October 25, 2015

RE: **Utilities, Inc. of Sandalhaven DOCKET NO. 150102-SU**.

To: The Director, Office of Commission Clerk

This letter is presented to you petitioning your answer to the following question, "What do you perceive to be fair and equitable based on these circumstances?" I, along with approximately 835 Sandalhaven customers, will be affected by your efforts.

A number of the families alluded to above purchased homes here during the great real estate "boom" of the early 2000's. Many are still financially "underwater" on those transactions. However, such is the potential risk taken when one makes an investment, and one must live with the results. RISK is at the very core of capitalism.

During the same time period, Utilities, Inc. of Sandalhaven was enjoying the benefits of signing several contracts for reservation of service at their wastewater treatment facility. In fact, Sandalhaven was enjoying such an exciting period of growth they decided to take a risk and make an investment of their own to dramatically expand wastewater treatment capacity.

Their investment came in the form of a purchase of 300,000 gallons per day of additional wastewater service capacity from the local Englewood Water District for $2.258 million. In addition, the utility constructed a lift station with a 500,000 gpd capacity, and a force main with 1,000,000 gpd capacity. These actions were undertaken due to concern about the ultimate capacity of their own plant system and whether or not it was adequate to meet the maximum potential demand they were then hoping for.

Once the ensuing "bust" came, things changed dramatically, the expected demand did not materialize, and what homeowners and the utility believed to be sound investments, financially, turned out to be "not so good", after all. In fact for many homeowners, the investments were outright ruinous. Last year, according to the utility's rate increase application, the utility's wastewater flows were approximately 136,000 gpd. Those flows are less than half of the extra 300,000 gpd capacity it reserved from the Englewood Water District.

So, where does that leave everyone now in 2015? Answer:

- The homeowner has to live with the investment they made and hope that someday they may be able to recover from their investment.
- The utility company, however, has requested a rate increase from the Florida Public Service Commission in order to recoup, from current and future customers, its entire investment in additional capacity that is not being used by the customers. If the rate increase is granted, as presented, that rate increase will allow the utility to recover the investment it made for the reservation of capacity at the Englewood Water District as well as the investment in the oversized lift station and force main. This capacity, by the way, may never be fully used by customers!
- To add insult to injury, customers are being asked to pay Sandalhaven a 9.60% rate of return on the company's investment decision, while, at the same time, many of those customers are struggling with the outcome of their home purchase, which has not turned out to be so fortuitous. This isn't fair, just, or

reasonable. To whom should these homeowners petition to bail them out of their underwater investments?

- This unreasonable rate increase will not only impact the customers' household budgets, but also increase condominium and HOA fees. It will also unduly hurt local businesses, and the local economy.

How does Utilities, Inc. of Sandalhaven attempt to justify its request to fully recoup its investment decision?

Their answer.... "We're presently under a DEP Consent Order to close our existing plant facility" ... "as we could not properly dispose of all of our plant's effluent."

That's their convenient answer, and, as a matter of fact, they have known for years they had no practical way to dispose of that effluent. Sandalhaven precipitated the DEP action by failing to pursue alternative options. Once the plant is retired, the utility already has more than twice the capacity it needs to serve its current customers through the Englewood Water District.

Why would it not be equitable for the Public Service Commission to make the proper adjustment and remove the company's unused portion of the utility's investment from the Sandalhaven requested rate increase calculations? After all, if ever that capacity is to be used, the utility can petition the Commission, once again, at any time in the future. However, if the rate increase is granted, it will severely hurt the utility's customers, especially low income customers and customers on fixed incomes.

Is there no cost associated with the risk of the operation of their business from which they cannot derive a rate of return? Must we, the consumer, be made to pay for all of <u>their</u> risk and our own, as well?

Please accept this letter as it is intended. We are not suggesting the company should receive no compensation in return for certain of its investments. We are simply saying we do not feel they should receive a rate of return on the utility's investment not currently being used by the customers.

The matter is in the hands of appointed officials who regulate utility rates. My family is one of those who will be affected by their December 3, 2015 decision. In pondering your position on this issue, we are asking only that you dispassionately consider the question initially posed to you, "What do you perceive to be fair and equitable under these circumstances?

Your support, on our behalf, will be well received.

Respectfully submitted,

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<u>Public Officials Contact Information</u>