

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: April 24, 2020

TO: Docket File

FROM: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk *hw for*

RE: 20190166-WS - Application for increase in water rates in Highlands County by HC Waterworks, Inc.

Please place the attached communication and letter dated 4/24/20 from Commissioner William R. Handley, Chairman of the Board of County Commissioners of Highlands County, Florida, in the above-referenced docket as consumer correspondence.

Attachments: image001.png; ATT00001.htm; 042420 PSC re HC Waterworks.pdf; ATT00002.htm

From: "Durbin, Carolyn" <cdurbin@highlandsfl.gov>

Date: April 24, 2020 at 3:47:35 PM EDT

To: "ateitzma@psc.state.fl.us" <ateitzma@psc.state.fl.us>

Cc: "Vosburg, Randal E." <rvosburg@highlandsfl.gov>, "Carmichael, Joy" <jcarmichael@highlandsfl.gov>,

"khetrick@psc.state.fl.us" <khetrick@psc.state.fl.us>, "Kelly, JR" <KELLY.JR@leg.state.fl.us>,

"trendell@uswatercorp.net" <trendell@uswatercorp.net>

Subject: Docket No. 20190166-WU, HC Waterworks

Mr. Teitzman:

Please see attached letter from Commissioner William R. Handley, as Chairman of the Board of County Commissioners of Highlands County, Florida.



HIGHLANDS COUNTY BOARD OF COUNTY COMMISSIONERS
600 S. Commerce Ave., Sebring, Florida 33870
Office (863) 402-6500 Fax (863) 402-6835 www.highlandsfl.gov

April 24, 2020

VIA ELECTRONIC MAIL DELIVERY

FLORIDA PUBLIC SERVICE COMMISSION
c/o Adam Teitzman, Clerk
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

Re: Docket No. 20190166-WU, HC Waterworks

Dear Mr. Teitzman:

This letter is provided in follow-up to the letter sent by our County Attorney on April 6, 2020, to the Florida Public Service Commission ("Commission") on behalf of the Board of County Commissioners of Highlands County, Florida ("Board"), related to the Application of HC Waterworks, Inc., for Increased Interim and Final Water Rates in Highlands County, dated December 13, 2019 ("Application"). That April 6th letter summarized the comments from customers who attended the Customer Meeting that was held on February 20, 2020. (That April 6th letter is attached as Exhibit "A"). In that letter the Board requested, in accordance with the Commission's responsibility to make a determination of the quality of service, that the Commission require HC Waterworks to remedy deficiencies in the quality of water, prior to entering a Final Order to approve the rate increase requested in the Application.

On April 9, 2020, I received a letter from Troy Rendell, Vice President of Investor Owned Utilities for HC Waterworks. That letter was also provided to the Commission.

Mr. Rendell's letter acknowledged certain matters pertaining to customers' comments at the Customer Meeting and generally asserted that HC Waterworks had followed-up with customers; tested the water; and determined that the water was clear and met the standards of the Florida Department of Environmental Protection. However, HC Waterworks' actions appear to have been motivated by the approval of the rate increase that they seek at the upcoming hearing before the Commission, rather than the safety, health and welfare of their customers. HC Waterworks' customers have apparently endured discolored, gritty, tainted, and otherwise undrinkable water for at least a few years. Enclosed for your review as Exhibit "B" is information from the Department of



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Environmental Protection—South District Office that lists customers' complaints pertaining to the quality of water provided by HC Waterworks. Please note that the date of the last complaint noted on that list occurred shortly before the February 20th Customer Meeting.

Mr. Rendell's letter does not show that HC Waterworks has resolved the complaints of customers who complained at the Customer Meeting. In fact, correspondence filed by the Office of Public Counsel in the docket, on April 22, 2020, indicates that customers who complained at the Customer Meeting are continuing to receive water that is brown, contains sediment and has a strong odor.

On April 21, 2020, at a regularly scheduled meeting of the Board, the Board requested that I send a follow-up letter to the Commission, for the preservation of the health, safety, and welfare of the citizens of Highlands County who are customers of HC Waterworks. **The Board requests the following of the Commission:**

- (1) Prior to granting approval of the rate increase, the Commission will investigate the quality of the water provided to the HC Waterworks' customers at the point of entry into the customers' properties and require HC Waterworks to appropriately remediate the quality of the customers' water; and**
- (2) Following remediation of the quality of the customers' water, the Commission will consider a *phasing-in* of the rate increase over a period of years to minimize the financial hardship to the HC Waterworks' customer base.**

The Board has learned that the Department of Environmental Protection—South District Office has resources to conduct a survey of water utility customers to ascertain customers' concerns and to test the quality of water at the point of entry into a customer's property. The Board requests that the Commission utilize those services or other independent services to determine the quality of the affected customers' water.

In addition, the Board is concerned that, following remediation and verification of the appropriate quality of the water for HC Waterworks' customers, the immediate imposition of the proposed substantially increased rates for water service will pose a significant hardship for the customers. Highlands County is a rural area with a predominantly elderly population whose income is fixed.

The Board has received and reviewed the Staff Recommendation to the Public Service Commission, dated April 23, 2020, and generally concurs with the staff recommended rate structure and the basis for that proposal. The Board further requests that the Commission consider a phasing in of the rate increase over a period of years to minimize the financial hardship to its customer base. A general



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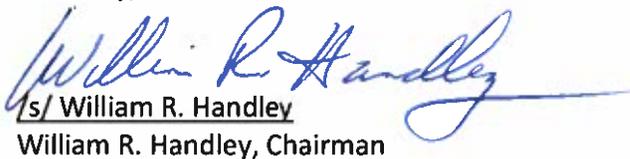
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review of the requested rate increase, an additional \$168,229 annually, indicates that HC Waterworks will recuperate its \$1.58 million investment over a period of approximately 9.5 years. The Board would further request that the Commission and HC Waterworks consider extending the period to recuperate its investment based on the useful life of the infrastructure, to further reduce the burden to the customers. Again, the Board reiterates its concern for the safety, health and welfare of HC Waterworks' customers, and concludes that the quality of the water provided to HC Waterworks' customers does not appear to be addressed in the request for a rate increase.

The HC Waterworks rate case proceeding is scheduled to occur during the Commission Agenda Conference on May 5, 2020. However, on May 5, 2020, the Board will also be in session for a regularly scheduled Board meeting. I regret that I will not be able to personally appear at that hearing. However, I have requested our staff to select a representative to appear on behalf of the Board at the Commission Agenda Conference. Please provide an opportunity for our representative to speak on behalf of the Board.

Thank you for your consideration of this matter. Please file this letter with the docket.

Sincerely,


/s/ William R. Handley

William R. Handley, Chairman

cc: Randy Vosburg, County Administrator
Joy Cook Carmichael, County Attorney
Keith Hetrick, General Counsel, Office of the General Counsel, Public Service Commission
J.R. Kelly, General Counsel, Office of the Public Counsel
Troy Rendell, Vice President, Investor Owned Utilities for HC Waterworks, Inc.

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EXHIBIT "A"



HIGHLANDS COUNTY ATTORNEY'S OFFICE
600 South Commerce Avenue
Sebring, Florida 33870
Tel: (863) 402-6501

Joy Cook Carmichael, County Attorney
Carolyn Durbin, Paralegal

April 6, 2020

VIA ELECTRONIC MAIL DELIVERY

FLORIDA PUBLIC SERVICE COMMISSION
c/o Adam Teitzman, Clerk
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

Re: Docket No. 20190166-WU, HC Waterworks

Dear Mr. Teitzman:

This letter is provided on behalf of the Board of County Commissioners of Highlands County ("Board") in response to the Application of HC Waterworks, Inc. for Increased Interim and Final Water Rates in Highlands County, dated December 13, 2019 ("Application"), and the subsequent letter provided to the County Administrator of Highlands County, dated January 15, 2020, pursuant to Section 367.091(2), Florida Statutes. Following receipt of the letter to the County Administrator, the Board decided to wait until the Customer Meeting, prior to making a determination on whether the Board would provide any response to the Public Service Commission ("Commission") on HC Waterworks' Application. The Customer Meeting was held on February 20, 2020, and approximately 20 customers spoke at the Customer Meeting. Many of the customers' comments are summarized in the list below:

1st speaker – black water

2nd speaker – black water after flushing toilet; odor like sewage

3rd speaker – water in every color; white like milk and thickens with a film on top; no notification of boil water notices until after cancellation of notice; white clothes are ruined in two washes; water is shut-off without notice; \$85 monthly bill for family of three with a newborn without using water for drinking or cooking; presented picture of a sink stained brown

4th speaker – no rate hike should be permitted until problem is solved

5th speaker – black water; \$95.00 water bill for 3,000 gallons

6th speaker – billed for thousands of gallons while he was absent during the summer

7th speaker – sand in the bottom of the shower; dirt coming through water

8th speaker – suggested giving neighboring municipalities the right to provide service

9th speaker - water contains clumps of clay, sand and pieces of metal in bathtub; the house has new pipes; odor of boiled eggs; yellow tan color; in January 2020 shower caused a chemical bath sensation and caused lungs to burn; did not receive “No Boil Notice”, but received “Cancellation of No Boil Notice”

10th speaker – water quality reports have not been received from HC, are those reports required?

11th speaker – described an experience with HC due to a leak in his yard and an old service line that was uncovered;

12th speaker – commented on the performance of the Public Service Commission

13th speaker – only able to brush teeth 3 days without gagging during this season

14th speaker – experienced burning on skin from time to time; wrote to HC and complained about being required to buy bottled water; received a letter from HC that the water was not of drinking quality until further notice

15th speaker – water burning on skin; smell of chlorine; children complain about burning; dirt at end of bath; new water heater required because of dirt; every fish dies in fish tank; fish tank and sippie cups covered with white stuff

16th speaker – [comments not noted]

17th speaker – went to ER because of a chemical sensation; sores and scabs on husband’ legs; workers of HC will not drink the water

Upon learning of the customers’ comments and complaints, the Board decided to send this letter to request that the Commission conduct an investigation of the quality of the water provided to HC Waterworks’ customers. The Board also requests that the Commission require HC Waterworks to remedy deficiencies in the quality of water, prior to entering a Final Order to approve the rate increase requested in the Application.

In every rate case proceeding, the Commission is required, pursuant to Rule 25-30.433, Florida Administrative Code, to, “make a determination of the quality of service provided by the utility by evaluating the quality of the utility’s product (water) and the utility’s attempt to address customer satisfaction (water and wastewater)”. Among other requirements for ensuring the

Florida Public Service Commission
c/o Adam Titzman, Clerk
April 6, 2020
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quality of service by a water utility, Rule 25-30.433(1), Florida Administrative Code, mandates that the Commission consider, "any testimony, complaints and comments of the utility's customers and others with knowledge of the utility's quality of service." In addition, Rule 25-30.433(2), Florida Administrative Code, requires the Commission to consider, "any testimony, complaints, and comments of the utility's customers and others with knowledge of the infrastructure and operational conditions of the utility's plan and facilities", in determining whether the infrastructure and operational conditions of the plant and facilities are in compliance with applicable rules.

At this time, the Board has not conducted an independent investigation and has not determined whether the Board will intervene in this case. However, in the event that the Board learns of any additional information that is relevant to the rate case proceeding involving HC Waterworks, the Board will provide additional information to the Commission.

Thank you for your consideration of this matter. Please file this letter with the docket.

Sincerely,

Joy T. Carmichael

Joy Cook Carmichael

cc: Randy Vosburg, County Administrator
Chairman and Members of the Board of County Commissioners of Highlands County
Keith Hetrick, General Counsel, Office of the General Counsel, Public Service Commission
J.R. Kelly, General Counsel, Office of the Public Counsel
Troy Rendell, Vice President, Investor Owned Utilities for HC Waterworks, Inc.

EXHIBIT "B"

Date	Utility	Complaint
7/8/2014	6280162 - Lake Josephine	COMPLAINT REGARDING CONTINUING PN FOR HAASS AT LAKE JOSEPHINE AND CORRECTIVE ACTION NOT BEING COMPLETED YET
3/30/2015	6280162 - Lake Josephine	OAK GARDENS MOBILE HOME PARK (1. SULFUR SMELL WHEN THEY TURN ON THEIR WATER , 2. A MATERIAL, POSSIBLE SAND, LOCATED AT THE BOTTOM OF THEIR TOILET(S)).
6/13/2015	6280162 - Lake Josephine	BROWN WATER US WATER TOLD HER WAS BEING CAUSED BY HER HOT WATER HEATER
8/3/2015	6280162 - Lake Josephine	HYDROGEN SULFIDE ODOR COMPLAINT FOR LAST 7-10 DAYS LIVES AT 305 YELLOW WILLOW STREET IN SILVER OAKS MHP
8/3/2015	6280162 - Lake Josephine	HYDROGEN SULFIDE ODOR COMPLAINT LIVES AT 314 YELLOW WILLOW STREET IN SILVER OAKS
8/3/2015	6280162 - Lake Josephine	SILVER OAKS MHP RIGHT OFF 27, WATER HAS ROTTEN EGG SMELL FOR LAST 10/11 DAYS
8/3/2015	6280162 - Lake Josephine	SMELLY WATER FOR LAST 1.5 WEEKS AND CARTIDGE FILTERS HAVE BUGS/INSECTS IN THEM LIVES AT 306 YELLOW WILLOW STREET IN SILVER OAKS
8/10/2015	6280162 - Lake Josephine	REALLY SMELLY WATER LIVES AT 306 YELLOW WILLOW STREET IN SILVER OAKS
8/10/2015	6280162 - Lake Josephine	HYDROGEN SULFIDE ODOR COMPLAINT FOR LAST SEVERAL DAYS WATER SMELLS WORSE THAN IT EVER HAS LIVES AT 305 YELLOW WILLOW STREET IN SILVER OAKS MHP
8/12/2015	6280162 - Lake Josephine	REALLY SMELLY WATER LIVES AT 306 YELLOW WILLOW STREET IN SILVER OAKS
8/13/2015	6280162 - Lake Josephine	SILVER OAKS MHP RIGHT OFF 27, WATER HAS ROTTEN EGG SMELL FOR LAST THREE WEEKS HAS FLUSHED WATER THROUGH HER HOME AND IT STILL SMELLS
8/13/2015	6280162 - Lake Josephine	SILVER OAKS MHP RIGHT OFF 27, WATER SMELLS WORSE THAN EVER
8/13/2015	6280162 - Lake Josephine	WATER SMELLS REALLY BAD & IS TARNISHING HER RINGS
8/13/2015	6280162 - Lake Josephine	HYDROGEN SULFIDE ODOR COMPLAINT FOR LAST THREE WEEKS LIVES AT 305 YELLOW WILLOW STREET IN SILVER OAKS MHP
8/13/2015	6280162 - Lake Josephine	HYDROGEN SULFIDE ODOR COMPLAINT LIVES AT 314 YELLOW WILLOW STREET IN SILVER OAKS
8/13/2015	6280162 - Lake Josephine	WATER SMELLS REALLY BAD
8/19/2015	6280162 - Lake Josephine	ODOR COMPLAINT/ LOW PRESSURE/COLOR IN WATER - LAKE JOSEPHINE RV RESORT - OCCURING ON A OFF FOR THREE WEEKS
8/20/2015	6280162 - Lake Josephine	ODOR IN WATER AND COLOR FOR 3 WEEKS
8/24/2015	6280162 - Lake Josephine	ODOR & COLOR COMPLAINT
12/3/2015	6280162 - Lake Josephine	complaint of low water pressure at intermittent intervals
12/4/2015	6280162 - Lake Josephine	LOW WATER PRESSURE
12/9/2015	6280162 - Lake Josephine	LOW WATER PRESSURE
1/7/2016	6280162 - Lake Josephine	LOW WATER PRESSURE
5/5/2016	6280162 - Lake Josephine	LAST 2 WEEKS WATER SMELLS BAD HOT & COLD NEIGHBORS AGREE CALLED HC WATERWORKS 8X W/NO RESULTS HEIDI HOFFMAN TOOK SAMPLE FROM OUTSIDE TAP AND CONFIRMED SULPHUR SMELL
5/6/2016	6280162 - Lake Josephine	WATER SMELLS FOR 2 MONTHS HOT&COLD
5/9/2016	6280162 - Lake Josephine	WATER SMELLS WHEN UTILITY FLUSHES HER WATER PRESSURE IS SO LOW SHE CAN'T FLUSH TOILET FOR HOURS
5/9/2016	6280162 - Lake Josephine	HAS H2S SMELL, IS GRAY, AND HAS SEDIMENT IN IT LAST 2 WEEKS
5/9/2016	6280162 - Lake Josephine	WATER SMELLS AND IS UNFIT TO DRINK
5/9/2016	6280162 - Lake Josephine	WATER REALLY SMELLS
5/10/2016	6280162 - Lake Josephine	WATER SMELLS AND EARLY IN MORNING HAS BLACK SEDIMENT IN IT

5/10/2016	6280162 - Lake Josephine	WATER REALLY SMELLS BAD
6/13/2016	6280162 - Lake Josephine	BROWN WATER STARTED ON 6/12/16
6/13/2016	6280162 - Lake Josephine	Complaint about the quality of his tap/drinking water. Called says it has a gray appearance coming out of the tap.
6/13/2016	6280162 - Lake Josephine	LAST 2 WEEKS WATER SMELLS AND IS GRAY IN COLOR
6/14/2016	6280162 - Lake Josephine	WATER IS BROWN, SOMETIMES GRAY, SINK IS STAINED, GRAYISH SANDY LOOKING SEDIMENT
6/14/2016	6280162 - Lake Josephine	BROWN WATER STARTED OVER WEEKEND NO ONE WAS NOTIFIED OF WHY WATER WAS BROWN SOMETIMES CHLORINE IS SO HIGH THAT CLOTHES FADE OBSERVED THAT GATE TO WATER PLANT WAS LEFT UNLOCKED
6/14/2016	6280162 - Lake Josephine	Odor
6/24/2016	6280162 - Lake Josephine	High amounts of chlorine in water. Homeowner runs water in house and fills the entire house with a strong bleach smell. Called HC Waterworks to see if water is safe to drink because of how strong the chlorine smell is. They said that they would contact her if its unsafe to drink. She is concerned that it is unsafe. She requested that an inspector contact her prior to doing a field inspection at her house. She also stated that the strong smell has been going on for sometime now.
10/24/2016	6280162 - Lake Josephine	SINCE SEPT 10, 2016 WATER HAS BEEN BROWN & IS STAINING LAUNDRY AND ALSO STAINING HER SINKS SHE IS IN HER SEVENTIES AND IS HAVING TO GO TO A LAUNDRYMAT TO WASH HER CLOTHES
1/26/2017	6280162 - Lake Josephine	Compliant received by PSC: Caller states that she and her husband are both Senior citizens. Customer states that she got a notice taped to her fence on January 6,2017 around 1:30pm stating that there was a notice of water treatment change beginning on January 4,2017. Customer states that there may be a slight chlorine taste in the water. Customer states that the water quality is bad and has an odor to it but the price keeps going up. Customer is concerned for her health. The water quality is getting worse over the 17 years customer states she has lived in Florida. Customer wants the water she pays a high price for to be drinkable and her laundry to come out clean.
5/5/2017	6280162 - Lake Josephine	COMPLAINT RECEIVED IN REGARDS TO WATER QUALITY
5/5/2017	6280162 - Lake Josephine	BROWN WATER, BEEN HAPPENING FOR TWO WEEKS, UTILITY PROVIDED IRON OUT TO REMOVE BROWN COLOR FROM CLOTHES, DISHES, FIXTURES.
5/5/2017	6280162 - Lake Josephine	WATER IS BROWN AND HAS BEEN OCCURING FOR QUITE SOMETIME. DEPARTMENT LET HER KNOW THAT THE OPERATING COMPANY IS IN THE NEIGHBORHOOD TO FLUSH THE LINES TILL CLEAR.
5/15/2017	6280162 - Lake Josephine	CALL FROM SWFWMD (LATOSHA WILSON): SHE RECEIVED A COMPLAINT FROM WILLIAMS SHEFFIELD REQUESTING AUTHOIZATION TO DRILL A WELL FOR POTABLE WATER USE BECAUSE OF BROWN WATER BEING RECIEVED FROM HC WATERWORKS.
5/17/2017	6280162 - Lake Josephine	WATER WAS CLEAR THREE MONTH AGO. IT HAS BEEN BROWN ON AND OFF SINCE.
6/12/2017	6280162 - Lake Josephine	Resident called and said their water has tasted like formaldehyde for a week
6/27/2017	6280162 - Lake Josephine	COMPLAINT THROUGH PSC MOSTLY ABOUT WATER BILL PRICING BUT ALSO LOW WATER PRESSURE & SMELLY WATER
1/19/2018	6280162 - Lake Josephine	Complaint in regards to his personal water filter cartridge and state his water is ofer brown in color out of his tap. Caller is concerend that the water is not safe to drink

2/18/2019	6280162 - Lake Josephine	Complaint received from Randy Vosburg (County Administrator) :We are again hearing from several residents in the Sebring Lakes community that their water is contaminated. They are saying that several residents are developing stomach issues and that bugs can be found in the water. We have also heard that the water has no chemicals in it when tested – meaning the good chemicals that clean the water. We have also heard from a local water purifying company that they have started to receive numerous complaints and requests to come out and help clean their water. I am told this is part of the US Water system. Mary Kay – I know in the past we have learned that the Health Department no longer tests water from water systems – but wanted to make sure and perhaps utilize any contacts you may have to assist. One person we have heard from is Barbara Guy. Her address is 5316 Riverway Drive, and she can be reached at 863-697-0038. Please assist in any way you can, and if you don't mind provide a follow-up to me on anything that is/can be done. I in turn need to provide this follow-up to my Commissioners
1/22/2020	6280162 - Lake Josephine	Quite frequently the water provided by HC Waterworks Inc. coming out of our tap is shades or brown to black and smells of hydrogen sulfide. This makes the water unfit for drinking, cooking and due to the smell bathing. When the utility is called they always say they are working on the system, which always seems to occur during the night which they must feel gives them the right of not having to notify any of the customers. When asked about drinking the water they respond we should buy bottled water or possibly install a home filtering system. One time they said it was fine to drink but if one had an immune deficiency bottled water might be a good decision ! Today when asked if they were going to flush the lines at the conclusion of the repairs, they said we could flush them ourselves ? I do not feel I should pay them for the water each time the lines need flushed or buy bottled water to drink and cook with. Question is why have them at all, guess we could go to a well for bathing and bottled water for all other needs. I have pictures of today's water but file would not download to your site so sent them to PSC media@PSC.STATE.FL.US
1/23/2020	6280162 - Lake Josephine	Water smells toxic
1/23/2020	6280162 - Lake Josephine	Water is black in color, Water smells, and experiencing low pressure
1/28/2020	6280162 - Lake Josephine	Caller states there is a foul odor from DW line (smells like feces/urine) and the water from the tap was black.