

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 30, 2015
TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk
FROM: Penelope D. Buys, Engineering Specialist III, Division of Engineering *PDB PV*
RE: Docket No. 140135-WS - Application for increase in water/wastewater rates in Pasco County by Labrador Utilities, Inc.

Please place the following document in the docket file.



March 30, 2015

Ms. Penny Buys
Engineering Specialist
Division of Engineering
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RE: Docket No. 140135-WS; Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.

Dear Ms. Buys:

As you requested, I have listed below a description of the five meetings and one conference call held between representatives of Labrador Utilities, Inc. (LUI or Utility) and members of the board of Forest Lake Estates Co-Op (FLEC) as directed by the Florida Public Service Commission in Docket No. 110264, Order No. PSC-12-0206-PAA-WS.

Specifically, the Order states: "While we find the quality of water and the operational condition of its water treatment facilities to be satisfactory, we believe that Labrador needs to more actively engage its customers in efforts to resolve their continuing dissatisfaction with the quality of the water."

Although the Order was issued on April 12, 2012, the initial meeting between the two parties was delayed due to ongoing litigation which had been initiated by FLEC, and which was ultimately settled on June 19, 2013. Thereafter, the parties agreed to meet as required by the terms of the settlement as well as to comply with the Commission's directive. All meetings were held in the community at the office of Forest Lake Estates Co-Op's Asset Manager, Brett Schroder, at 6429 Forest Lake Drive, Zephyrhills, FL 33540.

Meeting No. 1, August 22, 2013

In attendance for the Utility were Rick Durham, Regional Vice President, Patrick Flynn, Regional Director, Mike Wilson, Regional Manager and Harold Saul, Esq., the Utility's legal counsel in this matter.

In attendance in person or by phone for Forest Lake Estates Co-Op were the nine board members including Beverly Culliford, President, as well as Brett Schroder, Asset Manager, and David Bernstein, Esq., the Co-Op's legal counsel.

After an introduction of the individuals attending this initial meeting, the meeting agenda covered the followed items:

1. Odors at the wastewater treatment plant.
2. Complaints of any type, water or sewer related.
3. The engineering study under way.
4. Capital improvements.
5. Timing/schedule of capital improvements.
6. Communication between the Utility and FLEC, and thereby with the customers.
7. Customer service.
8. Availability of reclaimed water for irrigation.

Additionally, FLEC requested that LUI provide a letter stating that LUI was compliant with the Florida Department of Environmental Protection's rules regarding the storage of diesel fuel at our facilities. FLEC's lender had requested such documentation in order for FLEC to complete the refinancing of its debt. At the meeting, LUI asked if there were any issues that were not on the agenda that the board members wished to discuss. None were offered.

Meeting No. 2, October 25, 2013

In attendance for LUI were Rick Durham, Patrick Flynn, Mike Wilson, Harold Saul, and Julian Coto of Excel Engineering, LUI's engineering consultant.

In attendance for FLEC, were a majority of the board members, Brett Schroder, and David Bernstein

The primary focus of the meeting was to provide a presentation of Julian Coto's design of the odor control system. Also offered was an alternative design for the board to consider, the engineering estimates of the cost of the two designs, and the pros and cons of each approach. Julian described how the odor control equipment and process would work, what is was designed to remove, the scope of work involved, and the difference characteristics of the odors generated at the two surge tanks and headworks compared to the odors at the three aerobic digesters. There was considerable discussion about whether to limit the scope of the project to the surge tanks and headworks at less cost but at some risk of odors generated by the digesters causing an unacceptable outcome with the residents. The layout of the plant's tanks and piping precluded the suggestion of treating the headworks only initially, and if that was unsatisfactory, add more infrastructure to address the digesters. The board indicated it was their preference to treat all five tanks, not just the surge tanks and headworks.

LUI also discussed a separate capital project at the headworks, specifically, the replacement of the rotary drum that was at the end of its service life. LUI explained that this project was not a component of the odor control project and its budget. However, the rotary screen replacement would be timed to occur in conjunction with the odor scrubber installation in order to reduce costs.

As at the previous meeting, LUI asked if there were any other issues that FLEC wanted to discuss with the Utility on any other topic. None were brought up.

Meeting No. 3, December 2, 2013

In attendance for LUI were Patrick Flynn and Harold Saul.

In attendance for FLEC were a majority of the board members, either in person or by speaker phone, Brett Schroder, and David Bernstein

The focus of this meeting was to discuss the project timeline to complete the odor control project, to apprise FLEC of the status of the engineering plans and specifications, and to emphasize our commitment to work diligently to shorten the project timeframe wherever possible without negatively impacting the project's outcome or operating performance.

Meeting No. 4, June 3, 2014 (teleconference)

In attendance for LUI were John Hoy, President, Patrick Flynn, Mike Wilson and Harold Saul.

In attendance for FLEC were two board members, Brett Schroder, and David Bernstein

A conference call was held to discuss the odor control project's budget amount of approximately \$600,000. As agreed to in the June 2013 settlement, the decision to invest capital to address odor issues required the written assent of the FLEC board before proceeding with the project. This meeting's discussion centered on the project cost, the revised timeline to complete the project, the impact of additional vehicle traffic during construction, and the point of contact at LUI should any issues arise. The board stated that a special meeting would be called subsequent to this meeting whereby the board would vote to support the project and to confirm that decision in writing promptly thereafter. (Subsequently, LUI was informed by Bernstein of the board's approval and the project then commenced). FLEC indicated their pleasure that the project's completion would occur prior to the next high season or approximately mid-November. The board members and Brett confirmed that the project's \$600,000 budget was in line with the discussion held at the December meeting.

Meeting No. 5, October 1, 2014

In attendance for LUI were Patrick Flynn, Mike Wilson and Harold Saul.

In attendance for FLEC were a majority of the board members, either in person or by speaker phone, Brett Schroder, and David Bernstein

The purpose of this meeting was to provide FLEC with a status report of the odor control project, which was on schedule. Additionally, the meeting offered the opportunity to discuss any other issues that were of concern to FLEC. None were offered.

Meeting No. 6, March 2, 2015

In attendance for LUI were Patrick Flynn and Mike Wilson.

In attendance for FLEC were five of the board members, Brett Schroder, and David Bernstein

This meeting's agenda included discussion about the ongoing rate case, the Commission-authorized ROE in the last rate case in comparison to the returns earned by residents in their personal portfolios, the rate case process, the projected impact of the odor control project on the monthly sewer bill, and the drivers underlying the requested increase in water and sewer rates.

There was discussion about water quality, in particular what may be the cause of odor, color, taste, and hardness characteristics that generate customer complaints and cause customers to use bottled water or to install softeners and filter units on their house plumbing. LUI described its use of an iron sequestrant that is added to the water supply to keep iron in solution and the monthly flushing program (first Monday of each month) that is posted on the community calendar, which is designed to remove any buildup of minerals or sediment in the distribution piping.

There was also discussion about the results of a recent analysis of a water sample taken at the WTP that indicated that the manganese level was elevated (0.84 mg/L) above the historical level. Because this value was inconsistent with previous results, LUI stated it would analyze samples taken at the same location, at the far end of the distribution system, and from each of the two wells in order to determine if the manganese noted in the original sample was indicative of a change in groundwater quality or a false high value. LUI suggested that if the additional sampling indicated manganese was in fact elevated, the Utility would consider engaging an engineering consultant to evaluate alternative treatment options, generate conclusions, make recommendations and provide an estimate of capital and operating costs for each alternative identified. The cost of such a study was not known or estimated. LUI specifically asked FLEC for their feedback and input regarding this proposed approach.

(On March 24, 2014, LUI was informed by its commercial lab that the original water sample taken on February 4, 2015 had been split at the lab into two containers consistent with its standard procedures. The unanalyzed sample was stored by the lab since that time and thus was able to be reanalyzed. The results from this retest identified the manganese concentration was 0.0033 mg/L, well below the MCL and consistent with previous sample results. The lab invalidated the initial analysis on March 26, 2015. This information will be forwarded to FLEC for informational purposes and to further discuss an evaluation of water quality improvement options).

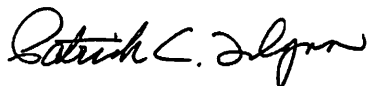
Following the meeting, LUI hosted a tour of the Labrador WWTP, in particular the odor control project completed in November 2014 at the plant headworks and digester tanks. At that time, the board members and Brett commented that they observed very little odors while on the plant site and none off site. LUI pointed out the recent installation of weather monitoring equipment that will offer additional information in the event that customers register odor complaints. This will provide an opportunity to correlate weather conditions with odor issues should any occur.

LUI and FLEC have agreed to meet approximately every six months on an ongoing basis at their office or by conference call, whichever method is preferred by the parties.

Please do not hesitate to contact me if you have any additional questions or request supplemental information.

Sincerely,

LABRADOR UTILITIES, INC.



Patrick C. Flynn
Vice President of Operations

EC: John Hoy, President
Michael Wilson, Regional Manager
Scotty Haws, HSE Manager
Martin Friedman, Esq., Friedman & Friedman

Penny Buys

From: Patrick Flynn <PCFlynn@uiwater.com>
Sent: Monday, March 30, 2015 12:48 PM
To: Penny Buys
Cc: Laura King; Adam Hill; John Hoy; Marty Friedman; Mike Wilson
Subject: RE: Docket No. 140135-WS (Labrador Utilities, Inc.)

Penny,

Attached please find a summary of the six meetings held over the last year and a half between the Forest Lake Estates Co-Op board and the utility's representatives. I apologize for the delay in getting this to you. However, the time was well spent because we were able to double check a water sample result that initially indicated a very high manganese concentration at the Point of Entry to the distribution system. As I note in my summary, the lab had split the sample and stored the second of two volumes, which offered the lab the opportunity to reanalyze. In doing so, the lab found that the container used to collect the sample was contaminated. This resulted in the lab invalidating the initial results. The manganese concentration is actually quite low, which is consistent with prior test results. The utility will inform the HOA board of this information in a follow up discussion regarding water quality issues at Forest Lake Estates.

Please don't hesitate to call me if you have any questions.

Regards,
Patrick

From: Penny Buys [<mailto:PBuys@PSC.STATE.FL.US>]
Sent: Tuesday, March 17, 2015 2:49 PM
To: Patrick Flynn
Cc: Laura King; Adam Hill
Subject: RE: Docket No. 140135-WS (Labrador Utilities, Inc.)

Mr. Flynn,

Please provide the requested information below no later than March 30, 2015. If you have any questions, please contact me.

Thanks you,

Penelope Buys
Engineering Specialist
Division of Engineering
Florida Public Service Commission
(850) 413-6518
Fax – (850) 413-6519
pbuys@psc.state.fl.us

From: Patrick Flynn [<mailto:PCFlynn@uiwater.com>]
Sent: Thursday, February 12, 2015 3:49 PM
To: Penny Buys
Cc: Laura King
Subject: RE: Docket No. 140135-WS (Labrador Utilities, Inc.)

Working on it, Penny.

Thanks,
Patrick

From: Penny Buys [<mailto:PBuys@PSC.STATE.FL.US>]
Sent: Thursday, February 12, 2015 3:40 PM
To: Patrick Flynn
Cc: Laura King
Subject: RE: Docket No. 140135-WS (Labrador Utilities, Inc.)

Mr. Flynn,

This is just a reminder to provide a list of all customer meetings that were held since the last rate case per my request below.

Thank you,

*Penelope Buys
Engineering Specialist
Division of Engineering
Florida Public Service Commission
(850) 413-6518
Fax – (850) 413-6519
pbuys@psc.state.fl.us*

From: Penny Buys
Sent: Wednesday, January 21, 2015 3:07 PM
To: 'PCFlynn@uiwater.com'
Cc: Laura King
Subject: Docket No. 140135-WS (Labrador Utilities, Inc.)

Mr. Flynn,

Per our telephone conversation, please provide a list of all customer meetings that were held since the last rate case. Please include the dates of the meetings, locations, how many customers attended, topics discussed at the meetings, etc. Also, provide copies of any documentation that was provided at the meetings. Please provide the information no later than February 5, 2015 and contact me if you have any questions.

Thank you,

*Penelope Buys
Engineering Specialist
Division of Engineering*

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