

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 110200-WU

In the Matter of:

APPLICATION FOR INCREASE IN
WATER RATES IN FRANKLIN COUNTY
BY WATER MANAGEMENT SERVICES, INC.

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PROCEEDINGS: CUSTOMER SERVICE HEARING

COMMISSIONER

PARTICIPATING: COMMISSIONER LISA POLAK EDGAR
COMMISSIONER EDUARDO BALBIS
COMMISSIONER JULIE I. BROWN

PLACE: St. George Island Volunteer
Fire Department
324 East Pine Avenue
St. George Island, Florida

TIME: Commenced at 10:05 a.m.
Concluded at 10:58 a.m.
-and-
Commenced at 6:06 p.m.
Concluded at 6:37 p.m.

DATE: Wednesday, January 16, 2013

REPORTED BY: LINDA BOLES, CRR, RPR
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FLORIDA PUBLIC SERVICE COMMISSION

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P R O C E E D I N G S

1
2 **COMMISSIONER EDGAR:** Good morning. Good
3 morning all. We're going to go ahead and get started.

4 I'd like to call this customer hearing to
5 order. I thank you all for coming. We have a few
6 procedural matters that we need to go through, and then
7 we'll discuss how we're going to approach things this
8 morning.

9 So let me first begin by asking our staff to
10 read the notice.

11 **MS. BARRERA:** By notice, this time and place
12 has been set for a customer service hearing in Docket
13 Number 110200-WU, the application for increase in water
14 rates in Franklin County by Water Management Services,
15 Inc.

16 **COMMISSIONER EDGAR:** Thank you.

17 My name is Lisa Edgar, and I'm a Commissioner
18 with the Florida Public Service Commission. And with me
19 are two of my colleagues; I'd like to ask them to go
20 ahead and briefly introduce themselves. To my right.

21 **COMMISSIONER BALBIS:** Good morning. My name
22 is Eduardo Balbis, and I just want to thank you for
23 coming here. Your comments are important to us, and I
24 look forward to hearing from each of you.

25 **COMMISSIONER EDGAR:** Thank you.

1 **COMMISSIONER BROWN:** Thank you.

2 Good morning. My name is Julie Brown, and I'm
3 happy to be here and ready to listen to you all.
4 Thanks.

5 **COMMISSIONER EDGAR:** And let's go ahead and
6 take appearances from counsel representing the parties
7 in this matter.

8 **MR. FRIEDMAN:** I'm Martin Friedman of the law
9 firm of Rose, Sundstrom & Bentley -- oops -- Sundstrom,
10 Friedman & Fumero, and we represent Water Management
11 Services. And with me is Mr. Gene Brown, who is the
12 principal.

13 **COMMISSIONER EDGAR:** Thank you.

14 **MR. SAYLER:** Erik Sayler with the Office of
15 Public Counsel representing the citizens of the State of
16 Florida and the customers of Water Management Services.
17 And we have our Public Counsel, Mr. J. R. Kelly, here in
18 attendance today as well.

19 **COMMISSIONER EDGAR:** Thank you.

20 **MS. BARRERA:** Martha Barrera, staff attorney
21 for the Commission.

22 **COMMISSIONER EDGAR:** Thank you. And also up
23 here at the front with us is Marshall Willis, who is a
24 Division Director with the Commission, and is available
25 to help if there are technical questions or other

1 matters.

2 You can see that we have a court reporter with
3 us. This is part of the official docket of the hearing
4 for this matter, so everything will be taped and
5 transcribed.

6 And also in the back of the room to the left
7 are other members of our staff who are available to be
8 of assistance. And I hope that you all have been
9 greeted and have met Ms. Muir, who is here by the door.
10 Go ahead and wave.

11 We are hoping that many of you will choose to
12 speak with us this morning. We are here to hear
13 customer comments on this matter and on the service that
14 you are receiving from your water utility provider. If
15 you are going to speak to us, please make sure to have
16 signed in with Ms. Muir over here. Here in a few
17 minutes Mr. Sayler will be calling the names in the
18 order that you have signed up.

19 If for some reason you would rather not speak
20 this morning but you do have some comments that you
21 would like to share with us, you may also use one of
22 these green forms which have some general information
23 about the matter that is before us, and also towards the
24 back has a sheet where you can write comments. You can
25 either do that today and hand it to our staff and that

1 will become a part of the record of this proceeding, or
2 if you're, you want to think about it a little bit more,
3 take the sheet with you. It is self-addressed and it
4 can be mailed into our office and will also become a
5 part of the record. If you know people who wanted to
6 comment but were not able to be here this morning, feel
7 free to take a few with you and pass it out to your
8 friends and neighbors. It's also available on our
9 website that could be downloaded and printed out and
10 could be sent in to us.

11 We are going to give the opportunity to each
12 of the parties in this case to make a very brief opening
13 statement or opening comment sharing their thoughts at
14 this moment. After that is done, we will move to the
15 customer hearing portion. When that -- before that is
16 done, I will swear you in as a group, and we can talk
17 about that a little more in a moment.

18 So with that, Mr. Friedman.

19 **MR. FRIEDMAN:** Thank you, Commissioner Edgar.
20 I want to interpose an objection at the outset on a
21 procedural matter.

22 **COMMISSIONER EDGAR:** Yes, sir.

23 **MR. FRIEDMAN:** Is that pursuant to Section
24 120.659(2)(g), irrelevant and immaterial evidence shall
25 be excluded from the hearing.

1 As you, I'm sure, understand, is that quality
2 of service is not an issue in this hearing, and
3 therefore customer testimony on quality of service is
4 irrelevant and immaterial and not appropriate.

5 Further, if any of these customers have
6 technical testimony, then they should have prefiled
7 testimony as other people have.

8 Now I understand that pursuant to
9 120.57(1)(b), it says, when appropriate, the general
10 public may be given an opportunity to present comments.
11 And I have yet to have had any explanation of what
12 appropriateness this customer testimony has to the
13 issues that were protested in this case.

14 And I do want to -- I do understand that y'all
15 have noticed this hearing and all these folks are here.
16 So if, if my motion is not granted, then I do want to
17 make sure that my cross-examination of these folks is
18 not deemed a waiver of this argument. Thank you.

19 **COMMISSIONER EDGAR:** Thank you, Mr. Friedman.

20 Let me turn to our legal staff for a moment.
21 Ms. Helton, am I correct that this objection was made at
22 the prehearing and that it was ruled upon?

23 **MS. HELTON:** Yes, ma'am. The objection was
24 made at the hearing [sic], and the -- my recollection is
25 that the presiding officer acknowledged that objection.

1 I believe also that OPC spoke to the objection.

2 I think it's a little bit premature at this
3 time in that we have heard from no customer yet with
4 respect to what the testimony may or may not be. The
5 Commission has, I think, broad discretion to hear from
6 the customers. I think that it's appropriate in this
7 case in my opinion, being that the customers are the
8 ones that will be paying the increased rates, if there
9 are any.

10 **COMMISSIONER EDGAR:** Mr. Sayler, would you
11 like to make a brief comment to the motion or the
12 objection?

13 **MR. SAYLER:** Madam Chair, just repeat what I
14 said at the Prehearing Conference, and I also support
15 staff and think that the customers should have an
16 opportunity to share and to speak and to testify here
17 today and give you an opportunity to hear it, even if
18 it's very short. And we have advised them to just
19 pretty much stick to the issues that have been
20 protested. But the customers may testify to things that
21 are outside of that, but that's their prerogative as
22 customers.

23 **COMMISSIONER EDGAR:** Thank you.

24 Mr. Friedman, I do understand your objection.
25 I am going to overrule it. I do believe that our

1 general statutory authority and provisions in 120 do
2 allow us to hear customer testimony at this point in
3 time.

4 And I do -- and as you have noted, we have
5 noticed these meetings and we are gathered here and it
6 is part of our role to hear from customers who would
7 like to speak to us.

8 Your right to ask questions of customers will
9 certainly be granted as is appropriate.

10 **MR. FRIEDMAN:** Thank you.

11 **COMMISSIONER EDGAR:** Thank you.

12 Mr. Friedman, any, anything else before you
13 have the opportunity for an opening comment?

14 **MR. FRIEDMAN:** No, I have no preliminary
15 matters other than my opening statement.

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

17 Mr. Sayler, anything else at this time?

18 **MR. SAYLER:** No, ma'am.

19 **COMMISSIONER EDGAR:** Okay. Then,
20 Mr. Friedman, you are recognized to address the
21 Commission and the customers.

22 **MR. FRIEDMAN:** Thank you very much.

23 OPC has protested this PAA order and has made
24 it all about Gene Brown and how WMSI spends its money.
25 You'll hear a lot of testimony today about Account 123.

1 It has subsumed most of the time, energy, and effort in
2 this proceeding, as it did in the last rate case.

3 It's really quite simple though. Account 123
4 is WMSI's accounting of its own money. Don't be misled.
5 The money in Account 123 is Water Management Services,
6 Inc.'s money, it's not the customers' money. The
7 customer rates are not set based upon what is or is not
8 in Account 123.

9 OPC would like to ask this Commission to
10 micromanage WMSI by telling what WMSI can and cannot do
11 with its own money. The Commission twice rejected this
12 in the last rate case, and it's appropriate to reject
13 that attempt to micromanage Water Management Services in
14 this case as well.

15 To bring this closer to home, what OPC is
16 seeking is the same as if the State of Florida could
17 tell you what to do with the money it paid you. You get
18 a salary, each of you gets a salary based upon a
19 statutory determination. The law tells you what your
20 salary is going to be, just like the law tells Water
21 Management Services what revenues it's going to get, and
22 the State of Florida doesn't have any right to tell any
23 of you what to do with your salary after you have earned
24 it. They can't say, well, you know, you ought to put it
25 in an IRA or you ought to save it for your child's

1 education or you ought to go buy a new car to make sure
2 you get to work on time. They can't tell you that. And
3 you can't tell Water Management Services what to do with
4 its money after it is earned.

5 If it wants to go buy a new car or it wants to
6 pay down its debt or whatever it wants to do, this
7 Commission cannot micromanage Water Management Services
8 any more than the State of Florida cannot micromanage
9 how you spend your money after you earn your salary.

10 All you're going to hear from the Water
11 Management -- from the OPC witnesses is a lot of
12 speculation about the financial condition of Water
13 Management Services. OPC's arguments are going to be
14 long on rhetoric and really short on substantive facts.

15 OPC is asking the Commission to micromanage
16 Water Management Services and Mr. Brown because it
17 doesn't believe that Mr. Brown has done a very good job
18 of running this utility. They point out, for instance,
19 a technical default at DEP. I was on a call with DEP
20 when it agreed that it was going to await the outcome of
21 this PSC case before it dealt with the technical default
22 by the utility.

23 **COMMISSIONER EDGAR:** Mr. Friedman, I apologize
24 for objecting or -- excuse me -- for interrupting, but I
25 want to make sure we're clear, because you're just about

1 at your two minutes, and you have two minutes at this
2 point, but then you will have five minutes for an
3 opening statement as part of the --

4 **MR. FRIEDMAN:** Oh, I thought this was opening
5 statement.

6 **COMMISSIONER EDGAR:** No. This is your
7 comments to the customers or, or to us. My
8 understanding, and I apologize if there was some
9 confusion, but it was two minutes for each party for the
10 customer portion at the beginning.

11 **MR. FRIEDMAN:** Oh, I've got no comments on the
12 customer portion.

13 **COMMISSIONER EDGAR:** Okay.

14 **MR. FRIEDMAN:** I mean, I've objected to the
15 relevancy of any of their testimony, so.

16 **COMMISSIONER EDGAR:** I understand. But I did
17 want to give, give you or your client --

18 **MR. FRIEDMAN:** I apologize. I misunderstood.
19 I wanted -- I thought you wanted us to do our opening
20 statement.

21 **COMMISSIONER EDGAR:** All right. Thank you.

22 Mr. Saylor, two minutes.

23 **MR. SAYLER:** Thank you.

24 **COMMISSIONER EDGAR:** And let me just
25 apologize. Mr. Friedman, again, I thought we were

1 clear, but I apologize for any confusion as always.

2 **MR. FRIEDMAN:** I'm sure it's, I'm sure it's
3 confusion on my part. I'm easily confused.

4 **COMMISSIONER EDGAR:** But when we, when we do
5 begin the technical portion, each, each party will have
6 five minutes. And you may choose how you --

7 **MR. FRIEDMAN:** Okay. Well, when we begin,
8 I'll do it all over again.

9 **COMMISSIONER EDGAR:** If you'd like to begin
10 again or if you would like to revise --

11 **MR. BROWN:** He's just getting to the good
12 part.

13 (Laughter.)

14 **COMMISSIONER EDGAR:** We'll look forward to it.

15 **MR. FRIEDMAN:** All right.

16 **COMMISSIONER EDGAR:** Thank you.

17 Mr. Saylor, two minutes.

18 **MR. SAYLER:** Thank you, Commissioner Edgar.

19 To the customers of Water Management Services
20 and employees, thank you for coming out here today and
21 attending this customer service hearing. This is your
22 opportunity to see your government in action, and it's
23 also your opportunity to come speak to whatever issues
24 that you think are relevant that this Commission should
25 hear. We would ask that you speak to the issues that

1 have been protested, the issue of Account 123 and the
2 \$1.2 million in advance, the issues of the gain on sale
3 not being carried forward, or past rate case expense, or
4 present rate case expense, or any other issues that
5 you're familiar with in this particular case. Or if you
6 just want to come up and stand up and say that you
7 support our office and what we're doing, we would
8 encourage you to do that.

9 But, again, thank you so much for coming out
10 today. I know some of you may have had to take time off
11 of work, and if you can't attend or have to leave early
12 and want to come tonight, come back at 6:00 tonight.
13 And, again, when you come up to the dais to testify,
14 you'll need to give your name, address for the record.
15 But if you happen to have any exhibits or anything that
16 you would like to present into the record, just let the
17 Commissioners know, and Ms. Farley will be the one for
18 the staff handling all those exhibits.

19 But, again, thank you so much. It means a lot
20 to us that so many people are here today. And, again,
21 if, if something also prompts -- if someone testifies to
22 something that prompts you to want to say something, you
23 can still sign up, and I believe the Commissioners will
24 take all the time that they need to hear from everyone
25 fully. Thank you very much. And thank you.

1 **COMMISSIONER EDGAR:** Thank you.

2 And, Ms. Helton, you did not register an
3 appearance, nor did I ask you to as I did not expect to
4 call upon you at this point. But since I did, for the
5 record, please do so.

6 **MS. HELTON:** Certainly. Mary Anne Helton,
7 advisor to the Commission.

8 **COMMISSIONER EDGAR:** Thank you very much.

9 Okay. We are done for the time being with
10 some of the formalities for this proceeding. We are at
11 the portion where we are able to hear from those of you
12 who are here to speak to us.

13 As I mentioned earlier, this is a part of the
14 official docket or the official record for this hearing,
15 and so part of that is I need to swear you in. We will
16 do that as a group. And after your name is called and
17 you come forward individually, there will be the
18 opportunity for Commissioners or the parties, the
19 attorneys that are here, to ask you any questions and
20 we'll work through that together.

21 So those of you who would like to speak to us,
22 if you would stand with me as a group and raise your
23 right hand.

24 (Customers collectively sworn.)

25 Okay. Thank you very much. Have a seat.

1 First I would like to recognize and ask to
2 come forward, if she would like to make a brief comment,
3 Commissioner Jackel from Franklin County. Is
4 Commissioner Jackel here?

5 **COMMISSIONER JACKEL:** Yes. Hello.

6 **COMMISSIONER EDGAR:** Good morning.

7 **COMMISSIONER JACKEL:** Thank you. I'm Pinki
8 Jackel, Franklin County Commissioner, District 1. As
9 well, I am a resident of St. George Island. I want to
10 thank y'all for being here this morning and coming to
11 Franklin County and being on St. George Island.

12 I've mentioned to y'all before, we have great
13 seafood down here, so I hope that you'll have the
14 opportunity to partake of some of that good stuff before
15 you get back to your respective residences.

16 I have spoken before y'all on three different
17 occasions now regarding the water rate increases that
18 will affect St. George Island, and I think that goes for
19 probably a lot of the people in the room that you'll
20 hear from today, you've heard from them before.

21 Before I make just my very brief comments,
22 first I want to acknowledge the staff of Water
23 Management. The folks that work for Mr. Brown's company
24 do a very good job for us, and, you know, they are
25 always willing and able to help us. And so they do a

1 very good job of helping the residents of St. George
2 Island and I want the record to reflect their efforts.

3 But next I want to say that it is with a sense
4 of frustration that I talk with you today about, again
5 about the increase of water rates to the customers on
6 St. George Island. All the folks you've heard from,
7 including myself, we've made these comments before to
8 you. We do believe that there is some oversight that is
9 lacking in the manageability of Mr. Brown's company. We
10 spoke to you at length in Tallahassee the last time we
11 met, and apparently we were, you know, our words were
12 falling on deaf ears because nothing that we reported to
13 you or said to you in that meeting made obviously any
14 impression based on the actions that you took subsequent
15 to that meeting and to our appearing there and speaking.

16 As well, when those of us left that meeting,
17 it was later reported to me on very good report that we
18 all had been accused in some manner or another by those
19 that would associate with Mr. Brown that we had a
20 conspiracy in keeping the water rates down to keep the
21 value of the company down because St. George Island is
22 interested in buying the water utility. So I think that
23 those are very harmful and damaging comments to me,
24 especially being an elected official, that I would be,
25 you know, conspiring to do something of this nature.

1 And I did not appreciate those comments coming out of
2 the good citizens that live on Franklin -- St. George
3 Island and their efforts to come to Tallahassee to speak
4 with you from their hearts about real concerns about
5 delivery of services, about water quality. And so that
6 bothers me greatly that out of these meetings these
7 types of comments and proceedings would be spoken about
8 in the public purview.

9 And a rumor is a rumor and it always will be a
10 rumor until it's founded, but we all know and have been
11 the object of rumor and we know the damage it does.
12 It's sort of like opening Pandora's box. Once it's
13 opened, it's out. There's no putting all that stuff
14 back in.

15 And so I would just ask you today in closing
16 my remarks to say that we really want you to take this
17 to heart and listen to us today. I understand that
18 Water Management has some problems in their finances. I
19 think that's been very clearly documented. But the
20 problems that they've gotten into are not the problems
21 of the island residents in paying their water bills. We
22 pay our bills. We pay a good price for the water and
23 the services that we receive.

24 Your oversight is a tremendous responsibility
25 and I know that you take these seriously, but your

1 oversight of the management of this company is essential
2 to any business entity that runs any water entity that
3 y'all oversee in the State of Florida. And so I would
4 ask you to carefully consider that. I would ask you to
5 listen to us today, to take to heart what we're saying
6 to you. We don't have an agenda. We just want good,
7 quality water for a good price, for a fair price as
8 residents on St. George Island. And, again, I thank you
9 for the time to speak to you today. And enjoy Franklin
10 County; we're glad to have you here.

11 **COMMISSIONER EDGAR:** Thank you. If you'll
12 hold for a moment. To my colleagues, any questions for
13 Commissioner Jackel from Franklin County? No?
14 Counsel?

15 **MR. FRIEDMAN:** I have a question.

16 **EXAMINATION**

17 **BY MR. FRIEDMAN:**

18 **Q** You referenced certain comments that were told
19 to you. Can you tell me who gave you those comments?

20 **A** No, sir, I will not.

21 **Q** I guess that says it all.

22 **A** It doesn't really say it all. It says that I
23 respect the confidentiality and nature of comments that
24 are made to me. In the business that I am in as an
25 elected official, I have to keep the confidence of the

1 citizens and of my constituents in people, as I'm sure
2 that there are confidences you have to keep in a
3 client/attorney relationship as well.

4 **Q** So you think that County Commissioners have a
5 confidential relationship that they're able to --
6 privilege that they can assert with their constituents?

7 **A** I'm not going to get into a legal debate with
8 you this morning.

9 **COMMISSIONER EDGAR:** Mr. Friedman --

10 **COMMISSIONER JACKEL:** Thank you.

11 **COMMISSIONER EDGAR:** Mr. Friedman --

12 **MR. FRIEDMAN:** She started it.

13 **COMMISSIONER EDGAR:** Mr. Friedman, I think you
14 have strayed a bit afield from the matters that are
15 before us today. Do you have any further question on
16 point for the Commissioner?

17 **MR. FRIEDMAN:** No. I have no questions for
18 her.

19 **COMMISSIONER EDGAR:** Okay. Thank you very
20 much.

21 Commissioner, thank you.

22 **COMMISSIONER JACKEL:** Thank you.

23 **COMMISSIONER EDGAR:** As Mr. Sayler calls your
24 name, or Mr. Kelly calls your name, I would ask you to
25 come forward. We would ask that you keep your comments

1 to a few minutes so that we can get through everybody
2 timely and hear all of your comments, and then we will
3 be proceeding into the evidentiary portion of this
4 proceeding after we are done with this portion.

5 So as you come forward, when you come to the
6 microphone, sometimes you need to speak up, so keep that
7 in mind. Please give us your name, and if the spelling
8 is somewhat unusual, if you would spell it, that's
9 helpful to our court reporter. So Mr. Kelly.

10 **MR. KELLY:** Madam Chair, do you want me to
11 call two names?

12 **COMMISSIONER EDGAR:** I think that would be
13 just great. Thank you.

14 **MR. KELLY:** Okay. The first speaker is
15 Ms. Maggie Estes, and she will be followed by Ms. Donna
16 Butterfield.

17 Whereupon,

18 **MAGGIE ESTES**

19 was called as a witness on behalf of the Citizens of the
20 State of Florida and, having been duly sworn, testified
21 as follows:

22 **DIRECT STATEMENT**

23 **MS. ESTES:** My name is Maggie Estes, and I am
24 here purely and simply to thank the Public Counsel for
25 representing us and support them. Thank you.

1 **COMMISSIONER EDGAR:** Thank you, Ms. Estes.
2 Thank you.

3 Mr. Kelly.

4 **MR. KELLY:** After Ms. Butterfield is Lee
5 Sewell.

6 Whereupon,

7 **DONNA BUTTERFIELD**

8 was called as a witness on behalf of the Citizens of the
9 State of Florida and, having been duly sworn, testified
10 as follows:

11 **DIRECT STATEMENT**

12 **MS. BUTTERFIELD:** Good morning. Donna
13 Butterfield, 1240 Sea Dune Drive, St. George Island.
14 Full-time 11 years, part-time 20; greatest place you
15 could live.

16 We've got five major issues that are being
17 addressed which is being handled by people on this
18 island who are a lot more manageable and knowledgeable
19 than I would ever be. However, when I was trying to
20 narrow down what I wanted to speak to, I was polarized.
21 Now I know what I want to talk about.

22 Mr. Friedman is insulting our intelligence
23 when he says if Gene Brown wants to take a million bucks
24 out of WMSI, we can't tell him how to pay his bills, we
25 can't tell him if he wants to buy a new car. He is

1 running a public utility. He has customers that he is
2 responsible to. If I don't have enough money to pay my
3 water bill because I've decided to buy a new Corvette,
4 which I am allowed to do because you can't tell me how I
5 can spend my hard-earned money, I'm sure that if I
6 called Gene Brown and said, hey, Gene, I don't have
7 enough money to pay my bill this month because I acted
8 irresponsibly, he'll say, okay, don't worry about it,
9 pay me when you can.

10 I don't know the legality of Mr. Friedman's
11 issue, but I think responsible spending is paramount to
12 the protection of our right to pay a fair rate. Gene
13 Brown has made an awful lot of money off this island.
14 If you drive down to the Plantation gate, you'll see on
15 the sign, it says "A Gene Brown Development."

16 We don't feel sorry for Gene Brown. And,
17 frankly, this attitude that he can spend any money he
18 wants to out of our payment of bills is just insulting.
19 I hope that you will let them know that that's not the
20 way to run a business anywhere, let alone Franklin
21 County.

22 **COMMISSIONER EDGAR:** Thank you,
23 Ms. Butterfield.

24 Any questions?

25 **MR. FRIEDMAN:** Yes.

EXAMINATION

BY MR. FRIEDMAN:

Q Ms. Butterfield, you agree, would you not, that you're receiving a good quality of service from Water Management Services?

A I have no complaints about the quality of service.

Q So in spite of the way that Mr. Brown may spend his money, he is still providing you a good quality of service; isn't that correct?

A Well, not really. I had to put in a \$3,000 water softener because the chemicals in the water are damaging to your copper pipes. They break in holes. The quality of the water, the chemicals in the water -- you'll find most places have had to purchase a water purifying system.

As far as do they come out when I ask them to? Yes. Are they polite at the office? Yes. But I did have to put in a \$3,000 water softener.

MR. FRIEDMAN: Okay.

COMMISSIONER EDGAR: Thank you. Thank you.

Mr. Kelly.

MR. KELLY: After Lee Sewell is Ms. Barbara Sanders.

Whereupon,

LEE SEWELL

1
2 was called as a witness on behalf of the Citizens of the
3 State of Florida and, having been duly sworn, testified
4 as follows:

DIRECT STATEMENT

5
6 **MS. SEWELL:** Good morning. My name is Lee
7 Sewell. I reside at 1719 Kingfisher Road.

8 I want to thank the Public Service members,
9 staff, and counsel for coming to us. It's a lot easier
10 on us not to have to go to Tallahassee. We appreciate
11 it.

12 I want to thank the Office of Public Counsel
13 for their efforts on my behalf. It's impossible for me
14 as an individual to understand all the technical legal
15 details of this situation, as Mr. -- I forgot your name
16 now -- has said. We as customers of a public utility
17 and you as the Public Service Commission should be
18 confident that our rates are consistent with the cost of
19 service and not extraneous things.

20 I gladly pay my water bills, but I don't want
21 to be forced to pay any unrelated costs of Water
22 Management. My understanding is that this company is
23 providing us with a public service. So I appreciate the
24 Public Service Commission working to be sure that we pay
25 for a water service and not for those unrelated

1 expenses.

2 I hope the PSC will note that while this may
3 be a small audience in your relative terms, it should be
4 considered relative to the number of customers here on
5 the island. There's not a whole bunch of us, but a
6 whole bunch of us have come out today.

7 Finally, I want to say a thank-you to the
8 Water Management local staff, who have provided me, and
9 I think most of my neighbors, with prompt, courteous,
10 and excellent service.

11 **COMMISSIONER EDGAR:** Thank you. Thank you
12 very much.

13 **MR. KELLY:** After Ms. Sanders is Ms. Patricia
14 Vest.
15 Whereupon,

16 **BARBARA SANDERS**

17 was called as a witness on behalf of the Citizens of the
18 State of Florida and, having been duly sworn, testified
19 as follows:

20 **DIRECT STATEMENT**

21 **MS. SANDERS:** Good morning. My name is
22 Barbara Sanders. I live on the island, 215 West 12th
23 Street. I've been a customer since 1979. Hello, Gene.
24 Good to see you.

25 We brought the original rate case back in the

1 '90s with Public Counsel when the Commission had to
2 determine things like CIAC and lots of technical things
3 with absolutely no books or records. And I think from
4 my point of view what I want to ask you to do is to take
5 every bit of the accounting very skeptically and look
6 behind the numbers, because Gene is a master at
7 accounting.

8 I was going to say that I think we've gotten a
9 lot better service, but Mr. Friedlander [sic] thinks
10 that's irrelevant so I'm not going to say that. We do
11 have good people that Gene has hired at very reasonable
12 rates. We've got Nita and Hank and they do monitor it.
13 Back in the day the water would go off a lot, and Gene
14 certainly has fixed -- or his staff has fixed those
15 problems.

16 But the other issue I wanted to say is not
17 everybody on the island is rich. I know you have
18 formulas for what the return on investment has to be, et
19 cetera. But if there's a choice between a penny higher
20 or a penny lower, think of the folks on the island and
21 go with a penny lower. Thank you.

22 **COMMISSIONER EDGAR:** Thank you very much.

23 **MS. SANDERS:** Oh, come on. Please.

24 **MR. FRIEDMAN:** What do you want me to ask you?

25 (Laughter.)

1 **COMMISSIONER EDGAR:** Thank you.

2 Mr. Kelly.

3 **MR. KELLY:** After Ms. Vest is Ms. Martha
4 Hodge.

5 Whereupon,

6 **PATRICIA VEST**

7 was called as a witness on behalf of the Citizens of the
8 State of Florida and, having been duly sworn, testified
9 as follows:

10 **DIRECT STATEMENT**

11 **MS. VEST:** My name is Patricia Vest, 1499 East
12 Gulf Beach Drive on the island. And I have here a
13 petition signed by many islanders.

14 **COMMISSIONER EDGAR:** Would you like to leave
15 that with us?

16 **MS. VEST:** I could put this with --

17 **COMMISSIONER EDGAR:** Yes. Absolutely.
18 Mr. Kelly will --

19 **MS. VEST:** Thank you. And I simply want to
20 say that I've been here for 20 years and gone through a
21 number of rate case discussions, been to Tallahassee,
22 been here a number of times, always asking for
23 reasonable consideration.

24 What we're looking for is quality water
25 service. And whether it's irrelevant or not, we do get

1 quality service. The staff has been always responsive.
2 But what we're asking for is water service of a decent
3 quality at reasonable, honest, underline honest, rates.
4 And the rationale for some of these rate increases
5 appears to me, in reading on all the discussion that has
6 gone on over the years, not to be honest. There is a
7 discrepancy as to where the money that we pay, our rate
8 dollars, where it goes. Does it go to the benefit of
9 the service or does it go to some nebulous entity in the
10 cyberspace or something, other companies?

11 Anyway, we're asking, and you'll see on this
12 petition, that you take a very thoughtful look at what
13 the Office of Public Counsel is producing. It's about
14 time that these kind of things be looked into and we get
15 some honest answers.

16 Thank you for coming here, and please give us
17 your full consideration to honest, reasonable rates,
18 which they aren't right now. Thank you.

19 **COMMISSIONER EDGAR:** Thank you.

20 Questions? Thank you very much.

21 **MR. KELLY:** I just have a question.

22 **COMMISSIONER EDGAR:** Oh, excuse me. I'm
23 sorry, Ms. Vest.

24 Mr. Kelly.

25 **MR. KELLY:** That's all right.

EXAMINATION

BY MR. KELLY:

Q Ms. Vest, did you want the document that you handed to me moved into the record of this proceeding?

A Yes, sir.

Q Okay. Thank you.

A There's several pages there in that document.

Q Right. The whole document.

A Yes. Thank you.

COMMISSIONER EDGAR: Mr. Kelly, what we will -- what I would propose is that we will go ahead and mark that. It will be 89. Since you have a copy there, the two of you, can you go ahead and give me a short title?

MR. KELLY: Oh, I'm sorry.

MR. SAYLER: Customer Petitions in Support.

COMMISSIONER EDGAR: Okay. We will mark that as Number 89, Customer Petitions in Support, supplied by customer Patricia Vest.

(Exhibit 89 marked for identification.)

The way I generally like to handle these is we will not move any customer exhibits into the record at this time. When we take a break between the customer portion and the technical portion, that way all the attorneys can take a look at it, and we will take those

1 up for consideration at the beginning of the technical
2 portion. Mr. Friedman, does that work for you?

3 **MR. FRIEDMAN:** That's fine.

4 **COMMISSIONER EDGAR:** Okay. Yes, Commissioner
5 Balbis.

6 **COMMISSIONER BALBIS:** Thank you, Commissioner
7 Edgar.

8 I have a request, since we have an unusual
9 situation, we have the customer meeting followed by a
10 technical hearing, could I have Mr. Kelly read the
11 petition? I mean, not necessarily the names, but just
12 what the petition is in favor of.

13 **COMMISSIONER EDGAR:** Certainly, we can do
14 that. And, of course, at the break there will be the
15 opportunity for Commissioners to review any material
16 that is provided.

17 But let's go ahead and ask Mr. Kelly to read
18 that statement, I'm assuming, there at the top into the
19 record.

20 **MR. KELLY:** Yes, ma'am. It has a short
21 statement. It says, Petition of support. We, the
22 undersigned customers of Water Management Services,
23 Inc., do hereby fully support the efforts of the Office
24 of Public Counsel (OPC) to represent our interests in
25 Docket Number 110200-WU, including but not limited to

1 OPC's protest of proposed agency action PAA Order Number
2 PSC-12-0435-PAA-WU issued in this docket.

3 **MR. FRIEDMAN:** Could I ask her a question
4 about that, about her petition?

5 **COMMISSIONER EDGAR:** One moment.

6 Mr. Kelly, approximately how many people have
7 signed as -- under signed? Is it numbered? Are they
8 numbered?

9 **MR. KELLY:** There apparently are 14 pages. I
10 don't believe every page is completely full. Some of
11 them are all full, some of them are three-quarters.

12 **COMMISSIONER EDGAR:** That's fine. I just
13 wanted a general idea.

14 **MR. KELLY:** Do you want me to count them?

15 **COMMISSIONER EDGAR:** No. That's okay. I'll
16 review it at the break.

17 Mr. Friedman, you had a question for whom?

18 **MR. FRIEDMAN:** I wanted to ask her a question
19 about her, about her petition.

20 **COMMISSIONER EDGAR:** Ms. Vest?

21 **MR. FRIEDMAN:** Ms. Vest.

22 **COMMISSIONER EDGAR:** Ms. Vest, are you still
23 available for a brief question? Thank you. I
24 appreciate you coming forward again.

25 **EXAMINATION**

1 **BY MR. FRIEDMAN:**

2 Q Hi, Ms. Vest. Who, who is it that wrote that
3 petition, put the language in the petition?

4 A I don't know.

5 Q Where did you get it?

6 A It was handed to me by my neighbor.

7 Q All right. So you're not the one that went
8 around and got the names?

9 A I did get some names, yes. I had -- some
10 different people had different pages, and we took them
11 around to get them signed.

12 Q And you don't know who drafted the actual
13 language?

14 A No, I don't.

15 **MR. FRIEDMAN:** Okay. Thanks.

16 **COMMISSIONER EDGAR:** Okay. All right. Thank
17 you. Thank you very much.

18 Mr. Kelly, the next name on your list, please.

19 **MR. KELLY:** After Ms. Hodge is -- I
20 apologize -- it's Hayes. I can't read the first name.

21 **MR. HAYES:** Bud.

22 **MR. KELLY:** Bud. I'm sorry. Bud. I
23 apologize.

24 **MR. HAYES:** When you were having trouble, I
25 knew who it was.

1 Whereupon,

2 **MARTHA HODGE**

3 was called as a witness on behalf of the Citizens of the
4 State of Florida and, having been duly sworn, testified
5 as follows:

6 **DIRECT STATEMENT**

7 **MS. HODGE:** Good morning. I'm Martha Hodge,
8 and I have been a resident on St. George Island for 30
9 years. I live at 1512 East Gulf Beach Drive some of the
10 year, not all of the year now. But I used to be -- for
11 25 years I was here full-time.

12 I can tell you I'm like other long-term
13 residents, this is one of many hearings and one of many
14 meetings like this that I've attended over these years,
15 nearly always in terms of my best interest wanting not
16 to have higher rates. No point in denying that, because
17 I consider the lower the rate, the better my interests
18 are, are met.

19 I would like to say that I am in total support
20 of the work of the Public Counsel and of the five issues
21 that they have put forward to you. I am sorry that I am
22 not technically savvy enough to have a long discussion
23 of them, but I have visited with people on the island
24 and have sufficient belief that these represent our best
25 interests. Thank you very much.

1 **COMMISSIONER EDGAR:** Thank you very much.

2 **MR. KELLY:** After Mr. Hayes is Mr. Josh
3 Hodson.

4 Whereupon,

5 **BUD HAYES**

6 was called as a witness on behalf of the Citizens of the
7 State of Florida and, having been duly sworn, testified
8 as follows:

9 **DIRECT STATEMENT**

10 **MR. HAYES:** Good morning.

11 **COMMISSIONER EDGAR:** Good morning.

12 **MR. HAYES:** Again, my name is Bud Hayes. I
13 live at 1233 Watkins Cove here on the island. I've been
14 a resident here for about, I guess ten years full-time.
15 Like other people, I do want to tell you what a great
16 job Nita and Hank, Bruce and Bobby do in taking care of
17 us down here, and that's greatly appreciated by us all.

18 I'm speaking here as an individual. But
19 Mr. Brown, I talked to him yesterday morning, and he
20 just wanted me to make the Commission aware that it is a
21 nonprofit group that is doing our due diligence to work
22 with an eye towards buying Water Management Services.
23 And that's all I need to say. I'm not here to --

24 **SPEAKER:** We can't hear you.

25 **SPEAKER:** Speak into the microphone.

1 33% up since the same time one year ago. This equals an
2 additional \$12,000 a year in bills going up from about
3 \$38,000 to \$50,000 a year, which is what we end up
4 paying for about all of our electric utilities.

5 This money certainly comes out of my fixed
6 budget and limits the amount of projects, special
7 events, and other things that we can offer to the
8 210,000 visitors that we get out here in the park every
9 year. And so that's all that I have to say about that.
10 I certainly would like a smaller increase, if any at
11 all.

12 **COMMISSIONER EDGAR:** Mr. Hodson, thank you,
13 and thank you to the park service.

14 Mr. Kelly.

15 **MR. KELLY:** After Ms. Paget is Mr. Charles
16 Kienzle.

17 **MR. KIENZLE:** Good luck.

18 Whereupon,

19 **BARBARA PAGET**

20 was called as a witness on behalf of the Citizens of the
21 State of Florida and, having been duly sworn, testified
22 as follows:

23 **DIRECT STATEMENT**

24 **MS. PAGET:** Hi. I'm Barb Paget. I live on
25 St. George Island at 1608 Forsythia Court. And I'd

1 first like to thank and support Mr. Sayler and his
2 office for all the work they've done for him. I was at
3 the meeting January 9th when we had a very in-depth
4 discussion of how and why they are presenting these five
5 items and the backing for that, and so I do know what it
6 is I'm backing in detail.

7 In the past, Gene Brown and Water Management
8 Service had their income escrowed so that they needed
9 approval for withdrawal of funds. At some point this
10 was withdrawn, and not long after that is when he took
11 2.1 million or so out of the funds and used them for
12 other interests that he has.

13 I don't see this as money that WMSI has earned
14 completely because this is money that is paid for by
15 customers supervised by a Public Service Commission to
16 support our water needs, both the actual water, the
17 physical plant, the improvements, et cetera.

18 I understand that their income is again
19 escrowed as before until the PSC rate discussion. I
20 would like to ask that this escrow system be continued
21 since Mr. Brown has shown that our money for services
22 does not remain in WMS for future improvement needs, and
23 then he comes back and asks us for increases to do
24 these. We now do need increases. They have bought
25 land, they're going to put in a new tank. I don't

1 dispute the fact that the physical equipment gets old
2 and needs replacing. I do dispute the fact that part of
3 the original rates we assumed was good to go for future
4 improvements as well as current water provisions and
5 salaries of people. And so he is now asking that we pay
6 increased rates to fund needed improvements when this
7 money should have been there for that.

8 So I'd like to ask that the escrow system be
9 continued since -- after you make the decision, I'd like
10 you to continue this escrow service, and Mr. Brown has
11 shown that our money for services does not remain in WMS
12 for future improvement needs and then he comes back and
13 asks for rate increases to do this. We would, simply we
14 would like to have the money we pay for water and
15 services be used for water services. Thank you.

16 **COMMISSIONER EDGAR:** Thank you, Ms. Paget.

17 Question, Mr. Friedman?

18 **MR. FRIEDMAN:** Yes.

19 **EXAMINATION**

20 **BY MR. FRIEDMAN:**

21 **Q** Ms. Paget, who told you that Gene Brown took
22 \$2.1 million out of Water Management Services? Where
23 did you get that information?

24 **A** The public meeting -- although I'd heard it
25 before -- last spring, maybe in April that we had,

1 Mr. Sayler was at. But a lot of people have been
2 talking about that for a while. And that was in our
3 meeting January 9th when we talked about that. I
4 understand some has paid back; most of it hasn't. But
5 asking for more money, increased rates to pay for
6 improvement when that money to me should have been in
7 reserves, that's what we paid it for, for the current
8 and future needs.

9 **COMMISSIONER EDGAR:** Any further questions?

10 **MR. FRIEDMAN:** I guess not.

11 **COMMISSIONER EDGAR:** Thank you.

12 **MR. KELLY:** Okay. After Charles is Mr. David
13 Allen.

14 Whereupon,

15 **CHARLES KIENZLE**

16 was called as a witness on behalf of the Citizens of the
17 State of Florida and, having been duly sworn, testified
18 as follows:

19 **DIRECT STATEMENT**

20 **MR. KIENZLE:** Good morning. My name is
21 Charles Kienzle, K-I-E-N-Z-L-E. And you do as well as
22 all my teachers did. 1808 Sea Oat Drive for about 15
23 years.

24 And I don't want to take too much time, but I
25 would say, as most things, I'd just kind of have to

1 ditto what Lee Sewell said. She said it much better
2 than I do.

3 But I would like to add one thing. Little in
4 my experience has allowed me in any business that I've
5 ever operated to ask for a 50% increase from my, quote,
6 customers, and now consider a 25% increase, yet still be
7 able to invest funds over time potentially outside the
8 core business. Yet that's the situation we are in
9 today.

10 I ask the, obviously the Commission to look
11 closely at Mr. Brown's return on investment and how he
12 uses those funds to ensure that we are not paying
13 exorbitant returns, exorbitant in days that what we can
14 get is 1, 2, or 3%, he gets, he gets 5, he's getting 50%
15 more than many other people, that you be good stewards
16 of our money. Thank you.

17 **COMMISSIONER EDGAR:** Thank you.

18 **MR. KELLY:** After Mr. Allen is Francis Giknis.
19 Giknis; is that right? Giknis.

20 **MR. GIKNIS:** Giknis.

21 **MR. KELLY:** Giknis.

22 Whereupon,

23 **DAVID ALLEN**

24 was called as a witness on behalf of the Citizens of the
25 State of Florida and, having been duly sworn, testified

1 as follows:

2 **DIRECT STATEMENT**

3 **MR. ALLEN:** David Allen, 1700 Kumquat Court.
4 Full-time resident here on the island.

5 I just wanted to point out that while what
6 Mr. Brown does with his money at Water Management,
7 Mr. Friedman is right, that's his business. He can do
8 whatever he wants to with it. But Mr. Friedman is wrong
9 about one thing. I don't have recourse to say no to
10 Mr. Brown when he comes to me and asks for a rate
11 increase or tells me I'm having a rate increase. I have
12 to depend on you. So I can't now go to my company, I'm
13 retired, I can't go to them and tell them, well, hell,
14 my water rates went up, I need a raise, because they're
15 going to laugh at me.

16 So we need you to be our advocate. Be fair to
17 Mr. Brown. I don't think he's an evil person with horns
18 on his head. You know, he's trying to run a business.
19 Be fair to him, but be fair to us too.

20 And I'd also suggest, while Mr. Friedman is
21 here, since we can't speak to the issue of quality of
22 water, that he have a glass of tap water.

23 **COMMISSIONER EDGAR:** Thank you.

24 **MR. FRIEDMAN:** It's great water.

25 **COMMISSIONER EDGAR:** Any questions?

1 **MR. FRIEDMAN:** I have no questions. Thank
2 you.

3 **COMMISSIONER EDGAR:** Thank you very much.

4 Mr. Kelly.

5 **MR. KELLY:** Giknis, is that right?

6 **MR. GIKNIS:** Giknis.

7 **MR. KELLY:** Giknis. And after Mr. Giknis is
8 Ann Giknis.

9 Whereupon,

10 **FRANCIS GIKNIS**

11 was called as a witness on behalf of the Citizens of the
12 State of Florida and, having been duly sworn, testified
13 as follows:

14 **DIRECT STATEMENT**

15 **MR. GIKNIS:** First, I'd like to echo the
16 previous speakers' comments on the quality of the staff.
17 They're friendly, they're efficient, and I very much
18 appreciate their help whenever we need them. During the
19 last blow we had, keeping the water on all that time
20 was, was a big benefit for those of us who were here on
21 the island.

22 However, I recognize that more money is
23 required to run a business over time, and you are, we're
24 trusting you to decide what those rates should be. It
25 seems to me that they're a little on the high side right

1 now, but I'm not an expert in this. However, what I'm
2 counting on you all to do is assure that the money we
3 pay into the business gets used to maintain the
4 business.

5 If there's a rusted pipe on the bridge coming
6 over to St. George Island, which I understand there is,
7 although I'm not an expert, that should be addressed.
8 If there's insufficient water pressure to keep the fire
9 chief happy in the Plantation, that needs to be
10 addressed. If the infrastructure needs to be worked on
11 and improved, that certainly is prudent, but that should
12 be addressed. And the funds that we pay into the
13 business should be primarily used, I would think, to
14 maintain that business and assure continued quality of
15 service to the folks on St. George Island.

16 I know that the hookup charge that's being,
17 that's recently increased so much, friends of mine who
18 are considering buying on St. George Island have for the
19 first time in my awareness said, gee, we're really
20 thinking about that and maybe we won't because of this
21 hookup charge. It's becoming a, an element in the
22 continued development of the island.

23 So, again, I appreciate the efforts of the
24 staff, I support the efforts of OPC, and I appreciate
25 the opportunity to be speaking to you today.

1 Questions? Thank you.

2 **COMMISSIONER EDGAR:** Thank you very much.

3 **MR. KELLY:** Madam Chair, the last speaker is
4 Ms. Ann Giknis.

5 **COMMISSIONER EDGAR:** Good morning.

6 Whereupon,

7 **ANN GIKNIS**

8 was called as a witness on behalf of the Citizens of the
9 State of Florida and, having been duly sworn, testified
10 as follows:

11 **DIRECT STATEMENT**

12 **MS. GIKNIS:** Good morning. My name is an Ann
13 Giknis. I live at 657 West Pine Avenue here on the
14 island. Our water rates have definitely increased. We
15 built our house ten years ago, and we are spending more
16 than ever on water either here or in any other town
17 we've ever lived. We've lived in several states, and
18 water here is extremely expensive.

19 But the service, the service is very good.
20 Nita and her staff are wonderful. They're
21 conscientious, they're considerate and responsive when
22 they're needed.

23 The quality of the water I question highly.
24 Any time you can put two pennies on a desk in a building
25 where the water is being treated and the pennies are

1 being eaten by the chlorine in the air in the office,
2 that's, that's a problem. I have a water softener and I
3 don't even think it's up to the task of keeping water to
4 the quality that I would like to see it. We use our
5 BRITA all the time because we don't like the taste of
6 the water.

7 As my husband expressed, we have several
8 friends who are looking to buy on St. George Island, and
9 the monthly water rates are definitely a consideration
10 for them because they're on a fixed income. Building
11 new homes here, a \$5,000 hookup fee is obscene as far as
12 I'm concerned. That's, that's a big chunk of money.
13 And this little county -- it isn't such a little county.
14 This big county, our little island is having a really
15 hard economic time right now. We don't need to be
16 discouraging people from buying property here and
17 potentially building homes because it's going, it's
18 going to cost them a fortune to have a 7-bedroom house,
19 if they want it, to have water for seven bathrooms or to
20 pay a huge fee for their hookup. Thank you for hearing
21 me today.

22 **COMMISSIONER EDGAR:** Thank you, Ms. Giknis.

23 Mr. Kelly, did you say that that was the last
24 name on the list?

25 **MR. KELLY:** That I have, yes, ma'am.

1 **COMMISSIONER EDGAR:** Okay. Then let me ask,
2 is there anybody that came here today that would like to
3 speak to us that has not spoken to us this morning that
4 did not have the chance to sign up on the list?

5 Okay. Commissioners, any comments?

6 Okay. Then I want, on behalf of my colleagues
7 here with me today and the two that were not able to
8 join us today, I'd like to thank each of you for being
9 here. Thank you for your comments, thank you for your
10 interest, your participation. Thank you for welcoming
11 us to your beautiful island. We are going to at this
12 time recess the customer service portion of the
13 proceeding. We will be back again at 6:00. So if you
14 know of people who could not come this morning but would
15 like to, let them know we'll be here at 6:00 to go
16 through the same process.

17 And I'm going to say -- I know our staff needs
18 to move some things around. I want to -- 15, 20
19 minutes? Commissioners, does that work for you?

20 Okay. Then we will come back at 11:15 to
21 begin the technical portion of our proceeding. Thank
22 you all.

23 (Recess taken.)

24 * * * * *

1 **COMMISSIONER EDGAR:** Good evening.

2 Hello. My name is Lisa Edgar. I call this
3 customer hearing to order.

4 I am a member of the Florida Public Service
5 Commission, and with me are two of my colleagues who
6 I'll ask to introduce themselves. To my right --

7 **COMMISSIONER BALBIS:** Good evening. I'm
8 Eduardo Balbis. I'm happy to be here, and I'm glad that
9 so many customers are here. I look forward to the
10 comments concerning the issues before us. So thank you.

11 **COMMISSIONER EDGAR:** Thank you.

12 **COMMISSIONER BROWN:** Good evening. My name is
13 Julie Brown, and I, as well, am happy to be here and
14 looking forward to hearing from y'all.

15 **COMMISSIONER EDGAR:** Thank you. We have a few
16 formalities that we need to go through, and then I'll
17 talk about what our process will be, and then we will
18 move into hearing from those of you who have signed up
19 to speak to us.

20 So let me move next and ask our staff to read
21 the notice, please.

22 **MS. BARRERA:** Yes. By notice, this time and
23 place has been set for a customer service meeting in
24 Docket Number 110200-WU, application for increase in
25 water rates in Franklin County by Water Management

1 Services, Inc.

2 **COMMISSIONER EDGAR:** Thank you.

3 And let's go ahead and take appearances of
4 counsel who are represented in this docket.

5 **MR. FRIEDMAN:** My name is Martin Friedman with
6 the law firm of Rose Sundstrom Friedman & Fumero, and
7 our firm represents Water Management Services, Inc.

8 **COMMISSIONER EDGAR:** Thank you.

9 **MR. SAYLER:** Erik Sayler with the Office of
10 Public Counsel on behalf of the customers of Water
11 Management Services, and with me is the Public Counsel,
12 Mr. J.R. Kelly.

13 **COMMISSIONER EDGAR:** Thank you. And our
14 staff.

15 **MS. BARRERA:** Martha Barrera on behalf of
16 Commission staff, and also Michael Lawson, who is also
17 an attorney with Commission staff.

18 **COMMISSIONER EDGAR:** Thank you.

19 **MS. HELTON:** Mary Anne Helton --

20 **COMMISSIONER EDGAR:** Oops. Hang on. I don't
21 know if you're on.

22 **MS. HELTON:** Mary Anne Helton, advisor to the
23 Commission.

24 **COMMISSIONER EDGAR:** All right. Thank you
25 very much.

1 Okay. Let me then move on and welcome, once
2 again, all of you who have come to be a part of this
3 proceeding and to participate in our processes. We are
4 glad you are here, and we are very glad to be here from
5 Tallahassee on the beautiful island, and thank you for
6 the wonderful weather that we had today. Even though we
7 spent most of it in this room, it was so great to know
8 that it was so beautiful right outside of these walls.

9 With us also are a number of members of the
10 Public Service Commission staff. Should there be any
11 technical questions that come up with your comments,
12 they are available to help us answer them. If any of
13 you have problems or questions about your billing, et
14 cetera, we have staff representative, OPC has
15 representative, and the utility has representatives.

16 This is a proceeding that has been noticed,
17 and it is a part of the formal record for the hearing
18 for the docket in this case. As part of that process,
19 our legal requirements and also because it help us, all
20 of our comments will be transcribed through our staff
21 court reporter who is here with us. We have speaker
22 sign-up forms that are there by the door with our staff
23 member, Ms. Muir, right there.

24 I hope that most of you who have come will
25 take this opportunity to speak to us directly. If you

1 would like to do so, please sign on the form there that
2 Mr. Muir has. Shortly here, OPC representatives, or Mr.
3 Kelly, the Public Counsel, will call your names in the
4 order that you have signed up.

5 If you for whatever reason would prefer to put
6 your comments in writing rather than to speak to us
7 directly here tonight, there is a green form that looks
8 like this, and there are numerous copies over there at
9 the table. It has some general information about this
10 case and some of the issues before us, and it also
11 towards the back has a form that is set up for you to
12 put your name, write comments if you would like to do
13 that instead of speaking to us directly.

14 Take advantage of this form. You can hand it
15 to any member of our staff, or if you would like to
16 think about it for a little while or if you know people
17 who could not be here, on the back it is self-addressed.
18 Take advantage of that. It can be mailed in. It will
19 also become a part of the record of this case. If you
20 have friends or neighbors who are not able to be here,
21 that is an option for them. Take additional copies if
22 you would like. It's also available on the website,
23 easily found; it could be printed out and mailed to us
24 that way.

25 In a moment, I will ask the attorneys

1 representing the two parties in this case, the utility
2 that provides water service to this area, and also the
3 Office of Public Counsel to make some very brief opening
4 comments, if they choose to. And then we'll start to
5 move into hearing from you. But before I do that,
6 Commissioner Balbis.

7 **COMMISSIONER BALBIS:** Thank you, Commissioner
8 Edgar. And I just want to say that I assume that those
9 customers that are here this evening were not here this
10 morning. We did have quite a few customers this morning
11 not only speak, but also one of the customers presented
12 a signed petition with I believe 12 or 14 pages of
13 signatures that was read into the record.

14 I don't know if those of you that are here
15 also signed that petition, but just to clarify that that
16 was read into the record, as well, and I assume you were
17 not here this morning to hear that.

18 **COMMISSIONER EDGAR:** Thank you. Let me just
19 make sure I haven't missed anything. And I think we are
20 good right now. So at this point I will take -- unless,
21 Commissioner Brown, did you want to make a comment? No,
22 you're good?

23 Okay. Then I will ask -- Mr. Friedman, you
24 have two minutes if you would like to make a brief
25 comment to the customers at this time.

1 **MR. FRIEDMAN:** We're good.

2 **COMMISSIONER EDGAR:** You're good. Okay.

3 Thank you very much.

4 Mr. Saylor.

5 **MR. SAYLER:** Thank you.

6 **COMMISSIONER EDGAR:** And you're welcome to use
7 that or come to the podium, whichever you prefer.

8 **MR. SAYLER:** Thank you. Customers of WMSI and
9 also the fine utility folks who work there, thank you
10 for coming out tonight and participating and watching
11 your government in action.

12 I know some you have signed up, and we do ask
13 that you share your thoughts and concerns, or even
14 things that -- any compliments that you have for the
15 utility. This morning we heard a lot of compliments for
16 the utility and the hard workers of the island staff.
17 So if you have compliments that you'd like to share with
18 the Commissioners, please feel free to do that.

19 There are a number of issues that were
20 protested in this case by us and by the utility. For
21 your comments to be most effective, stick to those, but
22 if there is something else that concerns you about
23 anything regarding the utility you can testify to that,
24 as well.

25 And just to sort of recap today, we finished

1 most of the technical hearing of all the testimony of
2 all the witnesses, and the next witness who will go up
3 will be Mr. Brown tomorrow morning. So I know you're
4 here tonight, so that probably means you are working
5 tomorrow, but if you are off tomorrow and you're
6 interested in seeing your government in action, just
7 watching how this PSC process works, you're welcome to
8 come attend and see that.

9 But, again, thank you for tonight. And if you
10 have any exhibits, just when you come to the microphone
11 let us know that you have an exhibit, and it will be
12 marked for identification to go into the record. And if
13 you don't, that's fine. But when you come to the podium
14 please state your name and your address, your utility
15 address for the record.

16 So thank you very much. And, again, thank you
17 for coming out this evening.

18 **COMMISSIONER EDGAR:** Thank you, Mr. Sayler.

19 Again, if you would like to speak to us,
20 please make a point to sign up on the speaker form,
21 because this is part of the official legal record that
22 is part of the hearing, the overall hearing and the
23 hearing process in this case. We'll need to have y'all
24 sworn in. We will do that as a group. And after you
25 have shared your comments with us, there will be the

1 opportunity for any of the attorneys who are
2 participating in this case to ask you a question, should
3 they have one, or for me or my colleagues here with me
4 today to ask you a question.

5 I will also ask that when your name is called,
6 if you will come forward to the podium microphone over
7 here, that you tell us your name, even though we have
8 just announced it, if you would tell us your name, and
9 if it is a name that is a little difficult or unusual to
10 spell, please spell it for us. That helps us and it
11 also helps our court reporter who is transcribing.

12 So with that, for those of you who would like
13 to speak with us, if you will stand with me as a group,
14 please.

15 (Witnesses sworn.)

16 **COMMISSIONER EDGAR:** Thank you very much.
17 With that, I think we are ready to move to the most
18 important part of this process here that we are gathered
19 for tonight, and that is to hear from the customers.

20 So, Mr. Kelly, if you will.

21 **MR. KELLY:** Thank you, Madam Chair.

22 The first speaker is Ms. Gail Riegelmayr, and
23 she will be followed by Ms. Martha Gherardi.

24 **COMMISSIONER EDGAR:** And I'm just going to go
25 ahead and ask you to spell your name for us.

GAIL RIEGELMAYER

appeared as a witness and, swearing to tell the truth, testified as follows:

DIRECT STATEMENT

MS. RIEGELMAYER: I knew that was coming. I was planning to do that. My name, again, Gail Riegelmayer. That is G-A-I-L, and the last name is spelled R-I-E-G-E-L-M-A-Y-E-R, as in Oscar-Mayer. Gail Riegelmayer.

Okay. First of all, I want to thank you all for being here on St. George Island all day, because I think it helps to ensure that more of WMSI customers would be able and available to participate and speak. So thank you for that.

And as a broad reaching comment, I would like to say that I do support all of the five comments or items that the OPC is asking for on our behalf. But I do have some specifics I would like to add to my overarching support to OPC's fine protest.

I have been following WMSI's rate increase request since 2010. I understand that it is the PSC's purpose to balance the utility customers' interests with the utility's best interest, and it seems to me that in this case since 2010 it has been way -- it has been weighted more on WMSI's favor, which is the utility in

1 this case.

2 In 2010, a rate case request -- at that
3 request, there was a \$1.2 million question of funds
4 being moved from WMSI to another of the companies of the
5 owner of WMSI. And what I'd like someone from the
6 PSC -- and I understand this is a rhetorical question
7 that you can't actually answer these, but I have a lot
8 of questions, and so I'd like to put them before you.
9 And what I would like someone to explain to me from the
10 PSC is how could another rate increase request in 2012
11 even be considered when the 2010 had not yet been closed
12 due to this questionable \$1.2 million and its movement?
13 And in what way is it fair and just that this
14 \$1.2 million was moved, and WMSI in 2012 was not only
15 able to ask for another rate increase, but is being
16 awarded an increase in its rates.

17 By my way of thinking, if the 1.2 million
18 stayed in WMSI, the funds would be there for the
19 necessary infrastructure improvements that it's being
20 requested for, and therefore they would not need to ask
21 customers for more money, or at least not to the level
22 that it is being asked. And so my questions are to the
23 PSC Commission, what will the PSC do to ensure that even
24 more money isn't taken again from WMSI and used for
25 purposes outside of the utility?

1 How is it fair and just that WMSI customers
2 paid over \$300,000 for the expenses for WMSI to ask for
3 a rate increase in 2010, and yet WMSI has not completely
4 paid its attorneys from that 2010 rate case? The money
5 was taken from us customers, but what happened to it?

6 In what ways is it fair and just that WMSI won
7 an approximately \$750,000 lawsuit due to a poor quality
8 water line that runs from the mainland over the bridge,
9 and they won -- and that was a new water line by the
10 way. And the lawsuit was such that the water line was
11 corroding, and yet that money was not used to correct
12 that corrosion, so you can still see the corrosion today
13 as you drive over that bridge.

14 So to me this is an example of poor
15 decision-making and lack of attention to infrastructure
16 improvements when the money was available for it. What
17 will the PSC do to guarantee us that the rate increase
18 money being asked for now will actually be used for its
19 intended purposes, the infrastructure improvements?

20 And in what ways is it fair and just that the
21 PSC does not find WMSI in managerial imprudence, which
22 its own PSC staff had recommended, when PSC (sic)
23 consistently failed to pay the DEP loan and other bank
24 loans and then negotiated another loan which resulted in
25 almost a million dollars in added interest costs of

1 which the customers have to pay?

2 I ask the PSC Commissioners, do you think WMSI
3 is run in an ethical and prudent manner? How can the
4 PSC reward such poor managerial behavior by granting the
5 level of increase it approved at its August hearing,
6 which I attended in Tallahassee?

7 And in what way is it fair and prudent and
8 just to charge WMSI customers with the additional
9 unreasonable expenses incurred as a result of this
10 post-PAA protest rate case expense? And please consider
11 that many of the WMSI customers are on fixed incomes.
12 Any amount of increase further adds to their hardships
13 in concert with rising taxes and other cost of living
14 expenses.

15 Professionally, I work with privately held
16 small businesses around the country. I fully understand
17 the concepts of making a profit and all the things
18 businesses do to maximize those profits, their cash
19 flow, and use their companies to benefit them from tax
20 consequences and in other ways. However, WMSI is a
21 different kind of privately held small business, which
22 is regulated ostensibly by the PSC. The PSC is supposed
23 to ensure fair rates and the utility's quality service
24 and product.

25 The PSC is also supposed to ensure the

1 business is run in a manner that doesn't negatively
2 impact its customers. On the open market, if a business
3 doesn't do right by its customers, it goes out of
4 business. It does. But WMSI is a different kind of
5 business. It's a monopoly. It's the only company
6 legally able to provide water services on SGI.
7 Therefore, it must be held to high standards and be held
8 accountable to do right by its customers. It's the job
9 of the PSC to hold the utility accountable.

10 As a customer, I don't have any other options
11 to give my business to another company. And it's under
12 the PSC's watch that WMSI's business practices have
13 benefited the owner, in my opinion, more and to the
14 detriment and increased cost of WMSI customers.

15 The PSC can improve and change this now. I
16 implore the PSC to consider the customer's best
17 interests in this case and the manner in which WMSI has
18 been managed. Please decide to uphold and support the
19 five issues protested by OPC on behalf of us, the
20 customers. And please reduce the water rate to be more
21 fair and reasonable to us, the customers. And thank you
22 for your consideration of my comments.

23 **COMMISSIONER EDGAR:** Thank you. Let me ask,
24 any questions? There are no questions. Thank you for
25 your comments and for your participation.

1 **MS. RIEGELMAYER:** Thank you.

2 **MR. KELLY:** After Ms. Gherardi will be John
3 Hockman.

4 **MARTHA GHERARDI**

5 appeared as a witness and, swearing to tell the truth,
6 testified as follows:

7 **DIRECT STATEMENT**

8 **MS. GHERARDI:** Good evening.

9 **COMMISSIONER EDGAR:** Good evening.

10 **MS. GHERARDI:** My name is Martha Gherardi,
11 G-H-E-R-A-R-D-I, and my address is 1667 East Gulf Beach
12 Drive on St. George Island. And I have been living at
13 that address since 1987, so I'm very familiar with the
14 water company coming very often asking for rate
15 increases, and I feel oftentimes as if the island
16 residents and the water company are engaged in a game of
17 tug of war, where we are trying to get the lion's share
18 of the rope. And I always feel as if the island
19 residents are just doing their best to hold on to just a
20 small piece of rope, whereas oftentimes I feel as if the
21 island water company gets the lion's share of that rope.

22 I haven't studied this particular rate
23 increase in great detail. I have to confess that my
24 eyes start to glaze over when I read all of it, so you
25 have my sympathy, because I know you read a lot of it.

1 But one thing happened this past few weeks that got my
2 attention and made my eyes get unglazed very quickly. I
3 got my water bill.

4 Now, I understand that the water bill that I
5 received is based on the rates that have already been
6 approved, so I certainly hope that they are not
7 increased any further than they already are. To give
8 you an example, from one month to the next -- from one
9 month to the other, I was out of town for the second
10 month part of the time, so obviously I used less water.
11 I used 700 -- I have it here -- 700 gallons less, but my
12 bill was 33 percent more. It went from \$39 to 52. And
13 I used 3,600 gallons, and then the next bill was 2,900,
14 yet it went up to \$52. That is very significant, I
15 think. So, that -- as I say, that really got my
16 attention. That's why I'm speaking tonight.

17 And I really appreciate the people who have
18 spent all the time, you, the Public Counsel, people like
19 Gail Riegelmayer who have really delved into this very
20 closely. But I'm sure that all of the points of
21 objection to the rate increase, I support their validity
22 100 percent because I really don't feel that we need
23 more rate increases.

24 The thing that has always troubled me, and as
25 I say I have been here since 1987, is the commingling of

1 water company funds with other entities. This has been
2 going on for a long time. It never seems to be fully
3 addressed and never seems to be fully resolved. I'm
4 sure that in the scopes of businesses things like this
5 happen, but it must be very clear and very precise about
6 what money is used, where it goes, et cetera.

7 I lived in South America for many years before
8 I moved to the island, and I saw the creative accounting
9 and the negative effect it had on a country, and it
10 would also have a negative effect on a business. It
11 makes very difficult to track the money, to know where
12 legitimate expenses are for the company, and what
13 expenses may be to the benefit of another entity or
14 could go to another entity. You know, sometimes I feel
15 as if the residents on the island have become like an
16 ATM machine. When you need more money you pull it out
17 from us.

18 In Spanish, I learned a proverb, and I think
19 it fits this situation. In Spanish it says (speaking in
20 Spanish). And I will translate that. That means water
21 should be clear and chocolate should be thick. And I
22 would like for the accounting practices of the water
23 company to be as clear and transparent as its water, and
24 not as dark as chocolate.

25 So I thank you very much for having the

1 meeting. I thank you for considering our position, and
2 I can assure and trust that you will uphold our
3 interests, and you will -- we will be treated fairly by
4 you. Thank you.

5 **COMMISSIONER EDGAR:** Any questions,
6 Commissioners?

7 Mr. Kelly.

8 **MR. KELLY:** After Mr. Hockman is Laurie -- I
9 believe it's Rainey.

10 **JOHN HOCKMAN**

11 appeared as a witness and, swearing to tell the truth,
12 testified as follows:

13 **DIRECT STATEMENT**

14 **MR. HOCKMAN:** The name is John Hockman,
15 H-O-C-K-M-A-N. I live at 1033 East Gorrie Drive on the
16 island, and I appreciate y'all coming and listening to
17 us.

18 I just have a few things to say. Number one,
19 I have lived in a lot of places and have never seen
20 water rates like we have today. It is totally -- these
21 rates are totally ridiculous. And I came here in this
22 evening, and it says here what if the proposed rate --
23 how much would a monthly water bill be for a residential
24 customer using 5,000 gallons of water? And the answer
25 on the sheet is 68.61. I have a bill for 5,600 gallons

1 of water, and it is \$87.03. It doesn't make any sense.

2 Now, I talked to some folks, you know, in
3 Eastpoint, and their water bill is in the \$20 range.
4 Ours is in the \$80 range, which something is wrong. I
5 understand that Eastpoint gets tax assistance, which is
6 controlled by the Legislature at 5 mil max. So if I
7 take my house value, which is probably higher than most
8 of the ones in Eastpoint, and do the 5 mil max, that
9 comes out to \$24.26 a year. Two dollars a month. So I
10 think \$20 -- you take the tax assistance out of
11 Eastpoint's, their bill should be \$18, or 22. But it's
12 just -- there's just something wrong. It's either we're
13 not looking at the right things, or you guys are just
14 not digging deep enough and having something to compare
15 to. And this is a unique situation, I understand, but I
16 think you need to compare costs and operating expenses
17 to somebody that is similar, and Eastpoint is very
18 similar, other than they are not controlled by the PSC.
19 The same number of customers, the same water, it comes
20 from the same place. I guess that would be it.

21 **COMMISSIONER EDGAR:** Thank you.

22 **MR. HOCKMAN:** I appreciate it.

23 **COMMISSIONER EDGAR:** Sir, if you could come
24 back this way for a moment. My colleague, Commissioner
25 Balbis, would like to ask you a question.

1 **COMMISSIONER BALBIS:** Thank you, Mr. Hockman.

2 **MR. HOCKMAN:** Let me walk up here, because I'm
3 so hard of hearing, and them things don't really work
4 that good.

5 **COMMISSIONER EDGAR:** No, I'm sorry, I need you
6 to stand at the microphone so we can hear your
7 responses. But Commissioner Balbis will speak into the
8 microphone, as well.

9 **COMMISSIONER BALBIS:** I have a quick question.
10 Is there a way you can provide a copy of the bill that
11 you are questioning to our staff so that --

12 **THE WITNESS:** A copy of my bill?

13 **COMMISSIONER BALBIS:** Yes.

14 **MR. HOCKMAN:** Yes. I would be more than happy
15 to.

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

17 **COMMISSIONER EDGAR:** Mr. Durbin, can you help
18 us with that?

19 **MR. DURBIN:** I sure can.

20 **COMMISSIONER EDGAR:** Thank you very much.

21 **MR. KELLY:** The last speaker signed up that I
22 have is Mr. Laurie Rainey.

23 **COMMISSIONER EDGAR:** Ms. Rainey.

24 **LAURIE RAINEY**

25 appeared as a witness and, swearing to tell the truth,

1 testified as follows:

2 **DIRECT STATEMENT**

3 **MR. RAINEY:** I just wanted to thank you, the
4 PSC, for being here to represent all the customers here
5 with the water company. And I want to just let you know
6 that I support everything that is on the amendment to
7 the five big concerns that we all have and look forward
8 to receiving answer from those, and are certainly
9 counting on you to help make that happen for us.

10 **COMMISSIONER EDGAR:** Thank you.

11 Mr. Kelly.

12 **MR. KELLY:** That's all the names I have.

13 **COMMISSIONER EDGAR:** Okay. Then let me ask, I
14 know that my preamble was kind of long and wandering, so
15 is there anybody here tonight that would like to address
16 us at this time that did not for whatever reason sign up
17 on the list? Okay. For the record, seeing none.

18 Mr. Friedman, did you have a comment or
19 question?

20 **MR. FRIEDMAN:** No, thank you.

21 **COMMISSIONER EDGAR:** Okay. I'm sorry, I
22 thought I saw a wave over from that direction.

23 Commissioner Balbis? No. Okay.

24 Ms. Barrera.

25 **MS. BARRERA:** Commissioner, I wonder if we

1 should move Mr. Hockman's bill into the record.

2 **COMMISSIONER EDGAR:** And we aren't always, but
3 you and I were on the same wavelength. I was wondering
4 if Mr. Kelly or Commissioner Balbis wanted to ask for
5 that, candidly. So Commissioner Balbis.

6 **COMMISSIONER BALBIS:** Yes, Commissioner Edgar,
7 I would like that exhibit identified as Mr. Hockman's
8 water bill.

9 **COMMISSIONER EDGAR:** Okay. And I know that
10 our copier that has traveled with us, and is I'm sure a
11 wonderful example of 20-year-old high tech is warming up
12 so that we can do that.

13 What we will do while we give Mr. Durbin a
14 moment there, is go ahead and mark a spot here on our
15 exhibit list, which what I come to is Exhibit Number 96.
16 Is that correct?

17 **MS. BARRERA:** That is correct, yes.

18 **COMMISSIONER EDGAR:** Okay. And we will put --
19 and I don't know what the time period is, so I'm just
20 going to ask, Ms. Muir or Mr. Durbin, do you know about
21 how long that will take? Whatever the answer is is fine
22 just so I can -- I think he's done.

23 Wonderful. Thank you. If you would give that
24 to Mr. Kelly, please, for now, so that -- and I will ask
25 you, as the Public Counsel and in this instance

1 representing a customer who has spoken, if you can look
2 at that and give me the time frame of that bill and then
3 we will identify it.

4 **MR. FRIEDMAN:** Could we get a copy, as well?

5 **COMMISSIONER EDGAR:** Absolutely.

6 **MR. KELLY:** It has here a billing date of
7 December 21st, 2012. It is for a billing period from
8 November 15th, 2012, to December 17th, 2012.

9 **COMMISSIONER EDGAR:** Thank you. Then what I
10 will do is we will identify this document as Exhibit
11 Number 96, November through December 2012 Hockman Bill.
12 And I will ask our staff to make additional copies that
13 can be distributed. And then, of course, Mr. Saylor and
14 Mr. Friedman, there will be other copies, of course,
15 that will be available, but be sure that you get one.

16 Do you need to take a look at that before --

17 **MR. FRIEDMAN:** (Indicating negatively.)

18 **COMMISSIONER EDGAR:** Okay. Thank you. All
19 right. Then with that in mind we will go ahead and
20 enter Exhibit 96 into the record.

21 (Exhibit 96 marked for identification and
22 admitted into the record.)

23 **COMMISSIONER EDGAR:** Any other matters?

24 Ms. Barrera?

25 **MS. BARRERA:** Not that staff is aware of,

1 Commissioner.

2 **COMMISSIONER EDGAR:** Thank you.

3 Mr. Friedman?

4 **MR. FRIEDMAN:** We are aware of none.

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

6 Mr. Sayler?

7 **MR. SAYLER:** We are aware of none other than
8 starting tomorrow morning at 9:30.

9 **COMMISSIONER EDGAR:** Absolutely. We will do
10 that.

11 Then, once again, let me say thank you to all
12 of you who have come to join us this evening for this
13 proceeding. Thank you for those of you who have
14 commented. A reminder about the green sheets.

15 We are going to come back into order at 9:30
16 tomorrow in this place to continue the evidentiary
17 portion of the hearing. We will begin with the last
18 remaining witness at 9:30 tomorrow. The customer
19 service portion of this proceeding is adjourned.

20 (The Service Hearing concluded at 6:37 p.m.)

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STATE OF FLORIDA)
 : CERTIFICATE OF REPORTERS
COUNTY OF LEON)

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

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

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

DATED THIS 28th DAY OF JANUARY, 2013.



JANE FAUROT, RPR



LINDA BOLES, CRR, RPR

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