

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of: DOCKET NO. 160101-WS

APPLICATION FOR INCREASE IN
WATER AND WASTEWATER RATES
IN CHARLOTTE, HIGHLANDS, LAKE,
LEE, MARION, ORANGE, PASCO,
PINELLAS, POLK, AND SEMINOLE
COUNTIES BY UTILITIES, INC.
OF FLORIDA.

PROCEEDINGS: CUSTOMER SERVICE HEARING

COMMISSIONERS
PARTICIPATING: CHAIRMAN JULIE I. BROWN
COMMISSIONER ART GRAHAM
COMMISSIONER DONALD POLMANN

DATE: Wednesday, February 1, 2017

TIME: Commenced at 9:30 a.m.
Concluded at 11:25 a.m.

PLACE: Grand Hall of Pennbrooke
Fairways
33825 Pennbrooke Parkway
Leesburg, Florida 34748

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

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5 Florida.

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10 State of Florida.

11 WALTER TRIERWEILER, ESQUIRE, FPSC General
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14 the Florida Public Service Commission Staff.

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18 as advisor to the Commission.

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P R O C E E D I N G S

1
2 **CHAIRMAN BROWN:** Okay. We have folks still
3 coming in. And I know we've got the door open here, so
4 it's going to be quite hard to keep the chatter down.
5 But we are on a time schedule here. And I wanted to
6 welcome you all to this customer service hearing today.
7 This meeting is being streamed live on the website of
8 the Public Service Commission.

9 My name is Julie Brown, and I have the
10 privilege of being Chairman of the Florida Public
11 Service Commission. With me today -- Commissioner Art
12 Graham is running late. He got a little lost, but he'll
13 be here very shortly. With me today is Commissioner
14 Polmann, and I'd like to give him an opportunity to
15 introduce himself to you as well.

16 **COMMISSIONER POLMANN:** Good morning. My name
17 is Don Polmann. A different type of microphone.
18 Everybody can hear me?

19 (Chorus of affirmative responses.)

20 Okay. Thank you. It's a pleasure to be here
21 with you. I'm so happy to see such a great turnout.
22 It's a great community. We're here to listen to you and
23 take your input. Thank you for coming, and we look
24 forward to hearing everyone. Thank you.

25 **CHAIRMAN BROWN:** Thank you, Commissioner

1 Polmann.

2 And we'll get into some of the details about
3 this proceeding, but I wanted staff counsel at this time
4 to read the notice. You have to speak right into it.

5 **MR. TRIERWEILER:** By notice issued on
6 December 14, 2016, this time and place has been set for
7 a customer service hearing in Docket No. 160101-WS. The
8 purpose of the hearing is set forth more fully in the
9 notice.

10 **CHAIRMAN BROWN:** Thank you, Mr. Trierweiler.
11 And at this time, we'll have staff counsel -- pardon me.
12 We'll take appearances of counsel, starting with the
13 petitioner, Utilities, Inc. of Florida.

14 **MR. FRIEDMAN:** Yes. My name is Martin
15 Friedman of the law firm of Coenson Friedman on behalf
16 of Utilities, Inc. of Florida.

17 **MR. KELLY:** Good morning. My name is J.R.
18 Kelly. I'm with the Office of Public Counsel, and we
19 have the honor and privilege of representing you, the
20 ratepayers, in this rate proceeding.

21 **CHAIRMAN BROWN:** Thank you.

22 (Applause and cheering.)

23 I absolutely -- I appreciate your enthusiasm
24 and fervor, but this is an official proceeding that is
25 being transcribed by a court reporter, and I would ask

1 that you please, if you can kindly refrain from
2 clapping, shouting, and outbursts. We absolutely
3 appreciate your passion for this proceeding and your
4 interest. This is a very formal proceeding, though, and
5 we appreciate your professionalism and consideration to
6 others.

7 So I want to take this opportunity to stress
8 that this is your customer service hearing. It's a very
9 important part of the overall rate case proceeding.
10 Whether your comments are made today verbally or in
11 writing, they are considered in the overall decision.

12 Later in the process, we will be having a
13 week-long technical hearing in which the Commission
14 takes the evidence and substance of the proceeding.
15 We've already had four customer service hearings around
16 the state. We'll have four more, for a total of eight.
17 And, again, all of those comments, written or verbally,
18 will be taken into consideration. So we definitely
19 encourage you to come up here and speak to us and tell
20 us about your thoughts on the quality of service,
21 billing, any issues that you may have, but we appreciate
22 your interest in this rate case proceeding.

23 I would like to note that there are company
24 representatives from Utilities, Inc. of Florida who are
25 here, who can address specific issues that you may have.

1 We also have with us Public Service Commission staff
2 members who are here to address any other issues that
3 you may have, and they'd be happy to spend some time
4 with you after if you have specific questions that you
5 want addressed.

6 And at this time for the record, I'd like to
7 introduce those staff members who are here with us
8 today. We have Andrew Maurey. We have Chris Church,
9 Mimi Hearn, Conrad Howard. We have with us Patti
10 Daniel, Phillip Ellis. You heard from our General
11 Counsel's Office, Mary Anne Helton and Walt Trierweiler.
12 We have Cindy Muir and Kelly Thompson, who helped set up
13 this proceeding in this beautiful facility. And we have
14 also with us Rachel Arnold and our court reporter, Linda
15 Boles. So we, again, thank you very much for that.

16 This is an official hearing, as I mentioned,
17 that will be transcribed. It will become part of the
18 official record in the proceeding. I would ask at this
19 time, if you have cell phone devices, if you could
20 kindly silence them so as not to interfere with the flow
21 of the proceeding. We want to hear every word that you
22 are saying, so we ask that you refrain from shouting and
23 clapping and things of that nature so that we can stay
24 tuned in. And I hope you all can hear me clearly.

25 Please note that since this is an official

1 proceeding, your comments may be subject to
2 cross-examination. What that means is that any of the
3 Commissioners here can ask you questions after -- when
4 it's your time to speak, as well as the attorneys may
5 ask you questions as well.

6 If you do plan on speaking, you may have
7 noticed the sign-up sheets when you walked on in.
8 Please be sure to sign up with our PIO officer, Cindy
9 Muir, up there, if you'd like to speak. Again, you can
10 feel free to provide written comments. You can either
11 drop them off with us today or you can mail them in, and
12 they will be considered as part of the docket.

13 At this time, I would like to invite the
14 attorneys who are present here today to give brief
15 opening statements to you. Each party has six minutes.
16 And we'll start with the petitioning counsel, who is
17 Utilities, Inc. of Florida. Mr. Friedman.

18 **MR. FRIEDMAN:** Madam Chairman, as a
19 preliminary matter, I would like to introduce into the
20 record the affidavits of the various newspapers that we
21 published, the notices of the various meetings in, as
22 well as the affidavits of the company that they provided
23 the notices by mail directly to the respective
24 customers.

25 **CHAIRMAN BROWN:** Thank you, Mr. Friedman. We

1 will go ahead and mark that on the exhibit list as
2 Exhibit No. 14, and we'll just title it Affidavits
3 Notice.

4 (Exhibit 14 marked for identification.)

5 **MR. FRIEDMAN:** All right. Thank you.

6 **CHAIRMAN BROWN:** All right. You may begin
7 when ready.

8 **MR. FRIEDMAN:** Thank you again, Madam
9 Chairman, Commissioners.

10 I'm Marty Friedman on behalf of Utilities,
11 Inc. of Florida. And in a moment you're going to hear
12 from John Hoy, who is the president of Utilities, Inc.
13 of Florida, who's going to explain to you the rate case
14 and the implications of the rate case and the necessity
15 of the rate case.

16 But before he speaks, as the Chairman pointed
17 out, Utilities, Inc. of Florida does have some customer
18 service representatives there in the back left corner of
19 the meeting room here. If you have any billing
20 questions, they've got computers that are hooked up to
21 the billing system, and they'll be glad to address any
22 billing issues that you may have.

23 At this point, I'd like to ask Mr. Hoy to
24 address you. Thank you.

25 **MR. HOY:** Let me see if I can make this

1 microphone work.

2 Good morning, Madam Chair, Commissioner
3 Polmann. Thank you for the opportunity this morning to
4 address our customers, and I appreciate the time we've
5 got here this morning.

6 What I want to do is just very briefly cover a
7 couple of things, give you a little background. Yes.
8 You can't hear?

9 **AUDIENCE SPEAKER:** You're breaking up.

10 **MR. HOY:** Any better if I hold it real close?
11 Okay.

12 (Chorus of affirmative responses.)

13 **CHAIRMAN BROWN:** Maybe stay put too. There
14 you go.

15 **MR. HOY:** Okay. What I want to do this
16 morning was just address a couple of things, give you a
17 little background about Utilities, Inc., but, more
18 importantly, what's driving this specific rate
19 proceeding.

20 So Utilities, Inc., we've been in Florida
21 since the '70s. We've grown to be the largest water and
22 wastewater regulated utility by the PSC, with about
23 60,000 connections in the state spread across ten
24 different counties. Up until last year, we operated
25 those like independent companies, and last year what we

1 decided to do was to consolidate all of them into one
2 company where we're now Utilities, Inc. of Florida. So
3 Utilities, Inc. of Pennbrooke is now part of Utilities,
4 Inc. of Florida.

5 This is our first rate proceeding after that
6 consolidation where we're trying to do just a couple of
7 things. In particular, the drivers of this proceeding
8 are mainly around infrastructure and what we're
9 investing in infrastructure to maintain our existing
10 systems, but then we're also looking to consolidate all
11 the rates we have, the different rate structures we have
12 across the state into one. So let me address both of
13 those independently.

14 First, infrastructure. The state of Florida,
15 if you listen to the American Society of Civil
16 Engineers, gets a grade of C+ in terms of the condition
17 of our water and wastewater infrastructure, and the EPA
18 estimates that about \$16.5 billion will need to be
19 invested over the next few years just to bring them up
20 to snuff. We've got some of those same challenges with
21 infrastructure.

22 Over the past ten years, we've invested about
23 \$100 million in our systems in Florida. And in this
24 particular proceeding, we've got another \$35 million in
25 projects that we are looking to invest or starting to

1 invest in to maintain that infrastructure. 12 million
2 of that alone is just for pipe, pipe in the ground
3 that's reached the end of its useful life. Here in
4 Pennbrooke, another project we have, we've got about a
5 half a million dollars that we're putting into
6 electrical system upgrades at our water plant to
7 maintain the consistency and provide uninterrupted
8 service. So that's the kind of investment we're doing.
9 And no system is shy of any need for infrastructure, so
10 that's, that's what's driving this.

11 If you look at the rate increase, so it is
12 driven by infrastructure, but I think one of the
13 handouts that the Office of Public Counsel had talks
14 about salaries and labor. One of the other things we're
15 doing is we're adding some additional crews to,
16 particularly here in Central Florida, to maintain our
17 systems, to do the maintenance that's required to avoid
18 outages, but, more importantly, to invest in those
19 systems to avoid outages in the future but to maintain
20 or try to extend the service life of the aging
21 infrastructure. So that's the infrastructure drive.

22 On the rate side, we're looking to consolidate
23 all of the -- we've got about 15 or 16 different rate
24 structures across Florida, and we'd like to roll those
25 into one. Obviously in those, some will have some

1 increases and some will have some decreases. Here in
2 Pennbrooke, I'll be honest, the rates are going up
3 somewhat. I'm sure you noticed that. But let me
4 address one of the drivers of that, because, unlike most
5 of our other systems, it's been a while since we've had
6 a full rate proceeding here. No, it was 2012. And
7 those rates -- the rates that were established then were
8 based on costs in 2011. So that is -- that is one of
9 the drivers.

10 But the other thing that we're trying to do is
11 consolidate those rates so we can avoid a number of rate
12 cases in the future and try to reduce those, but then
13 also tamp down or avoid the significant rate shock that
14 can happen for one individual system as we invest in
15 systems in the future.

16 Let me give you one other example, then I'll
17 close. But I know here in Pennbrooke just a few years
18 ago we looked at water quality. We looked -- we did an
19 extensive study to determine additional investments we
20 can make to help further reduce the iron that's present
21 in the water from the underground aquifer. We looked at
22 that. I think we made a proposal, we brought it to the
23 community, and I think the estimated rate impact was
24 going to be too significant. So we decided not -- the
25 decision was made not to go ahead with it.

1 But if we are successful in the consolidation
2 that we're proposing in this proceeding, if we're
3 successful in that, that may -- we'll take another look
4 at that because that could dramatically reduce the -- or
5 change the economic impact, and it's something that may
6 result in a different decision. So I'll close with
7 that. I thank you for the opportunity today to address
8 you, and I look forward to your comments. Thank you.

9 **CHAIRMAN BROWN:** Thank you for that.

10 At this time, we will be hearing from Public
11 Counsel, Mr. J.R. Kelly.

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

13 Good morning again. As I said, I'm J.R.
14 Kelly. I'm with the Office of Public Counsel, and we
15 represent you, the ratepayers, in this proceeding.

16 To sort of set the stage of why we're here,
17 UIF is requesting to consolidate approximately 25
18 systems into one statewide rate. You heard Mr. Hoy say
19 there are going to be some winners and going to be some
20 losers. There's no doubt about it. And you folks are
21 on the losing side, or most of you are, because your
22 rates would go up if the Commission approves exactly
23 what UIF is proposing in this matter.

24 Many of you have probably spoken with Erik
25 Sayler in my office. Erik is the lead attorney, and

1 he's back at home with our consultants and our outside
2 experts working on the case, and that's why you have me
3 here today to speak to you.

4 The bottom line is this: If UIF gets
5 everything that they're asking for, the overall rates
6 for everybody that's going to be consolidated will go up
7 about \$7 million. And there's certain areas that we are
8 looking at very, very closely, and we've hired some --
9 an outside engineer, an outside accounting expert, we
10 have our own in-house CPA, that are poring through a lot
11 of discovery, a lot of documents, because we want to
12 wean out everything that we think is not reasonable or
13 prudent on your behalf.

14 And a couple of things that we are looking
15 for. You heard Mr. Hoy mention that they are seeking
16 some major, major capital improvements, about
17 \$35 million, and that represents almost a 35 percent
18 increase in Florida. And so we do have an engineer
19 that's looking very closely at those to make sure are
20 they needed? If they are needed, are they going to
21 be -- is the investment going to be exactly what is
22 needed in those areas that something may have worn out?
23 And then lastly, is it a reasonable cost of what UIF is
24 wanting to do?

25 You heard Mr. Hoy mention salaries. Yes,

1 they're seeking to increase their salaries and benefits
2 by \$500,000. That causes us a lot of concern on your
3 behalf because, one, if you're going to consolidate, the
4 first thing you would expect is what? Some increased
5 economies of scale, increased efficiencies. And we want
6 to make sure -- we certainly don't understand at this
7 point why there's got to be \$500,000 in additional
8 salaries and benefits. So we are really taking a hard
9 look at that one expense.

10 In addition, UIF is owned by a corporate
11 entity that is not located in Florida, and they want to
12 allocate some \$36 million of what you would pay for that
13 goes outside the state. It goes up to Chicago and then
14 eventually on up to Canada, and those are in corporate
15 allocations to their corporate parent, other affiliates.
16 And we believe that, in our initial look at that, that
17 those are excessive, and we hope to trim a lot of the
18 fat out of that.

19 The bottom line today is, folks, this is your
20 meeting. It's not my meeting. It's not the
21 Commission's meeting. It is certainly not UIF's
22 meeting. This is your meeting. This is your
23 opportunity to come up here today and speak to the
24 Commissioners and testify and tell them how you feel
25 about, one, the quality of service you are receiving or

1 have received from UIF, good or bad. Number two, the
2 service that you've gotten also and how they handle when
3 you call them, when you call to file a complaint or ask
4 for information. Are you getting boil water notices, if
5 any, timely? And if you have a billing question, how
6 are they treating you when they call? Because, folks,
7 you pay for that. You deserve and you should expect
8 A-1 expert customer service. And lastly, how will this
9 rate increase affect you and your quality of life, the
10 way you live? And that is extremely important.

11 So, please -- we have about 25 speakers, I
12 think. I looked. Please, if you wish to speak, take
13 the opportunity to come up. You do not have to be an
14 eloquent speaker. You do not have to be an orator.
15 Just come up here and speak from your heart and talk to
16 these people behind me. I promise you they will not
17 bite you, and -- but they desperately want to hear from
18 you and what you have to say about this rate case.

19 So thank you so much for this wonderful
20 turnout this morning, and I look forward to hearing your
21 comments.

22 **CHAIRMAN BROWN:** Thank you, Mr. Kelly.

23 I'd like to give Commissioner Graham an
24 opportunity to introduce himself. He got a little lost
25 earlier, but --

1 **COMMISSIONER GRAHAM:** Good morning.

2 (Chorus of audience responses.)

3 Come on. You can do better than that. Good
4 morning.

5 (Chorus of audience responses.)

6 Thank you. I apologize for being a little
7 late. I got caught on one of these farm roads back here
8 behind a tractor and just managed to get around him
9 finally.

10 I tell you what, this is probably one of the
11 biggest crowds I've seen in a long, long time. I just
12 want to let you guys know this is kind of us -- we're
13 coming here to listen to you, as Mr. Kelly had just
14 said. Feel free to tell us your issues, the things, the
15 concerns you have, the things you want to look at.
16 Don't get down into the valleys. Just kind of hit the
17 peaks. If you have something longer than three minutes
18 to say, please email it to us or call the office.
19 Because right now we're trying to get to you and two
20 other locations throughout the day today. So if you can
21 just kind of hit the peaks and let us know the things
22 that we want. We're going to sit here; we're going to
23 listen. I know it's going to be frustrating to you.
24 We're not going to be responding. Once again, we're
25 just going to be listening. But if you turn -- if you

1 tune into our hearing, you can actually probably hear us
2 actually ask some of the same questions that you ask
3 because we may not know the answers to this. And also
4 understand when you get up here, this is just what the
5 utility is asking for. This is not necessarily what
6 they're going to get, but this is what they're asking
7 for. So bear all that in mind, and I look forward to
8 hearing from y'all. Thanks.

9 **CHAIRMAN BROWN:** Thank you, Commissioner
10 Graham.

11 And another point I want to make, and I know
12 some folks are confused about what -- who the Public
13 Service Commission is. We are separate from the utility
14 entirely. We are an impartial body. And we act in a
15 quasi-judicial manner, and we take the evidence of the
16 case and make our decisions based on the law and the
17 facts as applied to them. So just a clarification.

18 I do want to point out that we have one of
19 your elected officials, Office -- district legislative
20 assistant who is here today from Senator Dennis Baxley,
21 Mr. Matt McClain. If you could just wave your hand.
22 Thank you for being here. We appreciate it. I'm sure
23 your constituents appreciate that as well.

24 So just an overview of what goes on when you
25 come up to the microphone. Again, as Mr. Kelly said,

1 please don't be scared. We don't bite, and we're very
2 interested in hearing from you. You'll have three
3 minutes. When -- you have lights right up here at the
4 podium. So when the light gets to yellow, you have
5 about a minute left. And when it gets to red,
6 unfortunately I'll have to stop you.

7 My understanding is that there are several
8 board members here from the homeowners association who
9 have asked to speak a little bit longer than the three
10 minutes, and we'll work with them in lieu of other
11 customers signing up to speak.

12 Again, a point of reminder too. You all got
13 this when you walked in. At the very back, as I
14 mentioned, you can provide written comments. They're
15 right back here, the last page. Please feel free to
16 provide those written comments to us too. We have such
17 a big crowd here. I'm sure you have a lot of thoughts
18 on your mind. And we'll be happy to take the written
19 comments as well.

20 And we will be swearing all of you in who plan
21 on speaking at the same time. So if you are here signed
22 up to speak or would like to speak, please stand with me
23 and raise your right hand.

24 Do you swear or affirm to provide the truth in
25 this proceeding?

1 (Chorus of affirmative responses.)

2 (Witnesses collectively sworn.)

3 Thank you. Please be seated.

4 The Office of Public Counsel, Mr. J.R. Kelly,
5 will be calling you up two at a time. And with that --
6 and when you come to the mike, please make sure to state
7 your name, your address, and your telephone number. And
8 I believe we've covered it all; is that correct?

9 Mr. Kelly, would you please call the first
10 customer.

11 **MR. KELLY:** Yes, Madam Chair. The first
12 speaker is Mr. Jim -- is it Chaloopka?

13 **MR. CHALOOPKA:** That's correct.

14 **MR. KELLY:** Followed by Gail Grant.

15 **CHAIRMAN BROWN:** Good morning.

16 **MR. CHALOOPKA:** Good morning. I wish to speak
17 on this hearing that -- and give my input that about a
18 little bit over a year ago the water went out
19 completely, and I woke up in the morning and I found
20 that the tap didn't produce any water. I called the
21 water company and I got a rude receptionist on the
22 phone, and she says, "Yes, I know," and there was
23 silence. And I'm thinking, "Well, what am I supposed to
24 do about that? What does that mean to me, 'Yes, you
25 know'?" And I said, "When are you going to fix this?"

1 She said, "Well, we'll fix it first thing in the
2 morning." And I said, "Dear lady, this is first thing
3 in the morning." So evidently they don't have an
4 emergency crew to be able to come out earlier than what
5 they call first thing in the morning.

6 I'm totally against the consolidation of these
7 17-some water companies in Lake County. I don't see how
8 that can possibly work. Everyone has different
9 conditions and requirements and wells and such, and how
10 can you combine them to all have the same rate? Many
11 people move to different neighborhoods and the water
12 rate that they see is what they are looking for, and
13 that is a requirement to -- for them to live there. In
14 other words, they're choosing an economical place to
15 live.

16 And there are many people that get to an age
17 where they can't really complain anymore, it's difficult
18 to speak publicly and to be heard, and they won't even
19 speak here today. And I know they're totally against
20 this rate increase. Every community should be billed
21 according to the requirements for the community. Thank
22 you.

23 **CHAIRMAN BROWN:** Sir, could you please state
24 your name and address for the record?

25 **MR. CHALOOPKA:** Oh, James Chaloopka, 1038

1 Forest Breeze Path, Leesburg, Florida, (216)978-4440.

2 **CHAIRMAN BROWN:** Thank you.

3 Commissioners, any questions? Parties?

4 Thank you for your time.

5 **MR. KELLY:** After Ms. Grant is Mr. David
6 Bozoti.

7 **CHAIRMAN BROWN:** Good morning.

8 **MS. GRANT:** Good morning. Well, I'd like to
9 say I agree with everything that Mr. Chaloopka just
10 said.

11 **CHAIRMAN BROWN:** Name and address, please, for
12 the record.

13 **MS. GRANT:** Oh, 450 Grand Vista Trail,
14 Leesburg, Florida. I've lived in this community since
15 we started building in 2003. Moved in in early summer
16 of 2004. And I've got to say the quality of my water
17 has not been good since I moved in here. I moved from
18 The Arbors, which is up in the front, to, you know, the
19 center of the community, and it's just terrible. I
20 can't drink the water out of the faucet. I have a water
21 filter on my home, and I also have a water filter on my
22 refrigerator so that I can drink something other than
23 bottled water all the time, which is not good for the
24 environment either, throwing all these bottles away.

25 But one of the problems that I'm having is

1 that when we go away in the summer for three months
2 usually every summer, my water bill is -- I'm using more
3 water in the summer than I am any time else in the year,
4 and that doesn't make any sense. I've called the
5 offices up and I've asked why. Nobody seems to be able
6 to give us a straight answer. I've talked to the
7 representatives in the back. Their computers are not
8 working appropriately right now, so they're going to get
9 back to me regarding that. But, you know, so that's my,
10 one of my big issues besides the water quality.

11 The other issue is regarding your -- some of
12 your increases. I really don't think it's fair that we
13 be grouped in with areas with larger populations.
14 We're, like, a community of less than 13,000 people
15 here, of homes, and so I don't think that we should
16 be --

17 (Audience responses.)

18 **CHAIRMAN BROWN:** Excuse me.

19 **MS. GRANT:** I'm sorry. What?

20 **AUDIENCE SPEAKER:** 1,200.

21 **MS. GRANT:** 1,200.

22 **CHAIRMAN BROWN:** Thank you.

23 **MS. GRANT:** That's what I meant, 1,200 homes,
24 a little over 1,200 homes. So I don't really think we
25 should be grouped into, you know, communities like

1 Charlotte and Lee County that have significantly bigger
2 populations, and parts of Orange County, you know.

3 And we also -- you need to consider the fact
4 that we're a retired community. We're all over 55 here.
5 We don't -- we don't get, like, increases every year
6 like you're asking for. And I honestly don't begrudge
7 salary increases for employees. I do begrudge the money
8 that's going up to Chicago. That seems like millions of
9 dollars for what? I don't understand that concept at
10 all. But -- so that's my feelings, and I hope that you
11 take them into consideration.

12 **CHAIRMAN BROWN:** Thank you. Could I just get
13 you to say your first name and last name?

14 **MS. GRANT:** Gail, G-a-i-l, Grant, G-r-a-n-t.

15 **CHAIRMAN BROWN:** Thank you. Ms. Grant, how
16 long has the issue going on with the summer months --

17 **MS. GRANT:** Probably -- years, it's been going
18 on for years. We go away every summer for, like, a few
19 months. And I call all the time, my husband calls all
20 the time, and we don't get a straight answer.

21 **CHAIRMAN BROWN:** So you've been calling -- you
22 call as soon as you notice your bill, even though you're
23 gone?

24 **MS. GRANT:** Yeah. Uh-huh. Yeah.

25 **CHAIRMAN BROWN:** All right. Well, we'll be

1 sure to have someone at least from the Commission look
2 into that and make -- follow up.

3 **MS. GRANT:** Yeah. And some of my neighbors
4 don't have this problem and some of them do. So I don't
5 think anybody is stealing my water while I'm gone. You
6 know, we turn off the house water when we leave, so
7 there's no water being used in the house at all under
8 any -- there's no leakage going in.

9 **CHAIRMAN BROWN:** We'll definitely follow up
10 with that.

11 **MS. GRANT:** Okay.

12 **CHAIRMAN BROWN:** Commissioners, any other
13 questions?

14 Seeing none, thank you for your testimony.

15 **MS. GRANT:** Thank you.

16 **CHAIRMAN BROWN:** Next customer.

17 **MR. KELLY:** After Mr. Bozoti is W.F. Shanks.

18 **CHAIRMAN BROWN:** Good evening.

19 **MR. BOZOTI:** Yes, good morning.

20 **CHAIRMAN BROWN:** Good morning.

21 **MR. BOZOTI:** My name is David Bozoti. I live
22 at 32549 Oak Park Drive.

23 **AUDIENCE SPEAKER:** Can't hear.

24 **CHAIRMAN BROWN:** Can you speak into the mike a
25 little bit? It's sensitive.

1 **MR. BOZOTI:** All right.

2 **MR. KELLY:** You have to put your mouth right
3 up next to it.

4 **MR. BOZOTI:** Oh, all right. Did you get my
5 address? 325 -- 32549 Oak Park Drive. The phone number
6 is (352)321-4099. And I would just like to say I am
7 against this. We have had lousy service in the past,
8 and I don't see where our service is going to get any
9 better. All this is is spreading the wealth. They're
10 making us pay for some other place, and they're probably
11 to pay for new communities they want to put pipe in and
12 we're not getting anything out of it.

13 **CHAIRMAN BROWN:** Thank you, Mr. Bozoti.
14 Commissioners? Commissioner Graham.

15 **COMMISSIONER GRAHAM:** Yes. Sir, you said
16 you've had lousy service. Can you be more specific?

17 **MR. BOZOTI:** The water is extremely hard. It
18 stains the house. If you -- no way of getting rid of
19 it. If you want to have a nice looking house, you have
20 to change the siding.

21 **COMMISSIONER GRAHAM:** Okay. But as far as the
22 customer service goes, that's fine?

23 **MR. BOZOTI:** I've not had to deal with them on
24 that.

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

1 **CHAIRMAN BROWN:** Thank you.

2 Any other questions?

3 Thank you for your testimony.

4 Next customer, please.

5 **MR. KELLY:** After Mr. Shanks is Roger

6 Sperling.

7 **CHAIRMAN BROWN:** Good morning.

8 **MR. SHANKS:** Good morning. My name is W.F.

9 Shanks. Excuse me. I live at 410 Grand Vista Trail.

10 My phone number is (352)435-5067. My concern here is a

11 little more personal than most of the other people.

12 It's that the quality of the water here has affected my

13 lifestyle. I am a dialysis patient. I do my dialysis

14 at home. In order to get my water to where I can use

15 it, I had to put in a water softener. We have a double

16 LINX osmosis system, and then in my fluid tank there is

17 another osmosis system.

18 Now the osmosis system in the tank is supposed

19 to last me from 8 to 12 weeks. I get four weeks out of

20 it. So the quality of the water is not good. And, of

21 course, everybody else is talking about the taste of the

22 water. We also have filters on our refrigerator as

23 well.

24 **CHAIRMAN BROWN:** Thank you.

25 **MR. SHANKS:** And needless to say, I am against

1 this consolidation.

2 **CHAIRMAN BROWN:** Thank you, sir, Mr. Shanks,
3 for your testimony.

4 **MR. SHANKS:** Thank you.

5 **CHAIRMAN BROWN:** Next customer.

6 **MR. KELLY:** After Mr. Sperling is Larry
7 Cooper.

8 **CHAIRMAN BROWN:** Good morning.

9 **MR. SPERLING:** My name is Roger Sperling. As
10 a homeowner in Pennbrooke, I am a customer of Utilities,
11 Inc. In addition, as treasurer of the Pennbrooke
12 Homeowners Association, which is also a customer.

13 I want to comment on two aspects of today's
14 subject. First, we have experienced rate increases by
15 Utilities, Inc. several times since I have lived here.
16 There is a pattern of requesting increases far exceeding
17 anything found reasonable by the Public Service
18 Commission. With each filing, we pay the costs
19 associated with the filing of itself that are of
20 absolutely no value to the customers. At times these
21 rate filing costs have been pancaked, leaving us paying
22 for two at the same time. This is abuse of the system.

23 The most recent case was around 2012, at which
24 time the Public Service Commission allowed a much
25 smaller increase than was requested. Even so, in 2015,

1 Utilities, Inc. had over-earned with a rate of return of
2 15.63 percent, per their books, on wastewater
3 operations.

4 It is noted that Schedule A3 in the present
5 filing shows transfer of over \$200,000 in plant in
6 service from water to wastewater. This is nothing more
7 than accounting sleight of hand to draw attention from
8 the fact that customers have been overpaying for
9 wastewater for the past five years. On combined water
10 and wastewater operations their rate of return, based on
11 their books, was 7.4 percent. With today's interest
12 rates, that's very good money on a low-risk investment
13 and clear evidence that no rate increase is justified.

14 Also on Schedule A3 under accumulated
15 depreciation is an entry "Correct Depreciation of
16 Project Phoenix, Ten Year." This adjustment of more
17 than \$32,000 relates to treatment of the cost of a
18 business system and reappears with each new filing, even
19 though the Public Service Commission ruled on it many
20 years ago. It should again be disallowed.

21 An element of the filing that needs close
22 attention is the inclusion of pro forma costs. This is
23 where Utilities, Inc. seeks to charge us for projects
24 they claim are needed. History shows that Utilities,
25 Inc. has had a practice of including unneeded pro forma

1 items for the purpose of inflating the rate base. An
2 example in an earlier rate case was inclusion of a new
3 well at a cost of roughly half a million dollars, in
4 spite of the fact that Pennbrooke was already built out.
5 The Public Service Commission determined that the well
6 was not required and the cost was removed from the
7 calculations of the final approved rates. Water
8 capacity has not been limiting.

9 The present filing pro forma items total more
10 than \$589,000. The biggest is described as electrical
11 improvements and is understood to include an
12 air-conditioned building that would house new electrical
13 equipment. Available details are sketchy, but you don't
14 need to be an electrical engineer to know that modern
15 electrical and electronic equipment is physically
16 smaller than the old equipment it replaces. The
17 existing building is a well-maintained concrete block
18 structure approximately 22 feet by 36 feet in size, of
19 which between 200 and 250 square feet are
20 air-conditioned with a window unit. Certainly the
21 existing building is adequate, even if the Public
22 Service Commission determines that the electrical
23 upgrade is really needed.

24 Additional pro form additions are described as
25 major truck upgrade, vehicle replacement program, and

1 GIS mapping service, all of which are shown to be
2 proportionately allocated. The degree to which these
3 items are actually necessary is beyond my ability to
4 judge, as are the fairness of the allocations and the
5 accuracy of the stated costs. I certainly hope the
6 Public Service Commission will take a hard look at these
7 areas, keeping in mind the history Utilities, Inc. has
8 of adding unnecessary pro forma items and inflating
9 statements of expected costs.

10 The second area I want to speak to is the
11 desire of Utilities, Inc. to consolidate rate structure.
12 I strongly oppose this. The fact that operations are
13 now characterized as consolidated does not require the
14 Public Service Commission to decide all customers should
15 pay the same rates where there is zero commonality of
16 infrastructure among the systems.

17 The water and sewer systems operated by the
18 City of Leesburg have two rate structures. Customers
19 outside the city have longer connection infrastructure
20 and pay different rates than those within. Rates for
21 Utilities, Inc. customers should likewise reflect the
22 operating costs and capital asset values of the systems
23 that serve them. There is no other fair way to do it.

24 A couple of years ago we asked Utilities, Inc.
25 to consider improving our water quality. Specifically

1 we felt that removal of iron would be better than the
2 current use of a sequestrant to address unacceptable
3 levels of iron in the water. A study was done, and
4 after seeing the effect Utilities, Inc. projected it
5 would have on rates, we chose to forgo the improvement
6 and live with the lower quality water. If rates are
7 made uniform, we could very well end up subsidizing the
8 same kind of improvement in the systems in other
9 counties, while our siding, laundry, plumbing, fixtures,
10 and curbs continue to accumulate rust stains.

11 Utilities, Inc. has a history of acquiring and
12 divesting utilities in Florida. Establishing uniform
13 rates would enable them to enhance their overall rate of
14 return simply by selling the systems where rates don't
15 provide sufficient revenue. The buyers could
16 immediately file rate cases and justify increased rates
17 for the systems they acquired while Utilities, Inc.
18 continued to charge at the rate set to offset losses on
19 the systems they no longer own. Rates must not be
20 consolidated. That would simply be unacceptable.

21 In closing, I want to recognize that the
22 Public Service Commission has a daunting task before it.
23 Utilities, Inc. has paid their lawyers a lot of future
24 customer money to make things as opaque and complex as
25 possible. Although we are lay people and can't fully

1 understand the hundreds of pages of small print in the
2 filings and rules, we do see and have seen in the past
3 rate cases much that should not be allowed. The last
4 time, Utilities, Inc. was able to get wastewater rates
5 above what they are allowed to earn. We hope the Public
6 Service Commission will scrutinize the present filings
7 even more closely, and we thank them for the work they
8 do to ensure the rates we pay are justified.

9 **CHAIRMAN BROWN:** Thank you, sir.

10 Could you state your name? And I'd like to
11 know if you would like that marked as an exhibit.

12 **MR. SPERLING:** Yes, please.

13 **CHAIRMAN BROWN:** Okay.

14 **MR. SPERLING:** My name is Roger Sperling. My
15 address is --

16 **CHAIRMAN BROWN:** Can you spell your last name?

17 **MR. SPERLING:** S-p-e-r-l-i-n-g.

18 **CHAIRMAN BROWN:** Okay. Thank you. We're
19 going to go ahead and mark your written comments as
20 Exhibit 15.

21 (Exhibit 15 marked for identification.)

22 **MR. SPERLING:** Where shall I put them?

23 **CHAIRMAN BROWN:** Right -- Mr. -- Phillip is
24 right there.

25 **MR. SPERLING:** Thank you very much.

1 **CHAIRMAN BROWN:** Thank you. Just one second,
2 sir. Mr. Sperling, there's a question.

3 Commissioner Polmann.

4 **COMMISSIONER POLMANN:** Thank you,
5 Mr. Sperling. I would simply note that the information
6 you provided is very valuable and we do appreciate your
7 effort in putting that together. This is the type of
8 information with all the detail and the information in
9 terms of the data, your comments, the level of effort,
10 and simply the detail provided we will find particularly
11 useful. So I thank you for your effort.

12 **MR. SPERLING:** Thank you.

13 **CHAIRMAN BROWN:** Mr. Sperling, you're
14 treasurer of which HOA?

15 (Applause.)

16 Nobody listens. We -- again, we appreciate
17 your enthusiasm. You're president of HOA.

18 **MR. SPERLING:** I'm treasurer of the Pennbrooke
19 Homeowners Association, Inc.

20 **CHAIRMAN BROWN:** Thank you.

21 **MR. SPERLING:** Thanks.

22 **CHAIRMAN BROWN:** All right. We appreciate
23 your testimony.

24 Next customer, please.

25 **MR. KELLY:** After Mr. Cooper is Ms. Ingrid

1 Panepinto.

2 **CHAIRMAN BROWN:** Good morning.

3 **MR. COOPER:** Yes. Good morning. Thank you
4 for this opportunity to --

5 **CHAIRMAN BROWN:** Name and address.

6 **MR. COOPER:** My name is Larry Cooper, 732 Old
7 Oaks Lane. I've been a resident here now since December
8 of 2014. I do not have any -- have not had any problems
9 with the service provided. The previous speaker spoke
10 in great detail about the concerns that I also have, but
11 I will just summarize my thoughts.

12 First of all, let me say that I come from a
13 background of 40-some years in consulting engineering in
14 which I -- my career was devoted to infrastructure-
15 related work. Also as an investor, I'm familiar with
16 the bonding process and investment-related issues and
17 risks. I also happen to have a daughter who is a CPA,
18 so I have some familiarity with accounting.

19 My concern is that there are -- what is it? --
20 22 different entities, I believe is the number. Each of
21 them have -- whatever the number is, okay -- each of
22 them have their own operational costs and revenues,
23 which any accountant can fairly easily keep track of.
24 And so even if they are all part of a larger entity,
25 those revenues and costs can easily be tracked. So I

1 cannot see a justification for the cost being treated --
2 costs and revenues being treated as if they are equal
3 between all those entities.

4 I would also be interested in knowing the
5 names of the engineering firms and the accounting firms
6 that you're working with.

7 So, in summary, the -- I guess I feel if you
8 can't keep the costs and revenues for each entity
9 separate and have the rate schedule reflect the cost and
10 revenues for each of those entities, maybe we will have
11 to organize to deal with that properly. Thank you.

12 **CHAIRMAN BROWN:** Thank you, Mr. Cooper.
13 Appreciate your testimony.

14 Commissioners, any questions or comments?

15 Seeing none, thank you.

16 **MR. KELLY:** After Ms. Panepinto is Chris
17 Beaulieu (verbatim).

18 **CHAIRMAN BROWN:** Good morning.

19 **MS. PANEPINTO:** My name is Ingrid Panepinto.
20 I live at 838 Eagles Landing, Leesburg, Florida 34748.
21 Well, I have a question for the gentleman on the left
22 side here. I'd like to invite him to my house and let
23 him drink a glass of water out of my sink. I don't
24 drink the water out of the sink. My dog doesn't even
25 drink the water out of the sink. I have bottled water.

1 The iron in the water is very high. The
2 toilet stains, the faucet is getting all kind of yucky
3 looking, and constantly you have to use Lime-A-Way,
4 which is not very healthy on your breathing.

5 Another thing, last year my husband passed
6 away. I had a water bill a certain amount. Now I'm by
7 myself. It's the same amount. I don't use my
8 dishwasher once a week, I don't use a lot of water, and
9 my water bill is sky high. It's higher than my electric
10 bill. I called up and they said, "Well, we'll send
11 somebody over and check it." Well, I had somebody
12 checking my sprinkler system. Everything was working,
13 and I paid \$75 just to check it, just to see of any
14 leaks in the area. I don't use -- abuse water.

15 But I think the increase -- we're all retired.
16 We get a \$4 increase in our social security. I look at
17 the increase, what they expect to get as salary, I don't
18 think it's fair. That's all I have to say.

19 **CHAIRMAN BROWN:** Thank you for your testimony.
20 Ma'am, I'm just curious about what the leak detector
21 consultant provided, the \$75 that you paid for. Did
22 they detect a leak?

23 **MS. PANEPINTO:** No, I had no leak in my
24 system. And sometimes I'm outside, I can see the water
25 meter -- the guy coming by, click, click, nothing. They

1 don't even check. I think most of the time they guess.
2 How can I have a water bill higher now than when my
3 husband was alive and it was the same? I don't use as
4 much water. He -- I mean, I used water when he was
5 alive, yes. He was in a wheelchair, et cetera, and he
6 was, you know -- but I don't understand. They're just
7 guessing right now.

8 **CHAIRMAN BROWN:** Well, the utility
9 representatives are here in the back, and I absolutely
10 encourage them to talk to you afterwards and see what
11 the situation is at your property.

12 **MS. PANEPINTO:** Okay. Okay. Thank you.

13 **CHAIRMAN BROWN:** Thank you for your testimony.
14 Next customer.

15 **MR. KELLY:** After Ms. -- is it Beaulieu
16 (phonetic)?

17 **MS. BEAULIER:** Close. Beaulier.

18 **MR. KELLY:** Will be Jon Martin.

19 **CHAIRMAN BROWN:** Good morning.

20 **MS. BEAULIER:** Hi. My name is Chris Beaulier.
21 I'm at 639 Timbercrest Drive, and my phone number is
22 (352)314-9615. I've been in the community here for 20
23 years this month. And I'm on a fixed income, and my
24 pension has never increased in the 20 years that I'm
25 here. And I'm -- maybe I should work for the water

1 company. (Laughter).

2 As I said, I've been here for 20 years, and
3 I've been to several of these meetings. I would have
4 thought it was more than you mentioned. But -- and it
5 always begins by asking for a ridiculous increase. And
6 then when it's reduced to a lower amount, then you make
7 us think that we, because we come to the meetings, we've
8 gained something. But I think the original requests are
9 usually much too high deliberately.

10 There's so much rust in the system. You just
11 have to drive around the community and look at the
12 homes. The sides of the buildings are rust. And if
13 they're not rust, then they've had their home painted,
14 which we have had to do because of the rust stains.

15 I just got two brand new toilets just two
16 years ago, and already they're starting to get the rust
17 stains in it. And I use very strong chemicals. It gets
18 it out, but in a couple of days it just crawls right
19 back. I never drink the water. It tastes terrible.
20 And we've got a water softener, but it's still terrible.

21 I moved from Connecticut 20 years ago. The
22 water bill in Connecticut, again, 20 years ago, was
23 \$6.40 for three months. Thank you for your time.

24 **CHAIRMAN BROWN:** Thank you for your testimony.
25 Commissioners, any questions or comments?

1 Seeing none, thank you again.

2 Next customer.

3 **MR. KELLY:** After Mr. Martin is Charlene
4 Minger.

5 **MR. MARTIN:** It's Jon Martin, 32717 Westwood
6 Loop. My --

7 **CHAIRMAN BROWN:** Mr. Martin, can you speak up
8 a little bit, please?

9 **MR. MARTIN:** Yes. Jon Martin. I live at
10 32717 Westwood Loop. My telephone number is 787-9316.

11 Two things to start with. First, I want to
12 totally agree with what Mr. Sperling stated up here.
13 The other thing I would like to digress for a minute.
14 We had one of these meetings four years ago. All of us
15 people who stood up here and spoke to this Public
16 Service Commission, it fell on deaf ears. This
17 community had to pay \$20,000 to hire someone to go to
18 Tallahassee before we could get anybody to listen to us.
19 That being the point, I've heard the attorneys say how
20 they want to put this together with other groups. First
21 of all, the only thing that does is penalize Pennbrooke
22 Fairways because, according to my plumber that replaces
23 my hot water tanks and everything else on a yearly
24 basis -- and, in fact, I have a whole house water system
25 filter that's supposed to last six months. It lasts two

1 months. So as a result, I don't think you should be
2 giving an increase. I think you should be giving a
3 decrease. And we certainly don't need to be lumped in
4 with other people with the condition of our service and
5 pay a higher rate. I think this utility should fix our
6 problems before they come to us and look for more money.

7 And these people need to realize -- I worked
8 for AT&T for 38 years and worked on rate cases in
9 upstate New York. It's common practice for any utility
10 to ask for an enormous increase rate and then gamble on
11 what they're going to get. As an example, ask for
12 52 and be happy if you get 20. My concern is you should
13 get nothing based on our service here.

14 (Applause.)

15 **CHAIRMAN BROWN:** Thank you for your -- again,
16 please refrain from clapping. I'm sorry. I'm going to
17 have to ask you again. We've heard you clap several
18 times. Thank you. We understand that you are very,
19 very passionate about these issues, but please continue
20 to be professional and cordial to others. Thank you.

21 **MR. KELLY:** After Ms. -- after Ms. Minger is
22 Tom Welt.

23 **CHAIRMAN BROWN:** Good morning.

24 **MS. MINGER:** Good morning. I have brought --
25 hopefully this will be an exhibit for you.

1 **CHAIRMAN BROWN:** We can go ahead and mark it
2 right now, if you'd like it.

3 **MS. MINGER:** Okay.

4 **CHAIRMAN BROWN:** Or we can take a picture of
5 it if we have staff -- we're going to go ahead, before
6 your time starts, and mark that as Exhibit 16.

7 And if you could state your name.

8 **MS. MINGER:** Yeah, Charlene Minger, 32908
9 Crooked Oaks Lane, Leesburg, and it's 34748.

10 **CHAIRMAN BROWN:** Before your time starts, I
11 just want to mark that as Exhibit 16. And we're going
12 to have Charlene Minger exhibit, Demonstrative Exhibit -
13 Water Filter.

14 (Exhibit 16 marked for identification.)

15 **MS. MINGER:** Water filter, yeah. As you can
16 see, we have a whole house water filter. And we're
17 still experimenting. We try to replace about every 45
18 days. I've gone online trying to find filters that will
19 serve us better. This was a little bit more of an
20 expensive one. This is one that -- like I say, we're
21 experimenting. And I just went to Home Depot and bought
22 another filter, which is a much cheaper one. We do,
23 about every 45 days, replace them. And there are still
24 times that even with the filter we still have brown
25 water that will occasionally come out of our faucets, as

1 people were saying about their toilets, having stains in
2 their toilets and in our shower beds. And so using
3 harsh chemicals, remember, that's going down through our
4 wastewater as well, through our septic.

5 So there's a lot of things that they need to
6 take into consideration before they think about
7 increasing our rates. Maybe if they end up improving
8 our water system, then maybe we won't be so opposed to
9 having a little bit of an increase. But the increase
10 that they're talking about is astronomical. These
11 people are on a fixed income, as you've heard. And so I
12 think they need to take into consideration, before they
13 think about a rate increase, improving the water first.
14 Thank you.

15 **CHAIRMAN BROWN:** How old -- I may have missed
16 that. How old is that water filter?

17 **MS. MINGER:** About 45 days. Which, according
18 to the -- when we bought this, it was supposed to be
19 about three -- three to four months is how often we're
20 supposed to replace it. But as you can tell, if we
21 waited three or four months, we would -- it probably
22 wouldn't even do what it's supposed to do. And --
23 because I'm sure that after a while it has lost its life
24 expectancy, so, you know, you might as well not even
25 have one on.

1 **CHAIRMAN BROWN:** I appreciate you bringing
2 that in to us.

3 Commissioner Polmann.

4 **COMMISSIONER POLMANN:** Thank you, Madam
5 Chairman.

6 I assume that was white when it was new.

7 **MS. MINGER:** Yes, it was white at one time.

8 **COMMISSIONER POLMANN:** Thank you. Just a
9 general comment. I appreciate you providing us with the
10 detail. And to everyone who's speaking, when you come
11 forward with a service-related point in your testimony,
12 it would be helpful to us if you identify -- if you have
13 an issue with regard to service, if it's customer
14 service related, quality of service regarding the
15 billing issue. And it's fairly clear when you identify
16 that -- the water quality issue, and, again, it's quite
17 clear when you identify that. So just a point there to
18 help us in the clarity of your presentation. So thank
19 you very much for that.

20 **MS. MINGER:** I hope you understood that mine
21 is the quality of the water.

22 **COMMISSIONER POLMANN:** Yes, yes.

23 **MS. MINGER:** I've not had a problem with
24 customer service, to be quite honest, not myself. Okay?
25 Thank you.

1 **COMMISSIONER POLMANN:** Thank you.

2 **CHAIRMAN BROWN:** Any other questions?

3 Thank you for your testimony and bringing that
4 in.

5 Next customer.

6 **MR. KELLY:** After Mr. Welt is Ms. Judith --
7 Judith Martucci, Martucci.

8 **CHAIRMAN BROWN:** Good morning.

9 **MR. WELT:** Good morning.

10 **CHAIRMAN BROWN:** I think they're trying to
11 tone down the microphone a little bit. There you go.

12 **MR. WELT:** That one is too loud or whatever.
13 My name is Tom Welt. I've lived in this
14 community three years next month.

15 **AUDIENCE SPEAKER:** We can't hear.

16 **MR. WELT:** I've lived in this community --

17 **CHAIRMAN BROWN:** A little closer.

18 **MR. WELT:** -- three years next month. I
19 retired last January, and I selected a terrific
20 community. But I'm on a fixed income now, and my
21 increases have not been realized since I retired. To
22 receive a bill increase of a potential 40 percent as
23 proposed is totally unconscionable. I appreciate the
24 effort that has been made towards simplification in the
25 form of consolidation, but it's not necessary.

1 Computerization can take care of that, as has already
2 been mentioned, in accounting systems. That is not an
3 issue or justification for such a high rate.

4 Other topics like capital improvements has
5 been mentioned. In my experience, capital improvements
6 fall into one of two categories: New develop -- new
7 capital improvements or expansion, which typically is
8 borne by new development that's going in. The other
9 category is existing. If we have a problem that needs
10 to be replaced, piping or whatever, that typically
11 should be borne in the reserves that are budgeted for.
12 And if they aren't, then that's a management issue in
13 the company providing the service.

14 I want to end with helping you realize that
15 most of us in this community are hoping for cost of
16 living increases -- often that come, but often that do
17 not. I thank you for coming to Pennbrooke Fairways.
18 It's convenient to us to have you here. I hope that
19 you'll deny this request. Thank you.

20 **CHAIRMAN BROWN:** Thank you for your testimony.

21 **MR. WELT:** Questions?

22 **CHAIRMAN BROWN:** No questions?

23 Thank you.

24 Next customer, please.

25 **MR. KELLY:** After -- is it Martucci?

1 **MS. MARTUCCI:** Martucci.

2 **MR. KELLY:** Martucci -- is Jeffrey
3 Brooke-Stewart.

4 **CHAIRMAN BROWN:** Good morning.

5 **MS. MARTUCCI:** Good morning. Judith Martucci,
6 721 Timbercrest Drive, Leesburg, Florida. Do we have to
7 give our phone number? I'd rather not have that on
8 public television.

9 **CHAIRMAN BROWN:** You don't. They just require
10 me to say it.

11 **MS. MARTUCCI:** Okay. Thank you.

12 Regarding Docket No. 160101-WS, Utilities,
13 Inc. of Florida, some of the notes from Utilities, Inc.
14 to Pennbrooke residents and other communities from John
15 Hoy, president of the utilities, dated 1/2/2017, quote:
16 The utility is requesting a rate increase/decrease
17 because the existing rates do not provide sufficient
18 revenues to cover the required expenses of operations on
19 a going-forward basis and a fair return on the utility's
20 investment in used and useful property for the public
21 use, including pro forma projects. The rate of return
22 on equity requested in this proceeding on a systemwide
23 basis is 10.40 percent.

24 And then further down it stated, "Given the
25 breadth and variety of communities we serve throughout

1 the state, it's impossible to describe our average
2 customer from primarily vacation communities. With low
3 usage rates to well-established year-round neighborhoods
4 with higher usage rates, monthly charges have
5 historically varied. Our proposed rate structure will
6 help minimize the rate shock that can occur when major
7 improvement projects are performed in a single
8 community. The consolidated rates that we are
9 requesting will result in immediate rate decreases for
10 many of our customers." Quote, decreases for many of
11 our customers.

12 "The utility has requested a permanent revenue
13 increase/decrease for its water and wastewater systems
14 as follows." Further down, it states, "Lake County,
15 Pennbrooke, a 162,961, or 42.6 percent, increase for the
16 Pennbrooke water system. The requested increase would
17 produce annual revenues of \$545,187 for its water
18 system."

19 Personal notes from Judith Martucci,
20 Timbercrest Drive. The reason given for this increase
21 to water at Pennbrooke Fairways' consumers is the fact
22 that the utility needs to, quote, replace aging water
23 main piping in many of Utilities, Inc.'s systems in
24 Seminole, Orange, Pasco, and Pinellas Counties, end
25 quote. However, as residents of Pennbrooke and Lake

1 County, we are not being offered nor given any
2 improvements to the present water quality, ongoing --
3 ongoing water pressure problems throughout the
4 community, or service in any fashion, yet this community
5 is being told to expect a rate increase of 42.6 percent
6 for status quo product and service. In my opinion, we
7 are being asked to subsidize the utility's customers who
8 are primarily vacation communities or have aging systems
9 that are going to receive replacement piping. The
10 community of Pennbrooke has many residents on fixed
11 incomes who do not have the additional funds available
12 to subsidize other communities.

13 **CHAIRMAN BROWN:** You have about ten seconds,
14 ma'am.

15 **MS. MARTUCCI:** Perhaps the utility should have
16 better prepared for the inevitable need for upgrading
17 their equipment as time went by rather than expecting us
18 to pay for items that did not benefit us in any fashion,
19 not even throughout the county.

20 Thank you for your kind attention. Copies of
21 this letter will be sent to the federal Public Service
22 Commission as well as Martin Friedman, Esquire. And I
23 would like the address for the other counsel who is on
24 our side.

25 **CHAIRMAN BROWN:** Thank you. Thank you,

1 Ms. Martucci.

2 Commissioners, any questions?

3 We -- do you want to put that into the record?

4 **MS. MARTUCCI:** Yes. I have a copy.

5 **CHAIRMAN BROWN:** Let's mark this as an
6 exhibit, Exhibit 17. It's going to be entitled -- could
7 you spell your last name?

8 **MS. MARTUCCI:** M-a-r --

9 **CHAIRMAN BROWN:** M-a-r --

10 **MS. MARTUCCI:** -- t-u --

11 **CHAIRMAN BROWN:** -- t-u-c-c --

12 **MS. MARTUCCI:** -- i.

13 **CHAIRMAN BROWN:** -- i. We're going to mark
14 that as Exhibit 17, Martucci Letter/Comments. Thank
15 you.

16 (Exhibit 17 marked for identification.)

17 Next customer, please.

18 **MR. KELLY:** After Mr. Brooke-Stewart is Dave
19 Shockey.

20 **CHAIRMAN BROWN:** Good morning.

21 **MR. BROOKE-STEWART:** Good morning. Thank you
22 very much. Jeffrey Brooke-Stewart, B-r-o-o-k-e hyphen
23 S-t-e-w-a-r-t, 33236 Grand Cypress Way, Leesburg,
24 Florida 34748. Thank you very much. And we've lived
25 here since -- excuse me -- we've lived here since 2004,

1 and really I guess I'm just confirming a lot of what
2 Mr. Sperling said, a lot of detail from Mr. Sperling,
3 which I appreciated, and also the comments about the
4 water quality, especially the rust. The iron content is
5 very, very high, and the last attempt to do anything
6 about that resulted in an outrageous costly procedure.
7 So I'm really confirming that.

8 The background in the docket refers to an
9 overall return request of 7.75 percent, and then it goes
10 on to say that Pennbrooke wastewater is at 12.45 percent
11 over, Pennbrooke water at 3.5 percent under. It's hard
12 to put them together, but it is apparent that Pennbrooke
13 is already ahead of the required -- requested amount,
14 which confirms an earlier remark that there are winners
15 and losers, and Pennbrooke is a loser. And for a
16 community of 1,200-plus houses, that's just not right.
17 And that's the point I want to make. It's just not
18 right to take a small community, put us in with a lot of
19 larger communities, and ask us to pay for the much
20 larger infrastructures.

21 For example, the -- if we just take the base
22 charge increases, Pennbrooke residents will pay every
23 month an additional \$17.38 for their meter costs. For
24 those who took the advice of a few years ago and put in
25 a second meter for irrigation, we will pay \$24 a month

1 increase in base charge only, base charge. There's
2 nothing we can do to reduce that. There's obviously no
3 other water source to go to to change. That's just not
4 right to put us on.

5 And as has been said by a number of speakers,
6 this is a retirement community, most are on fixed
7 incomes, and it's going to be very difficult for some
8 people. It's just not right. So thank you very much.

9 **CHAIRMAN BROWN:** Thank you,
10 Mr. Brooke-Stewart.

11 A question for you, sir. I don't know if
12 you're familiar with the procedure that you all -- that
13 this community contemplated with the iron. Could you
14 elaborate a little bit on that and the pricing of the
15 proposed --

16 **MR. BROOKE-STEWART:** It was so detailed, I
17 could not. But certainly Mr. Sperling and others, I
18 suspect, could. But I cannot, no.

19 **CHAIRMAN BROWN:** Okay. Thank you. I am
20 interested in that.

21 Commissioners, any other questions or
22 comments?

23 Thank you.

24 **MR. BROOKE-STEWART:** Thank you.

25 **MR. KELLY:** After Mr. Shockey is Ray Warner.

1 **CHAIRMAN BROWN:** Good morning.

2 **MR. SHOCKEY:** Good morning. My name is Dave
3 Shockey. I live at 242 Grand Vista Trail, Leesburg,
4 Florida, which is here in Pennbrooke. We've been here
5 about 12 and a half years.

6 A brief background on myself. I spent a
7 30-year career with the Cleveland Electric Illuminating
8 Company. I managed the rate department for ten years.
9 We served mostly electric service. We also served steam
10 service and water service to some customers. And most
11 of what's already been said about consolidation I
12 totally agree with. In my experience of ten years, it
13 would not be permitted in Ohio to consolidate one
14 community subsidizing another and vice versa. Here
15 you've got a dozen communities, give or take, that
16 they're trying to consolidate. It should be based on --
17 the cost of service should be based on their used and
18 useful equipment and the cost of operating that for that
19 individual community. That would not -- the
20 consolidation would not have been permitted, to my
21 knowledge, in Ohio.

22 Also they talk about future costs, future
23 improvements, et cetera. Regardless of what they are,
24 the rates that you pay today should be based on what's
25 used and useful in your community now. Future service

1 costs were not permitted in Ohio. I don't know about
2 you here in Florida. That's my experience. It's not
3 permitted.

4 Beyond that, they sent a notice -- well,
5 without digging it up -- it seemed to indicate we'd have
6 about a 42 percent rate increase in our water service
7 but a 6.5 percent decrease in our wastewater. And yet
8 the handout that I got as I came in the door today shows
9 a 45.6 percent increase for water, which is close to the
10 42. But then it shows 31.6. I just simply did the
11 math, the before and the after numbers. How do you get
12 the 31.6 percent increase in my wastewater when the
13 notice you sent to me said a 6.5 percent decrease?

14 **CHAIRMAN BROWN:** I'm going to ask our
15 technical folks for clarification in just a moment, but
16 allow you to wrap up your comments.

17 **MR. SHOCKEY:** Well, that's basically all I
18 have. I totally agree with Mr. Sperling and others.
19 Consolidation is wrong. We should not be subsidizing
20 and supporting other systems. That's up to them to
21 cover their own operating costs and maintenance and
22 investment, et cetera, and future costs should come in
23 some future rate case. It's that simple.

24 **CHAIRMAN BROWN:** Thank you so much.
25 Appreciate those comments.

1 I'm going to have Mr. Maurey come up, though,
2 real quickly, if he could, and just explain -- or
3 Ms. Daniel, either one of you, explain our handout and
4 the percentages that -- so that we clarify for the
5 record and for the customers here what is being
6 proposed.

7 **MR. SHOCKEY:** Okay. No questions?

8 **CHAIRMAN BROWN:** No questions.

9 This will be Patti Daniel from Public Service
10 Commission staff.

11 **MS. DANIEL:** Good morning, everyone. I'm
12 Patti Daniel with Commission staff. Can you hear me
13 okay in the back?

14 All right. The handout that you received as
15 you came, I hope you received it, and if you will look
16 on page 2 of that handout. All right. As you've been
17 hearing this morning, the company is seeking to have
18 consolidated rates. So to help you customers as we go
19 across the state of Florida in each of these
20 eight customer meetings, we wanted to be able to
21 demonstrate to each of you what this potential rate
22 increase that the utility has requested, and as
23 Commissioner Brown told you, it has not been decided yet
24 what that ultimate rate increase will be, but we wanted
25 to give you a price point so that you could see what

1 this potential increase might mean to you.

2 And if you'll look at the top of the page,
3 presently how much is the monthly water and wastewater
4 bill for a residential customer using 5,000 gallons of
5 water. Now I don't know if that's what your average
6 demand is or not, but it's the price point that we
7 picked for comparison.

8 So for Pennbrooke, if you use 5,000 gallons
9 right now, your bill would be \$14.69 for water and
10 \$37.99 for wastewater. If the company's consolidated
11 rates as well as their entire requested revenue increase
12 were approved by the Commission, your water bill at
13 5,000 gallons would be \$21.39. The 42 percent, I
14 believe, and I didn't look at where that calculation
15 came from, but that looks like about a 40 percent
16 increase. Is that -- has somebody got a calculator?

17 **AUDIENCE SPEAKER:** 45.6.

18 **MS. DANIEL:** Okay. There it is. And then for
19 wastewater your bill would go, at 5,000 gallons, from
20 37.99 to \$50.02. And you see that \$50.02 is repeated
21 for a number of the systems for wastewater, and the
22 21.39 is also repeated for a number of the systems --
23 all of the systems for water, and those would then
24 reflect the consolidated rates. Is that helpful to you?

25 **CHAIRMAN BROWN:** Thank you, Ms. Daniel. And

1 we will have Commission staff here available to talk in
2 depth with each of you after this proceeding, but we
3 need to continue with the other customer testimony.

4 So let's go to the next customer, Mr. Kelly.

5 Thank you, Ms. Daniel, again.

6 **MR. KELLY:** Mr. Warner.

7 **CHAIRMAN BROWN:** All right. Mr. Warner.

8 (No response.)

9 **MR. KELLY:** The next customer -- I apologize
10 if I get this name wrong -- Josephine Kowynia,
11 K-o-w-y-n-i-a.

12 **MS. KOWYNIA:** It's Kowynia.

13 **MR. KELLY:** Kowynia. I'm sorry.

14 **MS. KOWYNIA:** I'm sorry. You'll have to wait
15 a minute for me.

16 **MR. KELLY:** And I apologize, I can't -- is it
17 Sherry --

18 **MS. KOWYNIA:** That's all right.

19 **MR. KELLY:** -- Mein, Jerry Mein?

20 **CHAIRMAN BROWN:** Good morning.

21 **MS. KOWYNIA:** Good morning.

22 **CHAIRMAN BROWN:** Could you spell name, your
23 last name for us, please?

24 **MS. KOWYNIA:** Yes, certainly. It's K-o-w-y-,
25 as in yes, n-i-a. It's pronounced Kowynia, and I

1 generally say it's pronounced very carefully.

2 I live at 527 Grand Vista Trail, Leesburg, in
3 Pennbrooke. I have lived in Pennbrooke -- and this is
4 my second home here. I've lived in Pennbrooke since
5 2004.

6 In the current house, I've lived here for
7 eight years. In that time I have replaced my water
8 heater, and I have replaced my filtration system twice.
9 I just had my water heater, my second water heater
10 repaired to the tune of \$150 because it had to have a
11 pipe replaced in the center of it. And every plumber in
12 the area knows that the only reason for those pipes to
13 go bad is because the quality of the water in Pennbrooke
14 is so bad that they frequently tell you to replace it
15 before you install the water heater.

16 I have had to replace every fixture in my
17 house, and my house was built in 2000. Now I don't know
18 that anyone in the water commission has replaced every
19 fixture in their house in a 15-year period, but I have.
20 I also have replaced the fixtures in the house I owned
21 previously, which was built by a different builder but
22 it was here in Pennbrooke.

23 I've had occasion to have some of the siding
24 on my house broken by the mowers, and in order to match
25 what was existing siding around, they've had to paint

1 siding to match the rust stains, and it doesn't match
2 the color of the siding that belongs on the house.

3 We've been asked to give a rate increase of
4 42 percent. In the past three years, our COLA, that's
5 our cost of living increase, was zero. In the last
6 year, it was three-tenths of 1 percent on our social
7 security. The way it worked out for me, and I don't
8 know how it worked out for other people, but the way it
9 worked out for me is that I ended up -- because my
10 health insurance had gone up so much, it worked out that
11 I get \$10 less a month than I got before. I don't get a
12 17 percent increase in my social security.

13 In addition, we have to have our wastewater --
14 our water pipes flushed every three months. And when
15 that's done, we frequently end up with superfluous
16 stains that come as a result of flushing the water
17 pipes.

18 I had something else and I can't find it. Oh,
19 on the second page that was just referred to --

20 **CHAIRMAN BROWN:** You have about ten seconds,
21 if you could wrap it up.

22 **MS. KOWYNIA:** Okay. Item No. 1, Charlotte
23 County, \$125 is being reduced to \$50. Further down,
24 Pasco County for Labrador, \$124 is being reduced to \$50.
25 Ours is being raised. We have no additional expenses,

1 but we're getting a rate raise. And as far as I'm
2 concerned, this should be declared as criminal.

3 **CHAIRMAN BROWN:** Thank you for your testimony.

4 Commissioners, any questions or comments?

5 Thank you.

6 Next customer, please.

7 **MR. KELLY:** And I apologize. I can't read the
8 writing. It's someone with Pennbrooke Fairway -- is
9 it -- I apologize, Gwen (sic) or Sherry (sic) or
10 something Mein (sic)? I apologize. Let me read the
11 address. 927 Eagle Landing.

12 **CHAIRMAN BROWN:** Here she comes.

13 **MR. KELLY:** I'm sorry. I couldn't read it.
14 And she'll be followed by Jolene Natoli.

15 **CHAIRMAN BROWN:** Good morning.

16 **MS. NESS:** I'm sorry. My name is Gerry Ness,
17 N-e-s-s. I guess my handwriting wasn't very readable.
18 I live at 927 Eagles Landing. I've been a Pennbrooke
19 resident since 2004.

20 In any case, I wish to speak -- I've spoken at
21 these meetings before. I've written in the past about
22 rate increases, and we have the same issue here. We
23 have water quality and we have an indefensible rate
24 increase.

25 The water quality, as everyone has spoken to,

1 consists of too much hardness and a lot of iron.
2 Personally we've tried a couple of different water
3 filters. None of them have been effective. They just
4 don't seem to keep the iron out. I spend a fortune on
5 cleaners trying to keep my toilets clean especially, and
6 I personally don't drink the water and buy all bottled
7 water for myself. My husband is a wine maker. We have
8 to buy the water for him to make his wine. I wouldn't
9 use that water for wine. It's not suitable.

10 There was discussion at the last request for a
11 rate increase about acquiring a different -- a second
12 tank so that tank could be flushed of the iron that
13 accumulates in the bottom of it. To my knowledge, that
14 has not been done. We continue to try to flush the
15 hydrants at the source, which seems to me to be bad.
16 It's not good. It's already there. I mean, it's on the
17 streets. It's everywhere.

18 And more importantly than the water quality
19 even is the fact that we just don't -- we're not getting
20 anything for our money. It's patently unfair to get one
21 rate, to charge small communities and highly populated
22 communities the same rate. I know that there were
23 communities that used to be published on the Utilities,
24 Incorporated website where millions of dollars has been
25 spent in capital improvements. So they're already ahead

1 of the game, and we're -- we have not made one ounce of
2 improvement here in 12 years. We're fighting the same
3 issues we fought before: low water pressure and poor
4 quality water.

5 So, you know, I agree with the speakers that
6 spoke previously that we are subsidizing other
7 communities, helping to retire their debt, while we get
8 no improvements. I would encourage the Commission to
9 look at allocating rates and not consolidate them, and
10 earmark, if you can -- if we end up with a rate
11 increase, why can't our dollars in excess of what's
12 needed to run this facility be allocated to the
13 improvements we've been asking for for the last 12
14 years? Thank you very much.

15 **CHAIRMAN BROWN:** Thank you for your testimony.
16 It was very helpful.

17 Commissioners? Commissioner Polmann.

18 Ma'am --

19 **COMMISSIONER POLMANN:** A comment or a
20 question. You're the first person that I recall
21 hearing -- making a comment about low water pressure.

22 **MS. NESS:** I think there were a couple of
23 others who did mention it.

24 **COMMISSIONER POLMANN:** Okay. Thank you for
25 that comment. And I would encourage others not

1 necessarily to come forward and speak, but again, as the
2 Chairman has indicated, if you have other issues, we've
3 heard many comments about iron and water quality, other
4 issues such as low pressure, if -- please feel free to
5 send your comments in writing about the various types of
6 concerns that you have. And it is very helpful to hear
7 different types of concerns that you have. So thank you
8 for mentioning it.

9 **MS. NESS:** Thank you for listening.

10 **CHAIRMAN BROWN:** Thanks for your testimony.

11 Next customer, please.

12 **MR. KELLY:** After Ms. Natoli is Gerald Usher.

13 **MS. NATOLI:** Good morning. I'm Jolene Natoli.
14 I live at 33243 Pennbrooke Parkway, right down the
15 street the other way. One of the issues I was going to
16 raise has now been extensively covered, and that is the
17 quality of the water, which is poor. To me, if
18 Utilities, Inc. owns this, they ought to fix it at their
19 expense. My understanding was that they took some of
20 the filters out that stopped a lot of the water and the
21 iron from coming in and never replaced them and wanted
22 to charge us for them. I don't know the details of all
23 of that. Roger Sperling could explain that.

24 But the other -- I won't go into any more
25 about water quality. It's poor. I've never lived in a

1 place, and I've lived all over the world, where the
2 water was yellow and rusty in the toilet bowls, in the
3 sinks. When I take my showerhead apart, there's black
4 grease in it.

5 My input is more or less a question. The
6 Villages intends on building 4,000 homes right across
7 the street from here, across U.S. 44 near 468. I'm
8 wondering where all the water is going to come from to
9 service these people and how that's going to affect our
10 water.

11 **CHAIRMAN BROWN:** Thank you. And I assume
12 that's a question for the utility. Public Service
13 Commission staff will be able to get with you after the
14 proceeding and let you know. Thank you.

15 **MS. NATOLI:** Thank you.

16 **CHAIRMAN BROWN:** Any other issues you'd like
17 to address?

18 **MS. NATOLI:** No, that's it.

19 **CHAIRMAN BROWN:** Okay. Thank you so much.
20 Next customer, please.

21 **MR. KELLY:** After Mr. Usher is Don Manfre.

22 **CHAIRMAN BROWN:** Good morning.

23 **MR. USHER:** Good morning, Madam Chairman.

24 **CHAIRMAN BROWN:** It looks like you have
25 something with (sic) us. Do you want to have that

1 identified and marked as an exhibit before your time
2 begins?

3 **MR. USHER:** If you wish.

4 **CHAIRMAN BROWN:** Okay. Let's do that. We're
5 going to go ahead -- and your name, your first name?

6 **MR. USHER:** My name is Gerald Usher. I live
7 at 700 Grand Vista Trail.

8 **CHAIRMAN BROWN:** Thank you, Mr. Usher. We're
9 going to go ahead and mark Gerald Usher's exhibit as
10 No. 18, and write it Usher Demonstrative Exhibit.

11 (Exhibit 18 marked for identification.)

12 **AUDIENCE SPEAKER:** Hold it up.

13 **MR. USHER:** I will in a minute.

14 **CHAIRMAN BROWN:** You can begin. Thank you.

15 **MR. USHER:** I just have to concur with
16 everything that others -- everything that's been already
17 said. There's no point in repeating it.

18 I do want to add, though, about the water
19 pressure, you know, the water pressure is definitely not
20 good. But my main concern for you guys today is the
21 water quality. And this is my exhibit. This is the
22 filter that I installed in my house strictly for taking
23 out the iron. This is approximately five months' use
24 right here. It costs me \$65 to buy that, to replace
25 that every year -- every six months. And, you know, if

1 everybody added that to their house and paid \$65 each
2 time, I'm not sure if that would equal the cost of
3 putting in an iron filtering system.

4 The other thing I want to say is that now my
5 hands are pretty dirty and I don't know if I want to
6 clean them on your clothes, but just think about what
7 it's doing to your stomach. Thank you.

8 **CHAIRMAN BROWN:** Thank you, Mr. Usher. Thank
9 you for not putting it on our clothes. We appreciate
10 that. (Laughter.)

11 Next customer, please.

12 **MR. KELLY:** After Mr. Manfre is Wayne
13 Stevenson.

14 **CHAIRMAN BROWN:** Good morning.

15 **MR. MANFRE:** Good morning, Madam Chair. I
16 request your indulgence in taking a little longer than
17 three minutes. I'm speaking in lieu of some of the
18 other board members, but I speak for myself.

19 **CHAIRMAN BROWN:** And thank you. And I've
20 conferred with this gentleman. He is a representative
21 of an HOA representing a broader group, and we're going
22 to be generous with his allotted time. So I understand
23 that you have something to read into the record, but
24 would you also like it marked as an exhibit?

25 **MR. MANFRE:** I would. But whatever I turn in,

1 I would like to just get a clean copy because this has
2 got scribbling and notes all over it.

3 **CHAIRMAN BROWN:** Let's do that after your
4 testimony today. All right? Let's just go ahead and
5 state your name and address for the record.

6 **MR. MANFRE:** Don Manfre, 32705 Timberwood
7 Drive, Leesburg. I think in its simplest terms, a
8 government -- a utility is no more than a government
9 regulated monopoly. And I emphasize the word "monopoly"
10 because, as customers, we have nowhere else to go but to
11 Utilities, Inc. So as a homeowner, and all the
12 homeowners behind me here, we have to rely on you. We
13 have to rely on you, the Public Service Commission, to
14 safeguard us from any form of abuse or overreach by
15 Utilities, Inc. More specifically, our reliance on the
16 Commission extends to utility ratemaking where
17 Utilities, Inc. has the right to set rates that they
18 will charge us. Therefore, we are relying on you and
19 you alone to be fair across the group of consumers, that
20 is to say, the 12 different districts.

21 And here's the crux of the problem I have with
22 some of the issues that are stated in the letter from
23 the president, Hoy. I don't believe that the Pennbrooke
24 customers are being treated fairly, and we need your
25 intervention to prevent this from happening.

1 Recognizing that the Commission's purpose is
2 to serve both the customers and the utility, I recognize
3 that, but it must attempt to be equal and fair and serve
4 the interests of both. However, in this case, I see a
5 regulatory conflict, one between Pennbrooke and what I
6 believe to be the overreaching hand of Utilities, Inc.
7 Utility rates cannot be set so high as to be viewed and
8 perceived as confiscatory. This, in turn, demands that
9 rates be fair, reasonable, and nondiscriminatory across
10 the customer base. Yet in this case, I believe that, as
11 the numbers substantiate, the proposed rate increase is
12 not reasonable, nor fair, and discriminatory based on a
13 district bias basis the -- via the capital improvements
14 made to each district and being charged to other
15 districts.

16 I believe that rates must be impartial and
17 based on real and factual applicability. This is to say
18 that -- the consumption of each district, maintenance,
19 and required capital improvements. This is not case
20 here. I believe that there is a bias by Utilities, Inc.
21 The rate hike bias is by virtue of the 12-company
22 consolidation and unfair capital expenditure base for
23 the cost that's simply being spread across us for
24 improvements, capital improvements in other areas. I
25 think that's unfair.

1 I question the foundation upon which
2 Utilities, Inc.'s proposed rate hikes are based. I
3 believe them to be both biased and flawed; therefore,
4 invalid. I don't believe that the proposed rate hike is
5 illegal; however, I personally question the ethical
6 practices and the bloated proposals, absolutely bloated
7 proposals.

8 When I received UI's letters -- UI's -- when I
9 received Utilities, Inc.'s letter signed by the
10 president, John Hoy, I was incredulous. To me, a 42
11 percent increase in one year implies that either
12 somebody screwed up or that it's grossly overstated or
13 both. From my personal work experience, which handled
14 big dollars, if I got a proposal like this, I would have
15 sent it back, not even paid attention to it, and said,
16 "Sharpen your pencil and get the facts and then come
17 back to me." If 52 -- if 42 percent wasn't bad enough,
18 the consolidation of the 12 regulatory -- the 12
19 regulated companies into one, to me, was a red flag.

20 I want to address a little bit about Mr. Hoy's
21 letter because it does concern me. I realize that he
22 had to make some kind of an attempt to soften the blow.
23 I think that the letter itself was absolutely crowded
24 with platitudes and vagaries. I couldn't help but
25 wonder, does this have a pertinent requirement basis?

1 Where's the cost backup per district and the supporting
2 data that can withstand in-depth scrutiny? Does this
3 even exist? This kind of proposal and the amount of
4 money requested here, which is, to me, unimaginable,
5 absolutely requires specific, specific supporting
6 details to verify exactly how it aligns with the
7 Pennbrooke district and only the Pennbrooke district.

8 The real issue here is one of disparity, of
9 water and waste system operational costs, varying
10 equipment needs, and questionable long-term planning and
11 execution over 12 different companies. If the
12 company -- if Utilities, Inc. asked for 42 percent --
13 this has been brought up a little bit before -- and they
14 get 25 percent, they may be belting vodka and champagne
15 thinking they got four to five times what's actually
16 required. And what I believe is that the Commission is
17 honor bound to really get to the baseline of this and
18 see what is actually required. The letter covers
19 decades. I'm not buying that one. So turning --
20 obtaining all relevant details is necessary in order to
21 access the fundamental realities of the base
22 requirements.

23 In looking at this letter, Mr. Hoy's letter,
24 he talks about the EPA estimates, and he's going out 20
25 years. That's a long, long time. Yet --

1 **CHAIRMAN BROWN:** Mr. -- and I hate to cut you
2 off right where you are. If you could wrap it up in
3 about a minute, that would be great. Thank you.

4 **MR. MANFRE:** Recommendations -- and I'm sorry
5 I couldn't get to the rest of it because it does support
6 this. Recommendations are: assert that there exists a
7 vague and contestable basis for Utilities, Inc.'s price
8 increase. Accordingly, I recommend that this highly
9 questionable price increase be subjected to an in-depth
10 fact-finding to question line by line with construction
11 of the numbers from the bottom up. I recommend that you
12 demand that Utilities, Inc.'s long-term capital expense
13 program provide complete, factual, and verifiable base
14 for immediate and necessary equipment only directly
15 connected with Pennbrooke. Accordingly, I implore you,
16 the decision makers and the decision influencers, to use
17 your authority to remedy this wrongdoing as soon as
18 possible. I urge you to reject Utilities, Inc.'s price
19 increase.

20 **CHAIRMAN BROWN:** Thank you, Mr. Manfre. And
21 we're going to go ahead and mark a clean copy, which my
22 understanding is that you will submit to us a clean
23 copy, but I'm going to go ahead and do it for the record
24 here for our exhibit list, and as Exhibit No. 19, Mr.
25 Manfre, M-a-n-f --

1 **MR. MANFRE:** F-r-, one e, e.

2 **CHAIRMAN BROWN:** M-a -- okay. We're going to
3 go ahead and mark a clean copy of your comments as
4 Exhibit 19. And we will -- he's going to send them to
5 us to by email or by written mail.

6 (Exhibit 19 marked for identification.)

7 **MR. MANFRE:** Right.

8 **CHAIRMAN BROWN:** Okay. Just one moment.

9 Commissioners, any questions or comments?

10 Mr. Manfre, when do you plan on sending that
11 to staff, Commission staff?

12 **MR. MANFRE:** No worse than tomorrow evening,
13 no worse.

14 **CHAIRMAN BROWN:** Sounds good.

15 **MR. MANFRE:** But thank you for hearing me out.

16 **CHAIRMAN BROWN:** Thank you.

17 All right. Next customer.

18 **MR. KELLY:** After Mr. Stevenson is Ken
19 Alcardi.

20 **MR. STEVENSON:** Wayne Stevenson, 931 Forest
21 Breeze Path. I just want to go into a few things, and
22 one is the -- how the water company treats us in what
23 they say and how they operate their business compared to
24 the people here.

25 When I first came here, like most new

1 residents when they had their home built, you had to put
2 a lot of water to get your lawn going, and my bill was
3 astronomical. But once my lawn was established, it went
4 down, but I thought it was still too high. So I called
5 up and said, "Why is it so high?" And they said, "Well,
6 because you're doing the wastewater and the irrigation
7 water and your -- and the water you live with at the
8 same time." Well, I said, "Why can't you put a simple
9 flow valve on the exit to the house for the wastewater?"
10 And they said, "One, it would be way too expensive." I
11 said, "What's the alternative?" He said, "You could
12 separate." I said, fine, I would. And they were
13 reluctant, but they said you could do that. So I said,
14 "Okay," and I convinced three of my neighbors and they
15 saved quite a bit of money. Except they didn't tell me
16 one little detail, that every month I'm paying a charge
17 for that extra meter. It goes on forever. There's no
18 ending to it. And I had my meter put in in 2004, and my
19 three neighbors that I convinced to separate their water
20 from their irrigation water is doing the same thing.
21 That's number one.

22 Number two, the representative of the water
23 company made a statement, and they're proud of it, they
24 did a study to see the water quality. He failed to say
25 that that study was brought on by the board pressuring

1 them to do that, and the board paid for most of that
2 study with the understanding before we started that if
3 we had to do something, it wouldn't cost more than X
4 amount of dollars. Well, once we did the study and all,
5 they came back and told us it was a huge increase in
6 what they proposed to improve the water. And we said,
7 because we have about -- we guesstimated at the time we
8 had about 25 percent of our people had some type of
9 water purification system, it would not be
10 cost-effective and the residents would not want to do
11 that. So we did not do that.

12 Also we asked questions at the time why don't
13 they have filters to get rid of some of these
14 particulates in the water, especially the iron. Because
15 the iron was -- it meets the Florida state standards,
16 but it's very close to not meeting them at the same
17 time. And they said they took the filters off when they
18 took over because the filters were too small for our
19 community. And what they did, and I can't remember the
20 word, it starts with an S, but they put a chemical in
21 the water to keep the iron floating in the water so it
22 wouldn't come down. Well, we're all drinking that now.
23 They put a chemical in, and maybe it's good, maybe it's
24 not harmful to humans, but that's an extra chemical that
25 we're consuming every day with the water here instead of

1 the filters that they had before that they said were too
2 small, but they were doing a job at that time.

3 The other point I want to put out is the
4 trustworthiness -- I know I'm getting close. I'm not a
5 good speaker. I apologize for that.

6 **CHAIRMAN BROWN:** You're doing great. I was
7 just going to ask -- this is great information. If you
8 could wrap up in 30 seconds, that would be helpful.

9 **MR. STEVENSON:** Oh, well, we have -- I call it
10 a bridge between our property and where the water
11 company is. Their trucks broke that bridge. They fixed
12 it. We got after them and they fixed it. First they
13 started arguing about it and then they fixed it. And
14 they said they would look into, because the fencing is
15 on -- by a road that they would come in through, make a
16 gate through that. They never did that either. And
17 they're tearing up, because of the weight of their
18 equipment, still the roads going into our RV park and
19 all which they have to go through.

20 The other question I have, and everybody is
21 saying a rate increase, a rate increase. Why are we
22 even talking about a rate increase at all? I mean, it
23 should be looking also about a decrease.

24 Now the other one I want to point out is the
25 pressure, the water pressure. During that same time we

1 were looking at the water quality, we came up with --
2 and it was a voluntary thing and they did it, a section,
3 change the dates for irrigation, and that brought some
4 of the pressure back up to some of the other areas. But
5 that was a voluntary thing, and we're still doing it to
6 this day. They did not do anything to increase the
7 pressure; the community did or the residents on a
8 volunteer basis.

9 **CHAIRMAN BROWN:** Thank you, sir. A couple of
10 questions for you regarding your earlier comment about
11 paying for an extra meter because you separated. Can
12 you explain that a little bit more? I was a little
13 confused by that.

14 **MR. STEVENSON:** Oh, I can give you -- I
15 remember that completely. When I got here, I was upset
16 about my water bill because I come from an area where
17 water is very reasonable compared to here. They -- to
18 separate my water and my irrigation system I had to put
19 a separate meter in. They installed the meter. At the
20 time they were doing it one way and I suggested that
21 they do it another way, which was cheaper for them, and
22 they did it. Before they would snake it across the
23 ground and all, but they didn't have to do all that.
24 They could just put a saddle and go right to it. My
25 lawn was torn up three -- two times by the --

1 **CHAIRMAN BROWN:** You have two water meters,
2 though; is that right?

3 **MR. STEVENSON:** Yeah, I've got two water
4 meters: one for the house and one for the irrigation.
5 It's separate. And so do my neighbors. They didn't
6 tell me it was an automatic \$5 a month for that meter,
7 which is going on forever. They never said it would
8 never stop.

9 **CHAIRMAN BROWN:** Each meter is billed
10 separately, a separate charge.

11 **MR. STEVENSON:** Right. Uh-huh.

12 **CHAIRMAN BROWN:** Okay. Thank you, sir.
13 Commissioners? Mr. Friedman, you have a
14 question?

15 **MR. FRIEDMAN:** Mr. Stevenson, you mentioned
16 earlier that the board paid for a study, the water
17 quality study.

18 **MR. STEVENSON:** Yes.

19 **MR. FRIEDMAN:** And isn't it true that
20 Utilities, Inc. of Florida reimbursed the board for that
21 study?

22 **MR. STEVENSON:** Not that I'm aware of.

23 **CHAIRMAN BROWN:** Okay. Commissioners, any
24 questions or comments?

25 Mr. Stevenson, you provided some very good

1 information. If you would -- I would please encourage
2 you to go ahead and send us some written comments, and
3 we'll take those into consideration.

4 **MR. STEVENSON:** Okay. Thank you.

5 **CHAIRMAN BROWN:** Thank you for your testimony.

6 Next customer, please.

7 **MR. KELLY:** After Mr. -- is it Alcardi,
8 Alcardi?

9 **CHAIRMAN BROWN:** Mr. Alcardi.

10 (No response.)

11 Seeing no Alcardi -- are there any customers
12 here who have not been sworn in who are planning on
13 testifying? I know we've seen a few more sheets come up
14 here. Anybody who's not been sworn in, raise your hand.
15 No?

16 (No response.)

17 **MR. KELLY:** The next speaker is Charles
18 Bozoti.

19 **CHAIRMAN BROWN:** Charles Bozoti. Seeing him
20 coming in. Is there a Charles Bozoti? Oh, there he is.

21 **MR. KELLY:** After Mr. Bozoti is Eugene Vaughn.

22 **CHAIRMAN BROWN:** I know we're getting at that
23 two-hour point, but we're just going to try to motor on.
24 I think we just have two more, so --

25 **MR. BOZOTI:** Do you want to take a break now?

1 **CHAIRMAN BROWN:** No. Please go ahead, sir.

2 **MR. BOZOTI:** Good morning.

3 **CHAIRMAN BROWN:** Have you been sworn in? Have
4 you been sworn in, sir? Sworn in when you came in?

5 **MR. BOZOTI:** Sworn many times, not here.

6 **CHAIRMAN BROWN:** Sir, do you swear or
7 affirm -- please raise your right hand. Do you swear or
8 affirm to provide the truth in this proceeding?

9 **MR. BOZOTI:** I do.

10 (Witness sworn.)

11 **CHAIRMAN BROWN:** Thank you, sir. Name and
12 address for the record.

13 **MR. BOZOTI:** Thank you very much. My name is
14 Charles Bozoti, B-o-z-o-t-i. I live at 329 Grand Vista
15 Trail, Leesburg 34748.

16 First, I would like to thank the Commission
17 for coming down from Tallahassee. I know it's a
18 stretch. Been through it.

19 The question I have, you was down here
20 seven years ago and we went through the same procedure
21 for the same problem, and we got a result that --
22 instead of about a 42 percent at that time, we settled
23 for 17 percent and was happy about it. If you went
24 through it that time and you disallowed the results of
25 the study, which is identical as it is today, then why

1 are you here redoing it over again? And at that time,
2 you gave Utilities, Inc. two years to correct their
3 problems with the water supply and with the pressure and
4 with the quality, and that has not yet been done. So I
5 don't know what this is all about. I don't know why
6 they're asking for such an increase. If they want to
7 get \$500,000 for their employees, they should look
8 somewhere else. That's like saying, okay, everybody at
9 that table should be getting the same amount of money,
10 and that isn't true. It never will be. We're
11 individuals. The company -- the communities are
12 individual communities. They have to be treated as
13 such. And that's all I have to say.

14 **CHAIRMAN BROWN:** Thank you for your comments.
15 And earlier before -- I don't know if you were here for
16 the president of the company gave an overview of the
17 reason for the rate request. But I'll tell you -- and
18 we made some comments -- I made some comments earlier
19 that we will be having a technical hearing where we take
20 the substance and the evidence as well as this
21 consideration into it. So your comments will absolutely
22 be heard here.

23 **MR. BOZOTI:** Yeah. Because if we went through
24 it seven years ago and you made a result then on the
25 same criteria that they're claiming now, you know, why

1 are you back?

2 **CHAIRMAN BROWN:** Thank you. Thank you, sir.

3 Commissioners, any questions, comments?

4 Thank you for your testimony.

5 **MR. BOZOTI:** Thank you very much.

6 **CHAIRMAN BROWN:** Last speaker, Mr. Kelly?

7 **MR. KELLY:** Eugene Vaughn.

8 **CHAIRMAN BROWN:** Good morning.

9 **MR. VAUGHN:** I feel like a basket case up
10 here.

11 First of all, I want to thank y'all for coming
12 out. And this coming April, I'll be here 24 years. And
13 I've had some incidents in my water meter by the end of
14 the driveway. I -- the first couple of years I was here
15 it broke. And Frank Hoss (phonetic) was still the owner
16 here, and I asked him -- I told him about it and I had
17 to -- he said, "That's your problem." I said, "It's
18 between the street and my meter." He said, "It's still
19 your problem," so I had to fix it.

20 Now in November I had to replace the whole
21 thing because of the vibration (phonetic) of the pipes,
22 it went bad. And I called our service guy that works
23 here, and he got the guys come back here from the water,
24 he come out, and said, "It's going to have to be
25 replaced." So I had to replace the whole thing.

1 Also my water pressure is very, very bad. And
2 I'm from Dade County, Miami, Florida, and have been all
3 my life, and we've got better water down there than we
4 do here.

5 Also my neighbor called Daniel, who used to
6 work back here and then went back there, and -- for some
7 reason or another, and I said, "I'm going to show you
8 something." So I went and got a black cup of coffee and
9 brought it out, and I said, "What do you see there?" He
10 said, "It's like oil and water." He took a picture of
11 it with his camera. I never heard anything about that.
12 But that's -- I wouldn't even feed my cats the water
13 that comes out of that faucet. I wouldn't even do that.
14 Unfortunately we have to take a shower with this crap,
15 you know. And this is the world's worst water I've ever
16 seen in my entire life. And all the years I've been
17 living here nothing has ever been done about it. And
18 it's just that y'all keep going and raise their rates
19 and we're getting less and less service, and you're not
20 doing -- no one has ever, ever done anything about this
21 thing here. It's just -- it's a nightmare. And the
22 water is still the same. And I think a lot of people
23 here -- to be honest with you, you know, a lot of people
24 here are dying of cancer because of the stupid water
25 here. That's my opinion. I could be wrong. But it's

1 causing a lot of problems, health problems here.

2 And also it's got a smell to it. It has a
3 very bad smell. And it's -- like I said, I don't drink
4 it. I have a filter in my icebox I put water in every
5 day for my coffee or anything else. I do the same thing
6 for my cats. You know, I wouldn't give my cats the
7 water that comes out of that faucet.

8 I've also had to replace all the water faucets
9 in my house, both bathrooms and the kitchen. They've
10 all been replaced, you know. And I don't know what you
11 people are going to do about it. You keep raising their
12 rates but you don't do anything about the system back
13 here. Something has got to be done here and no one has
14 ever done nothing, and yet people still are sick or
15 dying because of this water. Thank you very much.
16 Thanks for coming out.

17 **CHAIRMAN BROWN:** Thank you for your testimony.
18 Can you give your name and address, please, for the
19 record?

20 **MR. VAUGHN:** My name is Gene Vaughn,
21 32205 Summertree Circle, one word. Thank you.

22 **CHAIRMAN BROWN:** Thank you. Thank you for
23 your testimony.

24 Mr. Kelly, does that conclude -- that
25 concludes all of the customers who have signed up. Is

1 there anybody here who has not spoken that would like to
2 address the Commission? I see a hand. All right. Sir,
3 can you come on up? You all are being very patient. I
4 know sitting around for two hours is -- gets to be a
5 little antsy, and I appreciate your patience and your
6 cooperation.

7 Sir, have you been sworn in?

8 **MR. GRIFFITHS:** My name is Mike Griffiths.

9 **CHAIRMAN BROWN:** Have you been sworn in, sir?

10 **MR. GRIFFITHS:** Yes, I have.

11 **CHAIRMAN BROWN:** Okay. Can you give a name
12 and address for the record?

13 **MR. GRIFFITHS:** Mike Griffiths, 32660 Oak Park
14 Drive. Okay. You guys actually ruined my day. I
15 thought -- I came out here with the expectation that I
16 was going to get rebated or get my money back on a lot
17 of stuff that I have spent for chemicals to clean my
18 house. I thought you was going to offer me money for a
19 new filter I put in and was destroyed because your meter
20 went bad. I was told by your employee that it was --

21 **CHAIRMAN BROWN:** Sir, we're the Public Service
22 Commission. We are --

23 **MR. GRIFFITHS:** -- the plumber's fault.

24 **CHAIRMAN BROWN:** Sir, we're not the utility.
25 We're the Public Service Commission.

1 **MR. GRIFFITHS:** Right. Okay. You ruined my
2 day. I honestly thought you was going to apologize and
3 take my rates down. I really did. I'm shocked.

4 (Laughter.)

5 **CHAIRMAN BROWN:** Thank you. Thank you, sir.

6 Is there anybody else in the audience who'd
7 like to speak -- you'd like to -- all right. We have
8 one more customer who's actually handling all of the
9 microphones and the sound system here. Thank him for
10 this wonderful facility and helping us out. Sir, can --
11 you have not been sworn in.

12 **MR. KING:** No, I have not.

13 **CHAIRMAN BROWN:** Do you swear or affirm to
14 provide the truth in this proceeding?

15 **MR. KING:** Yes, I do.

16 (Witness sworn.)

17 **CHAIRMAN BROWN:** Okay. Thank you. Name and
18 address.

19 **MR. KING:** My name is Gary King, 709 Glen Oaks
20 Drive, same city and zip.

21 I'd just like to state that the water quality
22 here is bad. I did have the water analyzed by a
23 company. And addition -- in addition to the iron,
24 there's a thing called tannins in the water, and these
25 tannins is what's causing the toilets and sinks to have

1 this yellow color to them. And I have a water softener
2 and they put in special beads to take that tannin out of
3 the water. So that's just another thing that is in the
4 water. I just wanted to state that.

5 **CHAIRMAN BROWN:** Thank you, Mr. King. Thanks
6 for coming on up here.

7 Is there anybody else in the audience who
8 would like to address the Commission who has not spoken
9 yet? Going once, going twice.

10 Again, we want to encourage you to provide the
11 written comments on this sheet. Send them in to us or
12 leave them here today. Thank you for coming out here.
13 We heard you all, and your input will be taken into
14 consideration.

15 If there are no other closing comments, this
16 service hearing is adjourned.

17 (Proceeding adjourned at 11:25 a.m.)
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25

1 STATE OF FLORIDA)
 2 : CERTIFICATE OF REPORTER
 3 COUNTY OF LEON)

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,
 15 nor 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 13th day of February, 2017.

19 *Linda Boles*

20 _____
 21 LINDA BOLES, CRR, RPR
 22 Official FPSC Hearings Reporter
 23 Office of Commission Clerk
 24 (850) 413-6734
 25