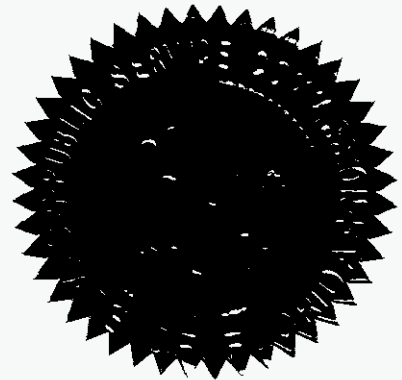


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION FOR INCREASE IN DOCKET NO. 100330-WS
WATER/WASTEWATER RATES IN
ALACHUA, BREVARD, DESOTO,
HARDEE, HIGHLANDS, LAKE, LEE,
MARION, ORANGE, PALM BEACH,
PASCO, POLK, PUTNAM, SEMINOLE,
SUMTER, VOLUSIA, AND WASHINGTON
COUNTIES BY AQUA UTILITIES
FLORIDA, INC.

APPLICATION FOR INCREASE IN WATER DOCKET NO. 080121-WS
AND WASTEWATER RATES IN ALACHUA,
BREVARD, DESOTO, HIGHLANDS, LAKE,
LEE, MARION, ORANGE, PALM BEACH,
PASCO, POLK, PUTNAM, SEMINOLE,
SUMTER, VOLUSIA, AND WASHINGTON
COUNTIES BY AQUA UTILITIES
FLORIDA, INC



VOLUME 1

Page 1 through 166

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 17

COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER EDUARDO E. BALBIS
COMMISSIONER JULIE I. BROWN

DATE: Tuesday, May 24, 2011

DOCUMENT NUMBER-DATE

03736 MAY 27 =
FLORIDA PUBLIC SERVICE COMMISSION
FPSC-COMMISSION CLERK

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

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

REPORTED BY: JANE FAUROT, RPR
Official FPSC Reporter
(850) 413-6732

I N D E X

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

Presentations by:

Senator Fasano	8
Paul Runk of Senator Hays' Office	15
Representative Brodeur	18
Benjamin Anderson	21
Gerald Novak	23
Julie Knox	26
John Healy	29
Evelyn Healy	29
Robert Ellis	30
Janie Ellis	32
Keith Goodman	34
Lou Villei	36
Dee Bussey	40
Linda Gadd	41
Phyllis Johnson	45
Gus Alexakos	48
Dennis Leones	52
Gennaro V. Conte	53
Ken Winnacott	55
James Foster	57
Deborah DiBona	60
Nancy Jane Kraft	62
Kelly Bowman	63
Christopher Ruiz	65
Lynda Wittkopp	68
Mike Rock	70
Harold M. Todd	74
Frank Reams	76
David Bussey	81
Marie Skelton	84
Charles Skelton	87
Diane Manzo	90
Chris Butterfield	91
Erik Jokinen	92
Nancy Hetherington	95
Kim Kurz	95
Leslie Marano	99
John Hartman	104
Dennis Mills	106

I N D E X (continued)

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

	Page
Presentations by:	
Frank Reams	106
Commissioner Mariano	118
Robert Nicholson	133
Opening Remarks:	
Bruce May, Esquire	137
Patty Christensen, Esquire	140
Kenneth Curtin	144

P R O C E E D I N G S

1
2 **CHAIRMAN GRAHAM:** Good afternoon,
3 everyone. We need to reconvene the meeting. We
4 took a recess earlier, because we were going to
5 start the second half of this at a time certain at
6 1:30. I apologize for being a couple of minutes
7 late.

8 Let the record show it is about 1:36; it
9 is Tuesday, May the 24th, and this is the Agenda
10 Conference. We're going to take up public testimony
11 first. One thing, just to let you guys know as we
12 move forward, there is not going to be any public
13 outbursts, so we're not going to allow any clapping
14 or any cheerings. I'm fine with the signs; let's
15 just stick the signs up.

16 If it starts to get to the point where we
17 can't conduct the meeting, we'll say something about
18 that, but you guys are more than willing to stick
19 the signs up and let yourself be expressed. But
20 there will be no clapping or cheering, because
21 there's going to be people up here saying things you
22 want to hear, there's going to be people saying
23 things you don't want to hear. So let's just make
24 sure we can get through all this.

25 I am glad y'all came down here, and we

1 want to give every single one of you time to speak,
2 and we want to hear the things you have to say.
3 That being said, we have a few elected officials
4 that we're going to bring up here and let them speak
5 first. We are going to give everybody three minutes
6 to speak. You'll see on the podium over here --
7 hold on just a second.

8 Marshall. (Pause.)

9 Sorry about that. So we can work as
10 efficiently as possible, we're going to have Public
11 Counsel call people three at a time to come up to
12 speak. And it will be a rolling three, where
13 they'll call speaker number one, two, and three; and
14 then speaker number two, three, four; then speaker
15 number three, four five. And this row over here,
16 which is a front row over to the right, is where
17 everybody can sit as we are calling you up. So that
18 way, those people that are in the middle, you have,
19 you know, at least six minutes to get from where you
20 are sitting to be over there so when we call you,
21 you can come up and speak.

22 We just want for this to go as smoothly as
23 possible, so everybody gets the opportunity to
24 speak. But before Public Counsel starts calling
25 those speakers, I have a handful of elected

1 officials we're going to call up here to speak.

2 As you will notice, on the podium there is
3 a light. The green light will come on that starts
4 your three minutes; at two minutes the yellow light
5 will come on; when you have got 30 seconds left the
6 red light will come on; and then when it starts
7 flashing your time is up. Please respect that time,
8 and let's see how efficiently we can get through
9 this. And if we have some time to the end, maybe we
10 can add some more people that didn't get everything
11 they want in in the three minutes, but let's just
12 see how this goes through as we go through this
13 process.

14 So if you can all bear with us, we'll get
15 through this all, and we do want to hear the things
16 you have got to say. And let's also make sure --
17 let's try not to be duplicative in nature. I
18 understand there's a lot of concerns that are out
19 there, but after the third or four time of hearing
20 it, maybe there is something else that you want to
21 emphasize.

22 That all being said, the first person we
23 are going to call up here is Representative Jason
24 Brodeur.

25 **COMMISSIONER BROWN:** Mr. Chairman,

1 Brodeur, that's how you pronounce it.

2 **CHAIRMAN GRAHAM:** Brodeur; I apologize,
3 sir.

4 **REPRESENTATIVE BRODEUR:** Let's have
5 Senator Fasano.

6 **CHAIRMAN GRAHAM:** I'm sorry. Senator
7 Fasano, I didn't see you up here.

8 Senator, welcome.

9 **SENATOR FASANO:** Good afternoon, Mr.
10 Chairman and members. I'll do my best, as a
11 politician, to keep it within three members, sir.

12 Mr. Chairman and members of the
13 Commission, thank you for the opportunity to address
14 you this afternoon. I'm here to stand with the
15 customers of Aqua Utilities to protest the rate
16 increase application that has been filed by the
17 utility. Aqua is asking for a rate increase that,
18 if approved, would be extremely burdensome for a
19 customer base that is largely made up of people who
20 are on fixed incomes.

21 And I would encourage y'all, if you have
22 the opportunity, to go and visit these communities.
23 These are not communities, these are not gated
24 communities, these are individuals who are on fixed
25 incomes and families who are struggling today. In

1 fact, they are paying the increased rate for service
2 that in some cases, Members, does not even meet the
3 standards set by Aqua itself. They don't even meet
4 the standards that Aqua has set for themselves. It
5 is absurd.

6 Also of great concern is the unusual high
7 cost for Aqua to operate and maintain its facilities
8 as compared to utilities of a similar size. These
9 and other concerns found in the staff recommendation
10 lead me to request that the Commission deny the rate
11 increases that are being sought by the utility
12 today.

13 As you listen to the concerns that the
14 customers of Aqua will share, please keep in mind
15 the reality of their lives. When they return to
16 their homes tonight, they will be the ones who will
17 turn on the taps and receive often substandard
18 quality of water and the product that Aqua delivers.
19 They will be the ones who pick up the phone and call
20 and complains to an office that is not responsive to
21 their needs. They will be the ones who pay a water
22 bill that reflects the overall poor service this
23 company provides.

24 Should they absorb the cost of this rate
25 increase, the increased cost to pay employee and

1 management salaries as well as to pad the profits of
2 stockholders? I think not, and hopefully, neither
3 will you. The Office of Public Counsel has
4 determined that Aqua has failed to meet its own
5 standards in several categories. Public Counsel has
6 identified areas of on-going concern. Poor customer
7 service representatives, difficulty reaching Aqua
8 regarding service problems. Billing issues,
9 including a large backbilling problem and otherwise
10 high billing and untimely boiled water notices.
11 Failure to timely respond to problems, and ongoing
12 secondary quality issues such taste and color.

13 Even though the Commission staff has
14 minimized these issues in its recommendation, the
15 overall quality of service has not improved
16 significantly, and I would appreciate it if you
17 would note that. Until the time comes that the
18 customers can feel a level of comfort in knowing
19 that their concerns will be addressed to a certain
20 level of satisfaction, I strongly, strongly
21 encourage you to make improving customer service and
22 utility responsiveness a top priority as you follow
23 the development of Aqua Utilities. Until that time
24 comes, I would suggest that you deny any rate
25 increase the utility is asking for.

1 Operation and maintenance is both a key
2 component of what makes a utility successful. It is
3 also a key cost driver as reflected in the staff's
4 recommendation. The staff documents that the
5 average operations and maintenance expense for
6 utilities in comparison to Aqua shows that Aqua's
7 costs are 60 percent higher than the average.
8 Sixty percent higher. Additionally, the Office of
9 Public Counsel has discovered that the staff
10 recommendation is based on a mathematical error by
11 the Public Service Commission staff. It would be
12 beneficial if the recommendation would be based on
13 accurate calculations. I also think it is
14 imperative that the question be asked why does Aqua
15 cost more to operate and maintain as compared to
16 other utilities in the State of Florida? Is there a
17 flawed business model in operation, or just overall
18 poor management.

19 And unfortunate outcome of the distressing
20 economy we are living through is the impact a rate
21 increase will have on the customers of Aqua. The
22 utility has requested that the cost of granting
23 raises to its employees and management be passed on
24 to the customers. At a time in which most state
25 employees and senior citizens have not seen raise in

1 the past five years, for us seniors three years,
2 companies big and small are down-sizing, government
3 agencies are laying off workers and Social Security
4 payments to our seniors and others don't keep up
5 with the costs, and the true cost of living, it
6 would be wrong to allow the cost of employee and
7 management raises to be passed on to the customer.

8 It is not the time in the midst of a
9 prolonged economic downturn to be granting raises to
10 a utility that are underwritten by the people who
11 themselves are struggling financially. The utility
12 is asking for \$778,000 to cover the cost of the rate
13 case we are discussing today. The Office of Public
14 Counsel has recommended that the costs be cut in
15 half to approximately 348,000. Given that the
16 customers are currently paying one and a half
17 million dollars for the most recent Aqua Utilities
18 rate case, it is my opinion that the Commission
19 should grant Aqua absolutely nothing in the rate
20 case expense for the case at hand. The customers
21 did not ask for the rate increase. The customers
22 will not benefit from any rate that may ultimately
23 be allowed. I see no reason why they should pay for
24 the legal costs associated with this case.

25 Aqua is owned by stockholders.

1 Stockholders who should put up the money to bring
2 forth this rate increase application. They are the
3 ones who will benefit if a rate increase is granted.
4 Just because the utility asked for the money doesn't
5 mean they should get it.

6 Perhaps one of the most puzzling
7 recommendations of all pertains to the proposed
8 rates for Water Band 4, Zephyr Shores and Palm
9 Terrace. For example, the utility has requested for
10 residential service for 5,000 gallons of water
11 billed in the amount of \$85.52. For some
12 inexplicable reason, the Commission staff has
13 recommended that the utility be granted a rate of
14 \$117.78. Similar disparities exist for the average
15 3,000 gallons per month user as well as a 10,000
16 gallons per month user in this band. Is there any
17 reason why the staff should recommend a rate about
18 30 percent higher than what the utility even
19 requested? Even if by the some accounting rule that
20 they be entitled to that amount, it is the
21 responsibility of the utility to ask for that
22 amount, not for staff to recommend it. It is not
23 the Commission's staff's job to propose something
24 more than what the utility even wants.

25 As I stand with these constituents, all of

1 whom are customers of Aqua Utilities behind us, I
2 want you to know that I agree with the various
3 issues of concern they are about to present to you.
4 They are the ones who purchase Aqua Utilities water,
5 and they are the you ones who pay the Aqua Utilities
6 bills. I and my staff hear from them almost daily.
7 These customers can no longer afford the bills that
8 they are being charged, let alone higher rates for
9 the future.

10 For the most part, these residents are on
11 fixed income. Like all of us, they are struggling
12 through a down economy to make ends meet. To impose
13 on them major rate increases, especially when they
14 are receiving poor water and almost nonexistent
15 customer service, it is unconscionable.

16 The rate recommendations you have been
17 given by Staff are at least in one part flawed. The
18 only ones who will benefit from these rates
19 increases, if granted, would be the owners of Aqua
20 Utilities. The customers have neither asked for nor
21 do they support the proposed increases. On their
22 behalf, I respectfully request that you deny the
23 application.

24 Mr. Chairman, and members of the
25 Commission, thank you so very much for allowing me

1 to come and testify today. God bless you.

2 **CHAIRMAN GRAHAM:** Thank you, Senator
3 Fasano, for coming down, and thank you for those
4 words.

5 Representative.

6 **REPRESENTATIVE BRODEUR:** We have someone
7 from Senator Hays' office.

8 **CHAIRMAN GRAHAM:** Senator Hays' office.
9 Paul Runk is it?

10 **MR. RUNK:** Yes, Commissioner. Thank you.
11 Thank you, Mr. Chairman; thank you,
12 Commissioners.

13 Senator Hays apologizes, he couldn't be
14 here. He had several constituent meetings in the
15 district this afternoon, but he did ask me to read a
16 letter from him. The letter reads: Dear Public
17 Service Commissioners. It is my hope that you will
18 be extremely judicious in the evaluation of the rate
19 increases sought by Aqua Utilities. The record of
20 your predecessors, in my opinion, is completely
21 unacceptable and allows this company to rip off the
22 residents who are captive with the customers -- who
23 are captive customers of this company. The excuses
24 I have heard from the company is that the systems
25 they have purchased in Florida are in run-down

1 condition and it takes major funding to restore the
2 systems to a condition of a mechanical and technical
3 suitability.

4 That, in my opinion, is due to a lack of
5 oversight by the Public Service Commission and the
6 customers today should not be burdened with the cost
7 of rebuilding. Today's customers should certainly
8 not be expected to give the company a rapid return
9 on their investment. The company should have known
10 the condition of the systems before they bought
11 them.

12 I also find it completely unacceptable for
13 you to allow the company to impose punitive rates
14 for large consumption quantities. The only
15 additional cost for the company for someone to uses
16 20,000 gallons of water instead of 5,000 gallons is
17 the electricity to pump the water. The entire
18 infrastructure is already in place, and I find these
19 rates allowed in the past to be state-sanctioned
20 extortion. Please do not allow such rate structures
21 to imposed on these captive customers.

22 Please remember that this company is
23 taking ground from natural resources that belongs to
24 all Floridians, and the company is paying absolutely
25 nothing for that resource. They, in turn, are

1 charging customers for delivery of that water, which
2 is a necessity of life, not a luxury. Yes, they
3 should be allowed to make additional reasonable
4 profit, or to make a reasonable profit for
5 delivering the water, but must return -- must be
6 reasonable, not excessive and punitive.

7 Thank you for your time, and please make
8 us thankful for your service by not allowing this
9 company to continue to rip off the customers.

10 Sincerely, Senator Alan Hays.

11 **CHAIRMAN GRAHAM:** Thank you, sir. And
12 thank you for bringing that letter from the Senator.
13 Representative.

14 Hold on just a second. Commissioner
15 Edgar.

16 **COMMISSIONER EDGAR:** Thank you, Mr.
17 Chairman.

18 I got mixed up, but I'll get there. Mr.
19 Runk, is that an actual letter from the Senator?
20 And, if so, can you leave a copy of that with us?
21 I'd like to get a copy of it.

22 **MR. RUNK:** Yes, Commissioner. I have an
23 addition copy here, and I believe that I have a copy
24 there that's prepared for the record.

25 **COMMISSIONER EDGAR:** Okay. Thank you.

1 And then I'll ask our staff to make some copies of
2 that, if that's okay, Mr. Chairman. Thank you.

3 MR. RUNK: Thank you.

4 CHAIRMAN GRAHAM: Now, Representative.

5 REPRESENTATIVE BRODEUR: Thank you, Mr.
6 Chairman.

7 Commissioners, my name is Representative
8 Jason Brodeur, and I'm here on behalf of my
9 constituents, as well. I don't want to be redundant
10 with what the Senator and the Senator's
11 representative have said, but I do want to make
12 mention maybe in a different light of what we face
13 in the legislature. We have the luxury of dealing
14 with a number of issues from our constituents,
15 whether it's roads or Agency for Health Care
16 Administration, you have the justice system, a
17 number of things. There is no single issue I
18 receive more e-mail about than Aqua Utilities.
19 That's a fact. And I know that the struggle that we
20 have in Florida is to provide quality water at an
21 affordable rate.

22 What I see here with the staff
23 recommendation is that they have completely ignored
24 the affordability limits from a couple of years ago,
25 and now have rate caps up to 159.50 a month for

1 water and wastewater. That's higher than a lot of
2 people's utility bill. So if I get e-mails every
3 day now, I can't imagine what it's going to be like
4 if this goes through.

5 I think what has happened over the years
6 is we see a system that may be unsustainable in its
7 current form. And so I stand here with the Senators
8 that I think have clearly said that if we continue
9 to see rate increases of such magnitude, we know
10 they're not sustainable, we know they're not
11 affordable by Florida taxpayers, ratepayers, that we
12 stand here ready to serve you, to provide
13 constructive alternatives to what we think is
14 probably an unsustainable system, and we ask that
15 you stand with the ratepayers of Florida and
16 understand that this is not something that we can
17 afford now or in the future. Thank you very much,
18 members of the Commission.

19 **CHAIRMAN GRAHAM:** Representative, a
20 question I have, or I guess a comment I have. My
21 office would be more than happy to sit down and work
22 with you, because this is not the first time we are
23 in this position, and I'm sure this is not going to
24 the last time we are in this position. I think
25 there's definitely challenges that are there. The

1 problem we run into is, and I'm a property rights
2 guy, and I'm also a local government control guy,
3 and 30 or 40 years ago, it was allowed for some of
4 these entities to pop up, you know, 300 houses here,
5 1,000 houses there, and now that infrastructure is
6 getting mature and it needs to be replaced. And
7 that's where things are starting to get
8 cost-prohibitive.

9 And we, as the Commission, you know, are
10 following, you know, the rules of law. And so I
11 know there are some challenges we need to work
12 through, and if it's your office or somebody else's
13 office, we'll be more than happy to see if we can't
14 work through those issues, because I think this will
15 be a problem not just today, but as we move forward.

16 **REPRESENTATIVE BRODEUR:** Thank you, Mr.
17 Chairman.

18 If I could, I agree with you. I do not
19 envy the position that you all are in at all. So I
20 would be happy to, over the summer and into the fall
21 before we get into next session, get all the
22 stakeholders together in the room, whether that's
23 the private utilities, it's the members of the
24 Public Service Commission, some members -- some
25 affected members of the legislature to get together

1 and see where we are today. Because you're right,
2 40 years ago this wasn't the problem. But if we
3 don't address it now, we're just going to kick the
4 can down the road.

5 **CHAIRMAN GRAHAM:** Thank you very much for
6 coming, sir.

7 **REPRESENTATIVE BRODEUR:** Thank you.

8 **CHAIRMAN GRAHAM:** Okay. Now, we are going
9 to -- I have one other elected official, County
10 Commissioner Jack Mariano, and he wanted to be last,
11 so we're going to hold off on Jack until the end.

12 **COMMISSIONER MARANO:** Thank you.

13 **CHAIRMAN GRAHAM:** I just wanted to make
14 sure. And is there any other elected official in
15 the audience that wanted to speak before we open it
16 up to the rest of the audience? Did I overlook
17 somebody? Okay. That being said, Public Counsel,
18 let's call the first three.

19 **MS. CHRISTENSEN:** Mr. Benjamin Anderson,
20 Gerald Novak, and Julie Knox.

21 **CHAIRMAN GRAHAM:** Thank you.

22 **BENJAMIN ANDERSON**

23 was called by the Citizens of the State of Florida and
24 presented the following:

25 **STATEMENT**

FLORIDA PUBLIC SERVICE COMMISSION

1 **MR. ANDERSON:** Thank you for giving me
2 this opportunity to speak to you today. I'm an
3 Alachua County resident. I live in Arredondo Farms,
4 and I'm also a student at the University of Florida.
5 I just wanted to say a few things about the cost and
6 quality of the water I've received from Aqua
7 Utilities. I have been a customer in the past, and
8 at that time I was happy with the service overall.
9 However, three years later when I resumed service, I
10 found that the rates were three times higher than
11 they were in the past.

12 I'm now paying between 120 and \$140 a
13 month for a small single-family residence with two
14 people living in it. The cost is now more than what
15 I pay for my electric bill. Even without any water
16 use, the base charges I'm sorry receiving alone are
17 extremely expensive and unaffordable.

18 I am also equally unhappy about the
19 quality of the water I'm receiving. The quality is
20 extremely poor and has declined significantly since
21 I was a customer three years ago as the prices have
22 also increased. The problem is hard water that I'm
23 receiving from Aqua, and it has tarnished nearly
24 anything I wash with it due to calcium build up. I
25 have complained about this several times to Aqua,

1 and nothing was done about it.

2 I feel that the high prices and low
3 quality are unacceptable, especially with the
4 extremely high prices that I have to pay for my
5 other utilities today. I feel that something must
6 be done to make the water more affordable for the
7 people in my community as it should be. Thank you.

8 **CHAIRMAN GRAHAM:** Thank you, sir, and
9 thank you for coming.

10 **MS. CHRISTENSEN:** Gerald Novak, Julie
11 Knox, and then John Healy.

12 **CHAIRMAN GRAHAM:** Sir, welcome.

13 **GERRY NOVAK**

14 was called by the Citizens of the State of Florida and
15 presented the following:

16 **STATEMENT**

17 **MR. NOVAK:** Mr. Chairman, Commissioners,
18 staff, Aqua utility representatives, Aqua customers,
19 my name is Jerry Novak. I reside at American
20 Condominium Park in Zephyrhills, Florida. I have
21 lived in Florida for ten years now.

22 I'm here to talk about the impact of high
23 water rates on property values. The normal number
24 of homes for sale on our park has been 15 to 24
25 units, and that has been like that for the past

1 20 years. After you granted Aqua Utilities their
2 rate increase, I came here at one of the meetings,
3 and I informed you of the impact it was having on
4 our community. At that time they announced that the
5 number of homes for sale were no longer the 15 to
6 24, but had risen to 35 to 39. The impact was a
7 13 percent vacancy rate. It was no longer the
8 healthy and normal five percent, the five percent
9 that we were used to.

10 More time has passed. The water rates are
11 still too high, and I guess they are in danger of
12 going even higher. After this year's sales, we are
13 still looking at 45 to 49 homes still on the market.
14 The percentage is now up to 16 percent. I'm being
15 told there will be another four to five going on
16 very soon.

17 When people moved into our park, they were
18 buying a lifestyle. Affordable living for seniors
19 is what they are looking for and what we used to
20 offer. Sales of newer homes in our park were in the
21 fifty-five to 105,000 price range just a few years
22 ago. Since the water rates have been escalated over
23 300 percent, our home values have dropped
24 drastically. This year nice homes -- last year they
25 dropped to 65,000, that's what the nicer homes would

1 sell for. That is a drastic drop from where they
2 were.

3 This year the nice homes have sold for
4 45,000. That's almost giving the homes away. We
5 were getting this for empty lots on the water prior
6 to granting the Aqua Utility rates.

7 Interested buyers are walking when they
8 see what the water bills will be. They just
9 question it, and then they just walk. From the
10 numbers I've mentioned above, you can see that even
11 after sales we still have more on the market at the
12 end of the season than we did when we started.

13 The higher water bills have a drastic
14 negative effect on potential buyers in our
15 community. They have a drastic negative effect on
16 the current owners. Homes are a commodity, and
17 their values are influenced by the laws of supply
18 and demand. They have a drastic negative effect on
19 the values of all homes in our community now.

20 I own a house. It's not even worth what
21 I -- I have been a realtor for 12 years. My house
22 is now worth less than it should have, and I very
23 well understand how the law of supply and demand
24 works. I have talked to other agents who market in
25 our park. They all come back with the same thing.

1 It's hard to sell a house in your community because
2 of the high water rates.

3 I'm very discouraged to see my friends and
4 neighbors put their homes up for sale. I just got
5 an e-mail two days ago; a dear, dear friend is
6 putting her home up for sale. This is something
7 that is a result of the high water rates.

8 I thank you for your time. I hope you
9 really consider very hard what you are looking at,
10 and think about the people that it affects. Thank
11 you for the three minutes.

12 **CHAIRMAN GRAHAM:** Thank you. Thank you
13 for coming, sir.

14 Next.

15 **MS. CHRISTENSEN:** Julie Knox, John Healy,
16 and Evelyn Healy.

17 **JULIE KNOX**

18 was called by the Citizens of the State of Florida and
19 presented the following:

20 **STATEMENT**

21 **MS. KNOX:** Chairman and Commissioners, my
22 name is Julie Knox, and I live in Zephyrhills,
23 Florida. I am a residential customer of Aqua
24 Florida and receive water and wastewater service
25 from the Zephyr Shores system. I oppose any rate

1 increase because Aqua has yet to demonstrate by its
2 actions that it's genuinely interested in providing
3 quality of service deserving of its ratepayers.

4 Aqua does business in states like Florida
5 where the statutes allow it to take advantage of
6 unsuspecting ratepayers. Its business model depends
7 upon continual acquisitions and neverending rate
8 increases. Customer service is a play on words, as
9 evidenced by the unusual but constant high number of
10 complaints when compared with other investor-owned
11 water and wastewater utilities in Florida.

12 The Zephyr Shores system was apparently
13 acquired by Aqua because no one else had an interest
14 in it. Approximately 438 customers, 70 percent
15 seasonal, get their water from two wells owned by
16 Aqua. Pasco County processes the wastewater,
17 although Aqua owns the rights to it. We're
18 surrounded by county water lines and the county
19 wants to purchase the system. And the county offers
20 better quality of water, better rates, and better
21 customer service.

22 Last year, the Commission suggested to
23 Aqua that they divest this system. To date Aqua has
24 ignored their suggestion of divesting to the county,
25 and it would be in the best interest of all

1 concerned.

2 I would encourage Aqua to reconsider the
3 value and holding of the Zephyrhills system. It
4 isn't profitable, and it never will be. What once
5 may have appeared to be a lucrative income stream
6 has turned out to be nothing more than a money pit.
7 Now might be the right time to demonstrate some
8 corporate goodwill.

9 I also have two pictures I want to show
10 you right after they flush our systems. We were
11 told they flush them every four weeks. They don't
12 until there is a meeting, and then they come flush
13 the system. These are the pictures. This is what
14 our water looks like. My clothes get rust, the
15 smell. And also on the affordability, I have two
16 bills here. I know they are different periods, but
17 they are due May 2nd, 2011, and May 30, 2011. How
18 can people that get one Social Security check a
19 month afford to pay two bills close to \$100 in one
20 month. My electric bill was \$66; my water bill was
21 \$74. Thank you for your time.

22 **CHAIRMAN GRAHAM:** Ma'am, thank you very
23 much for coming down. Next.

24 **MS. CHRISTENSEN:** John Healy, Evelyn
25 Healy, and Robert Ellis.

1 **CHAIRMAN GRAHAM:** Welcome, sir.

2 **JOHN HEALY**

3 was called by the Citizens of the State of Florida and
4 presented the following:

5 **STATEMENT**

6 **MR. HEALY:** John Healy. I live at 35036
7 Carl Avenue, Zephyr Shores, Zephyrhills.

8 First of all, the price of the -- the set
9 fees at \$51.15 is ridiculous. And then the quality
10 of the water. We had to put a treatment system in.
11 Now my wife can't drink the water, on account of the
12 salt. We have to buy drinking water. Thank you.

13 **CHAIRMAN GRAHAM:** Sir, thank you very much
14 for coming down. Next.

15 **MS. CHRISTENSEN:** Evelyn Healy, and then
16 Robert Ellis and Janice Ellis.

17 **CHAIRMAN GRAHAM:** Ma'am, welcome.

18 **EVELYN HEALY**

19 was called by the Citizens of the State of Florida and
20 presented the following:

21 **STATEMENT**

22 **MS. HEALY:** Hello. I'm Evelyn Healy,
23 35036 Carl Avenue in Zephyrhills. I'm in a
24 community of senior citizens on fixed incomes, and
25 we are pleading to you to please not grant the raise

1 for Aqua water. We can't afford it. And I'd like
2 to devote the rest of my time to either Frank Reams
3 or Dave Bussey, please. Thank you.

4 **CHAIRMAN GRAHAM:** Ma'am, thank you for
5 coming down. We won't allow people to transfer
6 their times, but if there's anything else you want
7 to add, you're more than welcome to it.

8 **MS. HEALY:** No.

9 **CHAIRMAN GRAHAM:** Thank you. Next.

10 **MS. CHRISTENSEN:** Robert Ellis, Janice
11 Ellis, and Keith Goodman.

12 **CHAIRMAN GRAHAM:** Welcome, sir.

13 **ROBERT ELLIS**

14 was called by the Citizens of the State of Florida and
15 presented the following:

16 **STATEMENT**

17 **MR. ELLIS:** Good afternoon. My name is
18 Robert Ellis, and I live at 4600 Clarice Avenue in
19 Zephyr Shores in Zephyrhills.

20 I'd just like to tell you the same thing
21 as the first speaker. We are having the same
22 problem in our mobile home park. We've got about 17
23 or 18 places for sale out 200, and we have never had
24 more than three or four at a time up until the last
25 two years, and it's due to the water. We have been

1 told straight out that that's what people are
2 turning away from our place for.

3 And this has been going on -- I moved in
4 in '04, and some of you people have seen me before
5 at other times, and it's still all the same
6 complaints and the same story it has always been.

7 Minor things get better, and then all of a
8 sudden it is back to where it was before. It's hard
9 to understand why. But we appreciate your
10 consideration, and hopefully we can do something and
11 get the county to us take us over. Thank you very
12 much.

13 **CHAIRMAN GRAHAM:** Sir, hold on just a
14 second. I've got a question from Commissioner
15 Edgar.

16 **COMMISSIONER EDGAR:** Thank you.

17 Mr. Ellis, thank you for your comments.
18 Are you also in the Zephyr Shores area?

19 **MR. ELLIS:** Zephyr Shores. We are Zephyr
20 Shores Estates, and that's where the pump and
21 everything is. And American Condos is behind us,
22 and they are on the same system.

23 **COMMISSIONER EDGAR:** Thank you.

24 **CHAIRMAN GRAHAM:** Thank you, sir. The
25 next three.

1 **MS. CHRISTENSEN:** Janice Ellis, Keith
2 Goodman, and Lou Villei.

3 **CHAIRMAN GRAHAM:** Welcome, ma'am.

4 **JANICE ELLIS**

5 was called by the Citizens of the State of Florida and
6 presented the following:

7 **STATEMENT**

8 **MS. ELLIS:** Thank you. I'm Janice Ellis,
9 and this is the third or fourth time you have seen
10 me, those that have been on the Commission long
11 enough to have seen me. I have been in Port Richey
12 and I have been in Land O'Lakes. Lakeland, I'm
13 sorry. The same problems are still there.

14 I have a white blouse on today only
15 because it is brand new. I cannot wear a white
16 blouse, wash it, and ever wear it again. Aqua water
17 did do something about some of our clothes one time.
18 I had a pile of clothes that I put in the washer.
19 My father-in-law was not doing well, and I have to
20 make an emergency flight to Massachusetts. I put
21 all my winter clothes into the washing machine and
22 they all came out so I couldn't wear them when I got
23 to Massachusetts. They had stains on them. They
24 looked like ice tea stains. I had a lot of very
25 nice sweatshirts, and I couldn't wear any of them

1 once I got to Massachusetts.

2 I did call Aqua about it. I got people's
3 names and everything, and then I saw someone about
4 it, and they said, well, you didn't let us know in
5 time. The person I got was so rude to me on the
6 telephone that I couldn't do anything with them.
7 They were just so rude to me. And I was also in
8 distress because of what was going on in our family.

9 I'd like to tell you that things have not
10 gotten better. A couple of people from Aqua after I
11 made my plea to you people did come to me and
12 apologize for the services that I got. That didn't
13 replace any of my clothing, which I did have to
14 replace once I got to Massachusetts in the middle of
15 the winter.

16 So I would like to refer some of my time
17 to Mr. Bussey, but I see that we can't do that, and
18 that's our right. But this is isn't our first time,
19 and it probably won't be our last time, and I would
20 hope that perhaps you wouldn't keep the prices going
21 up. And the base price of the sewer is totally
22 ridiculous as far as I'm concerned. \$35.11, or
23 whatever it is, for a base price, and then on top of
24 that they are adding on what little we use. We use
25 1,600 gallons a month, because we cut it as close as

1 possible. We don't take showers every day. We take
2 them when we need them. We do things that -- I
3 mean, I do maybe three loads of laundry a week. I
4 don't over-use water, and that's all I have to got
5 say, I guess. Thank you.

6 **CHAIRMAN GRAHAM:** Thank you, ma'am.
7 Thanks for coming.

8 **MS. CHRISTENSEN:** Kenneth Goodman, or
9 Keith Goodman -- I keep getting that wrong -- Lou
10 Villei, and Dee Bussey.

11 **CHAIRMAN GRAHAM:** Welcome, sir.

12 **KEITH GOODMAN**

13 was called by the Citizens of the State of Florida and
14 presented the following:

15 **STATEMENT**

16 **MR. GOODMAN:** Thank you. I'm Keith
17 Goodman from the Fairways of Mount Plymouth. I've
18 just got a few bullet items to cover, I guess. One
19 of the things, and I happen to read a lot, it
20 says -- in the rate request issued by Aqua, it says
21 they spent \$8.4 million in capital investments. It
22 says in there that the reason they are asking for
23 this rate increase is consumption plummeted by
24 16 percent attributable to a large number of private
25 wells. In 2010, their ROE projected is to be

1 1 percent below the PSC midpoint of 9.75 percent.
2 Further, they say they cannot realistically maintain
3 a stable financial position, and Aqua is committed
4 to provide excellent service.

5 My analysis of those statements relative
6 to the consumption plummeted by wells, they should
7 be aware that in 2009 Florida ranked fourth in the
8 nation in terms of active foreclosure processes. In
9 2010, Florida had 458,286 foreclosures, 11.1 percent
10 unemployment, and their concern with wells -- at the
11 current interim rate you can put in well in for less
12 than a two-year payback period. Therefore, the
13 customers are really consuming or reducing their
14 expenses to avoid foreclosure. Their 2010 ROE
15 projected being 1 percent below the 9.75, I will
16 simply say that most companies could thrive on a
17 8.75 percent ROE.

18 It says Aqua is committed to provide
19 excellent service. In their tracking from 2007 to
20 2010 relative to the PSC tracking, Aqua Utilities
21 has 21 percent of the ERCs, equivalent residential
22 connections, in the top seven providers, yet they
23 have 76 percent of the PSC complaints. The analysis
24 of customer reports has not provided any indication
25 of improvements to the standard since 2007.

1 **MR. VILLEI:** Good evening. Or good
2 afternoon, I should say. I have some information to
3 pass out to the board members, and also there are
4 some photographs there. My name Lou Villei. I live
5 at 7741 Greybirch Terrace in Port Richey, which is
6 Palm Terrace Gardens, and I have been living in
7 there since 1999. I am a disabled American vet. I
8 live on a fixed income. Since Aqua has taken over,
9 the reason we were all here is because of the fact
10 of the rate increases, and I am here to challenge
11 the rate increase and also ask for a reduction of
12 the rate increase that we have had previously
13 before.

14 Anytime my bill goes up, I look at it to
15 find out if the base rates have changed or the
16 gallonage rates have changed. And since the fact is
17 that since July of 2004 when Aqua purchased the
18 system from Florida Water Services we have had
19 10 rate increases, of which after 2008 we have had
20 five increases. Those paperwork that they are
21 passing out will show you exactly. They are from my
22 billing records.

23 Now, I have records all the way back to
24 1999, and if anyone doubt it, you can surely see
25 them. These copies that you show are actually proof

1 of my billing statements. Aqua purchased the system
2 in 2004. They have raised our rates to cover their
3 improvements, which they have not done in seven
4 years. Over at the county when we went there in
5 October, after the county meeting, they finally came
6 out and started repairing some of their own leaky
7 valves. There has been a break on May 18th, which
8 is this past Friday, not too longer ago, while they
9 were repairing another pipe coming out of the
10 sediment area to a spray pond which you have listed.
11 That pipe was leaking raw sewage water into our
12 ground system. That is where the pictures are that
13 I showed you right there. The retention pond, or
14 runoff pond, whatever you want to call it, that pipe
15 was exposed and it leaks right into the groundwater
16 running into it.

17 They have since come back and fixed it,
18 but it is still leaking, and it is still exposed.
19 It took two days. One of the employees from Aqua
20 came over and opened up one of the hydrants to bleed
21 off the pressure and flush out the line. They
22 failed to cap it. It was running. One of the local
23 neighbors who is a plumber went down on his own and
24 closed the valve up. The hole from that fire
25 hydrant was uncovered for two days with no barrier,

1 no lights in the corner of Grover and Greybirch.

2 The treatment plant -- well, I guess I'm
3 out of time.

4 **CHAIRMAN GRAHAM:** Go ahead, sir, finish
5 your thought.

6 **MR. VILLEI:** Okay. The treatment plant
7 for Palm Terrace Gardens is presently carrying
8 almost 1,500 residents. It's smaller than the one
9 in Jasmine Lakes that carries 1,700. There is no
10 way that plant can cover the load for Palm Terrace
11 Gardens with that many residents in there without
12 having something -- somebody doing something other
13 than what they are doing.

14 The duckweed that you see on those
15 photographs are on two of the sediment ponds that
16 they are supposed to be maintaining, which is in
17 violation of DEP. And they have not -- they had
18 over a year to fix that, or repair those problems,
19 and they are haven't done so, either.

20 **CHAIRMAN GRAHAM:** Sir, we do thank you for
21 coming.

22 **MR. VILLEI:** All right. Thank you.

23 **CHAIRMAN GRAHAM:** Dee Bussey, Linda Gadd,
24 Phyllis Johnson.

25 **DEE BUSSEY**

1 was called by the Citizens of the State of Florida and
2 presented the following:

3 **STATEMENT**

4 **MS. BUSSEY:** Chairman and Commissioners,
5 good afternoon. My name is Dee Bussey. I live in
6 Zephyrhills, Florida. I am a residential customer
7 of Aqua Utilities Florida, a for-profit water
8 company, and I'm serviced by Zephyr Shores system.
9 I have researched various aspects of Aqua Utilities
10 Florida and its parent company Aqua America. Their
11 business philosophy is built on a foundation of
12 appeasing their stockholders at whatever cost to
13 their customer base. They have been very
14 successful. However, now that they have become an
15 established utility, a growing number of their
16 customer base are beginning to voice genuine
17 concerns about their steamroller business tactics,
18 their ever escalating rates, and their poor customer
19 service, and water that we can't drink.

20 Unfortunately, Aqua's subsidiaries are
21 still able to lock up a service area before their
22 new customer base is able to find out what they are
23 in for. And once they're in, it's doubtful that you
24 will be able to escape. Until Aqua is able to
25 provide good water, good service, and competitive

1 rates, they should not be able to purchase any more
2 systems.

3 I'm asking the Commission to deny this
4 requested rate increase until Aqua changes the way
5 it does business. Their business model is
6 unsustainable without gouging us, their ratepayers,
7 over and over and over again. Thank you.

8 **CHAIRMAN GRAHAM:** Thank you, ma'am.
9 Thanks for coming down.

10 **MS. CHRISTENSEN:** Linda Gadd, Phyllis
11 Johnson, and Gus Alexakos.

12 **LINDA GADD**

13 was called by the Citizens of the State of Florida and
14 presented the following:

15 **STATEMENT**

16 **MS. GADD:** Good afternoon, Chair and
17 Commissioners. My name is Linda Gadd from Lakeland,
18 Florida. I live in the Lake Gibson area, and I,
19 too, am an Aqua Utilities customer. Not by choice.
20 All I know is they took over my water, and ever
21 since they did that -- my monthly rate was \$40 every
22 month, as soon as I got the first bill it
23 immediately went to \$120 a month. I'm a single mom
24 and I struggle, too, just to make ends meet.

25 I have been recording my water gauge out

1 front in the yard. It started on April 29th at
2 017996. Yesterday it read 018491, and with a
3 calculator it says that is 495 gallons. They are
4 claiming I'm using 5,000 a month. I live in a very
5 small two-bedroom, two-bath home with just my son.
6 We do not water the yard. We do not waste water.
7 We might do four loads of laundry a week, and I do
8 have a dishwasher. I do try to conserve water.

9 I know I don't use 5,000, but my last bill
10 I just got is \$145. They're claiming I use
11 6,000 gallons a month, which I don't. But I came up
12 with 495 gallons. I do have a letter from
13 Commissioner Sam Johnson in Polk County I'd like to
14 give y'all to read, because I probably don't have
15 time. And I also have pictures of my water gauge
16 and my meter readings I would like to submit. And I
17 thank you very much. I hope you will help us. We
18 want Aqua Utilities out of Florida.

19 By the way, they turned off my water twice
20 without any warning. I called them up one Friday
21 and said I paid my bill, would you please turn on my
22 water. This was a Friday afternoon. The lady got
23 very nasty with me, and said we will not turn your
24 water on until Monday. And I was not happy. We
25 want them out of Florida. I'm tired of their pay

1 rates, too.

2 **CHAIRMAN GRAHAM:** Ma'am, hold on just a
3 second. We have a question from Commissioner Edgar
4 followed by Commissioner Brown.

5 **MS. GADD:** Yes, sir.

6 **COMMISSIONER EDGAR:** Thank you, Mr.
7 Chairman.

8 And thank you for coming and sharing your
9 concerns and your experiences with us. A couple of
10 things quickly. I'm sorry, I did not catch your
11 name.

12 **MS. GADD:** Linda Gadd, G-A-D-D.

13 **COMMISSIONER EDGAR:** Thank you. And, Ms.
14 Gadd, which system are you in?

15 **MS. GADD:** I'm with the Lake Gibson area.
16 Gibsonia, I believe, they call it.

17 **COMMISSIONER EDGAR:** Okay. And a couple
18 of the examples that you gave us, one about having
19 your service turned off without warning, and as I am
20 sure you know, there are rules and requirements that
21 you are supposed to receive warning. Have you
22 complained to the utility about that?

23 **MS. GADD:** Yes, ma'am, and I got one
24 e-mail from them after I complained to the Florida
25 Public Service Commission.

1 **COMMISSIONER EDGAR:** And that was going to
2 be my next question, if you had lodged a concern
3 with our staff, as well. And also on the point that
4 you raised about the concern that your bill is not
5 accurately reflecting your usage. Is that something
6 that they have responded to you about, or have you
7 worked with our staff on that?

8 **MS. GADD:** I have not approached them
9 about that yet.

10 **COMMISSIONER EDGAR:** Okay. Well, I know
11 that our staff is going to be taking all of that
12 down, and I would ask that they follow up on that,
13 as well.

14 **MS. GADD:** Thank you. Thank you very
15 much.

16 **CHAIRMAN GRAHAM:** Ma'am, hold on. We have
17 got one more question for you.

18 Commissioner Brown.

19 **COMMISSIONER BROWN:** Thank you, Mr. Chair.

20 Commissioner Edgar asked the question I
21 was going ask, and thank you for coming and
22 answering and presenting this information to us.

23 **MS. GADD:** Thank you very much.

24 **CHAIRMAN GRAHAM:** Ma'am, thank you very
25 much for coming. Next.

1 **MS. CHRISTENSEN:** Phyllis Johnson, Gus
2 Alexakos, and Dennis Leones.

3 **CHAIRMAN GRAHAM:** Welcome, ma'am.

4 **PHYLLIS JOHNSON**

5 was called by the Citizens of the State of Florida and
6 presented the following:

7 **STATEMENT**

8 **MS. JOHNSON:** Thank you, Mr. Chairman and
9 members, Commissioners. I have been a customer for
10 Aqua since July of 1994. First with Southern States
11 Utilities, and my bill was averaged to \$25 a month,
12 and then Florida Water took over in February of
13 1997. The average bill was \$36. There are only two
14 adults in my home and we are not wasteful people.

15 Aqua Water acquired my account in
16 September of 2004, and my bills have been as high at
17 \$264.18. After I received that bill, I quit
18 watering my sod for which I had paid \$7,000 for.
19 Due to the rate hikes, my yard is now full of weeds,
20 ugly, dying, and thanks to Aqua's rates. We all cut
21 back on the water, and Aqua rewards us with another
22 rate increase due to the lost revenue as we have to
23 tighten our belts.

24 People move in and out when they encounter
25 the water rates. This devalues our property and

1 makes our once nice neighborhood undesirable. I
2 have asked about a go-meter for irrigation, and I
3 was told Aqua does not have such a thing. Many have
4 lost their incomes due to the economy, and like
5 myself live on Social Security and have no had a
6 raise for two years. My expenses keep going up. I
7 also inquired about putting in a well and a septic
8 system and was informed that I cannot do that either
9 because of the laws in the area as we have utilities
10 in place. I pay taxes as a property owner to
11 Southwest Florida Water Management to provide for
12 me. We live on and have water all around us, and
13 it's not like we live in the desert and it's an
14 extravagant cost to get water to us.

15 We have county utilities within half a
16 mile on my west. We have city utilities within a
17 mile on my east, and my bill runs \$130, and I have a
18 copy of the bill attached to this from a friend of
19 mine that's \$50. We need a cut in the rates or we
20 need a new supplier. I have attached information
21 from the water utilities director Grey Butcher
22 (phonetic), and there are 769 water customers on our
23 system, only 303 are waste customers, and that
24 leaves 466 customers only, and that seems we are
25 paying their waste portion also, which is 40 to

1 50 percent more than our water. The attached states
2 that Aqua Utilities has made significant investments
3 in an existing private waterway system with the rate
4 increase being approved and enabled them to recover
5 such a capital outlay to our customers at our
6 expense. We did not have a right, a say, a vote, or
7 any input in this matter of Aqua Utilities making
8 the purchase of 3.1 million and charging us to
9 recover the investment. Do you want me to stop or
10 just finish?

11 **CHAIRMAN GRAHAM:** Continue your thought,
12 ma'am. You've still got 30 seconds.

13 **MS. JOHNSON:** Okay. I have contacted
14 many, which I have listed here, so what I would like
15 to know is who or will help us as the consumers.
16 Aqua Utilities has a monopoly in place, and we, the
17 consumers, are being held hostage. We are the
18 voters and the taxpayers, and we place the officials
19 in the offices and they have a duty to protect us,
20 we the people.

21 And I've got a list here of the people
22 that I have contacted. Also here is a petition with
23 over 200 and some odd names on it that I have
24 collected. Let me trade you copies.

25 **CHAIRMAN GRAHAM:** Ma'am, thank you very

1 much for coming.

2 **MS. CHRISTENSEN:** Gus Alexakos, Dennis,
3 Leones, and Gerry Conte.

4 **CHAIRMAN GRAHAM:** Welcome, sir.

5 **GUS ALEXAKOS**

6 was called by the Citizens of the State of Florida and
7 presented the following:

8 **STATEMENT**

9 **MR. ALEXAKOS:** Thank you, Commission. My
10 name is Gus Alexakos. My wife, Sharon, and I reside
11 at 4625 Windy Lane in Zephyrhills in the Zephyr
12 Shores Senior Subdivision for 17 years, and I'm the
13 past president of our association.

14 Aqua claims that they have to raise their
15 rates because residents are now using less water.
16 Aqua sent us all fliers not too long ago to conserve
17 our rather usage, and I have copies of that, and
18 also from the Tampa Tribune on May 5th. Mr.
19 Lihvarcik, Florida's past president and CEO, and his
20 staff, Troy Rendell, and Tricia Williams came to our
21 home on July 10th, 2010, and saw the cases of water,
22 the bottled water we have to have. We spend over
23 \$500 a year because we can't drink that water.

24 On Saturday, May 7th, 2011, at 8:35 a.m.,
25 I called Aqua to report our green/yellow water, and

1 here is a picture of it here. And I have copies for
2 the Commission.

3 I asked the lady where is your call
4 center. She replied Waukesha, Wisconsin. Not
5 Zephyrhills, but Waukesha, Wisconsin. So no one
6 came on the 7th, no one came on the 8th, and I again
7 called on May 9th at 9:20 a.m. This time the call
8 center was Branamore, Pennsylvania, their
9 headquarters. The lady assured me that they will be
10 here today. That is May 9th. And you know what, no
11 one showed. I waited all day. On Tuesday, May
12 10th, at 7:45 a.m., a man came out and said he was
13 very busy and didn't want to even look at my
14 discolored water that I have here. I finally talked
15 him into looking at my water. He then went to our
16 backyard and flushed the lines. It took three tubs
17 of water before the water finally cleared. I was
18 charged for everything. I shouldn't be charged. It
19 took three days for someone to come out from the
20 call center of Waukesha, Wisconsin, to Zephyrhills.

21 My wife's cousin, Ronald Cabino
22 (phonetic), lives at 4606 Clarice Avenue, and that
23 is a block behind our home. He placed a lock on the
24 water meter on April 13th and the reading at that
25 time was 3743. Now, yesterday, the meter I found

1 out is being used -- it is not being used. The lock
2 is on there, but the meter is still running with the
3 lock on it. So I asked the Commission to ask Aqua
4 to please come out and check that meter. Because
5 it's a faulty meter. It shouldn't be running. The
6 meter yesterday, and I have witnesses, it read 3901.
7 So you're talking about over 150 gallons of water
8 going through the meter with no usage at all with
9 the lock on it. That's not right.

10 In the past I have been involved, and I
11 have pictures of the meter, too, and I'll give that
12 to you. In the past, I have been involved in public
13 service for years in Cary, Illinois. That is
14 C-A-R-Y in Illinois. I was elected twice to the
15 school board, elected to the city council, and in
16 1977 to 1985 twice I was elected Mayor of Cary,
17 Illinois. I was responsible for everything,
18 including water and sewer. I gave my
19 constituents -- if I gave them water like this here,
20 I would be out real quick. I would be out
21 overnight. They would have kicked me right out.

22 **CHAIRMAN GRAHAM:** Sir, your three minutes

23 --

24 **MR. ALEXAKOS:** Being on a fixed income and
25 the recession, we cannot afford an increase of any

1 kind. I suggest to Aqua and the Florida Public
2 Service Commission, do not sell the water rights of
3 American Condo, or Zephyr Shores, or anyone else
4 that is represented here. But do them all a favor,
5 Aqua, donate everything to the county. It would be
6 a great tax write-off for Aqua Utilities. And I
7 thank Senator Fasano, Mr. Mariano, and the
8 Commission for listening to all of us. Thank you
9 very much.

10 **CHAIRMAN GRAHAM:** Thank you, sir. Thank
11 you for coming.

12 **MR. ALEXAKOS:** And I have pictures of my
13 water and I have also the documents, and my water
14 bill runs over 140 or fifty dollars a month, just my
15 wife and I. Here you go.

16 **CHAIRMAN GRAHAM:** Thank you, sir.

17 **MR. ALEXAKOS:** Thank you. There's
18 pictures. There you go.

19 **CHAIRMAN GRAHAM:** Next.

20 **MS. CHRISTENSEN:** Dennis Leones, Jerry
21 Conte and Ken Winnacott.

22 **MR. ALEXAKOS:** I just want to show you
23 real quick, this is my white socks, and this is what
24 happens after you use Aqua water. Isn't that nice?
25 Look at that. I'm not giving these to the

1 Commission.

2 (Laughter.)

3 **CHAIRMAN GRAHAM:** Thank you, sir. I
4 appreciate that.

5 **MR. ALEXAKOS:** They have an odor.

6 (Laughter.)

7 **CHAIRMAN GRAHAM:** Dennis, welcome.

8 **DENNIS LEONES**

9 was called by the Citizens of the State of Florida and
10 presented the following:

11 **STATEMENT**

12 **MR. LEONES:** Thank you. My name is Dennis
13 Leones. I live in Lakeland. I'm also a disabled
14 veteran.

15 One of the county, Polk County
16 Commissioners who could not be here had told me when
17 he was trying to help us with Aqua that they told
18 him that since he didn't live in the area, it was
19 none of his concern, none of his business, and keep
20 his nose out of it.

21 I don't know if Aqua is trying to become
22 like Exxon, you know, where they make millions and
23 billions of money and not care what happens to the
24 customers, because that's what it seems like they're
25 doing right now.

1 Friends of mine who complain where they've
2 got to pay \$40, \$50 a month for electric, I mean,
3 for water, I said, "Try my \$150 a month," and
4 there's just my wife and I there.

5 One of the things, and I want you to prove
6 me wrong on this one, I believe that bin Laden will
7 come back on earth, tell everybody what he did was
8 wrong, make it right before Aqua will make theirs
9 right.

10 (Laughter.)

11 **CHAIRMAN GRAHAM:** Sir, Sir, thank you for
12 coming.

13 **MS. CHRISTENSEN:** Jerry Conte, Ken
14 Winnacott and James Foster.

15 **GENNARO "GERRY" V. CONTE**
16 was called by the Citizens of the State of Florida and
17 presented the following:

18 **STATEMENT**

19 **MR. CONTE:** Good afternoon, Mr. Chairman,
20 Commission members, and everyone here. My name is
21 Gennaro Conte. I go by Gerry. I'm a 30-year resident
22 of Jasmine Lakes. I have two questions and a comment
23 that I will submit when I'm complete.

24 Question number one, with continued
25 requests from Aqua Utilities for rate increases,

1 will the Commission ever be able to put an end to
2 the requests, as the ratepayers have reached the
3 saturation point and find it impossible to pay any
4 longer? That's question one.

5 Question two, does the Commission have
6 written proof from Aqua of all these improvements
7 they say they have made in Jasmine Lakes that they
8 base the need on for the rate increases and extreme
9 rate of return on their investments, and can I or
10 all of us see the proof? Question two.

11 My last -- my comment in passing would be
12 this to all the Commission members. I'm not part of
13 a political theater and -- believe it or not. I
14 know everyone here would like to own a company that
15 would be able to overcharge customers, spend no
16 money, and make 100 percent profit. Thank you.

17 **CHAIRMAN GRAHAM:** Sir, thank you very much
18 for coming.

19 **MS. CHRISTENSEN:** Ken Winnacott, James
20 Foster and Deborah DiBona.

21 **CHAIRMAN GRAHAM:** Sir, thank you for
22 coming.

23 **KEN WINNACOTT**

24 was called by the Citizens of the State of Florida and
25 presented the following:

FLORIDA PUBLIC SERVICE COMMISSION

STATEMENT

1
2 MR. WINNACOTT: Hello. My name is Ken
3 Winnacott. I live in Jasmine Lakes, Port Richey,
4 Florida, and I'm here for three things.

5 First, to stop the rate hike that Aqua
6 wants because, in the first place, we can't afford
7 it anymore. We're paying between two and three
8 times higher than anybody else in our county. Our
9 Port Richey Water Company is about \$7 to our
10 \$15 base rate. The county is about \$8 to our \$15.
11 Our sewer is \$35. Their sewer, the county's sewer
12 is \$15. Where, where are they coming with all
13 these -- with, with this money? It's, it's
14 impossible for a fixed income person to keep up with
15 that. Number -- I'm a fixed income person.

16 Number two, health issues. We can't, we
17 can't sustain living in, in this area with this
18 water. Number one, I can't drink this water. I'm a
19 transplant person. I have, I have an immune
20 suppressed system. I can't drink that water. I
21 drink that water, I get sick. I can't -- I have to
22 buy bottled water. That's costing me extra money.
23 That's costing me \$32.75 more a month on top of my
24 water bill, which is \$150. Now where is -- are they
25 going to take off that \$32.75? No.

1 And third of all, it's bringing a hardship
2 to this, to our community. Not only is it -- the
3 water rates are high, people can't sell their homes,
4 they can't, they can't, and people don't want to buy
5 homes in this area. But when people do buy homes,
6 they're land speculators. They go out and they rent
7 to these, to people. The people who are renting
8 these homes find out that you can't afford the rate
9 of water, so they move out leaving the homes in
10 shambles. These people who own them say, "I can't
11 fix it," and they go to foreclosure. We have -- go
12 walk down a street, there's four or five homes in
13 foreclosure. Why? Because Aqua has given us a good
14 screwing.

15 They don't have customer care. They don't
16 even know what the meaning of customer care is.
17 They have no conscience. And I think you as a PSC,
18 Public Service Commission, I hope you take the
19 public in, in consideration when you, when you think
20 about a rate hike with this company because this
21 company is doing nothing for, for the state of
22 Florida. It's taking money out of Florida, bringing
23 it up to Pennsylvania, giving it to the people up
24 there making them richer and us poorer. They're not
25 creating jobs down here. They're not helping this

1 community. They're not helping the state. They're
2 raping us, and I don't like to be raped. Thank you.

3 **CHAIRMAN GRAHAM:** Sir, I missed your name
4 when you came up. What is your name again?

5 **MR. WINNACOTT:** Ken Winnacott,
6 W-I-N-N-A-C-O-T-T.

7 **CHAIRMAN GRAHAM:** Sir, thank you very much
8 for coming.

9 **MR. WINNACOTT:** You're welcome.

10 **MS. CHRISTENSEN:** James Foster, Deborah
11 DiBona and Nancy Kraft.

12 **JAMES FOSTER**

13 was called by the Citizens of the State of Florida and
14 presented the following:

15 **STATEMENT**

16 **MR. FOSTER:** My name is James Foster. I'm
17 from Jasmine, 10220 Holly Drive.

18 You know, I've been hearing a lot of
19 people say here this afternoon about elderly people.
20 There's also children in this area, and
21 unfortunately they're catching it.

22 You know, on March 8th, 2011, a meeting
23 was held at the Jasmine Civic Center. In attendance
24 was 450 people from Jasmine Lakes and Palm Terrace.
25 The topic was a discussion of the water from Aqua.

1 Listed below is a few of the complaints that I had
2 listed that were in the many.

3 One, there was no such existence of
4 customer service unless you are lucky enough to do
5 it and call them at lunchtime and have the call
6 transferred to Pennsylvania and have the VP pick it
7 up. Then I think they got, one person got service.
8 But that was during lunch hour; she was lucky.

9 I know of three families that moved out of
10 the area because of small children. They had
11 medical problems, they had sores from bathing. We
12 cannot even feed our animals -- give our animals tap
13 water. What do you think would happen if an
14 unsuspecting mom gave a newborn, a four- or
15 six-months-old child this water? Our children will
16 not bathe in water that looks like and smells like
17 urine. They just won't do it. If you [sic] think
18 the quality of water is making our children sick,
19 think again, because it is. We, nor you, can allow
20 this thing to continue.

21 In light of these complaints, we implore
22 you, the PSC, to deny any rate increase. It's time
23 to correct the disaster that is getting
24 progressively worse and becoming persistently a
25 health hazard.

1 Aqua insists they cannot service our
2 community after September 11th -- after September
3 2011. It's a perfect time to sever our
4 relationship, allowing a smooth transition for the
5 county to take over the supply and supplying the
6 water to our community. There's two, there's two
7 pipes already there, one at each end. Before Aqua
8 was there they had a break, which the county was
9 gracious enough to put pipes over there and give us
10 water for a while. That was a while back.

11 On March 30th -- now what I'm about to say
12 may seem funny, but it's not, believe me -- we
13 received two to three inches of rain. Aqua
14 wastewater treatment plant on Ranch Road was one
15 flush away from it being in the community. Thank
16 you. I appreciate your listening.

17 **CHAIRMAN GRAHAM:** Sir, thank you for
18 coming.

19 Hold on, sir. Sir, we have a question
20 from Commissioner Brisé.

21 **MR. FOSTER:** All right. Yeah.

22 **COMMISSIONER BRISÉ:** Thank you for coming
23 out this afternoon.

24 You mentioned, I heard individuals mention
25 that the county may be interested in sort of taking

1 over the service. Do you know that for a fact?

2 **MR. FOSTER:** No, I don't. I hope they
3 would. I really hope they would because that would
4 relieve a lot of pressure on everybody in Jasmine
5 and the other two communities, as you know, as well
6 as you people. I don't think it's a good idea for
7 us to come up here every year and start complaining.

8 **COMMISSIONER BRISÉ:** And just a follow-up.
9 Which county would that be, Pasco or Hernando?

10 **MR. FOSTER:** Pasco. Yes, sir.

11 **COMMISSIONER BRISÉ:** Pasco. Okay. Thank
12 you.

13 **CHAIRMAN GRAHAM:** Sir, thank you.

14 **MR. FOSTER:** Thank you.

15 **MS. CHRISTENSEN:** Deborah DiBona, Nancy
16 Kraft and Kelly Bowman.

17 **DEBORAH DiBONA**

18 was called by the Citizens of the State of Florida and
19 presented the following:

20 **STATEMENT**

21 **MS. DiBONA:** It must have been the way I
22 printed it. It's Deborah DiBona, D-I-B-O-N-A.

23 **CHAIRMAN GRAHAM:** Welcome, ma'am.

24 **MS. DiBONA:** My name is Deborah DiBona and
25 I'm from Jasmine Lakes. I want to thank you for

1 listening to us today.

2 I have 17 additional petitions to hand out
3 to the Commission in addition to the 700 that have
4 already -- over 700 that have already been presented
5 to the Commission. We also have copies of them with
6 us, if you need them.

7 I'm here to again reiterate the problems
8 that we all are having with Aqua Utilities. The
9 water rates have more than doubled -- more than
10 tripled actually in seven years. When I first moved
11 here, my bill was less than \$40 a month, which was
12 only seven years ago. Now it averages between
13 \$75 and \$90 a month, and it's only myself and my
14 daughter. We don't drink the water. I buy bottled
15 water.

16 I have a pool, and in the season that
17 we're in with dry, no rain, I have to add water to
18 that pool, yet I get charged a sewer rate for that
19 water going into the pool, which is two and a half
20 to three times what the water rate is. I don't
21 think that's fair.

22 I have family that live in two
23 neighborhoods that are adjacent and their water
24 bills are owned by Pasco water, which Mr. Mariano
25 will tell you that, yes, Pasco does want to buy the

1 water.

2 As a Commission, you have been appointed
3 to the positions you hold. You have a God-appointed
4 duty to, and you've been sworn in to be honorable,
5 to protect your constituents, to be trustworthy, to
6 be accountable. Please do that for the citizens of
7 these communities. Thank you. Please vote against
8 their increase.

9 **CHAIRMAN GRAHAM:** Ma'am, hold on. We have
10 a question for you.

11 **MS. DiBONA:** Sure.

12 **COMMISSIONER BRISÉ:** Thank you. And did I
13 hear you correctly, you said that Pasco does want to
14 buy?

15 **MS. DiBONA:** Yes.

16 **COMMISSIONER BRISÉ:** Okay. Thank you.

17 **CHAIRMAN GRAHAM:** Thank you, ma'am.

18 Next.

19 **MS. CHRISTENSEN:** Nancy Kraft, Kelly
20 Bowman and Christopher Ruiz.

21 **NANCY KRAFT**

22 was called by the Citizens of the State of Florida and
23 presented the following:

24 **STATEMENT**

25 **MS. KRAFT:** Nancy Kraft with a K,

1 7905 Mimosa Drive, Port Richey, Florida. I'm a
2 resident of Pasco County, Jasmine lakes for
3 13 years.

4 My water bill for 2009 was \$1,033; 2010,
5 \$1,007; 2011 for four months, \$342. The cost is
6 more each year than my house property taxes or my
7 house property insurance. Aqua Utilities for two
8 years, four months, the total comes to \$2,382. If I
9 had Pasco utilities for two years, four months, I
10 would only pay \$980, and I would like to know why.

11 Plus, our Social Security, we didn't get a
12 raise last year, this year, and there's a good
13 chance there is no raise for next year. I am part
14 of the we in this sign; we want Pasco utilities.
15 Thank you.

16 **CHAIRMAN GRAHAM:** Thank you, ma'am.
17 Thanks for coming down.

18 **MS. CHRISTENSEN:** Kelly Bowman,
19 Christopher Ruiz, Lynda Wittkopp.

20 **KELLY BOWMAN**
21 was called by the Citizens of the State of Florida and
22 presented the following:

23 **STATEMENT**

24 **MR. BOWMAN:** Ladies and gentlemen of the
25 PCS, I am Kelly Bowman. I live at 7821 Tyson Drive

1 in Palm Terrace Gardens. I'll be brief.

2 I moved into Palm Terrace Gardens in late
3 2004, and I really didn't think about what I was
4 paying for water until my girlfriend brought it to
5 my attention a short while later that my water bill
6 had doubled from what I was paying in New Port
7 Richey. At the time it was only about \$70, which
8 seems like a very small amount now. It was only me
9 and my toy poodle living there at the time. Since
10 then my little poodle has passed.

11 I installed two water saver faucets,
12 three, two water saving showerheads, replaced the
13 toilet I use almost all the time with a water saver
14 toilet, I take shorter showers, and I completely
15 stopped watering my lawn. My reward for that is an
16 average bill of \$150 a month.

17 Another thing I do is buy bottled water
18 because I really don't care for the rotten smell or
19 the foul taste or the health benefits from drinking
20 heavy doses of chlorine, ammonia and filth.

21 And one question I have for the
22 Commission, what possible sense does it make for a
23 water company in Pennsylvania to get Pasco water
24 from Pasco utilities and force us to pay three times
25 what everybody else pays? A co-worker of mine told

1 me she's never had a water bill higher than \$36. I
2 told her if I shut my water off and leave for a
3 month, my bill would be \$20 more than that.

4 The Public Service Commission would do a
5 great service to the public by telling Aqua
6 Utilities if they want to get rich, they can rape
7 their own neighbors, and let Pasco take care of
8 Pasco. Ladies and gentlemen of the PSC, the final
9 solution is that simple. Thank you.

10 **CHAIRMAN GRAHAM:** Sir, thank you for
11 coming down.

12 **MS. CHRISTENSEN:** Christopher Ruiz, Lynda
13 Wittkopp and Mike Rock.

14 **CHRISTOPHER RUIZ**

15 was called by the Citizens of the State of Florida and
16 presented the following:

17 **STATEMENT**

18 **MR. RUIZ:** Good afternoon, Chairman and
19 Commissioners. Thank you for your time.

20 I'm here just of course to speak about
21 Aqua Utilities with their situation. First I want
22 to speak about on the behalf of their service. You
23 know, they charge an arm and a leg and they claim
24 that they provide the best quality of service and
25 everything, you know. You know, calling them,

1 you're not getting what you're paying for, you're
2 not. These are just a bunch of people who are out
3 of control with the rates.

4 It's becoming a situation that they claim
5 that they're going to improve in their service such
6 as telling you to boil, boil your water. There has
7 been numerous occasions that days will pass and
8 you'll find out later on that days have passed and
9 they're, like three or four days have passed and you
10 should have been boiling water.

11 Like, a perfect example, you had a
12 gentleman up here who was speaking of the May 18th
13 situation with the breaking of the pipe and all that
14 and everything. My girlfriend called because our
15 water wasn't turning on and she wanted to find out
16 what was going on. Well, she found out about the
17 breakage, but she also found out that two days had
18 passed that we were supposed to be boiling our
19 water. Now this is not just a, you know, a company
20 that is socially, economically sabotaging the
21 public, but also in a health standard, which is,
22 like, that is serious here. This is a serious
23 situation. We have families, we have children, like
24 you said, pets. This is something that has to be
25 resolved. And as you can see, we have been here

1 numerous times with these people and nothing is
2 getting through them.

3 And as you can see, you've had another
4 utility company offer to take care of this problem.
5 We are under your mercy, and we are begging you to
6 please resolve this matter because it's getting out
7 of hand. It's destroying lives, homes, families,
8 and people. This is not a joke. This is not
9 something that we're overexaggerating with you. I
10 know sometimes you feel like we're attacking you or
11 something. It's not.

12 This, what you hear in my voice is
13 desperation to get rid of these people; not even to
14 shut down the rate, to get rid of them. This is a
15 serious matter. This is something that's imposing
16 on everybody's life. You can't even take a clean
17 shower. Your clothes are ruined. When you drive by
18 that retention pond, it is disgusting. If you don't
19 believe me, drive down there. I guarantee you any
20 time of the day it smells like a pure toilet bowl
21 over there.

22 Arbordale, I feel bad for people who live
23 on that street. Because I don't even know if they
24 even have social lives. Who would want to come to
25 their house because their house, their house smells

1 like a toilet bowl 24/7? That smell is so strong --
2 I live on Tamarix Avenue, and sometimes that smell
3 is so powerful that it comes to our house. This is
4 ridiculous.

5 Please, please from a very unbiased and
6 respectful manner, please, please do something.
7 Thank you for your time.

8 **CHAIRMAN GRAHAM:** Sir, thank you for
9 coming down.

10 **MS. CHRISTENSEN:** Lynda Wittkopp, Mike
11 Rock and Harold Todd.

12 **LYNDA WITTKOPP**

13 was called by the Citizens of the State of Florida and
14 presented the following:

15 **STATEMENT**

16 **MS. WITTKOPP:** I'm Linda Wittkopp, Jasmine
17 Lakes. I'm one of the captives held hostage by
18 Aqua.

19 Aqua serves 23,000 people in Pasco County.
20 And the *St. Pete Times* says that at this time we are
21 paying the highest water bills in the county. I
22 really am not going to talk about the price at this
23 time because I want to concentrate on water quality.
24 Excuse me.

25 I have brought an aerator from my faucet.

1 When I found out we were coming up here, I stopped
2 cleaning it in January. I would like all of you to
3 get to see this prize. In addition to that, I
4 pulled water from my tap at 5:00 a.m. this morning.
5 You aren't going to believe this. But I'm not going
6 to ask you to drink it because I won't drink it, but
7 when you smell it, you're going to be absolutely
8 floored.

9 Now I want to quote an Aqua executive. He
10 states, "Customer complaints regarding the poor
11 taste, dark color, and bad odor are secondary
12 problems." I tell you, I'm a gym rat. Five days a
13 week I shower at the gym because I don't want that
14 on my body. I won't drink it, I won't cook with it.
15 And as this other gentleman quoted, we're spending
16 about \$500 a year buying water that we can drink.
17 This is above and beyond what we're paying Aqua
18 Utilities so we can flush our toilets, because
19 that's all that water is good for.

20 And I think I've really said all I need to
21 say because you have to get a whiff of this. Thank
22 you very much.

23 **CHAIRMAN GRAHAM:** Thank you, ma'am.
24 Thanks for coming. And Staff will take that from
25 you.

1 **MS. CHRISTENSEN:** Mike Rock, Harold Todd,
2 Frank Reams.

3 **MIKE ROCK**

4 was called by the Citizens of the State of Florida and
5 presented the following:

6 **STATEMENT**

7 **MR. ROCK:** Thank you, Commissioners, for
8 hearing us again.

9 My name is Mike Rock. I live in Palm
10 Terrace. And rather than be redundant with
11 everything you've already heard, you already realize
12 all the problems we have, it's pretty much common
13 sense, but I would like to tell you about the Aqua
14 circus.

15 We have a problem over in my area with
16 drainage. Pasco County, the county itself had to
17 come in and rip up my whole yard to put a drainage
18 pipe in. They notified us two weeks in advance that
19 this was going to happen, notified the electric
20 company, the water company, the cable company, the
21 telephone company that this was all going to happen.
22 They all come out and mark where all the pipes are,
23 the wires, all but Aqua.

24 A big backhoe was digging up my yard.
25 They dig the trench about five foot deep from one

1 end of my property to the other. They get about
2 30 feet into it, water everywhere. They broke a
3 four-inch main; not in one spot but two because when
4 the backhoe dug, it broke both sides.

5 Naturally I'm right there because now I'm
6 watching my yard being taken care of. The Pasco
7 County supervisor calls Aqua Utilities and they said
8 they'll get somebody there as soon as they can. 45
9 minutes later somebody showed up. It was a great
10 thing. We were so happy to see the guy there.
11 Right? The guy pulls up in this brand new pickup
12 truck, part of Aqua's capital investment. What a
13 great truck they got because that's where they
14 sleep. The guy pulls up and he says, "Oh, that's in
15 the water. I can't touch that." He says, "We got
16 to call somebody in."

17 So they make another phone call, and an
18 hour later somebody shows up from Ken's Bush Hogging
19 Service. This is no lie. That's who they
20 subcontract to do this work with. So this guy gets
21 in there. Now the ditch is full of water, it's
22 almost five foot deep, and the pipe is, I would say,
23 18 or 20 inches below the top of the water. He has
24 to jump in the water around this pipe and try to
25 glue a fitting on at water coming out at full speed

1 because they don't know where the turn, the shutoffs
2 are. This goes on for about an hour. They're
3 driving all over.

4 They finally find the shutoffs. The
5 shutoffs don't work. They find -- now this --
6 we're, we're -- I'm giving you the expedited
7 version. We're four hours into this. The guy is in
8 the water up to his neck, can no longer put a cap on
9 it because he's underwater. So Pasco County has to
10 send out vacuum trucks to suck the water out of the
11 ditch as it's being filled so that Aqua Utilities
12 can get this taken care of.

13 Not only did we have a water issue, okay,
14 but now we have six or eight Pasco County government
15 workers on our tax payroll watching Aqua Utilities
16 doing this because they can no longer do anything.
17 Underwater, the man is up to his neck, slipped once
18 or twice, went under. We -- you know, it's very
19 dangerous. And the big reason for our rate increase
20 last time was for capital improvements. Okay?
21 Common sense, capital improvements, you've got a
22 nice truck but you can't turn off the damn water.

23 Last Friday they were telling you that
24 there was another break in our town, in our
25 development. You would think this, this -- my

1 problem happened a couple of months ago. You would
2 think they know that there's a problem with the
3 valves. Let's get them fixed. We had a break
4 Friday. The same thing, they can't shut the water
5 off. And this is what we're paying for.

6 Aqua Utilities is a for-profit company,
7 they're worried about themselves. I understand.
8 I'm a business owner. I want to make a profit too.
9 Okay? It -- my house, my building, I can't pay off
10 my capital investment in three years. My mortgage
11 is a 30-year mortgage. I bet you none of your
12 capital investment on your house do you pay off in
13 three years. Why do we give Aqua that opportunity?
14 They shouldn't have it.

15 I ask you, please, not so much for me
16 because I'm going to make it one way or another, but
17 there's a lot of people here that aren't. These
18 people here gave up their time and the little bit of
19 money that they had to get up here to tell you how
20 much of a problem we have with these people. We are
21 asking you from the bottom of our heart, please help
22 these people. They need it worse than I do. Thank
23 you.

24 **CHAIRMAN GRAHAM:** Thank you, sir. Thanks
25 for coming.

1 **MS. CHRISTENSEN:** Harold Todd, Frank Reams
2 and David Bussey.

3 **CHAIRMAN GRAHAM:** Welcome, sir.

4 **HAROLD TODD**

5 was called by the Citizens of the State of Florida and
6 presented the following:

7 **STATEMENT**

8 **MR. TODD:** I'm Harold Todd. I come from
9 Port Richey, Pasco utilities. I hate to say that,
10 but I did say it. I thought I ought to have more
11 time because I'm speaking for my daughter who is
12 from Pasco utilities, I'm speaking for my
13 granddaughter, who is Aqua Utilities, and they ought
14 to be heard. Okay?

15 I would say one thing. My problem is I
16 can't drink the water, I do not feed my dog the
17 water. I live on a street that was populated quite
18 a while ago when I first bought. Now the first
19 seven houses on my street are empty except for three
20 people: Myself and two other tenants from the next
21 two houses. Out of seven houses, four of them are
22 empty, can't be rented because the water bill is too
23 high. Okay?

24 Now the next thing is I don't believe that
25 any corporation profit oriented should handle such

1 an essential thing as water. Water is essential to
2 life itself and it shouldn't be handled by a
3 profit-oriented company. If Pasco utilities could
4 handle it, we'd have some say in it. But as it is,
5 we've got some greedy person or organization taking
6 from our pockets enough so we can't afford good
7 water. I don't think we should have that. I think
8 you should turn it back over to Pasco utilities.

9 My daughter, who lives in Gulf Highlands,
10 which is a parallel line using the same water lines,
11 and she pays \$28 a month for what I pay \$65 a month
12 for. Okay? My granddaughter lives in Jasmine
13 Lakes. She had heard her daughter four years old
14 scream when she was in the bathroom. She ran the
15 water in the bathroom sink and out of it come a
16 black slime that she thought was a snake, right, and
17 she was screaming. And my daughter went in -- my
18 granddaughter went in and she saw this slime coming
19 out of the faucet. Now that's what she told me.
20 That's what she told Jack Mariano today on the
21 phone, and so I believe it happened. And they had
22 to have detergent to wash it down the sink.

23 And she called Aqua Utilities. Aqua
24 Utilities said that they were flushing the lines.
25 Well, my granddaughter asked them, "When are you

1 going to tell us?" And they didn't say a word.

2 Right?

3 Okay. I've tried to call them before and
4 I didn't get very good reception. Okay? I don't
5 like that. I think we should turn it over to Pasco
6 utilities where we could get some input into it
7 without so much taken out of our pocket. I've heard
8 everybody here today say they're on a fixed income.
9 I'm on the same income but mine is a broken income.
10 It's got to have something done about it. I'm
11 trusting you people not to worry about anything
12 about Aqua Utilities. They should be gone, you
13 should be satisfied that they are gone, and we will
14 be too. So please thank you and do that.

15 **CHAIRMAN GRAHAM:** Sir, thank you very much
16 for coming.

17 **MS. CHRISTENSEN:** Frank Reams, David
18 Bussey, Marie Skelton.

19 **FRANK REAMS**

20 was called by the Citizens of the State of Florida and
21 presented the following:

22 **STATEMENT**

23 **MR. REAMS:** Good afternoon,
24 Mr. Commissioner and Commissioners and guests. My
25 name is Frank Reams. I live at 34445 Yellow Perch

1 Place, Zephyrhills, Florida. I'm a very fortunate
2 person because I do not have Aqua Utilities for my
3 water service. However, I am speaking for many of
4 the people who are not here in this room with us
5 today and also for many of the people who are here
6 in this room. I'd also like to point out that we
7 have several guests from Harbor Hills because Aqua
8 Utilities is looking at taking over that system, and
9 we certainly hope that doesn't happen.

10 Now I've handed out a four-page summary
11 here of what I want to speak about. It's going to
12 be very fast so that I stay within my time limits.

13 The first thing I have here is a four-year
14 history of the Commission complaints. The bottom
15 line is from the seven largest water companies in
16 Florida, Aqua takes 76 percent of the total reports
17 for a four-year period.

18 Now just to make sure that what I'm
19 telling you here is factual, I've also went back and
20 I've looked at the first quarter of this year.
21 They've had 36 reports out of 22 companies
22 reporting. So they've got 52 percent of the total
23 reports for this year, 2011.

24 Next is some information that was a result
25 of the last March 16th hearing. I have the ten

1 highest systems' customer reports. If you'll
2 notice, Palm Terrace is number one. Jasmine Lakes
3 is also on there. Lake Gibson Estates is on there.
4 Those people are here also. And then we have
5 Arredondo Farms and Arredondo Estates. And it's
6 interesting to note that the customers in Arredondo
7 Farms generated more reports than what there are
8 customers in this eight-month period.

9 Now there's just a little bit here. The
10 above Commission complaints continue to remain high
11 as a result of the customers not receiving a
12 realistic answer when calling one of the Aqua call
13 centers. The call report provides detailed emphasis
14 regarding customers' lack of satisfaction with this
15 company. It must be understood there is a very high
16 level of mistrust of this company and a total lack
17 of confidence in what they're told when calling in
18 an issue or a complaint. Letters filed in the
19 docket verify these statements.

20 Aqua has a very serious image issue and
21 problems which become very apparent, and there is no
22 concern on the part of the company to rectify these
23 images as there are no rule violations as a result
24 of the overwhelming number of customer complaints as
25 well as complaints filed with the PSC. And they

1 realize the PSC does not have the power to force
2 them into compliance.

3 Now my next thing here is the ten highest
4 call reports that was issued, and there was 6,333.
5 I'll go on to the back. The other thing that I want
6 to say is if we consider the state of the economy
7 here in Florida, and I'm going to mention now four
8 areas that Aqua operates in: DeBary, Florida, one
9 in 17 homes in foreclosure; Orlando, one in 15; in
10 Tampa, 1 in 20; in Lakeland, 1 in 20.

11 Now I've got a letter from an 82-year-old
12 lady who lives over in Jasmine Lakes, and I'll read
13 that and then I'll shut up.

14 "My bill. And now going to raise rates
15 again. As it stands now, my water bill is more than
16 my electric bill. In all my 83 years this has never
17 happened before. This has got to stop. Just where
18 is the ones that control utility rates? I sometimes
19 believe that they may be in on it, that Aqua is
20 sharing the rates with them."

21 Now I'd just like to close with the fact
22 that in Indiana, the city of Fort Wayne condemned
23 one of their operations. It's been over a four-year
24 process. In Ohio right today before the Ohio
25 Legislature they're considering a bill to force any

1 water company with over 15,000 customers to share
2 50 percent of the rate costs. In New York they
3 reactivated a Nassau County Water Board, and their
4 idea is to take over the water system there. In
5 addition, the last rate increase that was granted by
6 the New York Public Service Commission to Aqua New
7 York, they put a stay out provision in it, which
8 meant they had to stay away from the Commission
9 asking for more funds for a total of three years.
10 The other thing they are doing there, they are
11 fining Aqua if they exceed a set amount of
12 Commission complaints, and there's three levels on
13 that. Thank you for your time.

14 **CHAIRMAN GRAHAM:** Sir, thank you very
15 much.

16 **MS. CHRISTENSEN:** Dave Bussey.

17 **CHAIRMAN GRAHAM:** Hold on a second. Mr.,
18 Mr. Reams, I have a question for you.

19 **MS. CHRISTENSEN:** Mr. Reams.

20 **MR. REAMS:** Sorry.

21 **CHAIRMAN GRAHAM:** Commissioner Brown has
22 got a question for you.

23 **MR. REAMS:** I'm sorry.

24 **COMMISSIONER BROWN:** Thank you so much for
25 coming up here and for the opportunity to present

1 this information.

2 Looking at your report, this is very
3 valuable information that, that I appreciate you
4 compiling. I just wanted to make sure that the
5 numbers were taken from the Public Service
6 Commission's Staff -- from Staff.

7 **MR. REAMS:** Yes. That's correct, ma'am.

8 **COMMISSIONER BROWN:** Okay.

9 **MR. REAMS:** Anything that I have in here
10 is factual information. It's either from the
11 Commission website or it's from the reports which
12 Aqua submitted over a nine-month period last year.

13 **COMMISSIONER BROWN:** Thank you so much.
14 It's very helpful.

15 **MR. REAMS:** Thank you.

16 **CHAIRMAN GRAHAM:** Thank you, sir.

17 **MS. CHRISTENSEN:** Dave Bussey, Marie
18 Skelton, and Charles Skelton.

19 **DAVID BUSSEY**

20 was called by the Citizens of the State of Florida and
21 presented the following:

22 **STATEMENT**

23 **MR. BUSSEY:** Mr. Chair, Commissioners, my
24 name is David Bussey. I live in Zephyrhills,
25 Florida. I'm an Aqua ratepayer, part of the Zephyr

1 Shores system.

2 And before I begin, I wanted to say that
3 from what, what our count is here today, there are
4 102 Aqua ratepayers here, and I believe 38 of them
5 have asked to speak today.

6 I'm a residential ratepayer of Aqua and
7 I'd like to talk to you for just a couple of
8 minutes, less than three, about affordability
9 limits. The Staff recommendation completely ignores
10 the affordability limits that were previously
11 established by the Commission in Order Number
12 PSC-09-0385-FOF-WS during the 2009 Aqua rate case.
13 That order expressly established a subsidy and
14 affordability limits.

15 The Staff recommendation maintained the
16 \$12.50 subsidy limits on water and wastewater
17 systems referencing back to that order. The
18 affordability limits previously established by the
19 Commission was \$65.25 for water and \$82.25 for
20 wastewater systems.

21 In Staff's recommendation at this rate
22 case they've gone over that. I believe it's Issue
23 35. The rate cap is now \$66.50 for water systems
24 and \$93 for wastewater system, a total of
25 \$159.50 per month; in most cases higher than most

1 people's electric bills.

2 This illustrates why Aqua's business model
3 is not sustainable in Florida. Because if you
4 continue to keep Aqua in business, you're going to
5 have to do away with your rate system as you're
6 doing right here. You're doing away with your cap
7 band system because there's no longer a cap. It's
8 now become a public service support system, and
9 they'll be back every two years asking for more.

10 I think everybody in this room realizes
11 that -- boy, that went fast. I think everybody in
12 this room realizes the problem lies with the
13 Legislature. Your hands are pretty much tied. You
14 know that, we know that. I hope our Legislature
15 does something about this. They can't keep coming
16 back and asking for more. At some point in time
17 it's got to bust, and it would really be good, a
18 good corporate gesture by Aqua to start showing us
19 what they can do to help remedy the problem without
20 being forced to. Divest of some of these bad
21 systems. And I would encourage the, the Commission
22 to not give them a rate increase and advise them, as
23 they were advised last year, go to the county and
24 divest of Zephyrhills in particular and Jasmine
25 Lakes and Palm Terrace. They're losers. You

1 thought they were going to be winners when you got
2 them but they've turned out to be losers. Cut them
3 loose. It's just a bad deal. Thank you very much
4 for your time.

5 **CHAIRMAN GRAHAM:** Thank you, sir. Thank
6 you for coming out.

7 **MS. CHRISTENSEN:** Marie Skelton, Charles
8 Skelton and Diane Manzo.

9 **CHAIRMAN GRAHAM:** Welcome, ma'am.

10 **MARIE SKELTON**

11 was called by the Citizens of the State of Florida and
12 presented the following:

13 **STATEMENT**

14 **MS. SKELTON:** Good afternoon. Thank you
15 for seeing me. My name is Marie Skelton. I live in
16 Jasmine Lakes.

17 In September 2009 Aqua stopped reading my
18 meter. I started getting estimated bills. When I,
19 when I called Aqua to see why my meter was not being
20 read, I was told that they were unable to read the
21 meter. I asked if I could read the meter and I was
22 told no. The meter is broke, according to their
23 records. I asked if the meter is broke and unable
24 to be read, how my usage would be determined, and I
25 was told it would be based on the previous year

1 usage.

2 I requested that the meter be repaired,
3 and I was informed that a work order would be
4 submitted. But since this was not an emergency, it
5 could take a few months before the meter was fixed.
6 Those few months took 407 days to be exact. That's
7 14 months. Aqua did not repair my meter, they
8 installed a new meter. And to my surprise, when I
9 got my November 5th, 2010, billing, it seems that
10 Aqua was able to do an actual reading on my old
11 meter that was broke. That reading was
12 50,700 gallons of water, plus I got an actual
13 reading on my new meter for 1,700 gallons of water,
14 for a grand total of 52,400 gallons of water used by
15 two people in 14 months.

16 According to Aqua, the average daily use
17 for my husband and I was 1,806 gallons of water per
18 day. I have no pool, I do not water my lawn, I
19 installed new faucets and new toilets, I have a
20 two-flush system, and according to Aqua I used
21 52,400 gallons of water. The monies owed for my
22 November 2010 water and sewage was based on the
23 newest rates that had just been approved and went
24 into effect October 2010. Aqua wanted me to pay the
25 most recent, current water usage rate going back to

1 water that was used in 2009.

2 Aqua was the one that failed to read my
3 meter each month and took 14 months to replace it,
4 but yet they wanted me to pay the most recent rates.
5 Needless to say, I called and registered a complaint
6 and requested my bill be reviewed. That was the
7 start of another nightmare in which I discovered
8 that the various departments at Aqua do not
9 communicate between each other and there is a total
10 lack of professionalism at Aqua. I do not have time
11 to go into detail, but I will state that the only
12 way I was able to rectify the situation was to send
13 a certified registered letter to the CEO of Aqua
14 demanding immediate action be taken to resolve the
15 situation and giving Aqua ten days before I took any
16 and all legal action allowed me by law. My
17 certified letter is the only reason my dispute was
18 settled.

19 I have with me copies of the certified
20 letter for you to review. The letter is
21 self-explanatory. It takes you through step by step
22 what happened. All other related documents
23 including bills and shutoff notices have been
24 attached to the letter for you to review. I
25 strongly suggest that you take the time to carefully

1 review said copies I'm providing you. You will not
2 believe what transpired between Aqua and me. It
3 makes me wonder how many other customers have been
4 abused by Aqua and have been afraid to step forward
5 and say something and fight for their rights. I
6 wonder how many other meters were not read until the
7 new rates went into effect. I guess that is a
8 question that only the board can answer by reviewing
9 carefully Aqua's records, and I look forward to an
10 answer to that question. Thank you for your time.

11 **CHAIRMAN GRAHAM:** Ma'am, thank you. And
12 if you will give that to Staff, they can pass it up
13 to us. Thank you.

14 **MS. CHRISTENSEN:** Charles Skelton, Diane
15 Manzo, and Chris Butterfield.

16 **CHAIRMAN GRAHAM:** Welcome, sir.

17 **CHARLES SKELTON**

18 was called by the Citizens of the State of Florida and
19 presented the following:

20 **STATEMENT**

21 **MR. SKELTON:** Good afternoon, Chairman,
22 members of the Commission, Staff. I'm just going to
23 continue my wife's legend because she actually
24 figured out three minutes on what she said to you
25 guys.

1 Now that we have a new meter and actual
2 readings were done each month, we got our January
3 bill. The usage was 2,000 gallons a week, and
4 that's impossible for two people who have upgraded
5 our home and no water is wasted. Because of that
6 actual reading we actively looked for a water leak
7 and we discovered there was an underground leak in
8 our foundation. If Aqua, Aqua had done its job and
9 repaired and replaced our meter in a quick and
10 timely manner, I believe the water leak in our
11 foundation would have been discovered much sooner.

12 I'm upset with Aqua and its lack of
13 professionalism in a time where water conservation
14 is extremely important. And we try to save every
15 drop of water we can in our house by spending money
16 to save water, which is sort of a contradiction
17 because every time we save water, they raise the
18 bill because they say the income stream is
19 diminished. But that's another story.

20 Other companies such as Pasco water are
21 giving credit for installing water efficient toilets
22 and faucets, but Aqua does nothing to promote, to
23 promote water conservation. There's obviously --
24 the only purpose water serves for Aqua is to make
25 money, and they don't care how much water is wasted

1 as long as the customer pays the price for the water
2 usage. We think their rates are ridiculous. Now
3 that the water leak is repaired our water usage is
4 1,700 gallons a month.

5 Now let me say to members of the
6 Commission, I believe in small government and I
7 believe in local control of some things. But having
8 said that, we have here an unusual situation in a
9 capitalist society in which we have a monopoly. And
10 when you have a monopoly, we don't have a choice as
11 users where to go.

12 Now if the Commission wants to give us the
13 ability to drill our own wells and depart from the
14 Aqua system or to have other systems come in and use
15 the pipelines there so that we can get some
16 competitiveness, which I think is impossible, that
17 would be the only other solution other than having
18 the county take over the system. When you have a
19 monopoly, there's no place for the users to go,
20 absolutely no place to go.

21 And if you need some help in the
22 Legislature, I'll run for it if this isn't solved.
23 I don't want to do that, but this might make me do
24 it. Thank you.

25 **CHAIRMAN GRAHAM:** Thank you, sir.

1 **MS. CHRISTENSEN:** Diane Manzo, Chris
2 Butterfield, and Marilyn Moncada.

3 **DIANE MANZO**

4 was called by the Citizens of the State of Florida and
5 presented the following:

6 **STATEMENT**

7 **MS. MANZO:** Good afternoon, Commissioners
8 and Chairman. I appreciate this opportunity. I'm
9 also Diane Manzo from 7932 Lotus Drive in Jasmine
10 Lakes, Port Richey.

11 I have had this question posed earlier in
12 another meeting that we had up in Port Richey to
13 which we still don't have an answer. Our bills are
14 charged per the thousand gallons. If I use
15 1,005 gallons of water, I am charged for 2,000. Now
16 with up-to-date technology and eligible employees I
17 cannot figure out why they can't compute actual
18 usage. It's only a matter of dollars, but in the
19 long run it does add up. It still comes out of our
20 pocket.

21 Also, I have filters. My husband and I
22 are the only ones in our residence. We have filters
23 on the refrigerator, on the sink, and our outside
24 faucet, basically every place you can put a filter
25 short of the toilet.

1 Why should I have to buy bottled water
2 when I am paying one of the highest rates in the
3 county for water? We should have clean, drinkable,
4 usable water.

5 Another question, if -- or possibility, if
6 I have this correctly, is Aqua would like rate
7 increases for all of their communities to be paying
8 the same equal amounts so we would share. I don't
9 understand, as Jasmine Lakes is one of the largest
10 Aqua communities, why Palm Terrace should have to
11 pay the same rates we are when they're a much
12 smaller community.

13 I would ask, please, rethink your position
14 on any rate increase. It is not warranted. Thank
15 you.

16 **CHAIRMAN GRAHAM:** Thank you, ma'am.

17 **MS. CHRISTENSEN:** Chris Butterfield,
18 Marilyn Moncada, Erik Jokinen.

19 **CHAIRMAN GRAHAM:** Thank you, sir.
20 Welcome.

21 **CHRIS BUTTERFIELD**
22 was called by the Citizens of the State of Florida and
23 presented the following:

24 **STATEMENT**

25 **MR. BUTTERFIELD:** Good afternoon, ladies

1 and gentlemen. Thank you for listening to me. My
2 name is Chris Butterfield. I'm from Jasmine Lakes.
3 I've lived there for 25 years.

4 I would like to recount much of what has
5 already been said: The quality of water, the
6 service, and attention to user concerns have so much
7 been neglected and so much leaves to be desired from
8 Aqua. Rather than a price increase, I would like to
9 see past increases and revisited other -- increases
10 be revoked and revisited. Thank you.

11 **CHAIRMAN GRAHAM:** Thank you, sir.

12 **MS. CHRISTENSEN:** Marilyn Moncoda, Erik
13 Jokinen, and Marilyn Allison.

14 **CHAIRMAN GRAHAM:** Marilyn Moncoda.

15 **MR. POUCHER:** I think she just stepped
16 out.

17 **CHAIRMAN GRAHAM:** Let's go to the next
18 one.

19 **MS. CHRISTENSEN:** Erik Jokinen.

20 **CHAIRMAN GRAHAM:** Welcome, sir.

21 **ERIK JOKINEN**

22 was called by the Citizens of the State of Florida and
23 presented the following:

24 **STATEMENT**

25 **MR. JOKINEN:** Thank you. Good afternoon,

1 ladies and gentlemen. I don't know what more to
2 add. The people were talking about their utility
3 bill, the amounts. And just for last month my water
4 bill was \$241. My electric bill from Withlacoochee,
5 \$135, and that's just for air conditioning running,
6 full, you know, services. And, you know, we don't
7 waste water. It's just the two of us.

8 I've had the same problems as others,
9 yellow water with awful, awful rank smell. You
10 know, I don't know, for me I don't think a utility
11 like water should be on the stock market. It's a
12 basic human need. And it's just -- right now the
13 way Florida is going, like, homeowners insurance,
14 everything, just bending for these companies and not
15 drawing the line, you know, greed. That's all what
16 this is plain, pure, and simple. And pretty soon
17 this whole state -- you know, if I would have known
18 that I would have had homeowners insurance which is
19 ten times higher down here than up north, ridiculous
20 water bills, I would have never moved down here.

21 You know, it's a shame that I bought a
22 house down here, I was just thinking last week,
23 because the way things are going, you know, I'm
24 young, you know, compared to many of my neighbors,
25 you know, I won't be able to afford it. And I don't

1 know how people do on a fixed income. How do they
2 make it with 200 some dollar bills? How do they do
3 it?

4 So I think really the thing is that you
5 just need to draw a line. And it's no more greed,
6 don't finance greed. I don't know what more to ask,
7 but a line has to be drawn. And really these rates
8 I'm paying now should be reduced. I mean, they're
9 horrible as they are now, and I couldn't even think
10 of having an increase. I don't know what more to
11 ask, but thank you.

12 **CHAIRMAN GRAHAM:** Thank you, sir.

13 **MS. CHRISTENSEN:** Nancy Hetherington,
14 Roberta Sliter and Raj Sharma.

15 **CHAIRMAN GRAHAM:** Is Nancy here?

16 **NANCY HETHERINGTON**

17 was called by the Citizens of the State of Florida and
18 presented the following:

19 **STATEMENT**

20 **MS. HETHERINGTON:** I'm Nancy Hetherington.
21 I live in Palm Terrace Gardens, and I won't --
22 everybody had said everything that has been said
23 about the water rates and everything. And I'm on a
24 fixed income, so just only Social Security, and I
25 didn't get no raise. But the water company wants

1 another raise. So I'm against it and please help us
2 all. Thank you.

3 **CHAIRMAN GRAHAM:** Thank you, ma'am. Thank
4 you for coming down.

5 **MS. CHRISTENSEN:** Well, the next one is
6 Roberta Sliter, and I don't know if she's present.
7 The one after her is Raj Sharma, and then Kim Kurz.

8 **CHAIRMAN GRAHAM:** Are any one of those
9 three people still here or still want to speak? Are
10 those all the names that we have?

11 **MS. VANDIVER:** We have more.

12 **CHAIRMAN GRAHAM:** Okay. Welcome, ma'am.
13 Could you give your name again?

14 **KIM KURZ**

15 was called by the Citizens of the State of Florida and
16 presented the following:

17 **STATEMENT**

18 **MS. KURZ:** Kim Kurz. Slightly different
19 story. Number one, I guess I would just thank
20 everybody for coming. It's kind of an intimidating
21 process to go through, so I think it's pretty clear
22 we have a problem here.

23 I'm the Director, a Director at YES
24 Communities. We own and operate Arredondo Farms,
25 and so I'm here on behalf of the residents there who

1 couldn't make it today. We've had over
2 70 complaints, which we've provided the Staff with
3 the written complaints of all the details. You
4 know, they're at work today trying to pay the bill.
5 But they have very similar problems.

6 We've heard -- all of the things in the
7 room we've heard in our property. We've heard about
8 the poor quality, we have residue floating in the
9 water, cloudy water, they won't drink it. They're
10 providing water for their family, a \$150 bill, but
11 still having to buy water for additional cost.

12 We own 67 communities, you know, in 12
13 different states, and this is a very, very unusual
14 problem. It's our only problem like it in our
15 portfolio and it's concerning. I'm here from
16 Denver, Colorado, to express this to you because not
17 only has it encumbered families in our communities
18 that we're trying to provide affordable housing to,
19 but it's also impacted our business, and so you
20 should know that.

21 We're hearing types of things like the
22 meters. The meters are made out of three
23 components. I came down and visited with these
24 people and I sat in their living rooms and I talked
25 to them. And I went out and opened the meter and

1 took a look at it and figured this out. This is not
2 a difficult problem with the billing issues. It's
3 quite simple. There's a meter that's working most
4 cases, there's a transmitter that's working most
5 cases, but the reading device doesn't move. So a
6 lot of our residents don't get billed for 450 days,
7 12 months, 14 months. And they're paying the
8 monthly base fee thinking that's 100 percent of
9 their water bill because it's extremely high, and
10 then they get a bill for \$600, \$800, \$1,200. Our
11 people can't afford that. This is affordable
12 housing.

13 So then what happens, they call the
14 customer service line, right, and they have somebody
15 on the other line who's not educated as to what the
16 problem really is. And they're very rude to our
17 folks and they bully them into signing a payment
18 plan. If our customers kind of, you know, put a
19 line in the sand and say this isn't right, they'll
20 shut the water off, and then they're not even, they
21 can't even apply for a payment plan. We've had
22 people displaced at Christmas trying to get, you
23 know, living with family, other family members
24 because their water is shut off.

25 Real quickly, from our business

1 standpoint, we have lost rent. We have 100 rent,
2 rental homes in our community, and people just pack
3 up and leave. I implore you to ask Aqua to be more
4 efficient with their business. I've reached out to
5 many members in their management team to try to help
6 solve it. I'm part of the solution, I'm here to
7 help. Nobody wants to help. Nobody wants to figure
8 out what the problem is.

9 The billing is very disjointed from the
10 customer service department, which is, you know,
11 disjointed. They can get their profit by managing
12 this thing more effectively and more efficiently.
13 And then, you know, our customers will benefit from
14 affordable housing and you won't see these folks,
15 you know, in your backyard all the time.

16 They don't need a rent increase or a rate
17 increase. I'm asking for you to keep them on
18 probation. They have not fixed their customer
19 service problem. They have not fixed their billing
20 problem. They can, they can decrease their bad debt
21 expense which we've seen go up by billing their
22 residents properly and, you know, sending them a
23 fair bill, and they're not doing that well either.

24 They've got a lot of work to do, folks.
25 Please don't give them this rate increase, and

1 please keep them on probation until they fix this
2 problem. Thank you so much for your time.

3 **CHAIRMAN GRAHAM:** Thank you, ma'am. And
4 thank you for making the trip from Denver.

5 **MS. CHRISTENSEN:** Lesley Marano and then
6 Jack Mariano.

7 **LESLEY MARANO**

8 was called by the Citizens of the State of Florida and
9 presented the following:

10 **STATEMENT**

11 **MS. MARANO:** Hi. I'm Lesley Marano and I
12 live in Palm Terrace in New Port Richey. And
13 basically I've been with, started with Aqua about 15
14 years ago. I just got out of the military. I did
15 ten years. And I moved into an apartment complex,
16 so we did not have to pay for water. I was there
17 for about four months and then they decided that we
18 had to pay for water and it was going to be prorated
19 between how many people lived in the apartment and
20 your square footage. They estimated the bill to be
21 around basically \$30. For the next year with Aqua
22 my water bill was like \$60.

23 I decided this was enough to buy a house.
24 I looked around, making sure I wasn't going to buy
25 Aqua. Bought a house. Six months after I bought

1 the house, received Aqua. I had Pasco water. When
2 I moved into that house, my bill was basically \$30,
3 \$40. When I got Aqua, my bill went from anywhere
4 from, at that point in time, you're talking ten
5 years ago to now, my bill runs anywhere from \$100 to
6 \$150.

7 About a year and a half ago I had my
8 oldest son, his wife and one child moved back in
9 with me. Of course the water bill went up. You
10 know, I'm a single mother. I work hard for what I
11 get. I work hard for my money, and there's time,
12 months and months there's struggling.

13 I for some reason forgot to pay Aqua. I
14 remembered that I didn't pay them. I called them on
15 a Monday to say, "Hey, I forgot. I just want to
16 make sure you didn't turn my water bill off." I
17 talked to the person and they said, "No. You're
18 fine as long as you pay by like the 4th." I said,
19 "That's okay. I'm going to pay by Friday." I said,
20 "Are you sure?" Because Aqua doesn't give you no
21 lead time, not even a 30-day lead time. Basically
22 if you're past paying your bill by 20 days, it's
23 automatically turn off your water. "No. No, ma'am.
24 You're okay. We have you noted you're going to pay
25 on Friday."

1 Wednesday my daughter-in-law calls me at
2 work. "Mom, Aqua came. They turned off your
3 water." I said, "What?" She said, "Yeah." I said,
4 "What did you tell the, you know, the technician?"
5 Yeah. His comment to her was, "Tell your mother to
6 pay the bill."

7 Now I had a grandchild living there that
8 was three years old. My daughter just had another
9 child which was about six months old. I called Aqua
10 to say, "Hey, I called you Monday. You guys told me
11 I was okay." "Well, the only thing you can do,
12 ma'am, is pay your bill and then we can turn it on."
13 I said, "I don't have the money now. I had the
14 money when I called you. But I could also pay
15 another bill, in which I knew I was safe because I
16 made the payment arrangement to pay on Friday." I
17 said, "You guys said that was okay." "Well, I'm
18 sorry. There's nothing we can do. You have to pay
19 your bill."

20 So, of course, here I go, I called my
21 parents. Thank God that I have somebody that can
22 help me, and they gave me the money. And within an
23 hour I called them back and I paid the bill. The
24 technician on the phone told me that it should be
25 turned on within four hours. Four hours came, no

1 water. I called them back. "Oh, no, it can be 24
2 hours." I said, "24 hours? You guys told me four
3 hours." "Well, no, ma'am, it's 24 hours." I said,
4 "Okay." Go out, buy water. 24 hours come by, no
5 water. I call again. They tell me, "No, ma'am.
6 It's 48 hours." So basically by 48 hours I had
7 water again in my house. But I also had a
8 six-month-old grandson and a three-year-old
9 grandchild that was living in my house that had no
10 water, no bathrooms, nothing. They didn't care.
11 That was one episode I had with them.

12 Another episode I had was I have a main
13 water line running through the back of my yard. It
14 broke. It had been leaking for a couple of days. I
15 found out on a Saturday morning. I called them. It
16 was real quick, somebody came out and looked at it,
17 but they said, "We can't do anything until Monday."
18 I have this water leak in the back of my yard. I
19 said, "You sure it's not going to damage anything?"
20 You know, we have sinkholes where we're from. "No,
21 ma'am. Nothing. Everything is fine."

22 So Monday comes and they show up and they
23 fix it. The next morning I have a waterfall in my
24 backyard again. It didn't get fixed properly. So
25 now I come home at 4:00 from my work and here this

1 waterfall is still going in my backyard. The reason
2 why is the water pressure was too much. They
3 couldn't fix it and they couldn't find the main
4 shutoff valve.

5 So finally they got it fixed. That was
6 basically about a four-day episode. And then the
7 next day in the morning I get up to go to work and
8 my water heater was busted out. Never had a problem
9 with my water heater. So it must have been with the
10 pressure of the water. And I'm saying a mainline
11 break only four feet from the back of my house
12 running through the back of my yard. Why is there a
13 main water break in my yard that close to a house?

14 So, you know, it just seems like the
15 prices, the customer service and what everybody is
16 saying with Aqua is they just don't care about us.
17 All they're looking for is that money. And, you
18 know -- and my point is we need to get to Pasco. We
19 need to, you know, have that customer service where
20 we're paying for that nice water that we're supposed
21 to drink, the customer service that we were supposed
22 to have, and the people out there that are
23 struggling, there should be a way that they're
24 working with the people and just not basically
25 saying, I'm sorry, ma'am, you pay your bill or it's

1 turned off, especially when a customer is calling
2 them. That's it. Thank you.

3 **CHAIRMAN GRAHAM:** Thank you, ma'am.

4 **MS. CHRISTENSEN:** I have a John Hartman
5 who wants to speak before Commissioner Jack Mariano.

6 **CHAIRMAN GRAHAM:** Mr. Hartman is coming
7 up. Is there anybody else in the audience before
8 the Commissioner comes up that has not spoken or
9 that wants to add something that they have not said?

10 Please go ahead, sir.

11 **JOHN HARTMAN**

12 was called by the Citizens of the State of Florida and
13 presented the following:

14 **STATEMENT**

15 **MR. HARTMAN:** Thank you, Mr. Chairman,
16 Commissioners. I appreciate everybody's time today.
17 I'm a representative of YES Communities at Arredondo
18 Farms in Alachua County. This has been an ongoing
19 problem for the last two and a half years. The
20 problem is not going away. It's poor quality of
21 service. It's poor quality of water. It's very
22 simple.

23 I'm going to show facts. The facts are
24 these are heating elements coming out of hot water
25 heaters a week old. That's it. They're destroyed.

1 It's impacting our business, it's impacting our
2 residents.

3 This is sediment out of a hot water
4 heater, one hot water heater, 30 gallons. It's in
5 the facts. Facts don't lie here. The truth is that
6 this is impacting families, it's impacting other
7 businesses, and we want you to do something about
8 it. Thank you.

9 **CHAIRMAN GRAHAM:** Thank you. Now, it's my
10 understanding, there was somebody -- Commissioner,
11 just a second --there was somebody that had a
12 PowerPoint presentation. We are concluding this
13 part a little bit faster than I thought we were
14 going to. If that PowerPoint presentation is still
15 around, I will allow you about 15 minutes to give
16 it, after we take a break.

17 Okay. Now, Commissioner, would you like
18 to speak before or after that PowerPoint
19 presentation?

20 **COMMISSIONER MARIANO:** Let's take a break
21 now. I'll speak afterwards.

22 **CHAIRMAN GRAHAM:** Okay. We will take a
23 recess for about ten minutes. We'll allow for staff
24 to get together and hook up that PowerPoint
25 presentation. And if you can get that within about

1 15 minutes, I'd appreciate it.

2 (Recess.)

3 **CHAIRMAN GRAHAM:** Okay. If I can get
4 everybody to take their seats. All right. It's my
5 understanding that we have one speaker that had
6 something he needed to add, and then we are going to
7 go to Mr. Reams to let him do his PowerPoint
8 presentation.

9 **DENNIS MILLS**

10 was called by the Citizens of the State of Florida and
11 presented the following:

12 **STATEMENT**

13 **MR. MILLS:** Okay. My name is Dennis
14 Mills. I'm from Lakeland. You had asked people
15 earlier from Pasco, if Pasco County would take over.
16 I'm in Polk County, and I know Polk County will.
17 Talking to the county commissioners, they say they
18 not only wanted to take it over, they asked Aqua,
19 and Aqua turned them down. But they do want to take
20 it over.

21 **CHAIRMAN GRAHAM:** Okay. Thank you, sir.
22 Mr. Reams, you're up. We have got about 15 minutes
23 for you if your presentation.

24 **FRANK REAMS**

25 was called by the Citizens of the State of Florida and

1 presented the following:

2 **STATEMENT**

3 **MR. REAMS:** Thank you very much. I
4 appreciate this time. I just wanted to acquaint the
5 new Commissioners here with some issues in other
6 states that Aqua operates in. And I'll be brief.
7 Ohio currently has a bill, Ohio House Bill 87, and
8 this bill relates to water companies who have more
9 than 15,000 customers. And what it amounts to is
10 they're attempting to get the stockholders to pay
11 50 percent of the cost when they file a rate case.

12 Here is an example. There is two
13 companies that fall in that category, Ohio American
14 Water and Aqua Ohio. And in ten years you can see
15 that they have had about ten rate increases, so both
16 of these companies have a habit of coming before the
17 Commission on a regular basis. Also, in Ohio, to
18 talk about the billing issues a little bit. Back in
19 2009, the Ohio Public Service Commission fined Aqua
20 \$132,000 and requested that they place \$25,000 in a
21 high cost fund to help low income consumers. I
22 might also add on the Ohio issue, in 2008 and 2009,
23 the Office of Public Counsel noted that Aqua had
24 made in revenue \$260,000 just from reconnects from
25 disconnects for nonpayment. The City of Fort Wayne

1 a few years back condemned Aqua's water system.
2 They are in the process of taking it over now. The
3 city actually was supplying both the wastewater and
4 the water.

5 In New York, the last Commission increase
6 in February of last year, they put a few mechanisms
7 in there, and one of them is a number of customer
8 service complaints before Aqua is subject to a fine.
9 Now, that is not just for any Commission complaint,
10 it had to meet some standards. I don't happen to
11 have those, but they do consider that. And that's
12 one thing that we really need to get here in
13 Florida. I realize today there's no limit on how
14 many they can have.

15 The other thing they did, they put a
16 stay-out provision in it, and they gave the company
17 a 20 basis point return on equity. A stay-out
18 premium in return for the company's commitment not
19 to file for a base rate increase prior to
20 February 6, 2013. Should the company file for rate
21 relief to become effective prior to February 6,
22 2013, the company will establish a deferred credit
23 for the benefit of the ratepayers equal to the
24 revenue requirement effect of the stay-out premium
25 for the period February 6 up until the date the new

1 rates take effect, if before February 6, 2013.

2 In New York they have also reactivated a
3 water authority board, and they are actively
4 considering trying to purchase the water system back
5 from Aqua Utilities in New York. I have here a
6 study that was commissioned by Texas University --
7 I'm sorry, Wood Creek Development commissioned Texas
8 University to do a study, a survey on what 3,000
9 customers thought about the service that they were
10 receiving from Aqua.

11 Now, I'm just going to read the bottom
12 part of this, but there the monthly cost of service
13 is in excess of \$125, and that is before a tap is
14 turned or a commode is flushed. So these people are
15 not happy campers as our people here aren't either
16 because we can see what is going to come down the
17 road to us unless there is some changes made.

18 There were 2,150 surveys mailed to the
19 registered voters in the city. They had a return
20 rate of over 43 percent; margin of error less than
21 two and a half percent, at a 95 percent level of
22 confidence. Now, here are some of the responses
23 they received from the consumers, and what they were
24 told to do was to describe Aqua in one word. And I
25 have the number, the frequency, and the percentage

1 on that slide.

2 Now, I spoke to this slide earlier, but
3 you can see from the seven regulated companies here
4 in Florida that Aqua by far exceeds all the other
5 companies, and yet they don't have that many
6 customers. They are actually a smaller one. Kind
7 of a model company to look at up there is North
8 Sumter Utility. They have almost 32,000 customers,
9 and in this period of four years they only
10 experienced five Commission complaints.

11 Now, I have also listed all of these
12 complaints by the county or the system that they are
13 in, and I also have the number of customers that is
14 in there, and it is further broken out by either
15 service issue and/or billing. I might point out
16 Pasco County, the fourth down on the right-hand
17 side -- left-hand side, they have had the most
18 Commission complaints of any of the systems that
19 Aqua is operating in currently.

20 Now, this is the other report that I
21 referred to earlier. Aqua has had 36 complaints
22 this year, and all companies with the report have
23 had 22. So there has been a total of 69 reports
24 through the end of March of this year, and Aqua owns
25 52.2 percent of those. I might point out, I checked

1 just this morning before I got on the bus, there has
2 been ten more reports since this number up here in
3 March. So those Commission complaints continue to
4 come in.

5 And I might point out here that I firmly
6 believe because I've got 50 years in the telephone
7 business, and I've got a lot of customer service
8 background, and I have spent a lot of time on that
9 and I firmly believe that the reason these
10 Commission complaints are so high is because Aqua is
11 not satisfying the customer when they call in.

12 Now, let me point out to you that one of
13 the things that the staff really looked at here,
14 they looked at the answer time, and they also looked
15 at the call duration time. Aqua has an objective of
16 trying to handle each call on average in four
17 minutes. Well, I think some of these problems that
18 you heard here today and that these people have take
19 a lot longer than four minutes to solve.

20 So the people in the call center are being
21 challenged to end those calls quicker, and so
22 consequently the customers are not getting the
23 answer they are looking for, so what is their
24 alternative? It is to file a Commission complaint.
25 And I think that is what happens.

1 The other thing that we have got, we were
2 around to four hearings this fall. We sat through
3 them. And I can tell you that many people are very
4 upset. They are -- and they don't think anybody is
5 going to go anything about it, so they decide, well,
6 what's the use of complaining. Nobody does
7 anything. So that is another issue. That is kind a
8 latent issue that is just laying out there, but it's
9 a very serious issue, and that is why I think that,
10 you know, Aqua may not understand it, but they have
11 is some very serious image issues not only here in
12 Florida, but in other states, as well.

13 Now, this report is one of them that Aqua
14 had to send in for each month, and this is a quality
15 performance report. This one is a customer contact
16 report. Now, I thought at first that these were the
17 same report only this was more detailed, but in
18 another slide that I'll show later on, I think
19 actually that we have to count each of these,
20 because I have some issues where they are reporting
21 meters, and they are talking about the sewer issues,
22 and there is more reports in the customer call than
23 there is in the quality performance report. So,
24 therefore, I think that it is separate. I think we
25 have got to count both of them. So to add on to

1 what Mr. Goodman said earlier, you can see there
2 there were 6,300 calls on the customer contacts and
3 there was 43,309 on the other.

4 Now if you annualize those numbers, that
5 gets to be pretty huge, because this is only eight
6 months, and I might add that it was from May through
7 December. So a lot of the snowbirds were gone, so
8 their reports weren't as great during that period.
9 Their highest report rates runs from about December
10 up until April.

11 The other thing is there is different call
12 categories in each of these two reports. And on the
13 total call side, on that one on the customer calls,
14 there's 17,099 water customers, and there's 6,425
15 wastewater customers, and most of those are the same
16 person that they are simply counting as two
17 different accounts.

18 Now, here is the ten highest call reports
19 that came in, and, of course, number one is no
20 water. And there was about 15,000 of those. A lot
21 of high bill, service leaks, bill dispute. I want
22 to talk about that a little bit. From some of the
23 bills that I have looked at, I feel pretty confident
24 that a bill dispute means that the customer is
25 disputing what they are being charged. Now, we have

1 seen a lot of instance where they will submit a bill
2 on the first of the month to the customer and maybe
3 three or four days later they get a second bill.

4 Well, which bill are they supposed to pay? You
5 know, two bills in a matter of two or three days.

6 Meter problems, that's another big one.
7 There is 245 in this report. There's like 205 on
8 the quality performance report. I think a lot of
9 those meter issues are still problems left over from
10 when these new meters were put in, because at one
11 time they had a lot of issues because they had the
12 wrong head on the meter and it was reading like for
13 a one-inch meter when actually they only had a
14 three-quarter or 7/8ths inch connection. But, I
15 don't know, I don't have the facts to prove that.
16 But the two that I have highlighted in color up
17 there, I think are two that really stand out, and I
18 think that's pretty representative of the type of
19 water that is being delivered by this company. And
20 you can see on taste and odor there is 211, and on
21 color there is 162.

22 Now, what Mr. Alexakos did not tell you
23 when he showed you the picture of that yellow water
24 in his washing machine, if he tries to wash with
25 that, his white clothes are now brown. And the

1 other thing that happens here, see, he wastes a lot
2 of water if Aqua is not out there on a regular basis
3 flushing those lines. So he is having to pay for
4 water that just simply runs right down the drain.

5 Now, if we look at the ten highest systems
6 in terms of reports, you will see that Palm Terrace
7 is number one with over 700 reports for just a
8 little over 1,000 customers. And the list goes on
9 down, but that's the ten highest reports. The other
10 interesting thing about this slide, from what I have
11 read on both of the rate cases, it doesn't appear
12 that Aqua has been using some of this information to
13 develop a capital expenditure plan and putting the
14 money where most of the complaints are coming from.

15 You know, the most that they have done, as
16 I can see, is they have changed out the meters,
17 which is a benefit to the company. There is no
18 benefit to the customer there. It simply makes the
19 job for the company easier.

20 Now, here's these two reports combined,
21 and you can see there's a lot of reports in there.
22 In the sewer, they have had 244 on their own report
23 and there is 96 on the other, so that's why I think
24 that these are separate reports.

25 Customer call contacts. There is still a

1 lot of billing issues laying out there, and that is
2 what this report is telling us. This report is
3 telling us they are not billing correctly yet. And
4 just very, very quickly here, this is what
5 Commissioner Argenziano had to say at the last rate
6 case, and so we know where we have got to go with
7 this issue. We have got to get the Florida
8 Legislature to change some laws, because otherwise
9 people are not going to be able to afford this basic
10 necessity of life.

11 Scottish Highlands, 110 residents drilled
12 wells up there. Well, what does that do to the
13 usage? It drives it down. That's why Aqua is back
14 here. Now, one resident got a permit to drink that
15 water, but guess what, she's still paying Aqua the
16 or \$17 a month in the basic facility charge
17 because they won't remove the meter.

18 And this is the other slide that I had
19 earlier about the lady that's 82 years old. You
20 know, and probably 80 percent of these customers, of
21 that 17,000, these are retired people. And, you
22 know, until Flow Florida came around, there wasn't
23 anybody out there to champion the cause of all of
24 these people. And our websites have had over 7,000
25 visit since January of this year. The number goes

1 up every day. Not only that, but almost 20 percent
2 of the visits that we are getting are now coming
3 from Texas, Ohio, Illinois, New York, North
4 Carolina, Virginia, Ohio. And when I look at that
5 map, guess what, it's where Aqua has operations.

6 So, like I said, they have got some very
7 serious image issues that they are going to have to
8 correct. This was just a slide on the Debary area
9 from Reality Track (phonetic) that showed where all
10 the foreclosures were. And then Mr. Bussey and I
11 attended four of the hearings, and I just put this
12 in because Aqua felt that more people spoke at the
13 hearings that we were at, but that's not quite what
14 really happened. There was a lot of -- on a
15 percentage basis, there were more people at some of
16 the other hearings than was at the hearings that
17 Mr. Bussey and I attended.

18 While we attended several customer
19 hearings last fall, it became very apparent that
20 many of the customers have given up hope of seeing
21 any positive changes with this company and have
22 become complacent with the hopeless situation that
23 they are captive to. Unable to sell their home and
24 at comparable market rates, these communities will
25 become blighted and properties impossible to sell,

1 forcing the abandonment of the property and the need
2 for increased rates to offset the loss of the water
3 by these properties.

4 And I'm going to shut it off right there.
5 And I really appreciate this additional time. Thank
6 you very much.

7 **CHAIRMAN GRAHAM:** Thank you.

8 Mr. Reams, I think that was a good
9 PowerPoint, and I don't know if the staff has got a
10 copy of that -- okay, they do -- because I think
11 that's a lot of great information. I apologize for
12 not being able to tell you up front that you could
13 do that, because I didn't know how long the public
14 comment part was going to be, and I didn't want for
15 anybody to make the trip all the way out here and
16 not have the ability to speak. But since we have
17 gone through it all --

18 **MR. REAMS:** It is deeply appreciated.
19 Thank you.

20 **CHAIRMAN GRAHAM:** Okay. Now, Commissioner
21 Mariano; thank you.

22 **COMMISSIONER MARIANO:** Good afternoon. I
23 would like to thank the Commission for giving all
24 the time for all the people here to speak. Your
25 demeanor has been tremendous. It has been very

1 enlightening to know such a contentious hearing for
2 their lives coming forward that they get a chance to
3 speak and get everything to move forward. I would
4 also like to commend you as far as reaching out to
5 the legislature, because the bottom line comes down
6 it is I think the PSC needs to work with the
7 legislature to figure out how to get around the
8 situation from coming up over and over again.

9 I can speak from Pasco County, what a huge
10 economic development hurt this has been for us, and
11 we have been very active in trying to take care of
12 situations like this. I think we took over -- we
13 joined with the FGUA a few years ago, and maybe your
14 staff remembers Aloha Utilities, Lindrick Utilities.
15 Some pretty problem cases over and over. Well, that
16 was the impetus, my first getting involved with
17 water situations to try to take them over. We
18 struggled for how to find a way to do it, until we
19 finally figured after setting up a committee to join
20 the FGOA and join with them. So from that point we
21 actually have taken over those two troubled
22 utilities. We have tried to get about nine more and
23 have succeeded on seven others, so it is something
24 we do pursue and we continue to pursue. And we can
25 talk about that a little bit later.

1 But to talk about the people here,
2 seniors, families, it doesn't matter, everybody is
3 affected. I have heard stories at the public
4 hearing, maybe you have read them when they were
5 down in Pasco. We've got teenagers taking showers
6 out in the sprinkler well systems that they have,
7 because they can't do it in their regular water.
8 That water sitting right there was opened up in the
9 cafeteria today before. I guess some of the smell
10 is gone, but I'm going to tell you if you had to
11 smell that, it would not be something you would want
12 to use. I mean, you can't cook with it, you can't
13 clean with it, you can't bathe with it.

14 The PSC hearing that we had in the spring
15 was packed all the way through. I stayed, I
16 listened to every single comment that was made,
17 hence my passion to really try to help these folks.
18 And not just my own county, but from all the way
19 around.

20 We have a -- much like Florida, we have a
21 shrinking tax base right now. We are hopeful that
22 as of next year we stabilize from what our property
23 appraiser says, which will be a great thing.
24 However, I want you to know with the numbers you saw
25 up there with foreclosure rates, our rates are even

1 higher than the best numbers you saw up there. So
2 this is something that right in the heart of Jasmine
3 Lakes, especially, we have a higher foreclosure rate
4 than what you see up there. It is probably one in
5 nine. So this is something that is very near and
6 dear to us.

7 Water quality, I think you have seen
8 enough about the water quality. As far as the
9 pricing, they have rates two and a half times what
10 we have in Pasco County Utilities, and it's kind of
11 an honor to have all these people that want to go to
12 Pasco County Utilities. We are a very highly
13 regarded system. We do a lot of treatment with
14 water treatment facilities. We would not build this
15 facility that Aqua has to work with right now. The
16 retention pond that they have is right in the middle
17 of the residential area, real close to them. It has
18 overflowed into the spillway which you saw, which I
19 will show you a picture of where it connects to, so
20 it effects our water body. The sprinkling system
21 that they use to actually filter the water goes into
22 a system. It takes about eight to ten homes, and
23 has destroyed their property value, when you heard
24 the young gentleman talking about the water that
25 just comes up there. And it has just destroyed

1 everything. There is no solid green lush vegetation
2 there. It's a terrible place for them to live.

3 The pictures I had given, I don't know if
4 you have seen them, I have got three pictures I
5 could put up for you. These pictures were just
6 taken yesterday. When you heard about the May 17th
7 construction project that was done, these are what
8 these pictures are from and this is how the site was
9 structured. The first picture that you see, I have
10 actually kind of circled with a line and an arrow up
11 to where a blue point that you see is right there.
12 That right there is leaking right now, seven days
13 later. We had five people there from stormwater to
14 look at this, because we heard about this operation
15 from one of our citizens. One of the Aqua Utility
16 persons actually stopped by and took a look at it,
17 studied it, and it was about 3:30 to 4:00 in the
18 afternoon, looked at it and left. Okay. Told us
19 they had done many, many things, which I will show
20 you on the next page in trying to fix this repair.
21 That water is leaking, and that goes right down to a
22 pitch right into our stormwater pond. Drove away,
23 didn't get back to it today. I went back to it this
24 morning at 5:00 in the morning, it was still
25 untouched, still leaking. So as far as our

1 attention to detail or our attention to concern,
2 this is something -- if it had rained last night,
3 this would have been another fine.

4 If you look at the next page on Slide
5 Number 2, you'll see a bunch of pipes that are in
6 there. See the old fittings that are in there?
7 Don't know if they are proper. I can tell you this,
8 the 45s in there made a jagged flow for water, tough
9 to get it down the street where it had to go to the
10 retention, this sprinkling system pond. By the way,
11 all this work you are seeing right here was
12 unpermitted, so it's probably not up to code. As a
13 matter of fact, it is definitely not up to code
14 because my own stormwater crew was out there looking
15 at the site and said that the pipe that they are
16 using right there is not the appropriate pipe. So
17 there will be a fine for that, and we are going to
18 go through that process with them.

19 As a matter of fact, if you look at Slide
20 Number 3, they had to cut out a tree. They left all
21 the saw dust from cutting down the tree, and if you
22 can see that real fancy construction that holds
23 these things into place, I don't think that fits any
24 service manual that I have ever seen or would be
25 appropriate for anyone to be done.

1 And this type of thing goes on
2 continually. You have heard how we have to work
3 with these folks, because we are all around them.
4 Pasco County could take over this utility, if there
5 is any doubt in anyone's mind, with complete ease.
6 Much as we have gone through the FGUA in other
7 acquisitions, this one here we could actually take
8 directly, put it right into our system and alleviate
9 this whole microcosm. But I don't want you to
10 forget about the rest of our people, as well,
11 because they need help, as well.

12 As I said, we bought several different
13 utilities. We know that you need the legislation to
14 help you go forward. I'm willing to work with my
15 staff. I talked with Senator Fasano just a little
16 bit earlier about doing this. He is willing to do
17 so. I'm sure the other representatives that are
18 here with representation, et cetera, would like to
19 see this happen. This is very important for the
20 economic development not only of Pasco County, not
21 only all of Florida, we need to address this
22 problem.

23 The old days of utilities coming in is
24 gone. We need to take care of the people that are
25 here now and put efficient systems in. The old

1 caveat emptor of buyer beware still exists. If
2 these people paid too much money for these
3 utilities, they need to suffer the consequences on
4 it, not on the backs of these people here that need
5 to just survive. And, I mean, I've got widows,
6 families, et cetera, that can't pay their bills
7 because of these high rates. The rate increase that
8 they are looking for right now is absolutely absurd.
9 I would like to see it go back to the 2004 numbers
10 and let them work from there and work on
11 profitability, because I can tell you, if you look
12 at the history, and I want you to dig into it and
13 look to it, find out how many times they have
14 actually fixed this pipe setup alone. From what I
15 have heard it was a lot.

16 I almost thought I had the service guy
17 getting it for me but, he didn't get it for me for
18 yesterday. So no surprise. He probably made a
19 phone call when he was told what to do.

20 If you can do anything but deny -- in
21 denying this rate increase, by denying it, okay,
22 what you will do is you will protect these people
23 from any rate increases. Even if you approve it,
24 okay, and go forward and we still have to fight it,
25 because this will be contested, they are still going

1 to have to go through the whole public hearing
2 process anyway. But I think with the information
3 you have heard, the testimony you have heard just
4 from the people, this rate increase is not warranted
5 whatsoever.

6 Not only that, to go a step further, I
7 understand they are trying to buy one in Holiday
8 Hills over in Lakeland on Lady Lake, do not let them
9 buy any more. Let's get to the heart of this
10 matter. Let's get the rates down to where they
11 should be. There is no reason anyone should pay two
12 and a half times the rate of what they have got.
13 And I will work very gladly with you, the
14 legislature, in trying to craft these rate of return
15 requirements that are put out there as well as these
16 service requirements that should be done. You can
17 see very clearly they are not providing a service
18 that should be -- that these people are entitled to.
19 And I thank you very much, and I would be happy to
20 take any questions.

21 **CHAIRMAN GRAHAM:** Commissioner Mariano, I
22 want to thank you for coming. This is definitely
23 going over and above board, and for sitting through
24 the public comment.

25 A question I have, the first one that pops

1 into my head, the utility company that you are
2 saying now that Aqua wants to buy, do you know if
3 that local county wants to buy that utility company,
4 as well?

5 **COMMISSIONER MARIANO:** That I don't know.
6 I have only been hearing about that from the past
7 hearings.

8 **CHAIRMAN GRAHAM:** See, now, the problem
9 you run into, and I'm generalizing here, but a lot
10 of the good utility companies that are out there,
11 the counties bought those things as they are moving
12 forward and the ones that have a lot of challenges,
13 have a lot of infrastructure that needs to be
14 changed, the counties didn't buy and so other
15 utilities came along and bought those.

16 **COMMISSIONER MARIANO:** If I could help you
17 with that, because we actually struggled with
18 another company in Hudson we tried to buy. We were
19 negotiating with them, and a private company came
20 in, Ni Florida. They come in and they actually
21 negotiated, over-negotiated us, even though we
22 picked the numbers that were actually sound, they
23 put more money into it. The justification that they
24 gave to the other owners that actually ended up
25 selling was because of the way the laws are

1 structured, they can pay more money and justify it
2 with the rates by just jacking up the rates. Just
3 like you are seeing here right now.

4 So because of the way it is structured, it
5 is tough for any type of municipality to compete
6 with the private market knowing whatever they pay
7 for it they can jack up the rates. That's why this
8 legislation is not -- it's not just with this here,
9 but we need to change the way it is set up right
10 now.

11 We tried, again, to buy with them
12 one-on-one, we got out-negotiated. We are trying to
13 work with -- we tried to work with Aqua just a
14 little while ago. As a matter of fact, we tried to
15 do it through the FGOA, because we had success. We
16 figured why reinvent the wheel. We will take them
17 over in time and put them into the Pasco County
18 system, which is what we plan to do with Aloha and
19 Lindrick, we figured we would try to work with FGOA.
20 They did a great job negotiating. They walked away.
21 I sat with the same person that made the comment
22 about the water tasting problem that was no longer,
23 I guess, with the company or with this area, and he
24 said, look, we tried, but we want you to take all
25 our systems in Florida.

1 I said I want to take my citizens of my
2 county and put them all into Pasco County Utilities
3 and I want to take those systems. Work with the
4 others. Commissioner Sam Johnson from Polk County,
5 he wishes he could be here today, his daughter is
6 graduating high school today, otherwise he would
7 have been here, too. He is in full support of what
8 we are doing here, as well.

9 I can't think of a single county
10 commissioner anywhere or any city councilman
11 anywhere that would not want to relieve this problem
12 from their citizens, but you have got to be able to
13 justify the numbers. You can't just say -- and part
14 of the reason, let's say I was going to take over
15 Aqua, I may have to pay a certain amount of money
16 for it, and I may have to still charge them a higher
17 rate, but knowing at a certain time when it
18 amortizes down, I could then take them and put them
19 at the same rate. I could still put them in my
20 system, treat them just like regular people, I would
21 just have to pay them more because of the enterprise
22 system we have. I can't charge them the same rate
23 the other folks have. I've got to work them down to
24 where they can pay down the debt for what I had to
25 buy them for, but I am willing to do that, and they

1 are willing to work with me to get it done because
2 they want clean water.

3 **CHAIRMAN GRAHAM:** Well, I can tell you,
4 sir, I don't think there is a person back here that
5 doesn't want for you to buy these utilities, as
6 well. But it's just a matter of us -- we have to
7 get to there, and there is a lot of legislative
8 challenges that are there. And we just need to make
9 sure that, you know, we try stopping this moving
10 forward. I have one of the Commissioners,
11 Commissioner Brisé.

12 **COMMISSIONER BRISÉ:** Thank you, Mr.
13 Chairman.

14 Commissioner, thank you for being here
15 today and spending all this time to appropriately
16 represent your constituents. And I think you have
17 sort of answered my question in terms of your
18 willingness or your county's willingness to purchase
19 the systems. You particularly mentioned Jasmine
20 Lakes, and we're taking about what other systems are
21 within your area, or your county. And looking at
22 all of the systems, would that be something that you
23 would be interested over time in addressing? And
24 this goes into a little bit more policy issues, what
25 would it take in order for that to, sort of, be in

1 motion at the legislative level?

2 **COMMISSIONER MARIANO:** What needs to
3 happen is you need to change the rate of return
4 structure. From what I read, I don't see any solid
5 numbers that says reasonable rate of return. Well,
6 as far as I am concerned, if I can only get
7 1.6 percent interest in the bank, to me that is a
8 good rate of return. And if someone is not
9 providing good quality of service, bring the number
10 down to that and let them try to justify anything
11 higher than that.

12 So if you took that number down, you would
13 dramatically affect their rates, and I guarantee you
14 they would come to the table quicker with not only
15 myself, but everyone else, as well. But when you
16 keep the rates up at 10, 12, 11 percent, it's tough
17 to get them to the table. So that would be the
18 first step. And then as far as if they don't
19 provide good water quality, good quality service,
20 you need to be able to penalize them there, as well.
21 From what I have heard, you could actually even take
22 manager pay down if it wasn't working, as well. So,
23 those are the tools I think you have got, and those
24 two tools, that's all you need.

25 **COMMISSIONER BRISÉ:** All right. Thank

1 you.

2 **CHAIRMAN GRAHAM:** Sir, thank you very
3 much.

4 **COMMISSIONER MARIANO:** I want to thank you
5 again. I am so completely impressed with the way
6 you have run the meeting, the way you have been able
7 to hear it, to let me speak last, as well, I
8 appreciate it, because I wanted to hear from my
9 folks, as well, because there are some people I
10 hadn't heard from. You have had people that weren't
11 going to speak today come up. They just got
12 energized with what was going on. So I really
13 appreciate it. I appreciate the staff. I
14 appreciate the council for being here. And anything
15 I can do, please let me know, because I want to help
16 you through the process.

17 **CHAIRMAN GRAHAM:** Thank you, sir.

18 **COMMISSIONER MARIANO:** Please deny the
19 rate increase. Thank you. (Applause.)

20 **CHAIRMAN GRAHAM:** Thank you.

21 **UNIDENTIFIED SPEAKER:** Commissioner, there
22 is a gentleman here from Harbor Hills that wanted to
23 say something. I wonder if you could give him a
24 couple of minutes.

25 **CHAIRMAN GRAHAM:** Sure.

ROBERT NICHOLSON

1
2 was called by the Citizens of the State of Florida and
3 presented the following:

STATEMENT

4
5 **MR. NICHOLSON:** My name is Robert
6 Nicholson, 6201 Topsail Road, Lady Lake, Florida,
7 and I reside in Harbor Hills. I believe a question
8 was asked of the Commissioner if there was any other
9 municipal entity that would be interested in taking
10 over the Harbor Hills Utilities in the event the
11 water certificate was not transferred to Aqua. It
12 has come to my attention, and I can't speak to this
13 from personal knowledge, but Mr. Clifford Kale
14 (phonetic) of my community has met with the City of
15 Lady Lake, and they have expressed an interest in
16 acquiring that utility in the event the certificate
17 is not transferred to Aqua from Harbor Hills
18 Utilities. So I thought you might be interested in
19 that information as a direct answer to the question
20 you asked of the Commissioner.

21 **CHAIRMAN GRAHAM:** Okay. Thank you, sir.
22 Commissioner.

23 **COMMISSIONER MARIANO:** One of my residents
24 from Zephyr Shores just helped me. She kind of said
25 you didn't really answer his question when he asked

1 about what are the utilities you take over. As much
2 as we are trying to take over a lot of them in the
3 county right now, we are in the process, but Zephyr
4 Shores would be one of those we would be delighted
5 to take in, as well.

6 **CHAIRMAN GRAHAM:** Okay. Thank you.

7 (Applause.)

8 **CHAIRMAN GRAHAM:** I do want to thank all
9 of you for your control. You know, I know it gets
10 very exciting sometimes, and I have to say that the
11 signs are new, but it's a lot easier dealing with
12 the signs than it is to continue telling everybody
13 no more clapping, no more whooping and hollering.
14 So I'm glad you guys thought this thing through
15 before you got here, and I do appreciate the way
16 that you have managed all of this.

17 For the most part, you guys managed
18 yourselves, and that makes everything go a whole lot
19 smoother, and I just want to thank you for that.
20 And I want to thank you all, every one of you for
21 making the effort and making the trip coming down
22 here. (Applause.)

23 That all being said, Staff, take us into
24 Item Number 17.

25 **MR. MAUREY:** Chairman, Commissioners, good

1 afternoon. My name is Andrew Maurey. I'm appearing
2 on behalf of technical staff. Three chairs to my
3 right is Ralph Jaeger with the General Counsel's
4 Office. Together we will be introducing Item 17
5 involving Aqua Utility Florida's request for relief
6 in Docket Numbers 100330-WS and 080121-WS.

7 This matter is being handled as a proposed
8 agency action. Interested parties may participate.
9 There are a number of parties that wish to address
10 you regarding this matter. On behalf of Aqua
11 Utilities Florida, Bruce May is representing the
12 company. On behalf of Office of Public Counsel,
13 Patty Christensen will be appearing, among others.
14 On behalf of YES Communities d/b/a as Arredondo
15 Farms, Mr. Kenneth Curtin. And you have heard from
16 the customers and elected officials.

17 Before we move on to opening remarks from
18 the interested parties, staff would like, at your
19 indulgence, to make an oral modification to the
20 recommendation.

21 **CHAIRMAN GRAHAM:** Sure.

22 **MR. MAUREY:** Yesterday, an errata sheet
23 along with accompanying schedules was passed out to
24 each of the Commission offices as well as all of the
25 interested parties. Certain errors related to pro

1 forma depreciation and pro forma property taxes,
2 non-used useful, cost of capital, and lobbying
3 expenses were uncovered after the recommendation was
4 filed. Those corrections are reflected in the
5 errata sheet, and as you would expect, there are
6 certain ripple effects. Fall-out calculations were
7 also made. I'm prepared to -- I can highlight the
8 issues that were revised, we can also -- when we go
9 through issue-by-issue, we can highlight those
10 changes, as well.

11 The issues materially affected were, 3,
12 15, 17, 20, 24, 32, 33, 35 through 40, the rates
13 issues. In particular, Issue 24 was deleted in its
14 entirety.

15 **CHAIRMAN GRAHAM:** Which one did you say
16 was deleted in its entirety?

17 **MR. MAUREY:** Issue 24.

18 **CHAIRMAN GRAHAM:** 24. Okay. Let's go
19 through those modifications as we go through each
20 issue.

21 **MR. MAUREY:** Okay.

22 **CHAIRMAN GRAHAM:** Was there anything else
23 before we started?

24 **MR. MAUREY:** Not before opening remarks,
25 no.

1 **CHAIRMAN GRAHAM:** Okay. Let's go to
2 opening remarks.

3 **MR. MAY:** Thank you, Mr. Chairman. And I
4 want to thank the customers for driving up today.
5 We listened carefully to those remarks. But before
6 I begin, I wanted just to understand the ground
7 rules. We are going to limit our opening remarks to
8 three minutes, just as you limited the public, but
9 we would hope during the dialogue if there was an
10 opportunity to answer any questions, we have a
11 number of people from the company. There was a lot
12 said earlier on, and we'd like to provide you with
13 our side of that issue at the appropriate time.

14 **CHAIRMAN GRAHAM:** Okay.

15 **MR. MAY:** Again, I am Bruce May with the
16 law firm of Holland and Knight, and with me today is
17 Ms. Judy Wallingford (phonetic). Ms. Wallingford is
18 the president of Aqua, and Troy Rendell is the
19 Manager of Rates.

20 As I said, we really appreciate the
21 customers coming up today. We listened carefully to
22 their remarks, and we thank you for the opportunity
23 to speak.

24 Since Aqua filed this case in October of
25 2010, a lot has been said about the matter. For the

1 next three minutes, I'd like to try to clarify
2 precisely why we are here. Aqua has invested over
3 \$40 million since it came into Florida in 2003 and
4 purchased existing systems, many of which were
5 unwanted and neglected. Since the last rate case,
6 Aqua has invested over \$11 million in system
7 improvements to address operational and service
8 quality issues identified by this Commission, by
9 DEP, and by the customers. Aqua is here today
10 asking for approximately \$4 million in rate relief
11 to allow it to recover the cost of those system
12 improvements.

13 Let me speak briefly about quality of
14 service. I practiced before this Commission for
15 almost 30 years now, and I can't recall any other
16 case where a utility's quality of service has been
17 so intensely scrutinized over such a long period of
18 time. For over two years now Aqua's customer
19 service, billing practices, and its environmental
20 compliance have been reviewed from almost every
21 angle imaginable.

22 Now, your staff has issued a very thorough
23 and objective report on quality of service. Staff's
24 independent report shows that the quality of AUF's
25 water and its wastewater is satisfactory and that

1 the company is committed to environmental compliance
2 and to addressing customer satisfaction. Aqua fully
3 supports staff's recommendation on quality of
4 service. If I can, I'd like to briefly turn to the
5 request for rate relief.

6 **CHAIRMAN GRAHAM:** Sure.

7 **MR. MAY:** First, we hear very clearly the
8 customers' concerns about rates, and raising rates
9 is not something that my client takes lightly. My
10 client's decision to come before you today was not
11 made in haste and it was not motivated by greed.
12 Your auditors, your own independent auditors have
13 objectively reviewed the books and records of my
14 client and have independently confirmed that Aqua
15 needs rate relief.

16 While your staff recognizes that rate
17 relief is needed, the amount staff recommends,
18 approximately \$2.8 million, is significantly below
19 the \$4 million increase that my client requested.
20 Consequently, Aqua has several philosophical
21 differences with that portion of staff's analysis.
22 One of those differences relates to the way that
23 staff analyzed pro forma plant additions. However,
24 Aqua is also very aware that a protest would further
25 prolong this proceeding and impose significant

1 additional rate case expense on the customers and
2 the company. Thus, we are respectfully asking that
3 you approve the recommendation before you in its
4 current form.

5 In making this request, my client is not
6 asking for special treatment. It's simply asking to
7 be treated like every other utility that you
8 regulate, and thus be provided with the same
9 protections of due process, legal precedent, and the
10 opportunity to earn a fair return on the investments
11 it has made to improve its customer service and its
12 systems.

13 We have a number of company
14 representatives that would like the opportunity to
15 respond to the customers' comments at the
16 appropriate time. And, Mr. Chairman and
17 Commissioners, thank you for the opportunity to
18 speak today.

19 **MS. CHRISTENSEN:** Good afternoon,
20 Commissioners. Patty Christensen on behalf of the
21 Office of Public Counsel representing the customers
22 in this matter. I want to thank all the customers
23 and representatives, Commissioners, and the Senator
24 for coming to speak with you today.

25 As you have heard from the customers, this

1 is not only about the rate increase, but their
2 dissatisfaction with Aqua's quality of service. So
3 I will let their comments do the majority of the
4 speaking on this issue, but I do want to dispute
5 staff's contention that Aqua's quality of service is
6 satisfactory. It's not. And we would say that
7 based on our review of the Phase II report, comments
8 from the customer meetings, comments you have heard
9 today, filed in the correspondence side of the
10 docket, you will find that Aqua's quality of service
11 is still marginal. And we would urge that you
12 continue to monitor the company's quality of service
13 until it actually reaches a satisfactory level.

14 I also want to briefly address the rate
15 increase request. In less than two years, Aqua is
16 back before this Commission seeking a \$4.1 million
17 increase. Aqua claims that this increase is driven
18 by plant increases and decreases in the revenue by
19 the company. The revenue requirement for the rate
20 base, including capital investments, is only
21 approximately \$900,000 of the \$4.1 million rate
22 increase request. Our review has further determined
23 that the biggest cost driver is the increase in Aqua
24 parent company's cost to Aqua Florida.

25 In less than two years, Aqua has claimed

1 that its management fees have increased by more than
2 250 percent. And for 130 percent of those
3 management fee increases there is no satisfactory
4 documentation. Moreover, the company has not shown
5 that it would do what any reasonably prudent company
6 would do in the recession, trim its costs. In fact,
7 Aqua's cost per customer is more expensive than the
8 average cost per customer of all other water and
9 wastewater utilities based on staff's analysis.

10 Now, we reviewed staff's O&M comparison.
11 We found a mathematical error. Staff divided the
12 O&M costs for water and wastewater customers by
13 water customers only, and that's how they came to
14 the \$399 number in its recommendation at Page 83.
15 When the error is corrected, the average O&M expense
16 per customer for all the other water and wastewater
17 utilities is \$241. And that is compared to the \$392
18 for Aqua. Aqua's O&M costs are 60 percent higher
19 than the average. There is no economies of scale
20 benefits for Aqua's customers. In addition, Aqua
21 has not improved their quality of service, so Aqua
22 should not be granted an increase in its management
23 fees.

24 Other affiliate costs. The disallowance
25 of affiliate costs would be a reduction of

1 \$1,343,095. They have also asked for another salary
2 increase, despite the increase that was granted less
3 than two years ago. Moreover, as you know, we are
4 in the middle of a recession where a lot of Aqua's
5 customers are not getting raises, and some are
6 losing their jobs. The disallowance of the salaries
7 and the wages would be a disallowance of \$267,269.

8 We support the reduction staff has
9 recommended to rate base, rate of return, and NOI,
10 but we would also make some additional adjustments
11 for used and useful. Our disallowance for used and
12 useful would be a \$375,869 adjustment. We would
13 also recommend a disallowance of 50 percent of the
14 rate case expense of 300,000 or -- excuse me,
15 \$348,634, and that is due to the pancaking of these
16 rate cases.

17 **CHAIRMAN GRAHAM:** One more time. What was
18 that number again?

19 **MS. CHRISTENSEN:** \$348,634. Now, we have
20 passed out some handouts. Those have all those
21 adjustments in the numbers, and the total in there,
22 as well as our used and useful recommendations. And
23 we can address those, I guess, as we go
24 issue-by-issue, but for ease we wanted to have those
25 in a printout that you could easily review and also

1 take a more detailed look at our positions, probably
2 more in-depth than we were able to present in the
3 three minutes.

4 Our total adjustments would result in a
5 further reduction of \$2,334,894. Now, this would
6 limit this rate increase to only \$548,834. The
7 bottom line is we believe that the rate increase
8 recommended by staff without our further adjustments
9 will only exacerbate the unaffordability of the
10 rates.

11 As you have heard from the customers here
12 today, these rates are not only affecting the
13 customers individually, it's affecting their ability
14 to sell houses in other markets, and frankly they
15 are just not sustainable by the market. So we would
16 ask that you deny the rate increase in total. And I
17 think we have shown you a way to get within \$500,000
18 of that. And I think you all can come up with
19 additional reasons not to provide the rate increase,
20 and the biggest one being that their quality of
21 service has not improved. Thank you.

22 **CHAIRMAN GRAHAM:** Thank you.

23 **MR. CURTIN:** Good afternoon,
24 Commissioners. My name is Kenneth Curtin, and I
25 represent Arredondo Farms, YES Communities. Thank

1 you for taking the time, and I want to thank Office
2 of Public Counsel, PSC staff, and even Aqua's
3 counsel for during this whole rate action being
4 nothing but professional, and I want to thank
5 everybody for that, and the residents out here.

6 Arredondo Farms in Gainesville, Florida,
7 has both lot leases, where we rent lots to people
8 that own their own homes, and we rent lots and homes
9 to people. Section 3, Chapter 367, and Florida
10 Administrative Code both says that this Commission
11 has the power and has the authority and
12 respectively, I think, has the obligation to take in
13 quality of service of both water and wastewater and
14 attempts to address customer concerns into effect
15 when having any rate increase.

16 This is the second time Aqua has been here
17 in less than two years for a rate increase. The
18 first time this Commission, rightfully so, put them
19 basically on probation with their quality of
20 service. Now they are asking to get off that
21 probation and for another substantial rate increase.
22 Respectively, they have failed their probation.

23 I do have some demonstrative exhibits
24 which I would like -- my colleague will hand you
25 some pictures. A lot of this is in my memorandum,

1 which has been filed in this PSC case here, and I
2 request that and encourage you to read that. But I
3 want to go over a few things here on the quality of
4 service to show that the quality has not improved.

5 The first individual who spoke here today,
6 if you remember him, he was from Arredondo. The
7 only one from Arredondo who has come here, because
8 Arredondo is not like a typical community where
9 there is snowbirds or it is part-time residents.
10 This is a full-time residential community, hard
11 working, middle class, blue color, military
12 families, et cetera, on fixed incomes. So they are
13 out there working today. So we have brought -- from
14 Colorado you have heard Ms. Kim Kurz, and you have
15 heard John Hartman from Jacksonville come over here
16 to represent them, because I wanted to have a first
17 view -- you guys to have a first-hand knowledge of
18 what they are every day facing out here. They
19 actually flew from Colorado.

20 Some of the water quality issues that you
21 see. There is a large calcium sedimentation
22 problem. The first couple of pages there, you will
23 see the hot water heaters which we have, because
24 this is systematic throughout the community where
25 they fill up with calcium. You saw, I can tell you

1 right now using the old adage, \$345 an hour for an
2 attorney is pretty expensive, a picture is worth a
3 thousand words in here, but 20 pounds of sediment
4 that you saw is priceless, and that is what we are
5 facing.

6 The next couple of pages you will see in
7 there are the calcifications of the heating
8 elements. This is within less than a month as we
9 replace them they calcify again, and we have to
10 replace them. And there is another picture with a
11 pen next to a sediment, so you can see how thick
12 this sediment actually gets. And the next picture
13 are the piping where the pipes, the literal water
14 pipes clog up and we have to replace them throughout
15 these mobile homes.

16 We have asked and we have complained about
17 this. Arredondo -- excuse me, Aqua has not done
18 anything. You will see the next tab, Tab 2. This
19 was taken out of some discovery that we got from
20 Aqua. You see here back in March of 2008 -- 2009,
21 excuse me, April of 2009 was the only time I can
22 find where they ever tested for hardness. They
23 tested 320 milliliters. If you turn to the next
24 page you will see that the U.S. Geological Survey
25 has a test for hardness. They have what is soft,

1 what is slightly hard, what is moderately hard, what
2 is hard, what is very hard. They tested 320. Very
3 hard is 180 and above. So you have here almost
4 twice the hardness level of what the U.S. Geological
5 Survey says is very hard. Not hard, very hard.

6 And you will notice here also that the
7 testing was of a specific lot. This wasn't testing
8 the raw water. They treat this water with a calcium
9 carbonate solution, which only adds to the hardness.
10 Yes, you have to purify the water, but there could
11 be other chemicals, other purification methods they
12 can use, but they don't bother doing that. Why?
13 Because they can come to this Commission, and as
14 long as the water doesn't kill you, they can ask for
15 a 9 percent return on equity. It's a systematic
16 failure to address customer concerns.

17 If you look at billing errors, our
18 memorandum had numerous examples of billing errors,
19 and Aqua addressed each one of those in their
20 response. A lot of what they addressed was the fact
21 that we have a lot of move in and move out, and it's
22 hard to keep track of that. Respectively, a utility
23 has to learn to deal with move ins and move outs.
24 It's part of their business. If they can't deal
25 with that, then something is faulty in their

1 service. But they also, in their memorandum, cite
2 that, well, this is a seasonal community. That is
3 false. Most, if not 99 percent -- if not all of our
4 residents are permanent residents. This isn't other
5 parks where people leave. Because a lot of their
6 billing errors deal with zero usage, and they say,
7 well, we don't know if someone has left and gone for
8 the season. That is not an issue here. It's zero
9 usage where they just don't bill people. They bill
10 them at their regular base rate, and they don't bill
11 any usage, and people are using water, or they are
12 billing only for water and not wastewater.

13 Well, respectively in Arredondo, if you
14 are getting water, you're flushing your toilet, and
15 the only place that toilet is going is through Aqua.
16 So there should be no -- if you are billing only one
17 person for water and not wastewater, Aqua should
18 know that immediately because people are -- if
19 you're billing, if you're flushing the toilet,
20 you're getting water. If you're getting water,
21 you're flushing your toilet, and everybody there is
22 a water and wastewater customer.

23 Even in their response memorandum they say
24 there's a certain number of water customers and a
25 certain number of wastewater customers. There is a

1 15 person difference there. So right now they are
2 not billing 15 people. We don't know who those 15
3 people are, but they are not billing 15 people for
4 wastewater and they are going to get a bill down the
5 road. And if you look at their billing, almost
6 every single one of their examples, and they in
7 their memorandum, Aqua, state, and rightfully so,
8 that they can backbill up to a year, because this
9 Commission's rules allow backbilling up to a year.
10 And there are good rational reasons to allow that,
11 but the backbilling should not be a systematic
12 business practice.

13 Every time we get an issue with a
14 backbilling, miraculously, Aqua discovers it right
15 before or right after the 365th day, and they
16 backbill. That leads Aqua to have extra expenses,
17 it has extra management fees, it has extra bad debt.
18 If you looked at their bad debt, and I'm not an
19 accountant, I left that to the Office of Public
20 Counsel here, but in 2007 and 2008 there were
21 127,000 bad debt. 2009 through 2010, less than two
22 years later, 389,000 in bad debt.

23 When you backbill people who are living
24 paycheck to paycheck thousands of dollars, what
25 happens? They leave and they don't pay your bills.

1 Good management looking at who has zero usage, who
2 you are only billing for wastewater and not water,
3 and a lot of these times it is because their
4 electronic signal is not giving any signal to them.
5 Well, they should know their electronic signal is
6 not giving any signal. Look into it.

7 Ms. Kim Kurz, you have heard, has asked
8 Aqua, can you give us the names or just the unit
9 numbers of your 10 or 15 highest billers, because
10 most likely they have leaks, and we will go knock on
11 their door and we will ask them and search their
12 unit for leaks. They wouldn't give us that. Can
13 you tell us -- we have asked them, can you tell us
14 who is not a wastewater customer, or who is not a
15 water customer, because if they are there, we will
16 go knock on their door, and we will figure out why
17 they are not a water or wastewater customer before
18 the year is up.

19 **CHAIRMAN GRAHAM:** Mr. Curtin, is this all
20 your three to five minute opening comments?

21 **MR. CURTIN:** I will end this quickly, Your
22 Honor. Excuse me, Commissioner. If you look at
23 just bad debt -- I just want to also show their
24 billing, their billing style. And this is either a
25 systematic callous business practice, or it is just

1 extremely negligent. And they are asking for more
2 management fees, as you heard Office of Public
3 Counsel, this is a management issue. They are
4 asking more fees for that, yet they are not doing
5 good management.

6 They are billing -- I have a couple on Tab
7 3, where you see when they backbill people, the
8 first person they backbill they bill it all as in
9 one month. So you will have one person being
10 billed, if you see Ms. Walker there, she is being
11 billed about 222,000 gallons as in one month. So
12 that bill is enormously high.

13 Now, if they complain, Aqua will do
14 something about it possibly, but they try to
15 strong-arm these people into this. And the only
16 last thing, I will show you the other pictures
17 there, you will see that sometimes they just flood
18 the area without telling anybody. You will see that
19 on Tab 4. And then in Tab 5, that just shows GRU
20 rates versus Aqua rates over 2008, 2009, and 2010,
21 how they increased.

22 Your Honor -- excuse me, Commissioners,
23 respectively, they have failed this probationary
24 period, and you should deny their rate increase, or
25 at least keep them on probation and lower their rate

1 of return, because that is the only way they are
2 going to learn and do something about their service
3 issues. Thank you.

4 **CHAIRMAN GRAHAM:** Thank you. Board
5 members, I am -- we have to grant Aqua some time to
6 rebut some of the public testimony. I don't know
7 when is the best time to do that. Do it now and
8 then we start going through these issue-by-issue, or
9 is there a better time to do that? Okay. Now, we
10 are not going to rebut everybody, but you have got a
11 handful that you want to respond to, I take it?

12 **MR. MAY:** Can you give me ten seconds to
13 consult with my client?

14 **CHAIRMAN GRAHAM:** Sure. Take a minute or
15 so.

16 (Pause.)

17 **CHAIRMAN GRAHAM:** All right. Let's quiet
18 down a little bit.

19 Commissioner Brown, did you have
20 something? No?

21 **COMMISSIONER BROWN:** No. Actually, I do.
22 I would like to say that during rebuttal, if you
23 could be so kind as to limit your comments to the
24 comments made by customers and not open the door
25 to -- we'd appreciate that.

1 **MR. MAY:** Commissioner Brown, that is what
2 I was going to indicate at the outset. You know, I
3 would like the opportunity to reserve some of the
4 accounting questions and issues that Ms. Christensen
5 raised when we addressed -- when you address those
6 issues later.

7 Also, with all due respect, Commissioner
8 Mariano, I appreciate his comments, but when you are
9 talking -- I would like an opportunity later -- his
10 talking about nationalizing the private water
11 industry raises some serious constitutional issues
12 that deserves some discussion in and of itself. At
13 the appropriate time, I'd like to talk about that,
14 but at this juncture I wanted to address the
15 customer concerns primarily.

16 **CHAIRMAN GRAHAM:** I was going to say,
17 anything that -- you know the issues we are going
18 through. I mean, some of them may be best up for
19 when we are going through those issues, but if
20 there's some customer comments that are out there
21 that need to be addressed that won't be talked about
22 specifically, some of these issues, let's get those
23 out of the way.

24 **MR. MAY:** Absolutely. I was going to
25 focus primarily on water quality issues that were

1 addressed by the customers and starting with --

2 **CHAIRMAN GRAHAM:** Hold on just a second.
3 Commissioner Edgar has got a comment.

4 **COMMISSIONER EDGAR:** Thank you, Mr.
5 Chairman. I apologize for the interruption, Mr.
6 May. I was just going to say as you and your
7 representatives, and also for OPC, and the others
8 who are involved in this, as you are addressing
9 specific issues, if they are limited to -- if you
10 could let me know if they are across the systems or
11 if you are referring directly to one or a few
12 systems, that would be helpful to me.

13 **MR. MAY:** Yes, ma'am, very good. I think
14 just to give you an outline of our rebuttal -- I
15 would rather call it a response to the customers'
16 concerns than a rebuttal, because we are not
17 diminishing their concerns. Their concerns are
18 valid and we listen very carefully, but the concerns
19 that we would like to address primarily relate to
20 water quality. Since it's fresh in our minds, I'd
21 like to address the hard water quality issues that
22 Mr. Curtin identified, and then we can turn to the
23 water quality with respect to Jasmine Lakes that was
24 raised by several of the customers. And also talk
25 about Zephyr Shores, and there was some commentary

1 about a spill event that occurred at the Palm
2 Terrace wastewater treatment plant. We wanted to
3 give you our side of that issue, as well.

4 So with respect to the Arredondo Farms
5 issue, we have provided you, and your staff, and the
6 other parties with an extensive response to the YES
7 Company's memorandum in opposition to the rate case.
8 With me today is Aqua's Chief Environmental Officer,
9 Preston Luitweiler from Pennsylvania. He is very
10 familiar with the Arredondo Farms issue with respect
11 to hard water, and he can explain what the company
12 is doing, what the company is intending to do.

13 But before we get into that issue, I just
14 wanted to point out this Commission addressed the
15 hard water issue in Arredondo Farms in 1996 in a
16 rate case involving that utility. YES Communities
17 presumably did their due diligence, and they
18 understood that this water is, in fact, hard. But
19 the Commission recognized that while the water was
20 hard, it did not violate any federal or state safe
21 drinking water standards or primary or secondary
22 standards. And the company continues to take action
23 to advise the customers in Arredondo Farms about how
24 they can mitigate the effects of hard water. Our
25 service technicians are well trained to assist and

1 the company has also provided information in bills
2 on how to treat, how to soften hard water, how most
3 cost effectively to try to soften hard water, and so
4 forth.

5 That said, the company has not just
6 ignored the problem. It has gone even further. And
7 I'm going to turn it over now to Mr. Luitweiler to
8 talk a little bit more about the hard water issue in
9 Arredondo Farms.

10 **MR. LUITWEILER:** Thank you, Mr. Chairman
11 and Commissioners, for giving me the opportunity to
12 address some of the issues and some of the things
13 that have been said here today in this hearing.

14 First of all, let me start with a couple
15 of corrections. The gentleman from YES Communities
16 mentioned that the water was tested for hardness and
17 the result was 320 milliliters. That's
18 320 milligrams per liter, which is the equivalent of
19 calcium carbonate concentration in the water. He
20 mentioned that we treat by adding some kind of
21 chemical that includes calcium that increases the
22 calcium levels in the water, and that is not true.
23 We don't add any additional calcium to the water.

24 The system at Arredondo Estates -- at
25 Arredondo Farms, rather, is now and has been in

1 compliance with all primary and secondary drinking
2 water standards.

3 I just wanted to address one comment that
4 was made about secondary drinking water standards.
5 Our people at Aqua may have used that term. It's a
6 term of art in the water business. It doesn't mean
7 that they are secondary to the minds of people who
8 have to deal with those problems, either customers
9 or us in the way of treating the water for those
10 issues. But there are primary drinking water
11 standards that relate to issues that have health
12 effects, and there are secondary issues that relate
13 to issues that are aesthetic, taste and odor,
14 discolored water, things like iron and manganese
15 that can contribute to discolored water, and there
16 are secondary standards for those.

17 There is no even secondary standard for
18 hardness, although it is an aesthetic consideration.
19 There is no secondary drinking water standard in --
20 primary or secondary drinking water standard in
21 Florida or in the United States for hardness. That
22 being said, we take the issue of hardness and the
23 complaints from YES Communities seriously. We have
24 undertaken in the last two years a program to try to
25 address specific systems that had secondary issues.

1 Leisure Lakes, Sebring Lakes, Lake Josephine,
2 Zephyrhills, Zephyr Shores, and we have tried to
3 address those with specific problems and in a
4 specific format that involves, first of all, doing
5 more testing on the water quality. We have a very
6 good water quality -- the Central Water Quality Lab
7 in Bryn Mawr, and we use other laboratories as
8 needed to quantify the quality of the water and then
9 to try to address some of the alternatives that
10 might be available.

11 Mr. May mentioned that the issue of lime
12 softening was already addressed in the 1996 PSC
13 decision. On this particular case, maybe there are
14 some other alternatives. We will try to look at all
15 of them, and then meet with the residents in the
16 community. This what is we do in all of the systems
17 where we are dealing with secondary standards,
18 address the alternative that are available, the
19 costs that might be involved, and try to solicit
20 some response back from the customers as to which
21 direction they would like us to go.

22 And we are prepared to do this with
23 Arredondo Farms as the second tier of the secondary
24 water quality projects that we have been
25 undertaking. We are going to be finishing the work

1 on the systems that we are already working on now
2 toward the end of the third quarter of this year.
3 And by the fourth quarter of this year, I think we
4 will begin to start working on those systems that we
5 have identified in the second tier for secondary
6 water quality issues.

7 It was also interesting that there was no
8 mention of the wastewater system in Arredondo Farms.
9 And really that is the portion of the investment
10 that we have made in that system in the last two
11 years. We have made substantial improvements to an
12 aged and substantially inadequate wastewater system,
13 bringing in new tankage, repurposing the existing
14 tankage that is there in a very cost-effective
15 solution that has been able to expand that plant to
16 handle the flows that were the result of a consent
17 order with DEP.

18 And there has been some mention of consent
19 orders in general. A consent order is not a scarlet
20 letter. It is a mechanism by which a regulatory
21 agency meets with a utility on a common roadmap to
22 try to address and fix a solution, and we have done
23 that in Arredondo Farms to the satisfaction of
24 Florida DEP.

25 **MR. MAY:** Mr. Chairman, we'd like now to

1 very briefly address the water quality concerns that
2 the customers raised with respect to the Jasmine
3 Lake system.

4 **MR. LUITWEILER:** We have a system for
5 tracking water quality complaints, that when they
6 come into our call centers they generate what we
7 call a lab service order, a water quality complaint,
8 or a water quality inquiry service order. It can be
9 something as simple as asking about hardness or
10 asking about the fluoride level in water, or it can
11 be a specific complaint of discolored water, taste
12 and odor, or give me the chemical content of what is
13 in my water supply.

14 We have an Aqua service order automation
15 program that tracks all of these types of
16 complaints, and particularly the water quality
17 related complaints, and we roll that up in a monthly
18 report and report by state the occurrence of water
19 quality complaints. We can define that down further
20 to individual systems. And on Jasmine Lakes --
21 well, on most of the systems in Florida there has
22 been a substantial decrease in water quality
23 complaints between 2010 and the first four months of
24 2011.

25 Just to give you a couple of numbers, in

1 2010 the average for all of Florida was 41 lab
2 service orders per month. In 2011, for the first
3 four months it has been 19 per month. In Arredondo,
4 Chuluota, which is not part of this rate case, but
5 was a substantial source of water quality
6 complaints, that one went from 15 complaints per
7 month on average to one and a quarter complaints on
8 average. We have received five complaints in the
9 last -- or inquiries in the last four months from
10 Chuluota.

11 Zephyr Shores and Palm Terrace, there has
12 been significant decreases. In Jasmine Lakes, the
13 number has increased from about 1.8 per month to
14 2.75. And that is largely due to a main break that
15 occurred on February 22nd. We had five complaints
16 from Jasmine Lakes in February, and five in March,
17 many of which were due to hydrant testing that was
18 conducted on March 16th. So, yes, there are
19 occasional sporadic issues and complaints from
20 Jasmine Lakes, but I would not characterize it as
21 overwhelming.

22 It's interesting, also, that some of the
23 people who were talking about water quality were
24 talking about water quality in Palm Terrace. And
25 Palm Terrace, as one of the speakers mentioned, does

1 receive its water from Pasco County. So there is a
2 bit of a conundrum there in -- if Pasco County is
3 the solution and we are getting complaints about
4 water quality there, is the water quality going to
5 be substantially different from Pasco County.

6 **CHAIRMAN GRAHAM:** And, sir, you said that
7 was Palm Terrace is getting it from Pasco County?

8 **MR. LUITWEILER:** That's correct.

9 **CHAIRMAN GRAHAM:** Thank you.

10 **MR. MAY:** And, Mr. Chairman, we'll try to
11 wrap this up with a very brief summary and update on
12 what I consider the Palm Terrace spill incident that
13 several customers mentioned, and I think
14 Commissioner Mariano mentioned it, as well.

15 There was, indeed, a force main leak just
16 outside the Palm Terrace WWTP on May 17th. My
17 client moved promptly to contain the spill and
18 repair the leak. This is not a raw sewage leak,
19 it's treated effluent. The company has been in
20 touch with the county and with the FDEP, and there
21 is no clean-up required. The matter is resolved.

22 While the company never wants these types
23 of things to happen, they do from time to time occur
24 during the course of operating a wastewater
25 treatment facility, particularly those with aging

1 infrastructure. And although this is an unfortunate
2 incident, I think it highlights why we are here
3 today. And, again, while there is no cleanup
4 required, the company is thinking of taking
5 additional steps to effect a more permanent
6 solution, and I would ask Mr. Luitweiler to give you
7 a more technical background on what that solution
8 would be.

9 **MR. LUITWEILER:** Again, I would like to
10 reemphasize that I heard one of the speakers
11 describe this as raw sewage going into a stormwater
12 basin. This is treated effluent on its way to a
13 spray field. This is not raw wastewater that was
14 leaking, and the leak was stopped by turning off the
15 pumps. We have percolation ponds there that we have
16 an alternate way of disposing of the treated
17 effluent, and we were able to turn those pumps off
18 while we were making the repairs. So this was not
19 an ongoing leak until the repair was made.

20 We did take action to engage an engineer
21 to do property record searches today to determine
22 that we had to verify that we have an easement and
23 where the property lines are so that we can replace
24 this pipe permanently with a permanent quality
25 replacement. This will probably involve a

1 directional bore with HDPE (phonetic) pipe under a
2 concrete apron that the county has conveying its
3 stormwater into the stormwater basin. We are going
4 to need the cooperation of Florida DEP and the
5 county to do this, and I'm hoping that Commissioner
6 Mariano is true to his word, and that he really
7 desires to make a permanent solution move ahead
8 smoothly, and that we will be able to get the
9 necessary permits from the county to make that
10 permanent correction very shortly.

11 (Transcript continues in sequence with
12 Volume 2.)

13
14
15
16
17
18
19
20
21
22
23
24
25

1
2 STATE OF FLORIDA)

3 : CERTIFICATE OF REPORTERS

4 COUNTY OF LEON)



5
6 WE, JANE FAUROT, RPR, and LINDA BOLES, RPR, CRR,
7 Official Commission Reporters, do hereby certify that
8 the foregoing proceeding was heard at the time and
9 place herein stated.

10 IT IS FURTHER CERTIFIED that we stenographically
11 reported the said proceedings; that the same has been
12 transcribed under our direct supervision; and that this
13 transcript constitutes a true transcription of our
14 notes of said proceedings.

15 WE FURTHER CERTIFY that we are not a relative,
16 employee, attorney or counsel of any of the parties,
17 nor are we a relative or employee of any of the
18 parties' attorneys or counsel connected with the
19 action, nor are we financially interested in the
20 action.

21 DATED THIS 27th DAY OF MAY, 2011.

22
23
24
25

	
JANE FAUROT, RPR	LINDA BOLES, RPR, CRR
Commission Reporter	Commission Reporter
(850) 413-6732	(850) 413-6734