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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.)

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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  
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DATED this 8th day of April, 2020.



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