

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of:

DOCKET NO. 20170141-SU

APPLICATION FOR INCREASE IN
WASTEWATER RATES IN MONROE
COUNTY BY K W RESORT
UTILITIES CORP.

_____ /

PROCEEDINGS: SERVICE HEARING
COMMISSIONERS
PARTICIPATING: COMMISSIONER DONALD J. POLMANN
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW G. FAY

DATE: Wednesday, May 16, 2018

TIME: Commenced: 9:36 a.m.
Concluded: 10:22 a.m.

PLACE: Tortuga Ballroom
DoubleTree by Hilton Grand Resort
Key West
3990 S. Roosevelt Boulevard, Key
West, Florida

REPORTED BY: ANDREA KOMARIDIS
Court Reporter

PREMIER REPORTING
114 W. 5TH AVENUE
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(850) 894-0828

1 APPEARANCES:

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4 Mary, Florida 32746; BARTON W. SMITH, ESQUIRE, Smith
5 Hawks, P.L., 138 Simonton Street, Key West, Florida
6 33040-6627, appearing on behalf of K W RESORT.

7 ROBERT SCHEFFEL WRIGHT and JOHN T. LaVIA, III,
8 ESQUIRES, Gardner Law Firm, 1300 Thomaswood Drive,
9 Tallahassee, Florida 32308, appearing on behalf of
10 Monroe County Florida.

11 CYNTHIA L. HALL, Monroe County Attorney's
12 Office, 1111 12th Street, Suite 408, Key West, FL
13 33040-3005, on behalf of Monroe County, Florida.

14 J.R. KELLY, PUBLIC COUNSEL; ERIK L. SAYLER
15 ESQUIRE, Office of Public Counsel, c/o the Florida
16 Legislature, 111 W. Madison Street, Room 812,
17 Tallahassee, Florida 32399-1400, appearing on behalf of
18 the Citizens of the State of Florida.

19 KYESHA MAPP and JENNIFER CRAWFORD, ESQUIRES,
20 FPSC General Counsel's Office, 2540 Shumard Oak
21 Boulevard, Tallahassee, Florida 32399-0850, appearing on
22 behalf of the Florida Public Service Commission Staff.

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1 APPEARANCES (Continued):

2 KEITH HETRICK, GENERAL COUNSEL; MARY ANNE
3 HELTON, DEPUTY GENERAL COUNSEL; Florida Public Service
4 Commission, 2540 Shumard Oak Boulevard, Tallahassee,
5 Florida 32399-0850, Advisors to the Florida Public
6 Service Commission.

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I N D E X
WITNESSES

NAME :	PAGE NO .
LORI THOMPSON	22
PAUL REED	25
NIDIA BORDERS	26
DAVID FRICTON	29
REX BRENNEMAN	32

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EXHIBITS

NUMBER:	ID	ADMITTED
127 - Letter from Diana Flenard, Harbor Shores Association	40	40

1 KW Resort Utilities Corp.

2 COMMISSIONER POLMANN: Public Counsel.

3 MR. KELLY: J.R. Kelly and Erik Sayler here
4 representing the customers of KWRU.

5 MS. HALL: Good morning. Cynthia Hall from
6 Monroe County Attorney's Office, and also Mr. Schef
7 Wright from the law firm of Gardner Bist,
8 representing Monroe County.

9 COMMISSIONER POLMANN: Staff.

10 MS. MAPP: Kyeshia Mapp on behalf of staff, and
11 Jennifer Crawford on behalf of staff.

12 MS. HELTON: Mary Anne Helton here as your
13 advisor, along with your general counsel, Keith
14 Hetrick.

15 COMMISSIONER POLMANN: Thank you, Counsel.

16 So, let me begin, in speaking with the
17 customers here, welcoming you and thanking you for
18 joining us here this morning. We do appreciate
19 your interest in the utility's petition.

20 And this hearing is designed so that we can
21 hear from you, the customers. This is a very
22 important aspect of going through the entire
23 proceeding and gathering all the information that
24 will help us make an informed decision.

25 This is your opportunity. We're here to

1 listen to you. We're trying to take your in- --
2 input. We're very interested in whatever concerns
3 you have and -- and want to hear your comments.

4 Because we want to focus on hearing from you,
5 we'll ask you, please turn off your cell phones so
6 that we're not interrupting the others who are
7 before us speaking.

8 If you do have a need to take a call, if you
9 would, please just step out of the room for a few
10 moments, and everyone will appreciate that
11 consideration.

12 We have with us in the room company
13 representatives. And we also have staff from the
14 Public Service Commission available to discuss with
15 you any billing issues or service concerns with the
16 utility that you -- that you currently have. And
17 there will be an opportunity here today to -- to
18 address those, in addition to your making any
19 formal comments to us.

20 So, in that regard, at this time, I would like
21 to have the Public Service Commission staff, other
22 than the -- the legal counsel -- if staff could
23 please identify themselves and introduce us and
24 perhaps just tell us what technical group you work
25 with.

1 MS. NORRIS: Amber Norris with the Division of
2 Accounting and Finance.

3 MR. MAUREY: Andrew Maurey with the Division
4 of Accounting and Finance.

5 MS. FRIEDRICH: Marissa Friedrich with the
6 Division of Economics.

7 MS. KNOBLAUCH: Emily Knoblauch with the
8 Division of Engineering.

9 MS. THOMPSON: Kelly Thompson with the Office
10 of Consumer Assistance and Outreach.

11 COMMISSIONER POLMANN: Okay. Thank you.

12 I would also like to have a couple of your
13 representatives from KW Resort Utilities identify
14 yourselves by standing. And these folks are here
15 to answer questions that you may have regarding the
16 utility operations or service. And they will be in
17 the room here today. Please speak with them
18 individually.

19 This is an official public hearing that will
20 be transcribed. We have court reporters here that
21 will be taking down all the information that you --
22 that you provide. This will be part of the
23 official record that goes into this docket.

24 And as such, you'll need to be sworn before
25 you present your -- your comments; very simple

1 statement to affirm, before you begin. In that
2 regard, you're -- you'll be subject to questions
3 that may -- we may ask you concerning your
4 comments.

5 You may have noticed the sign-up sheets in
6 order to have a record of your name and address and
7 the fact that you're -- you're a customer or -- or
8 not, but you live in -- in the vicinity. We ask
9 that you fill out and sign one of the -- one of
10 those forms. And we also have this -- these
11 information sheets here, the blue form that's
12 available to you. Hopefully you -- you pick that
13 up.

14 At the back of these pages is a comment form
15 to provide written comments as well as your
16 opportunity to provide verbal comments here today.
17 This last page is set up so that you can write your
18 comments and then you could actually just fold this
19 trifold. And it's set up that you can mail that
20 directly to us.

21 And in terms of comments, verbal or written
22 comments are welcome; in fact, we encourage you to
23 provide both. And whether your -- your comments
24 are verbal here today or written, all of your
25 comments will be taken into consideration as we go

1 through this proceeding. And all of that will be
2 reviewed during the course.

3 At this point, I'll invite the parties here --
4 the attorneys representing parties to make brief
5 statement, no more than five minutes. And we'll
6 begin with the utilities and then go to Public
7 Counsel and Monroe County. And then we'll get back
8 to -- back to the customers and begin the public
9 comment.

10 Mr. Smith?

11 MR. SMITH: And I apologize, I'm going to face
12 away from the Commission.

13 Good -- good morning. My name is Bart Smith.
14 And I'm an attorney representing the utility, KW
15 Resort Utilities Corp. I would like to thank you
16 for coming here today. This is an opportunity for
17 the utility and myself to meet you, the customers,
18 and an opportunity to hear your thoughts on the
19 utility's service that is provided.

20 Unfortunately, it is for a rate increase. I
21 know nobody likes a rate increase. That's the
22 bottom line, any rate increase, you, as the
23 customers, pay for. And so, I understand the
24 concern any time your rates go up.

25 The utility is requesting these rate increases

1 because of capital projects that it's had on its
2 capital improvement schedule prior to the storm and
3 several post-storm destruction of assets. The
4 total rate revenue request is 3.682 million. That
5 is an increase of approximately 1.2 million over
6 current the rates.

7 And this is due to several large capital
8 projects, which include the chlorine -- replacement
9 of the chlorine contact chambers, which is required
10 to -- to dispose of the wastewater after it's been
11 treated; a rehab of two older plants that were
12 originally built in 1983 and 1994; and some
13 additional salaries that are required because of
14 the requirements of AWP and the third plant that's
15 online.

16 Additionally -- and unfortunately, due to
17 Irma, there were several assets that were
18 destroyed. This included the generator that was
19 required to be had in case the power goes out, to
20 power the facility -- unfortunately, generators --
21 because they're outside, there's no insurance for
22 them -- and the office building, which was damaged
23 beyond repair.

24 Although there is some insurance coverage, the
25 insurance has contested a significant portion of

1 it. And of course, as everyone in the Keys knows,
2 construction costs have increased over the years.

3 The -- the issues before us, as -- as --
4 there's been no contesting that the projects are
5 needed. It's contest- -- it's being contested as
6 to cost and -- and that is why we're here today.
7 At this time, we're here to hear from you.

8 And a representative from the utility,
9 Mr. Christopher Johnson, the president, is here.
10 And if there's any questions, technical or about
11 your service, he's happy to answer. And so, if we
12 ask any questions, we may direct you to Mr. Johnson
13 to answer those questions.

14 Thank you, again, and appreciate you coming to
15 this part.

16 COMMISSIONER POLMANN: Thank you, Mr. Smith.
17 Mr. Kelly.

18 MR. KELLY: Good morning. Thank you very much
19 for being here today. Again, my name is J.R.
20 Kelly. I'm with the Office of Public Counsel,
21 along with Erik Sayler. And we represent you, the
22 customers, in this matter.

23 Let me set the stage. A year ago, KW came in
24 and asked for a rate increase. Just at a year ago,
25 they were granted a 58-percent rate increase by

1 this Commission. It wasn't everything they asked
2 for, but it was a -- certainly a significant
3 increase.

4 Before that order even became final, they were
5 right back in asking for another 58-percent rate
6 increase. We do not believe that they have proved
7 up their -- their need for all of that money.

8 You heard Mr. Johnson -- excuse me --
9 Mr. Smith mention 1.2 million. We think that they
10 have only proven up maybe one-half of that at best.
11 And we're going to contest several areas that we
12 believe that they have failed to meet their burden.

13 And I'll mention a couple of those. Number
14 one, they've asked for \$288,000 for a new office
15 building. We don't dispute that they need a new
16 building; however, they have not gone about it in a
17 prudent fashion. They have not gone to a
18 competitive bid process to see if they can get the
19 best price because, whatever price they get, you
20 will pay.

21 Number two, they provided a contract. It
22 wasn't signed with -- it was not signed with an
23 approved licensed building contractor in the state.
24 In fact, we couldn't even find the name in the
25 Division of Corporations, that it existed.

1 Number two [sic], they're asking for what is
2 called an excessive working capital. Bottom line
3 for you is this: They're asking for \$600,000 more
4 in working capital than this same Commission
5 awarded them a year ago. Again, we believe that's
6 terribly excessive, no justification has been
7 provided for, and we believe that should be denied.

8 The company is asking to establish a pension
9 plan. We don't dispute that the employees need a
10 pension plan. However, the pension plan that they
11 are asking this Commission to approve -- a couple
12 of things about it -- number one, it can be
13 terminated at any time, at the company's
14 discretion; number two, they don't have to
15 contribute to it, if they don't want to. We don't
16 think that that's a prudent plan to ask this
17 Commission to approve.

18 We believe they're asking for an excessive
19 number of employees, based upon the historical
20 staffing that they've had at this utility. And we
21 just don't believe that what they're asking for
22 is -- is reasonable and prudent.

23 And the bottom line is this: They've asked
24 for several projects that, while we have not
25 disputed the need for some of these projects, the

1 bottom line is, when they filed the case, they
2 filed no evidence.

3 And during the course of this case, they have
4 piecemealed -- put in information for us to have to
5 contest, instead of doing what we believe a prudent
6 utility should have done; and that is, file their
7 case at the time they had the information, at the
8 very beginning.

9 So, the bottom line is, when the dust is
10 settled, we are contesting -- over half of what
11 they are asking for we believe to be unreasonable.
12 And we hope to hear from you, your comments today.

13 This is very, very important for you to be
14 here today. We appreciate you taking time. And we
15 hope that each and every one of you will speak to
16 the Commission because I'll tell you, the
17 Commissioners behind me want to hear from you.
18 Whatever your views are about the utility, good,
19 bad -- it doesn't matter. They need to and want to
20 hear from you.

21 So, thank you very much for being here today
22 and taking time to come and attend.

23 COMMISSIONER POLMANN: Thank you, Ms. Kelly.

24 Ms. Hall?

25 MS. HALL: Good morning. My name is Cynthia

1 Hall. I work for Monroe County Attorney's Office.
2 We are here primarily because Monroe County is,
3 like you guys, a rate-paying customer.

4 So, we own a number of properties out on Stock
5 Island, some of which -- both north and south, by
6 the way -- some of which, you probably have used,
7 like Bernstein Park, like the fire station -- the
8 new fire station -- like, over on the other side,
9 like SPCA, like Bayshore Manor, and at least one
10 that I hope you've never used, and that's the
11 juvenile justice and the jail building.

12 So, obviously, by county -- those are all
13 things where the public comes in and out. So,
14 obviously my county commissioners care deeply about
15 the effect on the rate -- of the other rate-paying
16 customers as well out on South Stock Island.

17 So, they authorized Monroe County to become an
18 intervenor in this case to represent our position.
19 Our position is -- and -- and I'm not going to
20 reiterate everything that the Office of Public
21 Counsel just said to you, but our position is that
22 the -- first and foremost, that asking for a
23 60-percent increase in rates on top of a 60-percent
24 increase in rates last year is a huge burden for
25 you guys to bear. And that's whether we're talking

1 about with business or whether we're talking about
2 individual rate-paying customers.

3 It is very important -- and one of the
4 criteria that the Public Service Commission
5 considers is the -- the customer-service quality.
6 And that includes everything, including what is
7 your reaction to the rate increase and in terms of
8 the overall quality of the business. So, it's
9 important that you're here.

10 Our county -- our county's point of view also
11 is that we believe that the utility has
12 significantly under-represented the amount of
13 growth that's happening out there and overstated
14 some of its costs. And this is exactly same point
15 that we made about a year ago in the last rate
16 case. And at that time, the Public Service
17 Commission agreed with us. We're making the same
18 point again.

19 You guys who live out there -- you see all the
20 expansion that is going on out there. We believe
21 that the numbers that the utility is putting
22 forward in terms of the growth that's expected is,
23 once again, under-represented. And that's part of
24 what we're doing here in this case, is to try to
25 make that argument, while also looking at

1 questioning some of the costs that they have put
2 forward.

3 So, again, thank you very much for being here.
4 I appreciate the fact that you took time out of
5 your day to come.

6 COMMISSIONER POLMANN: Thank you, Ms. Hall.

7 At the risk of reopening the -- a wound, do we
8 have any elected officials, other than county
9 representatives, here? Thank you.

10 Customers, in order to speak today, please
11 make sure, as I mentioned, that you signed a form.
12 And I want to provide you with some instructions at
13 this time regarding public comment. We want to
14 give every customer who has signed up the
15 opportunity to speak. Each customer will have five
16 minutes. We don't have, from what I can tell, that
17 many customers here to speak.

18 Mr. Kelly, give me some idea how many you have
19 signed up.

20 MR. KELLY: Seven.

21 COMMISSIONER POLMANN: Okay. Very good.

22 So, normally, we have about three minutes,
23 based on the number of customers, how much time we
24 have. We're going to continue from this customer
25 hearing, right back into our technical hearing,

1 which is, you know, the very important part. And
2 we -- and we do have time limits on that. We need
3 to complete that within a specified time limit
4 that -- that we've allocated for this facility.
5 So, given the number of customers that have signed
6 up, I'm going to allow up to five minutes. That
7 doesn't mean you need to take five minutes, but
8 we'll proceed that way.

9 In order to help you and help me maintain this
10 proceeding, we do have the lights here, the green,
11 yellow, and red, and -- and I'm hoping most of you
12 are the familiar with the meaning of the green,
13 yellow, red, unless you're habitual in your
14 driving, not following those signs. So, when it
15 gets to yellow, you'll have about a minute. When
16 it gets to red, you should be wrapping up your
17 comments.

18 And for those of you who didn't hear me the
19 first time, please turn off your cell phones.

20 The attorney for Public Counsel, Mr. Kelly,
21 will be reading the names. And we want to make
22 sure that you're sworn in for your testimony.
23 We'll do that with everyone at this point. And
24 anyone who comes in after we start will be -- we
25 can swear them in individually.

1 So, if you will all stand with me at this
2 point, raise your right hand. It's a very simple
3 process. I'm not going to make a big deal out of
4 it, but anyone who wants to speak --

5 (Public speakers sworn en masse.)

6 COMMISSIONER POLMANN: Thank you.

7 When you come to the microphone, again, before
8 you speak, please state your name and your address
9 so we can match that up with -- with your sign-up
10 sheet. Your verbal comments, as I mentioned
11 earlier, are being recorded. They're being
12 transcribed and will be part of the official
13 record.

14 There will be an opportunity for us to ask you
15 questions, if there's anything that you said that
16 we feel we would like a little bit more information
17 or clarification on. And then also, the parties,
18 if they're seeking some clarification, they -- they
19 will be given the opportunity to ask you a
20 question. It's not our intention to have an
21 ongoing dialogue here and put you on -- on the
22 spot.

23 Really, you -- this is not something we're --
24 we're trying to give you a hard time about. We're
25 just really trying to get all the information. So,

1 I would appreciate your -- your indulgence for
2 that.

3 I think we're ready to go.

4 Mr. Kelly.

5 MR. KELLY: The first speaker is Mr. Daniel
6 Hamilton.

7 COMMISSIONER POLMANN: Mr. Hamilton.

8 MR. HAMILTON: Thank you. I'll -- I'll pass.

9 COMMISSIONER POLMANN: Okay. I scared
10 somebody. I'm sorry. Mr. Hamilton is going to
11 waive, but thank you for being here. We'll --
12 we'll welcome your written comments.

13 MR. HAMILTON: Yes, sir.

14 MR. KELLY: The next speaker is Lori Thompson.

15 COMMISSIONER POLMANN: Ms. Thompson.

16 MS. THOMPSON: Good morning.

17 COMMISSIONER POLMANN: Good morning.

18 MS. THOMPSON: Lori Thompson, Harbor Shore,
19 6800 Maloney Avenue. Can you hear me now?

20 COMMISSIONER POLMANN: We're having some
21 difficulty with the mics and this -- so, you can --

22 MS. HALL: You want to get really close.

23 MS. THOMPSON: Okay.

24 COMMISSIONER POLMANN: Get that as close as
25 you can. Thank you.

1 MS. THOMPSON: Lori Thompson, Harbor Shores,
2 6800 Maloney Avenue, Stock Island, No. 56.

3 I'm a new resident at Harbor Shores. One of
4 things that attracted me to this community is that
5 it is a quiet, well-maintained and well-established
6 community. In fact, many of the homeowners are
7 second home- -- is from the second-home market, so
8 there are a lot of part-time residents.

9 And I think one of our main concerns is that,
10 although we are for progress and we like what's
11 happening in Stock Island, and certainly support
12 it, we want to make sure that -- that we're not
13 paying those impact fees for those new
14 developments.

15 So, you know, I understand that, as part of a
16 development process, that there are layers of
17 coordination that are expected by the County
18 government. And one of those layers of
19 coordination is with the Key West Utilities.

20 So, as long as that is happening, are impact
21 fees being assessed, and are they -- these large
22 developments paying those impact fees and that
23 burden is not falling on us as the residents.

24 I think, as a customer, that we expect that
25 there are certain maintenance fees that are already

1 included in our bill. And to have such a
2 significant rate increase over just a couple of
3 years seems to be either ill-planned or definitely
4 excessive.

5 That's all I have to add at this time. Thank
6 you. I appreciate it.

7 COMMISSIONER POLMANN: Thank you.

8 Ms. Thompson --

9 MS. THOMPSON: Yes.

10 COMMISSIONER POLMANN: Do we have any
11 questions from the Commissioners?

12 COMMISSIONER CLARK: Yeah, I have one
13 question, Ms. Thompson. Do you pay the bill
14 directly to the utility or do you pay it to your --
15 an HOA or --

16 MS. THOMPSON: Our HOA pays our bills for us.

17 COMMISSIONER CLARK: So, is it a direct pass-
18 through? Do they add anything on to it? Or how --
19 are you familiar with how it's calculated?

20 MS. THOMPSON: I am not, but I think that's
21 going to be handled by another speaker.

22 COMMISSIONER POLMANN: Any other questions?

23 Okay. Thank you very much. Appreciate your
24 testimony.

25 MR. KELLY: The next speaker is Michael Lyons.

1 MR. LYONS: I'll pass.

2 MR. KELLY: All right. The next name I have
3 is Paul Reed.

4 COMMISSIONER POLMANN: Mr. Reed?

5 MR. REED: Good morning. Good morning. Paul
6 Reed. I live in the affordable housing development
7 on 7th Avenue, Unit 28. I just mostly came to kind
8 of hear what's going on and get some explanations
9 to find out because I purchased my home in October
10 of 2015, with the impression that it was affordable
11 housing. And this was right before the initial
12 increase.

13 And I understood that that increase was
14 because it had been about ten years since there was
15 any kind of increase. And that's understandable.
16 I -- I can -- that -- that, I can swallow, but now
17 we have another rate increase that has come in.
18 And I -- I'm confused on why. I've heard some
19 explanations on either side.

20 And what I'm developing and seeing in this is
21 just an overall gross mismanagement. We're talking
22 about buildings that were destroyed that were built
23 in the eighties, and equipment that was destroyed.

24 It just -- it sounds like overall gross
25 mismanagement because you should be establishing

1 reserves to take care of these kind of things,
2 ongoing maintenance, keep it up to code. And it
3 sounds like some facilities were completely
4 destroyed.

5 I work at the local bank here. I had one of
6 the fun jobs, that I'm still working with, dealing
7 with damage from the hurricane; managing helping
8 customers with their homes. And so far, this is
9 the only thing that I've heard of of complete
10 destruction down in Key West. So, I just -- I
11 don't see how the buildings could be that severely
12 damaged.

13 So, that's my statement. Thank you.

14 COMMISSIONER POLMANN: Any questions for
15 Mr. Reed?

16 Thank you for your testimony. Appreciate your
17 being here.

18 MR. REED: Thank you.

19 MR. KELLY: The next name is Nidia Borders.

20 MS. BORDERS: Good morning. My name is Nidia
21 Borders. I reside at 2121 Harris Avenue.

22 UNIDENTIFIED SPEAKER: Can't -- can't hear
23 you.

24 MS. BORDERS: The billing in question --

25 MS. HALL: You want to get that mic a little

1 closer to you, okay --

2 MS. BORDERS: Okay. Thank you.

3 MS. HALL: -- because it's -- it's going over
4 the internet. Thank you.

5 MS. BORDERS: The address is 11C Avenue 9th;
6 belonged to my cousin, who is deceased now, passed
7 away last year. And I inherited the property --

8 COMMISSIONER POLMANN: Okay. Ma'am, can you
9 please -- we're going to adjust the mic again for
10 you.

11 MS. HALL: Get it right -- get your mouth --

12 MS. BORDERS: All right. Anyhow, I was taking
13 care of him. And during the hurricane, he was
14 evacuated, and he passed away. So, I have been
15 paying the bills because, when he was with me, he
16 didn't pay the bills. So, they started sending it
17 to my address and I would take care of that.

18 Beginning in the 25th of October, they said
19 that there was 1300 -- the sewer 38.72. The place
20 has been closed since the end of February of last
21 year. There's no one living at the premises. The
22 following was in May -- in November. And they send
23 me a bill for a hundred and some dollars. And
24 because of the aqueduct, they knocked it down to
25 97.33. Okay?

1 Next bill says that they were past-due in --
2 in December. And they -- they said it was 77.31
3 when, initially, all that I had to pay was for the
4 unit on the ground -- because there was no water
5 consumption -- of 31.86. When they told me that in
6 December, after I sent them another \$45 -- I sent
7 the 31.86 in the month of Fe- -- of January. Then
8 the next bill came, that the bill was past-due.
9 Previous bill -- it says 119.83. Total due,
10 152.19. And then, past-due again.

11 So, I went to the premises because I have
12 never been there to the -- to the -- I wanted to
13 speak to the secretary. And I entered the place.
14 I didn't know that you're not allowed in the place.
15 And she told me, well, how dare you come in here.
16 And I said, ma'am, I would like to discuss this
17 bill with you. You're not supposed to come in
18 here. What is this? I'm in the other world where
19 you're not allowed to discuss the bill?

20 So, it was raining and I said, thank you,
21 Jesus. And then I received a letter about this
22 meeting and I said, I'm going to be there, not
23 because of me, because I am not needy, but because
24 of the people that are suffering injustices. And
25 it has to stop. Thank you.

1 COMMISSIONER POLMANN: Thank you.

2 Any questions?

3 MR. KELLY: I have -- ma'am, did you --

4 COMMISSIONER POLMANN: Mr. Kelly.

5 MR. KELLY: Did you get the name of the person
6 that told you --

7 MS. BORDERS: Judy.

8 MR. KELLY: Her name was Judy?

9 MS. BORDERS: Yeah. She's in charge there.

10 MR. KELLY: Thank you.

11 MR. SMITH: If I could just --

12 COMMISSIONER POLMANN: Mr. Smith?

13 MR. SMITH: Mr. Johnson is here. He can maybe
14 assist you with some of your billing questions if
15 you have --

16 MS. BORDERS: Okay. Can I -- am I excused,
17 now?

18 COMMISSIONER POLMANN: Thank you for your
19 testimony, ma'am.

20 MS. BORDERS: Thank you.

21 MR. KELLY: The next name is David Friction.

22 COMMISSIONER POLMANN: Good morning, sir.

23 MR. FRICTON: Good morning. Yeah, my name is
24 David Friction. I'm a resident of Harbor Shores
25 Condominium Association, 6800 Maloney Avenue, Unit

1 25.

2 And I just want to say my wife and I -- we're
3 retired. We're on a fixed income. We made it
4 through the last increase okay. We had to adjust,
5 you know, some of our finances.

6 And you know, we just want to be on the record
7 that we're not in favor of this increase. We think
8 it's ridiculous. You know, we can see the new
9 hotels going up on Stock Island, you know, Perry
10 Hotel, Ocean's Edge. You know how crowded they are
11 and the traffic we have going by our neighborhood
12 now. And I think they should be the ones that are
13 paying for this increase.

14 You know, one of the items that was stated was
15 the additional employees needed. And my wife and I
16 were bicycling down Maloney Avenue about a month
17 ago and there was a Key West Resort Utility truck
18 parked there, employee inside, sound asleep. You
19 know, we rode past it, came back about 20 minutes
20 later, still sound asleep in their car. So, I
21 don't really see a need for additional employees
22 when you have one of them sleeping on the job.

23 So, I just wanted to make that comment and,
24 you know, here again, we do not want to see this
25 rate increase go through. We cannot afford it.

1 Thank you.

2 COMMISSIONER POLMANN: Any questions?

3 MR. SAYLER: J.R., I did have one more
4 question for the Harbor Shore --

5 MR. SMITH: I have one. Did you -- did you
6 state it -- it had the KWRU sign on it?

7 MR. FRICTON: It was -- one of the trucks had
8 the sign on the side of it.

9 MR. SMITH: Do you recall what color it was?

10 MR. FRICTON: I do not.

11 MR. SMITH: All right. Thank you.

12 MR. FRICTON: It definitely was an employee,
13 though.

14 COMMISSIONER POLMANN: Thank you for coming
15 today, sir.

16 MR. SAYLER: Commissioner Polmann, I did have
17 one question for Mr. -- is it Friction?

18 MR. FRICTON: Yes.

19 COMMISSIONER POLMANN: Mr. Sayler, go ahead.

20 MR. SAYLER: In the last rate case, there was
21 a change of the billing at Harbor Shores. Are you
22 familiar with that change?

23 MR. FRICTON: I am somewhat. You know, Rex
24 Brenneman can probably talk more about that.

25 MR. SAYLER: And is he going to speak --

1 MR. FRICTON: Yes --

2 MR. SAYLER: -- later?

3 MR. FRICTON: -- he is going to.

4 MR. SAYLER: Okay. The question I have is
5 just, for the Harbor Shores residents, are they
6 happy with the change or would they like to go back
7 and -- if they could add some comment on the record
8 for that, that would be helpful, so --

9 MR. FRICTON: Yeah, I guess I personally --
10 you know, we pay as a group, you know, based on our
11 usage for each individ- -- individual unit. I
12 would personally like to just see myself paying
13 individually and not be grouped, you know. I mean,
14 it makes it a lot easier for Key West Resort
15 Utility to bill us that way, but you know, some
16 people use more water than other people. You know,
17 we're kind of all thrown into this pot together,
18 so...

19 MR. SAYLER: Okay. Thank you.

20 COMMISSIONER POLMANN: Anything else?

21 Mr. Kelly, go ahead.

22 MR. KELLY: The next name I have is Rex
23 Brenneman.

24 MR. BRENNEMAN: Good morning.

25 MR. SMITH: If I could have a moment. I -- I

1 apologize.

2 MR. BRENNEMAN: Sure.

3 MR. SMITH: I know Mr. Johnson has spoken with
4 Mr. Brenneman before. I -- I would at least like
5 Mr. Johnson to hear Mr. Brenneman --

6 MR. SAYLER: I -- I can't hear you.

7 MR. SMITH: I know Mr. Johnson, from the
8 utility, has spoken with Mr. Brenneman before.
9 And -- and if there's any questions, Mr. Johnson
10 may want to listen to what he has to say.

11 COMMISSIONER POLMANN: He's -- he's busy with
12 another customer; is that what you're --

13 MR. SMITH: Yes.

14 COMMISSIONER POLMANN: -- indicating?

15 MR. HETRICK: Mr. Chair- -- Chairman?

16 COMMISSIONER POLMANN: Yes, Mr. Hetrick?

17 MR. HETRICK: It might be that he can still
18 get with -- ah, here he is.

19 MR. SMITH: Thank you.

20 COMMISSIONER POLMANN: Good morning, sir.
21 Your -- your name and address, again.

22 MR. BRENNEMAN: Yes, I'm -- I'm Rex Brenneman.
23 I live at Harbor Shores, Unit No. 8, 6800 Maloney
24 Avenue.

25 I'm here to read into the record a letter from

1 our chairman of the board, Diana Flenard:

2 Dear Public Service Commission, I am an
3 executive director of an association for
4 developmentally disabled, and had to be out of town
5 at a conference, so I could not attend in-person.

6 I represent retired homeowners, fishermen,
7 restaurant workers, cab drivers, locksmiths, nurses
8 and many others who are working-class of Monroe
9 County.

10 My first issue has to do with the report that
11 Key West Resort Utilities is asking us, as
12 ratepayers, to pay for their hurricane damages.
13 They, as a critical facility, under FEMA and
14 Florida Public Assistance Program, should be able
15 to recoup all of their damages from FEMA for
16 anything that happened during Hurr- -- Hurricane
17 Irma. They can even be paid for any overtime their
18 staff incurred pre-, during, or post-storm.

19 If they have not applied to FEMA, then, they
20 should do so immediately. If they missed the
21 deadline, then, they're incompetent. If they did
22 apply, then, they are double-dipping by asking for
23 money from both ratepayers and FEMA. I would ask
24 that the PSC look into this by asking FEMA what has
25 been applied for from Key West Resort Utilities.

1 Second, why are we current residential
2 ratepayers paying for Key West Resort Utility
3 expansion? They have new multi-million-dollar
4 resorts, hotels, and restaurants coming or have
5 come online, and that is why they need to expand.

6 Some of these new units were underrated as one
7 unit of hotel or ro-go, when, in realty, they were
8 two units and called them one under a lockout room,
9 essentially paying for one unit hook-up, but making
10 it two hotel units.

11 And finally -- and I -- this may not be
12 relevant, after speaking with Public Counsel.
13 Finally, this is the third time rates have been
14 increased under the guise of going to advanced
15 wastewater treatment. So, what happened to the
16 money from the first two rate increases for
17 advanced wastewater treatment? Where did all that
18 money go?

19 Thank you for your time. Respectfully, Diana
20 Flenard, Harbor Shores Condo Association, Chairman
21 of the Board.

22 COMMISSIONER POLMANN: Thank you, sir.

23 Do we have any questions?

24 MR. SAYLER: Mr. Rex Brenneman, as it relates
25 to how Harbor -- or KW now bills Harbor Shores,

1 what is the opinion of -- of the Harbor Shores
2 residents? Do they want to go back to the prior
3 rate case or are they happy with the current
4 arrangement? Because I've had conversations with
5 Mr. Johnson that imply that you're happy with the
6 current arrangement.

7 MR. BRENNEMAN: We are not happy with being a
8 hybrid. We -- although we do understand why we're
9 a hybrid, I think. All of the water that comes
10 into the 69 units passes through one of two meters.
11 That is general services. All of the sewage
12 leaving all 69 units flow into one pipe that
13 connects to K- -- KWRU's pipe in Maloney Avenue.
14 That's also general-service process.

15 The way we become residential is that each of
16 the 69 units has its own water meter. That's like
17 residential. It's difficult for me to say what the
18 consensus -- if there is a consensus about the
19 happiness or the unhappiness with the current
20 billing procedure, wherein the condominium
21 association pays the bill for the entire park.

22 I think many folks would prefer individual
23 billing and would be willing to allow the utility
24 to install shutoffs or shutdown -- whatever the
25 term is -- so that, if they didn't pay, that

1 individual unit could be shut down. As it is right
2 now, that's not possible. You would have to shut
3 down the entire park.

4 I don't honestly know the answer to the
5 question. It's -- it's difficult for us, either
6 way, by paying -- everybody paying one -- the park
7 paying one bill for all units, everybody gets
8 melted together. And some folks are disadvantaged,
9 some are advantaged. Those using more water get
10 advantaged; those using less water get a
11 disadvantage.

12 COMMISSIONER POLMANN: Thank you, sir.

13 Other questions?

14 MR. KELLY: Do -- I wanted -- did you want to
15 put that letter into the record?

16 MR. BRENNEMAN: Yes, please.

17 COMMISSIONER POLMANN: Okay.

18 COMMISSIONER CLARK: Mr. Chairman, would it be
19 appropriate to ask the utility to address the FEMA
20 issue?

21 COMMISSIONER POLMANN: Not now.

22 MR. SMITH: We can -- we can if you want.

23 So -- Bart Smith on behalf of KW Resort
24 Utilities. In fact, we did apply to FEMA under the
25 critical facility. In fact, Kevin Wilson, from the

1 county, assisted us to getting on the list to make
2 that application.

3 We went through the process and were denied,
4 as a private utility publicly regulated. We do not
5 qualify for FEMA assistance. It's very clear that
6 private utilities do not -- it's actually
7 specifically identified that we do not.

8 MR. BRENNEMAN: Even though you're a critical
9 facility?

10 MR. SMITH: Correct. Any private utility does
11 not qualify. And -- and we did apply. It would
12 have been fantastic if we had qualified. It would
13 have certainly reduced the rate increase that we're
14 requesting.

15 COMMISSIONER POLMANN: Any other questions?
16 Comments?

17 Okay. Then, Ms. Crawford, do you have a copy
18 of the letter?

19 MS. CRAWFORD: I -- I'll be happy to take one
20 from Mr. Brenneman.

21 COMMISSIONER POLMANN: Okay.

22 MS. CRAWFORD: And if we could get a number,
23 have it identified, please.

24 COMMISSIONER POLMANN: I have No. 127.

25 MS. CRAWFORD: Thank you, sir.

1 COMMISSIONER POLMANN: Ms. Mapp, do you --
2 Ms. Crawford or Ms. Mapp, is that consistent? Are
3 you --

4 MS. CRAWFORD: Yes --

5 COMMISSIONER POLMANN: 127?

6 MS. CRAWFORD: That's fine. And would the
7 parties like an opportunity to review the letter
8 or --

9 MR. FRIEDMAN: No, just tell us what you're
10 calling it.

11 MS. CRAWFORD: Okay. Let's call it: Letter
12 from Diana Flenard, F-l-e-n-a-r-d, if that's
13 acceptable.

14 MR. FRIEDMAN: What's the first name?

15 MS. CRAWFORD: Diana.

16 COMMISSIONER POLMANN: And that is -- what did
17 you say the --

18 MS. CRAWFORD: They're 127 -- Harbor Shores
19 Association.

20 COMMISSIONER POLMANN: Okay. So, we're
21 including Exhibit 127 from -- a letter from Diana
22 Flenard, Harbor Shores Association. And the
23 customer is Rex Brenneman.

24 MS. CRAWFORD: Correct.

25 COMMISSIONER POLMANN: Thank you.

1 (Whereupon, Exhibit No. 127 was marked for
2 identification and admitted into the record.)

3 COMMISSIONER POLMANN: Mr. Kelly, do you have
4 other customers?

5 MR. KELLY: No, sir.

6 COMMISSIONER POLMANN: Okay. Anyone else
7 would like to speak? Anyone that came in after we
8 began?

9 The time I have is 10:20. Does anyone have a
10 concern if we close the customer hearing at this
11 time? Or is there a feeling that we should keep
12 this open for ten more minutes? I'm prepared to --
13 to close at this time. Let me check my notes here.
14 So, for -- for today, we have added one additional
15 exhibit. Is that what we'll have? Okay.

16 Oh, for the customers, we -- we thank you for
17 taking the time to come today. This is very
18 helpful to us. We've heard some helpful comments
19 and questions. I see some of you have had an
20 opportunity to talk with utility folks. Staff are
21 here, if you have questions that you believe we can
22 help you with.

23 As I mentioned, your -- your comments, your
24 testimony will become part of the official record
25 and all the information that you provided to us

1 will be taken into account.

2 Commissioners, do you have any closing remarks
3 or comments? I appreciate your participation here.

4 If there's nothing further, I will close the
5 customer service hearing. And we are, now,
6 adjourned. Thank you.

7 (Whereupon, proceedings were concluded at
8 10:22 a.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, ANDREA KOMARIDIS, Court Reporter, do hereby
certify that the foregoing proceeding was heard at the
time and place herein stated.

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

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

DATED THIS 25th day of May, 2018.



ANDREA KOMARIDIS
NOTARY PUBLIC
COMMISSION #GG060963
EXPIRES February 9, 2021