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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:
DOCKET NO. 20190125-WS
APPLICATION FOR STAFF-
ASSISTED RATE CASE IN
SUMTER COUNTY BY THE WOODS
UTILITY COMPANY.

_____ /

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 5

COMMISSIONERS
PARTICIPATING: CHAIRMAN GARY F. CLARK
COMMISSIONER ART GRAHAM
COMMISSIONER JULIE I. BROWN
COMMISSIONER DONALD J. POLMANN
COMMISSIONER ANDREW GILES FAY

DATE: Tuesday, March 3, 2020

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

REPORTED BY: ANDREA KOMARIDIS WRAY
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
114 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
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1 P R O C E E D I N G S

2 CHAIRMAN CLARK: Let's move to Item No. 5,
3 application for SARC in Sumter County by The Woods.

4 MR. HIGHTOWER: Good morning, Commissioners.
5 I'm John Hightower with Commission staff.

6 Item 5 is staff's recommendation addressing
7 The Woods' application for a staff-assisted rate
8 case. The utility is Class C water and wastewater
9 utility that serves approximately 58 residential
10 water customers and one general-service customer in
11 Sumter County.

12 Rates for this utility were last established
13 in 2012 while The Woods was under the ownership of
14 Aqua Utilities Florida. A customer meeting was
15 held on December 18th, 2019. One customer spoke on
16 behalf of the general-service customer. The
17 Commission has received correspondence from two
18 customers regarding this docket, including a thumb
19 drive with approximately 1,800 images.

20 Representatives from the utility, Mr. Rendell
21 and Mr. Deremer, the OPC, and the general-service
22 customer are in attendance today. Staff is
23 available to answer any questions you may have.

24 CHAIRMAN CLARK: All right. Thank you,
25 Mr. Hightower.

1 All right. We do have a customer that has
2 asked to speak today. And I'm going to introduce
3 her and ask her to make her comments.

4 Ms. Hodgson, is -- are you Ms. Hodgson?

5 MS. HODGSON: Yes.

6 CHAIRMAN CLARK: All right. Welcome to the
7 Commission. We would also like to ask that you
8 please limit your comments to three minutes, if you
9 would, please. You have the floor.

10 MS. HODGSON: Three minutes.

11 CHAIRMAN CLARK: Three minutes, yes, ma'am.

12 MS. HODGSON: I apologize for that because I
13 think a few -- as you can see, I have some bookwork
14 here.

15 Good morning. Our attendance -- my husband
16 and I, John Hodgson and Mitzie Hodgson -- we're
17 here for the staff meeting to strongly object to
18 the proposed rate increase requested by U.S. Water.

19 My husband and I -- we are the owners of the
20 property located at 11380 South U.S. Highway 301 in
21 Webster, Sumter County, Florida. I am operating
22 Snooze N Scoot RV Campground, which has 34 sites.
23 U.S. Water, The Woods, is our water supplier.

24 September 11th of 2017, Hurricane Irma went
25 through Sumter County disrupting tree roots,

1 property, real estate. Since Hurricane Irma, in
2 the last two and a half years, we have been
3 experiencing low water pressure and discolored
4 water.

5 I have contacted U.S. Water several times,
6 specifically Mr. Troy Rendell and another lady,
7 Sharon Purviance. I have had many responses from
8 them. They have continuously given us excuses,
9 telling us that the water within our campground is
10 our problem; that they have clear water coming out
11 of the plant; they have sufficient water pressure.

12 By the time the water reaches our campground,
13 I have discolored water, which the Commission has
14 received. I will try to keep this -- because I
15 have several pictures.

16 This water was coming out of our faucet. This
17 is the laundry that was also done along with it.
18 My customers, 60 customers, have had discolored
19 laundry. Their whites have turned yellow. They
20 have been tie-dyed, stained, basically.

21 The next picture -- this is a water hose.
22 This is the residue that was on the filter of the
23 water hose.

24 This is the yellow tap water coming out into
25 our restroom facility. This is what our customers

1 have in their RVs. This is what comes out in our
2 pavilion. This is what comes out for our coffee
3 water. It's disgusting.

4 I have been told it's esthetic, that it's not
5 harmful to us, but several people have been harmed
6 by it. I, myself, have been diagnosed with cancer.
7 I believe it could be a cause of this. I've had
8 skin irritations, facial, body, as well as other
9 customers of mine. It's very disturbing.

10 This is the water that's coming out of the
11 flush point. This is before it even comes into our
12 campground. This is what's coming from U.S. Water
13 into the campground before the main -- the water
14 main going in.

15 And these are within the last two years. So,
16 these are all pictures that I've tried to take so
17 that they're sort of strategically placed. This is
18 the water that is flushing into our toilets and
19 this residue. It looks like I have a problem. I
20 don't have that kind of a problem. I have other
21 problems, but not that problem.

22 This is the water a year later that's coming,
23 still, through our flush point. This is, again,
24 coming before our water meter.

25 I'm sorry I'm going beyond the three minutes.

1 This is the water that is coming into our laundry
2 machines.

3 This is the water that's going through and to
4 my customers. I have lost revenue because of
5 people going into town, the City of Bushnell and
6 other areas, to do their laundry. I have lost that
7 revenue.

8 This, again, is the water, after the flush --
9 the day after a flush -- coming into our toilets.
10 This is our flush water.

11 This is a water filter from an RV. My
12 husband -- it's his hands. He took the water
13 filter and smoothed it over. That is the oil
14 residue that is coming off of those water filters.
15 That is going into my RV campers. They have that
16 crud in their systems.

17 For that filter, that should last for six
18 months, it lasts three weeks. They are
19 continuously replacing those filters on their
20 water -- on their campers.

21 Last, this picture -- this is a filtration
22 system that I had to purchase and finance to
23 correct U.S. Water's dirty water. Currently, since
24 August 2019, I now have clear water. I'm not sure
25 if it's bacteria-free, but it is clear water.

1 My customers are happy. Their laundry is not
2 getting stained. Ice cubes that are being made,
3 coffee that's being made, just our potluck
4 dinners -- we had that problem before. It seemed
5 like every holiday we had, all of a sudden,
6 couldn't use the water. We had to get bottled
7 water to carry on.

8 I have contacted U.S. Water several times
9 regarding the issues. I have a log here, which I
10 had submitted to the Commission. This is just a
11 log, 57 pages long of summary. This is not the
12 detail that I have here. This is for -- since 2015
13 to the current. I also added another five pages
14 recently, going from January 30th to February 26th.

15 This blue folder -- this is for the year 2015
16 through 2017. I submitted attachments to the
17 Commission for the detail that I can show you that
18 I have. There's very-extensive letters in there.

19 This is for the year 2018. Anything that you
20 want on e-mails, I can supply to you. I have quite
21 a bit of information. Again, that's 2018.

22 Now, I'm into 2019, 2020. This part is 2019.
23 This part is -- I'm sorry -- 2020. So, that's the
24 information that I have detailing the e-mails that
25 I have sent to Troy Rendell, Sharon Purviance.

1 December --

2 CHAIRMAN CLARK: Okay.

3 MS. HODGSON: Excuse me -- December 18 --

4 CHAIRMAN CLARK: Would you mind -- would you
5 mind wrapping it up, Ms. Hodgson?

6 MS. HODGSON: Okay. Okay. I have a
7 question -- well, it's not a question. But the
8 Public Service Commission -- we held a meeting in
9 Webster, December 18th. The form that was
10 submitted to us -- it says, No. 2, "Why is The
11 Woods requesting a rate increase?"

12 "The Woods is requesting a rate increase to
13 recover the cost of operating the utility and allow
14 the company an opportunity to earn a fair rate of
15 return on its investment."

16 Why should the investors of The Woods company
17 receive a fair rate of return when we have many
18 problems that still have to be resolved? Their
19 profit of \$6,000 could go toward the repairs that I
20 have, such as a valve repair that's been
21 malfunctioning for years.

22 I have had a meter read that has malfunctioned
23 for three out of seven years that I have -- that
24 Troy Rendell has taken over. And I also have
25 some -- now, I'm trying to rush -- anyways, the

1 malfunctioning equipment -- it needs to be repaired
2 before the investors do make a return on their
3 money.

4 And I can propose this to you later.

5 CHAIRMAN CLARK: Okay.

6 MS. HODGSON: I have billing -- oh, this is
7 the water -- I'm sorry. One more thing. This is
8 the water that our filtration system has discharged
9 as recently as February 26th. That's not too long
10 ago. This is the discharge that's coming through
11 this filtration system.

12 CHAIRMAN CLARK: Okay. Great. Thank you very
13 much.

14 MS. HODGSON: It's not appropriate. I could
15 lose my campground if I had water that
16 continually -- to come through like that.

17 CHAIRMAN CLARK: Okay. If you would, just
18 stand by. Some of the Commissioners may have
19 questions for you.

20 Ms. Morse, would you like to address the
21 Commission?

22 MS. MORSE: Thank you, Mr. Chairman. Again,
23 Stephanie Morse on behalf of Office of Public
24 Counsel.

25 I won't repeat the details that Ms. Hodgson

1 has relayed. OPC would like to raise a procedural
2 point, an issue about the facility inspections that
3 might occur around the time of customer meetings
4 related to SARCs and other water-quality -- water-
5 utility rate increases.

6 On January 21st of this year, after hearing
7 from Ms. Hodgson that her service problems,
8 including periodic water outages and pressure
9 issues, had -- had worsened, OPC asked staff to
10 inspect the utility's facilities.

11 And staff advises that the staff who conducted
12 the customer meeting also conducted a visual
13 inspection of the exterior of the utility's
14 facilities around the time of the customer meeting.
15 And they further told us that those were members of
16 the accounting and finance staff as -- and, as
17 such, they did not perform a -- a plant inspection;
18 and further, that staff did not plan to revisit the
19 utility to perform an inspection.

20 So, respectfully, Commissioners, OPC asks the
21 Commission to consider having its engineering staff
22 conduct plant inspections after customer meetings,
23 particularly where the docket record and the
24 complaint history or the customer-service meeting
25 include complaints about water quality, as is the

1 case in this docket.

2 Inspections or a visual inspection before
3 customer meetings are held may not provide fruitful
4 information because staff would not yet be aware of
5 the specific problems that they could investigate
6 further. Also, staff members with the requisite
7 expertise to conduct plant inspections should be
8 responsible for any such on-site analysis.

9 Finally, the staff did recommend that the
10 quality of service provided by The Woods is
11 unsatisfactory. Nevertheless, staff is
12 recommending no penalty be assessed.

13 And again, OPC submits that -- that the lack
14 of any penalty is an inadequate incentive for the
15 utility to perform in a satisfactory manner and --
16 consistent with the carrot-or-stick approach,
17 whereby the failure to provide adequate service in
18 a regulated monopoly environment can be properly
19 addressed with penalties, such as basis-point
20 reductions.

21 So, respectfully, we ask that you exercise
22 your judgment here to assess a penalty where the
23 evidence clearly shows that the utility's quality
24 of service is unsatisfactory.

25 Thank you.

1 CHAIRMAN CLARK: Thank you, Ms. Morse.

2 Mr. Rendell.

3 MR. RENDELL: Good morning, Commissioners.

4 Troy Rendell on behalf of The Woods utility.

5 The premise of this rate case is the -- the
6 water quality. I went back and -- as far as back
7 as 1991 and Order No. 25129 that -- the Commission
8 recognized there were water-quality issues.

9 It has very high iron. The filtration system
10 that was installed by the previous owner did not
11 work. So, we entered into a consent order with DEP
12 to change out the filtration media to a green-sand
13 filter, which is -- which is for iron removal.
14 That was placed in service in early 2019.

15 DEP has been out there, cleared it. We've
16 actually had DEP out there to do an on-site
17 inspection recently, last year. They found that
18 everything is -- was done correctly. We've done
19 everything we're supposed to do. I believe they
20 actually met with some of the customers and
21 explained that as well.

22 The issues come that there's years and years
23 and years of accumulation in the distribution
24 system. The water leaving the plant is clear.

25 It's removing the iron. I -- I put many documents

1 in the record that shows that the -- that the
2 filters work. It is removing the iron, but it's
3 out in the distribution system.

4 We've added auto-flushers. We've done
5 flushing. We even think maybe some of that
6 flushing is causing some of the iron to slough off
7 the inside of the -- the mains.

8 We've added AquaGold, which is an
9 orthophosphate, that will help with not only the
10 iron, but also the lead issue. I know that there's
11 a lead issue identified in the recommendation,
12 which we're working on.

13 So, really, the only other alternative at this
14 point would be a complete distribution replacement.
15 We believe that's very costly. It would cost
16 between three to \$400,000. And quite frankly,
17 these customers can't afford it. We're going to
18 try to work with DEP, the Rural Water Association,
19 to try to find funding for possible replacement of
20 these mains, but we have to keep the rates in mind.

21 You know, this is also already a large
22 increase for the filtration. So, any further
23 requirements to make any additional replacements or
24 repairs is going to be more upward pressure on the
25 rates. And we -- we always keep that in mind.

1 CHAIRMAN CLARK: All right. Thank you very
2 much, Mr. Rendell.

3 Any questions from any Commissioners?
4 Commissioner Polmann.

5 COMMISSIONER POLMANN: Thank you,
6 Mr. Chairman.

7 Mr. Rendell, I understand the -- the green-
8 sand addition seems to have addressed the water
9 quality at the -- at the treatment plant. So,
10 you're meeting -- let me ask a question: Are you
11 meeting the primary standards at the treatment
12 plant consistently?

13 MR. RENDELL: Correct. Yes, we are. There
14 was one issue, I think, at the end of last year
15 that we noticed the iron was going back up. We
16 addressed that.

17 There's an issue early this year, in January,
18 where we're doing a backwash of the filtration and
19 a valve got stuck --

20 COMMISSIONER POLMANN: Okay.

21 MR. RENDELL: -- which caused some issues with
22 pressure, but other than that, we are meeting the
23 standards.

24 COMMISSIONER POLMANN: And are you adding the
25 orthophosphate continuously?

1 MR. RENDELL: Correct. And I apologize,
2 Mr. Deremer could not attend. He had to have a --
3 there was an unexpected medical issue.

4 COMMISSIONER POLMANN: Okay.

5 MR. RENDELL: But I did speak with him last
6 night. He -- we are doing the corrosive-ity study
7 and we are -- we've actually increased the dosage
8 on the AquaGold.

9 COMMISSIONER POLMANN: Okay. The -- what is
10 your plan for the lead and copper? That -- that is
11 an issue at the tap? You -- or do you also have
12 that issue in the distribution system?

13 MR. RENDELL: The lead and copper -- the way
14 they take lead and copper samples are inside
15 customers' homes.

16 COMMISSIONER POLMANN: Right.

17 MR. RENDELL: They have to drop them off, and
18 the customers actually have to do it because the --
19 the water reacts with inside plumbing. And so, if
20 they have, you know, fixtures or soldering in
21 the -- or --

22 COMMISSIONER POLMANN: Yes.

23 MR. RENDELL: I think some of these customers
24 have galvanized pipes. So, that's reacting with
25 the galvanized pipes. So, we're going to have to

1 work with the DEP and see how the study -- we're
2 looking at it now. We're not sure what -- you
3 know, what other -- what further action we need to
4 take, but it is something we're addressing.

5 COMMISSIONER POLMANN: That's not being
6 addressed in this case here, though.

7 MR. RENDELL: Correct.

8 COMMISSIONER POLMANN: Okay.

9 MR. RENDELL: Correct. And you know, as early
10 as -- I guess as recent as last week, we've
11 actually had customers contact us, thanking us for
12 improvement in the water. So, you know, we have --

13 COMMISSIONER POLMANN: I understand.

14 MR. RENDELL: -- seen improvements.

15 COMMISSIONER POLMANN: It would -- it would
16 seem, in my reading here, that one of the primary
17 issues that remain are low pressure and -- do you
18 see a workable remedy with the current layout of
19 your distribution system and the -- and the need
20 for periodic or the -- what I understand is an
21 automatic flushing? Is that something you can
22 resolve?

23 MR. RENDELL: Well, we have to balance the
24 supply with the flushing. There's only one well.
25 It's a small storage tank. We did add a second

1 high-service pump. We do the flushing at night, so
2 it doesn't affect the customers because you can't
3 really flush when they're using it because then
4 that stirs up the water more.

5 We did a data log -- log -- unfortunately, I
6 don't have those results -- at the Snooze N Scoot
7 to see what the pressure is. The pressure leaving
8 the plant is cons- -- usually around 52.

9 COMMISSIONER POLMANN: Right.

10 MR. RENDELL: The minimum for DEP is 20,
11 but -- and it's -- it's well above that in the
12 distribution system. We think part of the problem
13 may be, at the Snooze N Scoot, there's an RPZ where
14 you can lose pressure up to 10 to 12 pounds PSI.
15 And also they've installed a filtration after the
16 RPZ. So, we think that's lowering the pressure
17 within the park.

18 COMMISSIONER POLMANN: Sure. There's a
19 mention -- I understand the single well, and I
20 understood that there was a well in the RV park,
21 but that -- that's been taken out of service. Have
22 you done any analysis in -- at the end of this
23 distribution system, which is where the -- where
24 the park is, the possibility of -- of your
25 utility -- or the utility -- I understand it's not

1 yours -- adding a well as -- as an alternative to
2 adding additional storage?

3 MR. RENDELL: We could consider it. We did
4 offer to test that well in the park and we were
5 told no. We wanted to see what the iron levels
6 were there. We -- we wanted to work with them to
7 see if maybe we could use that as a second
8 supply --

9 COMMISSIONER POLMANN: Right.

10 MR. RENDELL: -- but we were told, you know,
11 no. So, we would have to look for another well
12 site. We believe that the water in that area is
13 high in iron.

14 So, you know, we did discuss looking at
15 possible -- another -- we'd have to buy some new
16 property, install another well, but at this point,
17 you know, the -- the water leaving the plant is,
18 you know, iron-free. So, we think most of the
19 problems are in the distribution system.

20 COMMISSIONER POLMANN: Well, I'm -- I'm not
21 sure, Mr. Chairman, how to -- how to proceed.

22 CHAIRMAN CLARK: We have several more
23 questions from other Commissioners.

24 COMMISSIONER POLMANN: Yeah, I -- let me just
25 leave on the table here that -- that the -- that

1 the pressure issue remains a concern of mine. I
2 understand -- that, to me, is an unresolved issue.
3 I'll just leave it at that. Thank you.

4 CHAIRMAN CLARK: Commissioner Graham.

5 COMMISSIONER GRAHAM: Thank you, Mr. Chairman.

6 I -- I have some issues with this one. And
7 for the most part, over the last 13 years, there's
8 probably a period of 11 or 12 months that they were
9 not in violation of the primary standards. I mean,
10 so, the rest of that time, they've been in --
11 issues with primary standards.

12 My understanding was, unless staff got this
13 incorrect or I heard incorrectly, you're currently
14 in violation of primary standards; is that correct,
15 Mr. Rendell?

16 MR. RENDELL: The only exceedance we're having
17 right now is the iron, the le- -- sorry, the lead
18 and copper. So, the lead and copper is an issue at
19 this point that we're -- that we're working with.

20 COMMISSIONER GRAHAM: So, you're currently in
21 violation of primary standards -- because I thought
22 you said earlier that you were in good standing
23 with primary standards.

24 MR. RENDELL: Well, at this point, I think
25 the -- just the lead and copper is the issue. The

1 rest of the standards are being met.

2 COMMISSIONER GRAHAM: And the lead and copper
3 is primary or secondary standard?

4 MR. RENDELL: Unfortunately, I don't have that
5 answer right now. I would have to look at --

6 COMMISSIONER GRAHAM: Staff.

7 MR. PHILLIPS: (Indicating.)

8 COMMISSIONER GRAHAM: Okay. Well, anyway,
9 that's a big concern for mine.

10 Looking at the complaints that came through
11 here -- I mean, there's only 58 customers, 52
12 customers.

13 Are your 32 customers considered one customer?

14 MS. HODGSON: One account. One -- excuse me.
15 One account, yes.

16 COMMISSIONER GRAHAM: Okay. I mean, I -- I --
17 and it's not just necessarily the quality of the
18 water because I'm looking at this chart on Page 5.
19 I mean, there's many complaints about the improper
20 bills. And you -- you've got 34 -- 33 because the
21 someone complained because of the rate increase.
22 So, basically 33 complaints, and there's only 58
23 customers.

24 So, I think this should definitely be, as OPC
25 said earlier about our carrot and a stick -- there

1 should be some penalty associated with this. I'm
2 not -- I'm open to whatever level or however deep
3 you guys want to go, but I don't see how someone
4 could treat water for this kind of service.

5 CHAIRMAN CLARK: Thank you, Commissioner
6 Graham.

7 Commissioner Brown.

8 COMMISSIONER BROWN: Commissioner Graham, you
9 literally articulated my thoughts to a tee. I have
10 a problem with this particular docket as well, very
11 similar to what you've expressed, and I appreciate
12 your sentiment.

13 You know, it is unsatisfactory, and no penalty
14 is being recommended. And I think, in light of the
15 issues, there has to be some type of incentive to
16 fix the perpetual issue, at least investigating
17 options.

18 I know, Mr. Rendell, you suggested that the
19 only solution would be replacing the distribution
20 system to the tune of 300, \$400,000. Well, I think
21 we need to -- I think the utility should have a
22 responsibility to -- I know this is an old aqua
23 system, and I know it -- it has problems, but I
24 also know the price that you paid for the system as
25 well.

1 I think the utility has a responsibility to
2 provide good-quality product to the end user. And
3 whether it's on the -- the end user's side or on
4 your side, I think at least you need to work with
5 the customers in figuring out -- and what that cost
6 would be so that they are -- they're aware.

7 It's a small system, but -- but I mean,
8 looking at these pictures -- and I appreciate you
9 coming up and taking the time out of your schedule
10 to bring your husband up here. This is very
11 helpful to see the -- the product.

12 And it -- whether it's on your side or whether
13 it's on the utility's side, I think -- I think the
14 utility has a responsibility to -- to find that
15 issue, not just under the DEP consent order, but
16 also, from our perspective, when you're coming in
17 here right now for a rate increase.

18 The penalty, Commissioner Graham, whether
19 that's docking them basis points -- I'm open to
20 that, but I -- I think that the utility should
21 provide an engagement with the customers, similarly
22 to what they're doing, providing the Commission
23 with updates on their discussions with DEP.

24 I think we should have reports every six
25 months about -- and include Office of Public

1 Counsel in their engagement about how those ongoing
2 discussions are going with the customers.

3 CHAIRMAN CLARK: Thank you, Commissioner
4 Brown.

5 Commissioner Fay.

6 COMMISSIONER FAY: Thank you, Mr. Chairman.

7 I just think, based on the testimony, I have
8 one clarifying question that I hope staff can
9 answer for me. On Page 5, there's a sentence,
10 basically right under that chart that Commissioner
11 Graham was referencing that says there are a total
12 of ten complaints, most recent from January of
13 2020; six complaints from billing and then five
14 were related to quality of service, with all
15 complaints resolved in a timely manner.

16 Could you maybe elaborate what that -- what
17 that means, resolved in a timely manner? And if
18 maybe part of that would be because of
19 Ms. Hodgson -- Hodgson's investment that some of
20 these were resolved. Or were there other reasons
21 that maybe they were resolved?

22 MR. PHILLIPS: Yeah, some of the -- were
23 just -- I supposed "closed" would probably have
24 been a better word to use. They were closed due to
25 not being followed up with further complaints.

1 And then some of them were resolved with --
2 such as the billing issues, them being resolved
3 with -- either explained to the customers what the
4 billing was or correcting the billing, if there was
5 an actual issue, things of that nature.

6 COMMISSIONER FAY: And the cust- -- does that
7 mean the customer was satisfied with that response?

8 MR. PHILLIPS: Not necessarily in every case,
9 no.

10 COMMISSIONER FAY: Okay. Great. Thank you.
11 That's all I have, Mr. Chairman.

12 CHAIRMAN CLARK: Before I go to Commissioner
13 Polmann, I do have a couple of questions, myself.
14 I wanted to just -- or a couple of observations to
15 make.

16 First of all, I -- my personal observation is
17 something that seems to be not taken as -- as, I
18 guess, seriously as I would like for it to be, and
19 that's the primary violations. That's the lead and
20 copper issues.

21 I realize that we do test inside of homes. I
22 realize there are -- that's where things can be
23 picked up, but Mr. Rendell, have you done any
24 testing outside of the homes on the inside of the
25 distribution system at the customer-intake point to

1 see if you had lead or copper violations in those
2 areas?

3 MR. RENDELL: I believe, at this point, the
4 testing is ongoing because of the -- the
5 requirement of DEP. So, I don't have the results
6 with me, but --

7 CHAIRMAN CLARK: And how long have -- how long
8 have we known there is lead and copper exceedances
9 in this particular system? You've owned this
10 system since 2013. The last one I -- I was kind of
11 willing to say, okay, you've only had it since '17;
12 you've had three years to work on some stuff.

13 This particular case, you've had it seven
14 years. And if we've had primary violations for
15 that long a period of time, I think that's -- kind
16 of paints a different picture, to me.

17 MR. RENDELL: That was just recent. I believe
18 it was towards the end of last year that that
19 exceedance occurred. I don't have the exact date
20 in here. I thought it was in the staff
21 recommendation, but it's something that was very
22 recent.

23 CHAIRMAN CLARK: Okay. Mr. Phillips, can
24 you --

25 MR. PHILLIPS: Yes, if I may, it was reported

1 on DEP's OCULUS January 6th of this year, 2020.

2 CHAIRMAN CLARK: Is that the first occurrence
3 of lead exceedances?

4 MR. PHILLIPS: To my knowledge, yes. That's
5 the first I could find on DEP. That's --

6 CHAIRMAN CLARK: What were the other primary
7 violations prior to that with DEP?

8 MR. PHILLIPS: The disinfectant byproducts
9 were the main issues that they were using in their
10 treatment system to oxidize and remove the raw iron
11 from their -- from their raw water source. So, it
12 was the -- the formal violations, from my
13 understanding, was for the disinfectant byproducts,
14 and not for the -- the lead and copper. That's
15 recent.

16 CHAIRMAN CLARK: Two other observations. In
17 staff's recommendation, you guys gave an
18 alternative that basically lowered the price for a
19 higher consumption-use per month. I believe you
20 changed -- basically, your point there, if I
21 understand it right, was to offer some sort of
22 compensation for the excessive amount of flushing
23 that has had to occur; is that correct, Mr. Bethea?

24 MR. BETHEA: Staff decided to lower the tiers
25 due to the discretionary usage. We did a little

1 research for that county and decided that, based on
2 person per -- person per household, that the
3 discretionary usage should be set at 4,000. And
4 basically, based on that information, that's how we
5 determined where we would change the tiers.

6 CHAIRMAN CLARK: But you approve-- -- you
7 proposed an alternative rate that lowered that cost
8 even -- made that cost even lower for higher usage.
9 Can you explain that, please?

10 MR. BETHEA: The alternative was basically to
11 keep the rate structure at the current rate
12 structure that it -- that it currently is. And so,
13 currently, their BOC is set at 42 percent, and
14 their tiers are at the 6,000 level. And so, we
15 wanted to give an example of what the rates would
16 look like if we kept the rate structure the same.

17 CHAIRMAN CLARK: Okay. Ms. Weisenfeld, would
18 you add some comment to that, please?

19 MS. WEISENFELD: Yes, Mr. Chairman. I think
20 we're talking about Page 26, the --

21 CHAIRMAN CLARK: Yes, sir.

22 MS. WEISENFELD: Yes.

23 CHAIRMAN CLARK: Yes, ma'am -- I'm sorry.

24 MS. WEISENFELD: So, the different -- the
25 different gallon lists there -- we have 4,000,

1 6,000, and 9,000. And like you said, that's some
2 alternatives based on the flushing that may be
3 necessary due to -- to try to ameliorate the water
4 quality here.

5 CHAIRMAN CLARK: Okay. Great. Thank you very
6 much.

7 There's also been some discussion about some
8 sort of -- something punitive in regards to the
9 basis -- to the return on equity, I guess. It --
10 Ms. Weisenfeld, is there a limit on how -- what
11 this Commission can impose in terms of a penalty?
12 I mean, would -- 200, 300, 400 basis points?
13 What's -- what's -- are we capped anywhere?

14 MS. WEISENFELD: I think allowing for us to
15 stay within the range of return, it is at your
16 discretion what would you'd like to do. And we do
17 have an alternative here that we can talk about, if
18 you'd like.

19 CHAIRMAN CLARK: Great.

20 Let's get Commissioner Polmann's question
21 first.

22 Commissioner Polmann.

23 COMMISSIONER POLMANN: Thank you,

24 Mr. Chairman.

25 Commissioners have discussed a couple of

1 things. Let me just -- I -- I'd like to just offer
2 a comment and maybe follow up on -- on the penalty
3 question. I think, with regard to the -- the
4 customer billing and so forth, I would agree that
5 that's an issue, but I would -- I would simply
6 assert that that's just any utility's
7 responsibility.

8 I think that's a quality-of-service issue and
9 absolutely the -- the utility has the
10 responsibility just to take care of that. If
11 they're not addressing customer concerns, that's a
12 quality-of-service problem, and there's no excuse
13 for that.

14 With regard to the iron -- the issues have
15 been addressed that -- that the primary-standard
16 violation there was the disinfectant byproducts
17 because of the treatment method. And I'm satisfied
18 that's been addressed.

19 The lead and copper, which is a current
20 primary standard -- that's a -- an extremely tricky
21 issue. And that's going to involve a very
22 deliberate attack to the problem by the utility.
23 That's not something that's a quick fix. I don't
24 know how you're going to address that, but that's
25 going to take significant attention.

1 And my request there is that the utility
2 investigate that and come back with -- to staff
3 with some kind of an explanation on how you're
4 going to resolve that.

5 Now, that's going to require some sampling at
6 the meters. The Chairman has suggested -- I
7 believe I'm interpreting his intent there -- you're
8 certainly responsible for the water quality in the
9 distribution system, primary, secondary and so
10 forth, and how to address that.

11 We'd like to know what the resolution -- what
12 your proposed resolution is there because,
13 currently, I don't -- I understand you -- you're
14 just trying to understand the problem, but we'd
15 like to understand the fix.

16 In terms of what the appropriate penalty is,
17 I'm -- I'll just try to understand the -- the
18 Commission's intent there. Penalizing a utility
19 for -- for making best effort -- I may have a
20 different opinion on that, but -- thank you,
21 Mr. Chairman.

22 CHAIRMAN CLARK: Thank you. All right.

23 MS. HELTON: Mr. -- Mr. Chairman?

24 CHAIRMAN CLARK: Yes.

25 MS. HELTON: I -- I agree with Ms. Weisenfeld

1 that you do have discretion with respect to -- if
2 you want to penalize the utility, you do have the
3 discretion to determine how to go about that and
4 what the penalty should be, but if I could just
5 point out, in Section 367.0812, which is the
6 statute dealing with secondary water standards,
7 I -- admittedly, not primary -- the Legislature has
8 said that, if you're going to reduce ROE, that the
9 reduction should be up to 100 basis points.

10 CHAIRMAN CLARK: Correct, for secondary
11 violations.

12 MS. HELTON: Right. Right.

13 CHAIRMAN CLARK: I agree, but we -- this --
14 and I'm sorry. It was specifically -- we discussed
15 earlier, it was for primary violations.

16 MS. HELTON: Right. Right.

17 CHAIRMAN CLARK: Other than secondary.

18 MS. HELTON: Right. So, I'm not suggesting
19 that 200 or 300 would be a takings, but there does
20 reach a point where I think that does become a
21 question.

22 CHAIRMAN CLARK: Interesting.

23 MR. RENDELL: Commissioners, in recognition of
24 the -- the rate impact and the concerns for lead
25 and copper, you know, we -- we could agree to a 50-

1 basis-points reduction until it's resolved, until
2 we come back with a solution.

3 CHAIRMAN CLARK: Okay. Thank you.

4 Staff, you had another recommendation, I
5 assume? Mr. Hightower.

6 MR. HIGHTOWER: Yes, we had another option.
7 Alternative would be to potentially reduce or
8 eliminate the officer's salary for the interim
9 until the lead and copper was taken care of or --
10 and we also have a -- per 50 basis points, we're
11 looking at a basis point of \$825.

12 CHAIRMAN CLARK: Small amount of money.

13 MR. HIGHTOWER: Yeah, so -- but that's what we
14 have for our alternatives.

15 CHAIRMAN CLARK: Thank you, Mr. Hightower.

16 Commissioner Brown.

17 COMMISSIONER BROWN: I -- I do want to just
18 point out, we haven't talked about the contractual
19 services. And U.S. Water does a -- does a fine job
20 on -- in a lot of regards. And this particular
21 utility is significantly higher than what we just
22 approved per ERC, \$489. So, I just want the
23 Commission to be very cognizant of that.

24 And I do think customers are getting
25 something, but this system, in particular -- as the

1 Chairman pointed out, it's been owned since 2013.
2 And I do know that this is a systemic problem with
3 this system. So, I think that -- I'd like to hear
4 from Mr. Rendell, what he proposes.

5 You offered 50 basis points ROE, \$825.
6 What -- what do you propose as striving towards
7 finding a remedy to fixing the lead and copper
8 issue?

9 MR. RENDELL: Well, like I said, we -- the
10 owner is invested in it. He is getting involved.
11 We were getting results as early as, I think like,
12 Friday or Monday. He's looking at -- that's not my
13 primary expertise of, you know, those types of
14 results. It's his, and our compliance department.

15 We are -- we're investigating what to do. I
16 think the AquaGold will help. If it's -- you know,
17 it's -- it's a difficult situation because, if
18 it -- if it's corrosive, you know, it could be
19 reacting in the -- in the plumbing of the
20 customers. We could look at pH adjustments.

21 You know, we do pH adjustments in some of our
22 other areas that we have for staff duration. So,
23 we could look at the pH, see if that's making it
24 more corrosive, but you know, I'm -- I wasn't aware
25 it was only \$85 [sic] at 50 basis points. I was

1 offering some kind --

2 COMMISSIONER BROWN: We just want to
3 incentivize you to find a remedy quicker rather
4 than slower.

5 MR. RENDELL: Sure. Sure. And we -- we are
6 committed to do so.

7 COMMISSIONER BROWN: Okay. Thank you.

8 CHAIRMAN CLARK: All right. I believe that
9 covers everyone. We will entertain a motion.

10 MS. HODGSON: Excuse me, Mr. Chairman.

11 CHAIRMAN CLARK: Yes, Ms. Hodgson. You're
12 recognized.

13 MS. HODGSON: May I speak one more time,
14 please?

15 CHAIRMAN CLARK: Yes, please.

16 MS. HODGSON: Okay. I have not had the
17 problem since Hurricane Irma, in 2017. So,
18 previous to when they had taken over in 2013, there
19 were minor malfunctions with the equipment, but
20 there was nothing significantly -- significantly to
21 cause this discolor of what -- of water.

22 Also, the auto-flusher that they had installed
23 last year, in 2019 -- mine had been removed at the
24 campground, January 7th, 2020. Since that date, I
25 have not had an auto-flush through our system.

1 That's why I'm continually seeing -- to get this
2 water that's coming through our filtration system.

3 Another thing is that they continue to say
4 that our new water filter is impeding on their
5 water pressure. As you can see from the fence line
6 here, the water main comes into here. Here is the
7 water main. Here are our filters.

8 This water main is not disturbed by
9 the wat- -- by the filters at all. This is after
10 the water main, after water-pressure gauge. So,
11 there is not any impediment.

12 The RPZ -- I don't know what it does. He's
13 mentioned that quite a few times. I don't know how
14 that does affect it, but I have had ranges of water
15 pressure from anywhere from 20PSI to 60PSI. It
16 fluctuates. It goes up and down, up and down.

17 Another thing with this rate increase that's
18 projected on here, I am a one-and-one-and-a-half
19 inch general-service customer. With this projected
20 rate increase, my monthly rate, based on the 65
21 units that I use currently -- it will increase \$313
22 a month for me.

23 That's more than what my projected budget is
24 for my taxes, my insurance, my rent, my utilities.
25 That cost is already eaten up. My budget is blown

1 with this increase, with this water-rate increase.

2 CHAIRMAN CLARK: Okay.

3 MS. HODGSON: Thank you, again.

4 CHAIRMAN CLARK: Thank you very much.

5 All right, Commissioners. We'll entertain a
6 motion, if you have one.

7 Commissioner Graham.

8 COMMISSIONER GRAHAM: Well, I've heard
9 different basis points thrown all over there. I
10 recommend a hundred basis-point reduction -- and I
11 guess that's Issue 5. And then staff can fall out
12 how that affects everything else throughout this --
13 this recommendation. And that's it.

14 CHAIRMAN CLARK: Would you consider the
15 alternative rate as opposed to staff-recommended
16 rate?

17 COMMISSIONER GRAHAM: Walk me through this.

18 CHAIRMAN CLARK: This is the adjustment in the
19 higher consumption to compensate for the extensive
20 amount of flushing that's being required. Staff
21 reduced the 6,000-gallons-per-month usage to a
22 lower number.

23 COMMISSIONER GRAHAM: I don't have a problem
24 with that. I consider that a friendly amendment.

25 CHAIRMAN CLARK: Perfect.

1 Commissioner Graham's motion is to approve the
2 staff recommendation with two exceptions; that is a
3 100-point-reduction in ROE and the acceptance of
4 the alternative rate as scheduled in Table 9.1 on
5 Page 26 of the recommendation.

6 Do I have a second? And then we'll get
7 discussion.

8 COMMISSIONER BROWN: Friendly amendment.

9 CHAIRMAN CLARK: We'll entertain another
10 possible amendment.

11 COMMISSIONER BROWN: Thank you. And I will
12 second it with this friendly amendment, including,
13 during those six months, reporting -- reporting
14 back to the Commission on their discussions with
15 customers and Office of Public Counsel on the
16 quality-of-service issue.

17 CHAIRMAN CLARK: We have consensus on that as
18 well? I see no objections.

19 All right. Commissioner Polmann?

20 COMMISSIONER POLMANN: As I mentioned and
21 requested, I would like to see some plan of action
22 on the lead and copper investigation and a -- and a
23 plan for remedy within the six-month period.

24 CHAIRMAN CLARK: Okay. No objections?

25 Commissioner Fay.

1 COMMISSIONER FAY: Mr. Chairman, I just want
2 the record to reflect I do not have an amendment on
3 this issue. Thank you.

4 CHAIRMAN CLARK: This will be the longest
5 motion we've ever had.

6 COMMISSIONER POLMANN: But, in fact, you did
7 say something.

8 (Laughter.)

9 CHAIRMAN CLARK: Any other discussion? Any
10 questions?

11 Staff, are we clear on the direction of the
12 Commission?

13 MS. WEISENFELD: Yes, Mr. Chairman.

14 CHAIRMAN CLARK: All right. All in favor of
15 the motion, please, say aye.

16 (Chorus of ayes.)

17 CHAIRMAN CLARK: Opposed?

18 Motion is approved. Thank you very much.

19 MS. MORSE: Thank you.

20 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, ANDREA KOMARIDIS WRAY, 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 11th day of March, 2020.



ANDREA KOMARIDIS WRAY
NOTARY PUBLIC
COMMISSION #GG365545
EXPIRES February 9, 2021