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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION FOR STAFF-ASSISTED DOCKET NO. 150010-WS  
RATE CASE IN BREVARD COUNTY BY  
AQUARINA UTILITIES, INC.

\_\_\_\_\_ /

PROCEEDINGS: CUSTOMER MEETING

COMMISSION STAFF  
PARTICIPATING: ADAM HILL  
ORLANDO WOOTEN  
KELLY THOMPSON

DATE: March 10, 2016

TIME: Commenced at 2:00 p.m.  
Concluded at 3:17 p.m.

LOCATION: Aquarina Community Center Conference Room  
450 Aquarina Boulevard  
Melbourne Beach, Florida

TRANSCRIBED BY: LINDA CUNNINGHAM, RPR  
COURT REPORTER & TRANSCRIBER  
Notary Public in and for the  
State of Florida

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

2 **MR. HILL:** All right. Good afternoon. Good  
3 afternoon, everybody. It looks like most people are  
4 here. Just finish up those conversations and we will  
5 get started shortly. Thank you.

6 All right. Good afternoon, everybody. My  
7 name is Adam Hill and I'm with the Florida Public  
8 Service Commission. All right.

9 So, if anybody did not get here when we were  
10 announcing this, in order to speak today there's a  
11 sign-up sheet up here, and, if you would, please come  
12 and put your name down. You can sign up at any time  
13 during the presentation, so if later you hear somebody  
14 say something and you want to respond to it or you want  
15 to add to it, feel free to come sign up. We will be  
16 taking any comments in the order of who has signed up  
17 already on this sheet. Okay.

18 So, like I said, my name is Adam Hill and I  
19 work for the Florida Public Service Commission. This is  
20 the Customer Meeting for Docket Number 150010 for  
21 Aquarina Utilities Staff-Assisted Rate Case.

22 Just to start off, I would like to give a --  
23 sort of an overview of who everybody is in this  
24 situation. So, obviously, we have the customers. And  
25 thank you everybody for coming today. And you all have

1 the utility that's are serving you. But because  
2 utilities are in the unique situation of having a  
3 monopoly control over a certain area, we have -- the  
4 Florida Public Service Commission was created by the  
5 Legislature in order to -- to help regulate those  
6 utilities. And one thing that sometimes comes up in  
7 these Customer Meetings is that we are not Commissioners  
8 who come here to speak. We are actually the  
9 Commission's staff, and I'll explain a little bit of the  
10 difference between the staff and the Commission, so you  
11 can understand my role and the roles of those who have  
12 come here today.

13 My name is Adam Hill. In the back we have  
14 Orlando Wooten. We are in the Engineering Department.  
15 And we also have Ms. Kelly Thompson, from the Office of  
16 Consumer Assistance and Outreach. And the contact  
17 information for people working on your case are on  
18 Page 2 of this special report, so on the back of Page 1.  
19 So, if you want to ask any further questions after  
20 today, please use those numbers there. It's important  
21 to note, that those of us working here today are more on  
22 the outreach part of things, so we did not do any of the  
23 calculations involved, but we -- those people in there  
24 will be able to help you with any of that.

25 So, tonight's meeting there's three things

1 that we want to go over. And, first, is what is the  
2 this rate case process? Some of you might have been  
3 involved in 2003, the last time that this utility was in  
4 for a rate case, but for many of you this might be your  
5 first time going through this process so we are going to  
6 explain that. We are going to be over the preliminary  
7 rates as staff as calculated them so far, and we are  
8 going to go into what you can do as concerned parties in  
9 this. Are there -- I know there's homeowners  
10 associations represented here, there's customers and  
11 there might also be some general service kind of  
12 business owners here as well.

13 So, first, a little background. The rates  
14 were last established in 2003. This application was  
15 filed in January 2 of 2015, and staff goes for a  
16 historic test year to see what the rates should be for  
17 this case. In this case, the test year ending at the  
18 very end of 2014 was that test year.

19 There are also adjustments needed -- that are  
20 made in case 2016 and 2017 might be different from 2014.  
21 So, this process, the staff-assisted rate case process  
22 is actually here in order to save money for the utility,  
23 and, thus, by extension, the customers. The  
24 Commission's staff assists smaller water/wastewater  
25 utilities with their rate relief request. The larger

1 utilities do a lot of the heavy lifting, but a lot of  
2 these smaller utilities don't want to have an in-house  
3 accountant or an engineer that, you know, adds expense  
4 to the utilities so we help out with this process.

5 Because there are fewer outside accountants and  
6 engineers it reduces the rate case expense.

7           The Commission has different roles in this.  
8 First, we are going to talk about the staff  
9 investigation, what our staff has done in order to make  
10 sure that the rates are reasonable for you.

11           There are many different types of staff  
12 involved in this. There is the audit staff. They  
13 examine the utility books and they examine the records  
14 to make sure that they didn't write an extra zero after  
15 any of their numbers or anything like that. The  
16 engineering staff, again I'm part of the engineering  
17 staff, not on this case, but I could tell a lot about  
18 our role. We review of the quality of service, so the  
19 water or potentially any odors, the prudence of utility  
20 operations, to make sure they are not paying for  
21 something they don't need, and calculate the used and  
22 useful plants, so that if the plant is designed to serve  
23 way more customers than they are serving, you shouldn't  
24 have to pay for that.

25           The accounting staff investigates the

1 accounting practices, make sure they are not double  
2 accounting anything, and make sure that everything is  
3 appropriately categorizing.

4           The economic staff, they investigate the  
5 billing practices and design rate structures. And you  
6 will see there is a change in the rate structure from  
7 previous to moving forward.

8           Now, we as staff prepare a staff report that  
9 contains the preliminary recommendations and preliminary  
10 rates. Now, this is the special report. It's kind of  
11 the overview, but there is a more, much more detailed  
12 staff report on the website, and I will show you how to  
13 get to that.

14           So, that's the staff investigation. And, of  
15 course, here we are today at a Customer Meeting. The  
16 Customer Meeting's purpose is to receive customer  
17 comments regarding the quality of service, which is  
18 broken down into the quality of the product, but also  
19 how they interact with you, how they deal with any  
20 issues you bring up with them. We are here to discuss  
21 the proposed rate increase and any concerns you may have  
22 that are not covered under general questions.

23           Tonight is the customer's meeting, not the  
24 utility's. So, the utility and the Office of Public  
25 Counsel may attend, however, they will not come up here

1 and answer your questions. If you see somebody from the  
2 utility you would -- is the utility represented here  
3 today? Oh, thank you.

4           If you would like to go talk to them  
5 afterwards, please feel free. They also have other ways  
6 for you to contact them, but they are not going to come  
7 up here and answer any questions. This is not kind of  
8 that type of night. This is for you to give feedback to  
9 us, because I will explain what staff will do with your  
10 feedback.

11           Now, this is all leading up to the PAA  
12 recommendation and the Commission Conference. This  
13 conference process actually involves, like I said  
14 previously, the Commission and the staff are kind of  
15 different branches of the PSC. The staff does all of  
16 the calculations and a little bit of some judgment  
17 calls, but, really, the Commissioners take the staff's  
18 recommendation and try and incorporate your feedback.  
19 So, staff looks at numbers. The Commissioners look at  
20 numbers, but also your feedback, so that's why this  
21 night is so important -- or, sorry, it's usually at  
22 night -- so that's why this day is so important.

23           So, this process, the staff will file its  
24 recommendation in May 26th of this year. That  
25 recommendation is reviewed by the Commission at the

1 Commission Conference. They may modify it. They may  
2 accept it as is, or they may deny it, and, in certain  
3 rare circumstances, they can say, no, we need more  
4 information in order to make the right decision.

5 So, that conference, whatever the staff has  
6 recommended is not set in stone. The Commissioners can  
7 do some creative things and make sure that from a  
8 holistic standpoint the rates are what they should be.

9 The customers and the utility representatives  
10 may speak. If you would like to attend this Customer  
11 Meeting, please let the staff know so we have the  
12 microphones set up, we have time allotted for each  
13 people -- each person coming. So, please let us know if  
14 you would like, and, of course, use the contact  
15 information on this special report for that.

16 Now, after the Commission Conference, in  
17 the -- in the instance where they modify and accepted it  
18 or accept it as is, then the PAA Order is issued within  
19 20 days. After a 21 protest period, any substantially  
20 affected party may protest the order and request a  
21 hearing under that section there. If no party files a  
22 protest, the new rates will be effective upon issuance  
23 of an additional consummating order after that, and that  
24 is when your rates will actually change.

25 If a party other than the utility protests the



1 PAA Order, the utility can put the requested rates into  
2 effect. However, the approved increase would be subject  
3 to a refund with interest. So, if later on new evidence  
4 shows that they should not be charging as much, you will  
5 get a refund for the difference.

6           If that, such a protest is filed, then a  
7 hearing will be held in the service (unintelligible) or  
8 as close as possible. The utility and the protesting  
9 parties will litigate the issues and customers can  
10 testify before the Commissioners. Now, it's important  
11 to note that this process, PAA process -- or the PAA  
12 process that we are going through is much cheaper than  
13 this full hearing process, because that hearing is a  
14 much larger event than this, spending multiple days.  
15 The utility will have to hire additional attorneys in  
16 order to -- to help with that process. This is an  
17 expensive process. So I want to stress that if you  
18 would like to protest, please contact someone who is  
19 familiar with this situation to find out if the things  
20 that you are protesting can be handled outside of this  
21 process, or if you are able to make sure that whatever  
22 you're protesting won't end up raising the rates,  
23 because nobody wants to protest to bring something down  
24 one percent, but then this process cost an additional  
25 two percent. All right. So, there are people who

1 really knows how this process works and so I'll show  
2 you -- I'll give you the contact information for those  
3 people if you're interest in this.

4 Now, getting into the rate increase. If you  
5 look on Page 3 of your special report, you will have the  
6 water rates. And I've modified a little bit to fit on  
7 this screen and to highlight a couple of things. So,  
8 I'm sure a lot of you have done a little bit of  
9 calculations yourself. On this page it has the rates at  
10 the time of filing for -- I'm looking at the very bottom  
11 of Page 3, because this is the bill comparisons for  
12 different usage cases. So, if you are the type --

13 **UNIDENTIFIED SPEAKER:** Excuse me, question.  
14 This is just roughly the drinking water?

15 **MR. HILL:** Yes. This is the water -- water  
16 rates for drinking water. And at the bottom you will  
17 see if -- an example consumer has 3,000 gallons, this is  
18 the previous rate, this is the Phase I rate and the  
19 Phase II rates. Okay. The Phase II that is in order to  
20 make sure that the utility does not collect any money on  
21 improvements that have not gone on into effect yet. So,  
22 the Phase I rates include any part of the plant that  
23 they've done upgrades to already and Phase II would be  
24 after they complete any additional upgrades, then they  
25 could start earning a return on those upgrades. So,

1 that's the whole purpose between Phase I and Phase II.  
2 Realistically, Phase II is what you're looking for on  
3 the going forward basis.

4 And just some -- here's some basic  
5 calculations. An increase from the previous rates,  
6 which again were set in 2003, so 13 years ago. It's --  
7 it's been a while. And the Phase II rates will be about  
8 5 percent more than that going forward, after they've  
9 made those improvements.

10 And if it's really quick, yeah?

11 **UNIDENTIFIED SPEAKER:** Yeah. Is it typical to  
12 wait so long between rate increases?

13 **MR. HILL:** The commission does not -- does not  
14 actively encourage utilities to come out. It's not our  
15 role in order to do that. And it's really up to the  
16 utility to make those decision, because rate cases do  
17 cost money and so if they're -- if the -- the expense to  
18 have the rate case does not exceed the perceived  
19 benefit, or, you know, the added -- the added  
20 complexity, then utilities may choose to put off a rate  
21 case for longer. So, it's completely up to the  
22 utilities. There's no -- there's no rules or laws that  
23 says utilities must do it so frequently.

24 All right. So, the next page has the  
25 wastewater rates. I do want to highlight that

1 previously the cutoff point for when you would be  
2 charged more gallonage was at 8,000 gallons. Now, it  
3 will be at 6,000 gallons, so you'd see that those rates  
4 are the exact same and that's just because you are  
5 getting billed based on the amount of water you use.  
6 There's no water -- there's no bill that's keeping track  
7 of how much sewage you are sending back out. It's an  
8 estimate based on that. And based on our Economic  
9 Department's calculations, they said, okay, it looks  
10 like 6,000 gallons makes more sense in this case. So,  
11 that's the recommended. Again, all of those are  
12 preliminary, so things might change by the time they are  
13 recommendation and by the time the Commission has  
14 approved it.

15 I do want to point out one small typo, and this is  
16 on Page 4, and it won't affect most of you, but just this --  
17 this residential and general service. That general service,  
18 there's another section below that for it. So you can just  
19 cross out general service or not. This is single, single  
20 residences, these are the rates for you. And then below that  
21 is for general service. That's just a small typo to point  
22 out.

23 Now, how you can participate in this process? This  
24 is your role. You can either provide comments at tonight's  
25 meeting, or if know people who are not here, or if you think

1 of something later, or if you are just the type that prefers  
2 to have written, things that you can compose yourself, how  
3 ever, you can provide written comments. And I will show you  
4 how you can do that.

5           You can monitor the progress of the case and see any  
6 documents filed by any parties on the Commission's website.  
7 So, for the written comments, at the back of your special  
8 report, yours will be green, you have -- oh, and, I'm sorry, I  
9 have the wrong company up there, but it looks the same. A  
10 place for you to file written comments. If your comments do  
11 not fit on this, you can feel free to attach an additional  
12 page, but this has all of the important information so that it  
13 gets routed properly. If you know many people who are not  
14 here tonight, you can either photocopy or take more special  
15 reports on your way out today.

16           These are really what the Commission looks at.  
17 Staff will provide a summary of all of your comments today.  
18 The video recording and the audio recording will also be  
19 provided to the Commissioners to review. So, this is really  
20 everything beyond the calculations. Staff does the  
21 calculations. Commissioners take the calculations, take your  
22 feedback, and tries to really get a feel for what would be  
23 appropriate. And so, this feedback is very important to make  
24 sure that the Commissioners make the correct decision.

25           To show you where to go on the website for this,

1 there's a couple of important places. Floridapsc.com, this is  
2 also in your special reports, I believe, also on Page 2, or,  
3 perhaps, Page 1. Oh, yeah, it's on Page 2 under Number 8.  
4 So, you can go to this website. It will look like this. And  
5 if you look on the screen, up there's a couple of tabs that  
6 are important.

7 Under Clerk's Office, you can click on that, and  
8 click on dockets. That's where you will type in your number  
9 that's on the front of this report, 150010, and that's where  
10 you will go to find the -- the filings that everybody has had  
11 for this case. So, this is your web page, Clerk's Office,  
12 dockets. Okay.

13 For the actual agenda, where the Commissioners will  
14 be discussing and voting on this and where certain  
15 representatives will be talking, that will be at this, right  
16 here under Conferences and Meetings Agendas, and here's a look  
17 at what that page looks like. You can see all of the upcoming  
18 conferences. You can look at the video from previous  
19 conferences and you can see the conference live on this page.  
20 So, once again, you'd go up here to Conferences and Meeting  
21 Agendas and Audio and Video Coverage. This is the web page  
22 for that. Okay. And, again, there's numbers for you to call  
23 if you would like to get some assistance with this.

24 **UNIDENTIFIED SPEAKER:** Where is that meeting  
25 held?

1           **MR. HILL:** It's in Tallahassee, Florida.

2           **UNIDENTIFIED SPEAKER:** Of course.

3           **MR. HILL:** All right. Well, that's why we  
4 stream it live, because we understand that people can't  
5 go. Additionally, if you are unable to attend, the  
6 Commission has in the past set up video commentary, so  
7 if you are able, contact some of those people that I'll  
8 give you the contact information for and they will help  
9 you set that up.

10                   You'll notice that when I was talking about  
11 all of the parties involved, there's a spot missing, and  
12 let's talk about that now. The Office of Public Counsel  
13 is not part of the Public Service Commission. It's not  
14 a part of the utility. They are actually another party  
15 that makes sure that everything is represented fairly.  
16 Is anybody from the Office of Public Counsel here today?  
17 Okay. Sometimes they attend, but they are on a budget,  
18 and, you know, hotels can be expensive around here.

19                   So, the Office of Public Counsel they were  
20 created in order to advocate for you in front of the  
21 PSC. They are attorneys. They are accountants. They  
22 are engineers. Many of them actually used to work at  
23 the Commission, so they know how it works. However,  
24 right now they are under separate funding and they are  
25 here to check our work, essentially, and here to

1 represent you. So, if you have those questions about,  
2 should I -- should I protest, is it worth it, they are  
3 the people to talk to.

4 This is their phone number here. It's not on your  
5 green page, but don't -- don't hurry to write it down. I have  
6 got it on another slide later. So, that's for you to know,  
7 the Office of Public Counsel will represent you.

8 Additionally, the PSC, so going back to our side of  
9 things again, the PSC has a Consumer Assistance Hotline. This  
10 is where you would call if you have a problem with the  
11 utility. The utility is not responsive, you know, they are  
12 not -- they are not helping you out, or you have a question  
13 about the process in general, this number will help you.  
14 Again, I will have this number on another slide, so you don't  
15 have to -- you don't have to squint and find it right now.  
16 Okay. Actually, this number is on Page 2 of your special  
17 report. Oh, yeah. This is at the bottom left of Page 2 of  
18 your special report. So, that -- that number is on there.  
19 Okay.

20 That's everybody. That's all of the parties.  
21 That's how it works. If you have specific questions, I will  
22 stay around, Mr. Wooten will stay around afterwards,  
23 Ms. Thompson will stay around and you can ask us specifically,  
24 but I get a feeling a lot of you guys are here to provide  
25 comments or to listen about other people's comments and make



1 sure that all of your concerns are represented, so we are  
2 moving right along to tonight's Customer Meeting.

3 Now, this meeting is being recorded, so it's very  
4 important that any commentary actually comes from the  
5 microphone, so we can get it, and so that, really, the  
6 Commissioners can hear you. Because if you say it to me, we  
7 can write it down and we can send our report, but, really, we  
8 want the Commissioners to see to see your face and to really  
9 understand what your comments are. So, please come forward to  
10 the microphone, state your name, address and spell your last  
11 name. And please remember that any kind of -- if you want to  
12 add on something, you know, yelling it out won't actually  
13 help, because we want to make sure that it is being recorded.

14 So, at this time you're going to go in the order  
15 that people signed up. It looks like we have about 12 people  
16 signed up, about 12 people, and, so we want to perhaps limit  
17 those comments. If they are longer than 10 minutes, please  
18 let me know, and, perhaps, we will save those, we will make  
19 sure that we can hear everybody. Okay. So --

20 **UNIDENTIFIED SPEAKER:** Where is -- where is  
21 the sign-up sheet?

22 **MR. HILL:** Oh, yeah. So, Ms. Thompson will  
23 have the sign-up sheet, and if after everybody is done,  
24 we will ask again in case somebody has not signed up at  
25 that point. So, we are going to go in order. I'm going

1 to stop talking so you guys can start talking. And I'm  
2 going to start taking notes. Please come up in the  
3 order called, and if you have additional questions,  
4 please wait and sign up so that you can come up as well.  
5 All right.

6           While this happens, I'm actually going to put  
7 this up here. Those are those phone numbers I was  
8 talking about earlier, so if you would like to write  
9 them down while people are talking. They are nice and  
10 big there, so you can get them. Okay. All right. And  
11 with that, again, individual, small questions we can  
12 address afterwards. We want to get commentary for the  
13 Commissioners to consider. Thank you very much.

14           Would Mr. Donald Schwinn please come up?

15           **MR. SCHWINN:** Yes. Thanks for your  
16 presentation, Mr. Hill. My name is Donald Schwinn. I  
17 live at 210 Osprey Villas Court in Aquarina. I'm an  
18 owner and I'm also a utility customer. My background is  
19 in modern waste engineering, and from time to time I am  
20 asked by the board to pitch in and help out on such  
21 things.

22           In the last week or two, myself, plus one of our  
23 neighbors who's a CPA, and the another, who is a financial  
24 management guy, have looked at what we had on-hand to review.  
25 One of them was the 2003 rate case, one was the 2014 Aquarina

1 Utilities' Annual Report and one was of the notice in which  
2 you provided the rates.

3 We have drafted some comments based on those, what  
4 we have seen in those documents and we will submit them in  
5 writing shortly. We have a handwritten -- or not a  
6 handwritten draft, but a type written draft, that I'm going to  
7 be excerpting from.

8 Before I start, I would like to say that because  
9 these rate increases amount to 25, 50, even 100 percent on  
10 some of the line items, we need to be absolutely sure of the  
11 PSC's methodology in how that you come about with these  
12 numbers. And I know that's not your field, but we expect to  
13 ultimately find out how that is done.

14 These increases for residential people can be in the  
15 range of 50 to \$100 a month, and that works out to be 600 to  
16 \$1,200 a year, which has a very substantial impact since many  
17 of our people are retirees on fixed incomes. Also, our  
18 Canadian friends take an extra hit on those numbers.

19 In the notice, reference was made to the last rate  
20 case established in 2003. That was a 90-paged document, very  
21 heavy reading, but extremely detailed in its analysis of the  
22 reported figures of the utility, including items such as  
23 non-portable water, depreciation, value of capital and so  
24 forth and so on, very impressive document.

25 So, one of our first questions is, will the

1 Commission's staff current review of the finances be as  
2 detailed as that 2003 rate case report as well? Okay.

3 In the first paragraph of the notice, reference is  
4 made to 288 water and wastewater customers in Brevard County.  
5 That was the total that was used in 2003 rate case. It was  
6 itemized by subcommunity in here. If that was used, it's  
7 incorrect. Since that time we have added more than 125  
8 residence, residential units, I should say.

9 In addition to those, we have added this  
10 community center, which has its own toilet and restroom  
11 facilities. We have added a restaurant, a 44 seat  
12 restaurant right on A1A and we are building a beach club  
13 with a toilet and shower facilities which will also be  
14 another user. So, we want to be sure that all of those  
15 users are reflected and that it wasn't the 288 units  
16 that is mentioned in the Commission's notice.

17 In the -- in the Commission's notice there is  
18 no mention of income and expense -- wait a minute. I am  
19 jumping ahead of myself. Here it is, yeah. There is no  
20 mention of income and expense for non-portable water  
21 operations. They may have been included, but not -- we  
22 need to be sure that those are included. And we think  
23 that a three year period makes much more sense for your  
24 development of the rates. And you mentioned 2015 and  
25 2016 as possibly being those extra two years to go along

1 with 2014, but we think that basing the rates on just  
2 one annual report doesn't make a lot of sense.

3           In reviewing the utility's annual report, we came up  
4 with the following questions. There apparently is a  
5 subsidiary called Aquarina Waterworks that was paid \$187,000.  
6 Where -- we would like to know what was the profit of the  
7 subsidiary? What was paid out in the return to the owners,  
8 whom we believe are the Burges? Should these constitute part  
9 of the return on investment or just exactly how exactly is it  
10 handled in developing the rate?

11           Another item is the long-term debt is recorded as  
12 860,000. Apparently, there are loans from the family, from  
13 their subsidy on that debt. There is interest paid to the  
14 family. And we wondered whether or not that interest would be  
15 considered part of the return on their investment or not.

16           Another item is there is \$15,000 in payroll taxes  
17 that are recorded, but there's no indication of to whom the  
18 salaries have been paid. Also, there's a in -- there's a line  
19 item that records \$56,000 as taxes, other than income tax. We  
20 would like to know what is that tax mainly for. Obviously,  
21 it's far beyond real estate tax.

22           As I said earlier, we haven't -- we saw nothing in  
23 the preliminary report of non-portable water. We would like  
24 to see that split out, so we can tell what -- what the three  
25 components are. That was done in the 2003 study, water,

1 wastewater and non-portable were treated separately.

2           As far as the annual reports go, we wonder if the --  
3 if the Public Service Commission is accepting the annual  
4 reports as written, or whether you audit the figures that are  
5 within them? Do you know the answer to that?

6           **MR. HILL:** We audit them. Yes.

7           **MR. SCHWINN:** You do audit them. Line by  
8 line?

9           **MR. HILL:** I would have to contact some -- an  
10 auditor.

11           **MR. SCHWINN:** It appears that the return on  
12 investment is based on the capital amount as cited in  
13 the annual report, as opposed to the entry number that  
14 was the utility when it was built over 30 years. We  
15 think it should be based on current assessment of what  
16 the capital investment is.

17           One thing we didn't see, and we didn't see it  
18 these green pages either is, what does the Commission  
19 project as the annual revenue and profit for the  
20 facility if these rate are adopted? We saw the numbers  
21 that are in the annual -- the 2014 annual report as to  
22 what the numbers are now and we saw that those are  
23 correct in looking at the annual report. But there's no  
24 projection of what the bottom lines in each of those  
25 three categories are going to be if these rates are

1 adopted.

2 Now, we wondered who the shareholders of Gold  
3 Coast are and what revenues they derive from the  
4 utility. Apparently, they have a financial interest in  
5 them.

6 I think what our first question in the section  
7 entitled, Current and Preliminary Rates and Charges, I  
8 think you've explained one of our questions, which is,  
9 what's the difference between Phase I and Phase II?  
10 Another question is, what does four-year rate reduction  
11 mean? That is not column that is not explained in the  
12 report.

13 So, we've put together a couple of exhibits  
14 that calculate what the percent increases are in each of  
15 the rate categories and they are all very high numbers.  
16 I have here a copy of each one of these, Adam. Here.

17 **MR. HILL:** I will take those, but please be --  
18 thank you.

19 **MR. SCHWINN:** In looking at the actual rates  
20 they proposed, for water service the base facility  
21 charge is an increase of 42-and-a-half percent in Phase  
22 I and 49 percent in Phase II. That's the fixed, the  
23 base rate. In addition, the proposed increase in the  
24 charge per 1,000 gallons ranges from plus 66.4 percent  
25 to 95.7 percent in Phase I to 74.8 percent and 105

1 percent in Phase II. Similarly, their projected monthly  
2 user costs increases range from 55 to 74 percent in  
3 Phase I, to 63 to 83 percent in Phase II.

4 Another critical part of this proposal is that  
5 it's proposed to raise the irrigation charges -- this is  
6 non-portable -- by 42 percent in Phase I and 47 percent  
7 in Phase II. Our golf course uses a lot of water. And  
8 this kind of an increase of more than 40 percent in one  
9 of the major line items in our budget is going to be --  
10 have a staggering effect, so we need to be sure that you  
11 guys are focused in on that and understand the impact  
12 that that has on our -- on our core facility, core  
13 recreational facility.

14 For wastewater service, the base rate is 12.1  
15 percent. That's reasonable. But, in addition, they're  
16 proposing an increase per 1,000 gallons ranges from 45  
17 percent in Phase I to 49 percent in Phase II, and later  
18 on from 20 -- the projected monthly user charges range  
19 from 22 to 30 percent in Phase I, to 25 to 35 percent in  
20 Phase II. That's -- you will see those numbers on that,  
21 those sheets I gave you.

22 According to the 2014 report, the utility made  
23 a profit on wastewater service. So, we wondered why  
24 such a large rate increase is necessary, if they'd made  
25 money?



1           Finally, and this gets into the question of  
2 service, we have listed the kinds of complaints that we  
3 are aware of that have been accumulating over the last  
4 year or two, especially in the service that the utility  
5 has provided. And I'll read them off to you. The -- as  
6 far as we know, the utility has claimed that there  
7 aren't any complaints, but I don't think that's true.

8           Here are some of the -- these are the  
9 categories are complaints, not the specific addresses  
10 and names and so forth:

11           No water pressure over a period of months, and  
12 in one case a year. No notification of service  
13 interruption leading to damaged pumps in buildings that  
14 have booster pumps. No notice of repairs to mains and  
15 no notice to boil or following the repair. Sink traps,  
16 hot water heaters and other equipment clogged with sand  
17 and debris following repairs that homeowners were not  
18 notified of. Discolored and sometimes black water flow  
19 from portable water facets. Non-availability of  
20 irrigation water to the golf course at critical times.  
21 Non-availability of water for subcommunity irrigation.  
22 Unusual buildup of debris in home water filtration  
23 units. Insufficient supply of fire suppression water  
24 and no notification to homeowners or in the local fire  
25 station. Overbilling of homeowners, multi-resident

1 buildings and the golf course, because of faulty or  
2 misread readers. Irrigation sprinkler heads fouled by  
3 shallow debris. Slow response to serious problems and  
4 not restoring repaired areas to their original  
5 condition.

6 That's the end of my statement, Mr. Hill.

7 Thank you.

8 **MR. HILL:** Thank you very much.

9 Would Mr. Leonard Markir, am I saying that  
10 correct?

11 **MR. MARKIR:** Yes, you are right.

12 **MR. HILL:** Okay.

13 **MR. MARKIR:** Thank you. My name is Leonard  
14 Markir. I'm live at 358 Aquarina Boulevard. I am  
15 homeowner of one year.

16 I guess the question I have is a sequential  
17 question, two parts. The first part is, why is it that  
18 just having an account with Aquarina Utilities forces me  
19 to pay \$41 a month for no water usage and no sewage  
20 usage?

21 The second thing is for what I understand to  
22 be about half of the population here who are snowbirds  
23 five, six, seven months a year. What is the  
24 justification for paying \$41 a month when you are not  
25 using the water at all? It's shutoff for half a year.

1           And I guess the third one now that I've --  
2 that I've heard this wonderful first report, is, what is  
3 the justification for raising the base rate of those two  
4 instances for almost 50 percent? Those -- those are my  
5 comments.

6           **MR. HILL:** Thank you, Mr. Markir.

7           Mr. James Royer.

8           **MR. ROYER:** Thank you, Mr. Hill, and your  
9 staff for coming down from Tallahassee. My name is Jim  
10 Royer. I've been a homeowner here since 2001. And I  
11 have no --

12           **MR. HILL:** Could you say your address, please,  
13 sorry, for the --

14           **MR. ROYER:** 382 Aquarina Boulevard.

15           **MR. HILL:** Thank you.

16           **MR. ROYER:** And near the A1A and Ocean Dunes.

17           I had no problems with Aquarina Utilities  
18 until January 2001 when myself and other residents noted  
19 water bubbling from the ground, running down the street  
20 into the storm sewer. We reported this to Aquarina  
21 Utilities and basically it was a long discussion that  
22 lasted over a month as to whose responsibility it was to  
23 correct this problem.

24           Finally, Aquarina Utilities, Incorporated,  
25 acquiesced and agreed to do the repair. Unfortunately,

1 the repair was conducted in what we believe was a very  
2 unprofessional and incompetent fashion. Mr. Burge, who  
3 understands is a water scientist himself was involved in  
4 the repair. They dug a hole in February, late February,  
5 on 26 February, I believe, 2015, and identified the  
6 broken pipe. Unfortunately, the proximal valves that  
7 was in the excavation site this actually blew off of the  
8 pipe immediately filling the hole with water, debris,  
9 sand and muck.

10           At this point in time, I think they realized  
11 they were in over their head and they called for help.  
12 They were able to locate our residence maintenance man  
13 at that time, Mr. James Sullivan, who responded within  
14 the hour and located the necessary proximal valves  
15 inducting water flow under control, and at least  
16 conducting partial repair of the water pipe.

17           And I should also note that the pipe was never  
18 fully repaired. The cutoff valve to the Blue Heron  
19 Townhomes in that area Blue Heron was never replaced,  
20 but, rather, the repair was conducted underwater, under  
21 unsanitary conditions. And the end result, without  
22 belaboring the details, was all of that muck and debris  
23 was pumped into several homes in Blue Heron resulting in  
24 major problems that we still are afflicted with today.

25           Aside from 20 washing machine, hot water

1 heaters, facets, mess have been in showers and toilets,  
2 which I must admit took at least three different  
3 plumbers to finally competently fix the problems, as far  
4 as replacing valves at homeowner expense that were  
5 plugged with Sam's -- with sand. And I would submit to  
6 you today photographs, that's for the Commission's  
7 benefit, photographs and the letter describing the  
8 outcome.

9           But more importantly, aside from the heartache  
10 and aggravation of dealing with this problem, what I saw  
11 was a major integrity issue as far as denial that  
12 Aquarina Utilities actually caused the problem and there  
13 was no mention of ever -- of course, after the fact when  
14 homeowners, who saw there was no water pressure in their  
15 showers and they couldn't flush their toilets, that  
16 Aquarina Utilities finally get involved, but they never  
17 did step up to the plate. And after encouraging --  
18 after our initially plumbers failed to address the  
19 problem, they never offered to help. And, fortunately,  
20 after a third plumber, we were able to get most of these  
21 problems resolved to this day, but it -- it wasn't easy.  
22 Thank you for listening.

23           **MR. HILL:** Thank you. Thank you, Mr. Royer.

24           Ms. Joyce Malakoff.

25           **MS. MALAKOFF:** Joyce Malakoff. My residence

1 is 864 Aquarina Boulevard. My complaint starts with an  
2 actual compliment to Aquarina Utilities, that a few  
3 years back, in 2014, I received a message from them  
4 saying that they had -- they had they wanted me to be  
5 alerted that I had an exorbitant use of water, after  
6 having been a resident for many years -- I believe that  
7 at that time it was probably eight or nine years -- that  
8 it was a red flag that went up that my usage quadrupole  
9 or whatever it is, which I really appreciated very much.  
10 At which time -- at that time living as a single woman  
11 in the house, I called an electrician, I called a  
12 plumber, I called in neighbors, I called in the National  
13 Guard. I wanted to know what was going on and --  
14 because they had assumed that I must have some kind a  
15 major leak going on.

16           After investigation by all of these  
17 professionals, not to mention the price incurred by  
18 them, but at that time I was looking for the problem, I  
19 was told undeniably that there was no leak. There was  
20 no water outside. There was no soft areas. Toilets  
21 were not running. Facets were okay. We did color dye  
22 into the toilets to trace whether or not there was a  
23 leak anywhere.

24           Mr. And Mrs. Burge, and I hope I pronounce  
25 your name, came to the house. We looked at the meter.

1 I said, there must be something wrong with the meter.  
2 The meter had to jump. And I was told, the meter never  
3 jumps, it never happens. I said, but we have to come to  
4 a conclusion. We have to figure out what's going on  
5 with this.

6 This went on for quite a while. I had the  
7 professionals there with me at the time that insisted  
8 that there was nothing within this residential water  
9 intake that was leaking. And at that point, I said  
10 please pull the meter. I would like this meter tested.  
11 I was told that would be done at my expense and that if  
12 at the time, after having observed it or tested it,  
13 there was no problem, then I would have to pay to have  
14 it reinserted, okay, or reup in, put in again.

15 I had very little trust of this fact about  
16 what was going on, so it was recommended to me by the  
17 professionals to wait until the next billing and see  
18 what kind of water consumption I had this. If this leak  
19 existed somewhere, obviously, I would see a continuance.

20 The Aquarina Utilities said that possibly the  
21 way they knew our homes were built that the problem  
22 could be under my pool in my lanai, which would mean  
23 getting a professional company to come in, I forget the  
24 name, who actually jackhammer through the cement to get  
25 under my pool and have to reconstruction the pool to

1 find out if there was, indeed, a leak underneath there.  
2 Luckily, at that time my, you know, calmness prevailed  
3 and I did not do that.

4           From that date on, I have never had an  
5 increase in usage. I have had no leak. There has been  
6 no leak repaired, because there was never a leak. I  
7 informed them of this and I wrote -- I was told that,  
8 basically, pay your bill or you don't have water  
9 service. I did write a letter. I paid the bill. I  
10 said, under protest, I was paying this bill and that I  
11 believed at the time that if they had at any time given  
12 me the opportunity to have that meter taken out then,  
13 this problem would have been solved and possibly we  
14 would see there was some kind of malfunction.

15           They very nicely reimbursed me, I believe, \$99  
16 at that time for the -- they called it out of courtesy  
17 for my patronage or whatever. However, between -- then  
18 I had asked what the increase would be, or what my  
19 additional payment would be, and Mr. Burge said, I can  
20 tell you it would be approximately \$40. And I said, you  
21 know to put an end to this thing that went on, \$40, in  
22 addition to the hundreds I have spent with the plumber  
23 and the electrician and the analysis and the toilets, I  
24 will pay the \$40 extra. Well, when the bill came, it  
25 was \$437.



1           When I questioned it, I was told that --  
2 Mr. Burge said, and I'd quote, I'm sorry. I'm not a  
3 mathematician. I -- I made a mistake. I paid the \$437  
4 with the letter and then I did receive a \$99 credit, I  
5 believe it was, and I let the -- I let the issue drop.  
6 It was the end of it. Sometimes I think -- as many in  
7 here might know, sometimes it's just time to move on.

8           The reason I'm here today is, because when I  
9 heard what's going, not only the rate increase, but the  
10 additional issues people have had through this  
11 community, I felt that this story should be told. I  
12 said as far as service, and as far as integrity and  
13 this -- it just doesn't exist.

14           And I -- if anybody knows, I don't mean to be  
15 the dramatic, but the trauma you go through thinking you  
16 have a major leak underneath your pool that's going to  
17 be jackhammered, and you don't know what's happening,  
18 where there's a leak, you are being told by people that  
19 there is, and the expense and the hardship that you go  
20 through that, somebody should be held responsible for  
21 it. And now I'm hearing there is even worse things  
22 going on. So, I implore you to take a look at the  
23 service we have received and take it into consideration  
24 when considering a rate hike.

25           **MR. HILL:** Thank you, Ms. Malakoff.

1           Is this Jan May?

2           **MS. MAY:** I'm Janice May, 858 Aquarina  
3 Boulevard.

4           My questions were answered by the first  
5 gentleman. You did a wonderful job. Second, I just  
6 want to make a comment --

7           **MR. HILL:** Ms. May? Ms. May?

8           **MS. MAY:** -- there was an article recently --

9           **MR. HILL:** Pardon me, Ms. May? Would you mind  
10 putting down the microphone a little bit? Just for the  
11 recording. Thank you.

12           **MS. MAY:** There was an article in the USA  
13 Today paper, by Douglas McIntyre from 24/7 WallStreet.  
14 It listed 10 highest water rate companies -- or highest  
15 rate per cities for water in the United States, seven of  
16 them being private, three public. A couple were 710 in  
17 West Virginia. California they said that would be high  
18 water rates, because of the fact that in a drought  
19 situation and a lot of people, they were respectively  
20 \$736 annually, and San Diego had 826 annually.

21           Four, in Pennsylvania, they said, because they  
22 set up a lot of coal mining industry and knew there  
23 would be problems at a annual rate of \$742 for four  
24 cities. And not -- I guess not -- would expect it,  
25 Flint, Michigan had the highest rate of \$864. That's a

1 public utility. We know the problems they are having.

2 Well, I added up my 12-month bill. It has  
3 gone up considerably since I've moved here. I'm a  
4 single woman. I do have a pool, but I'm very  
5 conscientious about my water use. I have a pool cover.  
6 I don't pump or add water too often. My bill came up  
7 \$976.29. Now, granted once in a while I do have people  
8 there, but still it's quite right. My highest bill was  
9 over \$100. The lowest being \$68. I was not here for  
10 three months.

11 If we get a rate increase, I am going to  
12 doubling it. I will probably be -- be twice what the  
13 \$710, one of the highest city of the state of -- or in  
14 the nation.

15 When they -- Aquarina Utilities bought this  
16 company they knew how many homes they were anything to  
17 have or residences or customers they were going have and  
18 they should have factored that in when they bought it.  
19 If they weren't happy with it, they shouldn't never have  
20 bought it.

21 **MR. HILL:** Thank you, Ms. May.

22 Mr. Richard Koziski? I hope I'm saying that  
23 right.

24 **MR. KOZISKI:** Good afternoon. My name is  
25 Richard Koziski. And I live in St. Andrews. You may

1 not know this, but there is more to Aquarina, as far as  
2 their water usage is concerned, because we are an  
3 adjacent facility of roughly 44 units that buy water  
4 from the Aquarina facility. There may be other entities  
5 that also draw water from Aquarina that I'm not aware  
6 of.

7 **MR. HILL:** I'm sorry. Would you mind stating  
8 the address, too?

9 **MR. KOZISKI:** Yeah. 107 Caledonia Drive. We  
10 are just south of Aquarina on A1A.

11 **MR. HILL:** Thank you.

12 **MR. KOZISKI:** I took the time to query a  
13 couple of other utilities in this area. One is South  
14 Shores Utility and the other one is Fernandina Beach. I  
15 will give you these copies.

16 **MR. HILL:** Thank you.

17 **MR. KOZISKI:** Both of those facilities have  
18 water rates for 1,000 gallons less than what ours  
19 currently are. And, I guess, like any other business,  
20 you'd want to be competitive. I would certainly want  
21 the Commission to look at how these other utilities are  
22 able to operate today for less than we are, and what the  
23 future holds as far as what they are intending to do  
24 versus what Aquarina is intending to do.

25 We have had a few problems over in -- in our

1 facility. Notably, the fact that when our water goes  
2 off it is the irrigation water. We're not -- the fire  
3 departments are not notified, and we don't get a call  
4 either. I know that one other individual made that  
5 comment and we are also experiencing them, too, so I  
6 just want to bring that to your attention. Thank you.

7 **MR. HILL:** Thank you, Mr. Koziski.

8 Mr. Bob -- I'm sorry. I can't read that last  
9 name, Dru -- Bob. Bob at 372.

10 **MR. DRAYDON:** Yeah, I'm going to pass. Thank  
11 you for the intro.

12 **MR. HILL:** All right. Thank you, Bob.

13 Mr. Louis Rappert.

14 **MS. RAPPERT:** Mrs. Rappert.

15 **MR. HILL:** Oh, Mrs. Oh, Louise.

16 **MS. RAPPERT:** You forgot to list it, yeah.

17 I'm Marion Rappert. I live at 384 Aquarina  
18 Boulevard in Blue Heron. And our unit incurred major  
19 problems, too, like Jim Royer spoke about previously.  
20 It was from the same water pipe leak out front of our  
21 units.

22 It was over a month we had this leak and it  
23 was blocked off for a while. And then one morning, I  
24 wasn't even -- I was in my bathrobe and people from the  
25 water department came and said, we're shutting your

1 water off now. So, we had no notice, but I was so  
2 thankful they were finally going to address this problem  
3 so it wasn't too big an inconvenience.

4 Well, fast-forward four hours after what  
5 Mr. Royer explained with the valve and the pipe and all,  
6 our water was restored, but it was all sandy and muddy  
7 and little pebbles were coming out. Then, the facets  
8 were blocked. The washing machine would not fill. I  
9 had to go to the kitchen sink, which wasn't -- that  
10 facet also wasn't working, fill buckets, take it to the  
11 washing machine. Anyway, we had a lots of appliances  
12 and things that needed repair, just like Royer's did.

13 My husband submitted a bill on March 15, 2015  
14 to the water company, explaining what we incurred  
15 because of all the sandy water and pebbles coming  
16 through the pipe. We waited another month, never heard,  
17 yes, no, it would be addressed, we think you should be  
18 reimbursed, we don't think you should, so my husband  
19 sent another letter 30 days later, on April 17th,  
20 2015, and we have never heard from them.

21 So I just wanted to share that we incurred  
22 major problems. We had to have the washing machine  
23 repaired. We had to have the plumbers come out. We had  
24 to fix the toilets. Every facet was full of sand and  
25 pebbles, which they told us were lime deposits, big

1 pebbles coming out of our facets. So, replace the  
2 ice -- the water filter in the washer -- in the  
3 refrigerator twice once it got all clogged up again.

4 And so I just wanted to share, we had major  
5 problems and did not get assistance with fixing any of  
6 it in the house.

7 **MR. HILL:** Thank you very much.

8 Mr. Tim Meins? Meins?

9 **MR. MEINS:** Meins.

10 **MR. HILL:** Meins.

11 **MR. MEINS:** Thank you very this opportunity to  
12 discuss Aquarina Utilities and the issues that we have  
13 had over at Ocean Dunes. I'm the maintenance man for  
14 Ocean Dunes, which is a three-storied condos -- three  
15 eight-storied condos.

16 **MR. HILL:** Would you also speak your name,  
17 just for the -- and the address of that location?

18 **MR. MEINS:** Tim Meins. And the address is  
19 130, 140 and 110 Warsteiner Way.

20 **MR. HILL:** Thank you.

21 **MR. MEINS:** Okay. Although I'm not a  
22 customer, I'm greatly affected by the service that it  
23 provides in significant ways. Recently had a fire  
24 hydrant at one of our buildings that was caught by our  
25 annual fire inspection. It was not working.

1           The information was then given to the fire  
2 marshal to follow protocol. The marshal contacted me  
3 and gave us a deadline to repair the hydrant and to have  
4 it back in operation. We then -- the HOA had to pay  
5 \$830 to get the hydrant back in service. The tragedy of  
6 this was that we discovered that it wasn't the hydrant  
7 that was broken at all. Instead it was a valve that was  
8 turned off without our knowledge. We were not notified  
9 that it was turned off and it was hundreds of feet away  
10 from the hydrant.

11           It would not be typical that we would check  
12 this valve since the fire code requires shut-off to only  
13 be two feet away from the fire hydrant and that valve  
14 was completely opened. So, when we had the fire hydrant  
15 checked, obviously, there was nothing wrong with the  
16 fire hydrant, but the gentleman spent the time and  
17 the -- still had to replace the flange, oil, the  
18 gaskets, just as if he had repaired the hydrant, so we  
19 were still charged for them. When Aquarina Utilities  
20 was contacted about this, they said that they were aware  
21 that the valve was shut off. They also said that the  
22 fire marshal and nobody else had any right to touch the  
23 fire hydrant.

24           As the maintenance man, I'm looked at as being  
25 responsible for things like that around Ocean Dunes and



1 its life safety equipment. When a fire marshal tells me  
2 that we need to have the fire hydrant working, I'm going  
3 to make sure that that gets done, regardless. They --  
4 they did not seem to be concerned with getting it back  
5 up in service quickly.

6 Also, it was mentioned earlier about a fire  
7 pump, and we also had approximately a \$1,300 bill to  
8 repair a fire pump when one of their pumps was down.  
9 Again, we were not notified that there was no water and  
10 that burned up our fire pump. We've just continued to  
11 have problems with them communicating with us. When  
12 I've talked to them, they've told me that it's not  
13 monitored. Their -- the utility is not monitored 24  
14 hours and it could take time before they noted that a  
15 pump was down. Even in that case, when they do find  
16 out, they don't let us know about that.

17 So, it's been, you know, a very expensive  
18 situation dealing with them and very frustrating. I  
19 think that's it.

20 **MR. HILL:** Thank you, Mr. Meins.

21 Mr. Dale Helmer.

22 **MR. HELMER:** I'm Dale Helmer. Address is 130  
23 Warsteiner, Number 401. I'm a resident and a customer  
24 of Aquarina Utilities.

25 I have submitted a formal written complaint on

1 Aquarina Utilities, and I also included a photograph of  
2 a filter that -- my wife has a condition I won't go  
3 into, but it requires that the water be purified. And I  
4 have got an installed filter that's a carbon block with  
5 a micron HEPA filter as well as UV, and I change those  
6 routinely, at about a six months interval, but recently  
7 it's been less than that. There's a device on the  
8 filtration system that -- that warns me when either  
9 microbial or we have got other challenges associated  
10 with the water that's going through.

11           It's supposed to be a filter that's good for  
12 six months, and for -- since we moved in here in -- on  
13 2012 there has not been a big issue, but recently the  
14 last two filters have lasted half the time. These  
15 filters cost me about \$155 apiece to replace. And the  
16 most recent filter, the photograph that came, when I  
17 removed it was -- normally there's a -- it goes from  
18 white to a brownish color with no filtration coming out  
19 of the system, and that's normal situation. I have  
20 lived up in Maryland and that's been a routine for many  
21 years, but these last couple of filters have come out  
22 and they've been black.

23           I don't have a photo. I didn't bring a  
24 photograph, but I've already sent you one. And the  
25 indication is, is that for some reason there is a

1 contamination that I have not seen before and I'm kind  
2 of concerned, my wife even more than I am, with the  
3 situation.

4           And so, I wanted just to come to say that when  
5 you talk about water it's very important that a person  
6 has confidence in the service and the quality of the  
7 water that they have. It's, without question, something  
8 that should be commonplace, but right now I am very  
9 concerned about the situation here with the utility  
10 company.

11           And I know that they've met the minimum specs  
12 associated with water quality on an annual basis, but  
13 there are some situations where we don't even know  
14 what's going on, and, all a sudden, the water starts  
15 bubbling and through word of mouth it will get back to  
16 Aquarina committee -- Utility and they will say, oh,  
17 don't worry about that. We either lost the osmosis  
18 filter or we lost a pump or something like that, and, as  
19 far as we're concerned, it's not a big problem. That's  
20 when I am really concerned about whether or not I need  
21 to be boiling my water and other things along the way.

22           I appreciate the Commission actually coming  
23 out and listening to the situation, but from my  
24 standpoint, it's -- it's below average. Thank you.

25           **MR. HILL:** Thank you, Mr. Helmer.

1           And I do want to acknowledge that our video  
2 has gone down, but we do have a backup audio recording,  
3 so the Commissioners will be able to receive your  
4 comments. In addition, the -- there is a court reporter  
5 who will make a transcript, so you'll be able to access  
6 that as well.

7           Thank you, Mr. Helmer.

8           Ms. Joan Lynch.

9           **MS. LYNCH:** Thank you. I live at 212 Osprey  
10 Villas Court. And I recently had decreased --

11           **MR. HILL:** Would you mind, sorry, getting  
12 that, and, also, stating your name? Thank you.

13           **MS. LYNCH:** I recently had a decreased --

14           **MR. HILL:** Your name too, please. Thank you.

15           **MS. LYNCH:** Oh, Joan Lynch.

16           **MR. HILL:** Thank you.

17           **MS. LYNCH:** 212 Osprey Villas Court.

18           And it took about five weeks plus, to have the  
19 problem fixed. They dug holes here and there, and they  
20 said they needed to -- they couldn't get in touch with  
21 the contractor to fix it and so we waited and waited,  
22 and they finally got a contractor to dig up the road and  
23 they dig up the sidewalk and my yard and locate the  
24 pipe. So they finally fixed it.

25           But my complaint mainly is the way they left

1 the yard since. The sidewalk was replaced, but there's  
2 big crevices on each side. I mean, anybody could trip  
3 on it and break a leg. I mean, it's an accident waiting  
4 to happen. And I called and complained about the yard,  
5 the dead sod. And they are going to fix it, but they --  
6 a young boy came over. He did the best he could, but he  
7 is not equipped to do the work that had to be done. So,  
8 we're left with a dangerous situation and that's  
9 (unintelligible) and I think they should come and fix  
10 it.

11 And, also, the water quality has a lot to be  
12 desired. No one drinks it as it tastes terrible. And  
13 from time to time, there's a stench from the treatment  
14 plant that comes in my window at night that smells like  
15 sewer. That's all I have to say.

16 **MR. HILL:** Thank you, Ms. Lynch.

17 Ms. Pauline Nicholson.

18 **MS. NICHOLSON:** Pauline Nicholson, 110 Whaler  
19 Drive at the Marlin Condo. On January 5th, I received a  
20 call from our accountant that stated we had no access to  
21 water. We have a fire pump, which another gentleman  
22 spoke of their fire pump, and we were told that we had  
23 to have that shut off or else it was very possible that  
24 it could burned up without access of water.

25 So, I had to call out a tech, and he came, he

1 shut the water off and so on, and he waited, and waited,  
2 and waited, thinking it was going to come back on very  
3 soon. Well it did not, so he left. Well, as soon as he  
4 left, I called Kevin, who is with the Burges, and he  
5 said, oh, no, it's on now. Have him come back out.

6           So he returned, he came and it still wasn't  
7 working. We didn't have any pressure to our pump. So,  
8 again, I had him personally, the tech personally, call  
9 Kevin and Kevin said, oh, there was a sensor problem.  
10 So, finally, we did get it repaired. We're back in  
11 service, but the costs was \$232.70 for this man to come  
12 out, for the tech to come out.

13           In our February bill it was stated that we  
14 used over one million gallons of water. We have 15  
15 residents. So we had that checked. We asked -- our  
16 accountant as for them to reread the meter. Evidently  
17 when they read the meter there was a problem, so --  
18 there was not a problem. I'm sorry. They had a  
19 problem, but we did not use that amount of water, so we  
20 are back to paying our normal bill for February.

21           The first weekend in February, I happened to  
22 flush the talent and saw that there was white, cloudy  
23 water and there was like a film on top of that water.  
24 So I had called up Chris at the time at the admin  
25 building and he knew nothing, said there is no problem.

1 There is nothing. I said, something is the matter.

2           So, anyway, one of our residents happened to  
3 be walking outside, and Juan, who comes around and  
4 evidently reads whatever kind of information he has to  
5 get from our major pumps back there, and he told him  
6 that our -- a pump was running for 14 hours that should  
7 only be running for two hours. And I was also told that  
8 there was air in the pipe and it was because of this  
9 pump running and it was -- had a short opening or a  
10 small opening or something that causes air to get into  
11 that particular pump. That's the end of my report.

12           **MR. HILL:** Thank you, Ms. Nicholson.

13           Mr. Grant Leslie.

14           **MR. LESLIE:** My name is Grant Leslie. I live  
15 at 202 Osprey Villas Court. I'm a customer of Aquarina  
16 Utilities.

17           My comments are just a couple of follow ons.  
18 Don Schwinn mentioned that the customer base was  
19 recorded as 288 in this staff report, and we currently  
20 have 376 doors in Aquarina, we have 17 under  
21 construction at this time, there are 44 in St. Andrews,  
22 20 in Sunnyland, for customer base of 457. I think that  
23 needs to be taken into account in making projections of  
24 income and return. We have also the community center,  
25 as Don mentioned, the Brassie Grille, and a vote to open

1 the beach club that has restroom, toilet and shower  
2 facilities.

3 I have a real problem with using a single year  
4 as the basis for such a rate increase. My recollection  
5 is 2014 was a very rainy year. In the materials that  
6 we've received there was no break out of irrigation  
7 water sales. We use an extensive amount of irrigation  
8 water for the golf course, running at least 30,000,  
9 sometimes at least 50,000 a year, dollars that is.

10 The non-portable operations using a base year  
11 where there was a lot of rain could have resulted in a  
12 significant income drop. I'm not sure that rate payers  
13 should be penalized with a rate increase because of the  
14 varyings of weather patterns.

15 The -- one last comment is on the scale of the  
16 utility was built for at least 640 homes or that is the  
17 total build out for this community. It was built, I  
18 believe, for even more. The Burges must have realized  
19 that the scale of this utility was in excess of the  
20 current -- of the customer base when they bought it and  
21 I believe they must have taken that into consideration  
22 when they purchased the utility. And I think that given  
23 the building that is taking place and about to take  
24 place here over the next couple of years, that there  
25 should be -- that should be taken into consideration by



1 the staff of the Commission in making an assessment of  
2 rate increases for the next year or two. Thank you.

3 **MR. HILL:** Thank you, Mr. Leslie.

4 Mr. Roger Conant.

5 **MR. CONANT:** I'm Roger Conant. Excuse me. At  
6 220 Osprey Villas Court. Osprey Villas Court seems to  
7 be overrepresented here. I am, by training, in a  
8 position an economist in the manage -- and a management  
9 specialist.

10 I'm just noting that you did not incorporate  
11 the increase in inflation as measured by the CPI. In  
12 your numbers, you didn't mention it. If so, have the  
13 increase been the same of as the rate of inflation? The  
14 rate that was \$60.86 would have been \$78.36, as opposed  
15 to the 102.83. So, in real terms you're proposing a  
16 price increase of 36.31 in the Phase I and an increase  
17 of 38 percent for Phase II.

18 Now, if we're talking about a business that  
19 has a cost of fluency of 0, both then and now, so it  
20 isn't that it's costing them more to obtain their raw  
21 materials. And as you read through this, you say these  
22 sort of increases are associated more with the  
23 prescription drug business, not with -- not with  
24 utilities. And I hope -- I hope the Commission will  
25 examine the issue of whether these increases in real

1 terms are confiscatory.

2 **MR. HILL:** Thank you, Mr. Conant.

3 Mr. Tim Kenefick.

4 **MR. KENEFICK:** Tim Kenefick. I live in River  
5 Oats, 420 Hammock Shore Drive. I'm a customer and have  
6 been a resident -- been a resident here for -- since  
7 2003.

8 And one of the other folks that also uses a  
9 filter in his house said he had recently noticed that  
10 his -- his filtering mechanism is clogging up  
11 prematurely. I have had a whole house filtering system  
12 for the last 10 years, and did so, because of the smell  
13 and the taste of the water. And recently I have noticed  
14 that after about two weeks the pre-filter that just  
15 touches the water that's coming into the house before it  
16 goes into my filtration system is becoming discolored,  
17 extremely discolored. I will show you this picture, but  
18 I would also like to show the audience.

19 The white is a brand new pre-filter. After  
20 two weeks this is literally chocolate colored. So,  
21 whatever is causing that is -- and if people are  
22 drinking this, this is what they are drinking.

23 So, I will just show this to the audience.  
24 So, this is the pre-filter. Pre-filter is brand new and  
25 after two week this is what the pre-filter looks like.

1           Now, I filed this complaint with, you folks.  
2 You have this picture in your file, I hope. If not, I  
3 will give you another copy. I also sent it to Aquarina  
4 Utilities.

5           In one of the -- one of the more brilliant  
6 comments that was made in the response was, we recommend  
7 that our customers remove these unnecessary and  
8 potentially hazardous external systems and simply use  
9 the water as provided. So -- and I know, I mean, I pay  
10 \$100 a month, so that's \$1,200 a year. And let's say  
11 with a 50 percent increase, I will be paying \$1,800 a  
12 year, which is, you know, two-and-a-half times the  
13 national average. I would think that the water would be  
14 a little more special.

15           **MR. HILL:** Thank you, Mr. Kenefick.

16           Are there any others signed up? Okay. If  
17 anybody else would like to sign up, we can take your  
18 information down at this time. All right.

19           Then, with that, I want to remind you that  
20 there are many ways for you to add your comments, or let  
21 other people who are not able to attend to add their  
22 comments. We will be staying around to answer some sort  
23 of procedural questions. Of course, we are not as into  
24 the technical side of things since we are here to  
25 represent the PSC. But we can answer it, some certain

1 questions. And feel free to reach out to any of the  
2 contact information that we have given you.

3 And with that, I would like to -- the time is  
4 3:17 p.m. I would like to call into conclusion this  
5 customer meeting for Aquarina Utilities. Thank you.

6 (Recording ended.)

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1 STATE OF FLORIDA            )  
                                  :        CERTIFICATE OF REPORTER  
2 COUNTY OF LEON:            )

3

4                    I, LINDA CUNNINGHAM, RPR, Court Reporter and  
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11 counsel, connected with the action, nor am I financially  
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13

                  DATED this 20th day of March, 2016.

14

15

*Linda Cunningham*

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