

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160165-SU

APPLICATION FOR STAFF-ASSISTED
RATE CASE IN GULF COUNTY BY
ESAD ENTERPRISES, INC. D/B/A
BEACHES SEWER SYSTEMS, INC.

_____ /

PROCEEDINGS: CUSTOMER MEETING

COMMISSION
STAFF: TRACI MATTHEWS
PHILIP ELLIS
KELLY THOMPSON

DATE: Thursday, March 9, 2017

TIME: Commenced at 6:15 p.m.
Concluded at 6:30 p.m.

PLACE: Gulf County School Board
Administration Office
150 Middle School Road
Port St. Joe, Florida 32456

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

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NAME :

JIM WILLIAMS

PAGE NO.

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P R O C E E D I N G S

1
2 **MS. MATTHEWS:** Welcome to the customer meeting
3 for the Public Service Commission, Docket No. 160165,
4 application for staff-assisted rate case by ESAD
5 Enterprises, doing business as Beaches Sewer Systems,
6 Incorporated.

7 Our meeting tonight has two intended purposes.
8 I will give a short presentation to introduce and
9 describe the process of a staff-assisted rate case, and
10 then you, the customer, will have an opportunity to
11 speak about any concerns, problems, or issues you may
12 have regarding the utility service and even to make
13 positive comments, if you wish to do so. We do have a
14 sign-up sheet for speakers, but since we only have one
15 customer, we don't need it.

16 So I would like to remind everybody that our
17 meeting is being recorded, and it will be transcribed
18 into the -- for entry into the case record. So if you'd
19 like to speak, make sure you speak slowly and clearly.
20 And with that, I'll begin the presentation.

21 So a staff-assisted rate case is a process
22 through which a utility can request an increase in its
23 rates. The entities involved include, obviously, the
24 utility and you, the customers.

25 Another entity is the Public Service

1 Commission, and that's who we are. The Public Service
2 Commission is comprised of a board of five Commissioners
3 and staff, of which we are a member -- members. It is a
4 regulatory body which establishes the rates and charges
5 that you pay for utility service. We, the staff,
6 perform the investigation into the case and make a
7 recommendation to the Commission on what the appropriate
8 rates and charges should be, and then it's up to the
9 Commissioners to make the final decision.

10 I'm Traci Matthews in the Division of
11 Engineering. Todd Brown did not -- couldn't be with us
12 tonight, so he's not here. Marissa also isn't here.
13 But Kelly Thompson is here with the Office of Consumer
14 Assistance. Philip Ellis with the Division of
15 Engineering is also here. He's in the back. And we
16 have contact information on the Special Report. We have
17 copies of that, if you want one.

18 **MR. WILLIAMS:** Okay.

19 **MS. MATTHEWS:** So as I mentioned previously, I
20 will describe the process of the SARC along with a
21 discussion of the preliminary rates included in the
22 staff report and what actions are available to you as
23 the process proceeds.

24 The current rates were established in the
25 utility's only other rate proceeding in 1988, with one

1 price index increase occurring in 1998. The current
2 rate case was filed in July of last year, and the staff
3 selected the period of July 1, 2015, through June 30,
4 2016, as the test year.

5 So what is a SARC, what we call a SARC, a
6 staff-assisted rate case? A SARC is one example of a
7 type of proceeding known as a proposed agency action
8 where rather than having a formal hearing in front of
9 the Commissioners with attorneys and professional
10 accountants and engineers and so forth that testify
11 before the Commission, we have an informal proceeding.
12 The PSC staff assists with the determination of the
13 appropriate rates, and this is normally done for the
14 smaller water and wastewater utilities in the state.
15 This process is much less expensive than the formal
16 hearing process, which saves you, the ratepayers, a
17 significant amount of money.

18 The process begins with an investigation by
19 various staff members, and that's why we're here. The
20 staff members include audit staff, engineering staff,
21 accounting staff, and economic staff. The preliminary
22 findings are then presented in a staff report. If you
23 want a copy of this presentation to read later, you can
24 have one.

25 So once the staff report is prepared, we'll

1 have the customer meeting, which obviously we're doing
2 now, in order to get input from a utility's customers.

3 So the customer meeting, the purpose of the
4 customer meeting: We are interested in comments
5 regarding the quality of the utility's service, both its
6 product and its customer service. Also comments about
7 the proposed rate increase and other concerns are taken
8 into consideration. Remember, this meeting is not for
9 the benefit of the utility, although its representatives
10 are present, it's for you, the customers, all of you.

11 The final piece of the SARC is the formal
12 recommendation by the staff to the Commissioners which
13 is taken up at the Commission Conference. Once the
14 customer meeting is concluded, we'll finish up the case,
15 do the final parts of the investigation, and then do our
16 formal recommendation.

17 Our recommendation is due to be filed with the
18 Commissioners on April 21st, and it will be taken up at
19 the Commission Conference on May the 4th. At that
20 conference, both the utility's representatives and the
21 customers will have the option of addressing the
22 Commission, if they so desire. After everyone has had a
23 chance to speak, the Commission will vote. They may
24 agree with staff's recommendation, modify the
25 recommendation, or reject the recommendation and

1 implement other rates. If any customers decide to come
2 to Tallahassee to speak at the conference, please make
3 sure that you do inform staff so that we can make
4 accommodations for you.

5 After the Commission Conference, following the
6 Commission's vote, the PAA order is issued, after which
7 there's a 21-day protest period. If no protest is
8 filed, the rates become effective.

9 If any party other than a utility files a
10 protest, the rates will go into effect but subject to
11 refund with interest. However, protests do set into
12 motion very costly litigation involving expert witnesses
13 with lawyers and other experts. The cost for the
14 protest will be passed on to the customers regardless of
15 the outcome, so keep that in mind.

16 The protest of the proposed agency order
17 basically initiates a formal proceeding including a
18 hearing and litigation of issues. Again, the customers
19 will be allowed to testify but are subject to
20 cross-examination by other parties.

21 On page 3 of the Special Report you can find
22 the preliminary recommendation for the rates for this
23 utility. As you can see, if this rate were to be
24 approved, the monthly charge would increase from 32.20
25 to 39.81. Beaches is unusual in that it is a flat rate

1 utility; in other words, the monthly charge is flat
2 regardless of usage. Most utilities are not like that.

3 So how can you participate in the process?
4 There are several ways. You can provide comments today
5 either verbally or written. So if you do not feel
6 comfortable speaking to the group, you can use the form
7 in the report that you got from Kelly and submit them
8 either tonight or you can mail them in later. And
9 there's also the option of going on the PSC website.
10 That's -- you can do comments that way too.

11 Now the form in the Special Report, as I said,
12 you may leave it with us today and you can mail it to
13 the Commission. If you know of anyone who would like to
14 make comments that wasn't able to attend the meeting
15 tonight, we can get you copies of the Special Report to
16 give to them. And through the PSC website, the email
17 address is found on page 2 of that Special Report under
18 Section No. 6.

19 More information on the case can be found on
20 the PSC website. Click the tab labeled Clerk's Office.
21 Well, that's not -- that's the -- go back one. The tab
22 labeled Clerk's Office, and you'll see a dropdown menu.
23 You click on dockets -- I haven't shown that here -- but
24 you see where it says, "Clerk's Office," you just click
25 on that. The dropdown list comes down, you click on

1 dockets. Then there's a little text box, and you type
2 in the docket number, which is 160165. And the
3 instructions are also in the Special Report.

4 Now if you would like to watch the Commission
5 Conference, you hit Commission Conferences -- wait, go
6 back -- Commission Conferences and Agendas. And here
7 where it's highlighted, it says, "Audio and Video
8 Coverage." You click on that -- and now, next slide,
9 you'll see this page. At the time of the conference,
10 you can click on -- this little window will appear. But
11 if it's not started yet, you won't see that. You'll
12 have to find it in this list down here.

13 So this slides shows what that page looks
14 like. I've already said all that. Oh, and also if you
15 can't watch the meeting live, it is archived, so you can
16 go back to that page later and find it there. So anyone
17 who can't watch it live can see it that way.

18 And there is one other way that -- there is
19 one additional entity that is involved in PSC cases, and
20 that is the Office of Public Counsel. The OPC is an
21 advocate for consumers in Commission matters. Typically
22 they will get involved if they believe staff has not
23 made a fair recommendation and they wish to offer a
24 different opinion to the Commission.

25 And this is the contact information for the

1 Public -- for the Office of Public Counsel, their
2 website and their phone number, and you can call them.
3 They're there for the consumers.

4 And this is our Commission -- Consumer
5 Assistance Hotline. So you can call that number and
6 talk to someone at the Commission, with the Commission
7 staff if you have comments or questions that you would
8 like to answer.

9 So with that, my presentation is concluded,
10 and we'll move on to the customer comments. Please
11 remember that the meeting is being recorded, so if you
12 will please come forward. Are you going to make
13 comments?

14 **MR. WILLIAMS:** Sure.

15 **MS. MATTHEWS:** Okay.

16 **MR. WILLIAMS:** You wouldn't want me to show up
17 without making a comment.

18 **MS. MATTHEWS:** Not at all. Since you're the
19 only one, we definitely want to hear from you. So
20 please come up and give us your name, and spell your
21 last name for us so we can make sure we get that right.

22 **MS. THOMPSON:** Actually I can just turn it
23 around and do it from here.

24 **MS. MATTHEWS:** Okay. Thanks very much. You
25 can stay right there.

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MR. WILLIAMS: I don't even have to get up.

MS. THOMPSON: No, sir.

MS. MATTHEWS: Thank you, sir. Thanks for
your attention.

MS. THOMPSON: If you will pronounce your name
and spell your last name and give us your address of
record.

MR. WILLIAMS: Okay. Jim Williams, 312
Beacon -- Williams, W-i-l-l-i-a-m-s, 312 Beacon Road,
Port St. Joe, Florida.

MS. THOMPSON: And what is your comment? What
would you like to say?

MR. WILLIAMS: Well, I was asked by Seifert --
Seifert.

MR. SEIFERT: Seifert.

MR. WILLIAMS: Seifert, I talked to him, the
owner, a few minutes before, and he asked me the same
thing. I say the service, and I've been there for 24
years now, I don't really have any complaint about the
service from where I live. And I don't know how that --
I haven't heard any major comment from the other things.

I am somewhat concerned about the treatment
facility only from a background of having dealt with the
supplied products to sewer treatment plants for years in

1 the state of Florida.

2 The -- and my concern was what's going to
3 happen to us in the future, I guess, as far as we're
4 concerned with the wastewater sewage treatment -- not
5 waste -- yeah, that's what it's called, the wastewater
6 treatment, isn't it, yeah, system.

7 The reason I say this -- and I may be getting
8 out of line here for a public hearing. I don't know.

9 **MS. MATTHEWS:** Not at all.

10 **MR. WILLIAMS:** My question in the back of my
11 mind only is I know that -- something about the City of
12 Port St. Joe's sewage treatment system, which they ran
13 right by us a couple of years ago and went out where he
14 lives now on 382 -- right? -- 386.

15 **UNIDENTIFIED SPEAKER:** They have not gone past
16 us.

17 **MR. WILLIAMS:** They haven't gone past you on
18 386 yet?

19 **UNIDENTIFIED SPEAKER:** They haven't gone past
20 Gulf Air.

21 **MR. WILLIAMS:** Okay. I thought they did go,
22 go out --

23 **UNIDENTIFIED SPEAKER:** No, they got lines out
24 there but they don't treat it.

25 **MR. WILLIAMS:** Okay. It isn't active?

1 **UNIDENTIFIED SPEAKER:** It's not active.

2 **MR. SEIFERT:** It's dry line.

3 **MR. WILLIAMS:** Okay. I know I've got another
4 place that's not in the system that's right -- that's
5 still on septic tank just to the northwest of there.
6 And the -- but at some point in time they do, is my
7 understanding from what I read, I don't deal with the
8 St. Louis -- or with the St. Joe treatment facility
9 itself, but it was always their intentions, I think, to
10 cover the whole county with -- from their operation.
11 And I don't know that any of you are capable of
12 answering that question of whether that's a long-term
13 treatment or not.

14 But at best I look at our system that when
15 this ESAD system, Enterprise's system right now as a
16 primary -- or I don't know whether you'd call it primary
17 or secondary, what, treatment facility, and I don't know
18 how long that's going to stand up with the EPA and
19 everyone else in the state of Florida because basically
20 it's a percolation system. That's -- the end of the
21 water is that it percolates into the ground; right?

22 **MS. MATTHEWS:** Yeah.

23 **MR. WILLIAMS:** And I don't know whether we're
24 in comment, but that's one of my comments. I'm
25 questioning about what the long-term viability is of

1 this treatment plant, not the sewer lines and the system
2 itself because they're, they seem to be one of the
3 better utilities we have in that development, if you
4 want to count water as being terrible. But, I mean,
5 just the service, the lines keep breaking, and all of
6 the others, the cable --

7 **UNIDENTIFIED SPEAKER:** The water lines --
8 right? -- not the --

9 **MR. WILLIAMS:** Water lines, not the sewer
10 lines.

11 **MS. MATTHEWS:** Yeah, let's make that
12 distinction.

13 **MR. WILLIAMS:** No, I say that all the
14 utilities we have in Gulf Air where I live, and that's
15 where 200 of these hookups are, it's the best utility we
16 have as far as functioning over the 20-something years
17 I've lived there.

18 But I think the question in my mind is that
19 how long that's going to meet the standards that need to
20 be met with the -- with treatment of wastewater.

21 The -- and the other question, line of
22 questioning is why a 24 percent increase in one year? I
23 grant -- I saw the numbers there. There hasn't been an
24 increase for a number of years. Well, I'd ask the
25 question: Why wasn't it increased over some more

1 regular period? And what has suddenly developed in the
2 cost of the operation, which I can't see, and I live
3 there every day, that has driven this into the need for
4 a 24 percent increase? I don't know whether I'm
5 supposed to be asking that type of question here or not.

6 **MS. MATTHEWS:** Sure. You can ask anything you
7 like.

8 **MR. WILLIAMS:** But that was sort of the couple
9 of things that I had written down. Actually I didn't
10 know I was going to speak tonight. I was going to let
11 everybody else.

12 What is the system permitted to handle now?

13 **MR. ELLIS:** 70,000 per day.

14 **MS. MATTHEWS:** 70,000 gallons per day.

15 **MR. WILLIAMS:** I'm sorry?

16 **MS. MATTHEWS:** 70,000 gallons per day.

17 **MR. WILLIAMS:** 70,000 gallons per day?

18 **MS. MATTHEWS:** Uh-huh.

19 **MR. WILLIAMS:** And what is it currently
20 handling?

21 **MS. MATTHEWS:** It averages about
22 35,000 gallons.

23 **MR. WILLIAMS:** About half that?

24 **MS. MATTHEWS:** Uh-huh.

25 **MR. WILLIAMS:** I didn't have any idea.

1 **MR. ELLIS:** Is there any other additional
2 comments you'd like on the record, sir?

3 **MR. WILLIAMS:** I'm sorry?

4 **MR. ELLIS:** Is there any additional comments
5 you'd like to have on the record?

6 **MR. WILLIAMS:** Well, no, I asked the two I
7 wanted to. The questions I had were -- the question is
8 what was the long-term viability of using that as a
9 treatment facility? Not to step on your toes, but
10 that's, you know, a question. And if there is a
11 question about the service, the question about the
12 service would be around the treatment plant itself.

13 (End of recording.)

14 (Proceeding concluded at approximately 6:30
15 p.m.)

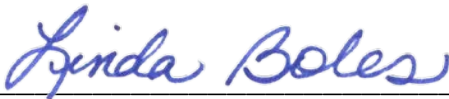
1 STATE OF FLORIDA)
2 COUNTY OF LEON) : CERTIFICATE OF REPORTER

3
4 I, LINDA BOLES, CRR, RPR, Official Commission
5 Reporter, do hereby certify that the foregoing
6 proceeding was heard at the time and place herein
7 stated.

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

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

18 DATED THIS 17th day of March, 2017.

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LINDA BOLES, CRR, RPR
Official FPSC Hearings Reporter
Office of Commission Clerk
(850) 413-6734