

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160065-WU

APPLICATION FOR INCREASE IN
WATER RATES IN CHARLOTTE
COUNTY BY BOCILLA UTILITIES,
INC.

_____ /

PROCEEDINGS: CUSTOMER MEETING

COMMISSION STAFF
PARTICIPATING: ADAM HILL
KELLY THOMPSON
JANIEL JACKSON

DATE: Wednesday, October 5, 2016

TIME: Commenced at 6:03 p.m.
Concluded at 7:05 p.m.

PLACE: Tringali Park Community Center
Unit 3460 South McCall Road
Englewood, Florida 34224

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

P R O C E E D I N G S

1
2 **MR. HILL:** All right. So good evening,
3 everybody. My name is Adam Hill with the Florida Public
4 Service Commission. This is the customer meeting for
5 Docket No. 160065-WU for Bocilla Utilities, Inc. rate
6 increase. This is a file and suspend rate case.

7 **SPEAKER:** You need a little volume.

8 **SPEAKER:** Can you turn that up a little bit?

9 **MR. HILL:** Oh, I've got to go over here and
10 turn a knob. Y'all tell me if it's good. All right.
11 Hold on. I think it's -- how about that? Is that a
12 little better? How about that?

13 **SPEAKER:** Yay.

14 **MR. HILL:** Okay. I'm glad I went and played
15 with it a little earlier.

16 All right. So welcome. Thank you all for
17 coming. I know especially some of you guys came from
18 the island. Anybody that rode the ferry to get here? I
19 just rode that for the first time today. That's a
20 thing.

21 **SPEAKER:** Did you smell the dead fish?

22 **MR. HILL:** Oh, wow, yeah. No comment on the
23 smell. Thankfully y'all all smell nice. Okay.

24 So welcome, everybody. I want to really
25 briefly go over the entities involved. Obviously you

1 guys are all here because there is a water utility that
2 serves you, the customers, and it is a monopoly type
3 situation. You don't have a choice unless you dig your
4 own well. And you're on a barrier island, so that's a
5 little difficult. So if you've got a utility in a
6 monopoly type situation, the legislature has created the
7 Public Service Commission in order to help regulate that
8 utility. And there's certain utilities that are not
9 under PSC jurisdiction, but this is the situation that
10 you guys have.

11 And the Public Service Commission is comprised
12 of Commissioners and staff, and you can probably guess
13 which I am here today and which we are all here.
14 Unfortunately we're not the Commissioners, but we're the
15 staff, and I'll point out what that distinction means
16 for you all.

17 So we're the staff. I'm Adam Hill. I'm
18 engineering staff working on your case actually. With
19 me is Kelly Thompson and Janeil Jackson. They're from
20 the Office of Consumer Assistance and Outreach, which
21 means they -- if you call in and you have a question, if
22 you see an article in the newspaper, chances are they
23 have a hand in those sorts of activities. The contact
24 information for people for your case are on -- that
25 contact information is on page 2 of the Special Report.

1 So if you only get one handout today, please make sure
2 it's this one. That way if you have something that pops
3 up later, you know who to contact right here.

4 I want to go over the outline for today's
5 meeting. We're going to go over what is the rate case
6 process, we're going to talk about the preliminary
7 rates, and we're going to talk about what you all can
8 do. Of course, that's why you're here today.

9 Starting off with the rate case, I have some
10 general background. Bocilla's current rates were
11 established by the Commission in 2013, by which I mean
12 that is when they were -- they came under Commission
13 jurisdiction and we acknowledged their current rates.
14 Of course, you all know that you've been paying the same
15 rates since 1985, something like that, so it's been
16 decades for you guys. And Bocilla applied for the
17 current rate increase on March 23rd of this year. Staff
18 approved a 12-month period ending December 31st for the
19 test year, and that just means we look at a year and try
20 and see is this an average year, how much money do they
21 need to spend in order to run this utility, and figure
22 out how much money that they are -- that they would need
23 to collect in order to become solvent. This situation
24 is in place for those utilities who are not earning
25 their appropriate rate of return, which means that they

1 are either losing money or not earning the rate of
2 return that incentivizes them to serve. Because it's
3 not the most glamorous job, let me tell you.

4 This process that the whole rate case goes
5 under is called the proposed agency action process. And
6 essentially what this means is that staff goes through
7 these steps: There's a staff investigation, we've
8 already done part of that, we've sent out some
9 correspondence with the utility, gotten more
10 information, I'll go into that; there is the customer
11 meeting tonight; and there is a PAA recommendation and
12 Commission Conference which happens later.

13 Starting off with the staff investigation, I
14 want to introduce different types of staff. First of
15 all, there's the audit staff. The audit staff goes out
16 to your utility and examines the books and records,
17 makes sure that what they have submitted is proper, they
18 haven't left anything out, they're not double counting
19 anything, that sort of thing. And I know everybody
20 wants to make sure that they're only paying for what
21 they need to be paying for, so the audit staff is very
22 useful in that regard.

23 The engineering staff -- I am actually a
24 member of the engineering staff and I am working on your
25 case. What we do is we review the quality of service.

1 We review the prudence of the utility operations: Are
2 the decisions they're making, do they make sense? And
3 (inaudible) the used and useful plant, which basically
4 means that they've got capacity for way more people than
5 you all are. You don't need to be paying for somebody
6 else's capacity.

7 The accounting staff, they investigate the
8 accounting practices, make sure that they're not double
9 counting, make sure that they're depreciating things at
10 a proper rate and all that.

11 The economic staff, they investigate the
12 billing practices and evaluate the rate structures to
13 make sure that the rates are not only fair, but they
14 also kind of send a message that you want to conserve
15 your water use, that sort of thing. And if there are
16 some people using a whole lot of water, they're bearing
17 the cost, not you, if you have a small amount of water.

18 And what we do is staff prepares a staff
19 report that contains the preliminary recommended and
20 preliminary rates, and that's in this Special Report.
21 So you can see what those rates are temporarily,
22 preliminary status. I'll go over how those get put into
23 effect.

24 So after the staff investigation, sometime
25 around now we have a customer meeting. At this customer

1 meeting -- we hold this customer meeting for every rate
2 case so that we can receive customer comments regarding
3 the quality of service, you know, how is your water
4 service, how is the taste, color, quality, odor, all
5 those things. And I'm not talking about the dead fish.
6 That includes the quality of the actual water but also
7 how they interact with you. If you call them, they
8 don't call back, that sort of thing. We want to talk
9 about the proposed rate increase. We want to hear any
10 other concerns or questions you have. And tonight is
11 the customers' meeting. So while the utility is in
12 attendance, they're not going to come up here and, you
13 know, say their part. This is all about you guys.
14 We're recording tonight's meeting so that the
15 Commissioners can take your comments into consideration.

16 Now I want to go over the PAA recommendation
17 and Commission Conference. So basically what you
18 guys -- the input you have and how does it actually
19 affect the outcome? Well, I showed you that there's
20 Commissioners and staff; right? And we're which one?

21 **SPEAKER:** Staff.

22 **MR. HILL:** Right. So what we do is we prepare
23 a recommendation for the Commissioners. We look through
24 everything, we summarize, we take all of your comments,
25 and we prepare a recommendation that says, okay, we

1 agree with the utility on these points. We think these
2 adjustments are appropriate in order to -- you know,
3 sometimes we adjust down, sometimes we adjust up,
4 depending on, you know, what the actual costs are. We
5 make the recommendation, and then the Commissioners have
6 some leeway. They can take what we have recommended and
7 they can approve it, they can deny it, or they can
8 modify it. And so if they say, "Ah, you know, this
9 practice was shady, we want to incentivize them to not
10 act in that way in the future," they can tweak a few
11 things.

12 In general, what staff does is all based on
13 numbers and math. Okay? We want to make sure that they
14 are earning what they ought to based on the actual costs
15 they're incurring. I mean, it's a business. They have
16 to spend money in order to give you guys water. And so
17 staff, our job is to make sure that those numbers all
18 match up. The Commissioners have that wiggle room.
19 They can kind of tweak some things based on the
20 customer -- the quality of the customer service, that
21 sort of thing. So we are going to deliver that message
22 for you after tonight to those Commissioners.

23 For this conference, the schedule, we will be
24 filing our recommendation on November 22nd. That
25 recommendation will be reviewed at the Commission

1 Conference, which is on December 6th. You may speak at
2 that conference, if you wish to, and I'll help you out
3 with that. If you want to meet with me later and find
4 out more about that process, please let me know.

5 If you want to attend, please let us know
6 beforehand so that we can have time set aside for you
7 and we don't, you know, move on too quickly or just not
8 have it scheduled upfront. Especially, you know, some
9 utilities, if there's a lot of people, we have to figure
10 out some logistics around that. So please let us know
11 if you're planning on doing that.

12 After the Commission Conference -- so we
13 prepare the recommendation, we recommend it. They say,
14 "Yes, no, yes, no," maybe tweak a little bit. Then
15 afterwards they will have a vote and an order will be
16 issued within 20 days. After that, a 21-day protest
17 period then begins where any substantially affected
18 party, that might be you, that might be the county
19 health department, that might be some environmental
20 group, they may protest under that section, that
21 statute. Okay? If nobody files a protest, then those
22 rates will be effective upon issuance of a consummating
23 order.

24 If there is a protest, then the utility can
25 put those rates into effect and you'll start paying

1 those rates. But if the protest leads to some reduction
2 of rates later, you will get the refund of the
3 difference basically.

4 I want to mention that the protest is a
5 lengthy and expensive process. And if you would like to
6 participate in the protest, it isn't just sort of like
7 sending one letter. It's a long thing with submitting
8 your evidence, calling your witnesses, having cross
9 testimony. It's a lengthy process. And if you want, I
10 can talk to you about that process afterwards. Also
11 other people in attendance here can talk to you about
12 that. Danielle Roth from the Office of Public Counsel,
13 I'll talk about her role a little bit later. But if you
14 want to go down that avenue, please let us know because
15 it's not simple. And it does raise some costs because
16 the utility will most likely have to hire more
17 accountants, more attorneys, that sort of thing. So we
18 want to make sure that we do that if it's prudent and if
19 it will actually benefit you; right? You don't want to
20 try and fight over 1 percent and then find out you
21 have -- now they've got 2 more percent of legal fees
22 after that. So that would be a problem. We've got to
23 make sure that it makes sense.

24 If the protest is filed, the hearing will be
25 held in the service area or as close as possible so

1 we'll have it in this area. The Commissioners will come
2 down. The utility and the protesting parties will
3 litigate the issues, and you can testify, if you would
4 like to, before the Commission. And there will be
5 Commissioners that will be here, maybe in this room
6 even, to hear all the different sides of it, and then it
7 goes through a similar process of recommendation and --
8 to figure out where exactly those rates should be.

9 Moving -- that's the general process. And,
10 again, if you have any questions about it, please talk
11 to me afterwards. I get a feeling that you guys have a
12 lot to tell us about the utility, so I'm going to try
13 and move a little quickly through here.

14 This is on -- in your Special Report as well.
15 I just want to highlight these are bill comparisons for
16 typical usage. So if you use 3,000 gallons in a month,
17 your bill used to be \$70. Page 1 rates, which have
18 already gone into effect, are \$80. Phase II rates,
19 which will be once the order goes through, will be \$95.
20 So this jump from 70 to 80 is 16 percent. That jump
21 from 80 to 95 is 18 percent. And if you do those all at
22 once, that's 34 percent, just to give you guys that. I
23 know it's not on the screen, but the total rate increase
24 is about 34 percent. And if you want, kind of for
25 comparison's sake, I can talk to you afterwards about is

1 34 percent a large increase? You know, we'll talk about
2 that. It's based on numbers. Like I said, it's the
3 math of the situation right now. So, please, let me
4 know if you would like to talk more about that
5 afterwards. So --

6 **SPEAKER:** Can you hold your microphone a
7 little closer to your mouth? We're not getting volume.

8 **MR. HILL:** Okay. Sorry about that.

9 **SPEAKER:** Thank you so much.

10 **MR. HILL:** All right. I used to be a teacher
11 and I'm not used to using a microphone. All right.

12 So how can you participate in this process,
13 especially if you feel like you want your voice to be
14 heard? You can provide comments at today's meeting.
15 You can do this by coming up, signing up at the sign-in
16 booth, coming up here and speaking and presenting to the
17 video camera. We're also audio recording this, and you
18 can have your comments delivered that way, or you can
19 provide written comments. The very last page of your
20 Special Report is actually a mail-in customer comment
21 card. So you can just attach this, attach a stamp, and
22 send it in. You don't have to add in any more details
23 other than your comments and your stamp.

24 You can also monitor the progress of this case
25 via the website. Here's again the comment card at the

1 end, at the back of your blue Special Report, and here's
2 the website. I want to point out, at the top of the
3 website, what you'll want to do is click where it says,
4 "Clerk's Office." You'll click -- sorry, I went a
5 little too fast. When you click on the Clerk's Office,
6 you can put in the docket number, and that's right at
7 the top of this Special Report, Bocilla Utilities, Inc.
8 Docket No. 160 -- so you use that number there, and you
9 can follow the process on that website.

10 On the day of the Commission Conference, if
11 you don't want to drive up to Tallahassee -- we just did
12 that drive and it's all right, it's not the best
13 drive -- but if you don't want to drive it, you can
14 follow it online, but it will be streamed via video
15 stream online. What you would have to do up here is
16 click where it says, "Conferences and Meeting Agendas,"
17 and you can go and click on the video and you can follow
18 along with the actual documents and you'll get to see me
19 up there presenting a recommendation, the Commissioners
20 all debating it. You'll get to see Danielle Roth
21 presenting OPC's side and the utility and their side.
22 So this video will be one way for you to actually
23 experience that Commission Conference.

24 So there's a blank here and that's
25 intentional. That's for the Office of Public Counsel.

1 The Office of Public Counsel is another party in this
2 situation that was created by the legislature as an
3 advocate for you before the Public Service Commission.
4 They're created to be kind of like a check and balance
5 type of thing. Okay. This is their phone number, this
6 is their website, and you have a representative here
7 today. Say hi, Danielle. All right. So that's your
8 representative. You don't have to pay her anything but,
9 you know, give her a smile.

10 If you'd like to file a complaint, now this is
11 separate from the Office of Public Counsel, general
12 complaints can be done through this phone number, and
13 this is also on page 2 of your Special Report. So
14 that's where my phone number is, but also the complaint
15 line is also on that. Okay?

16 That is all of my part. I wanted to speak
17 very quickly because this is your night. So at this
18 point, I want to remind you tonight's meeting is being
19 recorded. Please come forward to the microphone. If
20 you want to -- have a quick question, just raise your
21 hand in the audience, please. Actually it is important
22 to come up here because I have an audio recorder. The
23 court reporter has a really hard time getting people's
24 comments if you're not at the microphone, so please come
25 up here to -- even if it's something quick just saying,

1 "Hey, I just want to say here, here. Hi. I agree with
2 what the last person said," even something quick, please
3 come up and say it. Okay?

4 When you do come up here, state your name,
5 address, and spell your last name, again, for the
6 purposes of the court reporter. And I will be going
7 through later and counting up, okay, this many people
8 had this type of complaint, that sort of thing. And if
9 you come up here and speak twice, I need to make sure
10 that I have the name both times so that I count that as
11 one person with multiple comments, that sort of thing.
12 Okay?

13 This Office of Public Counsel number that I
14 showed you earlier is not in your -- is not in your
15 sheet, so I'm going to leave this up here for the next,
16 like, two minutes so that you guys can write this down
17 if you don't have it already. So please write this down
18 while I call up the first speaker.

19 And, again, we'll be available for questions
20 at the end. I'll call people up in the order that they
21 signed up. If you would like to sign up after you hear
22 some people, please go up there, sign up on the sheet,
23 and we'll call you once everybody has commented.

24 And with that, I'll call up Ms. Linda
25 Cotherman. And, again, sorry if I get your name wrong.

1 **MS. COTHERMAN:** My name is Linda Cotherman,
2 C-o-t-h-e-r-m-a-n.

3 (Technical difficulties with sound system.)

4 **MR. HILL:** Sorry. I'll turn it down a little
5 bit. I think that --

6 **SPEAKER:** That's your mike. That's yours.

7 **MR. HILL:** Mine's off. It's that speaker
8 pointing at it. Here, I'll turn it down a little bit
9 too.

10 **MS. COTHERMAN:** I live at 50 Gasparilla Way,
11 Don Pedro Island. I've lived on the island about 45
12 years. I signed up to go first to get it over with.

13 I was on well water for many years when I
14 decided to hook up to Craig's utility -- excuse me, to
15 Bocilla Utilities. At that time, switching from well
16 water to RO plant water, I found out, because of the
17 chlorination and the chemicals, it basically killed all
18 of my house plants but I had the cleanest toilet I ever
19 had before.

20 Since switching to Englewood Water District
21 and bulk water, basically the opposite is true. My
22 plants love it, but there's a lot of brown stains and
23 things going on.

24 I do also want to say that many of the
25 residents are not here at this time, so I did bring some

1 emails to leave to be recorded, okay, for later.

2 I think originally when Bocilla Utilities was
3 founded, it was for service and rates to be able to
4 provide us with potable water and fire protection, but I
5 think both of these have been substandard over the
6 years.

7 I did have -- let's see. Okay. I had one --
8 I'm going to jump around probably a lot. My water meter
9 now has not been read for three months. I live usually
10 by myself. I have some company sometimes. So I'm
11 expecting the next time that my meter is read I'll get a
12 four-month water usage bill, and because of that it's
13 going to kick me into the first tier pricing, the second
14 tier pricing, and probably into a third tier pricing
15 because I haven't been getting the bills. And I usually
16 am in the first tier most of the time, which is the
17 least expensive per gallon water rate. When you use
18 over 6,000, you jump up to a different rate, and I think
19 it's over ten to a third rate. So by not having my
20 meter read every month, I'm probably -- I don't have a
21 bill yet, but it'll be at least a four-month bill, which
22 will put me over into a higher rate per gallon class.

23 Some people -- there's vacant lots on the
24 island where a few people have meters, but a lot of
25 them -- owners have to pay for vacant lots but a lot of

1 them don't have meters.

2 I was going to talk about the regulatory
3 requirements for Bocilla Utility, and I was wondering,
4 looking through the expenses they have, what agency
5 regulate -- that they pay regulation fees to, what are
6 those fees and what work is required, because there was
7 a line item for that. So I want to clarify and find out
8 about that.

9 For DEP now, it indicated to me, when I spoke
10 with them the last couple of days, that because we --
11 our water supply -- because BUI is water supply only and
12 not producing water, that they don't need the high
13 certificated operator anymore. So that expense could be
14 lowered. They need a lower-rated operator. And DEP is
15 requiring only two tests per week of the utility and not
16 the expensive other things that were required when they
17 actually produced water. So I think there could be a
18 savings there.

19 Bocilla states that there was two subaqueous
20 crossings: one at Buck Creek with one pipe and one at
21 the Intercoastal with three pipes. My question was are
22 we paying for the additional cost of the two extra
23 pipes? If one is good enough to hook into Englewood
24 Water and run all the way to the Intercoastal, why do
25 we -- are we paying for three of crossing just the

1 Intercoastal to hook up to one more, one more line for
2 the supply side?

3 Per the DEP, Knight Island Utilities, which we
4 know is the resort, and Bocilla Utilities, I've been
5 told, are hooked up consecutively, meaning Knight Island
6 Utilities is hooked up to Bocilla, which is hooked up to
7 Englewood Water. Looking through some of the
8 correspondence, it appears that Knight Island Utility
9 customers are not paying the meter -- the hookup rates
10 that we pay for each house, which is around \$4,000. It
11 doesn't appear they're paying that. They're not paying
12 a base rate, and they're paying a much, much lower per
13 gallon rate than the rest of us are paying.

14 I think they're paying that much more than
15 Bocilla Utilities is buying from Englewood, which is
16 around \$2.50 per thousand gallons, which is what Bocilla
17 buys it from Englewood and also then sells it to Knight
18 Island Utilities for just a little bit more increase
19 than that, but we're getting charged about 6 -- over
20 \$6 per 10,000 gallons.

21 Then there was a couple of very specific line
22 item questions that other people asked me to ask or put
23 on the record for them. One of them has to do with a
24 trip to Grand Rapids, what that was for; why fuel is
25 being purchased from Palm Island Marina because we

1 thought they only -- the person who told me thought they
2 only sold the boats; and also why there was a cost of a
3 diesel starter for around \$400 because there doesn't
4 appear to be any diesel equipment that Bocilla Utility
5 owns.

6 I think that's it. Thank you.

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

8 All right. Jim Luscombe.

9 **MR. LUSCOMBE:** Hello. Jim Luscombe,
10 L-u-s-c-o-m-b-e. I live at 420 Bocilla Drive. I've
11 been a resident on the island for about two years. When
12 I first got the notice of this a few months ago, my
13 first thought was, "Oh, look at this, a government
14 agency or -- they've made a typo. It's -- instead of
15 being 4.0 percent, it's -- they made a typo and made it
16 40 percent." That's what I honestly thought. After
17 some of the residents started talking about this and
18 these meetings were organized, I had a hard time
19 believing that any business in this environment could
20 ask for a 40 percent increase. If I asked for a
21 40 percent increase in any of the businesses that I'm
22 involved with, I wouldn't have a business. It wouldn't
23 happen. So I'm very, very thankful that we have the
24 Commission that we do today, that Adam, Kelly, Janeil,
25 and Danielle have made the trip here to help us out and

1 get through this.

2 This morning I went online and started looking
3 at more of a macro approach. I'm not a water expert. I
4 pay my bill and that's my knowledge of the water
5 industry. But I thought before I get up here and whine
6 and complain and bitch and moan about anything, let's
7 see what water is worth. What do other Americans pay
8 for water?

9 2015 data from the Food and Water Watch, a
10 consumer group out of DC, publishes an annual report.
11 The national average bill, and this is for 5,000 gallons
12 of water, not sewage, just strictly water, the national
13 average is \$338 for 5,000 gallons a month. The Florida
14 average is \$288. Charlotte County enjoys a very unique
15 distinction for having the highest county average in the
16 state at \$546. Charlotte County, the biggest part of
17 Charlotte County's water, which does not include us, but
18 for Charlotte County, the reason -- the way they justify
19 that is because they bring it in through the Peace River
20 program, which is a completely separate program which is
21 not us, and I understand that.

22 When you look at other counties in Florida,
23 Miami-Dade, \$117 annually; Cape Coral, a little closer,
24 \$440. And I thought, "Okay. We live on an island.
25 Things are more expensive where we live." So let's --

1 there's costs and I get it, and I'm prepared to pay a
2 fair cost and I expect to pay a fair cost. But I don't
3 believe in gouging and price gouging and price fixing
4 that are unreasonable.

5 When you look at other barrier islands in
6 Florida, Key West, they import their water from a lot
7 further away than we do. Their average cost annually is
8 \$517. The most expensive water in Florida that I've
9 been able to find, from a fairly extensive search, is
10 \$685 a year. \$685 a year for the same -- everything
11 I've equated to, 5,000 gallons annualized to 12 months.

12 Sanibel, Captiva, a similar situation, much
13 smaller, about 10 percent -- we've got about 10 percent
14 of the population, but Sanibel, Capitava, Island
15 (phonetic) Captiva, another private company, \$354 is
16 their annual fee if you annualize 5,000 gallons of water
17 a month for 12 months.

18 We buy our water -- or Bocilla Utilities buys
19 the water from Englewood Water District. So I thought,
20 "Okay. The most relevant number in this analysis would
21 be what does it cost to live in Englewood and buy
22 water?" The answer to that is \$303. So when you work
23 up the math, and it's not a 30-something percent
24 increase, it's a 40 percent increase, a little more than
25 that, based on the proposed annual increase, we are

1 211 percent higher than Charlotte County average, which
2 is the most expensive in the state. It's 330 --
3 327 percent higher than the Island Water Company which
4 serves Sanibel and Captiva, other barrier islands, and
5 over 380 percent higher than Englewood. Those are big
6 numbers, people. Those are huge numbers. And, again, I
7 came at this more of a macro approach. I'm happy with
8 the quality of my water. I know a lot of people aren't.

9 When I went onto -- when I first moved here, I
10 had filters on the system -- on my whole house system.
11 And I've noticed over the last two years -- I was
12 changing them every two months. Now I change them once
13 every six months and it's hardly noticeable. The
14 quality where I live, and I know it changes throughout
15 the island, has improved dramatically. I couldn't be
16 happier. I turn on the switch or the -- open the valve,
17 water comes out, it's clean, it's everything it's
18 supposed to be, but -- and I'm prepared to pay a fair
19 price. But I personally don't think a 382 percent
20 increase to have water piped -- you were on the ferry
21 today. How far is that? 500 feet, 1,000 feet, a
22 quarter mile? I don't know what it is. It doesn't
23 matter. Water doesn't know where it's going. It's a
24 pipe. And I think a 382 percent premium for that is
25 price gouging, it's unfair, it's unreasonable, and I

1 just -- I have a big problem with it. That's my
2 position and I'm sticking to it.

3 (Applause.)

4 **MR. HILL:** Heather Stout.

5 **MS. STOUT:** I'm Heather Stout, S-t-o-u-t, and
6 I live at 400 Bocilla. I'm going to check the boxes
7 that you're going to hear today probably about brown
8 water. I have that. We have low water pressure, and I
9 know people will speak to that further. But for me,
10 being somewhat of an Internet person, I have a hard time
11 that they have four office people, I think is what
12 they're asking for, or paying office staff \$25 an hour
13 in Englewood, and our notification system, when we have
14 contaminated water, amounts to a notice like this taped
15 to homes. Some it's taped down below; some it's taped
16 up on the doors. This particular one is a picture of
17 our neighbor that is not taped to their door.

18 **MR. HILL:** Could you move the mike?

19 **MS. STOUT:** What?

20 **MR. HILL:** Sorry. Can you move the mike a
21 little bit? Thank you.

22 **MS. STOUT:** Yes. Sorry. So for me, you have
23 to be able to communicate. They sent us a letter and
24 tried to tell us how this water increase was not bad,
25 they tried to sell it on us, and they did that via the

1 email, but they can't inform us when our water is
2 contaminated via email. I get that they want to put a
3 paper notice up, but we also need to have an email
4 notice.

5 We are on the -- I am on the PI board, and PI
6 offered to help them facilitate an email blast and they
7 refused to accept that from us. We got our notice of
8 contaminated water 24 hours after the water was
9 contaminated. I have a 5-year-old son, and I think that
10 he drank that water for 24 hours. That just -- that
11 hurts me in my heart.

12 The other thing is I have a neighbor at
13 431 Bocilla -- and I'm going to submit this to the PSC,
14 they can take this with them -- their water heater
15 broke.

16 **SPEAKER:** Move that again. Sorry. It's
17 feedback. It's feedback.

18 **MR. HILL:** I'll turn it down a little bit.

19 (Technical difficulties with sound
20 system.)

21 **MS. STOUT:** Okay. My neighbor at 431 Bocilla
22 had his water heater break. And the main line that goes
23 into the water heater, this is what came out. And there
24 are approximately 15 pounds of this sitting on the
25 floor. So I will submit that to the PSC too.

1 We're lifers there. We moved to the island
2 and it's going to be our forever home. I did the math
3 too, as Jim has done. We'll be paying approximately
4 14,000 extra dollars over the course of our 30 years
5 that we expect to be there in water, additional fees, if
6 is this approved. Thank you.

7 (Applause.)

8 **MR. HILL:** I sometimes get souvenirs.

9 **SPEAKER:** Yeah.

10 **MR. HILL:** Thank you. Pat Gordon.

11 **MS. GORDON:** Pat Gordon, G-o-r-d-o-n. I live
12 at 9 Pointe Way. I have four questions, all having to
13 do with rate increases. I'm not sure if it's
14 appropriate for the PSC because there are interim
15 increases that are granted by the BCC, board of county
16 commissioners.

17 **MR. HILL:** No. We are the -- on the --
18 (inaudible).

19 **MS. GORDON:** Okay.

20 **MR. HILL:** But the interim rates have gone
21 through, and that was from us as well.

22 **MS. GORDON:** Okay. Well, there have been
23 increases in the rates, but through the county
24 commission. And my question is is there a percentage
25 cap on what the county commissioners can approve, and

1 who has oversight of that? And I have noticed since the
2 method of billing changed in, I believe, 2002 -- we used
3 to get a paper statement and now we get little
4 postcards, and the actual rate that you are paying is
5 not on the postcard. Your gallons used is, but you
6 haven't any way to figure out what the rate is and if
7 they're doing it correctly. So I would think that the
8 rate should be on every bill.

9 And I have a copy of one of my bills where the
10 Public Service Commission -- Bocilla Utilities asked for
11 a 5.15 percent increase. That was May 15th of 2013.
12 And was that ever approved was the question?

13 **MR. HILL:** I do want to interrupt. Yes. I'm
14 sorry I didn't mention this earlier. There's, and
15 correct me if I'm wrong, there are past -- was this a
16 passthrough or an index?

17 (No audible response.)

18 Okay. There are certain rate increases that
19 are based upon easily established costs that don't go
20 through this whole lengthy, expensive process, and those
21 are going to be those types that are based on, for
22 instance, if the seller of water, the county selling
23 water has their rates increased, those can be passed
24 through and we don't need to, you know, double check any
25 of that. It's easy -- well, we double check it, but it

1 doesn't go to the Commissioners essentially.

2 **MS. GORDON:** Okay. My fourth question is are
3 these smaller increases that are granted by the
4 Charlotte County Commission, are they taken into account
5 when the Public Service Commission considers their rate
6 increases? Okay.

7 (Applause.)

8 **MR. HILL:** Thank you. Don Milroy.

9 **MR. MILROY:** My name is Don Milroy,
10 M-i-l-r-o-y, and I live at 480 South Gulf Boulevard on
11 Don Pedro Island. Adam, I just handed you two photos.
12 I hope you'll pass them on to the Commission.

13 The top one is what I call brown ice. Earlier
14 this year, after three consecutive trips, my wife and I
15 returned to our home to find ice that looked exactly
16 like that all three times. When we turned our faucets
17 on, brown water came out along with such a horrible
18 stench we couldn't stay in the room. As usual, we
19 couldn't reach anyone at Bocilla Utilities because their
20 voice mailbox was either full or no one was in the
21 office. Since that time, we bought an \$800 whole house
22 filtration system which recommends changing the filter
23 once every six months. However, with Bocilla Utility
24 water, we have to change it every 30 days, and it's not
25 inexpensive. The sediment buildup and the loss of water

1 pressure make it mandatory to change the filter.

2 Today, at 3:30, we arrived from Dallas, having
3 been away for a month. The second photo you'll see
4 there is what every one of our toilets look like. Not
5 pretty. Again, brown stains, horrific smell, and low
6 water pressure. So I guess I'll be changing the filter
7 tomorrow morning. It does work for a short period of
8 time.

9 During the six years that I was president of
10 PI, board members tried to establish an email-based boil
11 notification system with Bocilla Utilities because the
12 utility was notoriously bad about notifications.
13 However, we were never able to get cooperation from the
14 utility.

15 When members of the police -- the fire
16 department told us that the water pressure was
17 insufficient to effectively fight a house fire, we could
18 not get Bocilla Utilities to conduct any test to give us
19 peace of mind. So I think it would be outrageous to
20 grant a 41 percent rate increase with this dismal track
21 record. Thank you.

22 (Applause.)

23 **MR. HILL:** Thank you, sir. Does this say
24 Dr. Val Pasqua? I'm just going to --

25 **DR. PASQUA:** I'm at 20 Palm Drive and 19 Palm

1 Drive.

2 **MR. HILL:** And your name for the record,
3 please.

4 **DR. PASQUA:** Dr. Val Pasqua, P-a-s-q-u-a. Now
5 I've been on the island 30 years. The first 13 were
6 with systems. The last 17 years has been with the water
7 from Bocilla. When we put the Bocilla -- when we put
8 the water in, we asked them to come down Palm Drive. My
9 brother and I, who have two houses, were refused because
10 it wasn't going to go down. When I built my guest
11 house, then he brought the water down. Not cheap; over
12 15,000 just to go 70 yards from the main.

13 Now what happened in those 17 years? I've had
14 four different leaks from the meter to the main house,
15 twice on the main house and twice on the guest house.
16 The first leak, it took one very simple thing. We saw a
17 big puddle in the front yard, we went out, we went to
18 the meter, and we closed with the valve at the meter.
19 We stopped the water. And it was running a few days.
20 We didn't know about it. So that was only 2,500 bucks.
21 But at that time it wasn't connected to the Charlotte
22 water, so we didn't get a dime back, not a penny. We
23 paid all \$2,500.

24 The second time I had it at the main house, it
25 was further in. One of the roots of the trees got

1 entangled and we had a break. We called emergency
2 because the valve didn't work too well; we couldn't
3 close it all the way. And the little guy going around
4 in a circle that told you if there's a leak was going
5 around in a circle. So, therefore, we couldn't close it
6 all the way. We waited 24 hours for him to come. That
7 bill was \$1,850, and they gave me 925 bucks because of
8 their new rules.

9 Okay. Now we go to my guest house. Right
10 after New Year's 2014 I got a call from a person, an
11 individual that I didn't know, on the thing, and for
12 some reason he knew my number. And I found out that he
13 was a worker on the island who was canvassing different
14 people to work. And he called me up, he says, "You know
15 you have a leak?" I said, "Where do I got a leak?" He
16 says, "Across the street." And he's in a car outside.
17 I go outside and I see I have another leak, and that's
18 between the house and the meter. We go to shut off the
19 water at the meter. The meter has a valve. We turned
20 it, turned it, turned it. It was very difficult to turn
21 it. We called the emergency again and they came the
22 next day. Okay. That cost another, I think -- I
23 remember, 1,600 and something dollars on that one, and
24 we got half on that.

25 But they have a new system now. If you have a

1 leak within three years, they pay you half. But if you
2 have it after three years, you don't get paid. So now I
3 have another leak. Now how did I get this other leak?
4 I don't know. You know, trucks go down our road, big
5 trucks, and they can't make a turn. We have narrow
6 roads, so they go on your property. These are big
7 trucks, tons and tons. You know how far our water line
8 is underneath? One to one and a half feet. So you can
9 imagine why we have problems. Many people in here have
10 had leaks and many people have had to pay the piper for
11 it.

12 Now this last one we had on the 19th of August
13 is a beauty because if anything is going to happen, it
14 waits until you leave your house and go up north. Okay?
15 And then you get a phone call from your daughter saying,
16 "We have a leak. We have a leak." "Where have we got
17 the leak?" And she said, "There's water in the front,
18 in the front." So I said, "Well, go out, go to the
19 meter and close it." She went out there and it was
20 frozen. She couldn't close it. She tried with pliers,
21 she tried with a screwdriver. Now you've got to
22 remember, this is the same one we told them to fix. The
23 same one that we told them to fix.

24 So we called up -- they called up the
25 emergency. Now I don't know what emergency is to you,

1 but I know what it is to me. It should be something
2 that's done quickly. Now if the emergency was a break
3 in the main water where the money was being spent by
4 Bocilla, that truck would have been over, emergency.
5 But this was an emergency for consumers, consumers, the
6 ones behind the eight ball.

7 So what do we do? They called up emergency,
8 they get an answer, and you've got to remember that we
9 had five, five people trying to close that in the
10 pouring rain on April 19th. Look it up. One of the
11 heaviest, three and a half inches of rain. Okay? And
12 they're -- my wonderful friends are trying to close it.
13 They used tools. They couldn't close it. It was frozen
14 and broken, so the water is running. So they said,
15 "Well, we can't come tonight." This was, you've got to
16 remember, early evening on Friday. "We can't come
17 tonight but we can come after 2:00 on Saturday." Now
18 that meant that you're going to get water running all
19 night, all the way until after 2:00 on Saturday. So
20 we've got a maintenance man on Saturday morning, he came
21 in and he brought special tools and he closed the darn
22 thing.

23 Now you've got to remember, closing that at
24 that time gave me \$650 over my normal regular amount.
25 The way they wanted to do it until after 2:00 would have

1 brought it to \$1,000.

2 So what is the service on this island? What's
3 the emergency? Let me tell you, you know, I'd also like
4 to know what they mean by a fair amount of money for the
5 owner for his capital and for what he put in and what
6 he's doing. What's a fair amount? Is it 100,000? Does
7 he make 200,000? Does he make 600,000? Does he want
8 1 million? Does he want 2 million on the backs of these
9 people? Or, you know, he made a killing when he first
10 put it in, made a killing, and then now he's making a
11 comfortable living. And you know what, he wants to make
12 a killing all over again. Thank you.

13 (Applause.)

14 **MR. HILL:** Thank you, Dr. Pasqua.

15 Jeff Bisgrove.

16 **MR. BISGROVE:** Hi. My name is Jeff Bisgrove,
17 B-i-s-g-r-o-v-e. I reside at 441 Bocilla. First of
18 all, I've been doing development almost my entire life.
19 When we do infrastructures for a subdivision or any type
20 of infrastructure that you do for a development, those
21 are called impact fees. The residents should not have
22 to pay for any of the impact fees for infrastructure
23 that was put in across the channel. This should be as
24 part of the impact fee that's paid. If there's a
25 balance difference, then it's up to them to raise the

1 impact fees. That's what the impact fees are for is to
2 absorb the fees for putting in the infrastructures.

3 Also, there was a third pipe put in. And that
4 third pipe, it's my understanding it's going to be for
5 future development of sewer. So why would we be paying
6 for that as the water bill? If they pass this hike
7 increase, we'll have an average of \$1,145 a year bill.
8 And everybody has already seen the numbers that Jim has
9 already talked about. Right now with the increase we're
10 averaging \$838 a year, which, if Englewood is \$330,
11 we're \$500 right now a year more than Englewood.

12 By them closing the water plants on the island
13 and switching over to buying the water from Englewood
14 makes them just a middleman and they're profiting on
15 this water. I've been on the island since 1998, and the
16 water used to be really good where you didn't have to
17 wash your toilet. I mean, it was great water, but now
18 it's terrible. I collected that sample that Heather
19 gave. That water was the water line that came directly
20 from the main intake into the hot water heater. When it
21 came loose, it went right up against the wall, and those
22 were remnants sitting at the bottom of the water after
23 the water dried up.

24 I'm in the mining industry, and most of my
25 mines are out in Punta Gorda at the beginning of Shell

1 Creek. And we're under -- we're under a microscope for
2 our water. I've taken water from my faucet, had it
3 tested, compared to the water that comes out of our
4 ditch at the mine that goes into the water canals. And
5 the water that comes out of my faucet has more particles
6 per million than the water that's coming right out of my
7 ditch, which basically means the water in my ditch was
8 cleaner than the water in my faucet.

9 Now they're asking for a price increase but
10 yet there is no office. There's never anybody in there
11 and there's a drop box, and it's a shared office with
12 Islander Properties. So I don't know how you can ask
13 for a hike increase when you don't have any personnel to
14 begin with or customer service. And I have to agree
15 with Jim, what Jim said, we'd all be out of business if
16 we asked for a 41 percent increase.

17 So basically at the end of the day, I've never
18 had water pressure and I still don't. And we have three
19 pipes that they're trying to put this expense on us, and
20 it should be passed on to the impact fees. It should
21 not be passed on to residents. There are several
22 buildings that are still going to be built on the
23 island. They've got plenty of time to recoup their
24 money. They don't need to recoup it right now. That's
25 all I have to say.

1 (Applause.)

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

3 Jim Wade.

4 **MR. WADE:** My name is Jim Wade, W-a-d-e. I
5 live at 8405 Anthony Drive on Don Pedro Island. Just
6 about everything that I researched and found has already
7 been said, so I'll be brief.

8 Charlotte County already has the highest cost
9 of water in the state of Florida. And I don't know
10 whether this is an effort to maintain that position or
11 not, but it certainly would help in that.

12 Across 45 communities in Florida in 2015, the
13 average water bill was \$288 a year. We're proposing --
14 it's being proposed that we pay five times that amount.
15 If you add to this increase in cost the cost that we're
16 already, at least if you have a sediment filter or an RO
17 filter that you're already suffering -- I bet I've spent
18 somewhere in the neighborhood of \$700 in filters over
19 the last year and a half. It's outrageously poor water.
20 When they -- when my water heater went bad, the bottom
21 of it looked like a sump.

22 And, finally, there is no customer service. I
23 don't believe in the last three or four years that I
24 have ever called Bocilla Utilities and had anyone answer
25 the phone, nor, for that matter, have I ever had anybody

1 return a phone call. Thank you.

2 (Applause.)

3 **MR. HILL:** All right. I have one last person
4 signed up, so if you'd like to sign up to go after
5 Mr. Ray Smith, please go sign up. Thank you.

6 **MR. SMITH:** Thank you, Adam. Jim said a lot
7 of the things that were said.

8 **MR. HILL:** I'm sorry. Can you spell your
9 name, please, and give your address.

10 **MR. SMITH:** Smith, S-m-i-t-h, first name Ray,
11 R-a-y, 460 Kettle Harbor Drive, Placida, on the island.
12 I'm the president of the Palm Island Estates Homeowners
13 Association Board of Directors, representing about
14 245 homes on the island.

15 And as I was about to say, Jim said a lot of
16 these things have been repeated. He didn't want to
17 repeat them. I'm going to repeat them, because I think
18 they're worthy of repetition, the best I can.

19 We had a group of island constituents go over
20 the documents provided in the docket, and we prepared a
21 five-page detailed report. No lawyers involved, just
22 ordinary people using common sense trying to get to the
23 heart of the matter, what looks right, what looks wrong,
24 what probably needs more scrutiny. So we will file
25 this, as I said to you before, we'll file this to you by

1 email by the normal procedures. But without reading all
2 that, which is lengthy, I'll try and summarize the
3 issues as our team brought out.

4 The first issue is use of the Bocilla
5 Utilities plant and expenses by Knight Island Utilities.
6 Knight Island Utilities uses the exact same Bocilla
7 water that we do, our 400 residential users. Knight
8 Island uses 22 million gallons of water. We use 26.
9 Arguably the same. So why doesn't the rate increase
10 ignore Knight Island Utilities and apply only to the
11 400 users such as our Palm Island group? If our rate
12 increase is apparently solely aimed at the 400 members
13 that we represent, ouch. That's not right.

14 Sale of the water plant, Issue 2. This was
15 talked about before, but there were some details.
16 Bocilla claimed an abandonment loss to the old water
17 supply facility, yet ignored the value of the two
18 waterfront lots that the facility sits on. And I think
19 we all know the value of those two lots far outweigh the
20 loss claimed. On the other hand, Bocilla Utilities,
21 sorry, specified only a \$60,000 salvage value, again, of
22 the plant equipment, but are asking 2.5 times that,
23 \$150,000 to sell. So that's pretty self-serving. Go
24 figure.

25 Number three, allocation of labor costs to

1 non-Bocilla Utility activity and excessive costs. These
2 are kind of a lot of vague issues but are carried along
3 in a letter that we will supply to Adam and company.

4 We think labor costs specified some excesses
5 for relatively, as Jeff said, buying resale water
6 production for the distribution company. Lack of
7 clarity in the accounting records and labor allocation
8 applied to specific Bocilla Utility activities were not
9 apparent in the information we found in the docket. A
10 small utility with one full-time and one half-time field
11 employee, yet inconsistent high operating costs for
12 things like commuting, mileage, barge fees, et cetera.
13 For example, they're asking for \$12,000 in barge fees.
14 Well, you were on the island today, and that's -- you
15 don't know this, Adam, but that 12,000 is five full
16 years of daily usage of the barge, and they want that
17 for one and a half people to come and go and it just
18 doesn't add up. It needs to be reviewed.

19 The office's salary and vehicle expenses
20 exceed 25 percent of the total revenue of the company,
21 of Bocilla Utilities. Figure that one out.

22 As a simple buy and sell water supplier, as we
23 talked about before, why, as they're requesting now, why
24 do they need two full-time field employees when the
25 plant, with all the equipment and wells and

1 instrumentation, is now shut down? It's just pipeline
2 and some valving, so why do they need more people to
3 take care of that? That doesn't make sense. Rate
4 increase costs now also include accelerated maintenance
5 work on hydrants and meter replacement every five years;
6 whereas, the standard is closer to 20 to 25 years for
7 meter replacement.

8 And lastly, Item 4, when you talk -- there was
9 some point about this, use of the 2015 as a test year.
10 Well, it seems unfair to use the first year for
11 operation costs for future annualized cost estimates.
12 Significant added testing to ensure new system
13 functionality was in 2015. Sorry. One-time setup of
14 the large and costly fire station connections was in
15 2016. One-time engineering labor costs to close the
16 original water plant was included in the 2015 numbers,
17 and it appears that these are being carried on on an
18 annualized basis, which is not good.

19 So I summarize. BU states no rate increase in
20 28 years. Not so. We've had several increases. All
21 have just been under the maximum allowed before Public
22 Service approved numbers. Are the current rates fair?
23 No, of course not. We've heard that before, and I'm
24 just repeating what you find people have said.

25 Bocilla Utilities charges 140 to 275 percent

1 higher than the five comparable nearest, and I say
2 comparable, nearby water utilities, other utilities that
3 serve islands such as ours. Based on current costs,
4 Bocilla Utilities marks up their supplied water by
5 421 percent before selling it to us. What a deal. What
6 a deal. And yet regardless of these increases in costs
7 and inclusions of costs that probably shouldn't be
8 there, they're asking for a 34 to 40 percent increase on
9 top of all that. We believe a proper audit review of
10 the facts, Adam and company, and appropriate operating
11 costs would probably result in a rate decrease, not an
12 increase.

13 We thank you for coming and we appreciate your
14 time, and all we ask for is fairness. Thank you.

15 (Applause.)

16 **MR. HILL:** All right. I have nobody else
17 signed up to speak. Is that correct? Okay. Then I
18 want to thank everybody for their attendance today. I
19 would like to remind everyone that there are many people
20 here who can help you with questions afterwards,
21 representatives from the utility, Office of Public
22 Counsel, and us from the Public Service Commission.
23 Thank you again very much for your time. I know it's
24 not easy to hop that ferry, especially if there's a
25 line. So thank you very much. This has been the

1 customer meeting for Bocilla Utilities' rate increase.

2 Thank you.

3 (Applause.)

4 (Customer meeting concluded at 7:05 p.m.)

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STATE OF FLORIDA)
 :
COUNTY OF LEON)

CERTIFICATE OF REPORTER

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

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

DATED this 20th day of October, 2016.

LINDA BOLES

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