

Collin Roehner

From: Shalonda Hopkins
Sent: Thursday, April 06, 2017 10:02 AM
To: Commissioner Correspondence
Subject: Docket No. 160101- WS - Application for Increase in Water and Wastewater Rates by Utilities Inc. of Florida
Attachments: 3-30-17, Ltr frm Snook & Krach.pdf

Please place the attached in Docket Correspondence, Consumers and their Representatives, in Docket No. 160101-WS. Thank you.

Shalonda M. Hopkins

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Cypress Lakes



Homeowners Association of Lakeland, Inc.

9678 Cypress Lakes Drive
Lakeland, FL 33810

March 30, 2017

Chairman Julie I. Brown

Associate Public Counsel Erik L. Sayier

Florida Public Service Commission

Office of Public Counsel

2540 Shumard Oak Boulevard

111 West Madison Street, Room 812

Tallahassee, FL 32399-0850

Tallahassee, FL 32399

Dear Chairman Brown and Associate Counsel Sayier,

Cypress Lakes input to Docket No. 160101-WS

Our community, Cypress Lakes of Lakeland, FL., is faced with a major restructuring by Utilities, Inc. of our water and wastewater operation involving a proposed consolidation of its twelve similar facilities owned by them in Florida. This restructuring involves the administrative consolidation of the twelve stand-alone facilities into a single company, Utilities, Inc. of Florida as well as the rate structure consolidation.

This consolidation causes us major problems as we are the only element of that company operating in Polk County and the consolidated rate structure proposed will abnormally impact our sales opportunity to Canadians and Snowbirds (part-time residents from Northern states) due to an abnormal base rate increase of over 30 %.

We have had a stand-alone facility since the original developer of the community was unable to get Polk County Utility to extend its distribution operation to Cypress Lakes community. The facility was purchased from the current owner, the Blair Group. Our residents' major complaints have dealt with the water quality. Many are required to add major pieces of equipment (filters, softeners, etc... to achieve a drinkable product. It would be to our advantage to retain the stand-alone status while working to improve product quality and cost, which is competitively higher than surrounding communities.

Unfortunately, the Public Service Commission and Utilities, Inc. has established a consolidation agreement without any knowledge or input from our management or our Homeowners association. In addition the PSC has already held a Customer Hearing at Cypress Lakes on the proposed consolidated rate structure. Utilities, Inc. of Florida has already advised the PSC and Office of Public Counsel that an immediate investment of \$ 30M is required by the new company; Cypress Lakes needs no major investment but our residents will be assessed part of the cost.



Other issues we perceive that should be addressed in this matter are attached. Survey results are summarized also in an attachment; three samples of the survey forms used are also attached. The 750 individual survey responses from Cypress Lakes residents have been to the Public Service Commission, Office of Commission Clerk for documentation.

Sincerely,



Gwen Snook, President

Cypress Lakes Homeowners Association



Mitchell Krach, General Manager

Cypress Lakes Community

Cc: Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Attachments: 1. CYPRESS LAKES ISSUES FOR PUBLIC SERVICE COMMISSION AND STAFF
2. CYPRESS LAKES WATER/WASTEWATER SURVEY RESULTS
3. CYPRESS LAKES SURVEY FORMS (3)

CYPRESS LAKES ISSUES FOR PUBLIC SERVICE COMMISSION AND STAFF: DOCKET NO. 160101-WS

The timing of the action by Utilities, Inc. in regard to Utilities Inc. of Florida has created significant concern among the management and residents of Cypress Lakes. Neither Cypress Lakes management nor the Homeowners Association [CLHA] were notified that consolidation was being proposed to the Public Service Commission for twelve companies owned by Utilities, Inc. in Florida. Further, the Office of Public Counsel provided a filing by Utilities, Inc. in October, 2016 that proposed a stand-alone rate structure for Cypress Lakes. No mention was made of a consolidated structure.

A major impact to that activity is twofold. The Association and management would like to retain the stand-alone status of the facility: product quality and cost associated with the water system must be addressed. Efforts to secure improvement by Utilities, Inc. in these areas have been unsuccessful. Second, the expanded base rate of the consolidated rate proposal, which filing only became available to us one day before the PSC Customer Hearing at Cypress Lakes in February, would put our management at significant sales disadvantage as we will be the only community in Polk County with a rate structure that penalizes two major groups of our residents – Canadians and Snowbirds. Canadians will face an increase in water payments of sixty dollars for the six months that they cannot be in residence in the United States and Snowbirds will face an additional charge of ten dollars each month they do not use any water.

A legal question in this regard is whether a utility company with stand-alone entities is required to notify those companies of its intent to consolidate prior to filing a formal request to do so. Resolution of the issue may require legal action in the Federal Court in the home state of the parent company, Illinois.

The second major item of concern to our residents is **the two different charge structures for wastewater**. Three of the companies in the consolidation are handled completely by flat rate and at least three others have both metered and flat rate structures. Explanations provided at the Customer hearing when this issue was raised were totally inadequate. The proposed flat rate structure is biased badly; the base rate for the metered wastewater customers is only ten dollars per month less than the flat rate. This means that our 1500 customers with an average water usage of almost 3000 gallons per month with a consumption rate of almost \$ 5.00 per 1000 gallons will be contributing toward the wastewater cost of the flat rated user. **There is only one acceptable answer on this issue; either all customers are flat rated on wastewater or all customers have metered water usage.**

Third, the water situation as presented in the consolidated rate structure and as our current situation has been treated is completely out of control. The proposed initial water usage charge has been reduced by approximately 200 %; this will encourage increased water usage for nonessential demands such as lawn watering, car washing and other conservation destroying options. If the proposed base rate and consumption usage reflect actual operations data (and they are closely allied to Polk County Utility water charges), then water usage charges have been inflated for the past years by Utilities, Inc. Further, Cypress Lakes residents were advised from the stand-alone rate filing that they have been overcharged for the past two years based on return of equity calculations. Also, again this year, the

Utility was allowed a 0.99% increase midyear in the water rate; so we would receive no financial recognition for the two year overcharge as well as being required to pay for the rate case evaluation involving water over the next four years. **Has usage control and environmental impact been relegated to a lower priority in the case of consolidated water rate structure?**

Fourth, examination of the Utilities, Inc of Florida filing shows no oversight by the twelve companies involved. **This is unacceptable as the Office of Public Counsel has advised us that individual elements of the consolidated company will no longer be allowed the privilege of presenting discussion regarding any future rate increase request at the PSC Hearing. Therefore, we believe that the filing must be amended to establish an internal advisory committee that will be allowed to present alternate considerations at the PSC Hearing on future rate increases.**

Fifth, the Office of Public Counsel representative at the Cypress Lakes Customer Hearing stated Utilities, Inc. of Florida indicated that an investment of \$ 30 M would be required in the short term for facilities upgrade and replacement. **However, the filing gives no indication of where such investment would be made.** Cypress Lakes residents are concerned because we have no short term investment needs as the wastewater facility was completely upgraded less than ten years ago and 40 % of the water plant investment is also less than fifteen years old. But if the consolidated rate structure is adopted; our residents will face the rate burden of at least one twelfth of that proposed \$ 30 M investment without any benefit. **Therefore, Cypress Lakes is strongly opposed to the consolidated rate structure.**

Other issues may arise as OPC and PSC staff consider these matters; we believe that PSC Staff should advise all companies of any significant changes being proposed to the current filing before their final report is filed.

CYPRESS LAKES WATER/ WASTEWATER SURVEY RESULTS; DOCKET NO. 160101-WS

In order to quantify the feelings of the Cypress Lakes residents concerning the action taken by Utilities, Inc. to consolidate its administration and rate structure for its twelve companies within Florida, the Cypress Lakes Homeowners Association [CLHA] undertook to survey its members on issues arising from this proposed consolidation.

Three elements were considered by the residents in responding to the survey. One dealt with the overall impact of the action including historical perspective, the second concerned the impact on one major group of residents, the Snowbirds and the third concerned the impact on another major group, the Canadians. All residents expressed their opinions on the first topic, the overall impact, whereas only the specific groups impacted, the Snowbird and the Canadians, responded to their issue. Each element was addressed with its own individual survey form. In addition to the specific questions on each form, a space was provided for comments.

Between March 1st and March 22nd, 750 responses were received from the residents. Of this number, 530 responses were received on the overall impact form, 172 were received from Snowbirds and 48 from Canadians. The first groups represented about one-third of our resident families and the other two groups represent about one fourth of those groups. Of the 750 responses, 215 persons added written comments on the survey form. Sample survey forms were provided to the Public Service Commission and the Office of Public Counsel while packaged completed forms were forwarded to the Clerk of the Public Service Commission for incorporation into Docket No. 1`60101-WS records

Specific results are summarized as follows:

Form 1 (overall impact) – 530 responses with 411 positive responses to historical performance, 430 response to product quality and 459 responses to rate structure. In the Comment area, with 215 entries, there were 120 comments about rate structure, 105 comments concerning product quality issues of odor, smell, taste, etc..., 38 comments regarding additional equipment added by the resident to achieve a usable product since as filters, softener, etc... and 6 comments about chemical elements present in the product such as calcium.

Form 2 dealt specifically with the negative rate structure change that impacts the Snowbird's user's cost when they are not present – which is a variable time frame for that group. In addition to the 172 total responses, 27 included specific comments.

Form 3 dealt specifically with the negative rate structure change that impacts the Canadian's user's cost when they are not present – which by United States law must be at least six months. Of the overall 48 responses, 37 responders added specific comments.

The survey clearly shows that the residents of Cypress Lakes are not in favor of the consolidation change being proposed by Utilities, Inc. particularly in the case of the rate structure.

CYPRESS LAKES RESIDENTS

Oppose application for increase in water and sewer rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk and Seminole counties by

Utilities, Inc. of Florida

DOCKET NO. 160101-WS

CYPRESS LAKES DEVELOPMENT- POLK COUNTY, FLORIDA

Print Name _____

Address _____

Date _____ Signature _____

CONSUMER COMMENTS

Please check off your concerns and add any other comments at bottom of the form.

- History has proven that Utilities Inc. has continually filed for rate increases with little improvement to palatable water quality.
- Water Quality of our water does not justify this rate increase.
- Eliminate consolidated rate structure; we are severely penalized by it.

Other Comments:

DIRECTIONS FOR RETURNING COMMENT FORMS:

Drop completed Comment Form at CLHA Office at Clubhouse

All collected correspondence will be forward by our CLHA to the Florida Public Service Commission.

SNOWBIRDS

Oppose Application for increase in water and sewer rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk and Seminole counties by

Utilities, Inc. of Florida

DOCKET NO. 160101-WS

CYPRESS LAKES DEVELOPMENT- POLK COUNTY, FLORIDA

Print Name _____

Address _____

Date _____ Signature _____

CONSUMER COMMENTS

Please check off your concerns and add any other comments at bottom of the form.

I oppose Docket No. 160101-WS Utilities, Inc. of Florida consolidated rate case due to its overwhelming impact on my utility rates as a Snowbird as the base rates are skewed badly for the many months I am away.

Other Comments:

DIRECTIONS FOR RETURNING COMMENT FORMS:

Drop completed Comment Form at CLHA Office in Clubhouse

All collected correspondence will be forward by our CLHA to the Florida Public Service Commission.

CANADIANS

Oppose Application for increase in water and sewer rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk and Seminole counties by

Utilities, Inc. of Florida

DOCKET NO. 160101-WS

CYPRESS LAKES DEVELOPMENT- POLK COUNTY, FLORIDA

Print Name _____

Address _____

Date _____ Signature _____

CONSUMER COMMENTS

Please check off your concerns and add any other comments at bottom of the form.

I oppose Docket No. 160101-WS Utilities, Inc. of Florida consolidated rate case due to its overwhelming impact on my utility rates as a Canadian citizen as the base rates are skewed badly for any six months citizen.

Other Comments:

DIRECTIONS FOR RETURNING COMMENT FORMS:

Drop completed Comment Form at CLHA Office in Clubhouse

All collected correspondence will be forward by our CLHA to the Florida Public Service Commission.