

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20190113-WS

APPLICATION FOR STAFF-ASSISTED
RATE CASE IN MANATEE COUNTY
BY HEATHER HILLS UTILITIES,
LLC.

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 11

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

DATE: Tuesday, March 31, 2020

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

REPORTED BY: DEBRA R. KRICK
Court Reporter and
Notary Public in and for
the State of Florida at Large

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

1 P R O C E E D I N G S

2 CHAIRMAN CLARK: Item No. 11, Mr. Maurey.

3 MR. MAUREY: Thank you.

4 Item No. 11 concerns staff's recommendation
5 addressing the application for a staff-assisted
6 rate case by Heather Hills Utility.

7 Heather Hills is a Class C water and
8 wastewater utility that serves approximately 354
9 residential customers and one general service
10 customer in Manatee County. Heather Hills does not
11 own its own wells, water treatment plant or
12 wastewater treatment facilities. It provides water
13 and wastewater service to its customers by
14 purchasing bulk water and wastewater treatment
15 service from Manatee County.

16 Rates for this utility were last established
17 in 2011.

18 A customer meeting was held on November 5th,
19 2019, where 13 customers spoke.

20 Representatives of the utility and the Office
21 of Public Counsel are available to address the
22 Commission on this matter. Staff is available for
23 any questions.

24 CHAIRMAN CLARK: Thank you, Mr. Maurey.

25 Okay, we will move to Ms. Fall-Fry.

1 MS. FALL-FRY: Good morning again. This is
2 Mireille Fall-Fry, along with J.R. Kelly, on behalf
3 of Public Counsel.

4 We mostly agree with staff recommendations in
5 this case with two reservations. Of the 13 people
6 who spoke at the customer meeting, each of them
7 lodged complaints about the customer service that
8 they had received since the utility was purchased
9 by Mr. Smallridge.

10 Staff followed up with Mr. Smallridge on eight
11 of those complaints, and his response to each of
12 them was that he hadn't followed up with the
13 customer, and that it was the customer's duty to
14 read materials to them.

15 Further, this commission granted funding for
16 additional positions in the last rate case, and
17 that position was never filled. That, coupled with
18 the complaints raised at the customer meeting,
19 suggest that the Commission should either reduce
20 the base rates related to the funding of this
21 position until such time as the utility fills the
22 position, or reduce the utility's rate of return
23 for failure to fill the position while collecting
24 the full revenue requirement from customers.

25 This utility asked for and received funding

1 specifically for a new position in its last rate
2 case, and to do nothing with that amount of free
3 money to the utility by making customers pay for
4 advance an expense. Customers have been ignored,
5 hung up on and threatened with disconnect notices,
6 et cetera.

7 Thank you.

8 CHAIRMAN CLARK: Okay. Thank you,
9 Ms. Fall-Fry.

10 Mr. Smallridge, any comments?

11 MR. SMALLRIDGE: Can you hear me?

12 CHAIRMAN CLARK: Yes, sir, we can hear you
13 now.

14 MR. SMALLRIDGE: Okay, good. Good.

15 Unless the commissioners have any questions, I
16 don't have any comments.

17 CHAIRMAN CLARK: All right. Commissioner
18 Graham, any questions?

19 Commissioner Brown?

20 COMMISSIONER BROWN: Yes. Questions for
21 Mr. Smallridge.

22 Mr. Smallridge, you heard some of the comments
23 that OPC made, correct, regarding your response to
24 customer complaints?

25 MR. SMALLRIDGE: Yes, ma'am. Can you hear me?

1 CHAIRMAN CLARK: Yes.

2 COMMISSIONER BROWN: Yes, I can hear you.

3 MR. SMALLRIDGE: Okay, yes.

4 COMMISSIONER BROWN: I would like you -- I
5 would -- I would appreciate you providing us a
6 response of the allegations that OPC raised
7 regarding how you responded to customers when they
8 raise a complaint.

9 CHAIRMAN CLARK: Mr. Smallridge, you are
10 recognized.

11 MR. SMALLRIDGE: Can you --

12 COMMISSIONER BROWN: Mr. Smallridge?

13 MR. SMALLRIDGE: Can you ask your question
14 again, please?

15 CHAIRMAN CLARK: Maybe -- Commissioner Brown,
16 would you like for me to -- let me redirect that?

17 Commissioner Brown would like for you,
18 Mr. Smallridge, to respond to the allegations made
19 by OC -- OPC regarding the customer service issues.

20 COMMISSIONER BROWN: Thank you.

21 MR. SMALLRIDGE: Can you do them one at a time
22 just so I can answer your question better? Is
23 there a particular -- is there a particular issue
24 that the Commissioner wants me to address?

25 CHAIRMAN CLARK: So OPC, in its comments, made

1 allegations there were issues with customer service
2 for this particular utility. Would you like to
3 address those?

4 MR. SMALLRIDGE: I would address them in two
5 ways.

6 The first one was, I think, related to some
7 customer service issues. And from me reading that
8 report, I think the issue revolves around the
9 previous owner of the utility had a utility office
10 there at the site. And in fact, I think there is a
11 handful of customers that are not happy that when I
12 purchased the utility we moved the utility office
13 from the Heather Hills subdivision up to my office
14 here in New Port Richey, where all the rest of the
15 utility offices are.

16 We did that in order to, you know, save money
17 and consolidate and keep me to have -- keep from
18 having duplicate cost in maintaining an office down
19 there. Keeping in mind that most of those people
20 down there are snowbirds, and so most, you know, a
21 good part of the year there is not hardly anybody
22 there.

23 There was one customer that -- who complained
24 that they were hung up on, and that's an absolutely
25 true statement. I don't allow my staff to be

1 verbally abused by customers, and so we have a
2 procedure here when -- if a customer is verbally
3 abusive to my staff, we tell them that we are not
4 going to take their verbal abuse. We hang up. The
5 customer is written a letter by me telling them
6 that they are not to call the office anymore. I
7 give them the information on how they can write the
8 office or email the office, but I am not going to
9 let my staff take verbal abuse from customers.

10 So I think those are the two big issues that
11 are surrounding it. And I think, from what I have
12 seen and what I have interpreted is, is people are
13 not happy with the fact that I moved the office
14 from the Heather Hills clubhouse to the office here
15 in New Port Richey.

16 COMMISSIONER BROWN: Follow-up question, Mr.
17 Chairman, regarding the hanging up on the customers
18 who are verbally abusive. Is that a frequent
19 thing? Do you track that? Since you send letters
20 to them personally, do you track it?

21 MR. SMALLRIDGE: I -- I don't think that we
22 do. It doesn't happen frequently. Most of the
23 time it happens, you know, for people that have
24 been, you know, disconnected for nonpayment, and
25 they are mad about being disconnected and they want

1 to call here and cuss everybody out, and we just
2 don't -- I am just not going to take that.

3 I think -- I am not 100 percent sure about
4 this, but my recollection is there is a customer in
5 Heather Hills that -- that -- what I offered the
6 customer in Heather Hills and other utilities is
7 that if you are going to leave -- if you are a
8 snowbird and you are going to leave for the year,
9 we will come, or the personnel will come to your
10 house and lock your meter for free. I don't charge
11 for that because I don't want to fight the break,
12 you know, during the summer months just like
13 everybody else, so -- but I tell them that the
14 caveat with that is that if you come back to
15 Florida and pull up in your driveway and you expect
16 me to drop everything we are doing to come and
17 reconnect you, you know, that may or may not
18 happen.

19 And there was one customer down there where we
20 had voluntarily should shut off their meter and
21 they had showed up, called the office, and I want
22 to say it was in the late afternoon, they wanted to
23 be reconnected. And at the time we, were doing --
24 my guys were doing something else but we couldn't
25 break away. I forget exactly what it was. But the

1 man was irate, and he wanted it turned on now, and
2 I just couldn't get nobody down there. And so, you
3 know, we told him we would be there the next day.

4 His -- his wife ended up calling the next day
5 and apologized for his behavior, and we had him
6 reconnected later that afternoon. But that's the
7 only instance I can remember particularly to
8 Heather Hills.

9 COMMISSIONER BROWN: Thank you.

10 Last question regarding -- well, there is two
11 more questions. The position that the utility
12 requested in its last rate case that Public Counsel
13 raised was never filled. Can you clarify or
14 explain that, and what you did with those revenues
15 instead?

16 MR. SMALLRIDGE: So the Office of Public
17 Counsel stated it has been fully funded, and that's
18 not a correct statement. That position is
19 allocated out amongst all the utilities, and -- so
20 it's not been fully funded. We had a part-time
21 person here working for quite a while. I don't
22 know the exact dates, but it's been, I would say,
23 over a year or so. But --

24 So I originally had -- I originally asked the
25 Commission to approve a part-time person, that was

1 approved. We hired a person to do part-time work.
2 We offered that full-time position to that
3 part-time person and they were not able to receive
4 it. So the part-time person has been working here
5 since then. We have been on the search for a
6 full-time person.

7 As I told Commission staff, this person is
8 going to be, you know, handling people's credit
9 cards and checks coming in, and documents, and so I
10 am trying to make sure that I, you know, hire the
11 right person. We've interviewed numerous people.
12 We had one that we thought we could work with and
13 their background check came back something that I
14 wasn't comfortable with, so --

15 COMMISSIONER BROWN: How much is that
16 position? Pardon me, how much is that position?

17 MR. SMALLRIDGE: It's a customer service
18 position, full time.

19 COMMISSIONER BROWN: Yeah.

20 CHAIRMAN CLARK: Yes. Commissioner Brown, are
21 you asking the salary?

22 COMMISSIONER BROWN: I am. I am asking what
23 the revenue requirement that we approved, and what
24 the salary is, if Mr. Smallridge has that answer or
25 if staff.

1 CHAIRMAN CLARK: Mr. Maurey has the answer.

2 Mr. Maurey.

3 MR. MAUREY: Well, I am working on it.

4 CHAIRMAN CLARK: Okay.

5 COMMISSIONER BROWN: While you work on that,
6 Mr. Maurey, one last question regarding the
7 contractual services, the professional expense that
8 staff recommendation it doesn't clarify what
9 those -- those costs are -- it's on page 15 of our
10 recommendation under Issue 7 -- it doesn't -- it
11 doesn't explain what contractual services you've
12 retained.

13 CHAIRMAN CLARK: Would Mr. Smallridge like to
14 answer that? What contractual services have you
15 retained that are listed?

16 MR. SMALLRIDGE: It's for water testing.

17 CHAIRMAN CLARK: For water testing.

18 COMMISSIONER BROWN: No --

19 MR. SMALLRIDGE: It's a --

20 COMMISSIONER BROWN: -- that's a separate
21 category.

22 MR. SMALLRIDGE: -- water from Manatee County,
23 but I am still required to test the water.

24 COMMISSIONER BROWN: Sir, I am talking about
25 on page 15 of the staff recommendation, under

1 professional expenses, there is an account 631/731.
2 That's a different area.

3 CHAIRMAN CLARK: Do you see what she's
4 referring to, Mr. Smallridge?

5 MR. SMALLRIDGE: I'm trying to find it now.
6 You said Issue 7?

7 COMMISSIONER BROWN: Yes.

8 Mr. Chairman, if you want to go back to Mr.
9 Maurey, I am sure he probably has the answer to both
10 of those questions.

11 COMMISSIONER GRAHAM: Mr. Maurey is ready with
12 the answer to the first question.

13 MR. MAUREY: Correct, the first question.

14 The technician -- customer service technician
15 is 34,000, that salary. Approximately 10,000 of
16 that salary is allocated to this utility. Half to
17 the water system and half to the wastewater system.
18 So they are basically about 1,700 per system.

19 CHAIRMAN CLARK: Okay.

20 COMMISSIONER BROWN: And Mr. Smallridge
21 alluded that they had -- they used some of that
22 money for a part-time position, is that correct?

23 CHAIRMAN CLARK: Yes, that's what he said.

24 COMMISSIONER BROWN: Mr. Maurey, can you verify
25 that?

1 MR. MAUREY: That's our understanding.

2 COMMISSIONER BROWN: Thank you.

3 Do you happen to know, regarding the
4 professional expenses, what the utility is spending
5 now, because again it's not in the recommendation?

6 MR. MAUREY: You are talking about contractual
7 service, professional expense?

8 CHAIRMAN CLARK: Yes.

9 COMMISSIONER BROWN: Yes, sir.

10 MR. MAUREY: This -- this is professional
11 expense that's allocated -- a portion of it's
12 allocated that the company, as a whole, incurs for
13 FUS1. The entity that owns the utility is the
14 service company for all of these utilities, and the
15 portion -- a portion of it is allocated to each
16 system. It -- it deals with various professional
17 expenses. Let me defer to Ms. Norris. Can you add
18 any color to that response?

19 CHAIRMAN CLARK: Well, before he does that, I
20 mean, the line at the bottom says it was for the
21 owner's personal tax return.

22 MR. MAUREY: That's the portion that was
23 removed.

24 CHAIRMAN CLARK: Oh, that portion was removed.

25 MR. MAUREY: We removed that portion because

1 that was not deemed appropriate.

2 CHAIRMAN CLARK: Okay.

3 MS. NORRIS: This is Amber Norris with
4 Commission staff.

5 And just to touch on a couple of points
6 brought up is under contractual services,
7 professional, yes, there -- there was an amount
8 that was related to contractual services for
9 accounting services provided by a provider who
10 helps with annual reports filing index and
11 passthroughs. And as Mr. Maurey said, that amount
12 was allocated down to the individual utilities
13 based on their work on the work provided by the
14 accounting service provider.

15 In terms of the amounts regarding his --
16 related to owner's personal tax returns, based on
17 what was in the test year for the contractual
18 services relating to the accounting, we felt like
19 that was a duplicative request by the utility and
20 that was disallowed.

21 COMMISSIONER BROWN: Amber, is that FUS1 is it
22 just for account accounting? Andrew said that it
23 was related to, they provided a variety of
24 professional --

25 MS. NORRIS: Yes, FUS -- pardon me, to step

1 back. FUS1 is the entity that provides multiple,
2 you know, service for the utilities. You know, the
3 accounting provider is separate. They were
4 providing services for FUS1, and they provided the
5 services for filing the annual reports and indexes.

6 FUS1 is as Mr. Smallridge said, is the other
7 entity that provides, like, billing, customer
8 service, et cetera, for all the allocated
9 utilities. And the only thing -- and just to step
10 back to.

11 On the customer service position, that, as
12 Mr. Maurey said, was 34,000, and that was not
13 approved in Heather Hills' last rate case, but was
14 in Orange Land Utilities, which is another utility
15 that's allocated service expenses along with
16 Heather Hills. So that's where the 34,000 was
17 approved in that docket, and so this is essentially
18 allocating that -- the amount that was approved
19 there, and it's a 10-percent allocation for the
20 utility, so it comes down to 3,400 total, about
21 1,700 per utility.

22 COMMISSIONER BROWN: Got you. Thank you.

23 MS. NORRIS: Yes, ma'am.

24 CHAIRMAN CLARK: Thank you, Commissioner
25 Brown.

1 Commissioner Polmann?

2 COMMISSIONER POLMANN: My questions have been
3 asked and answered. Thank you.

4 CHAIRMAN CLARK: Thank you.

5 Commissioner Fay?

6 COMMISSIONER FAY: No additional questions.

7 Thank you.

8 CHAIRMAN CLARK: All right. Any other parties
9 any comments?

10 Commissioner Graham?

11 COMMISSIONER GRAHAM: Yes, Mr. Chairman. I
12 move staff recommendation on all issues on Item No.
13 11.

14 CHAIRMAN CLARK: Do I have a second?

15 COMMISSIONER FAY: Second.

16 CHAIRMAN CLARK: I have a second.

17 Any discussion?

18 On the motion, Commissioner Graham?

19 COMMISSIONER GRAHAM: Yes.

20 CHAIRMAN CLARK: Commissioner Brown?

21 COMMISSIONER BROWN: Aye.

22 CHAIRMAN CLARK: Commissioner Polmann?

23 COMMISSIONER POLMANN: Aye.

24 CHAIRMAN CLARK: Commissioner Fay?

25 COMMISSIONER FAY: Aye.

1 CHAIRMAN CLARK: All right. The item is
2 approved as presented.

3 (Agenda item concluded.)

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, 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 8th day of April, 2020.



DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #GG015952
EXPIRES JULY 27, 2020