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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 150010-WS

APPLICATION FOR STAFF-ASSISTED
RATE CASE IN BREVARD COUNTY BY
AQUARINA UTILITIES, INC.

_____ /

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 7

COMMISSIONERS
PARTICIPATING: CHAIRMAN JULIE I. BROWN
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER JIMMY PATRONIS

DATE: Tuesday, November 1, 2016

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: ANDREA KOMARIDIS
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
114 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
(850) 894-0828

1 PROCEEDINGS

2 CHAIRMAN BROWN: All right. Moving on to
3 Item 7. And we do have customers on this as well
4 in attendance.

5 Okay. We have -- and just to let the folks
6 that are in the audience here, we've got 15
7 customers who have signed up. If there are any
8 more customers that would like to speak, please --
9 please let us know up here. You can just come
10 right up here and let our general counsel know with
11 your name and information. Otherwise, we will be
12 getting to the 15 in a moment.

13 What we're going to do here is first have
14 staff introduce the item. After that time, we'll
15 get to the customer input. Each customer has three
16 minutes. And because we are limited on time here,
17 please be strict with those three minutes.

18 You'll see the lights. When it gets to
19 yellow, you have, I think, about a minute left.
20 When it's red, you have about 30 seconds left. So,
21 we're going to be pretty strict on this, given the
22 fact that we have 15 customers and a lot of
23 discussion.

24 Following, we will have the utility and Public
25 Counsel address the Commission. And then we'll

1 bring it back to us.

2 With that, staff, can you please introduce the
3 item.

4 MR. LEWIS: Yes, ma'am. Once again, it's
5 Clayton Lewis on behalf of staff. Staff is
6 recommending -- excuse me -- Item No. 7, staff's
7 recommendation concerning the staff-assisted rate
8 case, requested by Aquarina Utilities. The utility
9 provides service to approximately 296 potable, 211,
10 wastewater, 107 non-potable water customers in
11 Brevard County.

12 Staff is recommending that the quality of
13 service be considered satisfactory. Based on the
14 utility's request for additional personnel and pro
15 forma, staff is recommending a 0.0 percent increase
16 in a revenue requirement for the potable water
17 system and a 152.26 percent increase in the revenue
18 requirement for the non-potable water system.
19 Staff is recommending an 11.03 percent increase in
20 the revenue requirement for the wastewater system.

21 Due to a scrivener's error, staff received
22 approval to make an oral modification to the water
23 rate schedule, Schedule No. 4A on Page 68, and
24 water rate schedule, Schedule No. 8A on Page 2.

25 The owners of the utility, I believe, are here

1 with their -- the Office of Public Counsel and
2 the -- excuse me. The Office of Public Counsel is
3 present along with, like, say, the 15 customers.

4 Staff is available to answer your concerns.

5 CHAIRMAN BROWN: Thank you very much. And
6 we're going to move to public comment at this time.
7 And we're going to start with Ms. Janet Meehan.

8 Please come to the podium.

9 MS. MEEHAN: Good afternoon. My name is Janet
10 Meehan, 131 Aquarina Boulevard, Melbourne Beach,
11 Florida.

12 I want to first thank you all, Commissioners,
13 for welcoming us to this session. We appreciate
14 your flexibility in moving the date and time so
15 that we were able to be here today. 15 of us
16 traveled across the state this morning from
17 Aquarina and Melbourne Beach to present to you our
18 concerns about the cleanliness of our water, the
19 safety of our lives and properties in event of
20 fire, and the challenges that need to be addressed
21 in order to ensure effective management of this
22 vital utility.

23 It is our goal to seek your help and expertise
24 in order to find solutions that will result in both
25 satisfied service providers and satisfied

1 customers. Again, we are not looking to undermine
2 their business. We are here to seek your guidance
3 and help to come to an agreement that is beneficial
4 to both parties.

5 This system we were fortunate to have
6 inherited was originally built by a team of highly-
7 knowledgeable German engineers. These engineers
8 envisioned a community precisely in size and scope
9 to ours and -- that ours is and will be when it
10 reaches its full potential. It was designed to
11 work seamlessly. We believe it can work seamlessly
12 today and well into the future, but that requires
13 some fixes.

14 As you have requested, our small group will
15 present to you in slots of three minutes or less
16 the experiences that have led to our concerns and
17 questions. These fall into three main categories:
18 issues regarding the quality of service, proposed
19 rate increase, and why is the proposed non-potable
20 water rate increase so astronomical.

21 We hope presenting you with facts that have
22 been widely cir- -- have not been widely
23 circulated, you may share our uneasiness about
24 promoting the continuation of business practices
25 that are not only not working well, but are also

1 producing an unsustainable liability risk.

2 None of us, not the residents of our
3 community, not the owners of the utility, and not
4 the members of the Commission -- none of us would
5 want to be associated in any way with a potential
6 or actual disturbance to health and safety,
7 particularly one that might have been avoided.
8 That is why we are here today.

9 Whether or not you decide to approve a rate
10 increase, we would like to request the Aquarina
11 Utilities participate in a formal management audit
12 so that we might all share in forming an effective
13 solution.

14 Transparency has proven a sound way to fully
15 understand every element of situations such as
16 these. Transparency has also proven effective in
17 identifying and tapping the expertise and insight
18 that will solve the issues that affect us all.

19 Personally, my husband and I have not had any
20 negative interaction with the utility; however, we
21 have been privy to many conversations of several of
22 our residents who are not present today.

23 Ann Fisk will begin by providing you with her
24 specific area of concern. Thank you very much.

25 CHAIRMAN BROWN: Thank you. And we were

1 handed out a packet. Is -- is there information in
2 here that is related to your testimony today?

3 MS. MEEHAN: Not mine, but when some of the
4 other residents come up, you will -- they will let
5 you know when it is.

6 CHAIRMAN BROWN: Thank you.

7 Seeing any questions -- appreciate -- seeing
8 none, appreciate your time.

9 MS. MEEHAN: Thank you.

10 CHAIRMAN BROWN: Thank you for driving up.
11 Ann Fisk.

12 MS. FISK: Good afternoon, my name is Ann
13 Fisk. Thank you for having us here today. I
14 reside at 203 Osprey Villas in Aquarina. And I
15 have lived on that street in Aquarina for six
16 years. There are 19 Villas on this dead-end
17 street.

18 During the 2015-2016 year, we have encountered
19 three issues involving Aquarina Utilities. One was
20 at 212 Aquarina Boulevard -- pardon me -- Osprey
21 Villas. And it involved a leak and -- that needed
22 to be repaired underneath our roadway due to low
23 pressure in the residence.

24 This was reported in February. And the repair
25 took over two months to completely repair.

1 Meanwhile, the house was provided water with a hose
2 running to the house.

3 The second issue was at 218. And this leak
4 was reported at the same time the repair work was
5 being done to 212 in the -- in February. That leak
6 was recorded by an engineer residing on our street
7 as leaking 1.02 gallons per minute, working out to
8 1,470 gallons per day or about 66,000 gallons for
9 the six-week period -- for a six-week period. This
10 was drinking water.

11 The repair took approximately eight weeks,
12 which would mean that, in the process of being
13 repaired, over 90,000 gallons of water, drinking
14 water, was lost. Also, it should be noted that
15 during this time, during these repairs, there were
16 no -- no boil-waters given to any residents on the
17 street.

18 Holly Burge of Aquarina Water replied to
19 Mr. and Mrs. Burdette -- Burnett, the owners of
20 2000 -- 218, "One month is not an unreasonable
21 turnaround for such a complicated repair." Again,
22 it took two months to -- to repair and
23 90,000 gallons were lost.

24 In a letter to Mr. Conan, the neighbor of 2018
25 [sic], Holly Burge wrote: A utility that services

1 only 300 customers cannot --

2 CHAIRMAN BROWN: 30 seconds left, ma'am. 30
3 seconds.

4 MS. FISK: -- cannot offer the same level of
5 service that a large municipal utility of many
6 hundreds of thousand of customers can offer.
7 Should Aquarina resident- -- Utilities have lesser
8 service quality because they are a small company.

9 Thank you.

10 CHAIRMAN BROWN: Thank you for your testimony.
11 Commissioners, any questions?

12 Thank you.

13 Moving on to Leonard Markir. I'm sorry if I
14 butchered that.

15 MR. MARKIR: Good afternoon. Thank you. My
16 name is Leonard Markir. I live at 358 Aquarina
17 Boulevard. That's Blue Heron Community. Aquarina
18 has 14 or 15 communities, no matter -- depending on
19 how you divide them.

20 And this is another anecdotal example of
21 systemic, consistent attitudes and decisions made
22 by Aquarina Utilities that have brought most of us
23 here. January 2015, we had a leak that affected --
24 excuse me -- two units. And it was a leak of
25 potable water in the street that took two months to

1 get people to repair.

2 Kevin Burge was the lead person who brought
3 people down in order do the excavation and the
4 repair, and came down to repair water main in the
5 street without shutting off the water and then
6 without knowing where the shutoff was, if you
7 needed it.

8 So, when they started to do the work and the
9 pipe broke and the water meter snapped off -- I'm
10 sorry -- the water shutoff snapped off, it took six
11 hours to shut off the water.

12 And when they finally did that and they
13 started to pump out the water that had filled up in
14 the excavation, all the -- all the debris, dirt,
15 rocks, twigs -- everything went into the existing
16 water-supply piping.

17 And then they sealed it up that way. Not only
18 did they seal it up with all that debris in it, but
19 they sealed it up without the shutoff valve that
20 they had broken off -- or that had been broken off.

21 And finally, they turned the water on, pushed
22 all that debris into the units, caused -- a \$300
23 bill went to Aquarina Utilities, which they refused
24 to pay. But between the two units, there must have
25 been a thousand or a little bit better in terms of

1 damage and -- excuse me -- no boiled-water notice.

2 I'm a registered architect. I've been a
3 general contractor, commercial general contractor
4 for about 30 years, and construction manager. I
5 would never bring people on to a site that has a
6 leak without shutting off the water. I would never
7 back -- I would never not back-flush when you put
8 dirt into the lines. And I would never leave
9 homeowners with damages that I refused -- for
10 things that I caused, that I -- that refused to
11 honor and be responsible for.

12 Thank you.

13 CHAIRMAN BROWN: Thank -- thank you,
14 Mr. Markir.

15 Commissioners, any questions?

16 Thank you for your testimony.

17 Moving to on to Mr. Mueller, Dave Mueller.

18 Good afternoon.

19 MR. MUELLER: Thank you very much, Chairman,
20 Commissioners. My name is David Mueller. I reside
21 in the Ocean Dunes condominiums at Aquarina, 130
22 Warsteiner Way.

23 My subject today is concern- -- concerning
24 fire suppression and safety of people. And in your
25 packets, you will find something from the Brevard

1 County Rescue that pertains to my talk.

2 As of last Thursday and last Friday, the
3 community was without water for fire suppression,
4 in other words -- the hydrants were dry. This has
5 been a problem that has repeated numerous times.

6 And when we've had inspections in the past,
7 for example -- when the inspectors have found the
8 hydrants dry, they've called the fire department.
9 The fire department comes over. And it's a
10 scenario like that.

11 There has been no notice given either for
12 planned shutoffs or for unplanned shutoffs. We
13 look at this, and we consider this to be a very
14 hazardous situation.

15 If there is no water to put out a fire, very
16 rapidly, a fire in a condominium building, a villa,
17 a personal residence, can very quickly get out of
18 hand. And people can be injured in trying to
19 escape. The rescuers can be hurt. And much more
20 property damage can result.

21 So, we have a huge concern about this -- this
22 situation. And I don't believe the fire codes have
23 changed such that they now require fire suppression
24 or, you know, watering the hydrants all the time.
25 I think that's been a long-standing item.

1 I just think that the utility has not been --
2 let's say, persistent or paid attention to making
3 certain that that particular safety issue has been
4 addressed.

5 I could take it a step further and say, if
6 there's no water in the fire hydrants, does
7 insurance apply? Or will the insurance companies
8 say, gee, there was no water in the fire hydrants,
9 so your policy is null and void?

10 I mean, this is a very dangerous situation and
11 we would ask that you look into it. And I thank
12 you very much for your time.

13 CHAIRMAN BROWN: Thank you, Mr. Mueller.
14 Question. You said that this hydrant's running dry
15 has occurred numerous times. And it was alluded to
16 in the staff recommendation as well. Do you know
17 how many times?

18 MR. MUELLER: I do not have a count on that.
19 I can try and get additional information if you
20 would like.

21 CHAIRMAN BROWN: We'll just ask the utility
22 here.

23 MR. MUELLER: I don't know that we -- I don't
24 know that we can put an exact number on it because
25 we probably don't know the number of times.

1 I know that our maintenance people at Ocean
2 Dunes have complained because much of -- some of
3 our equipment, our pressure-increasing equipment,
4 has had to be repaired because of this. And I also
5 know that this only -- doesn't only apply to Ocean
6 Dunes, but the entire community.

7 CHAIRMAN BROWN: Thank you.

8 Commissioner Graham has a question for you.

9 COMMISSIONER GRAHAM: Yes, I see this letter
10 here that is on the Brevard County Fire Rescue
11 station head [sic].

12 MR. MUELLER: Yes, sir.

13 COMMISSIONER GRAHAM: I don't know when this
14 letter was written. It doesn't say. Do you have
15 any idea when this letter was written?

16 MR. MUELLER: Well, the reference -- the only
17 reference that I can have to it is it does
18 reference July of this year.

19 COMMISSIONER GRAHAM: I'm ask- -- so, I
20 realize it was written after that. Do you know
21 when this was written? I guess my next question
22 is: Has this person contacted the state fire
23 marshal yet? Because it says that's the intent.
24 Has there been something filed with the state fire
25 marshal?

1 MR. MUELLER: May I ask if anybody in my group
2 knows?

3 COMMISSIONER GRAHAM: Sure.

4 MR. MUELLER: Jim --

5 MR. ROYER: James Royer (inaudible).

6 COMMISSIONER GRAHAM: You -- you need to come
7 to the microphone so we get you on record.

8 MR. ROYER: My name is James Royer, 140
9 Warsteiner Way, Ocean Dunes, Aquarina.

10 That letter pertained to a July inspection
11 failure at our condominium complex. The fire
12 marshal was notified. And they checked out the
13 details and wrote this letter in August.

14 I -- I see there is not a date on it because
15 it was e-mailed. And I guess that's where the --
16 why the date is missing. We can find the exact
17 date in August.

18 COMMISSIONER GRAHAM: But do you know if the
19 state fire marshal has been contacted?

20 MR. ROYER: Absolutely. In fact, I believe
21 you're in possession of a letter that just arrived
22 today. The staff in this case has received a
23 letter from the fire marshal. That's fire marshal
24 Frank Scales. And that's dated 31 of October,
25 2016.

1 CHAIRMAN BROWN: Here it comes. It's being
2 distributed right now, hot off the press.

3 MR. ROYER: And this is regard -- and David is
4 correct. We have no record because we find out
5 serendipitously when -- usually when -- when a
6 community reports that there's no water pressure in
7 the irrigation line, that is simultaneously
8 involved with the fire-suppression system.

9 So, the latest breach in this occurred last
10 Thursday and Friday, the 27th and 28th of October,
11 where a resident of Saint Andrews, which is outside
12 the Aquarina complex -- that's the next development
13 south of us --

14 COMMISSIONER GRAHAM: Well, all -- all I want
15 to know is if the state fire marshal has been
16 notified. That's --

17 MR. ROYER: Yes, they have.

18 COMMISSIONER GRAHAM: Okay.

19 MR. ROYER: And they have -- and the latest
20 outage was -- occurred just last Friday.

21 COMMISSIONER GRAHAM: Thank you.

22 CHAIRMAN BROWN: Thank you.

23 And thank you, Mr. Mueller, for your
24 testimony.

25 MR. MUELLER: Thank you.

1 CHAIRMAN BROWN: All right. Moving on to
2 Ms. Podesta. Sandra Podesta.

3 MS. PODESTA: Thank you very much. I'm Sandra
4 Podesta. I live at 200 Osprey Villas Court. I'm a
5 direct-pay customer. And in keeping with what we
6 were just talking about, my topic is the
7 unsatisfactory communications between the utility
8 and our community.

9 And as we all know, keeping customers informed
10 is key to reducing the frustration that accompanies
11 any service issue. This is a lesson learned the
12 hard way in Flint, Michigan.

13 Fortunately, technology makes this process
14 quicker and simpler than ever. E-mail is a proven
15 and widely-accepted way of communicating. And
16 Aquarina Utilities is fluent in using e-mail, using
17 it to bill customers.

18 The company could substantially improve its
19 communications without a major investment in time
20 or money. This would result in better customer
21 relations, reduced illness and property damage.

22 And just a few examples to share with you:
23 One, Aquarina Utilities does not alert its
24 customers when water is not safe to drink, as
25 you've heard. Needless to say, people have been

1 sickened, myself included, despite using a filter
2 because of the poor taste and sediment in the
3 water.

4 The first and only time the utility issued a
5 boil-water notice was after Hurricane Matthew when
6 they had to make a switch and have us drink non-
7 potable water.

8 Two, the utility company does not alert its
9 customers on a consistent basis when the water is
10 being turned on and off. A current example
11 resulted in the unit, below one that flooded, being
12 uninhabitable.

13 Three, on the rare occasion that the utility
14 company does communicate a problem, it attaches a
15 note to customers' front doors and frequently
16 assigns blame to the customer; for example, water
17 levels being low because of power-washing a
18 driveway.

19 Four, Aquarina Utilities does use technology
20 to accept debit payments from customers, but it
21 does not extend this privilege to many customers
22 who have requested doing it.

23 In summary, it would not require an investment
24 in time or money for the utility to improve its
25 customer communications, both in quantity by

1 alerting us of upcoming events, and in quality by
2 treating customers with respect and not blaming
3 them for problems that clearly originate from
4 within the company itself.

5 The results would be a critical reduction in
6 liability risk and meaningful improvements in
7 customer relations, reduced illness, and reduced
8 property damage.

9 Thank you for the opportunity to present to
10 you.

11 CHAIRMAN BROWN: Thank you, Ms. Podesta. I
12 enjoyed that.

13 Commissioners, any questions?

14 I appreciate that. Thank you.

15 All right. Ms. Malakoff, Joyce Malakoff.

16 MS. MALAKOFF: Good afternoon. Joyce
17 Malakoff, 864 Aquarina Boulevard.

18 My presentation today will not be about
19 numbers or percentages or any money issues, but
20 rather, I am representing the many, many people
21 back in Aquarina that did not accompany us today on
22 our cross-state trip.

23 I have supplied our lawyer with a number -- I
24 believe it's between -- maybe 27 or 26 anecdotal
25 things that have been sent by a wide spectrum of

1 our residents, trying to allow the Commission to
2 know what kind of customer service they receive
3 when they do try to report an issue or get an issue
4 serviced by Aquarina Utilities.

5 The utility did respond after our meeting last
6 March that there were the -- very few complaints
7 because the utility does not consider any issue
8 that has not been recorded through the formal
9 complaint process of the Florida Public Service
10 Commission as a complaint.

11 Any other references are considered to be
12 concerns, I believe it is, and given -- and I
13 quote: Given the vocal nature of the Aquarina
14 community, maintaining a log book of all calls and
15 complaints as defined above would require a full-
16 time employee specifically designated to that
17 purpose.

18 And that seemed a bit ironic to me that a
19 company that is saying that the complaints -- the
20 valid complaints are far and few between are so
21 bogged down with telephone calls that they would
22 need a separate employee to log them.

23 I don't think Aquarina residents spend their
24 evenings thinking of how to harass the water
25 company. Their concerns are about high water

1 bills, rust in the water, sediment -- anything that
2 any homeowner would be concerned about.

3 Upon calling, as you will see -- and with
4 limited time, I didn't want to read the 27
5 complaints -- you see a recurring theme that they
6 are often negated to: You have a leak. Well,
7 last -- last -- my monthly bill has been \$50 for
8 three years, and now it's \$150. You have a leak.

9 It happened to me a few years ago. So, as a
10 concerned individual, you get a plumber, you get an
11 electrician. You dye-test your toilets because
12 they say it's a running toilet or a leak. And you
13 find no leak.

14 I was told to go ahead get a special company
15 to jackhammer my lanai to see if there was a leak
16 in the pipes underneath my pool. Luckily, level
17 heads prevailed. I waited a month. My water went
18 back to normal.

19 I was compensated. And I was very happy to be
20 so, for a minimal part of my output, but it was
21 accompanied by a letter that this was a one-time
22 consideration, and please realize that that leak
23 that I had was obviously the problem. There was no
24 leak. And your pictures that you get -- of that I
25 gave would say the same.

1 CHAIRMAN BROWN: Thank you, Ms. Malakoff.

2 MS. MALAKOFF: You're very welcome. Thank
3 you.

4 CHAIRMAN BROWN: Commissioners, any -- oh,
5 Commissioner Brisé has a question for you.

6 MS. MALAKOFF: Yes.

7 COMMISSIONER BRISÉ: Thank you, Madam Chair.
8 If you could, just go back to the portion of
9 your testimony in which you talk about the
10 complaint process --

11 MS. MALAKOFF: Yes.

12 COMMISSIONER BRISÉ: -- with the company. So,
13 do they have a formal way for you to complain to
14 them?

15 MS. MALAKOFF: Not that I'm aware of other
16 than a phone call. They ask for e-mail, which I'm
17 sure many people have done. Do they keep a log of
18 their e-mail complaints? Probably they could get
19 them if they wanted. But they do acknowledge that
20 the number of phone concerns are so vocal that they
21 do not keep a log, themselves, of those complaints.

22 COMMISSIONER BRISÉ: And so, do they suggest
23 to you that, if you do have a concern, that you
24 should contact the Commission?

25 MS. MALAKOFF: This is what I'm reading from,

1 their rebuttal to our last thing that your -- if
2 you have an overall complaint, you should go
3 through that complaint system. An immediate
4 problem, people call the utility.

5 COMMISSIONER BRISÉ: Okay. Thank you.

6 MS. MALAKOFF: Thank you very much.

7 CHAIRMAN BROWN: Thank you for your testimony.
8 Thank you, Commissioner Brisé.

9 Susan McConaty.

10 MS. McCONATY: Good afternoon. I'm Susan
11 McConaty. I reside at 890 Aquarina Boulevard. And
12 I'm going to read some excerpts from some of the
13 literature that you did -- were provided with from
14 the other residents who couldn't make it here.

15 This first one is from Kathy Reuther, who
16 resides at 837 Aquarina Boulevard: My husband and
17 I have resided at 837 since 2008. Three years ago,
18 I became quite concerned because my water bills --
19 which were exceptionally high month after month.
20 We were not living in Florida during these months.
21 And the bills were about \$80 for potable water, and
22 were increasing.

23 After calling the company, I was told that the
24 problem was internal, such as a leaky pipe or
25 running toilet. This was difficult to accept since

1 I was -- as I reported, our water was and had been
2 turned off since our departure for the season. And
3 it continued to be excessive after our return.

4 I found it frustrating, to say at least, that
5 this diagnosis came with no inspection on their
6 part. After a number of months, wherein my problem
7 continued, I was notified that the readings were
8 being taken from my neighbor's home, not mine.

9 This over-usage charge went on for over a
10 year. The company's compensation for their error
11 was a two-month credit. And they were -- they said
12 they were unable to release additional credit.

13 Okay. The next one is from a Karen Lowe, who
14 resides at 871 Aquarina Boulevard: To whom it may
15 concern, I would like to make known my displeasure
16 with Aquarina Utilities for several reasons.

17 The first, the discourteous manner in which
18 questions and complaints are handled. The first
19 response is to accuse the customer. I had not
20 received my bill. And when I called about it, I
21 was told that it must be in spam. It was not.
22 Then, they said that a few other people had been
23 having trouble getting their e-mail. There was
24 never an apology. It was my fault.

25 Second item, when I moved within the

1 community, I paid my new bill from a new account
2 number. It was credited to my old account. And I
3 was informed that my water would be cut off for
4 lack of payment. After several calls, it was
5 straightened out. But again, it was my fault.
6 When I received my next bill, there was a late
7 charge on it. More phone calls.

8 Three, you always leave a message; you never
9 get a live person, and then have to wait for a call
10 back.

11 Four, the debacle of Hurricane Matthew,
12 water -- the utility said water was supposed to be
13 turned off.

14 CHAIRMAN BROWN: 30 seconds, ma'am.

15 MS. McCONATY: We were informed by our
16 homeowners that it wasn't. Then, without warning,
17 it was turned off. And we were getting information
18 about other water companies, but not ours.
19 Aquarina Utilities finally informed us to boil
20 water with notices on the door because they claimed
21 they didn't have our e-mail addresses. Meanwhile,
22 e-mail is how they send us our bills. Absurd.

23 Thank you.

24 CHAIRMAN BROWN: Thank you, Ms. McConaty.

25 Mr. Bob Dragoon.

1 MR. DRAGOON: Thank you, Madam Chairman and
2 the Commissioners. And I appreciate -- you're one
3 of the few people that pronounced my name correctly
4 the first time.

5 CHAIRMAN BROWN: I did it right? I never do
6 it right.

7 MR. DRAGOON: And I also -- you run -- you run
8 a super meeting.

9 I live at 327 Aquarina Boulevard and have been
10 a resident of Aquarina for 18 years.

11 I became very active in the affairs of
12 Aquarina as we clawed our way to gain control from
13 a non-performing developer who basically went
14 through bankruptcy. And we had to dig ourselves
15 out of a huge financial hole left by this developer
16 and rescue and attempt to secure amenities, which
17 included safe, reliable water supply. It was a
18 difficult process. And it was -- it was like
19 trying to take a drink of water out of a firehose.

20 I was one of the residents that led an effort
21 to acquire the water utility at Aquarina on behalf
22 of the residents and put it into a co-op. And I
23 learned a lot about PSC rate-setting process, et
24 cetera.

25 Unfortunately, we did not succeed. And if we

1 had, we wouldn't be having this doggone meeting
2 today because everybody would be happy because we
3 were taking care of ourselves.

4 But I did have the pleasure of meeting
5 Mr. Burge, the patriarch of the family that bought
6 the utility. I found him to be very bright and a
7 gentleman. And I expect that, as a businessman, he
8 will do all that he can within the rules to
9 maximize his return. And re- -- we respect that.

10 I told him of our tenuous situation attempting
11 to save our golf course and advised him that we may
12 not be successful for many reasons, including a
13 very high-cost irrigation water.

14 Mr. Burge replied that the loss of income from
15 the golf course water would not affect him. He
16 would just raise his price in other areas to
17 maintain the return to which he is entitled.

18 Now, somewhere, something has gone off track.
19 Some of you heard about a lot of the complaints
20 people have on -- on service issues, et cetera.
21 But we are now faced with an unacceptable and, we
22 believe, unjustifiable overall rate increase.

23 Of greater concern is the astronomical 150-
24 percent increase in non-potable water. I have
25 studied both the February and September PSC staff

1 reports in great detail and concluded the rationale
2 for the magnitude of this non-potable rate increase
3 is arbitrary at best.

4 As my time has run out, my colleagues will
5 follow up with what the impacts are.

6 CHAIRMAN BROWN: Thank you for your testimony.
7 And thank you for coming up here today, sir. Do
8 you have any quality-of-service issues with the
9 utility that you would like to highlight?

10 MR. DRAGOON: Personally, I -- personally, I
11 do not. One thing I will say is back -- a while
12 back, before the Burges got in it and before we got
13 our court-appointed receiver to take over the
14 operations of the golf -- of the utility, there
15 were nights when people went to bed wondering
16 whether they were going to have water the following
17 morning.

18 Well, now, I go to bed at night, and I'm
19 reasonably assured that I'm going to have quality
20 water in the morning. But there are other issues
21 there, as you can see.

22 CHAIRMAN BROWN: Thank you.

23 MR. DRAGOON: Okay.

24 CHAIRMAN BROWN: Thank you for your testimony.

25 Next speaker is Jack Meehan.

1 Good afternoon.

2 MR. MEEHAN: Good afternoon. Hello. My name
3 is Jack Meehan. I have been a resident for 12
4 years. And I have seen it grow, yet still maintain
5 the character of a small community.

6 The golf course is a vital part of our
7 lifestyle here in Aquarina. When I heard of the
8 rate increase for the non-potable water used for
9 the golf course, I was appalled. An increase of
10 150 percent seems to be unreasonable and without
11 justification. If this rate increase goes into
12 effect, it could possibly -- possibly be the demise
13 of our much-loved course.

14 We have many residents who have been here
15 since the 1980s and are on a fixed income. This
16 increase -- this increase in the cost of water
17 would certainly be a hardship. Without the course,
18 the home values would decrease in Aquarina as we
19 know it. It would no longer be the great community
20 it is today.

21 So, I ask, what would the PSC -- why would the
22 PSC facilitate such a rate increase? And why would
23 the bulk of the increase be applied to non-potable
24 water?

25 As I look at the PSC reports dated

1 February 2016 and September 2016, I found it to be
2 confusing when the numbers did not appear to be
3 even -- even a similar amount to the previous dates
4 stated.

5 How can two reports based on the calendar year
6 of 2014 come up with such huge differences? For
7 example, the UPIS, the utility plant in service,
8 had a figure of \$28,092 for February, and \$948,345
9 for September, the same year.

10 As in Schedule No. 1D on Page 57 of the
11 report, there is a sum of \$512,792 that was
12 transferred from the wastewater column to a non-
13 potable water column. This is reprehensible. I do
14 not comprehend why one would do that. But maybe
15 money was taken from one column and used to pay off
16 debts in another column.

17 I hope that the PSC will take -- take into
18 account all of the ramifications this will have in
19 our community and come up with a fair and equitable
20 solution. We all love living in Brevard County --
21 Brevard County just as long as we are treated -- as
22 we are treated fairly and not taken advantage of.

23 Thank you.

24 CHAIRMAN BROWN: Thank you. Thank you,
25 Mr. Meehan, for your testimony.

1 Commissioners, any questions?

2 Thank you for coming up here.

3 Next speaker is Dave Baker.

4 MR. BAKER: Thank you very much for the
5 invitation. My name is David Baker. I reside at
6 202 Osprey. I'm a Florida resident and a single
7 payer.

8 One of our community's main concern regarding
9 the unbelievable and acceptable -- unacceptable
10 154-percent price increase on non-potable water
11 centers on Aquarina Utilities' accounting methods
12 and practices employed at this important time.

13 Back in 2011, 2012, our community also
14 expressed a sincere interest in purchasing the
15 water facility from the bank owner at the time.

16 And after a professional engineered audit and
17 due-diligence study, we determined that much of the
18 equipment was well-worn, poorly maintained,
19 generally neglected, and past its useful life by
20 owners at that time.

21 We, now, believe that to be the current
22 owners' Achilles and original sin. These hidden
23 and neglected costs are now trying to be
24 transferred to our water bills wrongly and unfairly
25 by these new -- by these owners.

1 I cite this letter -- and you have a copy of
2 it -- dated 19 January 2016, from Holly Burge,
3 account manager for Aquarina Utilities, to
4 Mr. Clayton Lewis, U.S. Engineer Specialist at
5 Florida Public Service Commission, as proof.

6 In this letter, Aquarina Utilities wants and
7 desires a major capital expenditure from the year
8 2015 to be transferred as a current cost and used
9 in the calculations and basis figures for 2014 for
10 the new base rate for water.

11 These and other major purchases should be
12 classified as five- to ten-year capital outlays
13 with a depreciable schedule, therefore, and never
14 be backed into a one-year balance sheet, as they
15 are trying to do.

16 For your organization, PCS [sic], and Aquarina
17 Utilities to include such large purchases in the
18 equation of defining and establishing a new cost
19 basis for all types of order would be high- --

20 CHAIRMAN BROWN: Sir, you have 30 seconds.

21 MR. BAKER: -- would be highly unusual and out
22 of the accounting norm. Our capital expenditures
23 are being handled in this, I believe, the -- these
24 communities supports this concept, and that other
25 maintenance and capital expenditures are being

1 handled in the same manner.

2 Certainly, inflationary price increases are
3 sometimes -- are needed, but when they broach on
4 usury, there certainly is a problem.

5 Thank you very much.

6 CHAIRMAN BROWN: Thank you, Mr. Baker.

7 Next up is Phil Mills. That's fun to say,
8 Phil Mill.

9 MR. MILLS: Thank you. My name is Phillip
10 Mills. I live at 857 Aquarina Boulevard, Melbourne
11 Beach Florida.

12 I want to talk about related-party
13 transactions and compensations. I'm getting away
14 from what you've been hearing so far. In your
15 audit report by the staff for the period ending
16 12/31/14, audit staff findings No. 10 on Pages 32
17 and 33 did list related-party transactions. And
18 they -- they backed out some of the transactions
19 they found because of the -- were of a personal
20 nature, some travel and vehicle expense out of
21 state.

22 But they were silent in this report on the
23 payment of \$184,269 to Aquarina Waterworks. That
24 waterworks is owned 100 percent by Holly Burge, who
25 is the daughter-in-law of Reginald Burge, who owns

1 Aquarina Utilities.

2 And Aquarina Waterworks is sort of a
3 management company. In fact, they are managing the
4 utilities for Polk City, Florida, the water and
5 sewer utilities, for \$450,000 a year. And her
6 husband Kevin Burge is, apparently, doing the
7 management of that.

8 But this 184,000 -- we don't know what it is.
9 And that's why the PSC issued an order in 2015 --
10 2005 that required the audit staff to pay
11 heightened scrutiny to related-party transactions
12 because, you know, those were not always at arms-
13 length.

14 So, this one, it would appear to me, they
15 missed. Maybe they did look at it, but there is no
16 evidence of it. So, I'm wondering if the staff
17 could take a look at that -- the transaction.
18 It's -- it's probably more than one transaction.
19 It's \$184,269. We don't know what's in it.

20 Getting to the salaries, there is another
21 related party, Gulf Coast Utility Corp, that's
22 owned 51 percent by Kevin Burge and 49 percent by
23 his father. And just -- this is just a relative
24 thing I'm going to give you. They have salaries in
25 2014 of \$80,000, revenue of 654,000. That makes a

1 12-percent payroll for the officers/owners.

2 Aquarina Utilities had officers/owners
3 salaries of 137,000 on revenue of 431. That's a
4 32-percent salary. So, that's almost triple what
5 another company that they own. So, that -- that
6 seemed pretty excessive.

7 And in addition, since Kevin Burge is over at
8 Polk City running that, I'm not sure he should even
9 be getting paid by Aquarina because we don't know
10 if he's around.

11 One -- one thing I would have to say that's
12 kind of not related to that -- I moved from Saint
13 Johns County to Brevard County two years ago. I
14 compared my water bills. And using the total bill
15 each month, divided by the number of gallons used
16 of water, I'm paying 313 percent more in Aquarina.

17 All right. Thank you for your time.

18 CHAIRMAN BROWN: Thank you, Mr. Mills. Just a
19 quick question. You cited a \$184,000 transaction.
20 Can you direct me to where that is in the staff
21 recommendation?

22 MR. MILLS: Yeah. Do you want me to do that
23 after -- after this? I can get it -- it's probably
24 in my briefcase. Rather than hold up, I can get it
25 and I'll wait around --

1 CHAIRMAN BROWN: You can let Public -- Public
2 Counsel can take care of that.

3 MR. MILLS: To one of the staff?

4 CHAIRMAN BROWN: Yeah, Public Counsel.

5 MR. SAYLER: (Indicating.)

6 MR. MILLS: Oh, there. Okay.

7 CHAIRMAN BROWN: All right?

8 MR. MILLS: Thank you.

9 CHAIRMAN BROWN: Thank you, Mr. Mills.
10 Next up is Ann -- oh, gosh -- Bruns?

11 MS. BRUNS: Br-unz.

12 CHAIRMAN BROWN: Thank you.

13 MS. BRUNS: Hello, I'm Ann Bruns. I'm
14 residing at 884 Aquarina Boulevard. And I'm also
15 president of Aquarina Golf, Inc. Thank you for the
16 opportunity to speak today.

17 We are a community of homes bordering and in
18 close proximity to the golf course. National real
19 estate statistics indicate that homes on the golf
20 course have a value 20 percent higher than like
21 homes not on a golf course. Therefore, this golf
22 course is very important to all of our residents.

23 The condition of the golf course is also
24 critically important as it is directly tied to our
25 golf-course revenues. Our ability to adequately

1 water the golf course obviously impacts the course
2 condition. Therefore, this increase of 152 percent
3 is very upsetting to us.

4 Our community owns the course and our
5 residents subsidize the golf operations each year,
6 paying 29 percent of our total golf course
7 expenses. Water fees make up 9 percent of our
8 total expenses.

9 When com- -- when compared with the few other
10 line items, electricity is 1 percent; gasoline and
11 diesel fuel that runs all the equipment that mows
12 and takes care of, not only the course, but our
13 common areas is also 1 percent; chemicals and
14 fertilizer, 8 percent.

15 Our water fees today are the highest at,
16 again, over 9 percent. Aquarina Utilities does not
17 offer the course any reclaimed water. Their
18 non-potable water is well water, non-treated.

19 If the course would close -- oh, should the
20 rate increase go through, our community may be
21 forced to evaluate if we can afford to continue to
22 operate the golf course.

23 And of course, it could close. If it does, we
24 are very concerned that this company will just
25 shift the costs that they are getting from this

1 non-potable to the other two categories, wastewater
2 and potable.

3 One last point, when Aquarina Utilities was
4 first built -- that was alluded to earlier -- it
5 was built to accommodate over 1500 residents, a
6 golf course, the other amenities, and including
7 plans for a hotel. Today, we only have 480 doors
8 and no hotel.

9 The portion of the utility that's oversized is
10 the wastewater and the potable. The non-potable,
11 of course, is already being -- I think,
12 appropriately being sized, but the 152 percent is
13 absolutely outrageous.

14 As a resident, I would also like to note that
15 I have found much sediment in my own water. I
16 sometimes acknowledge an odor -- not regularly, but
17 occasionally.

18 Thank you very much.

19 CHAIRMAN BROWN: Thank you so much for your
20 testimony.

21 Commissioners, any questions of Ms. Bruns?

22 Thank you.

23 Next up is Jim Moller. Mr. Jim Moller.

24 And we have two more following him.

25 MR. MOLLER: Again, thank you for letting me

1 speak here today. My name is Jim Moller. I am the
2 general manager of Aquarina Golf, Inc.

3 Some things I wanted to -- to touch on, I was
4 kind of looking through the doc, and I found on
5 Page 20, Issue No. 10 on what is the appropriate
6 rate structure for Aquarina water and wastewater
7 system.

8 In that it states that the average non-potable
9 demand is 97,325 gallons per month. If this number
10 is based on the 2014 readings, according to the
11 consumptive use permit that we issued to Saint
12 Johns, the golf course alone averaged
13 3.8 million gallons per month.

14 I don't know if these rates were calculated
15 into the new cost that would be charged for non- --
16 non-potable, but I think the difference in those
17 two numbers might change the amounts dramatically.

18 With the golf course being one of the
19 consum- -- consumers of non-potable water, it's
20 easy to direct blame toward the golf course. I
21 know some of the residents of Aquarina have touched
22 on the -- the lack of water when -- for fire
23 suppression. And a lot of times, it's blamed on
24 the golf course for, quote, unquote, using too much
25 water.

1 Again, going back to Saint Johns, our
2 consumptive use permit allows us to use
3 83.3 million gallons per year. And as of October
4 31st of this year, we currently stand at
5 approximately 56 million gallons, well with- --
6 under our consumptive use permit.

7 That's pretty much all I have, so -- thank
8 you.

9 CHAIRMAN BROWN: Thank you. Just a quick
10 question for you, Mr. Moller. You said you're the
11 general manager of the golf course?

12 MR. MOLLER: Yes, ma'am.

13 CHAIRMAN BROWN: So, in the staff
14 recommendation, it says that the average non-
15 potable water demand is 97,325 gallons per month.

16 MR. MOLLER: Correct.

17 CHAIRMAN BROWN: Do you have an idea of
18 what -- how that is for other like golf-course
19 communities in the area? So, you said your
20 consumptive use permit allows "X" amount, and to
21 date, you only have 50- -- I don't --

22 MR. MOLLER: Well, for 2016, year -- as of
23 October 31st --

24 CHAIRMAN BROWN: Year to date.

25 MR. MOLLER: -- we're at around 56 million

1 gallons we've used, which is about five and a half
2 million gallons average per month.

3 In 2014, we were averaging about 3.8 million
4 compared to the 97 that the report claimed. So,
5 I'm under the assumption that the 97,000 gallons
6 would include the common areas, the homeowners'
7 irrigation, things of such. And like I said, just
8 the golf course alone consumes an average of 3.8
9 million.

10 CHAIRMAN BROWN: Three- -- okay. That -- that
11 number just blew my mind when I saw that average
12 demand.

13 MR. MOLLER: That's why I wanted to bring it
14 up because when I --

15 CHAIRMAN BROWN: Yeah.

16 MR. MOLLER: -- went, looked through that
17 document, I was -- it looked a little small.

18 CHAIRMAN BROWN: I just wanted kind of a
19 barometer of where that is in comparison to other
20 like golf course communities of similar size.

21 MR. MOLLER: Communities, I don't know. I
22 know other golf courses that I've been at that I've
23 had consumptive use permits through Saint John, I
24 was in the hundreds -- hundreds of millions of
25 gallons to be used. I mean, this is a smaller golf

1 course, less acreage, but it's comparable to other
2 golf courses.

3 CHAIRMAN BROWN: Thank you.

4 All right. Last two -- Chris -- oh, sorry.
5 Sorry. Sir? Mr. Moller, Commissioner Patronis has
6 a question for you.

7 MR. MOLLER: Sure.

8 COMMISSIONER PATRONIS: Thank you, Madam
9 Chair.

10 Probably more of a technical question. With
11 golf courses, is there much of a -- an opportunity
12 to reuse gray water or wastewater for -- for spray
13 purposes at golf courses? Do they do -- do
14 communities try to embrace that?

15 MR. MOLLER: Very common. And actually,
16 that's -- I tried to -- tried to find some
17 comparisons just with our case. There's not a lot
18 of golf courses that use just straight water like
19 this that just goes from a pump to the holding tank
20 to the golf course.

21 COMMISSIONER PATRONIS: Right.

22 MR. MOLLER: Course down the street, Aqua- --
23 Spessard Holland -- they use, you know, effluent
24 water, wastewater from Melbourne Beach Utilities.
25 You know, there -- there is a charge for that a

1 month. And usually what you do is you kind of, I
2 guess, set up how much water you're going to be
3 allocated each month. And basically, they deliver
4 it into your -- into your lakes.

5 So, we just -- from -- my understanding is we
6 don't have that capability with Aquarina Utilities
7 to use effluent water.

8 COMMISSIONER PATRONIS: That's -- got my
9 question. Thank you.

10 CHAIRMAN BROWN: Thank you, so much. Thanks
11 for your testimony.

12 Chris Madsen followed by Jim Royer. And that
13 will conclude our customer portion.

14 MR. MADSEN: Hello, and thank you. My name is
15 Christopher Madsen. I'm a licensed community
16 association manager with First Service Residential.
17 And we're contracted to manage Aquarina Community
18 Services Association.

19 I would like to start by posing a question to
20 the Commissioners. And that question is: Why was
21 the Aquarina Water Utility left on during a
22 Category Three Hurricane under the care of a non-
23 licensed operator after it was stated that such an
24 action would be a violation of Florida law?

25 Just some background, I was contacted by

1 Aquarina Utilities on October 5th in the late
2 morning. Holly Burge told me they would have to
3 turn off the water during Hurricane Matthew because
4 there is a law that explicitly forces them to do
5 so.

6 About an hour later -- I'm sorry -- Ms. Burge
7 said that they would not be on-site until there was
8 an all-clear order given. I asked why they don't
9 have special permission to get back earlier. She
10 said that requires a permit they did not have
11 because they failed to get in their paperwork on
12 time to the Brevard County Sheriff's Office.

13 About an hour later, I received a call from
14 Kevin Burge backing up this story and stating that
15 the law has to do with no operator or personnel
16 being on-site to manage the plant. When I
17 mentioned to Kevin that James "Buddy" Sullivan
18 would be on site, he told me that Buddy is not a
19 licensed operator, so he can't keep the plant on.

20 I then sent an e-mail -- that you have --
21 explaining the situation to residents that planned
22 to stay that they would be without water. I kept
23 in contact with the residents on-site who told me
24 they still had water.

25 Excuse me for a second.

1 They explained that the Burges, after talking
2 about Buddy Sullivan -- he convinced them to keep
3 the water on, despite the law they told me would
4 require them to turn it off.

5 On Saturday, October 8th, around 1:00 p.m., I
6 received a phone call from Holly Burge explaining
7 they had low water levels in the tank. She
8 estimated about four feet worth of water remained.

9 She asked if I could send out a notification
10 to homeowners letting them know to conserve water.
11 She also told me that their RO system was damaged
12 during the storm. I told her I would send an
13 e-mail at my earliest opportunity, which I was able
14 to send around 3:00 p.m.

15 I received a call back from Holly around
16 5:00 explaining that there was one only foot of
17 water left in the tank and that someone was
18 pressure-washing their house. And Aquarina
19 Utilities was, now, going to turn off the water to
20 both potable -- potable and non-potable.

21 It came to be afterwards that we found there
22 were multiple breaks in the community. Because
23 they left this plant going, we were dumping water
24 into the river this entire time, which was draining
25 their tanks. That was the real reason; not because

1 someone was pressure-washing their home.

2 I asked why both systems were being turned
3 off. Holly Burge said that the non-potable was
4 being turned off because the tank was low, and the
5 potable was being turned off because of the damage
6 to the RO system.

7 Up to this point, water was being provided to
8 residents even with the damage to the RO system.
9 Then, suddenly, that needed to be turned off as
10 well. I asked how long the water would be shut
11 down. She said that she needed an electrician for
12 the repair, and it would be back on before Monday.

13 Numerous residents call me on Sunday to
14 complain.

15 CHAIRMAN BROWN: Sir, your time is up, but I'm
16 going to ask you a question to allow you to finish
17 up your story.

18 MR. MADSEN: Okay. Great.

19 CHAIRMAN BROWN: What was the end result with
20 the situation during Hurricane Matthew with the
21 utility?

22 MR. MADSEN: The end result is that it seems
23 to me that there was gross negligence on the part
24 of utility to let a non-licensed operator run the
25 utility.

1 They were not communicative with residents and
2 their customers directly. They tried to
3 communicate through me, which is not an avenue that
4 they should be using. They should be communicating
5 with their customers directly with all of this.
6 And that was not done properly.

7 CHAIRMAN BROWN: Thank you, sir.
8 Commissioners, any other questions?

9 Thank you for your testimony.
10 Last customer is Jim Royer.

11 MR. ROYER: Good afternoon.

12 CHAIRMAN BROWN: Good afternoon.

13 MR. ROYER: I think it's time to just clear
14 the air a little bit and thank the Burges for
15 buying a -- and taking our -- our defunct water
16 company out of receivership and taking a -- and
17 setting sail.

18 And I believe Kevin Burge, who I don't believe
19 is here today, is a good operator. I believe he
20 produces good water. Sometimes things are beyond
21 his control as far as the delivery system.

22 But what happens is Kevin is involved in
23 several other water companies. And rarely is he
24 present and at the helm. When he's there, I think
25 things do run well, but rarely are there any staff

1 present. It's almost like a ghost ship on our own
2 property.

3 And you've heard the testimony about poor
4 service. I'm not clear how the staff could
5 recommend a satisfactory service when we have clear
6 evidence backed up by the fire marshal that the
7 fire hydrants run dry. For that alone, you've got
8 to give a marginal grade on customer -- on customer
9 service.

10 And there's no way you can justify a -- a
11 large increase in rates without looking more
12 closely at how this company is managed. So, we
13 have to respectfully request that the Public
14 Service Commission order a management audit to
15 clarify exactly what this new revenue is going to
16 do to improve infrastructure and keep this company
17 going in the right direction.

18 It's been said that the utility -- that the
19 residents of Aquarina want to force them into
20 bankruptcy so they can buy it. I can speak for our
21 entire community of about a thousand people. There
22 is no one in our community that wishes to buy and
23 operate this water company.

24 You are the experts and we want to work with
25 you to facilitate your success here and create a

1 win-win situation where you continue to -- to offer
2 good services at a fair price.

3 And we ask your help as the referee in this to
4 make that happen. And I don't see how we can do
5 that without ordering a management audit.

6 Thank you for listening.

7 CHAIRMAN BROWN: Thank you, sir. I appreciate
8 your testimony. It provided a little bit of
9 clarity and summary of all the customers' testimony
10 today. Thank you so much. And thank you,
11 customers, for coming here.

12 We're going to take a five -- oh, Commissioner
13 Graham has a question, sir.

14 MR. ROYER: Sure.

15 COMMISSIONER GRAHAM: You said you want a
16 management audit. What do you mean by management
17 audit? What specifically are you looking for?

18 MR. ROYER: We think the company could be run
19 a lot more efficiently. And we think this company
20 is in over their heads because they are very
21 unique. I'm sure you've dealt with very few
22 companies in Florida where you have three items on
23 the table.

24 You have potable water, non-potable water,
25 which is involved in the fire-suppression system --

1 because we are eight miles from the nearest --
2 we're located on a barrier island off the east
3 coast of Florida in the southern tip of Brevard
4 County. We're eight miles away from the nearest
5 municipal fire hydrant.

6 And also, they deal with wastewater. I think
7 all those second areas are not their areas of
8 expertise. And I think they would love to divulge
9 themselves of those -- of at least two of those
10 entities.

11 So, I think these people need help in managing
12 this three-tiered system that they have. And right
13 now, they've proven to all of us that they are not
14 capable of managing this system in the -- in an
15 efficient manner.

16 So, we believe that, if you take the time to
17 visit us on-site, you will be able to tell us what
18 the priorities are as far as bringing this utility
19 up to a good standard; what we need as far as
20 reverse osmosis -- for example, when I had the
21 privilege of visiting the plant after the
22 hurricane, it was noted that one of the reverse
23 osmosis systems is missing. Was there ever a -- it
24 was, apparently, stolen. Well, was there ever a
25 police report filed? Or did it go off to one of

1 the other water companies they're involved with? I
2 don't know.

3 So, we need an inventory. We need you, as
4 professionals, to send a team that know what
5 they're doing, that can -- that can effectively
6 evaluate what we have and tell us what we need so
7 we can prioritize whatever they -- we're not
8 opposing a rate increase, but we want bang for our
9 buck.

10 COMMISSIONER GRAHAM: Okay, sir.

11 MR. ROYER: We want to know that -- that --

12 COMMISSIONER GRAHAM: Okay. So, you want an
13 inventory. What else do you want?

14 MR. ROYER: We want a good look at what our
15 needs are, what are the exact priorities in this
16 plant. Do we need new -- a second reverse osmosis
17 unit. For example, when this one failed, we were
18 out without potable water for five days. And I
19 believe the system had two units, but now there's
20 only one.

21 COMMISSIONER GRAHAM: So, you want some
22 benchmarking. Somebody of this size -- what size
23 tank, what size pump, that sort of stuff?

24 MR. ROYER: Exactly.

25 COMMISSIONER GRAHAM: Is that all you're

1 looking for?

2 MR. ROYER: And also to establish the health
3 of the two wells we have. We have -- the north
4 well has non-potable water. The south well is for
5 potable water. We don't know what condition those
6 wells are in. This is a major capital expense that
7 needs to be investigated because we don't -- we
8 don't have the ability to ascertain what the truth
9 is. We need your help.

10 COMMISSIONER GRAHAM: Okay. Inventory,
11 benchmarking, and health of wells and tanks.

12 Okay. Thank you.

13 MR. ROYER: Thank you for hearing us.

14 CHAIRMAN BROWN: Thank you.

15 We are going to take a five-minute break and
16 reconvene -- let's make it 4:00. Thank you.

17 (Brief recess from 3:52 p.m. to 4:05 p.m.)

18 CHAIRMAN BROWN: I would like to strive to be
19 done today before 5:30, if possible. So, with that
20 being said, I would like us -- if we're all
21 comfortable moving forward, if -- that's my intent
22 here today.

23 So, we're going to start with the utility.

24 MR. FRIEDMAN: Thank you, Madam Chairman,
25 Commissioners. Marty Friedman on behalf of

1 Aquarina Utilities, Inc. Also with me is Holly
2 Burge, who I think that they mentioned as the --
3 handles all the financial aspects of the utility.

4 There are a number of -- of smaller issues in
5 this case such as used and useful for the water
6 treatment plant that -- that, I think, could --
7 could justify some comment, but I know you want to
8 move it along.

9 So, what I want to zero in on is the company-
10 killer issue: And that is allocating such a
11 substantial amount of the increase to the
12 irrigation water, which is a -- a discretionary
13 use.

14 You're allocating -- and if customers quit
15 using the irrigation system -- and keep in mind
16 that the -- even if there was no irrigation water
17 being provided, that system would still be used
18 because it is the fire flow. The hydrants are on
19 that system. And yet, all of the cost and return
20 of that system is being allocated to the irrigation
21 customers.

22 Our suggestion -- and I had mentioned this
23 previously to staff and brought Public Counsel in
24 it as well. Our suggestion was to not adjust the
25 gallonage charge for irrigation water and to put

1 that revenue requirement on the water and/or
2 wastewater customers.

3 As a practical matter, all of the customers
4 use irrigation either directly as a customer or
5 through the condominium or homeowner's association
6 or through their ownership of the golf course.

7 So, the customer base is virtually the same
8 for all three services. We're concerned because,
9 if you look at the -- if the staff recommendation
10 is adopted, irrigation rates will -- in some
11 cases -- most of the time, it's at least two or
12 300 percent.

13 As the gentleman from the golf course
14 mentioned, you know, theirs would more than double.
15 The most of the resi- -- just general residential
16 customers' rates would go up two or 300 percent.

17 And when you're looking at adding \$13 a month,
18 say, a base facility charge, not even including the
19 fact that the gallonage charge is almost doubling,
20 we're concerned that people will start putting in
21 wells as -- as what happened in Summertree. The
22 HOAs are going to figure, in less than a year, they
23 could get a return on just digging their own well
24 and providing their own water.

25 The golf course has got a similar issue,

1 although a different magnitude, obviously. They
2 would need a lot more expensive well than a
3 thousand or \$1500 that a single family or an HOA
4 would need.

5 But you know, the cost of water to the golf
6 course, at some point, is going to reach the point
7 where they say, you know what, in the long run,
8 it's just better if we just get rid of this and dig
9 our own well and provide our own irrigation.

10 So, this is critical. This is the big issue.
11 If -- if -- if all of this revenue requirement is
12 placed on the irrigation system and even one or two
13 of the irrigation customers leave -- not even the
14 golf course, one or two of the others -- it will
15 have a drastic impact.

16 40- -- 45 percent of the irrigation is used by
17 the golf course; 43 is used by HOAs; another
18 12 percent are just used by single-family
19 residential customers.

20 Obviously, if -- if the associations or the
21 golf courses, in any magnitude, switch to
22 irrigation by their own well, it will have a
23 drastic impact on the financial ability of this
24 company to continue to operate.

25 And -- and I think that the staff is -- in

1 addition to that issue, has not given sufficient
2 credence to the fact that this is also the fire
3 flow for the development. And notwithstanding
4 that, the fire flow is something that benefits all
5 the customers.

6 And there's no reason that -- that a cost
7 should not be allocated to the -- to the -- either
8 the water rates or the wastewater rates to
9 compensate for that.

10 If you'll notice, this -- I mean, this
11 company, as pointed out by the staff, hasn't had a
12 rate increase -- this company, under current
13 ownership, has never had a rate increase. The last
14 rate increase was customer base in 2003; and yet,
15 there is no water rate increase at all.

16 The wastewater rate increase is 11 percent,
17 which I think, pretty modest after 13, 14 years
18 without having an increase. 11 percent increase is
19 pretty modest. The big hit is in -- in the
20 irrigation. And that's the discretionary use. And
21 that's a concern because everybody has talked
22 about, you know, 150-percent increase.

23 That heavy revenue requirement needs to be
24 allocated to water and wastewater and -- and we
25 would recommend that you maintain the current

1 gallonage charge and current rate structure for the
2 irrigation system and just reallocate that revenue
3 requirement to water and/or wastewater customers.

4 Thank you.

5 CHAIRMAN BROWN: Thank you, Mr. Friedman.

6 Just a second.

7 Mr. Friedman, just a quick question. I'm in
8 receipt of your e-mail to staff regarding this --
9 this item and the impact. Did you prepare an
10 analysis of the revenue impacts that that would
11 have of shifting the cost to the water --
12 reallocating to water and wastewater?

13 MR. FRIEDMAN: No. We didn't do an analysis
14 to say what that would do to the water and
15 wastewater rates, no. We -- Ms. Burge did an
16 analysis of what the reuse customers would pay in
17 comparison to what they are paying now, to judge --
18 to judge the magnitude of the increase in this
19 discretionary usage, to see if we think that that
20 is going to -- or that supported our thought that
21 it would have a drastic impact on people continuing
22 to use the irrigation system.

23 We didn't take -- take that revenue
24 requirement and say what it's -- going to happen to
25 the water and/or wastewater rates by reallocating

1 it, no.

2 CHAIRMAN BROWN: All right. And you did say
3 all customers are irrigation customers one way or
4 another.

5 MR. FRIEDMAN: That's my understanding, yeah,
6 either as members of associations or as direct
7 customers. And then, even the golf course is owned
8 by the --

9 MS. BURGE: Only -- only the -- the sewer-only
10 people don't take irrigation.

11 MR. FRIEDMAN: And how many of those?

12 MS. BURGE: 21.

13 MR. FRIEDMAN: There's 21 sewer-only customers
14 that...

15 CHAIRMAN BROWN: Okay. Thanks for the
16 clarification.

17 OPC.

18 MR. SAYLER: Good afternoon, Madam Chair,
19 Commissioners. Erik Sayler on behalf of the --
20 with the Office of Public Counsel on behalf of
21 customers. With me is Tricia Merchant to answer
22 any of the accounting questions.

23 Really, we're going to speak to the two
24 things: the quality-of-service issues, and the
25 customers' request for management audit, which we

1 fully support.

2 As you've heard, numerous issues of concern
3 from these customers related to the quality of the
4 service. And we believe a lot of those justify the
5 need for a management audit.

6 In the large packet of customer complaints, if
7 you turn to the third page, second paragraph,
8 there's an anecdotal story from --

9 MR. FRIEDMAN: What is it -- I'm sorry. What
10 is it you're looking at?

11 MR. SAYLER: The letter from Gary Parish.

12 MR. FRIEDMAN: Is this the large packet?

13 MR. SAYLER: Yes, in the large packet.

14 MR. FRIEDMAN: Thank you.

15 MR. SAYLER: It's the second or third item in
16 there. It's separately paper-clipped.

17 And one of the customers indicated that there
18 was an issue with their water and that the utility
19 indicated that, unless this customer changed her
20 attitude, no water would be turned on until the
21 following Monday so she could make sure that no one
22 was available. That is one anecdotal -- and there
23 may be more in there, but it's -- it's indicative
24 of just a need for being sensitive to customer
25 service.

1 There were some things in the docket file
2 related to the characterization of these customers
3 of being affluent and entitled, and things of that
4 nature, things which, whether they are rich, poor,
5 middle class, they all deserve to be treated
6 equally well.

7 And when it comes to the management audit, we
8 think that, in addition to the items that
9 Commissioner Graham noted -- and I had a sidebar
10 conversation with Jim Royer -- these were some of
11 the other areas that we thought might, perhaps, be
12 included if the Commission decides to do a
13 management audit of this utility.

14 In addition to the health of the wells, an
15 inventory of plant items to the books, to make sure
16 that what is in rate base is actually still on the
17 utility property.

18 Commissioner Graham mentioned benchmarking.
19 And my understanding of benchmarking is that you
20 would look at customer service, training, how they
21 deal with customers, and customer relations. That
22 would also include the maintenance of customer
23 complaint logs.

24 There is evidence -- or not evidence. There's
25 documents in the record that indicate that the

1 utility doesn't keep a record of complaints. They
2 don't consider any complaints to be real complaints
3 unless it's filed with the Commission. They
4 indicated they had a lot of e-mails.

5 And then in response to staff on May 16th,
6 Ms. Burge indicated: We have a lot of e-mails from
7 the customers; however, it will be potentially a
8 security violation to provide these e-mails to
9 staff.

10 There -- there were a lot of explanations,
11 excuses. I don't know what follow-up was done
12 regarding that afterwards. But to us, it's really
13 just indicative of just a need for a management
14 audit in this area.

15 In addition, customer communication, direct
16 communication -- it's good that the utility reaches
17 out to some of the stakeholders to relay the
18 message, but ultimately it's the burden of the
19 utility to make sure that there are notices of
20 outages, there's notices of boil-water notices.
21 Their duties do not stop if they happen to notify
22 the gentleman who is -- who talked about how -- the
23 issues with post-Hurricane Matthew.

24 Also, when it comes to the courtesy of the
25 customers and also the timely return of phone

1 calls -- those are all things that I believe can be
2 benchmarked and that a management audit can help
3 this utility do better.

4 And as you heard from the customers, they want
5 a win-win situation with this utility. They don't
6 want to be adversaries. They want to work together
7 with the utility to find a way out of this so that
8 they are not here two, three, four years later at
9 the next rate case, like we've had with other
10 systems, such as Summertree. They are looking for
11 a responsive utility.

12 Also, they would like -- the customers -- and
13 this is what Mr. Royer said. They would like a
14 feasibility of reuse: What would it take to do
15 reuse? How much would it cost?

16 Similarly, they would like to know -- help the
17 utility to have help in prioritizing capital
18 improvements and repairs to meet both the
19 utilities' and the customers' needs.

20 There's been discussions from the customers to
21 me that, when this large non-potable tank falls
22 below a certain level, it's supposed to
23 automatically shut off irrigation to the golf
24 course. However, it doesn't always happen or, at
25 least if the water level gets completely drained,

1 then, the golf course is blamed. So, either
2 something is broken in that tank -- so, just --
3 they need a study of the prioritization to bring
4 this utility up to snuff.

5 And lastly -- and this is something the
6 customers want. When it comes to rate redesign,
7 our office -- we represent all the customers. We
8 represent the Aquarina customers. We represent the
9 Saint Andrews customers. We also represent the
10 Sunnyland customers.

11 Those -- the Sunnyland and Saint Andrews
12 customers aren't here today. But these customers,
13 as a part of this management audit, would like some
14 sort of feasibility study to investigate
15 potentially shifting some of the non-potable
16 expenses to the other customer groups.

17 I was told that the Saint Andrews customers,
18 who -- don't pay into the HOA fees to support the
19 golf course, yet they have benefits of use of that
20 golf course.

21 So, things of that nature potentially play
22 into the Commission's policy of what they're going
23 to do as far as if they do any rate design
24 different from what the staff is recommending here
25 today.

1 So, with that, I conclude my remarks.

2 CHAIRMAN BROWN: Thank you, Mr. Sayler. One
3 quick clarification, with that management audit
4 that you envision, do you envision PSC staff
5 performing the audit or a third party?

6 MR. SAYLER: I believe that the PSC is in the
7 best -- best -- is the most capable of doing and
8 that and performing that. I know that the Rural
9 Waterworks Association has people that can
10 potentially help aid this utility, but I was
11 envisioning it by the PSC staff.

12 CHAIRMAN BROWN: Okay. And then, just
13 finally -- again, to sum it up. What do you hope
14 to accomplish with the management audit and how
15 would you implement the results of that audit?

16 MR. SAYLER: Well, good question. Commission
17 staff would go down, do the management audit
18 according to the laundry list of items that were
19 discussed here today, or whatever the items that
20 the Commission orders on that, and that they would
21 work with the utility on those items and
22 potentially get some customer input from that, and
23 then come back here to this Commission, if there
24 happens to be an issue that the management audit
25 turns out -- turns up.

1 And with regard to the quality-of-service
2 issue, I would potentially -- I would suggest that
3 the Commission abstain from making a determination
4 until after the management audit comes back because
5 the customers are wanting either marginal or
6 unsatisfactory. The utility wants satisfactory.

7 But the management audit, I think, would go a
8 long way to help ferret out and determine whether
9 some of these complaints by the customers are
10 grounded in fact or -- or is it just a he said/she
11 said situation.

12 CHAIRMAN BROWN: Thank you, Mr. Sayler.
13 Commissioner Edgar.

14 COMMISSIONER EDGAR: Madam Chair, I have two
15 questions for staff along those lines at whatever
16 is the appropriate time.

17 CHAIRMAN BROWN: Now is perfect.

18 COMMISSIONER EDGAR: Okay. Thank you.

19 Then, to our staff, recognizing that this is a
20 SARC, Staff-Assisted Rate Case, and that, as part
21 of that process, staff has put a lot of time in
22 reviewing information from the utility, and
23 customer meetings, et cetera, what would a
24 management audit, as has been discussed today,
25 include that the staff did not already do as part

1 of their review and preparation for this item that
2 is before us today?

3 MR. HENSON: Carl Henson, Commission staff. I
4 supervise the management audit function.

5 Could you -- I was trying to hear your
6 question and listen attentively. Could you repeat
7 that --

8 COMMISSIONER EDGAR: Sure.

9 MR. HENSON: What --

10 COMMISSIONER EDGAR: I'm glad to. And if I'm
11 not being clear, then maybe you can help me ask
12 what it is I'm trying to ask.

13 Recognizing that this is a SARC, a Staff-
14 Assisted Rate Case, it is my understanding from my
15 years here that, with any SARC, the staff spends a
16 lot of time reviewing information from the utility,
17 talking with customers, holding customer meetings,
18 et cetera.

19 So, my question is: If a management audit
20 were to be requested by the Commission today, what
21 would that include, if anything, that has not
22 already been done by staff in preparation for the
23 item that is before us?

24 MR. HENSON: Well, it's hard, first of all,
25 for me to know, as not having been part of the

1 docket team. We -- we function very independently.
2 That's important to our purpose.

3 COMMISSIONER EDGAR: Sure.

4 MR. HENSON: But it's hard for me to
5 understand or -- or surmise what's been done.
6 There are many areas of overlap. There are many
7 portions of a scope of an audit. I've listened
8 carefully to the customers' points. And it's very
9 broad. There are a wide array of issues that
10 they've asked be looked at.

11 There would be, you know, some more in-depth
12 look at things like, specifically, some of the --
13 then I see in the recommendation, in my brief
14 awareness of it -- to understand, you know, how we
15 arrived at the point we did, why the -- the
16 water-tank capacity is what it is, why the issues
17 exist in some cases.

18 But in many ways, we would be maybe just going
19 into more depth in some of the same topics that
20 have already been addressed by staff in preparing
21 for the rate case.

22 COMMISSIONER EDGAR: Okay. Thank you.

23 MR. HENSON: We -- we go at it a little
24 different way.

25 COMMISSIONER EDGAR: Sure. Thank you.

1 And I'm not sure where I'm at on -- on this,
2 to my fellow Commissioners, other than I recognize
3 that, in another item that we still have to
4 discuss, there is an issue of potential
5 duplication. And I would not want us to, then,
6 also direct our staff to be duplicating effort that
7 has -- has already been done. And I know that
8 staff put a lot of time into this item -- to this
9 time.

10 So, then, if I may, to Mr. Lewis -- and if
11 you're not the best person, hand it off. That's
12 fine. But can you talk a little bit about the work
13 that the staff has done to date with customer
14 complaints, customer complaints that have come to
15 the Commission, and also the quality of the water.

16 We've heard concern -- so, customer complaints
17 is one. Then, the second is the quality of the
18 water. We've heard some concerns from customers
19 today about possibly sediment in the water and an
20 odor. My understanding is that those are more
21 esthetic concerns.

22 So, if you could, just talk to those two items
23 from the work that's been done.

24 MR. LEWIS: Oh, okay. On the complaint issue,
25 one of the basic functions that we do is we look at

1 the record of complaints the Commission has
2 received directly from customers. We also request
3 information about complaints from DEP. And we also
4 make a request directly to the utility.

5 In this particular case, the complaint history
6 is very minimal. Some of them were -- of years ago
7 and -- and in learning through the customer
8 meeting, reading the transcripts, we found out
9 about the concern that not all of the complaints
10 directed to the utility direct -- directly -- they
11 were not being reported to the Commission.

12 We asked the utility about their complaint
13 process. The information that we received was that
14 there was not a -- necessarily a delineation of the
15 contacts between inquiries and complaints, or just
16 information about service with the utility.

17 We asked what was the scope of the e-mails
18 that would have to be researched. We were told it
19 was in the thousands. The utility said they would
20 take it an enormous amount of time for an
21 individual to go through that process; so, to ask
22 us to help identify specific instances in which
23 they could go into the records and pull out and
24 give us a response.

25 We contacted OPC and requested help with

1 contacting the customers who had made those
2 comments. And it was acknowledged that OPC did
3 relay that information -- that request, but as of
4 today -- I mean, before today, we were not given
5 any specific instances where we can go back to the
6 utility and say, well, we -- we believe that these
7 were instances where there were complaints that you
8 did not report directly to us.

9 I guess the -- the rationale is -- is how much
10 of a burden are we going to put on the utility,
11 knowing that they have many issues to deal with on
12 a day-to-day basis with limited personnel because
13 this goes into some of the requests that the
14 utility made for additional personnel for these
15 exact reasons. So, that's about the extent of what
16 we went into the complaint history.

17 As far as quality of service, one of the --
18 COMMISSIONER EDGAR: Sorry. Quality of the
19 water.

20 MR. LEWIS: Oh, quality of the water. Excuse
21 me. We reviewed reports of the sanitary surveys,
22 the inspection reports of the wastewater facilities
23 done by DEP. We looked for violation notices. We
24 reviewed back through the monthly operating
25 reports, the discharged monitoring reports and

1 looked for specific violations or instances that's
2 been noted or reported.

3 In our review, we did not see any -- and
4 remember, this is during the test year. Some of
5 the comments and things about the -- the
6 situation -- especially after the hurricanes -- are
7 issues -- in between -- we have not been notified,
8 like, I would say in a direct manner what
9 exactly -- what the issues were, what the time,
10 what the sequence and -- and sometimes it's very
11 hard to ascertain what the situation is when
12 information is coming thirdhand as opposed to when
13 it's been reporting directly from the customer that
14 was affected.

15 COMMISSIONER EDGAR: Just one or two, if I
16 may.

17 CHAIRMAN BROWN: Sure, Commissioner.

18 COMMISSIONER EDGAR: Okay. And I'm switching
19 gears slightly. Again, recognizing that this is a
20 SARC, usually a company comes in and requests a
21 staff-assisted rate case if the current rate
22 structure is not compensatory under the law.

23 So, my question is: Is the current rate
24 structure compensatory?

25 MS. BRUCE: Yes, Commissioner. We do think

1 our rates are compensatory.

2 COMMISSIONER EDGAR: As it is today.

3 MS. BRUCE: As it is today.

4 COMMISSIONER EDGAR: Without any action.

5 MS. BRUCE: Yes.

6 COMMISSIONER EDGAR: Okay. Thank you.

7 CHAIRMAN BROWN: Commissioner Graham.

8 COMMISSIONER GRAHAM: Thank you, Madam Chair.
9 Staff, as I go through the recommendation,
10 it -- I have to say, I'm a little surprised. From
11 what I see here, we only had six complaints in six
12 and a half years; is that correct?

13 MR. LEWIS: Yes, sir. Yes, sir. Two of the
14 complaints came in 2016, right before we had the
15 customer meeting. And I think there were -- I
16 think both issues were addressed in the customer
17 comments today.

18 COMMISSIONER GRAHAM: So, other than those two
19 that just came in, we've only had four before then
20 in six and a half years.

21 MR. LEWIS: Yes, sir, and those --

22 COMMISSIONER GRAHAM: Or six years.

23 MR. LEWIS: -- were in 2011.

24 COMMISSIONER GRAHAM: What is our policy or --
25 what complaints -- what complaints do utilities

1 have to hold onto?

2 MR. LEWIS: The utility should be holding onto
3 complaints that are of service nature, dealing with
4 water quality.

5 COMMISSIONER GRAHAM: What does the policy say
6 now?

7 MR. LEWIS: It says: They shall maintain a
8 record of each signed and written and received
9 complaint by the utility from any of the utility's
10 customers. And the record shall include the name,
11 address of the complainant, the nature of the
12 complaint, the date received, the result of the
13 investigation, disposition of the complaint, and
14 the date of the disposition of the complaint.

15 COMMISSIONER GRAHAM: So, if it doesn't
16 include all those things, then they're not required
17 to retain them, according to the policy you just
18 read?

19 MR. LEWIS: No, I mean, as far as how often --
20 what's the length they should retain the --

21 COMMISSIONER GRAHAM: No. If -- that's our
22 policy that they need to retain the complaints that
23 include the name, address, and signed from the
24 person that sent them; is that correct?

25 MR. LEWIS: Yes.

1 COMMISSIONER GRAHAM: So, if it doesn't
2 include that, then they're not required to retain
3 it?

4 MR. MURPHY: This is Charlie Murphy for the
5 Commission staff. Yes, that would be my
6 interpretation, is they are supposed to retain the
7 written, signed complaints. And I think that our
8 rule may be out of date, given e-mail and message-
9 board kind of transactions. We may need to update
10 that.

11 COMMISSIONER GRAHAM: I mean, but I guess --
12 the point I'm trying to get to is, it's not like
13 they're trying to hide something or do something
14 wrong. I mean, according to our policy right now,
15 they haven't done anything wrong because our policy
16 is so outdated.

17 MR. MURPHY: That would be my interpretation.
18 The one -- you know, they are required to respond
19 to our request. And if you were going to take
20 exception, they didn't, you know, just hand over
21 all of their e-mails. They had some concerns. But
22 they were working with us.

23 And then we, in working back and forth with
24 them, it -- we -- we didn't get input back from --
25 as I understand it, from the customers in helping

1 them identify things. We could have pressed harder
2 and probably gotten from them what they had, but
3 we -- we did not press at that point, given the
4 volume of other complaints of which we were aware.

5 COMMISSIONER GRAHAM: So, that's just
6 something that we -- collectively, the
7 Commission -- has got to look at in a future date
8 as far as updating that policy.

9 MR. MURPHY: I would recommend that.

10 COMMISSIONER GRAHAM: Okay. Other question:
11 The management audit -- I can only remember us
12 probably ordering two of those things in the last
13 six years.

14 MR. HENSON: Yes, Commissioner, we've ordered
15 a couple within the past year. The typical
16 management audit is usually requested from within
17 one of the technical divisions of my group. They
18 can be ordered by the Commissioners. They can be
19 ordered by executive management. They can be self-
20 initiated by the Commission, by me, by our
21 division, itself. There's a variety of ways in
22 which they can originate.

23 COMMISSIONER GRAHAM: But the ones I remember
24 being ordered before -- I mean, it was almost like
25 the utility was about to fall apart by the time we

1 got to the point where we ordered a management
2 audit; is that correct? Maybe I'm using harsh
3 words.

4 MR. HENSON: Well, we're in the middle of one.
5 I wouldn't want to characterize --

6 (Laughter.)

7 COMMISSIONER GRAHAM: Well, I --

8 MR. HENSON: But --

9 COMMISSIONER GRAHAM: Well --

10 MR. HENSON: -- for a variety --

11 COMMISSIONER GRAHAM: From what I read for the
12 recommendation, it didn't seem like it raised to
13 the level where it needs to have a management
14 audit.

15 I mean, the one thing that -- the one concern
16 that I have -- the big concern I have is the one
17 about the water for the fire suppression -- fire
18 hydrants. That's the main concern that I have.
19 And to me, that's an easy, straightforward thing.
20 You know, if there's a valve that needs to be set
21 or you're pulling from a higher level of the tank.
22 I mean, that's a easy fix.

23 MR. HENSON: I'm just going to add that, you
24 know, there are -- there are management audits that
25 are done for various purposes, including just

1 purely information-gathering. There could be a new
2 industry development, a new issue such as
3 computer -- cyber-security that needs to be
4 explored, how are the utilities handling that.

5 Sometimes there is a preconceived perception
6 of a problem. There could be allegations by anyone
7 of mismanagement activity. So, it's all -- all
8 over the waterfront as to how the situation gives
9 birth to a management audit.

10 COMMISSIONER GRAHAM: So -- and I guess
11 anybody in staff can answer that question. When
12 some -- when a utility goes into receivership, what
13 due diligence is done by the county before they
14 hand it off to somebody, before somebody wins that
15 bid?

16 MR. FLETCHER: I'm getting "we don't know what
17 the due diligence is," but I'll defer to Tom.

18 COMMISSIONER GRAHAM: I mean, because you
19 know, if something because a lot of times,
20 something goes into receivership -- I guess there's
21 many reasons why -- but one of the reasons may be
22 because they don't know how to run a water plant.
23 And so, I would imagine that somewhere along the
24 line there is some due diligence that somebody
25 proved that they have and can run a water plant.

1 MR. BALLINGER: I would presume so, but I do
2 not know for certain what due diligence is done by
3 the county once they turn it over to another
4 receiver. I would presume they would have to have
5 licensed operators running it, things of that
6 nature.

7 COMMISSIONER GRAHAM: And we do have licensed
8 operators running this plant.

9 MR. BALLINGER: That is my understanding, yes.

10 COMMISSIONER GRAHAM: And from what I saw, at
11 least from the -- the last two DEP tests, it does
12 meet the primary and secondary standards.

13 MR. BALLINGER: Yes, sir.

14 COMMISSIONER GRAHAM: And part of this rate
15 case that's before us is the reverse osmosis
16 system, or updating that one as well.

17 MR. BALLINGER: Correct. I believe it's close
18 to 20 years old and in need of repair.

19 COMMISSIONER GRAHAM: 32.

20 MR. BALLINGER: Sorry. 32. Thank you.

21 COMMISSIONER GRAHAM: Okay. Thanks.

22 CHAIRMAN BROWN: Commissioner Brisé, followed
23 by Commissioner Edgar.

24 COMMISSIONER BRISÉ: Thank you.

25 So, I want to go back to the complaint

1 process, and then I'll come to the management-audit
2 component.

3 So, if we can go back to what the rule says --
4 and maybe I have a different interpretation of --
5 of how that can be applied. So, if you could, go
6 back to the rule for me, please.

7 MR. MURPHY: Yes, sir.

8 COMMISSIONER BRISÉ: Yeah, if you could, read
9 the -- because I don't have it in front of me,
10 so --

11 MR. MURPHY: 25-30.130 --

12 CHAIRMAN BROWN: Mr. Murphy, can you please
13 speak up?

14 MR. MURPHY: Yes.

15 CHAIRMAN BROWN: Thank you.

16 MR. MURPHY: The rule is 25-30.130, records of
17 complaint: Each utility shall maintain a record of
18 each signed, written complaint, written by --
19 received by the utility from any of that utility's
20 customers. The record shall include the name and
21 address of the complainant, the nature of the
22 complaint, the date received, the result of the
23 investigation, the disposition of the complaint,
24 and the date of the disposition of the complaint.

25 COMMISSIONER BRISÉ: Okay. So -- so, in that

1 case, that doesn't capture the complaints that come
2 in by phone.

3 MR. MURPHY: Yes. It does not.

4 COMMISSIONER BRISÉ: It does not. Okay.

5 And so, neither does it capture the e-mails,
6 even though the person's name, address is likely
7 there -- well, actually, let me ask the utility a
8 question before I come back to this.

9 Does the utility have on its website, if it
10 has a website, an opportunity for customers to,
11 then, put in information, and you can track the
12 account, and then it asks for the address, and then
13 the utility follow up with the customer on the
14 disposition of -- of the issue that they are
15 calling about?

16 MS. BURGE: No, sir, we don't have a website.

17 COMMISSIONER BRISÉ: Oh.

18 MS. BURGE: Being such a small utility, it's
19 diff- --

20 COMMISSIONER BRISÉ: Well --

21 MS. BURGE: -- difficult to allocate funds
22 for --

23 COMMISSIONER BRISÉ: A website is free. You
24 can go to wix.com --

25 MS. BURGE: Okay.

1 COMMISSIONER BRISÉ: -- and set up a website
2 for free.

3 MS. BURGE: That's fine. However --

4 COMMISSIONER BRISÉ: And those forms --
5 they're available for free.

6 MS. BURGE: Thank you.

7 The only other issue through which we can
8 track customer concerns is related to our billing
9 software. And by account and through their e-mail
10 address, we do have access to the customers that
11 way. And in no other way is it -- is it tracked by
12 their account number, address, or any other item.

13 COMMISSIONER BRISÉ: Okay. Thank you.

14 So -- so, in essence -- I guess we're
15 responsible for this. So, in essence, considering
16 today's technology, if a customer calls the utility
17 and they say, I have an issue with X, Y, and Z,
18 this utility doesn't have somebody who's inputting
19 that information to make that a formal complaint.

20 MS. BURGE: (Shaking head negatively.)

21 COMMISSIONER BRISÉ: Okay. So, the only way
22 for the customers to actually lodge a formal
23 complaint is to literally either type something or
24 put something on paper and mail it and make it
25 available to the company?

1 MS. BURGE: (Nodding head affirmatively.)

2 MR. MURPHY: Yes, this rule was last amended
3 in 1986.

4 COMMISSIONER BRISÉ: Okay. So, then that, to
5 me, reflects why the numbers are the way they are
6 in the -- in the recommendation because that's not
7 the way people operate today. And to me, that's a
8 concern.

9 And from a management-audit perspective,
10 that's one of the things that a management audit
11 would look at is processes that -- that a company
12 is employing to make sure that the customers are
13 receiving the service that they are paying for.

14 And is that one of the reasons that one can
15 order a management audit for?

16 MR. HENSON: Well, it certainly is, exactly as
17 you describe, something that we recommended in a
18 recently-ordered management audit; that a company
19 not just maintain a record of written complaints,
20 but voluntarily, of its own volition, keep a log of
21 telephone call complaints, maintain those e-mail
22 complaints that come in.

23 Certainly, there may be a problem with the way
24 it's stated, now, in the rule, but they can go
25 beyond that. There's nothing stopping a utility

1 from providing better service than the absolute
2 minimum.

3 CHAIRMAN BROWN: Commissioner Brisé, you're
4 making some excellent points. I believe our
5 executive director has been bouncing around wanting
6 to reach out and provide some additional input.

7 MR. BAEZ: I'm sorry if I looked like I was
8 bouncing around. I wasn't --

9 CHAIRMAN BROWN: You were bouncing your hand.

10 MR. BAEZ: Was I bouncing?

11 CHAIRMAN BROWN: You were bouncing.

12 MR. BAEZ: At my age, I wasn't sure if I could
13 bounce anymore.

14 I -- I love Mr. Murphy and I respect his
15 opinion, but I also have to respectfully disagree.
16 I'm not sure that I would read the -- the rule that
17 way. I think, if I had my lawyer hat on -- and I
18 don't know where I left it lately -- but you know,
19 I would read that rule to put a company under --
20 under an obligation to take every e-mail that came
21 through. That puts -- that puts the onus on them.

22 And the notion of having to get -- every
23 e-mail that comes in -- they've got an obligation
24 to keep it. And they've got an obligation to
25 address every complaint and -- and so, that would

1 be what I would be arguing.

2 CHAIRMAN BROWN: Commissioner -- I mean,
3 Mr. Baez --

4 MR. BAEZ: And I don't -- I'm sorry, Madam
5 Chairman. And I'm not saying this to create -- to
6 create a scenario where all of a sudden, now, the
7 company has not done something that it shouldn't
8 have been doing. I don't want to open that box
9 of -- that box of -- fill in the blank.

10 CHAIRMAN BROWN: Right.

11 MR. BAEZ: Okay. But it seems like we're
12 looking for a reason why there are no complaints,
13 to -- to speak of. And I think the real point --
14 the real point here is that -- never mind what we
15 found early on -- and that was the basis of this
16 recommendation -- I think you all have pretty much
17 caught on that -- that, albeit late in the game,
18 you've had a flurry of customer activity and
19 customer input -- all of which we really can't
20 ignore, correct? Or at least I -- I certainly
21 can't. They've -- they've pricked up my ears.

22 And now, you all are presented with -- with
23 some very good questions and a good issue. And
24 you're asking Mr. Vincent how do we solve this
25 management audit. Is -- is this something that we

1 can -- is this a road that we want to go down and
2 how would we go down on it.

3 So, I'm not sure we need to get caught up in
4 the -- you know, is the rule being applied
5 correctly or not. That's my two cents and --

6 CHAIRMAN BROWN: Commissioner Brisé, you have
7 the floor still.

8 COMMISSIONER BRISÉ: Thank you, Madam Chair.

9 So, back on the management-audit issue -- yes.
10 So, I recognize you can use a management audit
11 to -- to investigate many things within a company,
12 but one of the primary reasons why you do a
13 management audit is to determine what processes are
14 in place to -- to see if there's adequate
15 management of all of the silos that exist within
16 the company.

17 And to me, as I look at some of the issues
18 here, there are some management challenges, from my
19 perspective, that exist in the running of this
20 company. Whether they -- it rises to the level
21 that we need to do a management audit or not -- I
22 think that the Board -- together, we will get to
23 that determination. But at the very least, on the
24 customer-service aspect of it, I think the
25 processes in place there need to -- we need a

1 deeper dive in that.

2 CHAIRMAN BROWN: Thank you, Commissioner
3 Brisé. I share some additional sentiments that
4 you've expressed, too.

5 Commissioner Edgar.

6 COMMISSIONER EDGAR: Thank you, Madam Chair.

7 I wanted to come back to the question I asked
8 earlier on the rates and revenues. If you would
9 rather continue along this line --

10 CHAIRMAN BROWN: Yeah --

11 COMMISSIONER EDGAR: -- first, that's okay.
12 Obviously --

13 CHAIRMAN BROWN: Absolutely. Please,
14 go-ahead. And then we're going to go issue by
15 issue --

16 COMMISSIONER EDGAR: Okay.

17 CHAIRMAN BROWN: -- so we can move this docket
18 along.

19 COMMISSIONER EDGAR: Okay. In the case
20 background -- in the case background on Page 2, it
21 says that the utility reported a net loss of
22 \$45,050 for the water service. And I'm just
23 wondering, if rates are compensatory, how -- what
24 is the reason for the \$45,000 net loss.

25 MR. FLETCHER: Commissioner, Bart Fletcher,

1 Commission staff. That was based on the annual
2 report. I was trying to get the right moment to
3 clarify your earlier question.

4 COMMISSIONER EDGAR: This is that moment.

5 MR. FLETCHER: Yes. And -- which is to
6 clarify, staff-recommended rates are compensatory,
7 not the current rates --

8 COMMISSIONER EDGAR: Okay. That's --

9 MR. FLETCHER: -- from what was stated
10 earlier.

11 COMMISSIONER EDGAR: Okay. All right. Thank
12 you. That's kind of what I thought.

13 CHAIRMAN BROWN: Okay. Any general questions
14 before we go issue by issue? Okay.

15 We're going to go to Issue 1 first. Staff is
16 recommending satisfactory. In the last rate case,
17 staff, you -- this Commission found that the
18 utility's non-potable water was not satisfactory,
19 but it was marginal; is that correct?

20 MR. LEWIS: Yes, ma'am.

21 CHAIRMAN BROWN: And what additional
22 parameters did the Commission put on that -- in
23 that rate case as a result of the marginal --

24 MR. LEWIS: Well, the issue was resolved
25 surrounding the fire protection. At that time, the

1 water was being drawn from a pond. And because of
2 that, it was being clogged up with -- with fish and
3 other crustaceans.

4 So, the fire marshal said, pretty much, you
5 can't do this. And that was the reason why they
6 invested in the well, and then put a high-
7 pressurized pump. And it was verified and signed
8 off by the fire department. But that was the
9 main -- the main reason why it was considered
10 marginal.

11 CHAIRMAN BROWN: Did the Commission do
12 anything additional on the utility with regard -- I
13 mean, obviously, it didn't assess basis-points
14 reduction. Was there anything other than deem it
15 marginal that the Commission did?

16 MR. LEWIS: No, ma'am.

17 CHAIRMAN BROWN: No additional testing?
18 Anything like that?

19 MR. LEWIS: No, ma'am.

20 CHAIRMAN BROWN: Okay. So, the one thing I'm
21 trying to get to is why the Commission -- I don't
22 know -- I don't know why the non-potable water
23 system is still -- is considered satisfactory. Can
24 you kind of elaborate on that, how staff got to
25 that recommendation? I'm having a hard time seeing

1 it -- your rationale in the recommendation on the
2 non-potable side.

3 MR. LEWIS: Oh, on the non-potable side,
4 the -- the information that we -- that we have is
5 primarily -- is designed to do -- is doing what
6 it's designed to do. The issues dealing with the
7 fire suppression and everything that we had was,
8 like, minimal.

9 We were made aware of an instance in July by
10 the utility, but we did not have, like, a history
11 of -- of how often this occurs, when it occurs,
12 or -- or what is the notification process of what
13 has been agreed upon.

14 It -- the information that we were given was
15 that this is a system that had been in existence
16 before the present owners came into -- came into
17 play.

18 Based upon that, the other parties that --
19 there were leaks in the system from time to time
20 because of the -- the pressurized nature, and that
21 the utility dispatched personnel or contractors to
22 fix the system when it was down.

23 CHAIRMAN BROWN: Uh-huh.

24 MR. LEWIS: The most-recent -- I -- based
25 upon -- our most-recent major problem is that the

1 pump on the well went out. And the utility had to
2 order replacement parts. And then it was out for
3 about four to five days. And I forget the time
4 frame at this time, but I think it was about August
5 of last year.

6 But -- but like, during the test year, we look
7 at the quality of service. We would look at the
8 utilities' efforts to respond --

9 CHAIRMAN BROWN: And pardon me for
10 interrupting you, but you know, we heard and we saw
11 from these letters about the multiple times of dry
12 hydrants. And that is a significant safety issue.
13 That's a management issue that goes back down to
14 the company. And the fact of the matter is, that
15 should be a priority. You've got dry fire hydrants
16 throughout the service territory that the utility
17 is ultimately responsible for. I just can't
18 understand how you didn't factor that into your
19 recommendation.

20 MR. LEWIS: Some -- the information we just
21 received today -- these letters are dated
22 October 24th, 26th. We don't have a history of
23 outages that we can -- we were questioned. The
24 utility self-reported the outage that was on July
25 of -- 16th. On -- not having information about

1 outages or that the -- the company was not being
2 responsive -- that's the other part of it.

3 CHAIRMAN BROWN: So, with this information
4 that you have today, would you change your
5 recommendation on quality of service?

6 MR. LEWIS: Well, one of the things I would
7 have to look for is, like -- oh, I don't see
8 anything from the -- from the fire department as
9 far as citations. And then I'm kind of a little
10 leery getting into that because the facilities, to
11 some extent, are the responsibility -- the
12 inspections for and quantifying them and in good
13 working order belong in other entities.

14 So, we're relying on reviewing their -- their
15 recommendations or their citations or
16 recommendations for fixes is when we determine,
17 like, pro forma requests --

18 CHAIRMAN BROWN: Right.

19 MR. LEWIS: -- or just try to understand the
20 time frames for repair.

21 CHAIRMAN BROWN: And I get it, this is staff-
22 assisted rate case. And staff has spent a lot of
23 time on this. And we appreciate that, but really,
24 again, we've got -- we've got to get the most-
25 recent information to make the best decision.

1 And -- and that's our job here.

2 So, Commissioners, any thoughts on quality of
3 service?

4 Commissioner -- Commissioner Brisé.

5 COMMISSIONER BRISÉ: Honestly, I -- I wouldn't
6 be comfortable with -- with considering the utility
7 satisfactory considering the -- the issues related
8 to the customer-service aspect as well as, you
9 know, some of the safety issues that have been
10 brought up. And so, I would -- I would say I would
11 be more comfortable with marginal.

12 CHAIRMAN BROWN: Thank you. Thank you,
13 Commissioner Brisé.

14 Any other thoughts, Commissioners? If not --
15 Commissioner Edgar?

16 COMMISSIONER EDGAR: I'm not sure if this is
17 the appropriate time or -- or -- or not. So, let
18 me say this -- I have a question for staff
19 regarding that if this is --

20 CHAIRMAN BROWN: Absolutely.

21 COMMISSIONER EDGAR: Okay. Okay. For the
22 rest of the item, if the Commission today were to
23 make a finding of marginal quality of service, how
24 would that, if at all, impact the rest of the items
25 before us in this -- or the rest of the issues for

1 this item?

2 MR. LEWIS: It wouldn't impact it.

3 COMMISSIONER EDGAR: Okay. All right.

4 Then -- was that a motion or not? I wasn't
5 sure. I'm not trying to --

6 COMMISSIONER BRISÉ: Yeah, no problem.

7 So, the next step is, usually when we offer
8 that, there is either a penalty or something
9 associated with it.

10 CHAIRMAN BROWN: Uh-huh.

11 COMMISSIONER BRISÉ: And so, I'm not
12 necessarily inclined to do that, but I'm open to
13 hear from my colleagues, if that is the direction
14 that, you know, we want to go.

15 CHAIRMAN BROWN: Thank you, Commissioner
16 Brisé. And I -- I was thinking the same thoughts,
17 especially since the Comm- -- this Commission found
18 it marginal last time and we didn't order the
19 utility to do anything, which is why I'm open to
20 the idea of a management audit to get down to some
21 of these issues here, like the communication
22 issues, the customer-complaint logs, the
23 benchmarking, the feasibility study for reuse.

24 These are some issues that, I think, are -- we
25 need to look at, the utility needs to look at. So,

1 I think that would be a sensible solution, if we
2 deem it marginal, so that that's just out there.

3 Commissioner Edgar.

4 COMMISSIONER EDGAR: Thank you. And just to
5 follow along from my -- my earlier question, I
6 agree completely that, often, as Commissioner Brisé
7 has pointed out, if we make a finding regarding
8 quality of service as anything less than
9 satisfactory, we also incorporate a financial
10 penalty, a policy that I have certainly supported
11 and continue to.

12 However, I recognize that, in this instance,
13 my understanding is that the utility is operating a
14 net loss. And I would be concerned that any
15 additional financial penalty would ultimately --
16 ultimately potentially have a negative financial
17 impact on customers down the road when rates need
18 to be addressed in the future, so --

19 CHAIRMAN BROWN: Okay. So, thank you,
20 Commissioner Edgar.

21 So, we are ripe for a motion.

22 Oh, Commissioner Graham has a question.

23 COMMISSIONER GRAHAM: This is to staff. When
24 was this utility in receivership?

25 MR. LEWIS: I believe it was between 2010 and

1 2011.

2 COMMISSIONER GRAHAM: Okay. So, about five,
3 six years ago.

4 MR. LEWIS: (Nodding head affirmatively.)

5 MR. FRIEDMAN: Yes, this utility acquired it
6 out of receivership in 2011. They didn't -- the
7 current owners did not own it prior to 2011.

8 CHAIRMAN BROWN: Okay. Commissioners, any
9 other questions on Issue 1 or anything -- we're
10 ripe for a motion for Issue 1.

11 Commissioner Brisé.

12 COMMISSIONER BRISÉ: Thank you, Madam Chair.

13 I move that we deem the utility service
14 quality to be marginal, and also order a management
15 audit to go along with that.

16 CHAIRMAN BROWN: Okay. Is there a second?

17 COMMISSIONER PATRONIS: Second.

18 CHAIRMAN BROWN: Okay. Staff, you're clear on
19 the motion and the second?

20 Yes, Comm- --

21 COMMISSIONER BRISÉ: To be performed by staff.

22 MR. BAEZ: And can you leave the scoping kind
23 of --

24 COMMISSIONER BRISÉ: Yeah.

25 MR. BAEZ: -- open to discussion between --

1 COMMISSIONER BRISÉ: And you can address the
2 issues as you heard, per the discussions today.

3 MR. BAEZ: Thank you.

4 CHAIRMAN BROWN: Okay. And there's a proper
5 second. All right.

6 Any further discussion on Issue 1?

7 Oh, Commissioner Graham has a question.

8 COMMISSIONER GRAHAM: So, is there a financial
9 penalty for this marginal or are we just foregoing
10 that at this time?

11 COMMISSIONER BRISÉ: We're foregoing that at
12 this time.

13 CHAIRMAN BROWN: Okay. Any other questions or
14 discussions or comments? Seeing none, we've got a
15 motion and second.

16 All those in favor say aye.

17 (Chorus of ayes.)

18 Opposed?

19 Motion passes unanimously.

20 Commissioners, I propose that we take up
21 Issues 2 through 9 together. Issue 10 is the rate
22 structure, as was discussed here with the utility.
23 Any questions on two through nine? If not, I will
24 entertain a motion.

25 COMMISSIONER EDGAR: Move staff.

1 COMMISSIONER BRISÉ: Second.

2 CHAIRMAN BROWN: All those in favor --

3 (Chorus of ayes.)

4 All right. It passes unanimously.

5 Let's get down to Issue 10, which is the rate
6 structure. I would like to hear a little bit from
7 staff on the proposal that the utility has
8 expressed and its concerns. This is a significant
9 rate increase for the irrigation folks. They're
10 high users. And the utility raises a legitimate
11 concern. What are your -- what are your thoughts
12 on this?

13 MR. SHAFER: Madam Chair, Greg Shafer,
14 Commission staff.

15 I thought I heard Mr. Friedman say today that
16 he wanted to retain the existing structure and
17 rate, which is different than what he had indicated
18 to us previously, which was to limit the increase
19 to the gallonage to 10 percent.

20 That is going to, obviously, impact the
21 utility's ability to recover their revenues. I
22 certainly understand the situation with the golf
23 course and -- and the inter-relatedness there
24 between the community and the golf course.

25 We looked at the rate impact of limiting that

1 gallonage charge increase to 10 percent and not
2 imposing a base facility charge on it. And that
3 analysis was provided to all your offices.

4 The -- you know, the revenue requirement is
5 not going away by limiting that 10 percent -- that
6 increase to 10 percent. It's going to have to be
7 recovered either from water -- potable water only
8 or wastewater only or a combination of the two.

9 CHAIRMAN BROWN: But don't all customers in
10 this community benefit from the irri- -- and
11 they're all irrigation customers, per the utility's
12 comments earlier.

13 MR. SHAFER: Correct. There may be some minor
14 slippage, but -- but by and large, they are all
15 irrigation customers or bene- -- beneficiaries of
16 irrigation.

17 So, the question, then, becomes, is -- are
18 the -- you know, the customers, the residential
19 customers that are going to be affected by that
20 shift in revenue, you know, willing to accept that
21 because it's going to result, as the analysis
22 indicated, in some significant increases to the
23 potable water and wastewater rates if you decide
24 that, you know, splitting it, the -- the necessary
25 revenue requirement between the two services.

1 I -- I'm -- I'm at a loss, honestly on, you
2 know, my -- my tendency is to stick with staff
3 recommendation. On the other hand, we heard some
4 customers indicate they were concerned about the
5 viability of the golf course, the utility is
6 concerned about its own viability, and rightly so.

7 So, you know, to the extent that the customers
8 are willing to accept that shift in revenue, and
9 the resulting rate increases to the potable or --
10 and/or wastewater service, I -- I certainly would
11 not argue against that.

12 CHAIRMAN BROWN: Thank you. Thank you,
13 Mr. Shafer.

14 Yeah, I was going right to you. Mr. Sayler.

15 MR. SAYLER: Yes, Madam Chairman. We don't
16 have the benefit of that study that Mr. Shafer
17 talked about that was provided as far as shifting
18 or capping the irrigation revenues just to 10
19 percent and then reallocating everything else to
20 potable, non-potable.

21 And we do have a number of the customers in
22 the community that are leaders in the community.
23 They -- they can't speak for all of the
24 communities. Sunnyland is not here. They're a
25 wastewater-only system, but they have potable water

1 that they do themselves.

2 CHAIRMAN BROWN: Where -- where is Public
3 Counsel on this issue?

4 MS. MERCHANT: Commissioners, generally
5 speaking, we do not get involved in this because
6 this is an issue spread amongst customers, but what
7 I can tell you is, looking at the issues -- and
8 there's not a non-potable -- I don't know of
9 another non-potable water utility that we have.
10 So, this is a very unique situation.

11 I was actually -- if you look at the revenue
12 requirement, which you've already voted on -- but
13 the revenue requirement for the non-potable water
14 is much higher than water or wastewater, which
15 strikes me as somewhat unusual.

16 And certainly, Mr. Friedman said earlier that
17 there's hydrants and things going through the non-
18 potable water system that everybody in the -- in
19 the area should maybe charge. So, maybe you could
20 rethink how you allocate some of the revenue-
21 requirement dollars -- and I know you've already
22 voted on it, but -- or you could go through and
23 reallocate through some shifting of revenues.

24 I'm not taking a position on it, but I'm just
25 saying, from an accountant perspective, that the

1 non-potable water doesn't seem to -- it's not
2 treated water. So, why would the revenue
3 requirement be higher than the potable water?

4 That's where you're -- it's an RO system. You
5 know, the potable water is the reverse os- --
6 reverse-osmosis system. So, it would certainly
7 seem to have a higher revenue requirement.

8 Just -- it just seems like the costs are off
9 between allocating between three different systems.
10 And that would take care of that concern that the
11 non-potable was too high.

12 CHAIRMAN BROWN: Thank you, Ms. Merchant.

13 Mr. Friedman, would you like to address the
14 Commission?

15 MR. FRIEDMAN: No, I -- I think that's a good
16 idea is just reallocate the -- the irrigation to
17 the water and wastewater customers to make it more
18 viable and get rid of the discretionary use that
19 may drastically affect the financial viability of
20 the utility.

21 CHAIRMAN BROWN: Okay. Commissioner Graham.

22 MR. FRIEDMAN: Thank you.

23 COMMISSIONER GRAHAM: Well, one of the
24 interesting things -- excuse me. One of the
25 interesting things here is, if you look at how much

1 of the water usage is non-potable -- I mean, it's
2 three, four times more. I mean, that's the reason
3 why the revenue requirement is so high.

4 MR. SAYLER: Madam Chair, for the benefit of
5 the customers, how much of a rate increase would
6 affect the potable or the -- potable water --
7 because we know that the cost -- if you do some
8 shifting, the costs are going to change, but by
9 what magnitude, how much? If staff can speak to
10 that.

11 CHAIRMAN BROWN: Just one second.

12 Commissioner Graham, you have the floor still.

13 COMMISSIONER GRAHAM: Yeah, well, my concern
14 is, if the cost is being generated by the non-
15 potable side, but you're going to make the people
16 from the potable side pay for it -- I mean, we've
17 always had the -- we've always put the cost with
18 the cost-causers. And it looks like we're doing
19 something different here now.

20 CHAIRMAN BROWN: Mr. Shafer.

21 MR. SHAFER: I was just going to respond to
22 Commissioner Graham's point that part of the reason
23 that the consumption on the non-potable side is so
24 much higher is because the golf course is, as you
25 heard earlier, using a considerable amount of the

1 non-potable water on a regular basis.

2 And you know, that's driving a lot of the
3 power cost for the well and so forth on the potable
4 side, which may be contributing to why that revenue
5 requirement is as high as it is.

6 COMMISSIONER GRAHAM: But the golf course --
7 from one of the things I was reading, the -- it's
8 only half of the non-potable. You still have
9 the -- the irrigation that's the other half of
10 that.

11 MR. SHAFER: That's correct.

12 COMMISSIONER GRAHAM: I mean, it seems like
13 everybody seems to be focusing all on that -- just
14 all on the golf course. But that -- you know, the
15 golf course is a big piece. It's 40 percent. But
16 it's not, you know, 90 percent.

17 MR. SHAFER: Right. That's correct.

18 CHAIRMAN BROWN: Good point.

19 Commissioners, any other comments or thoughts
20 on this Issue 10? Any suggestions on what to do?

21 I'm with Mr. Shafer. I feel the same way as
22 Mr. Shafer does.

23 Commissioner Edgar -- oh, Commissioner --
24 Commissioner Edgar.

25 COMMISSIONER EDGAR: Thank you.

1 So -- and Commissioner Graham, as almost
2 always, I agree with you completely and -- as far
3 as cost-causers is, for the general proposition,
4 the way we address these.

5 I guess I'm getting a little confused as to --
6 from the -- I'm going to use the words,
7 "scenarios," Mr. Shafer, that were distributed to
8 us recently. And I do have it in front of me -- it
9 does say scenarios. Look at that. Okay.

10 From the four scenarios, is there one that
11 comes closer to following that cost-causer
12 principle than the others?

13 MR. SHAFER: Probably the -- Scenario 4, from
14 the standpoint that you are imposing a base
15 facility charge on the -- those non-potable
16 customers that is not part of the current rate
17 structure, so --

18 COMMISSIONER EDGAR: And if I may -- I'm so
19 sorry, Mr. Shafer -- I did want to make sure --
20 thank you -- as we are, just that anybody who does
21 not have -- that it might be helpful for them to
22 have a copy of that, does get one. So, if
23 you'll --

24 CHAIRMAN BROWN: We've shared it with the
25 parties.

1 COMMISSIONER EDGAR: Okay. I'm sorry. Can I
2 ask you to back up just slightly?

3 MR. SHAFER: Sure. If I got your question
4 correctly, which one of the scenarios is closest to
5 the cost-causer scenario and --

6 COMMISSIONER EDGAR: Yes.

7 MR. SHAFER: And on the sheet that was
8 provided, Scenario 4 is probably the closest to
9 that because, in addition to the 10-percent
10 increase to the gallonage charge, we included base
11 facility charges for all the non-potable customers
12 that is not part of the current rate structure.
13 And that would, obviously, kick in a little bit
14 more revenue to the non-potable side.

15 The scenario that was provided put all the
16 remainder of the revenue requirement on water
17 customers, but that's not necessarily the way you
18 would have to do it. You could split it between
19 water and wastewater, as was done on one of the
20 other scenarios. It would --

21 COMMISSIONER EDGAR: Okay.

22 MR. SHAFER: It would mitigate the service --
23 particular service impact.

24 COMMISSIONER EDGAR: Okay. Thank you.

25 And thank you, Commissioner Graham and Madam

1 Chair, for letting me jump in there.

2 CHAIRMAN BROWN: Sure.

3 Commissioner Graham, do you still have a
4 question?

5 COMMISSIONER GRAHAM: (Shaking head
6 negatively.)

7 CHAIRMAN BROWN: Commissioner Brisé.

8 COMMISSIONER BRISÉ: Thank you.

9 Just to sort of follow up on that -- so, this
10 is almost like a vicious cycle, right? All of
11 the -- the consumers are paying -- will be paying
12 for it independently of how it's allocated, if I'm
13 understanding this properly.

14 MR. SHAFER: That's correct. Right.

15 COMMISSIONER BRISÉ: Okay.

16 MR. SHAFER: It just is, you know, which
17 consumers are paying how much.

18 COMMISSIONER BRISÉ: But I mean -- and in this
19 type of community, the -- the owners of the golf
20 course are, in essence, the same customers, right?

21 CHAIRMAN BROWN: That's what we heard.

22 MR. SHAFER: I hesitate because I -- I think
23 there's a relationship there, but I'm not a hundred
24 percent clear exactly what the relationship is.

25 And I would point out that the golf course is

1 not a potable or wastewater customer. They're only
2 a non-potable customer. And so, they're -- it's
3 not as though it's going from one pocket to
4 another. They clearly are the beneficiary of a
5 reduced non-potable rate; whereas, the remainder of
6 the customers have to make it up, whether they are
7 wastewater or water customers or both.

8 COMMISSIONER BRISÉ: Okay.

9 MR. FRIEDMAN: If I can correct that, the golf
10 course is a water and wastewater customer.

11 CHAIRMAN BROWN: Thank you.

12 MR. FRIEDMAN: They've got a clubhouse and
13 restaurant and other things that are served by the
14 utility.

15 CHAIRMAN BROWN: Thank you, Mr. Friedman.

16 MR. SHAFER: I stand corrected.

17 CHAIRMAN BROWN: Commissioner Brisé, you still
18 have the floor.

19 COMMISSIONER BRISÉ: I'll leave it there for
20 now.

21 CHAIRMAN BROWN: Okay. So, let's -- let's
22 hold off on Issue 10, since we don't have a
23 direction exactly, unless Comm- -- there is a
24 Commissioner with wisdom on how we should handle
25 that. I mean, I -- looking through Issues 11

1 through 18 -- Mr. Baez?

2 MR. BAEZ: I think some of your parties are
3 having discussions outside, so --

4 CHAIRMAN BROWN: Oh, gosh. We're going to
5 have to take a five-minute break.

6 MR. BAEZ: I didn't say that, Madam Chairman.
7 I -- I know how you like to break, but --

8 CHAIRMAN BROWN: I don't like to break.

9 (Laughter.)

10 MR. BAEZ: I know. I was being facetious.

11 I just wanted you to know that there are some
12 conversations that are going on, so --

13 CHAIRMAN BROWN: Okay. That's -- well -- do
14 you have a question, Commissioner Graham.

15 COMMISSIONER GRAHAM: What's the time
16 constraint on this?

17 CHAIRMAN BROWN: The critical date was waived
18 by the utility. So, Util- -- Mr. Friedman?

19 MR. FRIEDMAN: It's almost two years --
20 January will be two years.

21 COMMISSIONER GRAHAM: So, then there's no big
22 rush, then.

23 (Laughter.)

24 MR. FRIEDMAN: We just keep on bleeding for
25 another couple of months. No. They -- they have

1 granted -- they've been very generous. They
2 granted an extension last month because of the
3 hurricane, as requested by OPC. And they gave them
4 that month as well. But it -- we need to bring an
5 end to this.

6 Thank you.

7 CHAIRMAN BROWN: All right. Thank you.

8 So -- so, what we could do right now is we
9 could probably either vote on Issues 11 through 18,
10 if there -- if that does not affect Issue 10, or we
11 could move on to the next item because we do have a
12 customer here on Issue -- I mean, on Item 13.

13 Commissioner -- Commissioner, and then we'll
14 come back to this issue -- this item.

15 Commissioner, what's your pleasure? Hold --

16 COMMISSIONER GRAHAM: Want to leave this on
17 the table?

18 CHAIRMAN BROWN: Leave it on the table, the
19 remaining items, and then come back to it? Okay.
20 Is that -- parties, we're going to go -- we're
21 going to go ahead, since we have a customer for
22 another item here -- if you don't mind, we'll
23 come -- we'll circle right back to it as soon as we
24 get through the other items today. And we will --

25 COMMISSIONER PATRONIS: (Inaudible.) Can you

1 do that?

2 CHAIRMAN BROWN: Thank you. Yes. All right.

3 So, we're going to --

4 COMMISSIONER PATRONIS: Lay it on the table.

5 CHAIRMAN BROWN: Thank you. Lay it on the
6 table. Yes, thank you.

7 (Agenda item recessed.)

8 CHAIRMAN BROWN: All right. Back to No. 7.
9 We are the Energizer Bunny. We keep on going as
10 long as our clerk's office is doing okay over
11 there, and our reporter.

12 All right. We are on Item 7. And I believe
13 we are on Issue 10. So, we get -- folks that were
14 just here on the other item -- we get them off the
15 table. Thanks.

16 Calling Mr. Friedman.

17 For the record, we are back on Item 7. And we
18 are on Issue 10. And staff, you want to open
19 Issue 10 up again for us to refresh our
20 recollection on where we were on that, please?

21 MS. BRUCE: Commissioner, I believe when we
22 left off, we were deciding whether or not we were
23 going to go with Scenario 4.

24 CHAIRMAN BROWN: Ms. Bruce, I like you.

25 (Laughter.)

1 All right. Commissioners, and I -- I do
2 believe that everybody has a copy of this handout;
3 is that correct? Public Counsel? Utility?

4 MR. FRIEDMAN: We do. Thank you.

5 CHAIRMAN BROWN: I don't know if the parties
6 had an opportunity to chat any further. I saw --
7 Mr. Sayler, I saw that you were -- stepped away
8 during the discussion. Do you have any additional
9 points to make on this?

10 MR. SAYLER: Yes, Madam Chair. Unfortunately,
11 I didn't have a chance to talk to Mr. Friedman or
12 Mr. Burge, but I did have a lot of discussion with
13 the customers. And historically, you know -- and
14 I -- I apologize. I do have a little bit of -- I
15 have a little -- long lead intro to where I'm
16 getting. So, if you will, give me a little bit of
17 indulgence.

18 The Office of Public Counsel, we can't take a
19 position on any of these scenarios because we
20 represent all the customers, the Sunnyland
21 customers, the --

22 CHAIRMAN BROWN: We got that.

23 MR. SAYLER: Okay.

24 CHAIRMAN BROWN: Yeah.

25 MR. SAYLER: Also, hopefully not to complicate

1 things, but something that was brought to my
2 attention that I need to bring to your attention
3 because I'm duty-bound to do so is some of the
4 Aquarina customers have indicated that the
5 Sunnyland customers may have not been provided
6 actual notice of any rate increase proceeding,
7 which is a potential issue.

8 That might be something -- it may not be
9 anything, but I feel duty-bound that we need to at
10 least let you know there may have been an issue of
11 noticing as it relates to those limited group of
12 customers.

13 But with regard to the Aquarina customers here
14 in attendance, I've spoken to a number of them.
15 And these are the key ones that I have spoken with:
16 Ms. Ann Bruns, who testified earlier. She is the
17 vice president of the Aquarina Community Services
18 Association --

19 CHAIRMAN BROWN: I'm going to streamline
20 you -- streamline -- if you could get to the gist,
21 that would be excellent.

22 MR. SAYLER: Yes, ma'am. When it comes to
23 speaking to these customers, I've spoken to some of
24 the key players in the -- in this community, the
25 golf course manager, Mr. Jim Moller; Jim Royer, who

1 is the chair of the water committee, who reports to
2 the -- to the Aquarina Community Services
3 Association Board. He's their point person on
4 this.

5 And the long story is this: If you look at
6 your Scenario 3 and 4 on that chart -- and remember
7 these customers are representative of those who are
8 here today -- they would like some sort of hybrid
9 between Scenario 3 and 4. And if I could direct
10 you to the specific line items they would like you
11 to consider --

12 CHAIRMAN BROWN: Okay.

13 MR. SAYLER: If you look at non-potable
14 irrigation the BFC, Scenario 3 is zero; Scenario 4
15 is 1386. They would like somewhere in between
16 that.

17 CHAIRMAN BROWN: Okay.

18 MR. SAYLER: For wastewater, for the base
19 facility charge, \$30.85 versus 22.22. They would
20 be comfortable with something in between there.
21 And the same thing for the gallonage, somewhere
22 between the 867 and the 618.

23 Now, again, I have to say that these are what
24 the customers have conveyed to me that they're
25 comfortable with. And again, officially, Public

1 Counsel -- we don't take any position on any of the
2 scenarios.

3 CHAIRMAN BROWN: Okay.

4 MR. SAYLER: That's my caveat.

5 CHAIRMAN BROWN: (Unintelligible.)

6 (Laughter.)

7 MR. SAYLER: Yes.

8 CHAIRMAN BROWN: (Unintelligible.) That's why
9 I was wondering where you were going with it.
10 Thank you.

11 Utility.

12 MR. FRIEDMAN: Our concern is the same as we
13 mentioned before, is to make sure that we don't
14 give the irrigation customers so much incentive and
15 the -- so that, financially, it doesn't make sense
16 to them to dig their own wells because it -- at
17 13- -- we're concerned at 1386 base facility
18 charge, digging a well at a thousand dollars, it
19 might be cheaper for these people to dig wells.
20 And that would have a drastic impact, especially if
21 it was the HOAs, which use 43 percent of the
22 irrigation water.

23 So, we -- you know, that's what I'm concerned
24 about on both the base facility charge and a
25 gallonage charge.

1 CHAIRMAN BROWN: Okay.

2 MR. FRIEDMAN: So, I mean, obviously, we think
3 Scenario 2 and 3 at least assures that the
4 utility's better financial viability than one and
5 four, which don't really give a disincentive to
6 disconnecting.

7 CHAIRMAN BROWN: Okay. Thank you,
8 Mr. Friedman.

9 Staff. Mr. Shafer, any pearls?

10 MR. SHAFER: No. I'm sorry. First, to
11 address what Mr. Sayler mentioned; that the
12 customers were, you know, sort of looking for a
13 compromised position -- and that's fine. I would
14 be very uncomfortable trying to come up with that
15 today. So, you know, we could certainly look at
16 that, but it's not going to happen today.

17 And I -- I don't know. Listening to
18 Mr. Friedman, it seems as though the threat of the
19 customer leaving the system over the irrigation
20 rates gets worse by the minute. And now, he's
21 convinced me that, even at 86 cents, they -- they
22 might leave the system.

23 But be that as it may -- I mean, I don't know
24 that we're in a much better place than when we took
25 the break. It's really, you know -- backing up,

1 there's no basis in -- in cost for making the
2 change.

3 We can go back, I suppose, and -- I don't want
4 to speak out of turn for the accounting folks. But
5 you can always go back and take a look at the
6 allocations and see where that gets us. But I
7 seriously doubt that it's going to get us to a
8 happy place for the utility and the customers in
9 terms of the end result on the bottom line. And I
10 guess I don't really have anything more to say than
11 that.

12 You know, going back to Commissioner Graham's
13 point about --

14 CHAIRMAN BROWN: It's been going on for two
15 year. This rate request has been --

16 MR. SHAFER: Right. Right.

17 CHAIRMAN BROWN: -- has been going on --

18 MR. SHAFER: That -- that, and the cost-causer
19 point, putting the cost on the cost-causers -- that
20 seems like a reasonable basis to me, but...

21 MR. FRIEDMAN: This certainly wouldn't be the
22 first case that the -- because of difference in
23 circumstances -- that you reallocated revenue from
24 one to the other.

25 CHAIRMAN BROWN: Thank you.

1 MR. FRIEDMAN: I know you did it in Sanlando.
2 You've done it in Lucie. And you --

3 CHAIRMAN BROWN: Thank you, Mr. Friedman.

4 MR. FRIEDMAN: Thank you.

5 CHAIRMAN BROWN: Commissioners.

6 This is when I'm going turn to our wise
7 executive director for some guidance here.
8 Braulio.

9 MR. BAEZ: Well, I had the -- I had the
10 pleasure of talking to both sides in this briefly
11 and -- and -- and I think -- and I think you
12 heard -- I heard the same thing you -- you all did.
13 And I'll come at it a different way.

14 You -- what you -- what you heard from Public
15 Counsel, who, I will reiterate, cannot take a
16 position on these things, so he's merely repeating
17 what -- what his clients have told him. It sounds
18 like they've done some soul-searching and have come
19 to some kind of acceptance over taking some of the
20 burden, right?

21 Mr. Friedman makes a good point on behalf of
22 his client. I mean, there is a risk there. And
23 it's a financial risk or a financial analysis, a
24 balancing act that -- that these irrigation
25 customers are going to make. To me, that's an art.

1 Now, he may be overstating it; he may be
2 understating it. We don't know.

3 The process does allow, if it turns out that
4 in you all's estimating -- because now we're down
5 to closing one eye and kind of estimating what this
6 magic number is that we hope we get right or you
7 hope you get right in your decision.

8 If you didn't, the company is -- the company
9 has a way to seek redress and seek relief from the
10 Commission. So -- so, they do get to come back.

11 So, my point to you is: Now, you've got some
12 kind of buy-in from the customers that they're
13 willing to take on the burden. So, the concept of
14 shifting the -- the burden is there. It's okay.
15 You've got some buy-in to do that.

16 Now, all you've got to do is figure out where
17 you're going to draw the line.

18 CHAIRMAN BROWN: Thank you.

19 MR. BAEZ: It's been given to you somewhere.

20 CHAIRMAN BROWN: Okay.

21 MR. BAEZ: So, I think you're -- I -- I would
22 feel comfortable.

23 CHAIRMAN BROWN: Thank you.

24 Again, this is a very unique case that we have
25 before us today.

1 MR. BAEZ: I -- I think now you start -- now
2 you start -- when you add one more ingredient --
3 and someone said it: It is unique. You've got
4 one -- now, you've not non-potable water. That's
5 something you've never seen. And this is how the
6 dynamic changes.

7 CHAIRMAN BROWN: And obviously, the
8 Commission -- the Commissioners -- we take this
9 very seriously. We want to get it right.

10 So, Commissioners, any comments or thoughts
11 here? I see no lights.

12 MR. MURPHY: Commissioner?

13 CHAIRMAN BROWN: Sure.

14 MR. MURPHY: Given -- given what Public
15 Counsel has raised with respect to notice, could we
16 get the company to verify that it's complied with
17 the notice requirements in our rules?

18 CHAIRMAN BROWN: Thank you, Mr. Murphy, for
19 that. I wrote that down and I forgot to ask.

20 Mr. Friedman, notice.

21 MR. FRIEDMAN: I don't think I gave the
22 notices in this because I don't think I was
23 representing them at that point in the proceeding.

24 CHAIRMAN BROWN: So --

25 MR. FRIEDMAN: It came about --

1 CHAIRMAN BROWN: Utility --

2 MR. FRIEDMAN: Ms. Burge will tell you if she
3 did it or not. I can't tell you because --

4 MS. BURGE: I absolutely notified every
5 customer in our database at the time the notice was
6 required to be submitted.

7 CHAIRMAN BROWN: Mr. Murphy?

8 MR. MURPHY: And would that include the -- is
9 it Sunnyland customers? Are they in your database?

10 MS. BURGE: Yes, sir. Absolutely.

11 MR. MURPHY: Okay.

12 CHAIRMAN BROWN: Okay. Thank you.

13 All right. Getting back to Issue 10, which we
14 are still stuck on here.

15 MR. SHAFER: Madam Chair, if I may --

16 CHAIRMAN BROWN: Sure, Mr. Shafer.

17 MR. SHAFER: I don't know whether the utility
18 would be willing to put this item off or at least
19 this issue off to the next agenda to give staff an
20 opportunity to -- to see what kind of alternatives
21 we could come up with. It's been a long road so
22 far and --

23 CHAIRMAN BROWN: Mr. Shafer, I think that's a
24 great suggestion.

25 MS. BURGE: Absolutely. I would like to give

1 the staff and the Commission an opportunity to hear
2 our side of some of the issues that the customers
3 have addressed and to reach an equitable solution
4 for everyone. Absolutely.

5 CHAIRMAN BROWN: Okay. Commissioner Edgar?

6 COMMISSIONER EDGAR: Then, Madam Chair,
7 recognizing what we've heard from all involved in
8 the discussion here at the Bench, I would ask that,
9 within your authority, you would defer this item
10 and direct the staff to review the information,
11 work with the company, OPC, et cetera, and bring
12 this back before us at our next agenda with any
13 recommendations that they believe appropriate.

14 CHAIRMAN BROWN: Thank you, Commissioner
15 Edgar. I think that is a fine suggestion.

16 Mr. Baez?

17 MR. BAEZ: Madam Chair, the staff did have a
18 question. You all have voted on -- on a management
19 audit. And I guess, what would be your pleasure --
20 we -- I -- I think without you all issuing an
21 order -- and somebody can correct me on this -- we
22 can get -- we can probably get started on our own
23 motion, get that underway --

24 CHAIRMAN BROWN: Yeah.

25 MR. BAEZ: -- without the benefit of an order,

1 if I'm understanding --

2 CHAIRMAN BROWN: Yes.

3 MR. BAEZ: -- correctly.

4 CHAIRMAN BROWN: Yes. You're seeing lots of
5 nods, unanimous nods.

6 MR. BAEZ: Thank you, Commissioners.

7 CHAIRMAN BROWN: Okay. So, we will do -- I
8 will go ahead and do what Commissioner Edgar
9 suggested -- suggested -- I can't even talk at
10 this -- and we will move -- we'll defer this until
11 December 6th agenda conference and -- to take up
12 the remaining issues and have staff work along with
13 the parties on the remaining issues.

14 Commissioner Graham.

15 COMMISSIONER GRAHAM: I don't want to cause
16 any problems or concerns. I always do.

17 CHAIRMAN BROWN: Then don't talk.

18 (Laughter.)

19 COMMISSIONER GRAHAM: If we just -- if we just
20 back up and just basically give the staff a clean
21 slate rather than what we've already approved and
22 then let them come back to us next meeting with a
23 complete recommendation -- so, I don't know if we
24 need to -- we're all on the prevailing side.

25 So, I want to move to reconsider and just

1 strike what we've passed. And so, basically staff
2 is just starting with nothing that's already been
3 approved. I don't know if that helps or hurts.

4 CHAIRMAN BROWN: Mr. Sayler has something to
5 say on that. I'm sure the utility does.

6 Mr. Sayler?

7 MR. SAYLER: From the customer's perspective,
8 they -- they think they've gained a lot today with
9 the finding of marginal and the management audit.
10 And I'm sure many of them don't want to make the
11 long trek back to Tallahassee in December. They
12 would rather do other things.

13 So, that -- that would be my only --

14 COMMISSIONER GRAHAM: Fine enough.

15 MR. SAYLER: -- just suggestion.

16 CHAIRMAN BROWN: Okay. He struck the comment.
17 Thank you, Commissioner Graham.

18 Are there any other matters to consider today?

19 Seeing none, this meeting is adjourned.

20 Thank you, everyone, for your patience today.

21 (Agenda item concluded.)
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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, ANDREA KOMARIDIS, Court Reporter, do hereby
certify that the foregoing proceeding was heard at the
time and place herein stated.

IT IS FURTHER CERTIFIED that I
stenographically reported the said proceedings; that the
same has been transcribed under my direct supervision;
and that this transcript constitutes a true
transcription of my notes of said proceedings.

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'
attorney or counsel connected with the action, nor am I
financially interested in the action.

DATED THIS 9th day of November, 2016.



ANDREA KOMARIDIS
NOTARY PUBLIC
COMMISSION #EE866180
EXPIRES FEBRUARY 09, 2017



Brevard County Fire Rescue



Timothy J. Mills Fire Rescue Center
1040 S. Florida Avenue
Rockledge, Florida 32955

Phone – (321) 633-2056
Fax – (321) 633-2057

TO whom this may concern:

On 07/15/16, I was contacted by maintenance supervisor Tim Meins of Ocean Dunes Condo's located at 110, 130 and 140 Warsteiners Way located in the sub division of Aquarina in Melbourne Beach Florida. He related that the sprinkler company Space Coast Fire and Safety was on property doing routine maintenance and testing and discovered that there was no water to the buildings for the life safety fire suppression system and that the hydrants on site were dry as well. I traveled down to the property and upon arrival the water pressure had been restored. I spoke with Aquarina Utilities owner Holly Burge (and Kevin Burge) via phone and she related that the life safety system and the irrigation system were on the same system as the golf course and share the 1.2 million gallon reserve tank and that the golf course had over watered and ran the tank to critical levels causing the system to shut down. Tim related that this has been happening for years and they have discovered multiple times dry hydrants to their buildings. Holly relates this is out of their control and the non- potable water pumps and storage are not automated and require manual input to restore. Holly also related they get no warning automatically sent to them when this low water issue occurs, only on the potable water side do they get warning notification. I indicated that this is unacceptable and that we would need a sit down to find a fast solution to fix this issue. This is a life safety issue and this system must have a dedicated water supply so this does not happen again. Holly related her hands were tied due to the states regulations that requires at least three bids to dig a large diameter deep well and they were only able to acquire one in the state of Florida at a cost of \$250,000.00 and that the community would have to pay that cost. I related that she would hear from our office and that the Fire Marshal would be investigating this issue. Upon my departure from the property water pressure was back within normal pressures.

It is our intention to file a complaint with the State Fire Marshal's office (that is where we have been guided to by DEP) and to quickly remedy this issue due to the severity and possible consequences this issue could cause. I have also sent multiple company names to Aquarina Water that are capable of drilling the well needed for the irrigation of the gulf course so that the Life Safety supply would always remain in service and available.

Jeffrey Krupinsky Inspector # 27

Parties/Staff Handout
Internal Affairs/Agenda
on 11 / 1 / 16
Item No. 7



Brevard County Fire Rescue



Timothy J. Mills Fire Rescue Center
1040 S. Florida Avenue
Rockledge, Florida 32955

Phone – (321) 633-2056
Fax – (321) 633-2057

31 October 2016

To Whom It May Concern:

My name is Frank Scates and I am the Fire Marshal for Brevard County Fire Rescue. The Aquarina community is within our jurisdictional boundaries. I would like to have this complaint on record.

In the past several months we have had system outages that the management did not appear to have knowledge of not was the Fire Chief or designee notified as required in the Florida Administrative Rule #25-30.250(3) under Continuity of Service. This office was called by a fire sprinkler contractor who was conducting a fire flow during a require fire inspection on the system after he found there was no water for firefighting purposes supplying the fire sprinkler system for a 8 story condominium. The assigned inspector issued a Notice of Violation, spoke with the owner. He relayed the info to me that the system has no means of notification to anyone that the system shut down at the 250,000 reserve but that the pumps shut down the water providing water for the fire protection systems in addition to the landscape irrigation. The owner's attorney sent the inspector a letter stating that he had not jurisdiction requiring anything in regards the system. I believe that is incorrect and FS 633 along with the adopted standards and rules apply, just as they did with the previous owner of the systems and they were bought before the local Code Enforcement Board and to the Public Service Commission in 2002/2003 timeframe.

The most recent event that I am aware to place Thursday afternoon on October 27th 2016 where the local fire station which boarder the north property line of the development. They were requested to test the fire hydrants, the station crew went across the street and tried flowing a fire hydrant at the Tidewater Condo; the officer reported "there was water flow with severely compromised pressure with large pockets of air. It is unusable for fire fighting". In my files this hydrant previously flowed (approx. 10-12 years ago after the old system was abandoned and a new system installed) Flow 1160 with a Static pressure of 70psi and Residual of 50psi.

On Friday October 28, 2016, I request that the on duty crew test some hydrants to make sure they system was operating. They tried three locations one of which I have no record of ever being tested at the 110 Warsteiner Way location. However the other two locations were tested at the same time the hydrants in the above paragraph were tested below are the results

927 Aquarina Blvd Previously Flow 1260 Static Pressure of 71psi and Residual of 55psi
10/28/2016 Red capped less than 500 gpm's

255 Hammock Shores Dr. Previously Flow 1100 gpm / Static of 70psi and residual of 55psi
Also, red capped - less than 500 gpm's

Parties/Staff Handout
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This system need to be maintained as per the Code and at a minimum as the system was designed in 2002/2003 when it was installed.

My office needs to be made aware immediately when the system is shutdown or otherwise off to try and get additional firefighters and alternative water supplies available. The closest responding fire station to aid in backup is approximately 10 miles away.

I will be following this up with the County Attorney and The Code Enforcement Office.



Frank Scates, Fire Marshal
Brevard County Fire Rescue
1040 S. Florida Avenue
Rockledge, Fl 32955

To: Florida Public Service Commission

From: Lana Angela Parish
405 Hammock Shore Drive
Melbourne Beach, FL 32951

Ref: Aquarina Utilities

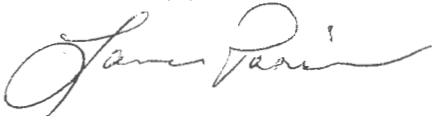
To whom it may concern:

The quality of our water supply from Aquarina Utilities for years has been a problem. On many occasions there has been smell emanating from the tap water, or freezing water for sports has left brown sediment in the bottom of the containers. My cat indicates his disdain for the water and preferring to drink from the pool at the same time we see pink or brown water rings around sink, toilet and wash machine basins. We have a lot of problems with clogged screens from debris built up from the sprinkler system. It says it all when you fill a perfectly scrubbed white tub and see discolored water prior to a Jacuzzi.

The dishonesty of the company as executed both by Mr. and Mrs. Burge has proved to incur us mental and physical anguish. Most recently a leaking fire hydrant in front of our home raised a side walk which caused my husband injury. First the Burges denied ownership of the hydrant, I confirmed with the fire dept. they did own it. Then they blamed the raised sidewalk on my sprinkler system. They did fix the leak after a long length of time but still insisted the pipe fixed was from our sprinkler system. It was confirmed it was the fire hydrant pipe.

At times there have been spiked bill increases due to faulty meter readings. We were informed that the faulty meters were not their responsibilities. We could either just pay or find ourselves without water. Mrs. Burge has used extreme tactics and bullying threats when you engage in any kind of concern, ask questions or try to discuss anything more than meeting her demands. We were hit with a reading for 74,000 gallons from 1,700 gallons. We were billed over \$900 dollars, non-negotiable! Where is the justice with this company, Aquarina Utilities?

Sincerely yours,



Lana Angela Parish

Parties/Staff Handout
Internal Affairs/Agenda
on 11 / 1 / 16
Item No. 7

October 24, 2016


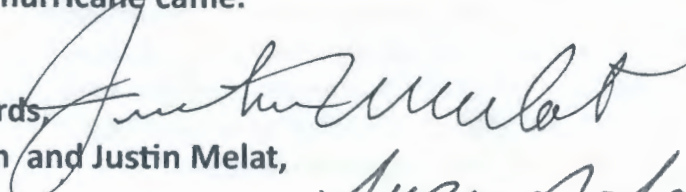
Submitted respectfully to: Attention Clayton Lewis Florida Public Service Commission.

Re: Aquarina Utilities (water and sewer) homeowner (721 Spanish Moss Ct, 32951) concerns:

- 1 Expensive compared to other water systems. We pay when not here.
- 2 They asked for 100% raise in rate for all water and got 100% raise for non potable water.
- 3 Chemicals are listed as not above safe limits, but they are close. We question quality of our water.
- 4 They are not using the money for capital improvements.
- 5 During hurricane water was shut off and not available for emergency firefighter use. Due lack of maintenance, damages occurred. An electrician was needed to repair. This took 3 days while our water was off and on. When it was on it was boil water.
- 6 Water pressure has been an issue, as it trickles out my hose.
- 7 There was a recent occurrence where the tanks/supply went dry.
- 8 Just returned here to gray/blackish water flushing in toilet, even after running water some through hose outside.
- 9 Found sand in my faucet strainers and in the bathtub water we filled when the hurricane came.

Regards,

Susan and Justin Melat,



10/31/16

Gary Parish

To: joycemalakoff@hotmail.com
Subject: Aquarina Utilities

To: Florida Public Service Commission

From: Gary Parish
405 Hammock Shore Drive
Melbourne Beach, FL 32951

Ref: Aquarina Utilities

As a resident and customer of Aquarina Utilities, I am writing this letter to indicate my concern for allowing them to be the service providers for water in our community.

Since they purchased the Water Company, they have been impossible to work with. On one occasion, we were traveling and upon returning on a Friday, found our water was turned off. Since we travel extensively, Holly Burge was instructed to send our bill to our office so it could be paid, but instead sent it to our home. The total outstanding bill was \$150 and only a few days late, with no written notice sent to us concerning the outstanding invoice. We contacted the Utility Company and said that it was within their legal right to do so. Mrs. Burge, also indicated to my wife that unless she changed her attitude, no water would be turned on until the following Monday as she would make sure no one was available. On other occasions, I have found them driving their golf cart around our property, damaging the lawn.

Recently, it was my understanding that Aquarina Utilities was responsible for the fire hydrant by our house. To my knowledge, it had not been checked or painted for a number of years. Upon walking on the sidewalk by the fire hydrant, I did not notice that there was a leak underground from the fire hydrant, which had pushed the sidewalk up. I tripped on the raised sidewalk, causing me to fall, breaking a tooth off and scragging my knee. I have begun legal action against Aquarina Utilities.

I am deeply concerned as to the quality and support provided to allow us to have clean water by Aquarina Utilities.

Best Regards,



Gary L. Parish

This is just a BRIEF message about our 2016 water problems:

January 15, 2016:

Received a call from The Marlin Accountant that the WATER was shut off to the condo, which was detrimental to THE FIRE PUMP!

If water was needed to fire up the pump, and NONE was available, THE PUMP WOULD BURN UP, Be TOTALLY DESTROYED!

I had to call the TECH, to come to our location and SHUT THE PUMP OFF!

The Tech stayed, continued to check the water pressure, NONE, so HE left.

I got a call that the problem was repaired, I called the TECH to return, when HE did, there was still NO WATER PRESSURE!

The TECH called KEVIN Burgess, OWNER OF WATER CO, found out there was STILL a problem with a SENSOR!

The COST TO THE MARLIN WAS, \$232.70!

February BILL was stating THE MARLIN used OVER ONE MILLION GALLONS OF WATER!

Our Accountant HAD THE METER REREAD,,, NO SUCH READING OF EXCESSIVE USAGE!

First Week in February, The Marlin HAD CLOUDY WATER. I called the ADMINISTRATION OFFICE, They knew of NO PROBLEMS, but because WE, The Marlin, are at the very east end of the line, therefore we detect a problem before others!

It was later reported that the PUMP RAN FOR AN EXCESS OF FOURTEEN HOURS, during the night, causing excessive AIR IN THE LINES!

Hurricane Mathew: Kevin Burgess SAID, the water to Aquarina will be shut OFF!


I drastically complained, as The Marlin Building would not be fire protected, without a water source, and Kevin was putting THE MARLIN in Jeopardy!

Kevin said we all needed to evacuate, granted, but THE MARLIN BUILDING would still be on site, and needed to have water access, if a FIRE OCCURRED!

OCEAN DUNES would encounter the SAME!

W/Friendship.

Pauline/Marlin

Pauline Nicholson
10/31/16 

From: Karen Lowe <lowek1@aol.com>
Date: October 30, 2016 at 12:21:39 PM EDT
To: Karen Lowe <lowek1@aol.com>

To whom it may concern;

I would like to make known my displeasure with Aquarina Utilities for several reasons.

1. The discourteous manner in which questions or complaints are handled. The first response is to accuse the customer. I had not received my bill and when I called about it I was told it must be in spam. It was not. They then said a few people had been having trouble getting their email. There was never an apology. It was my fault.
2. When I moved within the community, I paid my new bill with a new account number. It was credited to my old account and I was informed that my water would be cut off for lack of payment. After several calls, it was straightened out but was again, my fault. When I received my next bill, there was a late charge! More phone calls.
3. You always leave a message, never get a live person, and then have to wait for a call back.
4. The debacle with Hurricane Matthew! Water was, by law, supposed to be turned off. We were informed by our HOA that it would be. It wasn't. Then without warning it was turned off. We were given information about other water companies but not ours. Aquarina Utilities finally informed us to boil water with notices on the door because they claimed they didn't have email addresses. Email is how they send us our bills - absurd!
5. They have quietly, without bringing it to the attention of the customers, moved up the due date on the bills. It has moved from being due on the 15th to the 10th in the last 9 months. It has caught people off guard. This is a way to charge late fees if you have the bill paid by your bank on a certain schedule and don't realize that the date has changed.

Now they want to raise our rates. They claim that we are wealthy, privileged people who want to bankrupt their little family business. I am NOT wealthy nor privileged and simply want water at a fair and reasonable rate with courteous service.

Thank you,
Karen Lowe
871 Aquarina Blvd

10/28/2016

Ed Muendel, 703-408-8664
360 Hammock Shore Drive
Aquarina
Melbourne Beach, FL 32951

Office of Commission Clerk
Florida Public Service Commission (PSC)
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Reference: Docket No. 150010-WS Application for staff-assisted rate case in Brevard County by Aquarina Utilities, Inc.

Dear PSC Staff,

This letter is a request to the PSC asking the "Staff" to explain the decision process and key decision factors leading to the PSC's Staff recommendation to authorize an almost 100% increase in the consumption rate charge for non-potable water at Aquarina. I am making this request because I believe the PSC staff does not have a complete understanding of the economic impact of this decision. I contend that if the PSC recommendation is implemented it will trigger a series of community actions that will lead to litigation, the possible closure of a community golf course, and a reduction of community property values, that will ultimately impact the Brevard County tax base.

Background and Discussion:

Since the Aquarina Utilities Inc. started operation in 2012, it has provided non potable water service to the Aquarina Golf Course irrigation system. The golf course is owned by the Aquarina Community Services Association (ACSA) that manages community operations for Aquarina residents. Golf operations are managed separately, but the care and maintenance of the golf course common grounds are paid for through an annual supplemental Aquarina resident assessment. The residents pay this assessment because they collectively believe that the preservation of the golf course is singularly the most important factor in keeping community property values stabilized.

Currently the Aquarina Golf Course pays Aquarina Utilities approximately \$50,000. annually for non-potable irrigation water. The proposed rate increase could increase this figure to approximately \$100,000 to \$170,000 plus, annually. This increase in cost will most likely force

the closure of the golf course unless an alternative water source is secured and approved by the Aquarina residents. The most feasible alternative for the community would be for the Aquarina Golf Course to stop purchasing non potable water from Aquarina Utilities, Inc. and to start drawing golf course irrigation water from the numerous retention ponds and lake on Aquarina's common property. This will require the community to dig a well after securing a consumption allocation from the State. In this event, Aquarina Utilities will most likely counter this community supported action by filing a law suit against the Association. **That's what the management of this utility does.....as well documented in PSC and Brevard County court records.** The Utility will incorrectly claim that they own the golf course irrigation system. In fact, ownership of this system is no different than the irrigation systems that service each home in Aquarina. Once past the Utilities meter, irrigation systems are installed, owned, and maintained by each individual resident/sub community. ACSA purchased the golf course irrigation system when it purchased the golf course in 2010.

Further, Aquarina Utilities, Inc. is unable to keep up with the non-potable water demands of the community residents, golf course, and water suppression reserves. On numerous occasions over the past four years, non potable service has been interrupted without notice for days at a time (most recently, last week). The PSC should not approve a rate increase that will require our community/customers to pay more for unsatisfactory service when we can install a cheaper alternative. The cost of creating and maintaining an alternative irrigation water source, on our land, for our golf course falls well below the potential annual cost that will result from this current PSC rate increase recommendation. The decision to proceed with this alternative water source is being directly triggered by the PSC's Staff recommendation. **The PSC must take direct responsibility** for any negative economic impacts to Aquarina residents and Brevard County, and for any litigation resulting from this action.

Therefore, I formally request that the PSC provide the residents of Aquarina and the State representatives that are copied on this letter, the rationale behind the decision process and key decision factors leading to this PSC Staff recommendation. I further request that the PSC revisit this recommendation/decision to find a more reasonable course of action.

Respectfully,


Ed Muendel, 703-408-8664

Copy Furnished:

The Honorable Governor Rick Scott

The Honorable Senator Thad Altman, District 16

The Honorable John Tobia, State Representative District 53

Charles C. Ahern Jr.
140 Warsteiner Way, Unit 702
Melbourne Beach, FL 32951

October 27, 2016

To: Florida Public Service Commission

My wife and I are owners and residents of Ocean Dunes Condominiums. This past September (10-13, 2016) we reported a water situation that occurred at 110 Warsteiner Way, Unit 301 at the Ocean Dunes Condominiums. (We are renting this property during remodeling of our residence.)

Report was made via phone conversation with landlord and to Ocean Dunes Condominiums Maintenance Department.

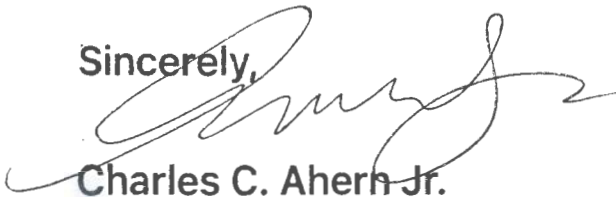
While running water in the unit, including sinks and tubs, we noticed there was an issue with the water quality. The water was not clear, grey/brown in color and left a sandy/gritty residue on the sides and bottom of the bath tubs and sinks.

We experienced this for three-days in a row. While there has not been a reoccurrence since, we do not feel it is prudent to drink or cook with the water in the system. We sincerely hope it is safe to bathe in.

Included with this letter are photographs I personally took and will vouch for their authenticity. (September 10-11, 2016)

If you have any questions, please feel free to contact me at (954) 662-4062.

Sincerely,



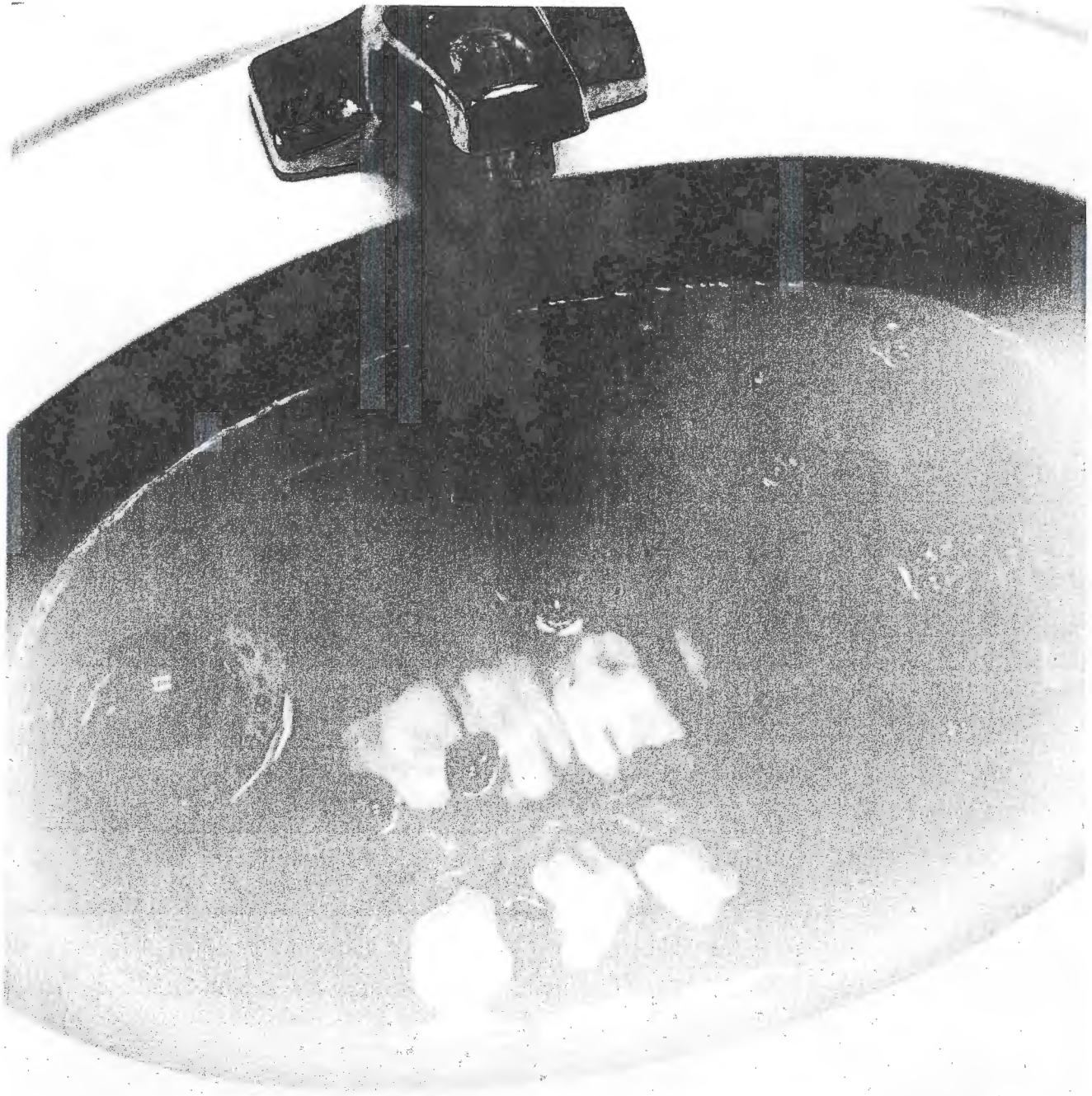
Charles C. Ahern Jr.
Resident, Ocean Dunes Condominiums

Charlie Ahern
General Manager
Advanta Packaging, Inc.
954.662.4062

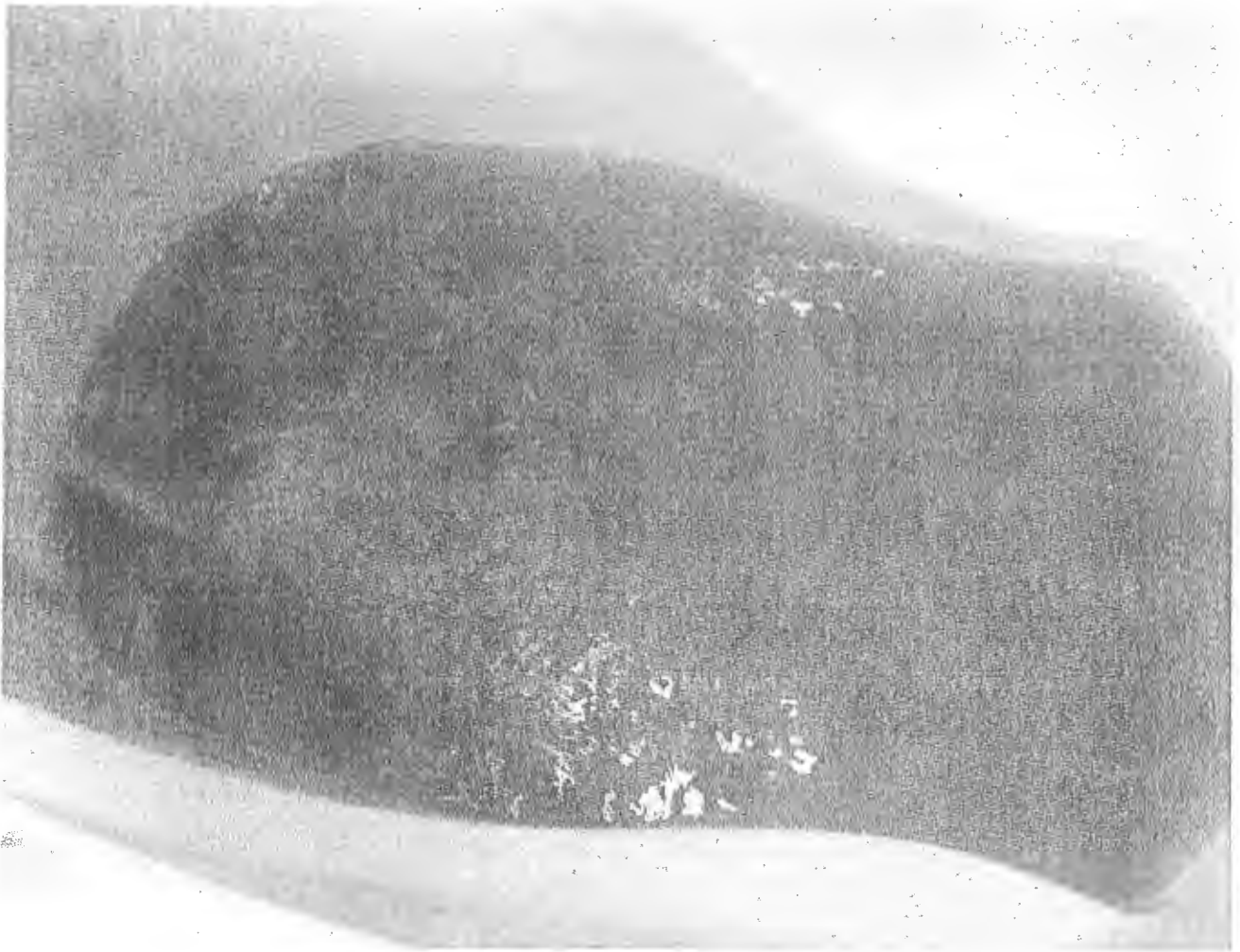
This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they



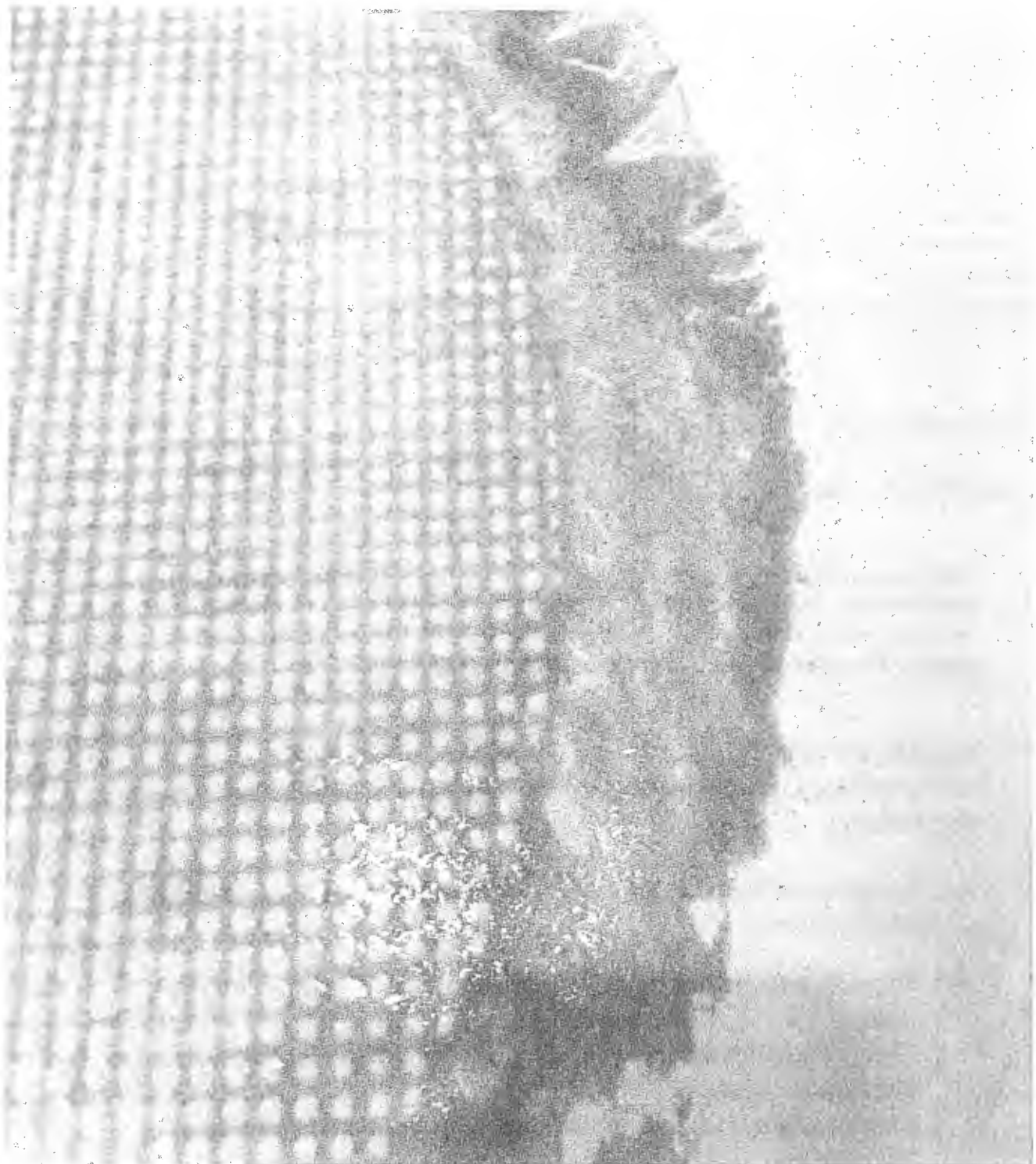
Orange
10/27/16



Ar
10/27/16



Am
10/27/16



Leaf
10/27/14

From: joyce malakoff <joycemalakoff@hotmail.com>
To: mscmccon <mscmcon@aol.com>
Subject: Fw: Attention Clayton Lewis Florida Public Service Commission.
Date: Mon, Oct 24, 2016 1:25 pm

can you try printing this

From: joyce malakoff <joycemalakoff@hotmail.com>
Sent: Monday, October 24, 2016 10:51 AM
To: joyce malakoff
Subject: Fwd: Attention Clayton Lewis Florida Public Service Commission.

Sent from my iPhone

Begin forwarded message:

From: Susan Melat <Ergore1@msn.com>
Date: October 24, 2016 at 10:34:50 AM EDT
To: joyce malakoff <joycemalakoff@hotmail.com>, jim royer <jeroyer@cox.net>
Subject: Attention Clayton Lewis Florida Public Service Commission.

October 24, 2016

Submitted respectfully to: Attention Clayton Lewis Florida Public Service Commission.

Re: Aquarina Utilities (water and sewer) homeowner (721 Spanish Moss Ct, 32951) concerns:

- 1. Expensive compared to other water systems. We pay when not there.**
- 2. They asked for 100% raise in rate for all water and got 100% raise for non potable water.** 1
- 3. Chemicals are listed as not above safe limits, but they are close. We question quality of our water.**
- 4. They are not using the money for capital improvements.**
- 5. During hurricane water was shut off and not available for emergency firefighter use. Due lack of maintenance, damages occurred. An electrician was needed to repair. This took 3**

days while our water was off and on. When it was on it was boil water.

6. Water pressure has been an issue, as it trickles out my hose.
7. There was a recent occurrence where the tanks/supply went dry.

Regards,
Susan and Justin Melat,

Susan McConaty
890 Aquarina Blvd
Melbourne Beach, FL 32951

I live in a single family home, therefore I receive two water bills; potable/sewer and non-potable. I simply add the two bills and write a single check, including both account numbers, 1180 and 1181. I have done this for a few years. Suddenly, I received a letter from Aquarina Utilities indicating that my water was going to be shut off for "non-payment "of one of the accounts. I went on-line to my bank and my check for that month had been cashed by Aquarina Utilities and was the correct amount for both accounts, confirming they had received my payment. I called up Aquarina Utilities and spoke to a woman and explained the situation. She said the letter "automatically goes out" and that they would not shut off someone's water. I never received an explanation of "automatically goes out". For what reason?

This is just an example of the total unprofessional, inconsiderate treatment that we receive from this company. First of all, if indeed one was late in payment and had been a customer in good standing, you would think they could send out reminder or FYI notice. Even if that is beyond their abilities, one would hope that threats of water turnoff would be an extreme measure, not one for a one time late payment. Of course, the irony lies in the fact that the error was theirs and not even a hint of an apology was forthcoming; this coming from a utility company that claims they have minimal complaints and are forced to service an overly vocal, privileged clientele. Need we be silent when we are falsely accused of non payment and have threats mailed to us? Please consider this habitual behavior that we, the consumers, face on a daily basis. The arrogance and anger they display is baffling and unsolicited.

Sincerely,


Susan McConaty
890 Aquarina Blvd

September 2, 2016

To: Florida Public Service Commission

My husband and I have resided at 837 Aquarina Boulevard since 2008. Three years ago I became quite concerned about my water bills which were exceptionally high month after month. Considering the fact that we were not living in our Florida home during those months, my concern about \$80 plus monthly bills for potable water was ever increasing.

After calling the company, I was told that the problem was internal such as a leaky pipe or running toilet. This was difficult to accept since, as I reported, our water was and had been turned off since our departure for the season and continued to be excessive after our return. I found it frustrating, to say the least, that this "diagnosis" came with no inspection on their part.

After a number of months wherein the problem continued, I was notified that the readings were being taken from my neighbors' home, not mine!! This over usage charge went on for over one year. The company's compensation for their error was a TWO MONTH credit!!!! They were "unable" to release additional credit.

Now that this water problem has become public within our community, I realized that I was compelled to let you know that the general service and attitude of Aquarina Utilities is clearly unprofessional and inadequate. My story, and similar "LEAK and TOILET" problems is widespread. Their claims of little or no complaints based on some loophole of complaint definition is proof of their continual "dodging" of utility responsibility.

Sincerely,

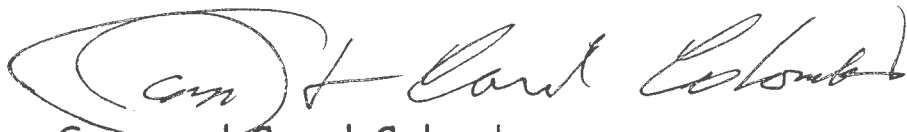
A handwritten signature in black ink, appearing to read "Kathy Ruether". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Kathy Ruether

October 29,2016

To whom it may concern,

And a concern to us as well, Aquarina Utilities puts us in a very vulnerable position when it comes to our water pressure when the tanks reach a serious level. If we ever had a fire in one of our homes, there is NOT ENOUGH pressure to take care of this type of emergency.

A handwritten signature in black ink that reads "Sam and Carol Colombo". The signature is written in a cursive style with a large, looping initial "S" for "Sam".

Sam and Carol Colombo
255 Hammock Shore Drive
Melbourne Beach, FL 32951

**JOHN & DIANE COBB
820 AQUARINA BLVD.
MELBOURNE BEACH, FL 32951**

October 29, 2016

To Whom It May Concern:

RE: AQUARINA UTILITIES

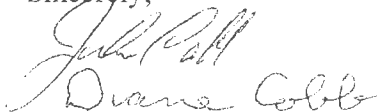
As a 12+ year resident of Aquarina, I find it very troubling to know that AQUARINA UTILITIES has requested a substantial increase for our "irrigation water". If this increase is granted, not only would it affect all residence and sub-divisions but also would mean a tremendous increase for watering our already financially burdened golf course. The Aquarina Country Club is owned by the residents but is also opened to the "public". An increase would double or triple the cost of watering the course, leading to a possible closure of this facility. This would not only be devastating to our home values but also would be a tremendous loss for AQUARINA UTILITIES income. A really no win situation for all concerned.

Additional issues I have as a home owner using AQUARINA UTILITIES :

1. The fact that our water has a high calcium deposit that continually clogs all appliances, such as: irons, water heaters, shower heads and refrigerators. Because of this, everything we use with incoming water has to have constant maintenance or water filters attached to them. Extra cost for the homeowner.
2. AQUARINA UTILITIES changed their due date from the 15th to the 10th without giving any advance notice. I feel this was done so that they could charge additional late fees.

I would hope that the commission would take into affect the issues that the residence of our wonderful community have before granting an increase.

Sincerely,



John & Diane Cobb

**Osprey Villas Court Homeowners Association
207 Osprey Villas Court
Melbourne Beach Florida 32951**

October 24, 2016

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Dear Commission Members:

I am writing as President of the above homeowners association, a sub-association in Aquarina. Our 19 owners are all customers of the utility. Several have already filed written complaints about the utility's failure to properly perform its duties. This letter is to provide you with additional information and to alert you to additional issues that the utility has not corrected.

My complaint has to do with lack of periodic flushing of the water main. In Aquarina, fire suppression hydrants are connected to the irrigation/fire water line and not to the drinking water main. This means that unlike many utilities, the hydrants cannot be used for flushing the drinking water main piping. Instead there is a valve at the dead end of our water main that can be opened to flush it. Our residents have never seen this being used to flush the main. Moreover, the utility or its predecessor has installed a reducer and a 3/4-inch hose bibb beyond the original flushing valve. Opening the hose bibb will not provide enough flow and velocity to flush the main. The PSC should require the hose bibb and reducers to be removed to allow maximum flushing flow. In addition the PSC should require that the utility flush the line at the frequency required by state regulations. It is possible that lack of proper flushing on other dead end water mains in Aquarina contributes to water quality complaints.

I bring these matters to your attention to be sure they are addressed in the Commission's staff report.

Very truly yours,



**Douglas Spice
President
Osprey Villas Court Homeowners Association**

October 28, 2016

TO: Florida Public Service Commission

Dear Sir/Madam:

We are writing to explain a costly and frustrating situation that occurred in the front of our residence at 384 Aquarina Blvd. Melbourne Beach, FL 32951.

On about January 1, 2015 we noticed water leaking up in the front yard. The water company was notified and there was no response. After a few weeks the leak became worse, with more water and sand bubbling from the ground and traveling across our driveway and past two other yards. The water company finally placed caution tape on poles around the area. About six weeks later the poles fell and the water and sand continued to bubble from the ground.

After this lengthy time, in the early morning around March 10, 2015 3 or 4 workmen came to the door and told us that were shutting off our water immediately. There was no pre warning!

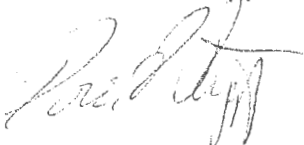
The repairs took about 6 hours and then told us to turn on the faucets in the house to see if the water was running; dirty sandy water came through the pipes. We were told to shut off the inside faucet and run the outside faucet for 20 minutes. All this time more sandy water flowed from the faucet. The water would not run clear. Small pebbles then blocked the outside faucet. We were told, incorrectly, that we had old pipes with calcium or lime deposits and it was our problem.

We would like to note that after 6 hours of men standing around in waist deep water, with nothing but shorts on, working on the valve, there were never any instructions to boil water before use. This shows a blatant disregard to test for any type of microbe or pathogen that might have been introduced into our water.

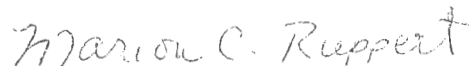
So, in the following two days we could not fill the washing machine, toilets not working, etc.

After numerous attempts to fix these water problems we called in professionals. They found that sand and pebbles from the water company repair were causing the problems. On March 15, 2015 we submitted the bill, totaling \$364.98, from the plumber and GE repairman to the water company. We received no response at all. We resubmitted the bill April 17, 2015 and still no response. To date the water company has acted irresponsibly and should be called to account for their egregious behavior.

Louis F. Ruppert



Marion C. Ruppert



Florida Public Service Commission
Attn. Clayton Lewis

10/13/16

I have been a resident at Aquarina for the past 21 years. During that time we have had three owners of the water company, and went through two major hurricanes ...2004 and 2016.

There are 3 things that I wish to bring to your attention. For each of these issues, I'll propose a solution. If you agree, please inspire Aquarina to follow your directives.

1. We have recently been without water due to damage to the reverse osmosis system. I would suggest that Aquarina utilities interconnect with the Sunnyland Water Company to share water resources in an emergency.
2. Aquarina Utilities used the Aquarina Community Services Association (ASCA) to include water company information in ACSA's emails. ACSA does not represent the many communities under the Aquarina umbrella. They own no residences and do not represent these communities. Unfortunately when ACSA sent emails, buried in a full page message, the two lines informing residents of the imminent water cut off was not noted by many people. As of the writing of this letter we are under a boil water for 5 days and counting. I suggest in the future Aquarina utilities be required to inform each customer of water turn off with appropriate lead time.
3. Lastly over the past few years, Aquarina Utilities has dug up portions of the Osprey Villas Court street to make water system repairs. We are a private homeowner association of 19 homes. Aquarina Utilities has patched the road in a unsightly manner. It would be good customer relations if they returned this construction area to its original state.

I worked for a monopoly for over 32 years. In that time, I represented my company to the FCC staff in Washington, DC. I know if we had not had good disaster plans, the FCC staff would insure that we would soon have plans submitted to them. Are Aquarina Utilities disaster plans agreeable to you? And in this latest hurricane did they comply with all appreciable rules and regulations?

Respectfully,

William R. Offenhauer

October 27, 2016

Subject: Aquarina Utilities Inc.

As a resident of Aquarina I would like to make you aware that Aquarina Utilities is extremely unapproachable.

There are constant issues about which we receive no direction.

We are accused of being too vocal and affluent. We only wish to have good service and quality water at a reasonable price.

Robert and Carol Fister
161 Aquarina Blvd.
Melbourne Beach, FL.
32951

Carol Fister
Robert Fister

894 Aquarina Blvd

Melbourne Beach, FL

October 24, 2016

Florida Public Service Commission

We are very disappointed in Aquarina Utilities (our water service). We have never before dealt with a company that has made us feel so insignificant. When we called to see if there could be a mistake in a \$200 bill, Holly Burge said "No - check your toilets" which we had already done. The last time we called concerned that we may have a leak, she said "lots of people have leaks". Never has she sounded concerned, friendly, helpful or professional.

In Ambler PA we pay \$80 to \$90 for 2 months. If we have a problem the Water Company (North Wales PA Water Authority) seems to notice before we do. They asks us to check the toilets with the pills they send us. There we drink water right from the tap. Here in Aquarina our bills range from \$100 to over \$200 per month and we double filter our water mostly due to the chlorine smell.

We do not see any reason for any increase let alone a large increase in our water bills given the poor and unprofessional service and the lack of any increased quality of our water in the future. It seems to us that the only reason for a rate hike would be to increase their profits in a non competitive market.

Please take our concerns under consideration. Thank you.

Dr & Mrs David C Rising

Audita L. Rising
David Rising

150 Whaler Dr.

Melbourne Beach, FL 32951

October 24, 2016

To whom it may concern:

I have been a resident at the above address since January 2011. As residents in the Aquarina community, Aquarina Utilities; Inc. has been our water provider during this entire time period. Aquarina is a community of varied economic levels. I feel that the proposed and passed rate changes will have a negative impact on many of my neighbors and the sub communities within Aquarina of which they are a part. The increase in lawn irrigation costs alone will add an additional financial burden to all the residents in Aquarina.

Over my five years as a resident I have heard a number of complaints from other residents as to extremely high water bills over the summer months when they were not in residence. They were told by Aquarina Utilities that they had to have a leak somewhere in their system. Many of them, at their own expense, had repairmen out to check a variety of possible causes of a leak, only to find none. A vast majority of these neighbors found their water bill back in the correct cost range the next billing cycle. To try to avoid any similar issues, 3 water years ago we contacted Aquarina Utilities and requested to have our water turned off at the street for the months we were not in residence. Our hope was to avoid any possibility of a leak that may result in extremely high water bill. Aquarina Utilities told us that this was not possible since they did not have a specific turn off valve for our property. I questioned how the company can ever make an accurate water usage reading with such a system.

It is my sincere hope that commission will take in to consideration the number of issues residents in Aquarina have had over the years with this company and rule according.

Sincerely,

A handwritten signature in cursive script that reads "Eileen Wilkie".

Eileen Wilkie

Oct. 28, 2016

To Whom It May Concern,

My husband and I have lived in Spoonbill at Aquarina for 21 years.

My first experience with the family who owns the Water Treatment Utility was on an early Sat. morning many years ago. When I answered the knock a woman who did not introduce herself said that the water to our home was to be turned off for lack of payment. I found my check register and figured out that there had been an address change on the small post card we received as a bill. My monthly payments had been going to the wrong address. The woman made no attempt to apologize for the lack of notification of the address change or her abrupt, rude behavior at my door.

Several years after the first incident my husband and I went on an extended vacation of over a month having our mail held at the post office. When we returned our water bill was marked unpaid and a large late fee was included in the payment. I called the Utility and tried to explain that we did not get the bill and therefore did not know what amount to pay. The man on the phone was very rude saying this was what was owed and that was it. Finally, I was able to work out an arrangement that our bill would be emailed in the future to us so we could pay while away.

Over all these years we have paid our water bills on time and in FULL.

Sincerely yours,
Judy Machorek, 125 Aquarina Blvd.

A handwritten signature in cursive script that reads "Judy Machorek". The signature is written in black ink and is positioned below the typed name.

*G. R. Omrod
123 Caledonia Drive
Melbourne Beach, FL 32951*

*Ph: 321-723-5977
romrod@cfl.rr.com*

October 26, 2016

*Director, Office of the Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850*

*Re: PSC Docket No. 150010-WS
Application of Aquarina Utilities, Inc. Rate Increase
Comments and Questions by St. Andrew's Homeowners*

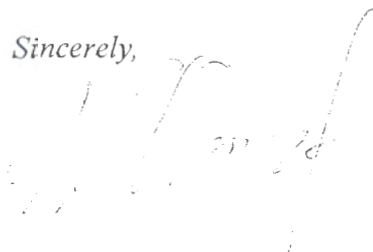
I am a resident of Saint Andrew's Village, a community adjacent to Aquarina and we share the same water utility (Aquarina Utilities Inc.).

Similar to Aquarina, Saint Andrew's fire hydrants are part of the non-potable water irrigation system. For the thirteen years that I have been a resident there has been a strict requirement that the Brevard County Fire Department, Station #65, be notified anytime that the non-potable water is not available.

Today, October 26, 2016, the Saint Andrew's irrigation (non-potable) system was turned off. I discovered this at 8:13 this morning. I immediately traveled to Station #65 and inquired if they had been notified. At 8:25 the duty crew at Station #65 told me that they had not been notified of the current system outage and added, with the exception of problems during Hurricane Mathew, that they could not recall any recent notifications.

Station #65 will not dispatch a water tanker on a fire call in Saint Andrew's because we have the hydrant capability so it is imperative for the utility to advise the emergency responders when the non-potable water is not available.

Sincerely,



Vicki DeBiase
360 Hammock Shore Drive
Melbourne Beach, FL 32951

October 24, 2016

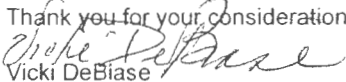
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

My husband and I have been residents in the Aquarina Community for 14 years. Since Aquarina Utilities Inc. acquired the water treatment facility we have seen a large variance in the quality of our water. Frequently, the water seems tainted because it has a strong odor and unpleasant taste which causes the water to be undrinkable. Many of us have lost confidence in the Utilities ability to deliver safe drinking and cooking water. We feel that the water quality is detrimental to our health. Compounding this problem is the Utility owners' abrupt and unfriendly attitude when approached with an issue or question. Their aloof attitude is unprofessional and further deteriorates consumer confidence in the utilities operation.

A further concern is that there are frequently non-utility persons living in the owner's trailer that is parked on the grounds of the utility. Their domestic animals have free run of the utility grounds, to include access into the operational buildings and equipment.

On numerous occasions the utility has shut down irrigation water to residents because fire suppression water reserves were about to fall below required levels. While this is an understandable action, the reason for the low levels is because of the owner's failure to pump water from the aquifer, perhaps to reduce electric costs or for other unknown reasons.

Bottom line...Aquarina Utilities, Inc. is not providing its customers with reliable water quality or service. I believe the company needs more focused oversight and better internal management. I ask the PSC to thoroughly investigate the operation of our water treatment plant and to find and direct the remedy of operational infractions. All we want is safe drinking water.

Thank you for your consideration,

Vicki DeBiase
Aquarina Resident

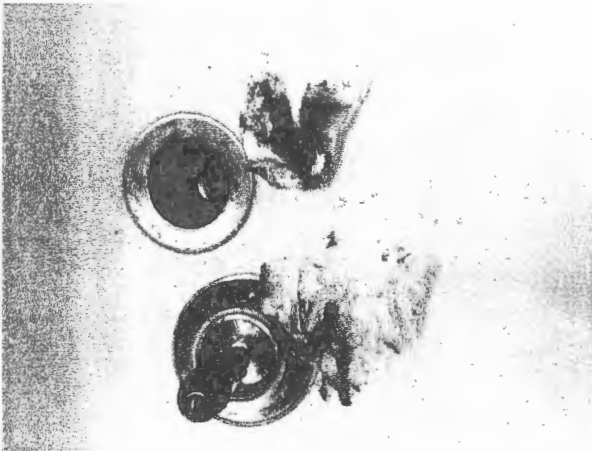
October 30, 2016

Dave and Lena Mueller
130 Warsteiner Way, #804
Melbourne Beach, FL 32951

Subject: Water Quality at Aquarina

To Whom It May Concern:

We find it necessary to clean our bathroom sink drain assemblies frequently, since there is an ugly black goeey substance that builds up on it. There is a red substance on the chrome, and this builds up on every sink and in our toilets. Shown below is a photo of the drain plunger and the paper towels after wiping out one assembly.



Based on this, we installed an under sink reverse osmosis filter assembly for our drinking water, and are concerned about our overall water quality. Unless our water quality improves dramatically, we do not believe we should pay more for water.

Thank you for your consideration.

Lena Mueller
Dave Mueller
Dave and Lena Mueller

Hello my name is David Baker my wife and I are Florida residents and live at Aquarina. One of our communities concern regarding the unbelievable and unacceptable 154% price increase on non-potable water centers on "Aquarina Utilities" accounting methods and practices employed at this important time

Back in 2011/2012 our community also expressed a sincere interest in purchasing the water facility from the bank/Owner at that time and after a professional engineered audit and due diligence study we determined that much of the equipment was well worn, poorly maintained, generally neglected and past its useful life by the owners at that time.

We now believe that to be the current owners Aquarina utilities "original sin". Those hidden and neglected costs are now trying to be transferred to our water bills wrongly and unfairly by these owners. I cite this letter dated 19 January 2016 from Holly Burge, Account manager for "Aquarina utilities" to Mr. Clayton Louis US engineer specialist at Florida public services commission as proof. In this letter aquarina utilities wants a major capital expenditure to be transferred as a current cost and used in the calculations and basis figures in 2014 for the new base rate for water. These and other major purchases should be classified as 5 to 10 year Capital outlays. And, therefore, should never be backed into a One year balance sheet. For FPSC and Aquarina Utilities to include such large purchases in the equation of defining and establishing a new cost basis for all types of water would be "highly unusual" and out of the accounting Norm. Our community fully supports this concept and also believes that some other maintenance and capital expenditures are being handled in this same manner . Certainly inflationary price increases are sometimes needed but when they broach on "usury" there certainly is a problem .

David R. baker

, Beach

Parties/Staff Handout
Internal Affairs/Agenda
on 11 / 1 / 16
Item No. 7

Aquarina Utilities, Inc.

P.O. Box 1114
Fellsmere, FL 32948
(772) 708-8350 (mobile office)
(772) 708-7946 (mobile emergency)
aquarinautilities@bellsouth.net

19 January 2016

Mr. Clayton Lewis
U.S. Engineering Specialist
Bureau of Reliability and Resource Planning
Division of Engineering
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Reference: Aquarina Utilities, Inc. SARC, Docket No. 150010-WS

Dear Mr. Lewis,

In light of the recent continued issues with the well that services the non-potable (irrigation and fire protection) system at Aquarina Utilities, we respectfully request that the Florida Public Service Commission consider the additional expenses related to the premature pump replacement required by this well following the refitting that was done in March of 2014. While we do not have the bills for the work done on the panel, the replacement pump, and the electrical service required (they have not been issued yet), we request that a place in the rate consideration of the pending rate case be held to include these additional expenses.

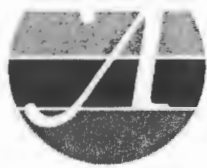
We would also like the opportunity to revisit the need for a back-up non-potable well. Clearly, the community wants this additional support for the non-potable system. We would like to ask your permission to attempt to obtain two more quotes for this well and to re-submit it for pro-forma in this rate case.

Please let us know your opinion on these issues.

Sincerely,

Holly Burge
Account Manager; Aquarina Utilities, Inc.

*from Acct Mgr.
Asking for total
costs to be backed into
2014 basis costs for non-
pot water - there are depreciable
long term expenses. 10yr/50,000
-5,000 per yr. met all 50,000*



Announcements

[Home](#) » [Announcements](#) » [ACSA](#) » [Aquarina Utilities Will Shut-off Water at 8PM!](#)

10/5/2016

WATER SHUT-OFF

Aquarina Utilities Water Shut-Off

10/5/2016

ACSA has been notified that Aquarina Utilities will be shutting down the water plant at 8PM EST as required by federal regulations pertaining to mandatory evacuation. As such those who are not planning to evacuate be aware that you will be without water or sewer during this time. After winds fall below 35 MPH the water utility will be back out to turn the water back on.

If you know members of your community do not get email correspondence please pass this message as well as the Hurricane Update message along to them.

Chris Madsen, Community Association Manager
Aquarina Community Services Association
450 Aquarina Blvd | Melbourne Beach, FL 32951
Office 321.952.6919 | Fax 321.952.2101
www.fsresidential.com
www.aquarinabeachandcountryclub.com

This is a Publication of ACSA

Parties/Staff Handout
Internal Affairs/Agenda
on 11/1/16
Item No. 7

Impact of Revenue Shift from Limiting Non-potable Increase to 10%

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
	Staff Recommended Rates	Company proposed 10% increase to non-potable Shift rev req to potable	Company proposed 10% increase to non-potable Shift rev req to potable & ww	Retain rec'd BFC 10% increase to gal Shift rev req to potable
Water				
BFC	\$19.16	\$34.31	\$26.19	\$25.68
Gallonage	\$6.95			
0-3,000 gallons		\$11.90	\$9.08	\$8.90
over 3,000 gallons		\$14.78	\$9.86	\$9.60
Non-Potable Irrigation				
BFC	\$13.86	N/A	N/A	\$13.86
Gallonage	\$1.38	\$0.86	\$0.86	\$0.86
Wastewater				
BFC	\$22.83	\$22.22	\$30.85	\$22.22
Gallonage	\$4.94	\$6.18	\$8.67	\$6.18
Bill @ 5,000 gallons				
Water	\$53.91	\$99.57	\$73.15	\$71.58
Irrigation	\$20.76	\$4.30	\$4.30	\$18.16
Wastewater	\$47.53	\$53.12	\$74.20	\$53.12