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September 18, 2018

Carlotta Stauffer, Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Orchid Springs Development Corp.; Docket No. 20180063-WS  
Application for limited proceeding water and wastewater rate increase

Dear Ms. Stauffer,

Since the time of the customer meeting in this case, there have been four additional customers who have submitted comments to the Commission. The Utility believes it is important that we address the issues raised by these four customers and we are therefore filing this letter with attachments in order to do so.

- (1) Ms. Hannah Hill - Ms. Hill raised a concern with an incorrect billing and cutoff that occurred in June and July.

Utility Response: Those issues have become the subject of an official customer complaint and request form to the Utility with which the Utility has complied. Attached is a copy of the letter submitted by the Utility in response to Request No. 1284165. The Utility was in error on these issues and corrected those errors after they were presented to the company. The customer was given an extra credit in hopes of making up for the inconvenience. We believe the case is resolved and the customer is satisfied. We have taken steps to ensure that the errors do not occur again.

- (2) Ms. Pirjo Restina – Ms. Restina raised several issues about the billings for two separate residences owned by her. One is occupied only occasionally but has an irrigation system that operates on a timer. Ms. Restina is concerned with paying sewer charges on a residence with only occasional occupancy and with the level of charges between a fully occupied dwelling and one only occasionally occupied. She also proposes “Brown Water” as a solution for irrigation.

Utility Response: The Florida PSC determines our rates for water and wastewater from a complex evaluation of the Utility’s costs, expenses, plant & equipment, etc. As part of that determination, a base facility charge is calculated based on the size of the meter for both water and wastewater. A separate calculation for consumption is calculated for both water and wastewater. The majority of a utility’s cost recovery must come from base charges because of high fixed costs for a water and wastewater utility.

Average monthly consumption for Ms. Restina at 270 Mariposa (account 4; occupied home) over the past 12 months is 8,000 per month. This is a comparison of her average consumption:

|                          | <u>Current Rates</u> | <u>Proposed Rates</u> |
|--------------------------|----------------------|-----------------------|
| Water – base rate        | 9.96                 | 13.39                 |
| Water – consumption      | 14.48                | 19.44                 |
| Wastewater – base rate   | 24.64                | 30.77                 |
| Wastewater – consumption | 47.04                | 58.72                 |
| County tax (water) 10%*  | 2.44                 | 3.28                  |
| Total cost               | 98.56                | 125.60                |

Average monthly consumption for Ms. Restina at 275 Mariposa (account 81; infrequently occupied home) over the past 12 months is 4,000 per month. This is a comparison of her average consumption:

|                          | <u>Current Rates</u> | <u>Proposed Rates</u> |
|--------------------------|----------------------|-----------------------|
| Water – base rate        | 9.96                 | 13.39                 |
| Water – consumption      | 7.24                 | 9.72                  |
| Wastewater – base rate   | 24.64                | 30.77                 |
| Wastewater – consumption | 23.52                | 29.36                 |
| County tax (water) 10%*  | 1.72                 | 2.31                  |
| Total cost               | 67.08                | 85.55                 |

\*Polk County charges a 10% tax on water for all utilities within the County.

The Utility does offer an irrigation only meter (installation cost to the customer is based actual utility cost) in order to eliminate sewer charges on a residential meter. We would be happy to discuss this with the customer if she wants to call our office. It may or may not be a solution since the second residence is occasionally occupied and an irrigation meter means an additional monthly water base charge, in addition to the residential charges.

As for Ms. Restina's comments about "brown water", we assume she is referring to what is known in the industry as "gray water" or non-potable water for irrigation use. While gray water can be a solution in some cases, it requires a whole separate distribution system and would also entail additional base and usage charges.

- (3) Ms. Beverly Westover – Ms. Westover's concerns center on two things (a) Her concern that the Utility "increases the price of the meters each month for both water and wastewater" which she feels is inappropriate; and (b) she takes exception to the calculation of present and proposed rates as outlined in the customer meeting handout from Commission Staff.

Utility Response: As to Ms. Westover's concern with the "price for meters" charges for water and wastewater each month, we assume that she is referring to the base facility charges accessed each month for each service. As previously noted, a base facility charge is calculated based on the size of the meter for both water and wastewater. An additional charge for consumption is calculated for both water and wastewater usage each month. The majority of a utility's cost recovery must come from base charges because of high fixed costs for a water and sewer utility.

Cost of 4,000 gallons of water consumption:

|                          | <u>Current Rates</u> | <u>Proposed Rates</u> |
|--------------------------|----------------------|-----------------------|
| Water – base rate        | 9.96                 | 13.39                 |
| Water – consumption      | 7.24                 | 9.72                  |
| Wastewater – base rate   | 24.64                | 30.77                 |
| Wastewater – consumption | 23.52                | 29.36                 |
| County tax (water) 10%   | 1.72                 | 2.31                  |
| Total cost               | 67.08                | 85.55                 |

Average monthly consumption for Ms. Westover over the past 12 months is 2,000 per month. This is a comparison of her average consumption:

|                          | <u>Current Rates</u> | <u>Proposed Rates</u> |
|--------------------------|----------------------|-----------------------|
| Water – base rate        | 9.96                 | 13.39                 |
| Water – consumption      | 3.62                 | 4.86                  |
| Wastewater – base rate   | 24.64                | 30.77                 |
| Wastewater – consumption | 11.76                | 7.34                  |
| County tax (water) 10%   | 1.36                 | 1.83                  |
| Total cost               | 51.34                | 65.53                 |

Polk County charges a 10% tax on water for all utilities within the County.

(4) Mr. Alden Bennett – Mr. Bennett raises several concerns. Each of those is addressed separately below.

Comparison to Winter Haven rates

The Utility cannot reasonably be compared to other utilities as there are significant differences between utilities including, but not limited to, age of plant and equipment, the number of customers, and capacity. Economies of scale work to the Utility's disadvantage in this instance. The county does require that the Utility collect and pay to the county a 10% tax on water sales. This is outside the Utility's control. As previously noted, a base

facility charge is calculated based on the size of the meter for both water and wastewater. An additional charge for consumption is calculated for both water and wastewater usage each month. The majority of a utility's cost recovery must come from base charges because of high fixed costs for a water and sewer utility.

Item #1

Mr. Bennett expresses concerns with the charges for mowing and maintenance of the old sewer treatment system property. Mr. Bennett is concerned that the Utility is paying more than is required. He, however, only mentions one of the two areas requiring maintenance. He is apparently unaware that there are two such areas. There are two areas from the retired WWTP which require maintenance throughout the year. Golden Pond is located next to a residential area off of Las Cruces and the eastern end of San Jose and is a relatively flat grassy area that requires simple mowing. The other area is located behind the Orchid Springs Clubhouse which is at a lower elevation, generally wet and muckier soils and requires more intense and time-consuming maintenance in order to comply with county regulations. Creative Association Management submitted a proposal to maintain these areas at a cost to the Utility of \$500.00 per month. The Utility has sought alternative proposals for this same service and received one proposal for a much higher monthly fee which was submitted to the Commission Staff as part of the response to a Staff data request.

Item #2

Mr. Bennett questions the expenditures of the Utility on outside consultants and attorneys to assist with this rate proceeding. The Utility cannot afford to have in-house staff on salary with the time or expertise to deal with the requirements for a PSC rate case. The Utility, therefore, works with consultants who are familiar with the Florida Public Service Commission and help the Utility navigate the requirements of the Commission when requesting a Rate Case or a Limited Proceeding. The attorney and rate consultant are fully aware of the limitations on the ability of the utility to pay and its customers to absorb the cost of the assistance required for this Utility to navigate the complicated process of a rate proceeding at the PSC. As such, both the attorney and rate consultant have heavily discounted the time expended in assisting the Utility in this proceeding and only gotten involved when assistance was clearly necessary. The Utility's in-house staff has expended the most time on this proceeding, far above their normal utility duties but have proposed no added costs for that substantial additional work. The proposed rate case costs are, therefore, heavily discounted and includes only those services clearly necessary.

Item #3

Mr. Bennett takes issue with the "major salary increases" requested in the application of the Utility. The Utility has not sought any increases in salaries. It has requested only that it be allowed to recover the existing costs for the reasonable salaries of necessary employees. The Utility requests recognition of salaries for a small number of employees whose salaries are directly related to the work necessary to continue to operate the Utility

in an efficient manner in conformance with many state, county and federal standards. The Florida PSC must review these proposed costs based on customary salaries for similar positions at other companies in our area.

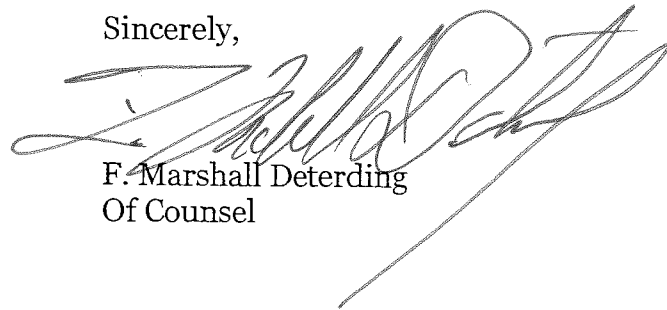
Item #4

Mr. Bennett raises concerns about what he perceives as costs for "maintenance of removed wastewater equipment". The costs proposed by the Utility are not for maintaining any equipment. All equipment has long since been retired from service and removed. However, there are two areas of land that are part of the retired WWTP which require maintenance. They comprise several acres of land which must be mowed and otherwise maintained on monthly basis to comply with county code requirements. This has required the removal of substantial amounts of debris on a regular basis which the Utility has contracted for at a cost of \$500/month which is the lowest bid available for this work.

Mr. Bennett raises questions about the Utility selling the systems to the city of Winter Haven. The Utility has never had serious discussions with the city of Winter Haven for purchase of the Orchid Springs systems. The Utility would be willing to discuss any reasonable offers from the city, however.

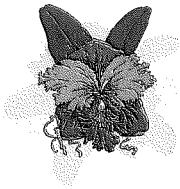
We believe that we have addressed all of the additional concerns raised by these four customers in their written statements to the PSC. If there is any area that the PSC Staff feels requires further information or clarification, please let us know and we will be happy to respond further.

Sincerely,



F. Marshall Deterding  
Of Counsel

cc: Gary Morse  
Steve Cassidy  
Michael Cassidy  
Carol Rhinehart  
Cheryl Bulecza-Banks  
Kordell Wilson  
Martha Golden  
Todd Brown  
Shannon Hudson  
Terence Bethea  
Clayton Lewis  
Robert Graves  
Charles Murphy  
Margo DuVal



# ORCHID SPRINGS

DEVELOPMENT CORPORATION

WATER AND SEWER

346 E CENTRAL AVENUE – WINTER HAVEN, FLORIDA 33880

(863) 324-4445

August 20, 2018

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

Re: Hannah Hill  
Request No. 1284165@

Dear Ms. McCray:

In response to the above referenced request, Orchid Springs Water & Sewer submits the following information:

- 1) We have been in direct contact with Ms. Hill via written correspondence (copies attached).
- 2) Our response meets the deadline of 5:00 p.m., August 21, 2018.
- 3a) The cause of the problem presented by Ms. Hill was the replacement of two meters in the same meter bank on the same day. The meter numbers were transposed on the meter reading worksheet. As a result, the incorrect meter was turned off due to non-payment. Ms. Hill is in good standing with the utility.
- 3b) The utility has corresponded with Ms. Hill regarding the original inadvertent meter turn-off. Her bill was recalculated for the correct reading and we posted a \$20.00 credit to her account in consideration for her inconvenience. Because of overlapping vacations, this error was not corrected immediately on our records and Ms. Hill's reading for July was incorrect. This billing has been corrected and we have noticed Ms. Hill. Also, we have advised Ms. Hill of the business hours and telephone number for the utility as well as the utility's after hours telephone number.
- 3c) The utility has corrected the issue with the meter reading worksheets and will be sure to double check Ms. Hill's account prior to the next billing cycle (bills will be generated between 08/20 and 08/25).
- 3d) There are no questions raised by staff in the complaint.

- 3e) The utility has been in direct contact via written correspondence with Ms. Hill. Copies of this correspondence is attached.
- 3) Our written response to the PSC, along with copies of all correspondence with Ms. Hill, will be emailed, faxed, and mailed via USPS.

Email [pscreply@psc.state.fl.us](mailto:pscreply@psc.state.fl.us)  
Fax 850-418-7168  
USPS 2540 Shumard Oaks Blvd.  
Tallahassee, FL 32399-0850

Sincerely,

Carol C. Rhinehart  
Customer Service

CCR:s  
Enclosures