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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160101-WS

APPLICATION FOR INCREASE IN WATER AND WASTEWATER  
RATES IN CHARLOTTE, HIGHLANDS, LAKE, LEE, MARION,  
ORANGE, PASCO, PINELLAS, POLK, AND SEMINOLE COUNTIES  
BY UTILITIES, INC. OF FLORIDA.

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PROCEEDINGS: CUSTOMER SERVICE HEARING

COMMISSIONERS  
PARTICIPATING: CHAIRMAN JULIE I. BROWN  
COMMISSIONER RONALD A. BRISÉ  
COMMISSIONER JIMMY PATRONIS

DATE: Tuesday, January 10, 2017

TIME: Commenced at 6:00 p.m.  
Concluded at 6:35 p.m.

PLACE: Alice Hall Community Center  
38116 5th Avenue  
Zephyrhills, Florida 33542

REPORTED BY: DEBRA R. KRICK  
Court Reporter and  
Notary Public in and for  
State of Florida at Large

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

1 APPEARANCES:

2 MARTIN S. FRIEDMAN, ESQUIRE, Coenson Friedman,  
3 P.A., 766 North Sun Drive, Suite 4030, Lake Mary,  
4 Florida 32746, appearing on behalf of Utilities Inc. of  
5 Florida.

6 J.R. KELLY, PUBLIC COUNSEL; ESQUIRE, Office of  
7 Public Counsel, c/o the Florida Legislature, 111 W.  
8 Madison Street, Room 812, Tallahassee, Florida  
9 32399-1400, appearing on behalf of the Citizens of the  
10 State of Florida.

11 JENNIFER CRAWFORD, WALTER TRIERWEILER, ESQUIRES,  
12 FPSC General Counsel's Office, 2540 Shumard Oak  
13 Boulevard, Tallahassee, Florida 32399-0850, appearing on  
14 behalf of the Florida Public Service Commission Staff.

15 KEITH HETRICK, GENERAL COUNSEL; Florida Public  
16 Service Commission, 2540 Shumard Oak Boulevard,  
17 Tallahassee, Florida 32399-0850, Advisor to the Florida  
18 Public Service Commission.

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I N D E X

WITNESSES

NAME :  
COMMISSIONER JACK MARIANO

PAGE NO.  
15

EXHIBITS

NUMBER :

MARKED

\*\*\*NONE MARKED\*\*\*

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

2 CHAIRMAN BROWN: Today's January 10th, and I  
3 would like to welcome you all to this customer  
4 service hearing in the Utilities, Inc. rate case.  
5 Today's service hearing and we will have 8 them  
6 around the State. We had one earlier today in New  
7 Port Richey which was very well attended. These  
8 service hearings are so important, and they are an  
9 integral part of our overall rate case proceeding  
10 and so we appreciate you coming out here today. My  
11 name is Julie Brown and I am Chairman of the Public  
12 Service Commission. With me today are  
13 Commissioners from the Florida Public Service  
14 Commission, and I would like to invite them to  
15 introduce themselves to you today, starting with my  
16 right.

17 COMMISSIONER PATRONIS: I am Jimmy Patronis.  
18 Thank you for allowing us to be with you here  
19 tonight in Pasco County. I look forward to the  
20 comments and commentary that we can take from this  
21 briefing.

22 COMMISSIONER BRISÉ: Good evening, my name is  
23 Ronald Brisé, and I have the honor and pleasure of  
24 serving you on this Commission. And tonight we are  
25 just very interested in hearing what you have to

1 say, and that will inform us as we go through this  
2 process. So thank you for being here.

3 CHAIRMAN BROWN: Thank you so much, and staff  
4 council, will you please read the notice.

5 MS. CRAWFORD: Yes, pursuant to notice, this  
6 time and place has been scheduled for the purpose  
7 of conducting a customer service hearing in docket  
8 16011-WS. The purpose for the service hearing is  
9 set forth more fully in the notice.

10 CHAIRMAN BROWN: Thank you. At this time, we  
11 will take appearances of counsel, starting with  
12 Utilities Inc. of Florida.

13 MR. FRIEDMAN: Martin Friedman on behalf of  
14 Utilities Inc. of Florida.

15 MR. KELLY: Good evening, I am J.R. Kelly. I  
16 am the Public Counsel, and I represent the  
17 customers.

18 CHAIRMAN BROWN: Thank you, and PSC.

19 MS. CRAWFORD: Jennifer Crawford and Walt  
20 Trierweiler -- so sorry -- for staff. And I would  
21 also like to enter an appearance for Keith Hetrick  
22 as the General Counsel for the Commission.

23 CHAIRMAN BROWN: Thank you.

24 And as I mentioned at the onset. This  
25 customer service hearing is designed specifically

1           for you, and it is really designed to take customer  
2           input on anything that you may feel about your  
3           utility service, your thoughts, concerns and  
4           comments. In the process later on at the beginning  
5           of May, we are going to have a technical hearing  
6           that will go on for one week in Tallahassee, and at  
7           that time, we are going to take the evidence and  
8           substance of the case in that proceeding. That  
9           will also be streamed live if you are interested in  
10          watching that.

11                    I would like to note there are company  
12          representatives here from Utilities Inc. to address  
13          any billing or service issues that you may have.  
14          We also have representatives, other representatives  
15          from Commission staff here, if you have a specific  
16          question that you would like addressed during your  
17          time to speak. Please feel free to talk to them  
18          afterwards, and they will give you ample time to  
19          address your questions.

20                    At this time, I am just going to read over the  
21          list of Florida Public Service Commission staff who  
22          is here today for our record. We have with us Curt  
23          Mouring, Chris Church, Mimi Hearn, Conrad Howard,  
24          Patti Daniel, Laura King. We have with us Walt  
25          Trierweiler -- no one likes to pronounce that last

1 name for us -- Jennifer Crawford, Cindy Muir and  
2 Kelly Thompson, who have helped organize these  
3 events, and Debbie Krick who is our court reporter.  
4 Thank you so much, and she's worked very hard all  
5 day.

6 And this is an official hearing that will be  
7 transcribed and become part of our record in this  
8 case, and as such, you are going to be -- if you  
9 would like to speak before us, you will need to be  
10 sworn in, and we will do that in a moment. Please  
11 note that your comments will be subject to  
12 cross-examination by the parties or the  
13 Commissioners.

14 We appreciate the professional nature of this.  
15 This is a very intimate setting and so I am not  
16 sure if your microphones are working, but please  
17 feel free to speak up so we can hear you clearly so  
18 that our court reporter can transcribe properly.

19 If you do not want to make verbal comments  
20 today and you would rather provide written  
21 comments, we -- when you signed -- came in and you  
22 signed up, there are some yellow sheets that you  
23 can feel free to submit written comments, take them  
24 home, take them to your neighbors, please feel free  
25 to mail them in or turn them in today. Whether

1 your comments are submitted to the Commission in  
2 writing or verbally tonight, they will be given  
3 equal consideration as part of this rate case  
4 proceeding. And they are very, very important.

5 At this time, I will invite the attorneys from  
6 the parties to present brief opening statements.  
7 They are limited to six minutes each. Starting  
8 with the petitioning party, Utilities Inc. of  
9 Florida, Mr. Friedman.

10 MR. FRIEDMAN: Thank you, Madam Chairman,  
11 Commissioners, ladies and gentlemen, I am Marty  
12 Friedman on behalf of Utilities Inc. of Florida.  
13 In a moment, you are going to here from John Hoy,  
14 who is the president of Utilities Inc. of Florida,  
15 to discuss the rate increase and the reasons  
16 driving the rate increase. As the chairman pointed  
17 out in the back of the room, we have two ladies  
18 that are from the customer service department. If  
19 you have any billing or services issues that you  
20 would like to discuss, they are available now or  
21 after the meeting or at your convenience to discuss  
22 those billing issues.

23 Now I would like Mr. Hoy to make some  
24 comments.

25 MR. HOY: Thank you. Good evening. Thank



1           you, Commissioners, for the opportunity to talk to  
2           you tonight, and also to our customers.

3           Let me just cut to the bottom line, give you  
4           the summary, and that is the request we made to the  
5           Commission is for a revenue increase to cover  
6           primarily infrastructure improvements, but the  
7           other request is that we are looking for a  
8           consolidated rate across the state. And in that  
9           consolidated rate, our customers here in Labrador  
10          would see a significant rate decrease, so that's  
11          where the bottom line I think for the people that  
12          are here today.

13          Let me talk in general, then, and then what  
14          brings us here.

15          So talking about capital investment. We have  
16          invested over \$100 million over the last decade in  
17          capital improvements. In addition, our expenses,  
18          for example, the cost of power and chemicals  
19          continue to increase, and for this reason, we are  
20          requesting a revenue increase that this filing will  
21          allow us to continue to invest in the state's  
22          future.

23          To help put that a little bit in perspective,  
24          the ASCE, the American Society of Civil Engineers,  
25          have given at state of Florida a grade of C or C

1 plus for water infrastructure in the state and a  
2 similar grade for wastewater. That means that a  
3 significant investment in capital has to be made to  
4 improve the water and wastewater infrastructure in  
5 the state, and that group also, I guess the EPA has  
6 estimated that about 16.5 billion dollars will be  
7 needed to make that investment infrastructure in  
8 the coming years.

9 At UIF, we face these same challenges with a  
10 number of our communities which were developed over  
11 four years ago. The original infrastructure is  
12 nearing the end of it's useful life, in addition to  
13 the aging infrastructure, we have the challenge of  
14 meeting constantly evolving EPA regulations and  
15 other standards with respect to water and  
16 wastewater treatment. Upgrades to water and  
17 wastewater plants are required to meet these new  
18 standards, which will not only -- which will not  
19 only environmental regulations but also state  
20 statutes impacting the quality of water and  
21 wastewater service provided to our customers. We  
22 are committed to meeting these standards, and we  
23 have the access to capital in order to make the  
24 necessary capital improvements. This rate case  
25 includes a significant investment in capital to

1 upgrade aging infrastructure that has or will soon  
2 reach the end of its service life. That's the  
3 infrastructure investment.

4 Now you look at the consolidation of the  
5 rates. Recently we consolidated our 12 companies  
6 across the State into one earlier this year, and  
7 we're now looking to unify those rates throughout  
8 the community we serve, similar to gas and  
9 electrical companies. Our proposed rate structure  
10 will eliminate the disparity of rates from  
11 community to community, and help minimize the rate  
12 shock that can occur when major improvement  
13 projects are performed in any -- in the community.

14 The consolidated rates we are requesting will  
15 result in an immediate rate decrease for many of  
16 our customers and provide a very competitive rate  
17 across the State. When I asked you to look at in  
18 my references the handout that the Commission has,  
19 the rate case overview, and in there, you will see  
20 on one of the first pages, the comparison of what  
21 the rates are today and what a comparative  
22 consumption would be for each community, as you see  
23 in Labrador where the rates are decreasing  
24 significantly both in water and wastewater. So  
25 that's a very helpful -- I think a very helpful

1           thing to refer to.

2                   In the long run, the cost of operating our  
3           water and wastewater systems spread across a much  
4           larger customer base and likely result in fewer  
5           rate cases and smaller rate increases in the  
6           future. This proposal allows us to lead the way in  
7           ensuring our customers that we will have the  
8           facilities in place to provide excellent service  
9           for decades to come. Our focus continues to be on  
10          providing safe and reliable water supply and the  
11          highest-quality of water and wastewater service  
12          available. Thank you very much, and thank you  
13          Commissioners and look forward to hearing your  
14          comments.

15                   CHAIRMAN BROWN: Thank you. At this time we  
16          will hear from Public Counsel, Mr. J.R. Kelly.

17                   THE COURT: Thank you, Madam Chair. I am  
18          going to very brief.

19                   Our office is set up by the Legislature to  
20          represent you, the customers. As you heard the  
21          utility president mention, that basically this is a  
22          case to take a bunch of systems and consolidate  
23          them. There are going to be some winners and some  
24          losers, some rates are going to go up, some are  
25          going to go down. Our job, and what we are

1 currently doing, is we are reviewing everything  
2 that they are asking for, because they are asking  
3 for about a \$7 million increase in their annual  
4 revenues. Our job is going to be to look at all of  
5 the expenses and capital improvements they are  
6 asking to be approved by the Commission, and make  
7 sure that they are as low as possible, by making  
8 sure the Commission only approves what's reasonable  
9 and prudent. And we also want to look at if they  
10 are going to consolidate. There should be some  
11 benefits that are coming to you, the ratepayers,  
12 that should also keep your rates down. So while  
13 Labrador's rates will come down, if the  
14 consolidation is approved, we want to make sure  
15 it's down even further by ensuring that no  
16 unreasonable and imprudent expenses are approved.

17 So we hope to hear your comments tonight.  
18 Basically, what's been your experience with the  
19 utility, with the services, any secondary water  
20 problems, taste, smell, do you timely receive boil  
21 water notices or communications from the utility?  
22 And basically, any issues that you may have with  
23 the rate increase. But that's our job and that's  
24 what we are going to be doing in this rate case,  
25 and the attorneys that are going to be litigating

1           this case are not here tonight because, quite  
2           frankly, they are back in the office pouring  
3           through discovery and hopefully putting together  
4           our arguments that we are going to be making on  
5           your behalf. So thank you for being here and I  
6           look forward to hearing from you.

7                   CHAIRMAN BROWN: Thank you, parties.

8           We are going to move into the public comment  
9           portion. My understanding is that only one or a  
10          few of you are -- a couple of you are up and signed  
11          up, but I want to give you an overview of how the  
12          public comment portion is going to go. We do have  
13          an elected official with us today, but I am going  
14          to swear you all in together in a group. Public  
15          comment is limited to three minutes per person, but  
16          I will give you some latitude given the amount of  
17          people that are here today, so feel free to share  
18          with us as much as you would like until I stop you.

19          The attorney for the Office of Public Counsel,  
20          Mr. Kelly, will be calling your name up in order,  
21          and we will be swearing you in all together. So  
22          with that, I am going to ask those customers and  
23          elected officials who are here who would like to  
24          present testimony before us to stand with me and  
25          raise your right hand? Commissioner Mariano.

1           Commissioner Mariano, do you swear or affirm  
2           to provide the truth in this proceeding.

3           COMMISSIONER MARIANO: I do.

4           CHAIR BROWN: Thank you so much.

5           And it's a pleasure to have you here. You  
6           have always been very active before the PSC  
7           proceedings and your input means a great deal to  
8           us. So thank you for being here today.

9           With that, Commissioner Mariano, please come  
10          on up. You have got one hour.

11          UNIDENTIFIED SPEAKER: Don't tell him that.

12          COMMISSIONER MARIANO: I definitely will not  
13          take that. Thank you very much.

14          At Summertree today, where you were, they had  
15          a great meeting, a great turnout with 10 days  
16          notice, they had a pretty good turnout, a lot of  
17          people are very thankful for the interconnect that  
18          the PSC forced to happen. I was looking through  
19          the original document again today, just trying to  
20          go back into time to find out what was going on at  
21          that time. And way back when, back in 1990, when  
22          the Utility was taking over and went for their  
23          first rate increase, they talked about how  
24          immediately they wanted them to hook up to the  
25          county's wastewater system, which they

1 eventually -- which they did right away. The  
2 county rates in all that time have gone up  
3 minimally. I think I heard it's about one percent  
4 a year for the past 11 years. So minimal number of  
5 rate case or rate expense as far as increases go  
6 for our people they have been taken care of very  
7 well. When you look at that document as well, it  
8 also talked about how they had certain trouble with  
9 the certain wells that were there and how they  
10 wanted the focus to be on fixing those wells. That  
11 hasn't happened through all the years.

12 I would like still the accounting done real  
13 closely as far as what capital investment was made  
14 when they bought the system, which was around  
15 \$250,000, to what they actually put into that  
16 system. Because over the past 25 years, as they  
17 paid that system down, if you amortize all the  
18 costs out, it should be almost paid down to  
19 nothing, with just a few years to go. Those people  
20 should be paying a very low rate now. And I don't  
21 even know if the actual rate of return that they  
22 should have been granted wasn't a lot higher than  
23 was actually granted. So I really would like to  
24 have someone dive into those figures. We have  
25 asked for the numbers, we can't find it.



1           What scares me is the process of how these  
2           guys have been very good at getting rate increase  
3           after rate increase. No one has done it better.  
4           Even way back when they had 23 service complaints,  
5           you have seen all the complaints now that  
6           Summertree has found a way to organize themselves  
7           and go, and now reach across the State to let  
8           others know, look here's how you need to fight the  
9           utilities, here's how you need to go. And I think  
10          banding all together all of these utility systems  
11          is a way that they are going to be able to hide  
12          their costs even more so. I mean, if they had 25  
13          years to fix the Summertree system and only finally  
14          with a legislative appropriation we finally got  
15          that done to make that happen all of a sudden the  
16          water is flowing. And by the way it should be a  
17          lot better from what I am hearing, but at the same  
18          time we are turning at a very safe rate, as far as  
19          chlorines, and as they are flushing the systems out  
20          it's actually been at a dangerous rate that they  
21          are actually taking a look at trying to find out  
22          why it's happening and how we need to fix it. So  
23          it's still not resolved there yet, and I wish you  
24          would keep a close eye that they don't get hit with  
25          extra costs because part of the benefit was looking

1 up to the counties system so we won't have as much  
2 flushing. Well that hasn't seemed to slow down  
3 neither, so if we can keep an eye to that, I know  
4 staff wants to look at it as well, just be  
5 protective of those people.

6 When I look to what's going on right now, it  
7 really sounds tempting for Summertree and probably  
8 Labrador to say, you know what we are going to save  
9 some money and go. But for this company to go and  
10 spend \$100 million depending on what it's going to  
11 be and what the affects are going to be for down  
12 the road and will they be back in for more and more  
13 rate increases, it scares me, frankly.

14 I will talk about Summertree for just a  
15 second. If they are not providing water, if they  
16 are not providing sewer, what did do I need them  
17 for, what are they really there for at this point  
18 in time, and shouldn't all of that stuff be just a  
19 simple pass through. Maybe they shouldn't even see  
20 a need for the economic incentive to be involved in  
21 Summertree anyway. But we still are actively  
22 pursuing trying to have them sell to us. It hasn't  
23 worked out too well, I know they changed out the  
24 structure of this rate increase was. How they put  
25 them in, put them out. We really want to kind of

1 look to get them out and let them move on.

2 So I really appreciate all your good work. I  
3 know it's a lot to do, but thank you for coming  
4 down to Pasco County and listening to our citizens  
5 and studying this real closely because I think it's  
6 very important that you really look at this. It  
7 may sound real good, but for down the road it could  
8 be real scary.

9 CHAIRMAN BROWN: Thank you, Commissioner  
10 Mariano, we have a couple of questions starting  
11 with Commissioner Patronis.

12 COMMISSIONER PATRONIS: Thanks, great turnout  
13 today. I was hoping I was going to see the younger  
14 show up. I heard she won a very tough race there,  
15 so I am sure you are very proud.

16 COMMISSIONER MARIANO: I am. Thank you.

17 CHAIRMAN BROWN: Youngest ever.

18 COMMISSIONER PATRONIS: Congratulations.

19 I had asked one of the parties earlier today,  
20 and I think they misunderstood the question. Pasco  
21 County, is your government single member district  
22 or is it at large seats on the county commission?

23 COMMISSIONER MARIANO: We are at large.

24 COMMISSIONER PATRONIS: So you are at large.

25 Okay. All right. So I had gotten mixed -- mixed

1 stories. I wasn't sure because I knew you were a  
2 pretty passionate champion of them, I said, I  
3 wonder if it's a single member district.

4 COMMISSIONER MARIANO: Well, to be specific, I  
5 mean, I represent the folks here and Summertree as  
6 well. We have to be from a district  
7 geographically, but we are elected countywide on  
8 the also.

9 COMMISSIONER PATRONIS: Got you, so everybody  
10 votes.

11 COMMISSIONER MARIANO: Exactly. So when you  
12 look at things, you look at things best for  
13 everybody regionally as well.

14 COMMISSIONER PATRONIS: And not to -- and just  
15 for follow-up.

16 CHAIRMAN BROWN: Please.

17 COMMISSIONER PATRONIS: And not because I know  
18 parties are in the room that you may not be totally  
19 comfortable with answering this candidly as you  
20 like, but where is the process of you and your  
21 colleagues in deliberations about trying to  
22 purchase a system? I mean, are y'all -- have y'all  
23 hired outside consultants or is your utility  
24 director running point on trying to evaluate the  
25 value of capital that's there on the ground?

1           COMMISSIONER MARIANO: Well, we are -- I will  
2 say actively, but you know when you don't get  
3 information back from it and then you are kind of  
4 waiting, waiting, waiting, at this time -- we have  
5 set up to agree that Summertree will actually pay a  
6 certain consultant, actually a commission puts the  
7 deal together. He has done many deals with the  
8 FGUA. We are trying to work with him when they  
9 have gone back and forth, but I will tell you with  
10 all that's been going on between the interconnect,  
11 everything has kind of been on hold. We would love  
12 to see it happen, the Commission supports it, we  
13 want to follow the wishes of obviously out  
14 constituents every step of the way. We think when  
15 you get a small pocket of a utility it makes a lot  
16 more sense, especially when they don't add any  
17 benefit. The Utilities Inc. adds no benefit to  
18 those folks. I think when we can guarantee our  
19 citizens stable rates with a stable company that's  
20 done very -- a utility that's done very well for  
21 its citizens over the years, that we can do well.

22           So we do actively want to buy them, they just  
23 haven't come to the table. They have come up with  
24 a very high number. I think Flip Mellinger, who  
25 you got to meet again today, was very accurate to

1 say, let's see what the numbers -- what is this  
2 system really worth? After purchasing for 25 years  
3 and done nothing for wastewater, what's that water  
4 system really worth now that I am providing that?

5 I mean, if you study the documents that were  
6 in their original document, they told them very  
7 clearly where the bad wells were, they knew where  
8 the bad wells were. They clearly -- we had a  
9 person we actually had to go looking into buy the  
10 system through them. When they looked at it, they  
11 said, you know what, it's better if the county  
12 actually bought it in a sense.

13 But I tell you, one of the problems we had  
14 with the way they ran the system for 25 years,  
15 there was one well that was really bad, they pumped  
16 that one more than the good wells. So the people  
17 have suffered over and over because of the bad  
18 management of using the worse well the most. And  
19 proportionately the numbers show up clearly that we  
20 want to get this company gone. We want them to  
21 move on, clearly even with the interconnect they  
22 are still having issues.

23 COMMISSIONER PATRONIS: Well, I gathered from  
24 the testimony today, I would say there was only one  
25 person that was not satisfied with the results of

1 the interconnect, but out of 100 that testified,  
2 that was -- that was not unsatisfied customers, at  
3 least, from the water quality standpoint.

4 COMMISSIONER MARIANO: We are very, very  
5 appreciative with Summertree doing that  
6 interconnect. I mean we know it's going to be  
7 better than what we had. Now it's clean water with  
8 good rates, and we think if they are hooked into  
9 the county we can get them good rates.

10 COMMISSIONER PATRONIS: Well make sure your  
11 constituents realize how fortunate the timing of  
12 all this was with the Legislature too, very, very  
13 fortunate.

14 COMMISSIONER MARIANO: Yes, we got a lot of  
15 good help up there. And you know what, as the  
16 country I think looks to what they are going to do  
17 to make these infrastructure investments, I think  
18 there is a lot of good opportunities that are out  
19 there. I can just tell you, as we look at pocket  
20 to pocket to pocket, do I really need to have one  
21 giant company with facilities everywhere, where  
22 every single person is not going to stop paying for  
23 everybody else's costs, is that the fair way to do  
24 it? I think we need to first look at every utility  
25 that was being taken over. You have got to isolate

1 to every single utility to pay their costs. Their  
2 actual rate of return was going to be per utility  
3 going all the way through. Clearly this is going  
4 to hide and disguise all of that, but when they  
5 have these massive amounts of increase, and we have  
6 simple questions, like you know, what did you pay  
7 for the utility, what did you invest in the  
8 utility, what was put in Summertree, what was put  
9 in Iron Tree? We can't get those answers. If they  
10 can't give those answers to us now, how are you  
11 guys looking at all the rate increases that are  
12 coming up down the road, how are you guys going to  
13 get that information back? I think you are making  
14 it too easy to let them go through. As you see  
15 there is a big revenue bump and you can make a few  
16 little pockets happy, you kind of deaden the effect  
17 of the negativity, which is probably why you don't  
18 see the turnout on this side of the county, because  
19 they are not -- you know they are saying, well, do  
20 I fight this because my rate is going to go down?  
21 Long-term I want to coach them to say, look, it's  
22 maybe going down now, but watch out what's going to  
23 happen in the future, history repeats itself over  
24 and over again.

25 COMMISSIONER PATRONIS: One last, I was just



1 taking an average of the changes, and taking out  
2 the bimonthly counts because there is only two of  
3 those, I see the overall average with the current  
4 situation statute quo, the water bill is 31.30 a  
5 month, wastewater is 57.62, so you would see a  
6 decrease in both of those across the board. So, I  
7 mean, that's, I know, at least interesting for  
8 conversation purposes, that what's being proposed  
9 in across the board is going to be a savings for  
10 some of the end users.

11 COMMISSIONER MARIANO: And at this time, I  
12 agree with you. But, again, my feeling for my  
13 people down the road, those increases are going to  
14 come in higher and stronger and you guys trying to  
15 follow those documents where it's all hidden. I  
16 mean, they are actually, my people, I know we have  
17 state employees that went how many years without a  
18 raise, right?

19 CHAIRMAN BROWN: Right.

20 COMMISSIONER MARIANO: These guys are  
21 continually given raise after raise, and guess  
22 what, if they make money on it, maybe it's a good  
23 thing for them to do. I am just trying to keep it  
24 stable for my people for many, many years down the  
25 road, because I will tell you around my local area,

1           where I have actual properties, where I have bought  
2           other troubled utilities, it's gone through, it's  
3           actually really hurt those areas because of the  
4           rate increases.

5           And just like if you put a value on --  
6           someone's got to pay \$100 a month for water  
7           compared to \$50 a month for water, what does that  
8           do to the value of the property? What does it do  
9           to the land?

10           COMMISSIONER PATRONIS: Yeah, it makes it  
11           challenging.

12           COMMISSIONER MARIANO: It's killing our  
13           redevelopment, it's killing our people that are  
14           just living right now.

15           CHAIRMAN BROWN: Thank you, Commissioner  
16           Mariano, a few takeaways from today and obviously,  
17           Labrador has always been one of those proceedings  
18           before the Commission that you know has been  
19           somewhat contentious, so looking at the projection  
20           based on the consolidation, it does seem that it's  
21           more enticing to the customers because of this  
22           group, this segment, because of the drastic  
23           reduction for these folks. But, of course, it's  
24           going to be spread out to the others, but some of  
25           the takeaways that we heard from Summertree for me,

1 from my perspective, and you mention it, you  
2 touched on it, was what capital investments have  
3 been done since the utility has bought the system?  
4 Because it sounded like repeatedly we heard  
5 customers didn't, could not quantify, they couldn't  
6 see it, there was no audit from their perspective.  
7 Has the county performed an audit or requested an  
8 audit? Has the county inquired on those type of  
9 capital investments? And has there been any  
10 response?

11 COMMISSIONER MARIANO: I directly asked the  
12 PSC to try to find it for us. I mean, if I need to  
13 go a different way, I can.

14 CHAIRMAN BROWN: No, you don't, I am just  
15 curious if the county has done anything over the  
16 years, over the 25 years in that regard.

17 COMMISSIONER MARIANO: No, I will say when Ann  
18 Marie Ryan, 12 years ago, when I first got elected  
19 first brought this up and I got involved shortly  
20 thereafter, that we have actually been learning to  
21 go through it. When I go back to the dockets back  
22 in 1990, it's well before I was elected that I am  
23 just trying to go piece through. How did this  
24 happen, how do we get a system that they bought for  
25 \$250,000, now all of a sudden their revenues were

1 granted over 135 percent increase on water, and  
2 then 355 for wastewater, and they are just hooking  
3 up to the county. How do these rates keep on going  
4 up and up and up, and you know, one of the things  
5 that we learned as we are going through rate case  
6 expense actually for certain fees are supposed to  
7 go away after four years. I even asked your own  
8 counsel, show me where it actually drops off, and I  
9 haven't seen any documentation for it yet. He said  
10 it's happened, I will wait for it to happen because  
11 I know it's in the midst of what he is doing.  
12 These expenses just keep on rising.

13 CHAIRMAN BROWN: This rate case proceeding is  
14 going to elucidate lot of these questions that you  
15 have had and customers have had.

16 The other takeaway was, Commissioner Patronis  
17 alluded to, was acquisition, potential acquisition  
18 by the county, the middle man. A lot of customers  
19 said that you know Utilities Inc. is kind of  
20 serving as a middle man. What, you know, where is  
21 the county? And you kind of alluded to the FGUA,  
22 the potential in hiring Mr. Armstrong to pursue  
23 negotiations, but we heard middle man repeatedly at  
24 least for Summertree, any --

25 COMMISSIONER MARIANO: Yeah, the Summertree,

1 we started outgoing FGUA and when they actually  
2 started the wells and found the best solution was  
3 to hook up, and the people agreed, was to hook up,  
4 not to try to manufacture another well or fix the  
5 other well or do blending or whatever, it was  
6 decided the best thing to do for that system  
7 specifically, is to hook up and let the county just  
8 take it over. The FGUA wouldn't add any benefit to  
9 it, why add another middle man in the midst of that  
10 mix. So agreed, that whole system, Utilities Inc.  
11 doesn't supply the water, they don't supply the  
12 wastewater, why do I need them there? We want to  
13 do a direct purchase and we have done it with the  
14 FGUA because it's in one way it's actually making  
15 these transactions happen. It takes the expertise  
16 of a Brian Armstrong to make those things happen.  
17 Summertree and he have come to an agreement that if  
18 they do put something together, he will get  
19 compensated for it. It won't affect the county's  
20 rates, it won't affect the people. But they want  
21 to see it happen, so we are consistently supportive  
22 to that happening, but we just haven't, again, got  
23 there yet.

24 CHAIRMAN BROWN: Thank you. And then the last  
25 takeaway was the flushing, and we heard it

1 repeatedly, and we heard a lot excessive flushing,  
2 customers seeing fire hydrants, you know, spewing  
3 water for a week or so just nonstop. I don't know  
4 if your constituents, if you have heard the same  
5 and if you have any comment on that.

6 COMMISSIONER MARIANO: Even with flooding  
7 concerns through all the water they are flushing.  
8 Remember, one of the benefits to go to the hook up  
9 was we were going to be cutting down the amount of  
10 flushing that was going to go on. They were  
11 supposed to do a chlorine burn early, did they do  
12 it effectively, I don't know. That was, I think  
13 something Mr. Miller talked about as well. So as  
14 far as what they are doing and how they are doing,  
15 I don't know. But flushing is a major concern to  
16 what they are doing. By the way as we are talking  
17 water rates, Summertree had gone through and done  
18 great things on their own, as far as supplying  
19 water through wells for their own to save their  
20 money.

21 Part of this rate increase, I believe they are  
22 going to get 186 grand for not supplying water for  
23 lost revenue. Now, any time you are providing  
24 something, that's great. But you are not providing  
25 something, why would you make money or even get

1 money back on a rate increase for lost revenue?

2 We want people to conserve. We have got rate  
3 structures that are in there if you use X number of  
4 gallons, you pay a very low rate, if you pay a  
5 higher rate, you are going to pay a higher rate if  
6 you use a higher amount and a higher amount.

7 We just had these people go out and creatively  
8 figure out what's the best thing for them to do and  
9 they get penalized for it, and they want to make  
10 money for not selling the water, it makes no sense.

11 CHAIRMAN BROWN: I guess, and just to  
12 summarize all of this, the legislative reform, we  
13 heard that repeatedly, and you have been in this  
14 field for a number of years, and you and I have  
15 worked together on these issues. Do you have any  
16 suggestions, solutions on legislative front?

17 COMMISSIONER MARIANO: I will say this, I  
18 think the accounting of how much money they are  
19 spending is critical. And I am not sure but  
20 talking to Erik Sayler earlier, if the rate of  
21 return is based upon actual investment that's done,  
22 that's one thing. If it's on projected worth of  
23 another, that's another. You know, the way we  
24 compensate people, I have got senior citizens in  
25 Summertree that would love to invest and get a rate

1 of return of seven percent, eight percent,  
2 especially on a monopoly, okay. There is no risk  
3 there as far as I am concerned. They are going to  
4 get their money back, so why is that rate of return  
5 so high and how can we get that lower? If it comes  
6 to be, if you really want to try to make something  
7 work, maybe you can actually take the financing  
8 plan where all of these people, for all of these  
9 regulated companies, let those people invest into  
10 these companies. So at least when all of that  
11 money is being made, they are sharing in it, kind  
12 of like a cooperative. But for a Canadian company  
13 to come in here and put all of these big, big  
14 increases on here and these people have to pay and  
15 that money leaves this country, doesn't make sense  
16 to me. Let the people involved so we can look at  
17 that rate of return to what the real numbers are,  
18 and again, I think if you actually go back and let  
19 Summertree be a test case. Go study how much they  
20 paid for this, go look at the rate increases that  
21 were granted. Should they have made as much money  
22 as they did, then claw back. And go figure out  
23 what that number should be. And I guarantee you go  
24 to those numbers to what they should is been, you  
25 are going to find this system should have been paid



1 for probably 15 years ago for what they are paying  
2 right now.

3 CHAIRMAN BROWN: I appreciate your insights,  
4 and, again, we -- our staff will be looking at a  
5 lot of these issues, if not all of them. And  
6 please feel free to contact our office for any  
7 further inquiries, and again encourage you all to  
8 come watch, if you can't come up to Tallahassee for  
9 the technical hearing, please feel free to watch it  
10 on-line. It will be going for a week starting in  
11 May, May 8th, I believe, and I appreciate you being  
12 so involved.

13 COMMISSIONER MARIANO: Well, I appreciate you  
14 and from serving on that committee we served the  
15 regulation to private water and wastewater  
16 facilities, and we learned a lot. I learned a  
17 tremendous amount to actually help serve my people  
18 better, so I greatly appreciate your stepping up to  
19 go do that. I know it was beneficial to everybody  
20 involved.

21 CHAIRMAN BROWN: He made me do it.

22 COMMISSIONER MARIANO: He made you do it.  
23 Well, I am glad it was a beneficiary to serve as  
24 such a great chairperson to all the way through it.

25 CHAIRMAN BROWN: Thank you so much.

1           COMMISSIONER MARIANO: One of the things, you  
2 know, that's come from that, as far as all of a  
3 sudden back to that 1990 hearing, smelly water  
4 wasn't even protected. The legislation from what  
5 we looked at has now been crafted for that. I know  
6 Senator Simpson is all over this to push more  
7 legislation through, to put more things that will  
8 actually benefit the citizens of the state. So I  
9 greatly appreciate your service too. I am sorry I  
10 couldn't make it today, we did have the Dade City  
11 meeting, but I do have to get to Ponderosa Park for  
12 another meeting tonight at 7:30.

13           CHAIRMAN BROWN: You just keep on going.

14           COMMISSIONER MARIANO: I keep on going. Thank  
15 you all very much for coming out.

16           CHAIRMAN BROWN: Thank you. Appreciate it.  
17 Any other customers that would like to address us?  
18 We are very warm and friendly. Please feel free to  
19 come on up, we won't put pressure on you at all.  
20 Any other, any questions, seeing none.  
21 Commissioners if you don't have any closing  
22 comments, I want to take the time to thank you for  
23 coming out here tonight, and these comments will  
24 absolutely be taken into consideration. This  
25 service hearing is adjourned.

1 (Whereupon, the proceedings were concluded at  
2 6:35 p.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA )  
COUNTY OF LEON )

I, DEBRA R. KRICK, Professional Court Reporter, certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter translated under my supervision; and the foregoing pages, numbered 4 through 35, are a true and correct record of the aforesaid 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 17th day of January, 2017.



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DEBRA R. KRICK  
NOTARY PUBLIC  
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EXPIRES JULY 27, 2020