

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 150269-WS

APPLICATION FOR LIMITED
PROCEEDING WATER RATE INCREASE
IN MARION, PASCO, AND SEMINOLE
COUNTIES, BY UTILITIES, INC.
OF FLORIDA.

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 7

COMMISSIONERS
PARTICIPATING: CHAIRMAN JULIE I. BROWN
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER JIMMY PATRONIS

DATE: Tuesday, September 13, 2016

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

REPORTED BY: LINDA BOLES, CRR, RPR
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P R O C E E D I N G S

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CHAIRMAN BROWN: Circling back to Item 7.

Commissioner Edgar, I see you have your light on.

COMMISSIONER EDGAR: I just hit that button, Madam Chair. Thank you for recognizing me. Can you -- we have a few remaining items. Can you tell me what the order is that you would like to take them in? I want to make sure I have my paperwork in order.

CHAIRMAN BROWN: Absolutely. We'll take up Item 7, 2, 6, and close with 8.

My understanding is that we have Commissioner Jack Mariano on the phone to address the Commission on Item 7 at this time, and he is short with the window. So if staff and the parties could swiftly --

COMMISSIONER MARIANO: I am here. Can you hear me?

CHAIRMAN BROWN: We can hear you, Commissioner Mariano.

COMMISSIONER MARIANO: Okay.

COMMISSIONER EDGAR: Then, Madam Chair, would it be possible, after this item, to take a two- or three-minute break? When I came in, there were a number of documents here in front of us.

CHAIRMAN BROWN: Good suggestion.

1 **COMMISSIONER EDGAR:** Most of them don't have
2 item numbers on them, and I want to make sure I've got
3 the information in front of me that I need. So I would
4 like a few minutes, when it is appropriate, to make sure
5 that --

6 **CHAIRMAN BROWN:** I think that's an excellent
7 suggestion.

8 And, Commissioners, in front of you, you
9 have -- it looks to be three -- four pages of documents
10 relevant to this item, although they're not labeled
11 Item 7 on there. And I hope you all have the same
12 information in front of you, including a letter from
13 Senator Simpson and Speaker Corcoran, the letter from
14 Lorraine Mack, a letter from speaker Terry Copenhafer,
15 as well as a letter from Ann Marie Ryan. Those are the
16 four that I have. Does anybody have any other materials
17 that we should have? All right.

18 **COMMISSIONER EDGAR:** Okay. So the folder that
19 was distributed is on a different item; correct?

20 **CHAIRMAN BROWN:** That's on Indian River
21 Shores, from my knowledge.

22 **COMMISSIONER EDGAR:** Okay.

23 **CHAIRMAN BROWN:** All right. With that, kick
24 it off for us.

25 **MR. SLEMKEWICZ:** Good morning, Commissioners.

1 John Slemkewicz on behalf of staff.

2 Excuse me. Item 7 is Utility, Inc. --
3 Utilities, Inc. of Florida's application for a limited
4 proceeding to increase water rates in Marion, Pasco, and
5 Seminole Counties. A portion of the limited proceeding
6 request related to Marion and Seminole Counties was
7 addressed at the July 7th, 2016, Commission Conference.

8 UIF originally requested Phase I and Phase II
9 rate increases for Pasco County. Subsequently, the
10 utility withdrew its request for the Phase I increase.
11 As a result, this recommendation only addresses the
12 Pasco County Phase II increase.

13 The rate increase for Phase II is intended to
14 recover the cost for the retirement of abandoned wells
15 and the purchased water cost of the replacement water
16 from a new interconnection with the Pasco County water
17 system.

18 Staff is recommending that the appropriate
19 rate increase is \$46,994 for Phase II in Pasco County,
20 which represents a 5.35 percent increase. Staff would
21 note that several minor oral modifications to the
22 recommendation have been approved and are included in
23 the docket file.

24 An estimated 500 customers attended the two
25 customer meetings held in New Port Richey on April 12th,

1 2016, with 175 customers providing comments. A
2 representative from Senator Simpson's office is present
3 to address the Commission. Utility customers are also
4 present to address the Commission, there are
5 representatives from the utility, and the Office of
6 Public Counsel has intervened in this docket and intends
7 to address the Commission. Staff is available to answer
8 any questions.

9 **CHAIRMAN BROWN:** Thank you. And,
10 Mr. Friedman, welcome.

11 **MR. FRIEDMAN:** Thank you.

12 **CHAIRMAN BROWN:** I understand that there are
13 legislators and, again, Commissioner Mariano is on the
14 phone, and there are also other customers that would
15 like to address the Commission. So I think it'll be
16 more efficient if we allow them to speak first and then
17 go to you and then followed by Public Counsel.

18 **MR. FRIEDMAN:** I agree. Could Mr. Hoy make a
19 brief comment at the very beginning, though?

20 **CHAIRMAN BROWN:** Sure.

21 **MR. FRIEDMAN:** Thank you.

22 **CHAIRMAN BROWN:** Welcome.

23 **MR. HOY:** Thank you very much. Good morning,
24 Commissioners. I just wanted to echo the kind words and
25 sympathies, Chairman, that you made for John Williams.

1 John worked for Utilities, Inc. for a number of years
2 after leaving the Commission, and I had the distinct
3 pleasure of working with him for most of that time. So
4 our thoughts and prayers are with Tina and Worth and the
5 rest of the family. So thank you for that.

6 **CHAIRMAN BROWN:** You're welcome. Thank you.

7 All right. Commissioner Mariano, you will be
8 the first speaker up, since I know you have a time
9 conflict, and Senator Simpson's staff aide has helped
10 work around that. So if you could briefly provide some
11 comments, we welcome that. And it's good to hear from
12 you.

13 **COMMISSIONER MARIANO:** All right. Thank you,
14 Chairman Brown, and thank you, PSC, for taking the
15 attention of the Summertree system, which has so dearly
16 been treated poorly, you might say, over the years.

17 Since buying Summertree's system, Utilities,
18 Inc. has invested very little in the system. The water
19 smells, was discolored, tastes bad, and for decades
20 Utilities, Inc. did nothing. Now way back when, back in
21 the '91 hearings, it actually showed that the waste
22 system was so bad, they had to hook up to the County. I
23 think in hindsight being 20/20, we would have found that
24 that would have been the better decision for the water
25 system to go right to the County in total because now,

1 25 years later, we're finding out that they have to hook
2 up to the County because they can't make their water
3 system better.

4 Recently the customers and I worked with
5 legislators and obtained a million dollars from the
6 state to pay to interconnect the water system to Pasco
7 County.

8 **CHAIRMAN BROWN:** Commissioner Mariano --

9 **COMMISSIONER MARIANO:** Utilities, Inc. did
10 nothing toward this -- yes.

11 **CHAIRMAN BROWN:** -- could I interrupt you?

12 You and I are -- we come from the same cloth. We like
13 to speak very fast, very fast. If you could, though,
14 slow it down so we could catch the words. That would be
15 helpful for us, please.

16 **COMMISSIONER MARIANO:** Let -- you want me to
17 start again?

18 **CHAIRMAN BROWN:** Sure.

19 **COMMISSIONER MARIANO:** Since buying
20 Summertree's systems, Utilities, Inc. has invested very
21 little in the system. The water smells, was discolored,
22 tasted bad, and for decades Utilities, Inc. did nothing.
23 At the inception what should have happened was Utilities
24 should have been shut down, they should have just hooked
25 up with the County 25 years ago, as an independent study

1 showed later on, to FGUA.

2 Recently the customers and I, working with
3 legislators, obtained \$1 million for the state to pay to
4 interconnect the water system to Pasco County.
5 Utilities, Inc. did nothing toward this effort. The
6 Utilities, Inc. rates are already among the highest in
7 the County, and now they want to make them higher. You
8 cannot let them.

9 Our review indicates that they have not
10 invested in the system and they have continued to use a
11 well that has produced bad water for years. They
12 obviously don't care about customers. They just want
13 their money. This Commission needs to have your staff
14 review every penny that Utilities, Inc. spent on the
15 Summertree system since they bought it. Little was
16 invested but their rates were allowed to skyrocket.

17 And I will say that the PSC granted these
18 major, major rate increases without any basis because
19 there was no growth that was coming in the area, the
20 system was already set up and built up to serve those
21 people, and the same reason that they raised them up is
22 the same reason to go back and look at what should the
23 rates really be based upon the rate of return.

24 And after serving on a private
25 water/wastewater committee with you, Chairman Brown, I

1 don't see anything in here that would prevent you from
2 actually going back to actually study what should be
3 done and how these people should be treated. Because if
4 they bought the system for as little as \$250,000, I
5 think if you really take a close look at all the money
6 spent, you're going to find that their rate of return is
7 probably in the thousand percents. But I would like to
8 get that number.

9 The data that you had sent over in the 75-page
10 document was insufficient other than looking at just
11 what the startup was, but I want to look at all the
12 other increments of money that was spent in the system
13 and a strict accounting -- the thing needs an audit, so
14 let it be an audit -- but go through that whole thing
15 and find out what their rate of return is in true
16 numbers, not just based upon the last rate increases.
17 We need to get these facts and adjust the rates down to
18 where they should be.

19 Utilities, Inc. recently reorganized. This
20 means that costs should have come down. No company
21 should reorganize if it means higher cost to the
22 customers, especially under a monopoly. They have
23 reorganized Utilities, Inc. It must mean Utilities,
24 Inc. would lower costs, lower rates, not higher. This
25 Commission must look closely at reorganization that has

1 resulted in one of the biggest rate increases this
2 utility has ever sought.

3 Finally, and maybe most important, this
4 Commission and Utilities, Inc. should know that I'm
5 continuing to work with my Summertree constituents and
6 to contact other customers of Utilities, Inc. around the
7 state to expose this utility's bad acts and identify all
8 means possible to reduce their rates, including through
9 additional legislative changes. We need to have
10 Summertree and all the other customers being hurt by
11 this utility protected from further harm.

12 I thank you very much for your time. My
13 Commission meeting did start. And I want to just tell
14 you one thing. Back in the docket 25821, on page 9 it
15 states, "Utility witness Cutty similarly testified that
16 use of an average rate base system in determining rates
17 would not fairly reflect the cost of providing service
18 nor provide a fair rate of return on actual invested
19 capital, and that would force the utility to immediately
20 file for another rate increase." I say look to that
21 document that you sent us, dissect through that, and you
22 will find that these people are being treated very
23 poorly, and I would really like the Commission to really
24 study that closely. I thank you very much.

25 **CHAIRMAN BROWN:** Commissioner Mariano, before

1 you go, there may be some questions by the other
2 Commissioners.

3 Commissioners?

4 **COMMISSIONER MARIANO:** Okay.

5 **CHAIRMAN BROWN:** I do have a question for you,
6 Commissioner Mariano.

7 **COMMISSIONER MARIANO:** Yes.

8 **CHAIRMAN BROWN:** The agreement with Pasco
9 County to provide for the initial connection fee, is the
10 agreement contingent upon securing the funds under this
11 particular agreement -- I mean, this docket? I'm trying
12 to understand if the request for the interconnection
13 that the Pasco County Commissioners approved contained a
14 contingency clause for recovery of funds associated with
15 this docket.

16 **COMMISSIONER MARIANO:** Well, let me say this.
17 We are paying for it, so obviously there should be no
18 recovery costs for the utility. I don't think it was --
19 maybe it was stated there. I'm not positive on that.
20 I'd have to get my counsel to actually answer that
21 question.

22 **CHAIRMAN BROWN:** Okay. Thank you.

23 Commissioner Edgar has a question.

24 **COMMISSIONER EDGAR:** Thank you, Madam Chair.
25 Commissioner, thank you so much for joining

1 us, and I do understand that you're juggling a variety
2 of items this morning.

3 One piece of information that I've had a hard
4 time nailing down is when, if all of this continues to
5 move forward, when the interconnection, such that the
6 customers would actually begin receiving water from the
7 County as their service provider, would occur. Do you
8 have additional information as to what the timeline is
9 for that?

10 **COMMISSIONER MARIANO:** Ann Marie Ryan could
11 probably speak better, but I believe it's within 60 or
12 90 days.

13 **COMMISSIONER EDGAR:** From now?

14 **COMMISSIONER MARIANO:** From now.

15 **COMMISSIONER EDGAR:** Okay. All right. Again,
16 thank you very much for your participation.

17 Am I correct in understanding that you would
18 like the interconnection to move forward?

19 **COMMISSIONER MARIANO:** Oh, I definitely want
20 that to happen. These people have suffered with bad,
21 terrible water for 20 years due to the negligence of
22 this company and they need the quality water. What I
23 don't want to see is any rate increases granted until we
24 do that full accounting all the way through, and then
25 we'll study how the rates really should be before you

1 actually do anymore granting of any increases to these
2 folks.

3 **COMMISSIONER EDGAR:** All right. Thank you
4 so --

5 **COMMISSIONER MARIANO:** Don't let them pull
6 them back in the system. They pulled them out. They
7 want to pull them back in. Let them stay out and let's
8 just look at this after we do the interconnect. There's
9 no reason we have to go forward with making a decision
10 today on giving them anymore money.

11 **COMMISSIONER EDGAR:** Well, that's one of the
12 points that I'm trying to understand better, because my
13 understanding was that the County was requiring an
14 approved cost recovery mechanism in order to continue
15 with work on the project. And I'm very sensitive to the
16 consumers' needs and to the concerns that you've
17 addressed, but I also want to be very careful in not
18 taking action that would actually slow down or prevent
19 the remedy that the legislature and you and others have
20 approved and are trying to move forward.

21 **COMMISSIONER MARIANO:** Yeah. That's not an
22 issue whatsoever. I mean, we're not looking for any
23 cost recovery. They're going to -- that's not to be an
24 issue with Utilities, Inc. whatsoever or the PSC.
25 They're not looking to collect any money back from them.

1 It's a grant from the state. That's free money in a
2 sense, so it will not affect their rates. And we just
3 want to make sure that Utilities, Inc. doesn't get any
4 markup on that either.

5 As far as the well system and the capping
6 expenses, that may be something we can actually work
7 with DEP. We haven't gotten there yet. We just want to
8 make sure we get this interconnect done. But with them
9 trying to, like, now bring us back in has kind of
10 muddied the waters a little bit, as they tend to do with
11 this -- with these people.

12 **COMMISSIONER EDGAR:** All right. Thank you.
13 Again, Commissioner, thank you so much for your
14 participation, and thank you for your continued
15 representation of your citizenry.

16 Madam Chair, I'm a little confused on the
17 timeline on some of this. I know that the Commissioner
18 has other things he needs to do, but as our discussion
19 continues, I would hope that maybe we can pin that down
20 a little bit more.

21 **CHAIRMAN BROWN:** I am as well.

22 **COMMISSIONER MARIANO:** I can have Joe Richards
23 get on the line for you. I have a Board of County
24 Commission meeting that started at 10:00, so that's what
25 I'm doing. It's not just a regular thing. It's a Board

1 of County Commission meeting that's going on right now.
2 But I thought you should know it's important enough for
3 me to miss the start of this meeting to make sure I have
4 the opportunity to represent my people for you.

5 **CHAIRMAN BROWN:** Thank you, Commissioner
6 Mariano. We appreciate your comments, as always, and
7 your interest in this docket too. Have a good meeting.

8 **COMMISSIONER MARIANO:** Okay. All right.
9 Thank you.

10 **CHAIRMAN BROWN:** Thanks. Thank you.

11 And, Commissioner Edgar, I think we'll have an
12 opportunity to follow up with some of the customers here
13 on the timeline who are also familiar.

14 Right now we have a legislative assistant to
15 Senator Simpson, Rachel Rogers, here, who has provided
16 us with a letter on the letterhead of, I believe,
17 Senator Simpson as well as Speaker-Designate Richard
18 Corcoran.

19 **MS. ROGERS:** Good morning.

20 **CHAIRMAN BROWN:** Good morning.

21 **MS. ROGERS:** Madam Chair, Commissioners,
22 Senator Simpson and the Speaker-Designate appreciate you
23 allowing me the time to read this into the record.

24 "Chairman Brown, in March we wrote to you
25 regarding our constituents in the Summertree community.

1 At that time, we had serious concerns about the high
2 prices being charged, especially considering the quality
3 of the water being received. We appreciate your
4 response to our correspondence and the time that you,
5 the other Commissioners, and staff spent coming to Pasco
6 County and meeting with the residents of this wonderful
7 community.

8 "Today, as you consider approving a rate
9 increase contingent upon the interconnection that will
10 take place so that these residents can have access to
11 Pasco County's water supply, please be aware that our
12 concerns remain.

13 "Water is not a luxury. It's a necessity for
14 all living things to survive. During a 17-year period,
15 the Public Service Commission granted multiple rate
16 increases to Utilities, Incorporated of Florida. These
17 decisions resulted in water rates increasing by over
18 110 percent for the average consumer in Summertree.
19 Wastewater rates were increased as well.

20 "These consumers are still struggling to find
21 ways to survive, although many live on fixed incomes and
22 have been forced to purchase bottled water and expensive
23 filtration systems to meet basic needs. Our consumers
24 should not be fighting for economic survival because of
25 the price and quality of water that's coming into their

1 homes.

2 "There were actions taken by UIF that were
3 used as justification for rate increases. But were any
4 of these actions effective? Did any of these attempts,
5 paid for by the consumers through rate increases, result
6 in our constituents receiving water that met secondary
7 water quality standards, such as taste, color, and
8 smell?

9 "We question the premise that a water utility
10 is entitled to recover costs for any action taken
11 regardless of outcome. Over a decade of rate increases
12 with no assessment or review as to whether or not the
13 expenditures were prudent or effective flies in the face
14 of common sense.

15 "That UIF would move forward with yet another
16 rate increase request before the interconnection is
17 completed is appalling. While we understand that if
18 approved, consumers will not pay more until they are
19 receiving Pasco County water, we request that you and
20 your fellow Commissioners consider this fact: This
21 interconnection project was made possible in large part
22 due to a \$1 million appropriation from the State of
23 Florida.

24 "A private, for-profit corporation with a
25 guaranteed rate of return, regardless of the

1 effectiveness of the actions taken, has demonstrated
2 time and time again that it is not concerned about
3 consumers. This lack of concern continues today with
4 this hearing. The Florida Legislature is assisting with
5 this interconnection because of a fundamental opposition
6 to corporate greed that harms consumers who desperately
7 need better water in their homes.

8 "Another thing we ask you to consider: the
9 costs involved. The passage of the Consumer Water
10 Protection Act in 2014, the appropriation for the
11 interconnection, the countless hours of meetings and
12 travel for the state and locally elected officials,
13 staffers, Office of the Public Counsel employees, and
14 the Summertree Task Force, all of these came at a price.
15 At what point do all of these costs get factored into
16 the calculation of what UIF is entitled to recover?

17 "In closing, we have been informed that UIF is
18 moving forward with a request for Summertree's system to
19 be rolled into a consortium that includes a number of
20 other UIF systems around Florida. This request could
21 have negative impacts on many UIF customers and should
22 be carefully scrutinized. Our constituents have already
23 paid a heavy price for the inaction of this company.
24 Simply put, this is unacceptable. If further
25 legislation is needed to ensure that consumers are

1 protected, that will be forthcoming.

2 "Once again, we request that you and your
3 fellow Commissioners consider the public interest when
4 examining this egregious situation."

5 The Honorable Wilton Simpson, Speaker-
6 Designate Richard Corcoran.

7 **CHAIRMAN BROWN:** Thank you so much,
8 Ms. Rogers. Anything else you would like to add before
9 I open up to the Commissioners?

10 And I want to thank you for coming up to
11 Tallahassee. I understand how important this is to
12 Senator Simpson and Speaker-Designate Corcoran. And
13 you've been very engaged and actively involved in this
14 matter. So thank you for coming all the way up here and
15 sharing this with us.

16 Commissioner Edgar has a question or a comment
17 for you.

18 **COMMISSIONER EDGAR:** Thank you, Madam Chair.

19 And, again, as she said, thank you for being
20 here, and thank you to the senator and representative
21 for their involvement in this issue and for their
22 interest in the work that we do here. I'm just not
23 100 percent clear on what it is they are requesting for
24 action today.

25 **MS. ROGERS:** I believe they're requesting no

1 action today or a denial of a rate increase.

2 **COMMISSIONER EDGAR:** Okay. My understanding
3 is that a denial of the item before us today would
4 prevent the interconnection.

5 **MS. ROGERS:** As you heard, I think, based on
6 Commissioner Mariano's statements, that's not their view
7 of the issue. That is not, based on the information
8 they received from Pasco County.

9 **COMMISSIONER EDGAR:** Okay. Is there somebody
10 from Pasco County that can confirm that for us? Because
11 that's one of the questions I've asked our staff and I'm
12 just still not 100 percent clear on the answer, and I
13 think it's a very important question. I mean, I think
14 it's the fundamental question.

15 **MS. ROGERS:** I think that Ann Marie Ryan is
16 going to address that. She's not from the County.

17 **COMMISSIONER EDGAR:** Can she speak for the
18 County?

19 **MS. ROGERS:** No. She's speaking on behalf of
20 the task force. But I can step into the back during the
21 other testimony and see who we can get on the phone.

22 **COMMISSIONER EDGAR:** Again, I just --

23 **CHAIRMAN BROWN:** Uh-huh.

24 **COMMISSIONER EDGAR:** And I'm not trying to be
25 difficult, but I think a fundamental question is will

1 this project move forward? And if, indeed, the item
2 before us is denied, I don't want to be in a position of
3 doing anything to prevent the interconnection and the
4 use of the legislative appropriation, but I've been
5 given two different answers on that question.

6 **MS. ROGERS:** Their desire --

7 **COMMISSIONER EDGAR:** And I'm not trying to put
8 you on the spot either, but I just think it's a
9 fundamental question for what's before us.

10 **MS. ROGERS:** Right. And their understanding
11 is that once the real costs, like, once we're not
12 looking into the future but we know we've moved down the
13 road and we know what the actual costs were and we have
14 a hearing like this, that was their understanding, that
15 the --

16 **COMMISSIONER EDGAR:** The actual costs on the
17 interconnection and the bulk water supply?

18 **MS. ROGERS:** Yes, yes, instead of the
19 estimates that you're reviewing today. That was their
20 understanding and the basis for the letter.

21 **COMMISSIONER EDGAR:** Okay. Again, thank you
22 so much, and please thank the senator and the
23 representative for me and, I'm sure, my colleagues.

24 But I still am not 100 percent clear, Madam
25 Chair, and I would just hope that before we take action,

1 if indeed we do today, that we can be a little more
2 clear on what the impact of our decision will be.
3 Because, again, I want to make sure that I'm not doing
4 anything, just as one of five, that prevents the
5 interconnection from going forward since that seems to
6 be the desire of the consumers, agreement from the
7 utility. And maybe they can speak to that, and I'm glad
8 to hear that at the appropriate time. Thank you.

9 **CHAIRMAN BROWN:** Thank you. And thank you
10 again for your testimony here.

11 All right. The next person up in my order
12 that I have, and please correct me if I'm wrong, is
13 Ms. Lorraine Mack. And, Ms. Mack, I believe you
14 provided all of the Commissioners with a handout. I
15 have a copy of it.

16 **MS. MACK:** Yes. Yes, I did.

17 **CHAIRMAN BROWN:** Thank you, and welcome to the
18 Commission.

19 **MS. MACK:** Thank you. Good morning,
20 Commissioners. Good morning, Madam Chairman, staff, and
21 guests. My name is Lorraine Mack, and I am a member of
22 the Summertree Water Task Force Alliance.

23 First, I will be addressing financial expenses
24 that Summertree has incurred with UIF by providing an
25 overview of administrative costs as well as task force

1 time and expenses. Our task force expenses include
2 travel, newsletters, printing, envelopes, stamps, paper,
3 ink, toner, and more. I have provided a packet with our
4 expenses, meeting dates, and estimated compensation for
5 our task force's valuable time.

6 The actual 2013 alliance expenses were \$6,400.
7 Estimated 2014 through 2016 expenses are approximately
8 \$3,420 per year for three years, giving a total of
9 \$9,720. Results for the 2013 to 2016 alliance expenses
10 were \$16,120. We want the PSC to realize that the
11 Summertree Task Force and community have devoted their
12 retirement time and finances to right a wrong due to
13 UIF's incompetence and greed. We came up with an
14 average task force and associate member hour rate based
15 on time devoted to meetings, phone conferences, travel
16 expenses, et cetera, in making this stand against UIF to
17 demonstrate our loss of income and time. Although
18 there's no mechanism in the rate case structure for us
19 to recoup the time and money that we spent trying to get
20 drinkable water at a fair price, we want the Commission
21 to know that we do have value.

22 The hourly rate was determined by combining
23 the hours, 425 hours at \$75 per hour consulting rates,
24 which equals \$208,000 -- I'm sorry -- \$208,125 in lost
25 income and well-earned retirement time. We believe the

1 Commission has the authority to disapprove any rate
2 increases based on UIF's failed customer service
3 performance.

4 Now to address the legal fees. We feel that
5 the legal fees for this portion of the rate case are
6 extravagant. UIF charged over \$7,000 for attending the
7 Summertree customer meeting in April. There were other
8 options for covering the meeting, which included reading
9 the transcript or watching it on live streaming, to
10 reduce costs. Therefore, we feel that UIF should absorb
11 this unnecessary expense.

12 In conclusion, we implore the Commission to
13 deny Utilities, Inc. of Florida any rate increases for
14 the Summertree community. Thank you.

15 **CHAIRMAN BROWN:** Thank you so much, Ms. Mack,
16 for coming all the way up to Tallahassee. Again, it's
17 just a testament to your dedication to this issue.

18 A question on this document that you guys
19 prepared. Is the Summertree Water Alliance -- do you
20 charge your members a fee?

21 **MS. MACK:** No. The alliance is paying this
22 all out of their pocket. And it's their retirement --
23 we're all retired and we're all paying this out of us,
24 and this is what we have spent in our retirement time,
25 energy, and money.

1 **CHAIRMAN BROWN:** Wow.

2 **MS. MACK:** Yes. Yes.

3 **CHAIRMAN BROWN:** Thank you. I appreciate it.

4 **MS. MACK:** Thank you very much.

5 **CHAIRMAN BROWN:** Commissioners, any other
6 questions? Thank you.

7 **MS. MACK:** Thank you.

8 **CHAIRMAN BROWN:** All right. The next speaker
9 is Terry, and I'm sorry about your last name,
10 Copenhafer.

11 **MS. COPENHAFER:** Yes.

12 **CHAIRMAN BROWN:** Thank you, and welcome.

13 **MS. COPENHAFER:** Thank you. Good morning.

14 **CHAIRMAN BROWN:** Good morning.

15 **MS. COPENHAFER:** And thank you for the
16 opportunity to speak today. My name is Terry
17 Copenhafer. I am a resident of the Summertree
18 community. I'm also the vice president of the
19 Summertree Recreational Facility, and I'm on the board
20 of the Fairways community as secretary.

21 Utilities, Inc. has failed the DEP standards
22 2015. That's just 2015. I am speaking from my heart --
23 myself, my neighbors, and our community as a whole. I
24 have had my own health issues and workforce challenges.
25 As a matter of fact, we all have had this in our life

1 journeys. But once you retire and make it into
2 retirement, you don't really expect this type of abuse.

3 My husband and I purchased our property in
4 2014. We had no idea of the trials and tribulations
5 from this water issue. We are sick, yes, some of us, by
6 the time we retire. We have an opportunity to change
7 our lifestyles and become more healthy and make better
8 choices and decisions, opportunities to address our
9 physical, mental, and emotional bodies. Summertree
10 thrives with activities engaging us to choose any and
11 all that we have an interest. We have daily stretch
12 classes; cardio; yoga; men's and women's club; pool
13 tournaments; singles club; tennis, bocce, shuffleboard
14 leagues; horseshoes; card games, men and women; lady's
15 craft club; we have two swimming pools; men and women
16 golf; weekend socials in the auditorium, includes dance,
17 comedy, and Bunco. Something for everyone.

18 Rust in our cars or our car's engine is not
19 good. Do you agree? It requires an oil so it does not
20 destroy the body of a car or an engine over time. What
21 about an older car? Common sense says that you will
22 need to take better care. Why at any time would you
23 want to abuse your own body with rust? My neighbors,
24 community, and myself are dealing with aging and health
25 issues responsibly with dignity and integrity. Why are

1 the water contaminants not dealt with in the same
2 manner? This is a criteria set forth that has not been
3 met for a very long time. Why? What do your records
4 show? Why should Utilities, Inc. be rewarded with a
5 rate increase?

6 I ask that a rate increase not be considered.
7 Our community deserves responsibility, dignity, and
8 integrity, not elder abuse. Thank you for your time.

9 **CHAIRMAN BROWN:** Thank you so much for coming
10 up here and providing this testimony.

11 Commissioners, any questions?

12 Thank you again.

13 **MS. COPENHAFFER:** You're welcome.

14 **CHAIRMAN BROWN:** Next up is Ann Marie Ryan.
15 Ann Marie has been very instrumental in the Summertree
16 Water Alliance Task Force. And she is the chairwoman
17 and is going to be addressing the Commission as the
18 chairwoman, so she's been given more latitude on time.

19 **MS. RYAN:** I'd like to say good morning to
20 Chairman Brown, to the Commissioners, and to the guests,
21 and I'd like to give you our sincere appreciation for
22 the time that you've given to coming down to Summertree
23 for the customer meeting and the time you're allotting
24 us today so we didn't have to bring buses up again. It
25 really makes a difference.

1 There are a few topics that we'll be covering.
2 Let me spread my paper. I'm sorry. I'm going to try to
3 stay within the time limit.

4 The first thing I want to address is our
5 concerns about -- going back into April, when we
6 received a letter about our community meeting. I think
7 that all the costs that were associated with the letter
8 that was sent out with the required PSC community
9 meeting notice, in that case, John Hoy had put a
10 gratuitous letter and inserted it into that mailing, and
11 so we feel that all the postage and costs and expenses
12 should be disallowed. That letter was unnecessary and
13 it caused a lot of confusion in our community. At the
14 same time that we were going to have that customer
15 meeting, we were also required by the PSC, from a PAA
16 order in 2014, to have a customer ballot, and so they
17 took the opportunity to intercept that mailing with this
18 additional letter. That letter cost the task force many
19 hours to explain to our community why they should still
20 vote yes to interconnect despite John's letter. We
21 think that the letter was an intent to sabotage our
22 customer survey. We think that all the costs,
23 therefore, should be disallowed.

24 At that time also, Commissioners, we took on
25 the responsibility, rather than to go into impasse, to

1 send that ballot out. We went through the cost of doing
2 it, mailing it, and so on, and we incurred over
3 \$1,200 worth of costs in four days. It took 14 people
4 from our community to get that job done, and we met the
5 criteria set up by the PAA order. The only thing that
6 UIF was required to do by staff was to send their most
7 current listing of the addresses of the UIF customers,
8 and we handled all that, including out-of-state and
9 out-of-country mailings.

10 We also think that the legal fees, again, that
11 Lorraine had addressed, that the utility's lawyer would
12 send someone to our meeting -- they billed us for 15
13 hours of service at \$360 an hour for a total of \$7,000.
14 And once again, we feel that that was of no benefit to
15 the customers, that -- and, therefore, they should
16 accept that expense, absorb that expense.

17 I'd like to move on to the next topic. The
18 next topic we'd like to discuss is that we were given --
19 we found a notice in the PAA case that UI had been sent
20 a notice that they had failed the DEP secondary water
21 quality for iron and for color in 2015. The DEP chart
22 shows that our Well 13, which is our primary water well,
23 had a reading of 0.38, which is 20 percent higher than
24 the recommended -- the max rate level, which would have
25 been 0.3.

1 **CHAIRMAN BROWN:** Ann Marie, I'm so sorry for
2 interrupting. You're talking on page 2 of your handout?

3 **MS. RYAN:** Page 2.

4 **CHAIRMAN BROWN:** Thank you.

5 **MS. RYAN:** Okay. And also I have a chart that
6 I have put in for that. And so I just want you to know
7 that although we don't know if the DEP testing recorded
8 secondary water attributes from 1991 when they took over
9 through 2014, we do know that because of the law that
10 was put into place in 2014, thanks to the efforts of our
11 legislators, that in 2015 they did fail the standards.
12 What we don't understand is that UIF responded to your
13 staff saying that they were not out of compliance
14 because the sum of iron and manganese concentrates was
15 less than 1.0 milligrams per liter. We don't understand
16 why the DEP would not have stipulated that this
17 alternative standard was okay in their report. So we --
18 in our -- the way we see it is they are out of
19 compliance, but there's always an excuse. They also
20 said that they would be back in compliance once the
21 interconnect was made.

22 So they were also required to do a study by
23 your PAA order to find out whether this connection with
24 Pasco County would be better, and when they did the
25 study, they went to Colony Lakes, which is our adjoining

1 community, and they tested the water. And it came back
2 that there would be 90 percent less iron into the ground
3 water than is present in our Wells 2 and 13. Wells
4 2 and 13 are the two wells that we use for the entire
5 community, 13 being the major. So knowing that, all
6 these years we've evidently been having high iron
7 content. We don't know whether they were tested in the
8 past. We do know that they're failed now. We've also
9 gone over -- it's nine months into 2016. There's been
10 no changes.

11 They do something -- they put sequestrants in
12 the water and that's supposed to help put the iron in
13 suspension. And I'd like you to take a look at the last
14 page of my handout and see the value of sequestrants.
15 You will see this is my faucets in my master bath, and I
16 clean them once a month. This is once a month. Would
17 you want to brush your teeth, wash your hair, or do
18 anything when this is going through your pipes and
19 system? So, yes, it's suspended, but it doesn't
20 dissipate it, it doesn't eliminate it. It just puts it
21 in suspension.

22 On my front lawn -- I have one of their
23 systems for flushing right in front of my home, and this
24 is what I'm getting. So I'm just one of many in our
25 community and want you to know it's an ongoing problem.

1 They have not resolved it. I don't see why they deserve
2 an increase at this point in time. We're at a status
3 quo.

4 I'd like to move on to the third topic. My
5 third topic was concerns about post-connection and
6 inspections. We have not received any mailings and we
7 have no idea what plans they have to help us through
8 this transition. In the past when we had these iron
9 issues, occasionally they would do something called a
10 chlorine burn, and they would remove the ammonia from
11 the -- instead of keeping the chloramines, they'd give
12 us chlorine only, and that was supposed to help
13 dissipate the bio-films that build up on our pipes. We
14 don't know if they're planning to do that.

15 Pasco County has made repeated offers to come
16 and they'd like to test the system. We ask that the
17 Commission would consider ordering Pasco -- ordering UIF
18 to allow Pasco County to inspect the water systems to
19 ensure that UIF's systems can work with the
20 interconnection.

21 When I spoke with Flip Mellinger, who's the
22 director of Pasco County, he wants to make sure that the
23 buildup in the pipes, when they come in with these
24 12-inch pipes, isn't going to blow the pipes apart
25 because we're going to have more pressure. We don't

1 know how much iron is in the pipes, if there's a buildup
2 or not. We do have water pressure problems throughout
3 the area. So we think this is really important, and if
4 you could help make this happen, this would be a big
5 asset.

6 My fourth concern is the handling of the
7 bifurcated case. You know, UI came in June and decided
8 to separate us from the case, and they wanted to move on
9 with Seminole and Marion because they wanted their money
10 right away. Well, when they finally got around to
11 getting the bulk water agreement signed in, I think it
12 was like the 29th or 30th of July, within 72 hours they
13 went back and they put an amended request in to put us
14 back into this rate. They don't wait. It's all about
15 money. It is not about service. That was an agreement
16 that was made, not a product that was delivered.

17 So they came and asked us to do this, so we've
18 had less than three weeks or we would have had our two
19 buses up here. So we brought two of our best members up
20 here to give you an idea of who -- what we're all about.
21 We don't feel this is a fair practice. And I won't get
22 into -- and that this bifurcated case was supposed to
23 be -- what they're going to be looking for was their
24 legal fees, if I'm correct, you can check with John or
25 you can check with one of the other attorneys, Marty,

1 this case is supposed to be about them getting rate case
2 expense and is supposed to be about them getting rate
3 case expense and legal fees. I believe that's it. I
4 believe that they're putting off going in for the loss
5 of income into the consolidated rate case, which is
6 160101-WS.

7 My next concern was the proposed consolidation
8 and how they're going to handle that. You know, they
9 had consolidated us with Orangewood. They call us Pasco
10 County, so it's Summertree and Orangewood. We came
11 before you in 2010 and 2013, and we asked, "Where is
12 this money going -- \$2 million, \$1 million, whatever it
13 is they're going for?" And we asked where the money is
14 going because we're not seeing it in our community. And
15 they're very ambiguous as to where the money is. With
16 all the issues that we've had of not defining exactly
17 what expenditures are taking place in our community, our
18 concern is when they do this consolidation of 14
19 counties over 30 systems and 60,000 customers, how, in
20 Heaven's name, will we keep track of what's fair to us?

21 We're already concerned that we've seen such
22 continuous errors in their financial filings. Your
23 office staff has to constantly go back and question
24 things. The Office of -- the OPC has been phenomenal.
25 Denise Vandiver does so much work, constantly saying,

1 "Why are these formulas wrong?" And they're always in
2 their -- and their errors help them.

3 So -- and finally, I just wanted to go over
4 something real quickly. When it comes to working with
5 UIF, it's really important to know that all of this has
6 been customer driven. We're the ones who have been
7 inconvenienced. A 33 percent increase in 2007, 28
8 percent in 2010, 18 percent in 2014, for a 79 percent
9 increase. No water product improvement, no better
10 customer service.

11 The other thing I just want to make sure that
12 you understand is we are not looking right now -- when
13 Commissioner Mariano deferred something to me. We have
14 covered all the costs for this interconnect -- they
15 asked for \$2.5 million -- because you gave us the
16 opportunity to look for alternative funding. Our
17 community changed from, okay, from irrigation wells --
18 from potable water to irrigation wells. We took
19 48 percent of the water out of the mix. Because of that
20 we were able to deflect and reduce our impact fees from
21 1.8 million to 800,000.

22 We went to the state and the state gave us a
23 million dollars, which didn't cover the rest of the
24 money. So Pasco County agreed and passed -- they agreed
25 to the grant, they agreed to the bulk water agreement,

1 and they agreed to pick up the rest of the costs. So
2 out of the 2.5 million, 1.8 million -- 2.3 million has
3 been incorporated into the county and state agreements
4 with our community. We're left with about a 200,000,
5 and you can check this with Marty, cost of retiring our
6 wells.

7 What they're looking for today, like I said,
8 should just be the two things: rate case expense -- and
9 the rate case expense we think should be depreciated
10 because you can see the expenditures we've put out. And
11 when they make mistakes and they step on customers,
12 there should be a consequence for those things, and
13 sometimes you don't make a profit when you're doing the
14 wrong thing. And I don't think it's wrong for them to
15 go back to their customers. You know, the OPC is also
16 going to come before you saying that they believe that
17 they've been making, for the 2015 annual report, a
18 13 percent return on equity. How is that possible?

19 So we need you to please -- if you can
20 disallow or at least put off this until we get to the
21 consolidated rate case. We'll be back to cover more of
22 this when we have more time. We hope that we've done
23 our homework. We hope that you realize that there are
24 impacts of what they do. We tried very hard to work
25 with this company, but they don't seem very interested

1 in caring about the consumer. And I thank you for your
2 time.

3 **CHAIRMAN BROWN:** Thank you so much, Ms. Ryan.
4 And it's always a pleasure to hear you and share with us
5 this enlightened information too. Always a pleasure.

6 I have a question for you. You -- in your
7 comments, you asked the Commission to mandate the
8 Utilities, Inc. to have Pasco County inspect the water
9 systems to ensure that, I guess, the interconnect
10 addresses the issues. Has Pasco -- do you know if Pasco
11 County has proffered an opinion about whether the
12 interconnection will, in fact, address the secondary
13 water quality issues?

14 **MS. RYAN:** Yes, that's what the test was. The
15 test that was done on Colony Lakes is one of their
16 communities. And Utilities, Inc. had an engineering
17 company called CPH do the testing, and it came back
18 90 percent improvement because their water comes from
19 different sources. They have reservoirs, they have
20 desalinated water, and then they have groundwater, and
21 they have wells, and they do a mix. And they also work
22 with Pasco -- with Tampa Bay. So when the water comes
23 in, yes, it'll resolve 90 percent of our problems.

24 **CHAIRMAN BROWN:** So, Ms. Ryan, are you asking
25 the Commission to defer cost recovery on -- until the

1 consolidated rate case?

2 **MS. RYAN:** We would like to see the cost
3 recovery deferred, but we would also like to see it
4 reduced because I don't know what costs they can
5 recover. Just because you spend time, like we do,
6 there's no compensation. And if your time isn't used
7 properly, there's no cap on what you should do. Was it
8 fair for them to hit us for \$7,000 to have their
9 officials and an attorney sit in our auditorium for
10 seven hours? No. When they went and they decided to
11 pull us out of the bifurcation and then go back in
12 another \$7,000 -- really?

13 **CHAIRMAN BROWN:** I got it. Yeah.

14 **MS. RYAN:** So we didn't choose that path.
15 They're supposed to be professionals. They're supposed
16 to know how to do this. Why do they keep beating us up?

17 **CHAIRMAN BROWN:** Thank you.

18 Commissioner Graham has a question for you.

19 Commissioner Graham.

20 **COMMISSIONER GRAHAM:** Ann Marie, it's always
21 good seeing you.

22 **MS. RYAN:** Thank you. I want to thank you
23 too, Commissioner, for giving us these opportunities
24 from the start back in 2013.

25 **COMMISSIONER GRAHAM:** I can't believe you're

1 still thanking me for that.

2 (Laughter.)

3 **MS. RYAN:** Well, at least we have a voice.

4 **COMMISSIONER GRAHAM:** Actually that's part of
5 my question and right along the same line of what the
6 Chairman was just asking. It shows here that you had 30
7 meetings, roughly 30 meetings since 2014. And I guess
8 my first question is you're convinced that the -- that
9 this tie-in is going to fix the problem or fix, as you
10 said, 90 percent of the problem?

11 **MS. RYAN:** It is the best fix. It really is.
12 I mean, there's no perfect water because they're still,
13 you know, they're still blending water and doing things
14 in the County, but we won't be working with the same
15 aquifer. I -- you know, for the years I stood before
16 you since 2006, I never asked the question until 2013,
17 "If we use the same water resource, will we ever see a
18 better solution?" And UI checked that out. They took
19 five -- four different ways to see if they could go
20 individually on wells, putting it on other systems, and
21 would it make a difference? Well, it varies: too much
22 water, not enough water, and things like that. So they
23 couldn't guarantee any fix reasonably would make a
24 difference. And we were into the millions of dollars to
25 try to find those options and not know what the outcome

1 would be. Their own engineering firm came up with this
2 outcome and their recommendation, and we all agree.

3 **COMMISSIONER GRAHAM:** So this is all based on
4 CPH's engineering report?

5 **MS. RYAN:** And we know -- and we have the
6 readings from the DEP on the other customers throughout
7 the county on either side of us, and so we do expect --
8 we do have a lot of, what do they call it, preserves for
9 standing water. So it's an issue when you have
10 cypresses and things like that that can contaminate your
11 well water. You know, we don't have a high water table
12 there, so it's an issue.

13 **COMMISSIONER GRAHAM:** Okay. Thank you.

14 **CHAIRMAN BROWN:** Commissioners, any other
15 questions of Ann Marie before we go back to Ms. Rogers?

16 Okay. Thank you so much.

17 **MS. RYAN:** I thank you very much for your
18 time.

19 **CHAIRMAN BROWN:** Thank you, and I know you'll
20 be participating as -- throughout discussion, so.

21 Ms. Rogers.

22 **MS. ROGERS:** Thank you, Madam Chair. Flip
23 Mellinger, assistant county administrator of utilities
24 for Pasco County. "The County is not requiring that.
25 In fact, the County is opposed to this request. The

1 County is moving forward with the interconnect."

2 **CHAIRMAN BROWN:** Got it. Thank you.

3 Commissioner Edgar, do you have a follow-up
4 question of Ms. Rogers?

5 **COMMISSIONER EDGAR:** Well, I would like -- I'm
6 so sorry. At the appropriate time I'd like to hear from
7 the company and from our staff. And thank you so much
8 for the follow-up. Really, I appreciate it more than --
9 more than you know.

10 **MS. ROGERS:** Thank you.

11 **CHAIRMAN BROWN:** Okay. Now we are going to
12 get into -- and I want to thank the audience too for
13 being patient with us. We do have a couple of other
14 substantive items, but I wanted to get to this per the
15 request of the parties involved here.

16 So now we are getting to the utility.
17 Mr. Friedman, would you like to address the Commission
18 now or after OPC is given an opportunity?

19 **MR. FRIEDMAN:** I think it would probably be
20 more efficient to have OPC go first and us respond to
21 everybody at one time.

22 **CHAIRMAN BROWN:** Sounds good.

23 All right. Mr. Sayler.

24 **MR. SAYLER:** Thank you, Madam Chair,
25 Commissioners. Good morning. My name is Erik Sayler

1 with the Florida Office of Public Counsel on behalf of
2 the customers of Summertree.

3 I've had the distinct privilege of working
4 with Ms. Ryan and her task force since Chairman Graham,
5 at the time, helped kick it off to work out to find a
6 permanent solution for their water quality issues. And
7 also thank you for giving these customers an opportunity
8 to have adequate time to address the Commission this
9 morning.

10 Ms. Vandiver and I both have technical
11 comments on the staff's recommendations, Issues 1, 2, 3,
12 and 4, but I have some global comments before getting
13 into the recommendation itself such as -- a threshold
14 question is this. Why is the Commission here now making
15 a decision on this Phase II rate increase as opposed to
16 waiting until after the interconnection is completed and
17 the water quality issues, which is the reason we're all
18 here, are fully resolved and all the costs are accounted
19 for? Ms. Vandiver will go into detail about some of the
20 cost estimates that the utility has put into the -- have
21 given to staff and staff have looked at, but there's
22 still some holes in those, and she can go into more
23 details in those.

24 So the threshold question is why do we need to
25 make a decision today? And, Commissioner Edgar, I know

1 you had quite a few questions. Those are excellent
2 questions, and I believe that Flip Mellinger, the county
3 administrator over the utilities, can answer a lot of
4 those questions in more detail. Similarly, Joe
5 Richards, the county attorney, can also answer those
6 questions as well, and he's the county -- assistant
7 county attorney.

8 And as it relates to -- in my years in the
9 past, I've seen the Commission defer items to another
10 agenda to be able to answer those questions that the
11 bench has had. But as far as the decision today, the
12 threshold question is why are we here today trying to
13 make a decision for an interconnection that has yet to
14 occur?

15 One of my first points in support of deferring
16 a decision now is this is a limited proceeding. It's
17 not a PAA rate case. It's not a staff-assisted rate
18 case. There's no statutory time clock for which you
19 need to make a decision. Many of these customers have
20 waited over 20 years to have quality water. This
21 utility, I believe, can wait a few extra months, some
22 accurate accounting, to be able to get their \$45,000
23 rate increase, which is what they're asking for for
24 Phase II. I don't believe that there's a decision now
25 that must be made. And we would submit to you that

1 regulatory lag, as the customers have complained about
2 for years without receiving relief, as you first -- as
3 you have heard firsthand, I don't think that the
4 regulatory lag issue is a big deal for this utility as
5 it relates to the actual rate increase. So we believe
6 it's in your discretion to defer this item to a later
7 date when you, Utilities, Inc., staff, Office of Public
8 Counsel, the customers, along with coordinating with the
9 County, can have more data for you to make a robust
10 decision on this item.

11 Secondly, OPC and the customers believe it's
12 premature to establish prospective rates when the
13 interconnection has not yet been completed. No rate
14 increase should be approved or implemented until after
15 all the secondary water quality issues have been
16 resolved. And while the interconnection may replace
17 poor quality water with better quality water, the better
18 quality water still has to flow through a water
19 distribution system that, as Ann Marie testified, is
20 full of bio-film, sediment, potentially slime. The
21 customers have complained about -- years about black
22 slime coming out. So it's going to take some additional
23 flushing protocols by this utility to be able to clean
24 the pipes out of the system, and that echos Ms. Ryan's
25 concerns about the County wanting to know what kind of

1 system they're putting the water into.

2 And we also believe, Commission, that this
3 Commission has the authority to go down and inspect the
4 system for themselves or they could delegate that to the
5 County. And I believe the County is willing to do so,
6 to inspect the system to make sure that everything will
7 work as planned, because we're all here about better
8 water now in substance. But it's not -- it may be
9 instantaneous relief, it may take some time, so that's
10 why we're asking for patience.

11 And in staff's recommendation, they're
12 recommending some water testing results. And I think
13 that after those water testing results come back, then
14 the Commission can know that these customers have got a
15 better quality source of water. And in addition to
16 that, then hopefully by that time we'll have all the
17 cost data to know how much it actually costs to retire
18 the system, et cetera.

19 **CHAIRMAN BROWN:** Okay.

20 **MR. SAYLER:** And when it comes to water
21 quality testing issues, when we get to the granular data
22 of staff's recommendation on Issue 1, I have a few
23 additional recommendations related to that. But these
24 are just the global issues.

25 **CHAIRMAN BROWN:** Okay.

1 **MR. SAYLER:** Third, we all know that
2 Utilities, Inc. has filed for a large rate increase
3 seeking to consolidate all of its different systems.
4 How that consolidation takes place will ultimately be
5 resolved as an issue for this Commission to decide in
6 another docket.

7 OPC, in one of our letters in August, raised
8 the issue of potential savings that could result from
9 rate consolidation, savings that might offset most or
10 all of Utilities, Inc.'s requested \$46,994 Phase II rate
11 request; however, we won't know until after all the
12 parties have had an opportunity to present evidence to
13 the Commission and the Commission makes its decision in
14 that case. At the very least, the delay in any rate
15 increase today and potential consolidation with that
16 consolidated rate case is an option for you to consider.
17 However, OPC believes the best option would be no rate
18 increase now until the water quality issues have been
19 resolved and verified through testing.

20 Those are the threshold issues that we wanted
21 to raise about whether you should be -- whether you
22 should consider making a decision now or deferring this
23 to another time, and at the appropriate time, we would
24 like to address those issues in the discussion. And as
25 it relates to the technical issues on the

1 recommendation, I can have Ms. Vandiver start now on
2 Issue 1 or --

3 **CHAIRMAN BROWN:** Yes, let's just take them --
4 let's just --

5 **MR. SAYLER:** Altogether? All right.

6 **CHAIRMAN BROWN:** You know, delineate what
7 Public Counsel has on the issues, and then we'll go to
8 the utility to address.

9 **MR. SAYLER:** All right. Certainly. I will
10 pass the baton to Ms. Vandiver for Issues 1, and then I
11 will continue on to Issues 2, 3, and 4.

12 **CHAIRMAN BROWN:** Okay.

13 **MS. VANDIVER:** Thank you. Commissioners, your
14 staff has already requested multiple corrections from
15 the utility in this filing, but I would like to point
16 out the errors that I still believe remain.

17 My first critical issue, though, is whether
18 the utility even needs an increase to absorb this
19 interconnection, retirement, and investment. Utilities
20 are granted rates with the opportunity to earn a
21 reasonable return on their investment. Rates are not
22 intended to be changed for every change in expenses,
23 investments, or circumstances. Only when an event
24 pushes a utility outside of its authorized range should
25 the Commission consider an increase.

1 Based on the 2015 annual report that the
2 utility filed with the Commission, it appears that the
3 utility may be overearning. I first brought this issue
4 up in my letter dated August 18th, and I still believe
5 that based on the staff recommendation adjusted for the
6 issues that I'll bring up next, the utility will be
7 earning higher than the midpoint of the range authorized
8 in the last rate case. There is no need to grant the
9 utility additional revenues which could be absorbed
10 within the current rates that they're charging now. Any
11 increase for -- any increase approved now could have the
12 potential to push the utility outside the authorized
13 range and put them into an overearning position.

14 As I indicated, I'd like to address a few
15 specific issues with the calculations that are in
16 Issue 1, beginning on page 8 of the staff
17 recommendation.

18 Table 1-1, there's a calculation of the loss
19 to be amortized in the annual amortization expense. I'd
20 first like to address the total cost that is considered
21 a loss. This number does not reflect any salvage value
22 for the plant to be retired. I first raised this issue
23 in my letter dated February 2nd. I stated that in the
24 2012 rate case, the Commission included pro forma plant
25 for a new hydro tank at Well 13 and that I believe that

1 the utility could use that for another system or sell it
2 to another utility.

3 In fact, in the recently filed consolidated
4 rate case, the testimony of Mr. Flynn states on page 3,
5 line 10, that the utility will repurpose the
6 10,000-gallon tank located at Summertree Well 13 by
7 installing it at the Cypress Lakes Water Treatment
8 Plant. This tank is identified in Schedule 18 of the
9 filing with a net book value of \$57,000 and almost
10 \$2,000 in depreciation expense. These amounts should be
11 removed from the amortization of the loss.

12 Also on page 8, the schedule reflects a net
13 cost to retire of \$200,000. The utility has not
14 provided any support for this number and why it should
15 cost this much to retire the four wells. A County
16 representative mentioned in conversation that he
17 believed the amount should be less than half that.
18 Without any description, bids, or detailed estimates, we
19 believe that this estimate should be reduced or more
20 closely reviewed.

21 Also on page 8, the schedule reflects
22 depreciation expense of 19,735. I believe that this
23 number is overstated. I first raised an issue regarding
24 depreciation in my letter dated February 2nd. In fact,
25 upon further review, this one item is fully depreciated,

1 but the \$5,700 in depreciation expense is still in the
2 \$19,000. I believe that this should also be removed
3 from the loss amortization calculation.

4 **CHAIRMAN BROWN:** Thank you.

5 **MS. VANDIVER:** One last issue I'd like to
6 address is on page 9 of the staff recommendation in the
7 amount of the savings in salaries and wages. Schedule
8 17 of the filing indicates \$83,000 in salaries and
9 wages, but the utility only indicates a savings of
10 \$3,000 when the four wells are abandoned. I first
11 addressed this in my letter dated February 2nd, and I
12 still believe that on its face this is an unreasonable
13 calculation.

14 If a utility changes from operating four wells
15 to produce all of its water sold to customers and begins
16 to only maintain a distribution system, we believe that
17 it should realize more than a 3.5 percent decrease in
18 salaries. These are only a few errors I could find in
19 the time I had to review the staff recommendation. I
20 would like to reiterate that I believe this increase
21 should be denied or at least deferred and examined more
22 closely.

23 **CHAIRMAN BROWN:** Thank you. And before I turn
24 to you, Mr. Sayler, I'd like to ask the utility a
25 question that was posed by Mr. Sayler. The utility --

1 Office of Public Counsel has made a request to us to
2 consider deferring this item. Is it the utility's
3 position to proceed today?

4 **MR. FRIEDMAN:** Yes. Thank you, Madam
5 Chairman. Marty Friedman on behalf of Utilities, Inc.
6 of Florida.

7 Yes, of course. I mean, this case was filed
8 back end of last year as a result of the meetings that
9 had been going on for years arising out of the 2013 rate
10 case. The solutions were there. Based -- we filed --
11 the timing of that was based upon the fact, and
12 Mr. Flynn will go through this in more detail, that in
13 the late fall the County had come up with a plan where
14 they would have the interconnection done by May. I
15 think it's May. It may be March. One of those "M"
16 months. And so we filed a timely limited proceeding and
17 expected the limited proceeding to proceed, you know,
18 within a five-month time frame, which is kind of
19 consistent with the way limited proceedings proceed.

20 Well, for reasons that we won't go into --

21 **CHAIRMAN BROWN:** The answer is, yes, you're
22 willing to proceed ahead.

23 **MR. FRIEDMAN:** Absolutely.

24 **CHAIRMAN BROWN:** Okay. Mr. Sayler, can you
25 continue succinctly with the remaining issues that you

1 have with the recommendation?

2 **MR. SAYLER:** Yes, ma'am.

3 **CHAIRMAN BROWN:** Thank you.

4 **MR. SAYLER:** If you'll turn to page 6 of
5 staff's recommendation, this is where staff's
6 recommendation currently only requires six -- or at
7 least my reading of the staff's recommendation only
8 requires six testing locations throughout the Summertree
9 system, which has over 1,200 homes. There's
10 six different neighborhoods, so I think six locations
11 should be increased. In the CHP report, there are, I
12 believe, almost 12 testing locations. And in the report
13 it showed how the testing at places in the nearby system
14 site -- I'm assuming that's a flushing site -- had
15 different quality of water than it was at a customer's
16 home.

17 **CHAIRMAN BROWN:** Okay.

18 **MR. SAYLER:** So we believe that there should
19 be additional testing locations. Whether it's at dead
20 ends, at the flushing points, that's up to the
21 Commission to decide. And, again, once we believe that
22 the testing demonstrates compliance, then that's
23 helpful.

24 Now the next issue relates to rate case
25 expense. And I will not belabor many of the points that

1 Ms. Ryan made, but the cost of the postage and the
2 notice and the letter that really caused a lot of
3 heartburn and heartache in the Summertree community is
4 roughly -- by my understanding, it's about \$1,900. So
5 if that cost was removed from rate case expense, I know
6 that would give the customers quite a bit of comfort.

7 And, similarly, the legal fees for
8 Mr. Friedman attending the customer meeting is about
9 \$7,000. Now I believe every utility has the right to
10 have their attorneys present, but the question is who
11 does that benefit? It doesn't benefit the customers to
12 have the utility's attorney there. It benefits the
13 utility. And it was a very long meeting as we all were
14 there. So I think that that amount, \$7,000, should be
15 disallowed or at least cut in half if the Commission
16 believes that there's some benefit that the customers
17 received from Mr. Friedman attending.

18 Turning to Issue 2, the effective date and
19 implementation date for the new rate increase. We
20 respectfully disagree with staff's recommendation that
21 the new rate should be implemented after the
22 interconnection is completed. That's only one step
23 towards better water.

24 As discussed earlier, new rates should go into
25 effect after UIF resolves the secondary water quality

1 issues once Summertree is connected. In staff's
2 recommendation, staff recognizes, on page 6 in the full
3 first paragraph, that the final impact -- sorry, backing
4 up from Item 2 -- Issue 2 to Item 1, but the final
5 impact on water quality cannot be determined until the
6 completion of the interconnection and the implementation
7 of a flushing protocol. And that might take some
8 additional time as UIF has to experiment with the right
9 flushing protocols to be able to clean out the pipes.

10 **CHAIRMAN BROWN:** Okay.

11 **MR. SAYLER:** And a third issue that's more of
12 a legal issue, we raised it at the last Agenda
13 Conference. We still believe that the Commission lacks
14 express statutory authority to implement temporary rates
15 in a limited proceeding in the event of a protest.
16 That's what we raised the last time.

17 And the fourth issue, we don't believe this
18 docket should be closed until after the secondary water
19 quality issues have been fully resolved. Thank you.

20 **CHAIRMAN BROWN:** Okay. Thank you so much.

21 And before I turn to the utility, it appears
22 that Commissioner Edgar has a question. Commissioner
23 Edgar, do you want to proceed?

24 **COMMISSIONER EDGAR:** I do. Thank you, Madam
25 Chair.

1 Mr. Sayler, I just -- again, I want to make
2 sure I'm clear, and I'm not. Are you -- on behalf of
3 the customers, are you requesting today a deferral, a
4 denial, or adjustments?

5 **CHAIRMAN BROWN:** All of the above.

6 **MR. SAYLER:** With -- yeah, with respect to
7 rate case expense, we would like that reduced. However,
8 in a lot of ways a denial is in order because of the
9 overearning issues that may offset this \$45,000 rate
10 increase which needs to be looked into more.

11 Secondly, as this case -- well, eventually the
12 system will be absorbed into a greater Utilities, Inc.
13 of Florida. This \$45,000 may not be even needed. Now
14 it's an identified cost that the utility has found, but
15 that may not be needed down the road if this Commission
16 defers making a decision at this time. And as there are
17 many questions about unanswered questions, I believe at
18 least deferring to another agenda or deferring it until
19 after -- actually the better decision would be just to
20 defer a decision on this until after the interconnection
21 takes place, we know what the actual costs were for the
22 retirement, we know -- I mean, did they spend \$200,000?
23 Did they spend \$100,000? If you set rates today of
24 \$200,000 --

25 **COMMISSIONER EDGAR:** Okay. So denial,

1 deferral, or adjustments?

2 **MR. SAYLER:** I would say a deferral or a
3 denial, as you wish, with adjustments. If you --
4 (laughter.) Okay. I can't make up my mind.

5 **CHAIRMAN BROWN:** That's why I said all three.

6 **MR. SAYLER:** Yes, all of the above. I should
7 have gone back to --

8 **COMMISSIONER EDGAR:** All of the above. Okay.
9 So just so you know, and I say this with respect, I'm
10 still not clear. But that's okay. That's okay. We'll
11 continue to discuss.

12 One more question now, although more later, if
13 I may, Madam Chair.

14 You said, "Do not allow a rate increase at
15 this time." My understanding was if this item was
16 approved as is or with adjustments, that there would not
17 be a rate increase at this time, there would not be a
18 rate increase until the interconnection was complete and
19 the shift of water provider, so to speak, was occurring.

20 **MR. SAYLER:** Okay. Excellent point,
21 Commissioner Edgar. Our position on the deferral is
22 not -- it's not just when the interconnection takes
23 place, which may be, from my discussions with Ann Marie,
24 it may be in the next two months, three months that the
25 physical interconnection will take place. Once that

1 interconnection takes place, the utility is going to
2 have -- that may completely solve all the water quality
3 issues. But as we know from the photos that Ann Marie
4 has shown us --

5 **COMMISSIONER EDGAR:** Yeah, but I'm talking --
6 my question is about the timing of --

7 **MR. SAYLER:** Oh, the timing --

8 **COMMISSIONER EDGAR:** -- the rate increase.

9 **MR. SAYLER:** The timing of the rate increase.

10 **COMMISSIONER EDGAR:** Right.

11 **MR. SAYLER:** I would say that after the
12 interconnection has taken place and after the utility
13 has implemented the flushing protocols and after the
14 testing results come back from the various locations
15 that they're now in compliance with secondary, taking
16 care of the smell, the taste, the odor, the sediment,
17 once that has been taken care of, then I think the
18 utility -- it's proper for the utility to come in and
19 ask for a rate increase.

20 **COMMISSIONER EDGAR:** For what?

21 **MR. SAYLER:** For whatever costs --

22 **COMMISSIONER EDGAR:** Costs.

23 **MR. SAYLER:** -- remain, if they even need one,
24 because they might be consolidated with their other
25 systems by that time or the Commission may have

1 determined that they're in an overearnings position.

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

3 **CHAIRMAN BROWN:** Okay. Now we're going to go
4 to the utility and give the utility -- oh, Commissioner
5 Brisé.

6 **COMMISSIONER BRISÉ:** Yes. I just wanted to
7 follow up on Commissioner Edgar's question.

8 So the rate increase for what, stemming from
9 what the request is today, if it is deferred?

10 **MR. SAYLER:** Before you today is a request to
11 approve \$45,000, \$46,000 a year as it relates to the
12 interconnection. The all-in costs of that are the cost
13 to purchase water, the retirement cost for the existing
14 system less salvage, as well as the cost to dismantle,
15 plus rate case expense. Those are the all-in costs.
16 There may be some more detail, but I'm talking about
17 high level.

18 Once the interconnection takes place is when
19 they want that rate increase to take place. Whether or
20 not it solves the water quality issues, they want a rate
21 increase at that time. We are saying on behalf of the
22 customers just take it -- make the milestone one step
23 further out to the point when the water quality issues
24 have been resolved, we have bona fide testing results
25 from DEP that say the smell, the taste, the sediment,

1 the color, all those things have been taken care of.
2 How long that will take, I don't know. It might take a
3 month after the system has been interconnected. It
4 might take six months. But by you deferring any
5 recovery of those costs of the purchased water, that
6 will certainly incentivize the utility to correct the
7 water issues sooner than later. I mean, this utility
8 has waited 20 years to solve these issues, so waiting a
9 few extra months for them to get cost recovery,
10 especially -- and when it comes to this \$45,000, it may
11 already be a non-issue because they're, as we believe,
12 they're overearning.

13 **COMMISSIONER BRISÉ:** So if I understand you
14 properly, the \$45,000 in question today, the Office of
15 Public Counsel is seeking to potentially have that
16 rolled up into a future rate request after all of the
17 interconnection issues have been resolved, but that
18 doesn't resolve the issue of the rate case expense and
19 all of those things that you want us to take a look at
20 at that point, if I understand you properly.

21 **MR. SAYLER:** Right. We would like for you to
22 take a look at all of this at a later date, the whole
23 ball of wax.

24 **COMMISSIONER BRISÉ:** Okay. Perfect.

25 **CHAIRMAN BROWN:** Got it. And we do have

1 another Commissioner that has a question for you.

2 Chairman Graham.

3 **COMMISSIONER GRAHAM:** This is just a quick
4 question. What you just said, you said you want to
5 basically hold status quo until DEP signs off on the
6 secondary water standards. Now who's going to be doing
7 those testing? Is DEP doing that testing?

8 **MR. SAYLER:** I believe it's in the
9 recommendation. It's -- I believe in the past the
10 utility has done the water testing. And in the prior
11 case, this Commission ordered the utility to do testing
12 at multiple points throughout the system, not just at
13 the point of interconnection, which, I mean --

14 **COMMISSIONER GRAHAM:** No, I understand what it
15 says here in the recommendation on page 6, but I'm just
16 going off what you just said to Commissioner Brisé.

17 **MR. SAYLER:** Right.

18 **COMMISSIONER GRAHAM:** You said until DEP signs
19 off on secondary water standards.

20 **MR. SAYLER:** Right. Well, when this -- when
21 the utility -- okay. Let me back up. The utility will
22 be doing the testing. They will submit those test
23 results to the Commission, and then those test results
24 will be compared with the DEP secondary quality
25 standards to see if they're in compliance with them.

1 But it's also, I think, incumbent to find out from
2 customers whether the taste, odor, smell, the sludge,
3 and the bio-film in the water has actually been out of
4 the water as well. The mechanism for doing that, I
5 don't know, other than just -- but as far as a bright
6 line, you can have a scientific realization, you can
7 compare the interconnection point with points throughout
8 the system to find out if they're in compliance, and
9 then you could certainly find out if the customers are
10 satisfied. And I will tell you this from my working
11 with Ann Marie: If they're not satisfied, they'll let
12 you know.

13 **COMMISSIONER GRAHAM:** Well, I just -- just
14 what you had just told Commissioner Brisé, I just wanted
15 to make sure I understood. You just made it sound like
16 when DEP signs off on it, and it's not quite that
17 simple.

18 **MR. SAYLER:** Correct. That is --

19 **COMMISSIONER GRAHAM:** Thank you.

20 **MR. SAYLER:** Yes.

21 **CHAIRMAN BROWN:** Thank you. All right. We're
22 going to go to the utility now to address the issues
23 that they would like to present to us.

24 **MR. FRIEDMAN:** Thank you, Madam Chairman,
25 Commissioners. Again, Marty Friedman on behalf of

1 Utilities, Inc.

2 I'm going to make a couple of introductory
3 remarks, and then Mr. Hoy, who is the president of
4 Utilities, Inc. of Florida, to my immediate left will
5 speak, and then Patrick Flynn, who's the vice president
6 who's to his left, will speak.

7 Mr. Sayler mentioned about incentivizing the
8 utility to resolve the matter as quickly as possible.
9 You'll remember they're still under a 1 percent rate of
10 return penalty that, even under the staff's
11 recommendation, will not be reinstated until the water
12 quality is satisfactory.

13 And one of the comments that Mr. Sayler made
14 caused there to be some consternation, and that is the
15 staff recommendation says that the water quality will be
16 deemed satisfactory or the -- by the Commission. You
17 know, they're going to be -- you're going to be the ones
18 that decides if the water quality is satisfactory. With
19 all due respect, and I think the staff understands this,
20 what we're really talking about is is the water -- does
21 the water meet primary and secondary standards so that
22 we have a fixed standard that we know we have to meet?
23 And if it meets those standards, whether some customer
24 may still not like the water has got to be irrelevant.
25 We've got to have an objective standard by which we make

1 that determination as to when the utility meets that
2 threshold. And I would prefer that to be somewhere in
3 the order that says that's the threshold, is it -- does
4 it meet those standards, not whether we still have
5 customers who may not like the taste of the water.

6 The second issue is -- and everybody wants the
7 water quality resolved, and Mr. Flynn will go through a
8 chronology of events. But I would suggest to you just
9 as an overview that this interconnection should have
10 occurred before, due to no fault of Utilities, Inc. of
11 Florida. Part of the cause of the problem was the
12 customers wanted to get state support, and I understand
13 that. You know, their efforts saved them and this
14 project a lot of money. And I think that's well and
15 good, but obviously that effort cost time, and time
16 meant that they're not going to get the good water as
17 soon as they might have wanted it. So that was a choice
18 they made. Do they want to go ahead and roll forward as
19 fast as we can go, or do we want to take -- maybe live
20 with the water quality for a little longer and get a
21 benefit of having the legislature fund a substantial
22 portion of the connection charges? Their choice. The
23 utility has always been moving forward, ready to move
24 forward expeditiously with that interconnection.

25 The -- of course, the rate case expense issue,

1 which is near and dear to my heart, the --

2 **CHAIRMAN BROWN:** We're surprised.

3 **MR. FRIEDMAN:** Well, I get offended easily,
4 and at my age I probably shouldn't. But when somebody,
5 you know, tells my client, you know, your client -- your
6 attorney is not worth what we -- what you're paying him,
7 that causes me some concern.

8 The utility didn't decide to have two customer
9 meetings in Pasco County. The staff decided that in
10 probably discussions with the people, the alliance. And
11 so as a result, there was a meeting in the morning and a
12 meeting in the afternoon, and so that's a full day's --
13 you know, spending a full day's time in Pasco County,
14 and the utility is entitled to have a representative at
15 customer meetings. Always have for every rate case that
16 I've been involved in since I started doing this in
17 1985. So I don't know why they would say the customers
18 didn't get any benefit from the lawyer being there,
19 because if you take that theory, then it would apply to
20 every time a lawyer shows up at a customer meeting. And
21 practically speaking, it would show up to everything a
22 lawyer does in a case because there's nothing that the
23 lawyer does in the case that's beneficial to the
24 customers if it's resulting in a rate increase. I mean,
25 I think that's the theory they're using. So by doing

1 that, you would say you would never be entitled to have
2 a lawyer represent you and that's --

3 **CHAIRMAN BROWN:** Okay. I'm going to direct
4 you to streamline the comments because I know you've got
5 a few other folks here that are going to respond. So if
6 you could wrap it up.

7 **MR. FRIEDMAN:** I will do so. I'll turn it
8 over to Mr. Hoy and let him take over.

9 **CHAIRMAN BROWN:** Okay. Thank you.

10 **MR. HOY:** Okay. Thank you, Marty. And good
11 morning again.

12 Just a couple of brief comments. One is going
13 back to the purpose of the filing. When we were meeting
14 with the customers, you saw how many times over the
15 years we've been working with the customers to find a
16 solution to the water quality problems. Back in
17 October, we told them, as we were getting to a solution
18 and a recommended solution and there was going to be a
19 vote on whether to move ahead with the proposed
20 solution, we told them that we wanted to file this
21 limited proceeding because the estimates that were given
22 them for the rate increase for the proposed solution
23 wasn't under our control. It was really governed by
24 this Commission and the decisions were here. So we told
25 them we were going to file a limited proceeding that had

1 everything in it so that they could then use that
2 decision -- we were hoping to be a quicker one than
3 this -- but use that decision in order to make an
4 informed decision on whether or not they wanted to
5 interconnect with the County. So that was the whole
6 purpose of the filing.

7 And in that, there were a couple of things,
8 one about, you know, what customer bases it gets spread
9 over. How much is it in total? You know, there are a
10 lot of decisions that need to be made here, and we need
11 a decision for that so it could be an educated one. We
12 didn't want confusion after the fact, after the
13 interconnect is done, as being proposed here, and then
14 we come back for a rate increase and it turns out to be
15 more than we have estimated or different than we
16 estimated and that's an issue.

17 So that was the whole reason for the filing.
18 That's why it was a limited proceeding. We wanted it to
19 be in conjunction with the County, who was going to have
20 the interconnect done, you know, much earlier than they
21 are now. It was going to be back, you know, six months
22 ago. They committed to that. That's been pushed out,
23 and Mr. Flynn will talk to the current timing so you
24 have that. But that was our hope, and that would all be
25 wrapped up before we have the consolidated rate case

1 that's now before you today. So that's the reason why
2 we launched the filing.

3 The other -- just a couple of other issues.
4 Our currently filed annual reports show we're not
5 overearning. So that's -- I'd just push back on that
6 point. The rate case notice that included a letter from
7 me, we do that typically. You know, when there's a
8 notice that's a legal notice and it's sometimes
9 confusing to customers, so -- and it's not just in this
10 case. We do it with other notices. We put a more
11 firmly letter -- or informative letter on the top of it
12 that tries to explain why this increase is going on. So
13 that wasn't unusual. It just happened to be the timing
14 for the required notice that went out at the time, so
15 that's the letter.

16 If you look at the total cost of the increase,
17 it references \$45,000 or so. The total cost that we're
18 going to have to pay the County for purchased water is
19 \$100,000. So what we need is, and we were hoping for in
20 this case, was approval at least in the docket to
21 include the water supply agreement, you know, with the
22 County so that that would be approved, that it was a
23 prudent decision on our part, again supported by the
24 customers, and also the rate that they're going to
25 charge us so that if there's any increases in the

1 future, you know, those could be passed through. So
2 without that today in this proceeding, you know, we
3 couldn't do that because something has to be established
4 in the record as part of an order to have that going
5 forward.

6 So those are my brief points, and I'll turn it
7 over to Mr. Flynn to talk about some of the chronology.

8 **CHAIRMAN BROWN:** Thank you, Mr. Hoy.

9 Good morning, Mr. Flynn. It's still good
10 morning.

11 **MR. FLYNN:** Good morning, Commissioners.

12 Thank you for letting us be here today. I'll try to go
13 through this as best as I can so it's logical.

14 In the last UIF rate case, we were directed to
15 engage with the customers regarding water quality. So
16 beginning in the first quarter of 2014, we did so. We
17 initiated an engineering study by CPH, which was
18 referred to earlier by the other folks at the
19 microphone. We used that as the basis for discussion
20 with the task force on what the best course of action
21 would be. In the discussions we had in the meetings
22 subsequent, it was a clear that, as Ms. Ryan indicated
23 and Erik indicated, there was not an interest in water
24 treatment improvements, water treatment upgrades to our
25 well water quality in order to better assure that the

1 outcome for the customers would be best served by having
2 interconnection with Pasco County's water system. And
3 so in that regard, we sampled the Colony Lakes
4 neighborhood next door which currently receives Pasco
5 County water to see what water quality would be inferred
6 or imputed to be received by the Summertree system. So
7 that's part of what was in the analysis by CPH. And
8 certainly we agree that the indications are that the
9 water quality would be improved in certain respects.
10 Some other respects not so much, but not necessarily
11 critical water quality parameters that were going to be
12 significantly different.

13 Moving on, we began meeting with the customers
14 on a regular basis. In January of 2015, we had a
15 workshop at Summertree where we had a lot of the
16 workforce and John and myself present, as well as some
17 of the other representatives from the --

18 **CHAIRMAN BROWN:** Mr. Flynn, could you just
19 elucidate some of the issues that the utility would like
20 to address other than the facts that are already in the
21 record here?

22 **MR. FLYNN:** I would just mention the fact that
23 we were communicating to the group as well as to Pasco
24 County the importance of having a bulk water agreement
25 generated that we could present to the Commission as a

1 way to get confirmation that it was a prudent decision
2 to go ahead with the interconnection as a solution for
3 the issues, and that we also have been working with the
4 Pasco County staff to get plans established and
5 finalized so we can construct this interconnection.

6 I would mention that Pasco indicated in
7 October of last year that they would be able to move
8 forward on their own irrespective of the survey that was
9 generated in October, do that planning and that
10 permitting and that design work in a three-month period,
11 and then proceed thereafter to construct the
12 interconnect irrespective of a bulk water agreement
13 being signed and approved, that they would be able to
14 use the money generated from the state funds as well as
15 their own internal funds to accomplish that work.
16 However, we're here in September. They didn't really do
17 any engineering work until July of this year. They
18 dropped the ball essentially in-house. They hired a
19 consultant engineer out-of-house to get the plans
20 together. We ended up having a meeting onsite in
21 August, early August, with my staff and Pasco County
22 staff and an engineer to go through the plans as
23 presented. They need refinement. They're not in final
24 form yet.

25 **CHAIRMAN BROWN:** Just to nudge you a little

1 bit more, could you kind of get to the point?

2 **MR. FLYNN:** The point is we can't tell you
3 today when connection is going to be made as opposed to
4 what was said earlier; that, in fact, it's going to take
5 at least three months to build it and we haven't even
6 got the plans finalized yet. And we particularly want
7 to have discussions with the County about an
8 interconnection at a second -- secondary source to have
9 assurance we can always provide water even if the
10 primary point of connection has issues. That's it.

11 **CHAIRMAN BROWN:** Okay. Thank you.

12 So before I turn it back to the Commissioners,
13 we have Issues 1, 2, 3, and the close the docket, 4.
14 I'd like staff to address some of the comments that have
15 been made before we bring it back to the bench.

16 **MR. FLETCHER:** Commissioners, Bart Fletcher.
17 To go into a few of the comments that were made, and
18 I'll have to defer to Mr. Slemkewicz on the other one,
19 one was the abandoned well at No. 13. We too, once
20 OPC's letter of concern came out, we asked the utility
21 to respond to that, to look into whether there was any
22 salvage value. You know, most of the systems in UIF
23 were back in the '50s and '60s; however, the Summertree
24 is not dated back that far. Based on the utility's
25 response for that well site, there was no salvage value,

1 and also they had planned for the newly -- hydro tank
2 for Well 13, to use that for the Orangewood system. So,
3 therefore, it would -- there would not be a salvage
4 value if you're not going to salvage, you're going to
5 use it for another system. So I wanted to address that
6 point.

7 With regard to the overearnings apparent on
8 the -- or the statement that was made based on the 2015
9 for Pasco County, appearance of overearnings, staff had
10 looked into that based on the August 12th letter. We
11 could not complete the analysis prior to the filing of
12 staff's recommendation. We have since done the analysis
13 of the reported numbers. One of the primary reasons why
14 it reflected it within the four corners of the annual
15 report is that there was no provision for income taxes.
16 It was omitted.

17 With that income tax provision, consistent
18 with the Commission in the last revenue requirement in
19 the last rate case, when you add that in, on a prima
20 facie basis there is no apparent overearnings posture
21 for Pasco County water.

22 The other issue with regards to the salaries,
23 there was an issue about there was only a reduction of
24 3,000. Again, that was another item that we had asked
25 the utility to address in regards to that concern by

1 OPC, and there are about four employees that share time
2 not only within -- there's two systems within Pasco
3 County. You have Summertree, then you also have
4 Orangewood, and then there's a surrounding system in
5 Pinellas County where all those full-time equivalent
6 employees, full-time employees work. And because
7 they're going to devote -- their attention is spread to
8 those other systems, there was not a need to reduce any
9 EFTs. There was a reduction of 3,000, and that related
10 to some time that related to just the Summertree system.

11 I would note that the initial filing of O&M
12 expense reductions of 46,000, staff did reach out to the
13 utility. There was an additional \$2,000 reduction to
14 O&M expenses that was revealed further from what their
15 initial filing was, plus we had a reduction for payroll
16 taxes that was a corresponding reduction associated with
17 that \$3,000 reduction that was in their filing in the
18 revised number.

19 And I really want to point out, I guess, going
20 to a lot of the Commissioners' questions about the
21 deferral/deny -- I believe a staff member had handed out
22 a memo where -- it was from John Slemkewicz. The memo
23 is dated August 22nd, 2016. And, again, this was the
24 initial bulk water agreement that was executed by the
25 utility. It has since been executed at a later time,

1 and that was one of -- the subject of the oral
2 modification for the footnote. That footnote, we had
3 referenced the executed contract. However, I can submit
4 to you, if you would go to the second to the last page,
5 it's double sided, it's right before the signed copy by
6 Utilities, Inc. It's the paragraph Provision G. And I
7 think this would --

8 **CHAIRMAN BROWN:** Page 10 of 11?

9 **MR. FLETCHER:** Page 10 of 11, yes.

10 **CHAIRMAN BROWN:** Okay.

11 **MR. FLETCHER:** And I would like -- I think
12 that would address some of the Commission's concern
13 about deferral and denial, if I could just very briefly
14 read that.

15 **CHAIRMAN BROWN:** Please.

16 **MR. FLETCHER:** "The utility agrees that
17 immediately upon execution by the County of this bulk
18 water agreement, the utility will begin preparations of
19 an appropriate filing with the Florida Public Service
20 Commission requesting recognition and recovery of the
21 additional cost of increased water purchased from the
22 County. The utility shall use" -- or, yeah -- the best
23 efforts -- "its best efforts to obtain such approval.
24 However, the utility will have no obligation to begin
25 purchasing such water until the rates necessary to

1 receive such service have been approved by the Florida
2 Public Service Commission," and it goes on there. I
3 think that addresses it there as far as Commissioner
4 Edgar's question, then Commissioner Brisé's, because the
5 way the staff's --

6 **CHAIRMAN BROWN:** We should have had this in
7 front of us prior to --

8 **MR. FLETCHER:** At the appropriate time when
9 you were going to point to us, that's -- we handed it
10 out earlier. I'm sorry that that wasn't done sooner to
11 address that question.

12 **CHAIRMAN BROWN:** Okay. Thank you.

13 Mr. Slemkewicz, do you have any further
14 comments?

15 **MR. SLEMKEWICZ:** No, other than that -- in
16 that paragraph, it also says the County has no
17 obligation to provide the bulk water until the rates
18 have been approved by the Public Service Commission.
19 That doesn't mean they won't, but they have no
20 obligation.

21 **CHAIRMAN BROWN:** It looks like Tom,
22 Mr. Ballinger came up.

23 **MR. BALLINGER:** Sorry. I just wanted to
24 clarify on the testing procedures. Mr. Sayler pointed
25 out he wanted additional testing points. Staff

1 recommended the testing points done by CPH Engineering
2 to have a baseline, if you will, for comparison.

3 **CHAIRMAN BROWN:** The six testing points.

4 **MR. BALLINGER:** Yes, ma'am. Note that any
5 other additional testing points are additional costs. I
6 mean, these tests run about 2- to 275 apiece to do, so
7 we were trying to be cognizant of that as well.

8 **CHAIRMAN BROWN:** Thank you for that point.

9 Mr. Slemkewicz, any further comments?

10 **MR. SLEMKEWICZ:** No, I don't have any.

11 **CHAIRMAN BROWN:** Mr. Fletcher, any further
12 comments?

13 Okay. Commissioners, back to us.
14 Commissioner Graham.

15 **MR. SAYLER:** Madam Chair --

16 **CHAIRMAN BROWN:** Mr. Sayler, could you just
17 hold on a second? We have a Commissioner who has a
18 question.

19 Commissioner.

20 **COMMISSIONER GRAHAM:** Thank you, Madam Chair.
21 I actually have a question of the utility, same question
22 I asked Ms. Ryan earlier. Are you guys convinced that
23 this tie-in is going to fix the problem?

24 **MR. FRIEDMAN:** I'm a lawyer. I can't answer
25 that question.

1 **MR. HOY:** Based on the testing that was done,
2 based on the samples from the neighboring community, we
3 believe that the supply coming from the County will meet
4 the, you know, primary and secondary water quality
5 standards. And that's the threshold that we're looking
6 for. You know, the rest of it sometimes can be
7 personal, you know, personal taste, personal preference,
8 aesthetics, but that's the threshold. We believe that
9 that's why we're going with this source and that's why
10 the recommendation is that.

11 **COMMISSIONER GRAHAM:** And that's all based on
12 the CPH Engineering report?

13 **MR. HOY:** Correct. Well, the CPH report that
14 the testing that was done in the neighboring
15 communities, the testing that's done by the County, the
16 County has to provide water that meets the standards,
17 and then we have an obligation obviously to, through our
18 distribution system, to continue that water through the
19 system that meets the standards as well.

20 **COMMISSIONER GRAHAM:** Okay. Thank you. I
21 read the report and I wasn't as convinced as everybody
22 else, but I didn't go through these 30 different
23 meetings and I didn't -- I'm not going to second guess
24 the realization you guys came to. You know, that I will
25 support because we sent you from here to kind of look

1 for something that works. And if that's your solution,
2 I'm fine with it. I just know from reading that report,
3 I just -- there was just so much gap in the data and so
4 much things that just weren't answered. You know, some
5 of the data just -- like, it was one point they were
6 shared, you know, in three different locations, so it
7 just -- to me, there was a lot of gaps there, but --

8 **CHAIRMAN BROWN:** He is the resident engineer
9 on the Commission. Thank you, Chairman Graham.

10 Commissioners, let's go through this issue by
11 issue, there's only four issues, and start with Issue 1,
12 which is "Should the utility's requested increase
13 associated with the Pasco County interconnect Phase II
14 be approved?" So at this time I welcome some comments
15 and possibly questions of the Public Counsel or the
16 utility or staff.

17 **COMMISSIONER GRAHAM:** I've got a question.

18 **CHAIRMAN BROWN:** Commissioner Graham.

19 **COMMISSIONER GRAHAM:** This is probably even
20 more specific than just this utility. I guess it's
21 something I have an issue with because most of the time
22 when we do the secondary, primary and secondary
23 standards, it's at the wellhead. And I've always had a
24 concern because what comes out of the ground at the
25 wellhead is not necessarily what Ms. Ryan gets out of

1 her faucet, out of the spigot. And here we're
2 specifically doing further on down the line, so we're
3 going to see. But this and other utilities -- I think
4 that becomes a problem because there's a lot of
5 difference between the wellhead and at the end of the
6 line. And even if you saw the engineering report, you
7 could see there was some difference there.

8 And one of the concerns I have here -- one of
9 the concerns I have now, as -- I believe as Mr. Flynn
10 said earlier, that we're still hitting them for 100
11 basis points until this whole thing is fixed. And, you
12 know, tying into this thing doesn't necessarily mean
13 that -- and even flushing that thing out doesn't mean
14 everything is going to get fixed. And my concern is
15 what else has to happen before all this -- before
16 everybody is happy?

17 **CHAIRMAN BROWN:** Is that a question?

18 (Laughter.)

19 **COMMISSIONER GRAHAM:** No. You just asked for
20 dialogue.

21 **CHAIRMAN BROWN:** I liked the dialogue.

22 Mr. Sayler, you keep pushing your button. I
23 can hear it.

24 **MR. SAYLER:** Sorry. I just had two brief
25 comments at the appropriate --

1 **CHAIRMAN BROWN:** Okay. Seeing that there are
2 no lights up, I will go to you. Go for it.

3 **MR. SAYLER:** All right. First, Mr. Fletcher
4 said that there would be -- would not be any salvage
5 value for the hydro tank because it was going to be
6 shifted from Summertree to Orangewood; however, there's
7 testimony by Mr. Flynn in another docket that they will
8 use it in a different system outside the county. So
9 that's at least \$57,000 or 74-. I don't remember the
10 amount.

11 The second thing is on the bulk water
12 agreement before you, this Commission has the authority
13 to approve the bulk water agreement as is, but also it's
14 well established in Florida law the Commission can
15 modify contracts. So if this Commission wants to order
16 the utility to take water to interconnect and take
17 service, they could do so. That's it.

18 **CHAIRMAN BROWN:** Thank you. And this is a
19 great time right now to take about a five-minute break.
20 We will recess and reconvene 20 till.

21 (Recess taken.)

22 **CHAIRMAN BROWN:** All right. That was a
23 healthy five minutes. Thank you all for allowing us to
24 take a quick recess. It gave me an opportunity to at
25 least talk with our staff, our legal staff, on some

1 points that were raised.

2 And I'm going to turn to our General Counsel
3 now because I believe he wanted to address some issues,
4 particularly with regard to the agreement that was
5 distributed. Mr. Hetrick.

6 **MR. HETRICK:** Yes. Thank you, Madam Chair. I
7 wanted to make a very clear and stark point here to the
8 Commission that this interconnect is going to move
9 forward, it can move forward, but there will be, likely
10 be no flow of water until the Commission approves the
11 rate increase associated with this water. So in
12 response to Commissioner Edgar and in response to
13 Commissioner Brisé, you will have an interconnect
14 sitting there with no flow of water until you take an
15 action. What that means is, for Mr. Sayler and OPC and
16 everyone else out there, there's no opportunity to test
17 that water if it's not flowing. That's based on
18 agreement, a bulk water agreement signed by the County
19 and signed by Utilities, Inc. of Florida. The Florida
20 Public Service Commission is not a party to that
21 agreement.

22 And so when we say, "The County shall have no
23 obligation to provide such additional bulk service until
24 the rates covering the cost of such service to the
25 utility have been approved by the Florida Public Service

1 Commission," that was a provision that the County wanted
2 in this agreement because they want assurance, as does
3 the utility, that they're going to be able to pay for
4 this additional purchased water cost. That's not the
5 same as the cost of the capital facility that the
6 legislative appropriation paid for, and it doesn't --
7 that's not the same as the abandonment of the well. So
8 that's the situation we find ourselves in.

9 The final question I think Commissioner Edgar
10 has raised is, well, if we take an action today to defer
11 this, what does that mean? We don't want to delay this
12 interconnect project. Are we going to delay it? Are we
13 going to delay the implementation? Are we going to stop
14 moving forward and keep these residents from getting the
15 clean water that everyone seems to want? And the answer
16 is I don't know because of this bulk purchase agreement.

17 It says, "The County shall have no
18 obligation." It says, "The utility shall have no
19 obligation." That doesn't mean that they won't move
20 forward. I don't know. But they certainly are not man
21 -- neither party is mandated to move forward to make
22 sure that the water is flowing. So the interconnect
23 will go forward, but whether there's water in the
24 interconnect is a whole different matter.

25 **CHAIRMAN BROWN:** But wouldn't it be nice to

1 have someone from the County verifying all of that?

2 **MR. HETRICK:** Absolutely. The County is not
3 here to speak for themselves today.

4 **CHAIRMAN BROWN:** That -- I mean, that puts us
5 in a difficult position because there's a lot of
6 different facts and information flowing out here and
7 statements that are being made.

8 **MR. HETRICK:** And you're relying on a bulk
9 purchase water agreement where only one party is here
10 and the other party is not here, and they're not here to
11 discuss and give their perspective about their own
12 agreement that they've entered into. And, no, as far as
13 the Commission modifying this agreement, we're not a
14 party to it. We can't modify it.

15 **CHAIRMAN BROWN:** Yeah, we know we can't do
16 that. That's -- all right.

17 We've got a couple of Commissioners that have
18 some comments and questions. Commissioner Graham.

19 **COMMISSIONER GRAHAM:** Thank you. So, Keith, I
20 guess this goes back to what John Hoy said earlier, that
21 the minimum they're looking for is the \$100,000 that the
22 County is charging them and the bulk water rate.

23 **MR. HETRICK:** That's my understanding.

24 **COMMISSIONER GRAHAM:** Thank you.

25 **CHAIRMAN BROWN:** Okay. Commissioner Edgar.

1 **COMMISSIONER EDGAR:** Thank you, Madam Chair.

2 I love my job. I do. I do. I do. Diving
3 into the issues and asking the questions and getting
4 answers. There is only one vote that I've taken during
5 my time here that haunts me and I regret, and that was
6 many years ago and it had nothing to do with any of this
7 case, but what happened is we had incomplete
8 information. And I just don't feel like we have
9 complete information. I'm not comfortable moving
10 forward.

11 Now we have heard from Senator Simpson's
12 representative, from the County, that they are not
13 requiring this. To me, that sounds like work can still
14 go forward.

15 I would be much more comfortable if some of
16 these questions could be answered more definitively.
17 And I'm not talking about months. I don't think it will
18 take a lot of time, but we're scheduled to meet next
19 month, and I would be more comfortable if we have a
20 little more, or maybe a lot more, I don't know, but more
21 definitive information.

22 **CHAIRMAN BROWN:** Thank you, Commissioner
23 Edgar. And you're getting to the point that I was kind
24 of making with our General Counsel. It doesn't look
25 like there is a critical date on here, and we do convene

1 October 11th. And I think postponing this one month for
2 deliberations so that we have some of these questions
3 answered unfortunately makes sense. I know we have
4 customers that took the time to come on up here, and for
5 that we are -- and legislative representatives -- we're
6 very grateful. But we have to make the best decision
7 and the best decision with the best information, and we
8 don't have the best information at this time right now,
9 complete.

10 Commissioner Brisé.

11 **COMMISSIONER BRISÉ:** Thank you, Madam
12 Chairman. And I think Commissioner Edgar and you made
13 those points for me as well. I think there's a big,
14 gaping hole of something that needs to be tied up for us
15 to actually get to that point, and that's clarity on
16 this agreement. And if we had clarity on that agreement
17 from both sides as to what their understanding of the
18 language is, it would make me a whole lot more
19 comfortable.

20 **CHAIRMAN BROWN:** Thank you, Commissioner
21 Brisé.

22 Commissioner Patronis.

23 **COMMISSIONER PATRONIS:** I just wanted to
24 thank -- I think Keith's dialogue just now was about one
25 of the clearest, well-spoken positions that you had.

1 You had a good moment just then. I loved it. Thank you
2 for --

3 **CHAIRMAN BROWN:** You had a moment.

4 **COMMISSIONER PATRONIS:** Yeah. You know,
5 sometimes you need an attaboy. So I just want to say it
6 in front of everybody, that was a good attaboy. But I
7 just want to concur with everything that Commissioner
8 Edgar said. I think she's spot on, and I totally have
9 my feelings 100 percent behind hers.

10 **CHAIRMAN BROWN:** Commissioner Graham.

11 **COMMISSIONER GRAHAM:** Thank you, Madam Chair.
12 Since I think we were told several times it's
13 going to be at least three months, I don't think
14 delaying this thing another 30 days is going to be a
15 problem. I know both staff and the utilities are going
16 to reach out to the County and get some answers, but I
17 would need to make sure that we have somebody here.
18 Because we may not have all the answers and we want to
19 make sure there's somebody here next meeting that can
20 speak for the County and this agreement. That's the
21 only requirement -- that's the only request I have.

22 **CHAIRMAN BROWN:** Thank you, Commissioner
23 Graham.

24 And, staff, I think you heard us loud and
25 clear what it is we're looking for for information and

1 make sure that we have a Pasco County representative
2 along with a person who's able to attest to the other
3 party on the bulk water agreement. So we're going to
4 defer this item to the October 11th agenda. And, again,
5 I want to express our appreciation for the folks that
6 have spent the time, the analysis coming up here and the
7 customers. We really appreciate it. And that'll
8 continue to be part of our consideration as we move
9 forward next month.

10 **MR. SAYLER:** Thank you, Madam Chairman.

11 **CHAIRMAN BROWN:** Thank you. Thank you.

12 (Agenda item concluded.)
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1 STATE OF FLORIDA)
2 COUNTY OF LEON) : CERTIFICATE OF REPORTER

3
4 I, LINDA BOLES, CRR, RPR, Official Commission
5 Reporter, do hereby certify that the foregoing
6 proceeding was heard at the time and place herein
7 stated.

8 IT IS FURTHER CERTIFIED that I
9 stenographically reported the said proceedings; that the
10 same has been transcribed under my direct supervision;
11 and that this transcript constitutes a true
12 transcription of my notes of said proceedings.

13 I FURTHER CERTIFY that I am not a relative,
14 employee, attorney or counsel of any of the parties, nor
15 am I a relative or employee of any of the parties'
16 attorney or counsel connected with the action, nor am I
17 financially interested in the action.

18 DATED THIS 20th day of September, 2016.

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25


LINDA BOLES, CRR, RPR
FPSC Official Hearings Reporter
(850) 413-6734



THE FLORIDA SENATE
THE FLORIDA HOUSE
OF REPRESENTATIVES

Tallahassee, Florida 32399-1100



SENATOR WILTON SIMPSON
 18th District

SPEAKER-DESIGNATE
RICHARD CORCORAN
 37th District

September 13, 2016

Julie Brown, Chair
 Florida Public Service Commission
 2540 Shumard Oak Blvd.
 Tallahassee, FL 32311

Parties/Staff Handout
 Internal Affairs Agenda
 on 9 / 13 / 16
 Item No. 7

Chairman Brown,

In March, we wrote to you regarding our constituents in the Summertree community. At that time, we had serious concerns about the high prices being charged, especially considering the quality of the water being received. We appreciate your response to our correspondence, and the time that you, the other commissioners and staff spent coming to Pasco County and meeting with the residents of this wonderful community.

Today, as you consider approving a rate increase contingent upon the interconnection that will take place so that these residents can have access to Pasco County's water supply, please be aware that our concerns remain.

Water is not a luxury. It's a necessity for all living things to survive. During a 17 year period, the Public Service Commission granted multiple rate increases to Utilities Inc. of Florida (UIF). These decisions resulted in water rates increasing by over 110% for the average consumer in Summertree. Wastewater rates were increased as well.

These consumers are still struggling to find ways to survive, although many live on fixed incomes and have been forced to purchase bottled water and expensive filtration systems to meet basic needs. Our consumers should not be fighting for economic survival because of the price and quality of water that's coming into their homes.

There were actions taken by UIF that were used as justification for rate increases. But were any of these actions effective? Did any of these attempts, paid for by the consumers through rate increases, result in our constituents receiving water that met secondary water quality standards, such as taste, color and smell?

We question the premise that a water utility is entitled to "recover costs" for any action taken regardless of outcome. Over a decade of rate increases with no assessment or review as to whether or not the expenditures were prudent or effective flies in the face of common sense.

REPLY TO:
 322 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5018

ANDY GARDINER
 President of the Senate

STEVE CRISAFULLI
 Speaker of the House

Page 2

That UIF would move forward with yet another rate increase request before the interconnection is completed is appalling. While we understand that if approved, consumers will not pay more until they are receiving Pasco County water, we request that you and your fellow commissioners consider this fact: this interconnection project has been made possible in large part due to a \$1 million appropriation from the State of Florida.

A private, for-profit corporation with a guaranteed rate of return regardless of the effectiveness of the actions taken has demonstrated time and time again that it is not concerned about consumers. This lack of concern continues with today's hearing. The Florida Legislature is assisting with this interconnection because of a fundamental opposition to corporate greed that harms consumers who desperately need better water in their homes.

Another thing we ask you to consider: the costs involved. The passage of the Consumer Water Protection Act in 2014, the appropriation for the interconnection, the countless hours of meetings and travel for the state and locally elected officials, staffers, Office of the Public Counsel employees, and the Summertree Task Force all came at a price. At what point do all of these costs get factored into the calculation of what UIF is "entitled to recover"?

In closing, we have been informed that UIF is moving forward with a request for Summertree's system to be rolled into a consortium that includes a number of other UIF systems around Florida. This request could have negative impacts on many UIF customers and should be carefully scrutinized. Our constituents have already paid a heavy price for the inaction of this company. Simply put, this is unacceptable. If further legislation is needed to ensure that consumers are protected, that will be forthcoming.

Once again, we request that you and your fellow commissioners consider the public interest when examining this egregious situation.

Regards,



Speaker-Designate Richard Corcoran
House Representative, 37th District



Wilton Simpson
State Senator, 18th District

cc: Commissioner Ronald Brise
Commissioner Lisa Edgar
Commissioner Art Graham
Commissioner Jimmy Patronis
Summertree Water Alliance
Braulio Baez, Executive Director, Florida PSC

Public Service Commission Conference Agenda

Tuesday, September 13, 2016

Good morning Commissioners, PSC staff and guests.

My name is Lorraine Mack and I am a member of the Summertree Water Alliance Taskforce. First, I will be addressing financial expenses that Summertree has incurred with UIF by providing an overview of administrative costs as well as taskforce time and expenses. Our taskforce expenses include travel, newsletters, printing, envelopes, stamps, paper, ink, toner and more. I have provided a packet with our expenses, meeting dates and estimated compensation for our valuable time.

The Actual 2013 Alliance expenses were \$6,400. Estimated 2014-2016 expenses are \$3,240 /yr. x 3 yrs. = \$9,720. **Results:** The 2013 -2016 Alliance expenses were \$16,120.

We want the PSC to realize that the Summertree Taskforce and community have devoted their retirement time and finances to right a wrong due to UIF's incompetence and greed. We came up with an average taskforce and associate member hourly rate based on time devoted to meetings, phone conferences, travel expenses, etc. in taking this stand against UIF to demonstrate our lost income and time.

Although there's no mechanism in the rate case structure for us to recoup the time and money that we spent trying to get drinkable water at a fair price, we want the Commission and UIF to know that we are have VALUE.

The hourly rate was determined by combining the hours 425 hours x \$75 consulting rate = \$208,125 lost income and our well-earned retirement time.

We believe the Commission has the authority to disapprove any rate increases based on UIF's failed customer service performance.

Now to address the legal fees; we feel that the legal fees for this portion of the rate case are extravagant. UIF charged over \$7000 for attending the Summertree customer meeting in April. There were other options for covering the meeting which included reading the transcript or watching it on live streaming to reduce costs. Therefore, we feel that UIF should absorb this unnecessary expense.

In conclusion, we implore the Commission to deny Utilities, Inc. of Florida any rate increase for the Summertree community.

Parties/Staff Handout
Internal Affairs/Agenda
on 9 / 13 / 16
Item No. 7

Lorraine Mack
11913 Bayonet Lane
New Port Richey, FL 34654

**2014 - 2016 Estimated Lost Wages for Summertree Water Alliance
Taskforce & Associate Members**

Year	No.	Members	Hrly Rates	Est. Hrs.	EST. Annual Total
2014	7	Taskforce Members	\$ 75.00	62.5	\$ 32,812.50
2015	7	Taskforce Members	\$ 75.00	82.5	\$ 43,312.50
2016	6	Taskforce Members	\$ 75.00	200.0	\$ 90,000.00
2016	7	Associate Members	\$ 75.00	80.0	\$ 42,000.00

Estimated Hrs. attended Meetings & Functions

by Taskforce & Assoc. Members = 425 Hours

**Estimated Lost Wages - Taskforce
& Associate Members = \$208,125**

2013 -2016 Summertree Water Alliance Expenses

2013 Expenses	Buses, Signs, Printing, etc.	\$ 6,400.00
2014 Expenses	Newsletters, Flyers, Letters	\$ 3,240.00
2015 Expenses	Newsletters, Flyers, Letters	\$ 3,240.00
2016 Expenses	Newsletters, Mailings, etc.	\$ 3,240.00
		\$ 16,120.00

2014 Water Alliance Taskforce Meeting Dates

2014	Location	Function	HOURS
1/14	Land O Lakes- Tasforce & Community Residents	Mtg	6.0
1/20	Ann Marie's Alliance Mtg & UIF Conference Call	Mtg	3.0
1/28	Ann Marie's Alliance Mtg & UIF Conference Call	Mtg	3.0
2/3	Pasco - Gov Center, Taskforce & Community	Conf. Mtg	2.5
2/17	Ann Marie's Alliance Mtg & UIF Conference Call	Conf. Call	3.0
2/26	Ann Marie's Alliance Mtg & UIF Conference Call	Conf. Call	3.0
4/21	Ann Marie's Alliance Mtg & UIF Conference Call	Conf. Call	3.0
5/27	Ann Marie's Alliance Mtg & UIF Conference Call	Conf. Call	3.0
5/29	Ann Marie's Alliance Mtg & UIF Conference Call	Conf. Call	3.0
6/2	Ann Marie's Alliance Mtg & UIF Conference Call	Conf. Call	3.0
6/9	Ann Marie's Alliance Mtg & UIF Conference Call	Conf. Call	3.0
6/27	Corcoran Meeting	Mtg	2.5
6/30	Ann Marie's Alliance Mtg & UIF Conference Call	Conf. Call	3.0
7/21	Pasco -Gov Bldg	Mtg	3.5
7/24	SFWMD Brooksville	Mtg	5.0
8/18	Ann Marie's Alliance Mtg & UIF Conference Call	Conf. Call	3.0
9/29	Ann Marie's Alliance Mtg & UIF Conference Call	Conf. Call	3.0
10/27	Ann Marie's Alliance Mtg & UIF Conference Call	Conf. Call	3.0
12/17	Ann Marie's Alliance Mtg & UIF Conference Call	Conf. Call	4.0

2014 Estimated Hours

62.5

No.	Members	Hrly Rates	Est. Hrs.	EST. Annual Total
7	Taskforce Members	\$ 75.00	62.5	\$ 32,812.50

2015 Summertree Water Alliance Meeting Hours

2015	Location	Function	HOURS
1/8	Ann Marie's Alliance Mtg & UIF Conference Call	Conf Call	3.0
1/9	Water Alliance Workshop	Workshop	8.0
1/20	Pasco - Dade City - Taskforce	Mtg	3.0
1/22	Pasco- Gov Ctr - Taskforce	Mtg	3.0
1/26	Pasco-Dade City - Taskforce	Mtg	3.0
1/27	Pasco-Gov Ctr - Taskforce	Mtg	3.0
2/8	Ann Marie's Alliance Mtg & UIF Conference Call	Conf Calls	3.0
2/12	SWFWMD- Tampa - Taskforce	Agenda Mtg	4.0
3/2	Ann Marie's Alliance Mtg & UIF Conference Call	Conf Call	3.0
3/16	Ann Marie's Alliance Mtg & UIF Conference Call	Conf Call	3.0
3/30	Ann Marie's Alliance Mtg & UIF Conference Call	Conf Call	3.0
5/11	Ann Marie's Alliance Mtg & UIF Conference Call	Conf Call	3.0
8/3	Ann Marie's Alliance Mtg & UIF Conference Call	Conf Calls	3.0
9/14	Ann Marie's Alliance Mtg	Attorney	3.0
9/16	Tallahassee - Taskforce	Meetings	9.0
9/17	Tallahassee - Taskforce	Meetings	9.0
10/16	Attorney Meeting	Mtg	3.0
10/26	Ann Marie's Alliance Mtg & UIF Conference Call	Conf Call	3.0
11/13	Pasco/Taskforce	Walkthrough	5.0
12/14	Ann Marie's Alliance Mtg & UIF Conference Call	Conf Call	3.0
12/17	Pasco Gov Ctr - Taskforce	Mtg	2.5
2015 ESTIMATED HOURS			82.5

No.	Members	Hrly Rates	Est. Hrs.	EST. Annual Total
7	Taskforce	\$ 75.00	82.5	\$ 43,312.50

2016 Summertree Water Alliance Taskforce Meeting Dates

2016	Location	Function	HOURS
1/6	Ann Marie's Water Mtg	Conf Call	3.0
1/11	Ann Marie's Water Mtg	Conf Call	3.0
1/12	Pasco - Dade City	BOD Mtg	4.0
1/14	STR Community/Attorney Mtgs	Mtgs	11.0
1/19	Ann Marie's Water Mtg	Conf Call	3.0
1/22	Pasco Steering Committee	Mtgs	4.0
1/26	Pasco - Gov Ctr	BOD Mtg	3.5
2/8	Ann Marie's Alliance Mtg & UIF Conference Call	Conf Call	3.0
2/9	Pasco - Dade City	BOD Mtg	4.0
2/22	Ann Marie's Alliance Mtg & UIF Conference Call	Conf Call	3.0
3/2	STR Community/Attorney Mtg	Mtgs	11.5
3/4	Ann Marie's Alliance Mtg & UIF Conference Call	Conf Call	4.0
3/7	Ann Marie's Alliance Mtg & UIF Conference Call	Conf Call	3.0
3/9	Taskforce - Forest Lakes	Conf Call	2.5
3/10	Ballot Printing & Purchase Supplies	Ballot Prep	5.0
3/11	Purchase envelopes, etc./affix labels	Ballot Prep	5.5
3/12	Ballot - Stuffed Ballots	Ballot Prep	7.0
3/12	Purchase stamps	Ballot Prep	1.5
3/14	Mail out Ballots	Ballot Prep	1.5
3/21	Meeting with Legislator.	Mtg	3.5
3/21	Taskforce - Info Coverage at REC	Ballot Info	2.0
3/22	Taskforce - Info Coverage at REC	Ballot	2.0
3/28	Taskforce - Info Coverage at REC	Ballot	2.0
3/29	Taskforce - Info Coverage at REC	Ballot	2.0
4/4	Ann Marie's Alliance Mtg & UIF Conference Call	Conf Call	3.0
4/7	Taskforce Meeting	Prep	4.0
4/8	Taskforce Meeting	Prep	5.0
4/11	Setup for PSC Customer Mtg PSC Customeer Mtg	Prep	5.0
4/12	- Taskforce Members Time+ PSC Customeer Mtg	Mtg	3.5 4.0
4/18	Ann Marie's Alliance Mtg & UIF Conference Call	Conf Call	3.0
4/19	Meet w/Legislators	Mtg	5.0
4/20	Ballot Count- PSC/OPC/SWAlliance/UIF	Ballot Count	8.0
5/5	Ann Marie's Alliance Mtg & UIF Conference Call	Conf Call	3.0

5/11	Steering Committee (Corix)	Mtg	4.0
6/7	Summertree Community Water Meetings	2 - Mtgs	5.0
6/27	Meet w/local officials	Mtg	4.0
7/7	Steering Committee	Mtg	3.0
8/15	Prep for Community Mtg	Prep	7.0
8/16	Prep for Community Mtg	Prep	5.0
8/17	STR Community Mtg- State Legs/County Officials	Com. Mtg	5.0
8/31	Taskforce Workshop	Mtg	5.0
9/6	Taskforce workshop/meeting (Jack)	Mtg	5.0
9/7	Lorraine/Ann Marie Prep for PSC Mtg	Mtg	3.0
9/8	Lorraine/Ann Marie Prep for PSC Mtg	Phone Conf.	3.0
9/9	Lorraine/Ann Marie Workshop	Mtg	5.0
9/12	Tallahassee Meeting - Attorneys /OPC/ Leg. Asst	Mtg	8.0
9/13	Tallahassee PSC Agenda Conference	Mtg	

2016 ESTIMATED HOURS

200.0

No.	Members	Hrly Rates	Est. Hrs.	EST. Annual Total
6	Taskforce	\$ 75.00	200.0	90,000.00
7	Associate Members	\$ 75.00	80.0	42,000.00
				\$ 132,000.00

2016 Summertree Water Alliance Taskforce Expenses

Store	Date	Items	Cost	TOTAL
Bagels Galore	4/11/2016	4/12 Water Mtg	19.50	
HUDSON Post Office	3/14/2016	Postage - Ballots	578.20	
HUDSON Post Office	3/14/2016	Postage - Canadian -Ballots	12.00	
HUDSON Post Office	4/19/2016	CORIX letters - 422 letters	68.50	
Office Depot	2/22/2016	Folders, paper, etc	129.00	
Office Depot	2/27/2016	Paper	11.37	
Office Depot	3/1/2016	1400 copies	115.50	
Office Depot	3/11/2016	3600 copies - Ballots	215.71	
Office Depot	3/14/2016	Toner, Ink Cartridges	197.93	
Office Depot	3/26/2016	Meeting supplies,clipboards, tape	48.70	
Office Depot	3/26/2016	Envelopes & labels	117.66	
Office Depot	3/26/2016	Docket Stamp, pencils	28.88	
Office Depot	4/11/2016	700 copies	61.80	
PUBLIX	1/9/2016	UIF Meeting	53.32	
PUBLIX	4/6/2016	Water April 12 MTG	216.93	
PUBLIX	4/10/2016	Utensils, paper plates, etc	38.74	
PUBLIX	5/1/2016	Thank You - 3 Plants	41.70	
Thank you	5/1/2016	Thank you's	65.00	
The JPS Store	2/23/2016	500 copies	32.10	
The UPS Store	3/11/2016	41 copies	4.39	
The UPS Store	4/15/2016	Scanning	2.14	
The UPS Store	4/21/2016	Scanning	26.58	
The UPS Store	4/28/2016	Scanning	2.14	
Walmart	3/10/2016	Copy paper, envelopes	71.43	
Walmart	4/11/2016	Foam Board, Glue, Index Cards, etc.	24.78	
			<u>\$2,184.00</u>	
HP Direct	4/20/2016	Toner, Blk Ink	144.42	
SRF Office	4/23 & 5/3	Printing - Copies	32.00	
Office Depot	5/7/2016	Office supplies	49.21	
Office Depot	5/9/2016	Folders, totes, etc	44.94	
Hudson Post Office	6/17/2016	Stamps	47.00	
Hudson Post Office	7/2/2016	Mailing costs	12.90	
Hudson Post Office	7/9/2016	Postage & Flat Rate Pkg	41.78	
Office Depot	8/13/2016	Office & Printer Supplies	143.91	
			<u>516.16</u>	
Lorraine's expenses		Paper & Ink	180.00	
Joe & Lee expenses		Paper & Ink	<u>360.00</u>	
			<u>\$1,056.16</u>	
Total Expenses				\$ 3,240.16

PSC Conference Agenda . Tuesday, September 13, 2016

Docket No. 150269-WS Utilities, Inc. of Florida

Summertree Water Alliance

Speaker Terry Copenhofer,

Secretary Fairways HOA

12137 Loblolly Pine Drive

New Port Richey, FL 334654

Thank you for the opportunity to speak today.

I am speaking from my heart , my neighbors, and our community as a whole.

I have had my own health issues and work force challenges.

Matter of Fact, . We all will have had this in our life's journeys.

But,, once you make it to retirement you really don't expect this type of

Abuse!

Yes , some of us are sick by the time we retire.

We have an **opportunity** to change our life styles and become more healthy and make better choices and decisions.

Opportunities to address our physical , mental , and emotional bodies.

Summertree Thrives with activities engaging us to choose **Any** and all that we have an interest.

Daily Stretch classes, cardio, Yoga

Men's and Women's club, Pool Tournaments , Singles club, Tennis, Bocce ball , Shuffle board leagues , Horse shoes, Card games men and women, Ladies crafts club, 2 Swimming pools, Men and Women Golf, Weekend Socials in the auditorium, Dance, Comedy, Bunko , Something for everyone!

Rust in or on car or cars engines is not good.? AGREE?

IT REQUIRES AN OIL, SO IT DOES NOT DESTROY THE BODY OF CAR OR ENGINE., OVER TIME.
WHAT ABOUT AN OLDER CAR?

~~Parties/Staff~~ Handout
Internal Affairs/~~Agenda~~
on 9 / 13 / 16
Item No. 7

COMMON SENSE SAYS YOU WILL NEED TO TAKE BETTER CARE .

WHY , AT ANY TIME WOULD YOU WANT TO ABUSE YOU OWN
BODY WITH RUST??

MY NEIGHBORS , COMMUNITY , & MYSELF ARE DEALING WITH
AGING AND HEALTH ISSUES RESPONSIBLY, WITH DIGNITY, AND
INTEGRITY.

WHY ARE THE WATER CONTAMINATES , NOT DEALT WITH THE
SAME MANNER??

THERE IS A CRITERIEA SET FORTH , THAT HAS NOT BEEN MET
FOR A VERY LONG TIME, WHY??
WHAT DO YOUR RECORDS SHOW??

WHY SHOULD UI BE REWARDED WITH AN INCREASE ,

I ASK THIS NOT TO BE CONSIDERED.

OUR COMMUNITY DESERVES ,
RESPONSIBILITY, DIGNITY, & INTEGRITY
NOT ELDER ABUSE!

THANK YOU FOR YOUR TIME .

Public Service Commission Conference Agenda

Tuesday, September 13, 2016

Docket No. 150267-WS Utilities, Inc. of Florida – Limited Rate Proceeding

Good morning Chairwoman Brown, Commissioners, PSC staff and guests.

My name is Ann Marie Ryan, Leader
Summertree Water Alliance Taskforce
11436 Windstar Ct, New Port Richey, FL 34654

Issues and Concerns:

- Disallow rate case expense for John Hoy's gratuitous letter included with the customer meeting notice and excessive legal fees.
- UIF Summertree system failed DEP secondary water quality standards for iron & color in 2015.
- Discuss post-interconnection concerns and allow the county to inspect the water systems to ensure UIF's system can handle the interconnection.
- Concerned with UIF's handling of the bifurcated limited rate proceeding and rush to get cost recovery cost.
- Concerned with the proposed consolidation with other UIF systems and keeping all the books and records accurately when UIF cannot do so now for Summertree and Orangewood.
- Defer or deny considering any rate increase for UIF until after the interconnection and all costs accounted for.

Problems with Iron and Color Issues Continue:

02941-16	05/13/2016	Utilities, Inc. (Friedman) - Letter dated 5/13/16, providing responses to staff's fourth data request dated 5/4/16.	*02941-16.pdf (0.1 MB)
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STAFF'S FOURTH DATA REQUEST via email

By this letter, the Commission staff requests that Utilities, Inc. of Florida (UI or utility) provide responses to the following data requests.

Secondary Standards		
Contaminant	Allowed Level	
	Value	Unit
Iron	0.3	mg/L
Color	15	Units

	Test Values 2015			
	SummerTree Wells			
	#1	#2	#13-17	Max
Iron	0.038	0.076	0.38	0.38
Color	17	18	13	18

Please refer to the Tables above. Table One represents the allowed levels of iron and color contaminants under DEP secondary standards. Table Two represents the 2015 test values for Iron and Color for each Summertree well.

High levels of Iron can cause other issues, see article below:

Damage Caused by Iron in Well Water

<http://idahowatersolutions.com/water-problems-solutions/iron-in-water-is-it-harmful/>

Iron in well water takes its toll on laundry, dishes and water receptacles, such as sinks and tubs. The toll price is red, yellow or brown stains that are difficult – if not impossible – to remove.



Clogs When iron travels with water, it sometimes stops for extended stays where it is least wanted. Iron stays put, accumulates and clogs dishwashers, washing machines, sprinklers, wells, water pumps and other similar appliances and accessories. This unwanted visitor causes damage requiring expensive repairs.

Food Iron in well water affects both beverages and food. It causes the water to taste harshly, metallicly offensive, and the taste carries into coffee, tea and other beverages made with iron-laden water. Aside from bad taste, iron adds an unpleasant, inky blackness to beverages. Food, especially vegetables, cooked in well water containing iron turns unappetizingly dark and absorbs the taste of the water.

Photo taken on 9/10/16 – Ann Marie Ryan’s master bath faucets –
Sediment and Biofilm Residue



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: August 22, 2016

TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

FROM: John Slemkewicz, Public Utility Analyst II, Division of Accounting & Finance JS

RE: Docket No. 150269-WS - UIF Limited Proceeding - Bulk Water Agreement with Pasco County

Please place the attached document in the above referenced docket file. The source of the Bulk Water Agreement document is the official website of the Pasco County Board of County Commissioners.

16 AUG 22 AM 11:46
RECEIVED FPSC

Parties/Staff Handout
Internal Affairs/Agenda
on 9/13/16
Item No. 7

BOARD OF COUNTY COMMISSIONERS, PASCO COUNTY, FLORIDA

ANNOTATED AGENDA

August 09, 2016

**THE DOCUMENT WAS PREPARED
IN AGENDA ORDER AS PUBLISHED
AND NOT IN THE ORDER IN WHICH
THE ITEMS WERE HEARD**

**PREPARED IN THE OFFICE OF
PAULA S. O'NEIL, CLERK & COMPTROLLER**

10:00 AM

**Historic Pasco County Courthouse, Board Room, 2nd
37918 Meridian Avenue, Dade City, Florida 33525**

County Commissioners

Honorable Kathryn Starkey, Chairman, District 3
Honorable Mike Moore, Vice-Chairman, District 2
Honorable Ted J. Schrader, District 1
Honorable Mike Wells, District 4
Honorable Jack Mariano, District 5

Clerk & Comptroller

Honorable Paula S. O'Neill, Ph.D.

County Administrator

Michele L. Baker, M.B.A.

County Attorney

Jeffrey N. Steinsnyder, Esq.

[Faint, illegible text, possibly a stamp or signature]

UTILITIES - ADMINISTRATION AND SUPPORT SERVICES

- R13 Grant Agreement - State of Florida, Department of Environmental Protection - Summertree Interconnect - No Funding Required
Memorandum UTD16-1105
Recommendation: Approve

Approved Staff's Recommendation.

UTILITIES - ENGINEERING AND CONTRACT MANAGEMENT

- R14 Bulk Water Agreement - Utilities Inc. of Florida - Summertree Service Area - No Funding Required
Memorandum UTD16-1148
Recommendation: Approve

Approved Staff's Recommendation.

AGENDA SUMMARY SHEET



Meeting Type: Pasco County Commission

Department: Utilities Administration

Memorandum Number: UTD16-1148

Subject: Bulk Water Agreement - Utilities Inc. of Florida - Summertree Service Area - No Funding Required

Recommendation: Approve



**BOARD OF COUNTY COMMISSIONERS
AGENDA MEMORANDUM**

COMMISSION DISTRICT: 5

FILE NO.: UTD16-1148

DATE: 7/28/16

SUBJECT: Bulk Water Agreement - Utilities Inc. of Florida - Summertree Service Area - No Funding Required

THRU: Flip Mellinger, Assistant County Administrator (Utilities Services)

FROM: Michael J. Carballa, P.E., BCEE, Utilities Engineering and Contracts Management Director

RECOMMENDED BOARD ACTION:

Approve the Bulk Water Agreement allowing Pasco County to provide bulk water services to the Summertree portion of Utilities Inc. of Florida's (Utilities Inc.) service area. Authorize the Chairman to execute the three originals of the Bulk Water Agreement provided and direct the Board Records Department to distribute, as set forth under the Distribution section below.

BACKGROUND SUMMARY/ALTERNATIVE ANALYSIS:

Through the joint efforts of the Summertree Water Alliance and Pasco County, Utilities Inc. has requested that Pasco County provide bulk water supply service to replace its existing supply so that it may service its customers in Summertree, located near State Road 52 and Paradise Point Way.

Pasco County, with the aid of a \$1,000,000.00 state grant through the Florida Department of Environmental Protection, will finance the initial capacity fees of \$896,141.00; Pasco County will utilize the remainder to fund the design and construction of the interconnect itself. Additional capacity fees for any new development within the Summertree service area will be the responsibility of Utilities Inc.

The Bulk Water Agreement has a twenty-five (25) year term commencing on the date of execution. Utilities Inc., with a one (1) year notification prior to expiration, may renew the Bulk Water Agreement for an additional twenty-five (25) years.

FISCAL IMPACT/COST/REVENUE STATEMENT:

Funding is not required for this recommendation.

DISTRIBUTION:

Board Records Department to distribute as set forth below:

1. Retain One Original
2. One Original to the Utilities Services Branch, Land O Lakes
3. Mail One Original to:

Mr. Patrick Flynn
Utilities Inc. of Florida
200 Weathersfield Avenue
Altamonte Springs, FL 32714-4027

ATTACHMENT:

1. Bulk Water Agreement (Three Originals)

cc: Joseph Richards, Senior Assistant County Attorney

FM/MJC/UTD16-1148 Agenda Memo Bulk Water Agmt-Summertree Service Area

BULK WATER AGREEMENT

THIS AGREEMENT is made and entered into by and between PASCO COUNTY, a political subdivision of the State of Florida, acting by and through its Board of County Commissioners, the governing body thereof, hereinafter referred to as the "COUNTY," and UTILITIES, INC. OF FLORIDA, a corporation authorized to conduct business within the State of Florida, hereinafter referred to as the "UTILITY."

WITNESSETH:

WHEREAS, the UTILITY has received a certificate from the Florida Public Service Commission authorizing the provision of public water service to a franchised service area, hereinafter referred to as "SUMMERTREE", as illustrated in Exhibit A, located within the COUNTY pursuant to Chapter 367.041, Florida Statutes; and,

WHEREAS, the UTILITY has requested that the COUNTY provide bulk water supply service to replace its existing supply for service to the customers of the UTILITY'S system; and,

WHEREAS, subject to the conditions and limitations set forth herein, the COUNTY is willing to provide limited bulk water supply services to the UTILITY for the purpose of replacing its existing water supply; and,

WHEREAS, given the availability of an adequate bulk water supply from the COUNTY, the UTILITY has elected to abandon its existing water supply wells and water treatment facilities; and,

WHEREAS, the State of Florida, through the Florida Department of Environmental Protection has offered a grant of \$1 million to be applied toward the COUNTY's applicable water capacity fees that would otherwise be paid by UTILITY and toward the cost of constructing an interconnection project; and,

WHEREAS, the COUNTY, in order to provide quality water service to the SUMMERTREE customers, is willing to design, supplement the cost of, and construct facilities necessary to provide such bulk water supply services:

NOW, THEREFORE, in consideration of the premises, which shall be deemed an integral part of this Agreement and of the mutual covenants and conditions set forth herein, the COUNTY and UTILITY intending to be legally bound thereby, agree as follows:

Section I. Whereas Clauses

The WHEREAS clauses set forth above are incorporated herein by reference and made a part of this Agreement.

Section II. Purpose

The purpose and intent of this Agreement is for the COUNTY to provide limited bulk potable water supply to the UTILITY so it may abandon its existing SUMMERTREE wells and replace its existing water supply for water services to the homes and structures located in SUMMERTREE and to provide for assurances of timely payment from the UTILITY to the COUNTY of all County-approved rates and charges. All terms and conditions contained herein shall be read and interpreted in a manner consistent with and in furtherance of this purpose and intent.

Section III. Bulk Water Service

A. Subject to the conditions and limitations set forth in this Agreement, the COUNTY shall provide bulk water supply services to the UTILITY in the amounts and at the times specified in the design of the interconnection(s) to be approved by the COUNTY and the UTILITY. Such service shall be provided by interconnecting the COUNTY'S existing water transmission facilities to the UTILITY's distribution system as mutually determined and agreed to. The COUNTY, with the aid of any available state funding, will finance and construct the interconnection. The COUNTY shall design the connection based on the maximum flow rates set forth in Section VII. The plans and specifications describing the location and type of connection to the UTILITY must be approved in writing by the UTILITY prior to the time the work is actually performed. Such work shall be performed by the COUNTY and monitored by the UTILITY for conformance with the COUNTY approved connection requirements and the work must also meet all applicable State and COUNTY standards and regulations. The COUNTY will ensure that the construction meets all COUNTY standards.

B. Connection to the COUNTY water system shall require furnishing and installing an appropriate metering assembly meeting all COUNTY requirements and specifications at all approved points of connection. The metering assembly must be acceptable to the COUNTY for the purpose of determining the

volume of water being provided by the COUNTY to the UTILITY pursuant to this Agreement. The County will furnish and install the meter assembly or assemblies. The COUNTY shall own, operate, and maintain the meter assemblies, and the COUNTY shall have the absolute right of access to the meters for operation, maintenance, calibration, reading, and repairs as necessary to maintain the functionality and integrity of the COUNTY'S water distribution system. The UTILITY shall also be provided the right of reasonable access to the meter assemblies for testing and reading purposes with the County present.

C. Meter Reading and Payments: The COUNTY will invoice the UTILITY for services on a monthly basis in accordance with meter readings, calculated charges, and other applicable service fees identified in Exhibit B attached hereto. The COUNTY may amend the service fees identified in Exhibit B at any time and shall give UTILITY at least 90 days prior written notice of such amendment. The UTILITY shall make payment based upon the invoice amount within thirty (30) days after receipt of the invoice from the COUNTY. In the event that the payment is not made within thirty (30) days after receipt of the invoice, the UTILITY agrees to pay interest or penalties as established in the COUNTY'S utility system service regulations on the outstanding balance until paid in full. Nothing contained herein, including the charging of interest, shall extend the due date for any payment and any failure to pay on or before the due date shall be considered a default under the terms of this Agreement entitling the COUNTY to pursue those remedies set forth in the default section. In the event the UTILITY disputes the accuracy of any meter reading, it must notify the COUNTY within fifteen (15) days of billing and demonstrate through appropriate calibration testing that the meter is either not properly calibrated or is not functioning properly. All meter readings not disputed within fifteen (15) days of receipt of the applicable bill by the UTILITY will be final and not subject to dispute. In the event the UTILITY disputes the billing, it shall still pay the amount billed by the COUNTY unless the error is self-evident or obvious when compared to typical average usage and/or historical flows. If it is subsequently determined, in accordance with the procedure specified below, that the billing is in error in favor of the UTILITY, then the UTILITY will be reimbursed or credited for any difference within forty five (45) days of such determination. In the event of any unresolved dispute concerning the meter's performance or accuracy, the parties agree to utilize the meter testing services of the Florida Rural Water Association or other mutually selected independent

testing company qualified to measure meter accuracy and performance. If the parties are unable to agree on an independent testing company, they will each select an independent testing company, and the two selected companies shall choose a third independent testing company who shall perform appropriate tests upon the meter(s). The decision of the testing company chosen pursuant to this paragraph as to the meter's performance or accuracy shall be binding upon the parties. In the event the meter is determined to be accurate within the manufacturer's range of tolerance, then the cost of testing shall be paid by the UTILITY. If the meter is determined to be inaccurate and outside the manufacturer's range of tolerance, then the COUNTY shall pay for the cost of testing.

D. Monthly Service Rate: The UTILITY agrees to pay the COUNTY'S bulk water service rate, effective October 1, 2014, which is currently Three and 57/100 Dollars (\$3.57) per thousand gallons of water based solely upon the meter readings obtained from the SUMMERTREE bulk meter assembly or assemblies. This initial user service rate, including any or all components thereof, may be adjusted upward or downward by the Board of County Commissioners from time to time in accordance with the COUNTY'S rate-setting procedure, for the County's bulk rate customer class. In the event of a rate change, the COUNTY shall provide the UTILITY with 90 days prior written notice so that the UTILITY can complete the required filing with the Florida Public Service Commission for the pass through of that rate change.

E. Connection Fees: The COUNTY agrees to fund all applicable connection fees with available state funds. The initial connection fee shall be Eight Hundred Ninety-Six Thousand, One Hundred Forty-One and 00/100 Dollars (\$896,141.00) reflecting the provision of water service by the COUNTY to the UTILITY's existing customers as described in the attached composite Exhibit C. Subsequent to the execution of this Agreement, UTILITY shall pay the COUNTY additional water connection fees as authorized by COUNTY ordinance, as may be amended, for each new service connection or upgraded service connection. If a parcel not identified in composite Exhibit C is provided with service by the UTILITY then it shall be deemed a New Service Connection and charged the appropriate impact fee. If any parcel in the service area is re-developed in such a manner that its current meter size is increased, it shall be deemed an Upgraded Service Connection, which shall be charged an impact fee equivalent to the increase in service capacity. Water impact

fees payable by UTILITY to the COUNTY shall be calculated for each New Service Connection or Upgraded Service Connection in the manner designated under the COUNTY ordinance, as may be amended. UTILITY shall pay the COUNTY water impact fees due hereunder before the additional service is provided. The COUNTY shall have the right to request and receive from the UTILITY a report identifying all New Service Connections or Upgraded Service Connections along with documentary support to substantiate the information provided in such report, at no cost to the COUNTY. The COUNTY shall not request such a report more than once per month.

F. Service Commitment: The COUNTY shall use its best efforts to provide the water capacity required pursuant to the terms of this Agreement. Any failure by the COUNTY to provide the water capacity required pursuant to the terms of this Agreement shall be considered a material default for purposes of Section V hereof. In the event of such material default, the UTILITY reserves the right to terminate the Agreement unilaterally or to pursue other remedies as identified in Section V of this Agreement. However, the COUNTY shall not be liable for damages to the UTILITY or be considered in default as a result of its inability to provide water services pursuant to this Agreement when such inability is attributable to equipment failure, regulatory restrictions, or uncontrollable circumstances and where the UTILITY is being affected and treated in a similar manner as other customers of the COUNTY'S service area.

G. Public Water Distribution System: The UTILITY, at its expense, shall:

1. Maintain and repair its entire water distribution system (defined as the UTILITY'S facilities located on the UTILITY'S side of any meter(s) installed to measure water provided to the UTILITY by the COUNTY), including all lines, valves, meters, and other facilities and appurtenances that are located on its side of the water meter(s) that the COUNTY utilizes for determining monthly billing.

2. Cause to be conducted all investigations and testing that may be required in order for the UTILITY to effect additional service connections to the COUNTY'S water transmission system, including all design, construction, repair, and maintenance of the said connection equipment if necessary.

3. Cause all water lines, valves, meters, and other facility appurtenances that are located on the UTILITY'S side of the water meter to be repaired and maintained in accordance with sound utility management practices.

4. Pay for all metered water and any other costs or fees as provided herein.

H. Permit. The UTILITY shall have the responsibility of securing and maintaining all necessary permits from all governmental agencies having regulatory authority over the UTILITY'S public water distribution system. The COUNTY shall have the same responsibility as to its water system. However, where governmental regulations require the UTILITY to obtain permits and/or develop reports and other documents that require the UTILITY to obtain data from the COUNTY related to its water system, the COUNTY will provide all needed data to the UTILITY in a timely manner and assist the UTILITY to the extent necessary for the UTILITY to comply with such governmental regulations at no additional cost to the UTILITY. In complying with all regulatory requirements, the parties shall work cooperatively and use their respective best efforts including, but not limited to, providing to the other party or agency, as applicable from time to time, information that will enable the other party to comply with any such regulatory requirements in a timely manner.

Section IV. General Provisions

A. These conditions are binding upon the successors and assignees of the parties hereto. Whenever one (1) party gives notice to the other party concerning any of the provisions of this Agreement, such notice shall be given by certified mail, return receipt required. The notice shall be deemed given when it is deposited in the United States mail with sufficient postage prepaid (notwithstanding that the return receipt is not subsequently received). Notices shall be addressed as follows:

COUNTY:	Utilities Services Branch Utilities Admin. Bldg. 19420 Central Blvd. Land O' Lakes, FL 34637-7006
UTILITIES INC.:	Utilities, Inc. of Florida 200 Weathersfield Avenue Altamonte Springs, FL 32714-4027 Attention: President

WITH COPY TO:

Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062
Attention: General Counsel

These addresses may be changed by giving notice as provided for in this paragraph.

B. No waiver of any breach of any of the terms of this Agreement shall be construed to be a waiver of any succeeding breach.

Section V. Default

If either party materially fails or defaults in keeping, performing, or abiding by the terms and provisions of this Agreement, then the non-defaulting party shall give written notice to the defaulting party specifying the nature of the default. If the defaulting party does not cure the default within thirty (30) days after the date of written notice, then this Agreement, at the option of the non-defaulting party, may be terminated. In the event either party elects to terminate pursuant to this section, such termination shall include the cessation of bulk water services. Neither party shall be relieved of liability to the other for damages sustained by virtue of any party wrongfully exercising this provision. This paragraph is not intended to replace any other legal or equitable remedies available to any non-defaulting party under Florida law, but it is in addition thereto. Notwithstanding the foregoing, any failure to make timely payments shall be considered a material default under the terms of this Agreement without the necessity for any written notice.

Section VI. Utility System Charges

The UTILITY shall seek approval from the Florida Public Service Commission to fix, revise, maintain, and collect such fees, rates, rentals, or other charges for the use of the products, services, and facilities of its utility system as shall be necessary to fund the timely payment of its respective obligations and liabilities under this Agreement. The UTILITY shall maintain its utility system operation and maintenance accounts throughout the term of this Agreement for the purpose of paying its obligations and liabilities hereunder. Notwithstanding any other provisions of this Agreement, the rates and charges assessed by the COUNTY to the UTILITY for the water services provided herein, shall be no higher than those provided to any other similar situated customer of COUNTY's services at the time of execution of this Agreement or any time in the future.

Section VII. Level of Service

A. Service by the COUNTY shall begin after the COUNTY'S acceptance and implementation of the Bulk Water Meter Interconnection(s) and shall be limited to a total annual average daily flow of 200,000 gpd delivered at a flow rate and water pressure range as described in the design of the facilities at the designated point of connection(s) as conceptually shown on Exhibit D hereof.

B. Service by the UTILITY shall exclude service to all common area irrigation systems as all such previously existing irrigation service connections have been removed from the UTILITY'S water distribution system. Non-potable water is being provided now and will be provided hereafter to all common area irrigation systems via on-site irrigation wells and associated piping systems.

C. The total amount of bulk water supply capacity, absent the flow consideration of 1,000 gpm for fire protection to be provided by the COUNTY under this Agreement, shall be limited to a maximum domestic flow rate of 250 gpm (peak domestic flow rate).

D. The water supplied by the COUNTY, at a minimum, shall meet all Federal (US Environmental Protection Agency) and State of Florida (Department of Environmental Protection) Drinking Water Standards as applicable at the point of delivery.

E. The COUNTY, either on its own initiative or upon the UTILITY'S written request, will re-evaluate the sufficiency of the initial bulk water supply capacity required to accommodate new service connections or upgraded service connections, if any, to the UTILITY'S service area. The COUNTY will then modify or improve its facilities in order to provide adequate service to the UTILITY thereafter at no cost to the UTILITY. The UTILITY will forecast such new connections and make the COUNTY aware of such additional capacity requirements sufficient advance notice to allow the COUNTY adequate time to expand its infrastructure.

Section VIII. Miscellaneous Provisions

A. In the event the parties' performance of this Agreement is prevented or interrupted by consequence of an act of God, or of a public enemy, or national emergency, allocation, or other governmental restrictions upon the use or availability of labor or materials, rationing, civil insurrection, riot, racial or civil rights disorder or demonstration, strike, embargo, flood, tidal wave, fire, explosion, bomb detonation, nuclear fallout, windstorm, hurricane, sinkholes, earthquake, or other casualty or disaster or catastrophe, unforeseeable failure or breakdown of pumping, transmission, or other facilities, governmental rules (except those of the COUNTY in cases where the COUNTY seeks excuse of performance hereunder or acts or orders or restrictions of regulations or requirements, acts or actions of any government (except the COUNTY in cases where the COUNTY seeks excuse of performance hereunder or public or governmental authority, commission, board, agency, official, or officer (except those authorities, commissions, boards, agencies, officials, or officers of the COUNTY in cases where the COUNTY seeks excuse of performance hereunder, or judgment or a restraining order or injunction of any court, the party shall not be liable for such nonperformance, and the time of performance shall be extended for such time period that the party is diligently attempting to perform.

B. The parties hereto agree that from and after the date of execution hereof, each will execute and deliver upon the request of the other such other documents and instruments and take other actions as may be reasonably required to carry out the intent of this Agreement.

C. This Agreement shall not be considered an obligation on the part of the COUNTY or the UTILITY to perform in any way other than as indicated herein.

D. This Agreement shall be binding upon the heirs, representatives, and assigns of the parties hereto and the provisions hereof shall constitute covenants running with the land for the benefit of the heirs, representatives, and assigns of the party. However, this Agreement shall not be assigned by either party without the express written consent of the other party; however, such consent shall not be unreasonably withheld by such other party.

E. In the event the COUNTY, or authorized agent of the COUNTY, ever elects to exercise its power of eminent domain for the purpose of acquiring all, or any part of the water utility system which may be owned by the UTILITY, the COUNTY and the UTILITY agree that the COUNTY will not be required to pay the UTILITY for any value which may be attributable to the services provided by the COUNTY under the terms of this Agreement above the fair value of the facilities constructed hereunder and owned by the UTILITY and the cost of the water reserved hereunder.

F. Term: This Agreement shall have a term of twenty-five (25) years commencing on the date of execution of this Agreement. , Thereafter, the UTILITY may renew this Agreement for an additional twenty-five (25) years. The UTILITY shall notify the COUNTY within one (1) year prior to the expiration of the initial term of the decision whether to renew and the COUNTY agrees that its approval of such renewal will not be unreasonably withheld.

G. The UTILITY agrees that immediately upon execution by the COUNTY of this Bulk Water Agreement, the UTILITY will begin preparation of an appropriate filing with the Florida Public Service Commission requesting recognition and recovery of the additional cost of increased water purchased from the COUNTY. The UTILITY shall use its best efforts to obtain such approval. However, the UTILITY will have no obligation to begin purchasing such water until the rates necessary to receive such service have been approved by the Florida Public Service Commission. The COUNTY shall have no obligation to provide such additional bulk service until the rates covering the cost of such service to the UTILITY have been approved by the Florida Public Service Commission.

H. Each party acknowledges that it has played an equal role in drafting this Agreement and, as a result, in the event of any ambiguity contained herein, the same shall not be construed against or in favor of either party.

IN WITNESS WHEREOF, the parties hereto have executed the foregoing Agreement on this

day of _____, 2016

(SEAL)

BOARD OF COUNTY COMMISSIONERS
OF PASCO COUNTY, FLORIDA

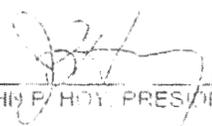
ATTEST

PAULA S. O'NEIL, Ph.D., CLERK & COMPTROLLER

KATHRYN STARKEY, CHAIRMAN

UTILITIES INC. OF FLORIDA,

BY

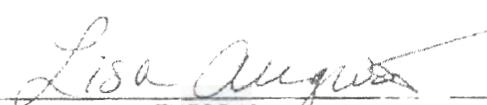


JOHN P. HOY, PRESIDENT

WITNESS (Signature)

Sue DiPasquale

(Print Name)



WITNESS (Signature)

Lisa August

(Print Name)