

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

1  
2  
3 APPLICATION FOR STAFF-ASSISTED )  
4 RATE CASE IN POLK COUNTY BY ) DOCKET NO. 130210-WS  
5 CHC VII, LTD. )  
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12  
13 PROCEEDINGS: CUSTOMER MEETING

14 COMMISSION STAFF  
15 PARTICIPATING: PENELOPE BUYS  
16 DICK DURBIN  
17 CURT MOURING  
18 KELLY THOMPSON  
19 MATTHEW VOGEL  
20 MELINDA WATTS

21  
22 DATE: Tuesday, February 4, 2014

23 TIME: Commenced at 5:00 p.m.

24 PLACE: Chain of Lakes Complex - Poolside Room  
25 210 Cypress Gardens Boulevard  
Winter Haven, Florida

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

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

1  
2           **MR. MOURING:** Let me first thank you all for  
3 coming tonight. Your input is very important to the  
4 Commission and Commission Staff.

5           We'll start with this meeting is being -- this  
6 customer meeting is being held for the CHC VII, Limited,  
7 customer -- I'm sorry -- staff-assisted rate case,  
8 Docket Number 130210-WS. And we'll start with just a  
9 quick introduction of the Commission staff members that  
10 are here.

11           I'm Curt Mouring. I'm a public utilities  
12 supervisor in the Division of Accounting and Finance.  
13 We have Melinda Watts with our engineering staff;  
14 Matthew Vogel, who is also with the Accounting and  
15 Finance; and we also have Penelope Buys and Kelly  
16 Thompson -- I'm sorry. Penelope is with our engineering  
17 department and Kelly is with our economics department.

18           Kind of the purpose of this meeting is to  
19 describe the Commission's rate case process, to receive  
20 input from you folks, from the customers. And  
21 Mr. Durbin, who signed you in as you walked in -- if  
22 anyone signed up to speak, we'll call you in the order  
23 in which you signed in. And your comments are being  
24 recorded; this meeting is being recorded.

25           Just a brief overview of this company. It

1 began operations in 1986. The Commission granted the  
2 utility its certificates in 1999. And the utility filed  
3 for a staff-assisted rate case in 2007, but subsequently  
4 withdrew it before rates were implemented or set. The  
5 utility has not had a rate increase since coming under  
6 the Commission jurisdiction in 1996.

7           What is a staff-assisted rate case? It's a  
8 process where the Commission staff assists smaller water  
9 and wastewater utilities with rate relief requests, and  
10 the staff assistance typically eliminates the need for  
11 the utility to hire multiple outside consultants,  
12 accountants, and engineers that would incur significant  
13 rate case expense that would be passed on to the  
14 ratepayers.

15           The steps involved in the SARC process. The  
16 utility filed its application on August 5th of last  
17 year. Our staff auditors have conducted an examination  
18 of the utility's books and records. Our staff engineers  
19 will conduct a review of the utility's operations and  
20 contact the Department of Environmental Protection  
21 regarding the utility.

22           And a staff report has been prepared with  
23 staff's preliminary findings. And I do want to stress  
24 that it is preliminary in nature. It is subject to  
25 change.

1           A customer meeting will be held, which is  
2 where we are now, to receive input from the customers.  
3 After the customer meeting, staff prepares and files a  
4 recommendation that details staff's proposed rates, and  
5 the recommendation will be presented to the  
6 Commissioners for their consideration. Staff considers  
7 customer input and information obtained from this  
8 customer meeting in its preparation for its  
9 recommendation to be presented to the Commissioners.

10           The rates --

11           **UNIDENTIFIED SPEAKER:** (Inaudible).

12           **MR. MOURING:** I'm sorry?

13           The rates in the final recommendation may be  
14 different. As I said, these are preliminary. What you  
15 have in that green packet there, the rates in there are  
16 preliminary, and they may be different, the final rates  
17 may be different.

18           At the recommendation -- for the  
19 recommendation and agenda, at the Commission Conference  
20 the Commissioners may ask questions of staff prior to  
21 voting on staff's recommendation. And once the  
22 Commissioners feel they've gathered enough information  
23 and gotten answers to their questions, they'll vote to  
24 approve, deny, or modify staff's recommendation. And  
25 the utility and customers are permitted to speak at the

1 PAA Agenda. If you do wish to attend up in Tallahassee,  
2 please let staff know so we can, so that we know you're  
3 there and we can make sure that you get an opportunity  
4 to address the Commissioners.

5 The proposed agency action process. After the  
6 Agenda, the Commission will issue a PAA order within 20  
7 days of its vote. A 21-day protest period then begins  
8 where any substantial affected party other than the  
9 utility may protest that order and request a formal  
10 hearing. The utility must agree to accept final rates  
11 and charges set by the Commission unless they produce  
12 less revenue than the existing rates and charges.

13 If a timely protest is filed, a formal hearing  
14 will be held in the service territory and a hearing will  
15 be held at least three -- before at least three  
16 Commissioners. The utility and protesting parties will  
17 litigate the issues, they'll put on witnesses, file  
18 exhibits, all of that, and the customers can testify  
19 before the Commission's -- before the Commissioners at  
20 the hearing.

21 After the hearing, staff will prepare another  
22 final recommendation based on testimony given in the  
23 hearing. No participation from the utility or customers  
24 is permitted at the final Commission Conference. A  
25 final vote will be made and a final order will be

1 issued. The Commission's decision at that point can  
2 only be appealed to the First DCA of Florida.

3 Now some specifics on CHC's operating income.  
4 And, again, these are based on preliminary numbers.  
5 They are subject to change. As per the utility for the  
6 water operations, they had revenues of about 93,000,  
7 expenses of about 86, with a net operating of 7,000.  
8 Staff's preliminary number shows revenues of about  
9 138,000, with 131 of operating expenses, generating a  
10 \$6,900 return net operating income.

11 For wastewater, about 90,000. Staff is  
12 recommending 190. Operating expenses, 165, 166.  
13 Staff's recommending 183 off of a test year loss,  
14 operating loss of 75,000 to a net operating income of  
15 6,467.

16 What that means in terms of rates, and this is  
17 where our rates department has opted to change the  
18 billing schedule where currently you're billed combined  
19 water and wastewater with an allowance of 8,000 gallons  
20 per month. What staff is recommending at this time is  
21 to shift away from that to a separate water and  
22 wastewater with a base facility charge and a  
23 consumption -- and a consumption or usage charge per  
24 thousand gallons used. So currently the tariffed rate  
25 is 15.71, water and wastewater, for up to 8,000 gallons.

1 What we're recommending is a monthly base charge of  
2 4.68 for water, with gallonage charges for the first  
3 5,000 gallons at \$1.34, and all subsequent gallons at  
4 2.13 per thousand gallons.

5 For wastewater, staff's recommending a base  
6 charge of \$8.34, with a gallonage charge of \$1.89 with a  
7 cap at 8,000. Any use over 8,000 will not be billed for  
8 the wastewater. And here's a side-by-side comparison of  
9 the current charges at 5,000 -- consumption levels of  
10 5,000, 8,000, and 10,000. Your current rates on a  
11 combined basis were 15.17 for 5,000, 15.17 for 8,000,  
12 and then 18.33 at the 10,000-gallon consumption level.  
13 Staff's preliminary rates would work out to 11.38 at the  
14 5,000 for water and 17.79 for wastewater at  
15 5,000 gallons. And at 8,000, 17.77 for water; 23.46 for  
16 wastewater; and 10,000, 22.03 for water; and 23.46 again  
17 for wastewater as the 8,000-gallonage cap would kick in.  
18 So that's the highest wastewater bill that you can  
19 receive.

20 And, again, staff's recommendation on CHC's  
21 SARC is tentatively scheduled to be filed on March 27th.  
22 Staff's recommendation is tentatively scheduled to be  
23 heard at the Commission, heard by the Commission at its  
24 April 8th, 2014, Commission Conference. And, again, the  
25 Commissioners at that time may approve, deny, or modify

1 staff's recommendation.

2           What can you do? You can provide comments at  
3 today's meeting. Again, it is being recorded, and a  
4 copy of this recording will be placed in the  
5 correspondence side of the docket file for the  
6 Commissioners and staff to view -- or to listen to  
7 rather.

8           You can provide written comments. If you look  
9 on the back page of your, the green packet, there's a  
10 customer comments area that you can fill out, and you  
11 can place a stamp on it and send it right on in to us.  
12 It's pre-addressed.

13           You could also obtain a copy of staff's, of  
14 staff's recommendation once it's prepared. Mr. Durbin  
15 has the request form for that. And if you'd like to, if  
16 you'd like for us to mail you a copy of staff's  
17 recommendation once it's prepared, you can fill out one  
18 of those and we'll send you one in the mail as soon as  
19 it's, as soon as it's been filed with the Commission.

20           And you can also monitor the Agenda. Let's  
21 see, if you go to Florida Public Service -- I'm sorry --  
22 FloridaPSC.com, our website, at the top there is a  
23 Conferences and Agenda -- a Conferences and Meeting  
24 Agendas tab that you can click on the 14th -- I'm  
25 sorry -- April 14th -- April 8th -- I'm sorry, thank

1 you -- and you can listen to it live. There will be  
2 live streaming audio and video coverage of the Agenda  
3 Conference. You can monitor it live, if you'd like.  
4 And you can also go to the -- there's a separate tab up  
5 top that says Clerk's Office. If you go there, you can  
6 enter the docket number, which is found on the cover  
7 here, it's the 130210 -- you don't need the WS -- and  
8 you can look at the, all the filings that have been made  
9 in this docket. And this is just a screen shot of what  
10 the audio and video coverage will look like on, on the  
11 Commission's website.

12 The Office of Public Counsel was established  
13 by the Florida Legislature. They're an advocate group  
14 for consumers before the Public Service Commission.  
15 They argue on the customers' behalf. There's an  
16 800 number where you can reach them, as well as their  
17 website, FloridaOPC.gov. And the Florida Public Service  
18 Consumer Assistance 800 number, if you have -- if you'd  
19 like to reach the Commission, there's the 800 number.

20 And before we move into the customer comments  
21 section of this meeting, just please remember that this  
22 meeting is being recorded. Customers will be called in  
23 the order that they signed up. Please come up to the  
24 microphone when your name is called, give your name and  
25 address, and please spell your last name if you didn't

1 sign in with Mr. Durbin beforehand.

2 I'm sorry. Sir?

3 **UNIDENTIFIED SPEAKER:** How can we ask  
4 questions?

5 **MR. MOURING:** Let me call Mr. Smith first, and  
6 he's the only one that signed up that I see here. And  
7 after that, if you'd like to ask questions, you can come  
8 up to the microphone, give your name and address, and  
9 then you can speak.

10 **MR. SMITH:** Good evening. I'm a little  
11 confused. It's a little hard for a lay person, I guess,  
12 to understand the way these figures are put down. And  
13 one of the main questions I have on it is what we're  
14 paying now to what we're going to pay. We're using  
15 8,000 gallons a month, a month now. Trying to compare  
16 (inaudible) and reading your proposed rates, to me it  
17 looks like we're going to be paying 15.71 for the fresh  
18 water coming in, and then we're going to have an added  
19 sale of probably somewhere between \$19, \$20, to \$22 for  
20 wastewater. Is this correct?

21 **MR. MOURING:** No. No, sir. The 15.71 is what  
22 the current charges are, the current tariffed rates are,  
23 and that's for water and wastewater combined with an  
24 8,000-gallon --

25 **MR. SMITH:** Limit.

1           **MR. MOURING:** -- limit.

2           **MR. SMITH:** And then on your wastewater  
3 service, right, recommended rates --

4           **MR. MOURING:** If you can, if you can turn to  
5 page 3, the present rate is that 15.71.

6           **MR. SMITH:** Yes.

7           **MR. MOURING:** What our proposed rates are at  
8 this, at this point in time, again preliminary in  
9 nature, would be the \$4.68 for a 5/8 x 3/4 residential  
10 meter. That's the base charge.

11           **MR. SMITH:** Okay. The meters were supplied by  
12 them. I don't, I don't think anybody actually knows  
13 what size they have.

14           **MR. MOURING:** For a residential customer it  
15 should absolutely be the 5/8 x 3/4.

16           **MR. SMITH:** Okay.

17           **MR. MOURING:** So it would be the \$4.68. And  
18 for eight, for the 8,000-gallon consumption level, you  
19 would take -- the first 5,000 would be at the \$1.34 at  
20 the bottom of the page.

21           **MR. SMITH:** Right.

22           **MR. MOURING:** And then 3,000, three times the  
23 \$2.13.

24           **MR. SMITH:** Okay. Then we have -- that's for  
25 the water service.

1           **MR. MOURING:** That's just for the water  
2 service.

3           **MR. SMITH:** Now the big thing is the waste  
4 service.

5           **MR. MOURING:** And the wastewater service would  
6 be -- if you flip over to page 5.

7           **MR. SMITH:** Got that.

8           **MR. MOURING:** Would be the \$8.34 base charge.

9           **MR. SMITH:** For a meter.

10          **MR. MOURING:** It's the -- yes. That's --  
11 you're not paying for the meter. It's by meter class,  
12 by meter size. Larger customers with larger meters  
13 would, would --

14          **MR. SMITH:** Right. That charge there, are  
15 they going to put a meter on your sewage?

16          **MR. MOURING:** No, sir.

17          **MR. SMITH:** They're just going to take what  
18 you get in and say you (inaudible).

19          **MR. MOURING:** It's tied to your water.

20          **MR. SMITH:** Okay.

21          **MR. MOURING:** That's what your consumption is  
22 based -- your wastewater usage is based on your water  
23 consumption.

24          **MR. SMITH:** And at present for the, for those  
25 units using 6,000 gallons it's going to be 15.71, off

1 the 19.68. Are you following there?

2 **MR. MOURING:** I'm sorry. You're on page 4?

3 **MR. SMITH:** 5.

4 **MR. MOURING:** Page 5.

5 **MR. SMITH:** The wastewater.

6 **MR. MOURING:** It would be 19.68 at the 6,000.

7 **MR. SMITH:** Yes. Plus your 15.71.

8 **MR. MOURING:** No. It would be -- at the 6,000  
9 level it would be the 13.51 on page 4.

10 **MR. SMITH:** Okay. 13.51 plus 19.68.

11 **MR. MOURING:** That's correct, sir.

12 **MR. SMITH:** So we've gone over double of what  
13 we're paying now basically.

14 **MR. MOURING:** That's correct.

15 **MR. SMITH:** And the reason for that has got me  
16 lost on what reason it is to have that increase go  
17 through.

18 **MR. MOURING:** Well, and again this utility has  
19 not had its rates increased since 1996 for a formal --  
20 for a SARC, for a staff-assisted rate case. We're  
21 still -- again, these numbers are preliminary. We're  
22 still examining -- it's based -- the increase is based  
23 on the utility's level of unamortized investment as well  
24 as their operating expenses, and they've gone up over  
25 time.

1           **MR. SMITH:** Like I say, to me, we're getting a  
2 double increase, increasing double what we are is the  
3 answer you're giving me based on what it's going to  
4 cost. Right now I'm paying 15.71 for 8,000 gallons and  
5 that includes wastewater. Now we're going to be paying  
6 almost \$33, \$34 for the same, exact same thing.

7           **MR. MOURING:** That is correct.

8           **MR. SMITH:** That seems to be very high. I  
9 don't get that much increase on anything that I get for  
10 my pension.

11           **MR. MOURING:** I understand, sir. Thank you  
12 for your comments.

13           **MR. ENSLEY:** Excuse me.

14           **MR. MOURING:** I'm sorry.

15           **MR. ENSLEY:** I didn't sign up.

16           **MR. MOURING:** Okay. If you could come -- sir,  
17 would you like to --

18           **MR. ENSLEY:** I just want to ask the question,  
19 can you show us that operating budget that you had  
20 before?

21           **COMMISSION STAFF:** Would you mind coming up to  
22 the microphone and stating your name?

23           **MR. ENSLEY:** Robert Ensley (phonetic).

24           **MR. MOURING:** And the address please where you  
25 have service.

1           **MR. ENSLEY:** 383 Tennis Lane (inaudible).

2           **MR. MOURING:** If you'd like, I can leave this  
3 up here and we can -- I can speak with you.

4           **MR. ENSLEY:** Maybe you could explain -- have  
5 they, have they found information at this Commission to  
6 justify any increases in, say, revenue or operating  
7 expenses?

8           **MR. MOURING:** This, this column here, staff's  
9 preliminary column, that's based primarily off of the  
10 audit that was conducted by the Commission audit staff  
11 where they go through an audit of books and records,  
12 revenues, receipts, billing determinants, O&M expenses,  
13 as well as plant items as well.

14           **MR. ENSLEY:** Is that available?

15           **MR. MOURING:** The audit report is available  
16 online.

17           **MR. ENSLEY:** Online?

18           **MR. MOURING:** Yes. If you go to that  
19 Commission -- the Clerk's Office tab and enter this  
20 docket number, it's called the audit, staff's audit  
21 report. That document is available.

22           **MR. ENSLEY:** And the revenues are based on  
23 what we're paying for water now?

24           **MR. MOURING:** The revenues are based on the  
25 audited receipts for the utility.

1           **MR. ENSLEY:** And do they have revenues other  
2 than what the tenants are paying for -- or the renters  
3 are paying for their water?

4           **MR. MOURING:** Any non-utility revenues would  
5 be removed from staff's calculation of revenue  
6 requirements. They would -- rates would not be based on  
7 non-utility revenues. If there's revenues from a golf  
8 course or something -- anything non-related would be  
9 removed by staff.

10          **MR. ENSLEY:** Even though, even though a  
11 substantial amount of the water -- are any of these  
12 based on the water use that, that they claim?

13          **MR. MOURING:** I'm --

14          **MR. ENSLEY:** In other words, operating expense  
15 is 165. Is there a breakdown on -- are those strictly  
16 for delivering water to the renter?

17          **MR. MOURING:** That is the cost of operating  
18 the utility.

19          **MR. ENSLEY:** And so the water expenses that  
20 they show are for, what, treating the water?

21          **MR. MOURING:** They're for --

22          **MR. ENSLEY:** Pumping it and --

23          **MR. MOURING:** Pumping it, treating it, as well  
24 as fixed expenses, depreciation expense. All operating  
25 costs are, are considered.

1           **MR. ENSLEY:** Okay. And they've, they've  
2 apparently -- or you apparently have, as a preliminary,  
3 decided the operating expenses have increased by -- I  
4 don't know what the percentage is -- 40%, I'd say, or  
5 30, whatever it is.

6           **MR. MOURING:** I'm not sure I understand your  
7 question, sir.

8           **MR. ENSLEY:** You have -- under "water" you  
9 have operating expenses. Okay?

10          **MR. MOURING:** Yes.

11          **MR. ENSLEY:** And your preliminary staff says  
12 it's up to 131,045.

13          **MR. MOURING:** Yes.

14          **MR. ENSLEY:** That's an increase of, if my math  
15 is right, it's about \$44,000.

16          **MR. MOURING:** Yes. That's -- your math --

17          **MR. ENSLEY:** What's the basis of that?

18          **MR. MOURING:** The basis is what the staff's  
19 audit report determined were the operating expenses for  
20 the utility during the test year, during a one-year snap  
21 shot in time of the utility's operation. That's what we  
22 based our, our figures on versus what the utility --  
23 versus what the actual -- versus what going forward they  
24 need to be, the revenues need to be, the expenses should  
25 be in order for the utility to earn a net operating

1 income consistent with its Commission-approved return on  
2 equity. I apologize. I'm sorry.

3 **MR. ENSLEY:** Right now -- I guess I don't  
4 understand. Right now they've been purchasing this  
5 water since '1996, I guess you'd say?

6 **MR. MOURING:** The utility started operation  
7 out in the '80s.

8 **MR. ENSLEY:** '99, whatever it is.

9 **MR. MOURING:** Yes. It was certificated in the  
10 1990s.

11 **MR. ENSLEY:** Okay. And they say their  
12 operating expenses are \$86,000.

13 **MR. MOURING:** For the water system. That's  
14 correct.

15 **MR. ENSLEY:** Yeah. I mean it's all one  
16 operation; yeah?

17 **MR. MOURING:** Well, there's the water and then  
18 there's also the wastewater.

19 **MR. ENSLEY:** Okay. And how do you divide --  
20 how do you separate what they say they're spending for  
21 the water and what they're spending for the wastewater?

22 **MR. MOURING:** It depends on what, what it is.  
23 If it's related to the water system for operations of  
24 the water system, it's, it would be applied to the water  
25 operating expenses.

1           **MR. ENSLEY:** Also, you've looked at those  
2 books; right?

3           **MR. MOURING:** Yes. The Commission audit staff  
4 has looked at those; I've looked at those.

5           **MR. ENSLEY:** And you're satisfied that's it  
6 accurate?

7           **MR. MOURING:** We are still -- again, these are  
8 preliminary. We are still looking through certain  
9 expense items, certain capital items. We are still  
10 looking at it. But that -- this is a preliminary review  
11 based on Commission staff's audit.

12           **MR. ENSLEY:** Do you, do you know why they  
13 withdrew -- when did they apply, 2006?

14           **MR. MOURING:** 2007 they, they applied for a  
15 staff-assisted rate case.

16           **MR. ENSLEY:** Do you know why that was  
17 withdrawn?

18           **MR. MOURING:** I do not know off the top of my  
19 head.

20           **MR. ENSLEY:** Has anyone on staff or anyone  
21 that has looked into that application and decided why it  
22 was withdrawn?

23           **MR. MOURING:** I can find that out and get back  
24 with you. I don't know off the top of my head. I  
25 don't, I don't know. I wasn't involved in that case.

1           **MR. ENSLEY:** And apparently you've decided  
2 that they should have some income from this operation;  
3 is that right?

4           **MR. MOURING:** That is correct. Based on the  
5 utility's approved return on equity and their  
6 unamortized investment, what they've invested and have  
7 not yet recovered and their capital, their plant, all  
8 their capital investment that they have not yet  
9 recovered, they are permitted to earn a return on it,  
10 and that's where --

11           **MR. ENSLEY:** Do you have any, do you have any  
12 idea what the total rentals are for the park?

13           **MR. MOURING:** What the total what?

14           **MR. ENSLEY:** Rentals are for the park.

15           **MR. MOURING:** I do not know.

16           **MR. ENSLEY:** Do you have any idea what the  
17 total revenue is?

18           **MR. MOURING:** For?

19           **MR. ENSLEY:** For the whole park.

20           **MR. MOURING:** I, I do not know.

21           **MR. ENSLEY:** I mean, it's like maybe they lose  
22 a couple of dollars on, on the water and the treatment,  
23 but overall they make millions of dollars.

24           **MR. MOURING:** Well, we look at this on a  
25 standalone basis as just the water system and just the

1 wastewater system. All other non-utility items are  
2 omitted from staff's analysis.

3 **MR. ENSLEY:** So if I have a contract with them  
4 that provides that I'm going to get a certain amount of  
5 water for X number of dollars, is what you decide, is  
6 that going to set aside my contract?

7 **MR. MOURING:** If you had a contract. I'm not  
8 sure.

9 **MR. ENSLEY:** I've got a prospectus. It says  
10 how much my water is going to be.

11 **MR. MOURING:** I'm not sure, sir.

12 **MR. ENSLEY:** Does that make any difference to  
13 this Commission?

14 **MR. MOURING:** I'm not, I'm not -- that really  
15 would be a legal question.

16 **MR. ENSLEY:** In other words, what I'm getting  
17 at is if you look at the balance sheet for -- I don't  
18 know, I don't know what they call themselves.  
19 Apparently they have several corporations involved in  
20 the operation.

21 **MR. MOURING:** I'm sorry. Who is they?

22 **MR. ENSLEY:** The people that own the park.

23 **MR. MOURING:** Okay.

24 **MR. ENSLEY:** Okay. CHC VII, Limited.

25 **MR. MOURING:** Yes, sir.

1           **MR. ENSLEY:** They just own the utilities.

2           **MR. MOURING:** That is the utility company,  
3           certificated utility company.

4           **MR. ENSLEY:** Okay. And do you know who owns  
5           that company?

6           **MR. MOURING:** I don't know off the top of my  
7           head.

8           **MR. ENSLEY:** Do you think they're owned by  
9           CRS?

10          **MR. MOURING:** I'm not sure who owns them.

11          **MR. ENSLEY:** Would it make a difference?

12          **MR. MOURING:** For these purposes, it would  
13          not.

14          **MR. ENSLEY:** So, in other words, if they're  
15          making millions of dollars in rental income, you don't  
16          care what our contract provides with the, with the  
17          overall management.

18          **MR. MOURING:** The Public Service Commission  
19          does not have any jurisdiction over rental, over rent  
20          properties. It's just strictly the water and wastewater  
21          systems.

22          **MR. ENSLEY:** Okay. I'm saying, has this  
23          Commission, okay, yourselves in arriving at this  
24          decision that we should pay at least twice as much for  
25          our services than our prospectus provided, have you

1 looked into at all the value of, of their income  
2 overall?

3 **MR. MOURING:** No, sir, we would not.

4 **MR. ENSLEY:** And, and don't you think that  
5 that has something to do with this?

6 **MR. MOURING:** No, sir. These are based on  
7 audited water and wastewater system specific expenses  
8 and revenues.

9 **MR. ENSLEY:** So if I have a company that owns  
10 this park and I create another corporation that just has  
11 the water and the wastewater treatment, right, and I do  
12 some books on them, okay, and then you look at those  
13 books only, so you don't care what the overall corporate  
14 profit is off this park.

15 **MR. MOURING:** Our, our, our auditors and our  
16 analysts look at utility and non-utility costs, assets,  
17 contracts, expenses, all of the above. If it is  
18 non-utility, we omit it, we remove it. We focus our  
19 analysis strictly on the operation of the water system  
20 and the operation of the wastewater system.

21 **MR. ENSLEY:** Do you have any idea what portion  
22 of the water that they produce there is in the golf  
23 course?

24 **MR. MOURING:** Perhaps someone from our  
25 economics group would be able to answer that. I don't

1 know off the top of my head. I'd be happy to get back  
2 with you with that number.

3 **MR. ENSLEY:** So you don't know if that was  
4 taken into consideration or not?

5 **MR. MOURING:** Water used and sent to the golf  
6 course would be taken into consideration, yes.

7 **MR. ENSLEY:** Would it be eliminated from this?

8 **MR. MOURING:** It depends on -- there would be  
9 revenues that would have to be, would have to be imputed  
10 for that water.

11 **MR. ENSLEY:** Do you know if they were?

12 **MR. MOURING:** I don't know off the top of my  
13 head. If there is water going to a golf course, that  
14 would be part of our analysis certainly.

15 **MR. ENSLEY:** And at this point you couldn't  
16 answer that question whether or not it was.

17 **MR. MOURING:** I would need to speak with  
18 someone from our billing and economics group to get that  
19 information. I'd be happy to get it to you.

20 **MR. ENSLEY:** Thank you.

21 **MR. MOURING:** All right. Thank you, sir.

22 Carl?

23 **MR. SKIME:** I'm Carl Skime, 274 Fairway  
24 Circle. And actually he covered much of what I wanted  
25 to say.

1 I guess my, my big concern was irrigation.  
2 You know, I realize that sewer rates are based on the  
3 number of gallons of water that go through your water  
4 meter. Well, some of us are just there five months out  
5 of the year, but we have to water our yards. Now you're  
6 telling us that we have to pay sewer on that water that  
7 goes out in the yard. I mean, that just doesn't make  
8 sense. The golf course probably uses 75% of the water  
9 that goes through, that's produced, and we're already  
10 paying for that. I don't know why we should have to pay  
11 for it again.

12 **MR. MOURING:** Well, and there's -- if I can  
13 address that on two fronts. One, if you look, that's  
14 what, that's the idea behind the gallonage cap, which is  
15 8,000 gallons. That's why anything above eight you will  
16 not be billed for on the wastewater side. That's a rate  
17 setting concept to try to address the fact that not all  
18 water being consumed is going to be returned to the  
19 wastewater system.

20 **MR. SKIME:** Well, we had 10,000 that was  
21 free that was figured in our rent and we've lost that.  
22 So, you know, that's kind of double dipping, I would  
23 think. In my contract that I signed with CRF, I was  
24 allowed 8,000 gallons a month. That was figured in my  
25 lot rent, which, by the way, went up \$75 a month, \$100 a

1 month. Now they're going to nail us again, especially  
2 when that water runs down the yard. You know, it just,  
3 it doesn't make a lot of sense. I don't understand it.

4 **MR. MOURING:** Well, and the other -- another  
5 option -- I don't know if it would be economically  
6 viable for you or not -- would be to get a separate  
7 irrigation meter. That way you would not be billed if  
8 that -- if those services are offered, you would not be  
9 billed for the wastewater on those.

10 **MR. SKIME:** Well, as long as you're looking  
11 into things, maybe you could find out on 100,000  
12 gallons, how many of those gallons go on the, on the  
13 golf courses.

14 **MR. MOURING:** We will find out that  
15 information and I will get back with both of you.

16 **MR. SKIME:** And then one more thing. What  
17 about our consumer reports? We haven't received any of  
18 those. And I know, according to federal law, we're  
19 entitled to them. And where do we get them, our CCRs?  
20 I mean, our water is rotten. It's bad enough that we  
21 have to pay for it once. Now you're going to make us  
22 pay twice. I mean, it's horrible water. It's like  
23 drinking the effluent to the wastewater plant.

24 **MR. MOURING:** That, that would be the Florida  
25 Department of Environmental Protection.

1           **MR. SKIME:** Well, what are you guys?

2           **MR. MOURING:** We're the Florida Public Service  
3 Commission.

4           **MR. SKIME:** So the difference is what?

5           **MR. MOURING:** Water quality standard issues --

6           **MR. SKIME:** So you mean like the health  
7 department?

8           **MR. MOURING:** Yes.

9           **MR. SKIME:** Okay. So then actually you  
10 regulate the CCRs.

11           **MS. WATTS:** The CCRs are from the Department  
12 of Environmental Protection, and we do the rates and  
13 charges.

14           **MR. SKIME:** So now when we go back to  
15 Minnesota, we're supposed to shut our water off? That  
16 way we -- well, I'm still going to get that base rate,  
17 we're still going to get nailed that way.

18           **MR. MOURING:** You would still be paying the  
19 base charge.

20           **MR. SKIME:** Yeah. Okay. Thanks.

21           **MR. MOURING:** Thank you, sir.

22           Are there any other comments at this time?

23           All right. Seeing none, I'll go ahead and  
24 adjourn this meeting. I will be around. I'll stick  
25 around if anyone has any questions they'd like to ask

1 one on one. I'd certainly be willing to meet with you.

2 And thank you all again for coming.

3 (Customer meeting adjourned.)

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2 COUNTY OF LEON )

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