



June 27, 2018

VIA ELECTRONIC FILING

Carlotta Stauffer, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Orchid Springs Development Corp.; Docket No. 20180063-WS
Application for limited proceeding water and wastewater rate increase

Dear Ms. Stauffer,

Attached for filing in the above referenced docket is the utility's Response to Customer Concerns prepared based on utility personnel notes from the June 19 customer meeting. If the staff has any questions or need any further information on the issues raised at this meeting, please do not hesitate to contact me.

Sincerely,

The image shows a handwritten signature in blue ink, which appears to be 'F. Marshall Deterding'. The signature is fluid and cursive, written over a white background.

F. Marshall Deterding
Of Counsel

FMD/brf

Enclosure

cc: Gary Morse
Steve Cassidy
Michael Cassidy
Carol Rhinehart
Cheryl Bulecza-Banks
Kordell Wilson
Martha Golden
Todd Brown
Shannon Hudson
Terence Bethea
Clayton Lewis
Robert Graves
Charles Murphy
Margo DuVal

Response to Customer Concerns
ORCHID SPRINGS DEVELOPMENT CORP

APPLICATION FOR LIMITED PROCEEDING INCREASE
IN WATER AND WASTEWATER RATES
Docket No. 20180063-WS

Orchid Springs Development Corp. hereby files this Response to Customer Concerns in order to address the issues raised by customers at the customer meeting held on June 19, 2018.

1. Customer Bob Palmer, Patio Homes, President Patio Homes HOA

Customer Stated: On behalf of the Orchid Springs Patio Homeowners Association, I would like to thank you for this opportunity to present our thoughts and opinions regarding the proposed water and sewer rates for our community. We have reviewed the information sent to us by the Commission and have found that the proposed monthly water rates to be nominal and within reason since there was an excess in water revenue during 2014.

During the 2014 calendar year, sewer revenues of \$120,826 vs. claimed expenses of \$170,343 created a departmental deficit of \$29,462. This incurred loss, we understand, was satisfied by another department within the Cassidy Organization. We collectively understand that losses of this nature cannot be withstood on an on-going basis nor is it our intent to recommend that they do. We do, however, feel that the proposed sewer rates are somewhat excessive and suggest that the following formula be used to adjust the rates for the future. Given the \$30,000 deficit for 2014, add a 5% inflation rate and an average customer usage of 4,000 gallons per month equals \$36,829. Divide this number by 310 customers and again divide by 12 months equals a \$9.90 per month increase and would provide a more equitable answer. Surely this would offset any sewer shortfall and satisfy the budgeting issues of the residents. It is further suggested that, in the future, rate increases on water and sewer be amortized over a period of years rather than waiting 17 years to impose any dramatic increase. Although much of the deficit incurred for sewer and wastewater treatment last year was primarily attributed to the charges from Winter Haven, we are indeed curious as to how many delinquent customers made contributions to this number and what is being done to counter non-paying residents.

Utility response:

We at the utility appreciate Mr. Palmer's comments and reasoned understanding of our situation. As to his suggestion on the sewer rates, we are required to follow the rules and procedures for setting sewer rates as set by PSC Statutes, rules & prior decisions.

In addition, we note that we have tried to keep rates as low as possible for as long as we could. But the utility must remain viable and therefore, as a result of necessary and prudent expenditures that the utility has been required to undertake in recent years, the increase as requested is necessary. We hope that in future years no significant new

expenditures above those applied for herein will be necessary. If so, we hope that the annual inflation adjustment in rates is all that will be required.

As to delinquent customers, the utility works hard to keep those to a minimum and to reduce their numbers by doing so. We also seek to keep such delinquencies from impacting other timely paying customers in any way.

2. Customer Keith Ray, Patio Homes:

Customer asked why water customers have to pay for mismanagement.

Utility response:

The customer provided no specifics or examples to support the claim of mismanagement and, as such, Orchid Springs has nothing specific to address on this issue.

Customer stated that Golden Pond is maintained by “us” 9 times per year at a cost of \$180 per mow. That is nowhere near \$500/month.

Utility response:

Orchid Springs Water and Sewer has an agreement with a third-party landscaping and maintenance company to mow both of the utility’s former perc ponds, as well as the settling tanks and wastewater treatment plant sites for \$500 per month. This is maintenance which the utility must continue every month in accordance with county ordinance as outlined in the original application. The customer is referring to the cost for mowing only one site.

Customer states that the fire hydrant was replaced in 2016. Wasn’t that included in a previous rate increase? Meter replacements were done in 2015. Wasn’t that included in the 2016 rate increase?

Utility response:

As noted by the PSC staff, these items were not included in the 2016 rate case as they occurred after the test year of 2014.

Customer stated that “I KNOW” there have been no capital improvements made by the company since 2015.

Utility response:

Capital improvements made to the Orchid Springs system since the test year of 2014 include, but may not be limited to, water meter replacements (32 – 2015; 5 – 2016; 12 – 2017), replaced hypo sodium chlorite tank (2018) and pump (2018), replaced well pump (2017), replaced well flow meter (2017), replaced lift station pumps (various), pressure cleaned/sand blasted interior of hydro pneumatic tank (2016-17)

Customer stated that all the lift station improvements were made by the Patio Homes Association and paid for out of our pockets.

Utility response:

The San Jose lift station fence was damaged (prior to 09/2013). Orchid Springs Water and Sewer did not have the resources to repair/replace the fence in the manner requested by the Patio Homes HOA. Because the Patio Homes HOA wanted to improve the look of the fence, they chose to replace it at their expense and the utility allowed them to do so. These are not the lift station improvements requested for recovery in this case.

Customer stated where have all the capital improvements on the application been done?

Utility response:

The improvements have been made at several locations. Each invoice submitted with our application for a Limited Proceeding has a location notated.

3. Customer Mary Endline, Granada Building.

Customer asks: who are the 330 water customers? That number seems high. How does the water company get to that number?

Utility response:

That is the correct current number of customers.

4. Customer Lloyd Steadman, 417 San Jose.

Customer states: there are only two reasons to request a rate increase of this magnitude. One would be from unbelievable mismanagement. The other is to request more than you hope to receive.

Utility response:

The customer stated no basis for either opinion. We all take pride in our work at Orchid Springs Water and Sewer and strive to provide excellent service to our customers. Based on the process provided by the State of Florida and the Florida Public Service Commission, our increases can be justified by the prudent review of the investments and costs incurred as outlined in our application for this Limited Proceeding.

Customer stated this meeting was timed for summer to prevent snowbirds and winter visitors from attending.

Utility response:

We have been working on submitting this Limited Proceeding for nearly a year and have wanted to begin the process in a timely manner. Customers of Orchid Springs can use

the Florida PSC to submit comments, questions, and complaints through the process the Commission has laid out.

Customer asked what about the Federal tax cuts? One hundred utilities across the country have cut their rates because of the tax cuts. Orchid Springs should be lowering their rates, not increasing them.

Utility response:

Orchid Springs has no provision for income taxes included in current or requested rates. As such, there are no tax savings.

5. Customer Sandra Follin, Patio Homes (new owner).

Customer asked: why must we be penalized for someone else's mistakes or mismanagement? They created the problems and are expecting customers to pay.

Utility response:

The costs requested for recovery are simply the resulted of needed and required improvements and expenditures. We are unaware of mismanagement of our company and have not been notified by any customers of this concern or any grounds for such concerns. If there are specific concerns, we would be glad to address them, if presented to us.

6. Customer Bob Palmer. (2nd time)

Customer states: mowing clarification – there is a decommissioned pond behind the clubhouse and one called Golden Pond that is on Las Cruces in the patio home area. The area on Las Cruces is the one that the Patio Homes HOA pays for (reimbursed by the landscape contractor)

Utility response:

Mr. Palmer is correct. This issue was addressed in response to Customer #2, Keith Ray.

7. Customer Linda Jones, 859 Orchid Springs Drive.

Customer states: The quality of water is terrible. It smells like rotten eggs. It has been reported many, many, many times with no response.

Utility response:

We do not have a record of a complaint from Ms. Jones regarding the water in her home having a smell. The last record of a complaint from Ms. Jones is from July, 2015, in reference to issues relating to a leak in the line at her condo building.

Customer states: I was in the hospital in September. My rate never went down. I approached the water company and asked why my bill was so high with no response.

Utility response:

We do not have a record of a question or concern from Ms. Jones regarding the usage on her meter during her stay in the hospital in September. We received payment from her in June, 2018, when she told the woman at the front desk that she was on her way home from the hospital and that's why her payment was not on time.

We also reviewed Ms. Jones usage for the last 30 months. Her history shows that she uses between 0- 1000 gallons per month half of the months, and between 1000-2000 gallons the other half. Clearly a customer with this little usage each month would see very little change in their bill from month to month as it is comprised almost exclusively of base charges for water and sewer.

8. Customer: Woman who did not identify herself to the group, Granada Building:

Customer states: I came from Pennsylvania to take care of my mother (now deceased). I have never liked the taste or the smell of the water.

Utility response:

The utility's water meets all primary and secondary standards and we are unaware of any previous concerns offered by this customer as to water quality. Utility staff members have lived and travelled in various parts of the country and know that the water in each area can taste different depending on the make-up of the soils and aquifers. Florida limestone is definitely different than Pennsylvania granite.

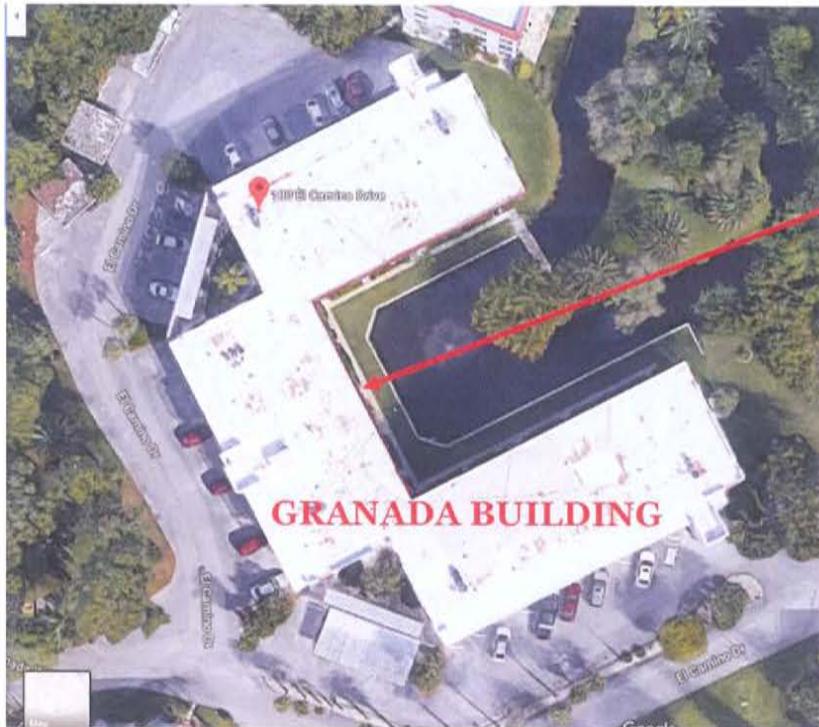
Customer states: We do not get a bill every month and wanted to know how the water company knows how much water was used. My husband and I went searching for a meter and found it in the ground with dirt all around it and the meter box full of dirt.

Utility response:

The Granada Building (Orchid Springs Village #100) receives one bill each month for the master meter on the building. This bill is paid by their management company to Orchid Springs Water & Sewer.

All water meters on our system are located below ground, generally housed with a hard plastic meter box and cover. These boxes are not airtight or watertight. When it rains, dirt and debris can accumulate in the meter box.

The meter for the Granada Building is read every month around the 15th of the month (charges are billed in arrears). This meter is located in the center of the horseshoe (3 buildings in the shape of a horseshoe) on the lagoon side of the building between the sidewalk and the building. It is approximately 2' from the building.



Approximate location of water meter.

9. Customer Diane King, Granada Building:

Customer states: she receives calls from Granada owners all the time about the sulfur smell.

Utility response:

We have no record of calls or complaints from Ms. King regarding a smell in the water.

10. Lou Bell, 417 San Jose:

Customer states: I am very emotional because I love this community. I believe that there needs to be an attitude change where water is concerned.

Utility response:

We try to work with our customers when there are any issues regarding payments, repairs, water quality, etc., when it is reported to us.

Bob Palmer and Keith Ray pay for a lot of improvements out of their own pocket.

Utility response:

Bob Palmer and Keith Ray are valuable assets to the Patio Homes HOA. They do many things to enhance the beauty of the neighborhood and have been helpful to Orchid Springs when called upon.

We at the utility have tried to provide a response to each of the customer comments we were able to recall through a review of the notes taken by company personnel at the customer meeting. To the extent that the Commission Staff feels that any of the customer comments or issues raised have not been addressed herein, we request that the Staff let us know as soon as possible of those questions and/or issues and provide us with a few days to provide utility input on those issues. Thank you.

Orchid/Response to Customer Concerns