they talk about how housing has gone up, how younger
23 people can't afford to move here because the housing is
24 so high. Now they're going to be hit also with a huge
25 bill for water. I mean, we're not making it easy on the

1 residents. We're not making it easy here on anyone.
2 And the businesses, every business here is a small
3 business. It's a small business. There's just a few
4 larger companies. So we're just making it hard on
5 everybody.

6 And I was kind of wondering if this mistake
7 was made on the bill, why didn't you send out a
8 corrected bill right away?

9 I don't think a lot of people even know about
10 this hearing and they're not here tonight. How are they
11 supposed to know what they're doing?

12 **MS. THOMPSON:** There will be a bill insert
13 with the next bill that makes people who aren't aware
14 aware.

15 **MS. FURMAGE:** So the next bill, not the one we
16 just got.

17 **MS. THOMPSON:** Correct. And it takes time to
18 correct information into the billing system, so that's
19 why there is the delay.

20 **MR. FURMAN:** I had said that I would read a
21 letter from one of our other residents. I'm just going
22 to paraphrase.

23 The first paragraph, she had called up
24 wondering what was going on with the bill, and she said
25 it was extraordinarily high. And whoever she was

1 talking to on the phone said, "You think you know more
2 than I do," and he hung up on her. Nice customer
3 service.

4 I'm going to read the second paragraph,
5 although I think a lot of it has already been said
6 tonight.

7 My understanding is that our sewage is now
8 going to Englewood Water District as of October 1.
9 Sandalhaven is now only a pipeline company and no longer
10 will need employees to run a treatment plant. These
11 rates are so out of line with any of our other utilities
12 that are only two blocks away. We have already moved up
13 to EWD. My understanding is this was enforced by EPA.
14 By giving them outrageous increases, there's no
15 incentive for them to sell the remaining infrastructure
16 to a company that is capable of operating at a normal
17 rate. Either EWD or Charlotte County Utilities are
18 already here. We will be paying outrageous rates
19 forever. Once given, these rates will never go down to
20 a reasonable level. Due to the monopoly these utilities
21 have, your Commission is our only resource. That's it
22 for me. Thank you.

23 (Applause.)

24 **MS. THOMPSON:** I want to again thank you for
25 taking the time to come. If you have any questions,

1 we'll be cleaning up, and please feel free to seek one
2 of us out. We'll be happy to answer any questions.
3 Thank you.

4 (Proceeding adjourned at 7:06 p.m.)
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