

REQUEST TO ESTABLISH DOCKET

(Please type or print. File original *plus* 1 copy with CLK.)

RECEIVED-FPSC
 11 AUG 17 PM 12:17
 COMMISSION CLERK

Date:	8/16/2011	Docket No.:	110254-WS
1. From Division / Staff:		Office of the General Counsel / Lisa Bennett	
2. OPR:	GCL		
3. OCR:	ECR		
4. Suggested Docket Title:		Initiation of show cause proceedings against Four Points Utility Corporation in Polk County for violation of Commission rules and regulations as outlined in the Florida Public Service Commission's Management Audit of Four Points Utility Corporation and Bimini Bay Utilities Corporation issued June 2011	
5. Program/Module/Submodule Assignment:		B8b (Service Reg/Enforcement/Show Cause)	
6. Suggested Docket Mail List.			
a. Provide NAMES/ACRONYMS, if registered company.			<input type="checkbox"/> Provided as an Attachment
Company Code, if applicable:	Parties (include address, if different from MCD):	Representatives (name and address):	
WS898	Four Points Utility Corporation (address in MCD)	David Meadows, Denna Meixner	
b. Provide COMPLETE NAME AND ADDRESS for all others. (match representatives to companies)			
Company Code, if applicable:	Interested persons, if any, (include address, if different from MCD):	Representatives (name and address):	
	Office of Attorney General		
	Office of Public Counsel		
	Florida Department of Business and Professional Regulation		
	Polk County, Board of County Commissioners		
7. Check one:	<input checked="" type="checkbox"/> Supporting Documentation Attached		<input type="checkbox"/> To be provided with Recommendation
Comments: Please provide copies of all docket information to all interested parties listed above.			

DOCUMENT NUMBER - DATE
 05829 AUG 17 =



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: August 16, 2011
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: Lisa C. Bennett, Senior Attorney, Office of the General Counsel
RE: Request to Establish Docket, Four Points Utility Corporation

Please include the attached documents in the above referenced file. The documents are listed below:

- Apparent Statute and Rule Violation Letter to Bimini Bay Utilities Corporation and Four Points Utility Corporation dated September 25, 2009, from Public Service Commission's General Counsel's Office.
- Letter dated October 7, 2009, from Four Points Utility Corp. responding to the September 25, 2009, apparent violation letter.
- Public Service Commission Memorandum dated September 8, 2010 with attached Florida Public Service Commission financial audit titled *Investigation in Billing, Meter Reading and Account Reporting Practices Eighteen Months Ended June 30, 2010, Undocketed Audit Control Number 10-196-2-2*
- Letter dated November 12, 2010 from Four Points Utility Corp. addressing the Public Service Commission's November 12, 2010, financial audit findings.
- Public Service Commission Memorandum Dated December 21, 2010 from Jocelyn Y. Stephens, Professional Accountant Specialist to Clarence Prestwood, Chief of Auditing, Re: Follow Up Visit to Four Points Utility Corporation; Verification of Utility's Responses to Staff Recommendations
- Public Service Commission Notice of Customer Meetings
- Audio File Transcription of Customer Meeting, November 18, 2010 (103 pages)
- Audio File Transcription of Customer Meeting, November 19, 2010 (102 pages)
- Apparent Statutes and Rule Violation Letter to Four Points Utility Corporation and Bimini Bay Utilities Corporation dated December 7, 2010, from Public Service Commission's General Counsel's Office.
- Letter from Public Service Commission dated June 2, 2011, to President of Four Points Utility Corporation and Bimini Bay Utilities Corporation transmitting audit report titled, *Management Audit of Four Points Utility Corporation and Bimini Bay Utilities Corporation*.
- Florida Public Service Commission's *Management Audit of Four Points Utility Corporation and Bimini Bay Utilities Corporation, June 2011*.

- May 31, 2011 letter from Four Points Utility Corporation and Bimini Bay Utilities Corporation, Re: Response to audit draft for Four Points Utility Corporation, Bimini Bay Utilities Corporation.

COMMISSIONERS:
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KATRINA J. MCMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP

STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

September 25, 2009

090000-07

Mr. David Meadows, President
Bimini Bay Utilities Corporation
101 Golden Malay Palm Way
Davenport, FL 33897-8602

Mr. Terry Blackmon, Operations Manager
Four Points Utility Corporation
101 Golden Malay Palm Way
Davenport, Florida 33897-8602

Ms. Denna Meixner, Manager
Four Points Utility Corporation
101 Golden Malay Palm Way
Davenport, Florida 33897-8602

RECEIVED-FPSC
09 SEP 25 PM 1:53
COMMISSION
CLERK

Re: Apparent violations of Sections 350.113, 350.117, 366.06, 367.031, 367.081, and 367.091, Florida Statutes, and Rules 25-30.034, 25-30.110, 25-30.120, 25-30.135, 25-30.335, and 25-6.049(9)(b), Florida Administrative Code, and possible implementation of show cause proceedings against Four Points Utility Corporation, Bimini Bay Utilities Corporation and Narcossee Utility, LLC pursuant to Sections 366.095 and 367.161, Florida Statutes.

Dear Mr. Meadows, Mr. Blackmon, and Ms. Meixner:

Pursuant to Section 367.031, Florida Statutes (F.S.), "Each utility subject to the jurisdiction of the commission must obtain from the commission a certificate of operation to provide water or wastewater service." Also, Section 367.081, F.S., states that a "utility may only charge rates and charges that have been approved by the commission," and Section 367.091(3), F.S., states: "Each utility's rates, charges, and customer service policies must be contained in a tariff approved by and on file with the commission." Pursuant to Rule 25-30.034, Florida Administrative Code (F.A.C.), an existing utility currently charging for service must file an application for a certificate in accordance with that rule. Further, Sections 350.113 and 350.117, F.S., provide for the payment of fees and filing of reports, respectively. Finally, in regards to electric service, Section 366.06, F.S., states in pertinent part: "A public utility shall not . . . charge or receive any rate not on file with the commission . . ."

A review of the operations of Four Points Utility Corporation (Four Points), Bimini Bay Utilities Corporation (Bimini Bay), and Narcossee Utility, LLC (Narcossee Utility) show that these utilities may be violating one or more of the above-noted statutes and related rules. For water and wastewater utilities, Section 367.161, F.S., provides in pertinent part:

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PSC Website: <http://www.floridapsc.com>

Internet E-mail: contact@psc.state.fl.us

DOCUMENT NUMBER-DATE
09 SEP 25 09 096660
FPSC-COMMISSION CLERK

- (1) If any utility, by any authorized officer, agent, or employee, knowingly refuses to comply with, or willfully violates, any provision of this chapter or any lawful rule or order of the commission, such utility shall incur a penalty for each such offense of not more than \$5,000, to be fixed, imposed, and collected by the commission. . . . Each day that such refusal or violation continues constitutes a separate offense. . . .
- (2) The commission has the power to impose upon any entity that is subject to its jurisdiction under this chapter and that is found to have refused to comply with, or to have willfully violated, any lawful rule or order of the commission or any provision of this chapter a penalty for each offense of not more than \$5,000, which penalty shall be fixed, imposed, and collected by the commission; or the commission may, for any such violation, amend, suspend, or revoke any certificate of authorization issued by it.

...

Similarly, for electric operations, Section 366.095, F.S., provides in pertinent part:

The commission shall have the power to impose upon any entity subject to its jurisdiction under this chapter that is found to have refused to comply with or to have willfully violated any lawful rule or order of the commission or any provision of this chapter a penalty for each offense of not more than \$5,000, which penalty shall be fixed, imposed, and collected by the commission. Each day that such refusal or violation continues shall constitute a separate offense. . . .

The operations of each of Four Points, Bimini Bay, and Narcossee Utility (utilities, collectively) and their apparent violations of the various rules and statutes will be discussed below.

I. Four Points

A. Annual Reports

Four Points did not timely submit its 2008 Annual Report and did not request an extension to late file its annual report. Although staff sent a delinquent notice on April 16, 2009, Four Points did not submit the annual report until August 20, 2009 (some 142 days late). Based on the above, it appears that Four Points has failed to timely file an annual report or request an extension of time in apparent violation of Section 350.117, F.S., and Rule 25-30.110, F.A.C.¹ Moreover, Rules 25-30.110(6) and (7), F.A.C., provide for penalties in the event of untimely filing of the annual report. Because Four Points is a Class C utility, the normal penalty pursuant to Rule 25-33.110(7), F.A.C., would be \$3 per day for each day the report is late (142 x \$3 = \$426). By letter dated August 26, 2009, staff requested that Four Points pay the penalty of \$426. However, Rule 25-30.110(6), F.A.C., provides in pertinent part that "The Commission may, in its discretion, impose penalties for noncompliance that are greater . . . than provided herein; such as in cases involving a flagrant disregard for the requirements of this rule or repeated violations of this rule."

¹ As stated previously, Section 350.117, F.S., provides for the filing of reports. Rule 25-30.110(3)(a) and (c), F.A.C., requires that annual reports be filed by March 31st for operations for the preceding year, and also provides for extensions of time in which to file the reports.

B. Regulatory Assessment Fees

Rule 25-30.120, F.A.C., requires that utilities pay a regulatory assessment fee (RAF) of 4.5 percent of its gross revenues derived from instate business, or a minimum of \$25 if there are no revenues or if revenues are insufficient to generate above the \$25 minimum. It appears that Four Points has not remitted the appropriate amount of RAFs for the year 2008.² Section 350.113(4), F.S., provides for a penalty of five percent for the first thirty days, and an additional penalty of "5 percent for each additional 30 days or fraction thereof during the time in which the failure continues, not to exceed a total penalty of 25 percent," and states that "the commission shall collect the fee and penalty, plus interest and all costs of collection, from the regulated company." Further, Rule 25-30.120(7)(b), F.A.C., provides:

In addition to the penalties and interest otherwise provided, the Commission may impose an additional penalty upon a utility for failure to pay regulatory assessment fees in a timely manner in accordance with Section 367.161, F.S.

C. Unauthorized Charges

Although Four Points had been in operation since 2001, it did not apply for and was not granted Certificate Nos. 634-W and 544-S until 2007. The certificate case was initiated when it was brought to the Commission's attention by a customer complaint filed in April 2005 that Four Points was operating as a utility.³ At that time, sixteen different complaints were filed with the Commission in reference to the poor service, billing problems and the unauthorized charging of rates. Four Points billed for electric, telephone, cable, county tax, state tax, water and wastewater services. In addition, the Utility imposed a "set up fee" of \$195, and if the customer refused to pay this fee, Four Points would disconnect services. Moreover, the Utility received four deficiency letters from the Commission during this case, for not responding. Based on all the above, the Commission issued a Show Cause Order why Four Points should not be fined \$5,000, and Four Points, in lieu of responding, paid the penalty of \$5,000 on September 27, 2006. Since that case, Progress Energy has taken over the electric and Four Points canceled their telecommunications certificate and shared tenant service certificate effective May 5, 2009.

Recently, customers have again complained to the Commission about billing problems to include unauthorized or unspecified charges, meter reading problems, and poor service. The customers state Four Points is charging outside of its tariff by demanding a five-dollar charge from customers who pay their bill without the invoice attached and is also charging a five-dollar late charge without that charge being noted on the bill. The customers' statements appear to be supported by copies of billing statements which reflect this non-tariffed charge. In addition, it appears that Four Points is charging a meter cleaning fee to its customers if the utility worker has to clean the meter to read it. Also, Customers assert that the Utility is still charging the \$200 utility activation fee and is still trying to collect past bills that the Commission heard about in the certification case. Customers

² See letter dated August 26, 2009, whereby staff requests that Four Points pay additional RAFs, penalties and interest in the total amount of \$2,488.21 for water, and \$5,16.79 for wastewater, by September 9, 2009.

³ See Order No. PSC-07-0280-PAA-WS, issued April 2, 2007, and Order No. PSC-06-0753-SC-WS, issued September 6, 2006, in Docket No. 050595-WS, In Re: Application for certificates to provide water and wastewater service in Polk County by Four Points Utility Corporation.

also state that the Utility is taking water and wastewater charges and applying it to old debt which has to do with electric charges that the customers feel were unjust charges to begin with.

The above-noted charges would appear to be in violation of Sections 367.081 and 367.091, F.S., cited earlier in this letter. Further, it would appear that Four Points has already been warned in the Show Cause Order mentioned in the preceding paragraph that such charges would not be appropriate or tolerated. Also, the charges would appear to be in violation of Rules 25-30.135(2), F.A.C., which states:

No utility may modify or revise its rules or regulations or its schedules of rates and charges until the utility files and receives approval from the Commission for any such modification or revision.

Finally, the late charge of five dollars would appear to be in violation of Rule 25-30.335(1), F.A.C., which states in pertinent part:

[A] utility shall render bills to customers at regular intervals, and each bill shall indicate: . . . the delinquent date or the date after which the bill becomes past due; and any late payment charge.

(emphasis added) The bills reviewed by staff do not appear to indicate any late payment charge. Therefore, it would appear that a late payment charge would be inappropriate and in violation of this rule.

D. Inappropriate Electric Bills and Liens

The customers are stating that Four Points is still demanding that the customers pay back bills that include the disallowed electric bills for electricity that the Utility was reselling. Customers state that the Utility is taking water and wastewater charges and applying it to old debt which has to do with electric charges that the customers feel were unjust charges to begin with. Based on these inappropriate electric bills, it appears that the Utility is requesting that the customers sign a debt settlement agreement, a lien of property, so that Four Points will work with their customers in a payment plan to avoid water and wastewater service interruption. Resolution of any dispute between Four Points and the customers regarding these past debts may be sought in a court of competent jurisdiction. However, as regards current water and wastewater service, staff believes that this threat of discontinuance of service and requirement to enter into a debt settlement or lien agreement is in violation of Rule 25-30.320, F.A.C., which governs discontinuance of service.

In Docket No. 050595-WS,⁴ Commission staff determined that the Utility was improperly charging for the resell of electric services in violation of Section 366.06, F.S., and Rule 25-6.049(9)(b), F.A.C.⁵ The Utility and Commission staff reached a resolution of this issue whereby it was agreed that Progress Energy would be the provider of electric service.

⁴ In re: Application for certificates to provide water and wastewater service in Polk County by Four Points Utility Corporation.

⁵ Four Points was acting as a reseller of electricity but was charging the customers for more than the customers' actual cost of electricity in apparent violation of the rule.

II. Bimini Bay

Although the Utility has now applied for certificates for Bimini Bay and Docket No. 090424-WS has been opened, the Utility has apparently operated Bimini Bay since August 23, 2007. This would appear to be in violation of Sections 367.031, 367.081, and 367.091, F.S. Further, because Bimini Bay has neither filed annual reports nor paid RAFs for this period, it would appear that Bimini Bay violated Sections 350.113 and 350.117, F.S., and Rules 25-30.110 and 25-30.120, F.A.C.

III. Narcossee Utility

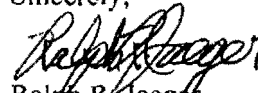
Although the Utility apparently incorporated Narcossee Utility as of December 7, 2006, it has never applied for water or wastewater certificates for this entity. If Narcossee Utility does intend to operate as a utility, i.e., receive compensation for the provision of water or wastewater service, it must apply for a certificate pursuant to either Rule 25-30.033⁶ or Rule 25-30.034,⁷ F.A.C., whichever is applicable. Any such application, pursuant to Rule 25-30.030, F.A.C., would require that Narcossee Utility obtain a list of governmental entities and private utilities from staff that would have to be notified of the application. Any of these entities could protest the application and request a hearing as to who would be best able to serve the territory requested.

If the Utility has already begun charging for water and wastewater service, this would appear to be in violation of Sections 367.031, 367.081, and 367.091, F.S. Further, because Narcossee Utility has neither filed annual reports nor paid RAFs for this period, it would appear that Narcossee Utility would be in violation of Sections 350.113 and 350.117, F.S., and Rules 25-30.110 and 25-30.120, F.A.C.

IV. Conclusion

If Four Points, Bimini Bay, and Narcossee Utilities do not correct the above-noted apparent violations, and if the above utilities continue to charge unauthorized charges, staff will be forced to open dockets for the initiation of show cause proceedings against the utilities. Pursuant to Sections 366.095 and 367.161, F.S., the utilities are subject to a \$5,000 fine for each violation, and for each day that the violation continues. If the utilities have not taken appropriate actions by October 19, 2009, staff will be forced to begin such show cause proceedings.

Sincerely,



Ralph R. Jaeger
Senior Attorney

cc: Division of Economic Regulation (Roberts, Fletcher, Bulecza-Banks, Willis)
Division of Regulatory Compliance and Consumer Assistance (Hicks)
Office of the General Counsel (Bennett, Brubaker)
Office of Commission Clerk

⁶ Application for an Original Certificate of Authorization and Initial Rates and Charges.

⁷ Application for Certificate of Authorization for Existing Utility Currently Charging for Service.



Four Points Utility Corp.

Four Points Utility Corp.

DEDICATED TO UNDER PROMISE AND OVER PERFORM

October 7, 2009

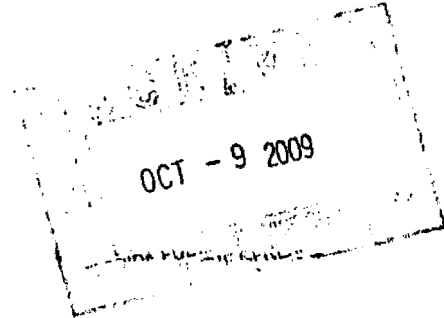
Public Service Commission
Capital Service Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32339-850

Re: Apparent violations et al

Attention: Ralph R. Jaeger

Dear Sir

We are writing in response to your letter dated September 25, 2009.



Four Points

A. Annual Reports

- a. No the Annual Report was not submitted on a timely basis. The report however is in your hands.
- b. The late charge is noted and will be paid in the amount of \$426.00

B. Regulatory Assessment Fees

- a. The Required Report was provided and we paid the rate at that time
- b. It is our offices that contacted the PSC to question whether or not the return had been prepared correctly
- c. We had deducted the portion related to water supplied to Four Points by Polk County Utilities.
- d. We were advised that Polk County was not a regulated utility and as such the deduction was not valid.
- e. The PSC has invoiced us for this variance.

C. Unauthorized Charges.

- a. This whole matter is a direct relation to our request for a SARC so as to correct the original application for certification that did not have reasonable fees in respect to the activities of the utility
- b. You cite some 16 complaints of unspecified dates. I am sure that you will find that these complaints are in the past, have been dealt with to the satisfaction of the PSC and in recent history complaints have been nominal. In the past several months, only one comes to mind for \$5.00 late charge which I am told by the customer was withdrawn.

101 Golden Malay Palm Way, Davenport, FL 33897
PWS Id No. 6535704 "Island Club West"

(863)424-0130 Ext 1260

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Four Points Utility Corp.

DEDICATED TO UNDER PROMISE AND OVER PERFORM

Four Points Utility Corp.

- c. You site a \$195.00 set up fee. The PSC is going back quite far in the manner and your recent audit will confirm that we are not and have not for some time charged such a fee.
- d. Regrettably the writer was not doing the accounting for Four Points Utility Corp at that time, over two years ago. Again, we trust the deficiency letters were handled to the satisfaction of the PSC or we would not now some two years later be dealing with it again.
- e. You indicate that recently you have received complaints about poor billing practices, unauthorized charges, meter reading problems and poor service. From the complaints that we have been made aware of, this again is a past history problem. Is the commission getting complaints that they are not making us aware of? Please provide specifics as to when, who, where and what so that we may have the opportunity to provide our response. It is unjust to be condemned for something we have not had the opportunity to respond to. Again, we have responded to each and every customer complaint received from the PSC and we are not aware of any that remain unresolved.
- f. You indicate that Progress Energy has taken over the electric and Four Points Utility Corp has cancelled their telecommunications certificate. As to the former, the implecation is a hostile take over or an imposed take over which I understand is not the case. You even state later "is was agreed" which implies more than one party coming to an agreement. In the case of the latter, Four Points Utility Corp does not supply any telecommunications services to anyone so why pay for a certificate to do so.
- g. The matter of the \$5.00 for customers not providing statements when making payments on their account has been discussed in the past. This charge was NEVER applied to anyone and your recent audit should have confirmed this.
- h. The matter of the meter cleaning fee has also been discussed in the past with the PSC and again, this charge was NEVER applied to anyone and your recent audit should have confirmed this. This fee is included in the SARC application and is misnamed in your letter. We have no intention of charging a client for "cleaning" the meter; we are looking to meters that have access obstructed by the client. Specifically burying them in mulch, planting hedges on top of them, removing the meter boxes and burying them with dirt and other such obstructions. Even when approved, we have not intention of applying such a fee with out prior warning to the client.



Four Points Utility Corp.

DEDICATED TO UNDER PROMISE AND OVER PERFORM

Four Points Utility Corp.

- i. "Customer assert that the Utility is still charging the \$200.00 utility activation fee" That is incorrect. Again as we stated above. "Please provide specifics as to when, who, where and what so that we may have the opportunity to provide our response. It is unjust to be condemned for something we have not had the opportunity to respond to."
- j. We are accused of trying to collect on past due bills. We look to the non water related billing as to be years in the past. No customer is denied water service in respect to any amounts that may be owing from the past no water utility bills. We are scrupulous in keeping the matters separate and your audit, again, should have supported this.
- k. You comment "that the Utility is taking water and wastewater charges and applying it to old debt". We are NOT doing so and again, your audit should have supported this. Again we ask "Please provide specifics as to when, who, where and what so that we may have the opportunity to provide our response. It is unjust to be condemned for something we have not had the opportunity to respond to."
- l. You state that "No utility may modify.....". We are not doing so and that is why the PSC has in its hands a SARC to properly address deficiencies in the Original Application For Service and to get permission to levy such fees listed there in.

D. Inappropriate Electric Bills and Liens

- a. Again, the writer was not here at the time of the electric issues.
- b. We have not undertaken any serious collection efforts nor liened any property in well over a year in respect to any past issues with electricity.
- c. Again you bring up the false accusation of applying water payments to electric bills and again we ask for details.
- d. AT NO TIME has Four Points Utility Corp, since I have done the accounting for some 2 years, ever denied water service to clients due to non payment of any non water amount due. If a client has an outstanding water bill and wants service restored we try to work out a payment arrangement to get the service on. As we understand the rules, if John Doe at 1234 Address has an unpaid WATER bill, we can require payment in full prior to restoring service. We try to work with clients despite the fact that they did not pay the WATER bill in the first place. AGAIN, we are NOT taking payments on water bills and applying it to anything but water bills.
- e. You state that "Resolution of any dispute ... may be sought in a court of competent jurisdiction". We agree.



Four Points Utility Corp.

DEDICATED TO UNDER PROMISE AND OVER PERFORM

Four Points Utility Corp.

- f. You reference at the bottom of page 4 of your letter, in the foot notes, that Four Points Utility Corp was in violation for charging more than the cost of the electricity. This does not appear to deny Four Points Utility Corp the right to collect on past due non water accounts, just not any more than the cost. We have no intention of doing anything different.

Bimini Bay

Bimini Bay has been providing water service to the resort; that is correct. Per your note on the electric at point D (f) above, Bimini Bay Utilities charges only the cost of the water from the County to the users. We are addressing the PSC's concerns in this case by gathering information on the flow through costs. The PSC is well aware that we have been doing this and has been assured that no "markup" is attached to the billing. Hence the Original Application For Service and the huge operating losses recorded there in. At best we are not violating any rules that we are aware of and at worst we were stupid in waiting so long to get the application out and suffering the unrecoverable operating losses.

Narcossee Utility

The "Narcossee" project is at this time, an undeveloped piece of land and the only structure there on is a sign advertising that the commercial development is coming soon. We are well aware, in view of the losses being suffered at Bimini Bay Utilities, that we can go ahead, before the providing of service, in getting the certification. We intend to do so. Our mistake on Bimini Bay Utilities was assuming some months of track record was required.



FourPoints Utility Corp.

Four Points Utility Corp.

DEDICATED TO UNDER PROMISE AND OVER PERFORM

Conclusion

You imply that there is something to correct. We, with the exception of the Annual Report fine and the RAF issues, deny there is anything to be fixed that has not already been fixed.

Again we ask "Please provide specifics as to when, who, where and what so that we may have the opportunity to provide our response. It is unjust to be condemned for something we have not had the opportunity to respond to."

If there are such reports, please provide specifics as to when, who, where and what so that we may have the opportunity to provide our response.

Sincerely,

Terry Blackmon
Operations Manager



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: September 8, 2010
TO: Lydia Roberts, Regulatory Analyst II, Division of Economic Regulation
FROM: Clarence Prestwood, Chief of Auditing, Office of Auditing and Performance Analysis **CP**
RE: Docket No.: Undocketed
Company Name: Four Points Utility Corporation
Company Code: WS898
Audit Purpose: Specialized Billing Audit
Audit Control No: 10-196-2-2

Attached is the final audit report for the utility stated above. I am sending the Utility a copy of this memo and the audit report. If the Utility desires to file a response to the audit report, it should send a response to me at the above address. There were no confidential work papers associated with this audit.

CP/ip

Attachment: Audit Report

cc: (With Attachment)
Office of Auditing and Performance Analysis (Mailhot, Prestwood, File Folder)
Office of the General Counsel

(Without Attachment)
Office of Auditing and Performance Analysis (Harvey, Tampa District Office, Miami District Office, Tallahassee District Office)

STATE OF FLORIDA



FLORIDA PUBLIC SERVICE COMMISSION

*OFFICE OF AUDITING AND PERFORMANCE ANALYSIS
BUREAU OF AUDITING*

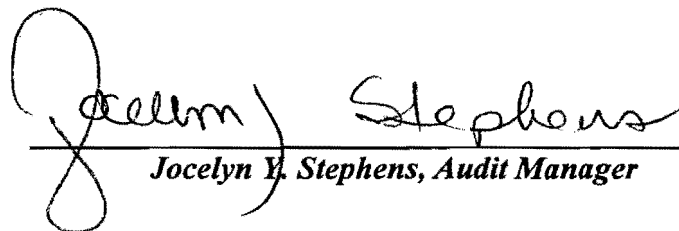
TAMPA DISTRICT OFFICE

FOUR POINTS UTILITY CORPORATION

**INVESTIGATION IN BILLING, METER READING AND ACCOUNT REPORTING
PRACTICES**

EIGHTEEN MONTHS ENDED JUNE 30, 2010

**Undocketed
Audit Control Number 10-196-2-2**



Jocelyn Y. Stephens, Audit Manager



Clarence Prestwood, Chief

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**OFFICE OF AUDITING AND PERFORMANCE ANALYSIS
AUDITOR'S REPORT**

AUGUST 30, 2010

TO: FLORIDA PUBLIC SERVICE COMMISSION

We have performed the procedures enumerated later in this report to meet the agreed upon objectives set forth by the Division of Economic Regulation in its audit service request dated July 15, 2010. We have applied these procedures in support of the investigation into the billing, meter reading and account reporting practices of Four Points Utility Corporation for the period January 1, 2009 through June 30, 2010.

This audit was performed following general standards and field work standards found in the AICPA Statements on Standards of Attestation Engagements. This report is based on agreed upon procedures and the report is intended only for internal Commission use.

OBJECTIVES AND PROCEDURES

Analysis of Meter Reading Practices

Objectives:

- 1) Obtain Meter Reading Logs for the most recent 18-month period.
- 2) Ensure that the Utility is properly reading its meters in compliance with Rule 25-30.261 F.A.C.
- 3) Ensure that each meter is assigned to the proper residence of each ratepayer.
- 4) Verify that the Utility does not prepare and submit duplicate bills to its existing customers.

Procedures Performed:

For the period January 1, 2009 through June 30, 2010, we requested and received meter reading logs/invoice detail schedules. We also requested and received a schedule of monthly meter readings by customer account for the 18-month period January 1, 2009 through June 30, 2010.

We performed an analysis of the meter reading logs to determine the accuracy and consistency of the information provided. We consulted with the PSC staff engineer who was assigned to determine whether meters are properly assigned to each residence. On a test basis, the engineer read meters subsequent to the test period to verify that water usage occurred at active meter locations and that each meter read was assigned to the correct residence.

Using the meter reading logs/invoice detail, we analyzed meter readings and customer addresses to determine whether billings were made to closed accounts. We also compared the current month's total company meter readings to the prior month's ending meter readings.

Using the monthly meter readings schedule, we calculated both residential and commercial customers' usage to identify negative meter readings. Audit Finding No. 1 discusses our findings and recommendations.

Analysis of Water Purchased vs. Water Sold

Objective:

To verify that the Utility did not record gallons of water sold greater than the gallons of water purchased.

Procedures Performed:

We prepared a schedule documenting the water gallonage purchased from Polk County and the water sold by the Utility. This schedule also included the billing cycle dates, the number of days in the billing cycle and water consumption.

Audit Finding No. 2 discusses our findings.

Analysis of Rates and Charges Billed to Customers

Objective:

For the 18-month period ending June 30, 2010, ensure the Four Points' books and records to reflect that the Utility is charging its customers the authorized rates and charges (including miscellaneous service charges) in the Utility's tariff.

Procedures Performed:

We verified the Excel formulas used by the Utility to calculate the various components of the customer bill including base charge for water, use of up to 10,000 gallons of water, in excess of 10,000 gallons of water, base charge for wastewater, use of up to 10,000 gallons for wastewater. Additionally, we verified that the formulas included the Commission approved tariff rates for water and wastewater use.

For miscellaneous charges, we verified that the Utility applied the correct Commission approved tariff rate for the applicable miscellaneous charge items such as initial connection (new customer), meter reconnection, late payment, and meter audit/test.

On a test basis, we traced Excel spreadsheet totals for monthly consumption and the total of monthly miscellaneous charges to the general ledger. We also reviewed copies of reproduced customer bills. Audit Finding No. 3 discusses our findings and recommendations.

Analysis of Dollars in Trial Balance vs. Invoice Detail Schedules

Objective:

To determine if dollars calculated from water and wastewater usage are correctly recorded in the general ledger for the 18-months ending June 30, 2010.

Procedures Performed:

We downloaded cumulative monthly balances from the trial balance for the period January 1, 2009 through June 30, 2010 using Excel files provided by the Utility. Using the cumulative balances, we calculated the monthly activity.

We then prepared a summary schedule of monthly charges from Customer bills as reported in the invoice detail schedules that were provided by the Utility. We used the following categories for comparison:

- a) Water – Base
- b) Water – up to 10,000 gallons
- c) Water – in excess of 10,000 gallons
- d) Wastewater – Base
- e) Wastewater – up to 10,000 gallons

We calculated the difference between amounts included in the trial balance and the amounts from the customer bills for the audit period. Audit Finding No. 3 discusses our findings and recommendations.

Analysis of Miscellaneous Charges

Objectives:

- 1) To determine the type of miscellaneous charges included in the general ledger
- 2) To verify that the amounts charged agree to the Commission authorized tariff rates, where applicable.

Procedures Performed:

We requested the detail for charges for Miscellaneous Income - Revenues reported in the trial balance. We read this detail for an explanation of the charges. We traced the amount charged, where applicable, to the Commission approved tariff sheet.

We reconciled the detail provided to the amounts recorded in the general ledger. Audit Finding No. 3 discusses our findings and recommendations.

Analysis of Bank Deposits/Customer Collections

Objectives:

- 1) To determine that all monies collected from water and wastewater customers are deposited into the Utility's checking account.
- 2) To determine if funds from other than water and wastewater customer accounts are deposited into the Utility's checking account.

Procedures Performed:

We requested and obtained copies of the Utility's bank statements for the period January 1, 2009 through June 30, 2010. We also obtained an Excel schedule of Cash Collections. The cash collections schedule was created from the receipt of customer payments for all utility services.

For the months January 2009 through June 2010, we attempted to reconcile deposits on the bank statements to amounts collected from customers and recorded in the cash collection Schedules. Audit Finding No. 4 discusses our findings and recommendations.

Application of Customer Payment to Outstanding Balance

Objectives:

- 1) Determine whether customer payments received by the Utility were first applied to any outstanding water and wastewater amounts due instead of outstanding amounts for other services.
- 2) Determine whether or not any customer was disconnected by Four Points as a result of the Utility failing to first apply customer payments to outstanding water and wastewater amounts due.

Procedures Performed:

On a test basis, we requested and received Customer Account Detail files which reflect all customer transactions. Using the customer detail, we traced posted charges to the invoice detail file and posted payments to the cash collection files. We also performed an analysis of the QuickBooks file of customers who had their Utility services terminated and then restored. Audit Findings No. 6 and No. 7 discuss our finding and recommendations.

Analysis of Customer Deposits

Objective:

For the most recent 18-month period, audit the Utility's collection of customer deposits to ensure that the Utility is complying with its authorized tariff and Rule 25-30.311, F.A.C.

Procedures Performed :

We requested and obtained schedules of Customer Deposits on Hand at December 31, 2008, December 31, 2009, and June 30, 2010. We traced the totals from these schedules to the general ledger account 235- Customer Deposits.

Additionally, we selected customer account detail in order to verify that the amount included in the Customer Deposits on Hand schedule agreed to the amounts included in the customer detail account file.

We obtained a schedule showing the Utility calculated deposit amounts and the dates these amounts were put into effect. Audit Finding No. 5 discusses our findings and recommendations.

AUDIT FINDING NO. 1

SUBJECT: METER READING PRACTICES

STATEMENT OF FACT: For the period January 1, 2009 through June 30, 2010, the Utility provided us with: (1) monthly meter reading logs and (2) a schedule of actual monthly meter readings. We noted that the meter reading logs include a section labeled invoice detail. The invoice detail includes the customer name, billing and mailing address, the prior months' meter readings, the current months' meter readings, and the calculated water usage. The calculation of charges for water and wastewater service is also included. We determined that the Utility segregates its meters between active and inactive (closed accounts). Bills for all active meters are accrued on a monthly basis and posted to a revenue account. Inactive meters should not be billed.

During our analysis of the invoice detail, we determined that procedures are in place to activate or deactivate a customer account. If these procedures are not performed, a bill is generated for a closed account or not generated for an active customer. When these procedures are performed, a parameter is in place that alerts the Utility when a bill for a closed account has been generated. The Utility explained that if their billing program alerts them to a bill being generated for an inactive meter or closed account, the Utility posts a credit memo to that account. Credit memos are used to adjust booking errors for charges to closed accounts, charges billed to the wrong customer, errors in meter reading or when a customer contests a billed amount. For the months that we tested, there were no bills created for closed accounts.

The Utility also has parameters in place to detect certain meter reading and billing errors. If a meter reading falls within these parameters, the Utility does not detect an error. In these instances, the Utility would rely upon the customer to inform them of a billing error, if any.

We compared total company meter readings in the invoice detail from one month to the following month and noted that the total company meter readings shown as prior month readings did not always agree with the total company actual meter readings for the prior month. The following schedule represents the summary of total company meter readings on a monthly basis. The Utility informed us that some of the files we were provided for meter reading logs were corrupted.

On a random test basis, we selected individual customers and attempted to track their meter readings and related billings for the period January 2009 through June 2010. In our selection, we did not discover any meter reading discrepancies related to the beginning and ending meter readings when the individual customer accounts were analyzed. Also, in the analysis of our selection, we did not discover any duplicate billings made to the same address, by the utility. See Audit Finding No. 3 for additional information on this issue.

Month	Reported Readings from Meter Log Produced with QuickBooks		(a)	Actual Readings from Meter Reading Schedule	(a)	Differences between Actual PM & Reported PM Readings
	Prior Mo Readings	Current Mo Readings				
Dec-08		63,286,589	(a)	63,286,589	(a)	
Jan-09	66,543,767	67,604,610		67,604,610		504,530
Feb-09	67,429,920	68,278,883		68,278,883		174,690
Mar-09	67,430,188	68,278,883		68,929,787		848,695
Apr-09	69,153,438	70,106,433		70,106,433		(223,651)
May-09	70,106,373	70,923,003		70,923,003		60
Jun-09	71,830,707	72,521,309		71,830,708		(907,704)
Jul-09	71,830,707	72,521,309		72,521,309		1
Aug-09	72,521,309	73,215,225		73,215,225		-
Sep-09	73,215,225	73,215,225		74,095,906		-
Oct-09	74,086,666	74,918,053		74,918,053		9,240
Nov-09	76,045,237	76,601,464		76,601,464		(1,127,184)
Dec-09	76,045,237	76,601,464		76,045,237		556,227
Jan-10	76,583,464	77,386,574		77,386,574		(538,227)
Feb-10	77,386,574	78,293,190		78,293,190		-
Mar-10	78,284,190	79,631,722		79,589,692		9,000
Apr-10	79,741,902	80,603,804		80,593,795		(152,210)
May-10	80,605,877	81,486,626		81,486,626		(12,082)
Jun-10	81,486,474	82,552,507		82,552,507		152

(a) Does not include commercial account meter readings totalling 3,761,708 gallons

This table demonstrates that the company has significant data integrity issues related to record keeping when preparing and updating its QuickBooks reports.

Using the schedule of actual monthly meter readings, we calculated monthly water usage for the period January 1, 2009 through June 30, 2010. We determined that 26 instances of negative readings occurred during the period January 1, 2009 through June 30, 2010. The Utility explained that 25 of the negative readings were misreads for the current month. One negative reading was due to a meter change-out. When a misread occurs, the correction is incorporated into the following month's bill.

EFFECT UPON GENERAL LEDGER: In the month that the misread occurs, the revenues are either overstated or understated, depending upon the meter reading. In the subsequent month(s), the overstated or understated amounts are reversed when that month's revenues are posted.

EFFECT UPON FILING: Not Applicable.

RECOMMENDATION: We recommend that the Utility incorporate stricter control procedures when posting its readings to its customer accounts, use more diligence when transferring and reporting actual meter readings from the prior month to Quickbooks, and maintain accurate supporting documentation for reports being prepared.

AUDIT FINDING NO. 2

SUBJECT: WATER PURCHASED VS WATER SOLD

STATEMENT OF FACT: The Utility has 1 billing cycle per month. All meters are read the same day, although the day can vary from month to month. Using monthly water bills from Polk County Utilities, we scheduled water gallonage, billing cycle dates and number of days in the billing cycle. We compared this data to water gallonage sold by the Utility to the customers. For two of the eighteen months (February 2009 and March 2010), we noted material variances of sales greater than purchases. Water purchases for February 2009 were 494,000 gallons and water sales were 849,000 gallons. This represents a difference in February of 355,000 gallons. Water purchases in March 2010 were 961,000 gallons and water sales were 1,348,000 gallons. This represents a difference in March of 387,000 gallons.

We determined that a portion of the difference in February 2009 was due to the material variance of purchases greater than sales in January 2009 of 491,000 gallons. We calculated a combined net variance of purchases greater than sales for January and February 2009 of 136,000 gallons (491,000 - 355,000).

We determined that a portion of the difference in March 2010 was due to the meter reading date of the Utility being four days later than the meter reading date of the County. Additionally, there was also an extra day in the billing cycle.

For the entire 18-month period of January 1, 2009 through June 30, 2010, total water gallons purchased were 17,943,000 gallons and total water gallons sold were 16,925,000 gallons. Water gallons purchased exceeded water gallons sold by only 1,018,000 gallons or 5.7% of sales. No further audit work is warranted. See Schedule below.

EFFECT UPON GENERAL LEDGER: None.

EFFECT UPON FILING: Not applicable.

Analysis of Water Gallons Purchased and Sold

	Purchased			Sold				
Month	Service Dates	No. of Days	Gallons Purchased in Thousands	Avg Gallons Purchased	Service Dates	No. of Days	Gallons Sold	Avg Gallons Sold
Dec-08	11/18/2008 12/17/2008	29	963	33	11/21/2008 12/18/2008	27	836462	31
Jan-09	12/17/2008 1/20/2009	34	1552	46	11/21/2008 12/18/2008	27	1060843	39
Feb-09	1/20/2009 2/18/2009	29	494	17	1/19/2009 2/16/2009	28	848963	30
Mar-09	2/18/2009 3/18/2009	28	918	33	1/19/2009 2/16/2009	28	848695	30
Apr-09	3/18/2009 4/17/2009	30	925	31	3/19/2009 4/19/2009	31	952995	31
May-09	4/17/2009 5/18/2009	31	877	28	4/20/2009 5/20/2009	30	816630	27
Jun-09	5/18/2009 6/17/2009	30	817	27	6/24/2009 7/22/2009	28	690602	25
Jul-09	6/17/2009 7/17/2009	30	788	26	6/24/2009 7/22/2009	28	690602	25
Aug-09	7/17/2009 8/18/2009	32	882	28	7/22/2009 8/18/2009	27	693916	26
Sep-09	8/18/2009 9/17/2009	30	842	28	8/19/2009 9/21/2009	33	0	-
Oct-09	9/17/2009 10/16/2009	29	833	29	9/22/2009 10/21/2009	29	831387	29
Nov-09	10/16/2009 11/18/2009	33	998	30	10/22/2009 11/28/2009	37	1128344	30
Dec-09	11/18/2009 12/17/2009	29	914	32	11/24/2009 12/18/2009	24	556227	23
Jan-10	12/17/2009 1/19/2010	33	1117	34	12/19/2009 1/18/2010	30	803110	27
Feb-10	1/19/2010 2/17/2010	29	955	33	1/19/2010 2/19/2010	31	906616	29
Mar-10	2/17/2010 3/18/2010	29	961	33	2/20/2010 3/22/2010	30	1347532	45
Apr-10	3/18/2010 4/19/2010	32	1029	32	3/22/2010 4/20/2010	29	861902	30
May-10	4/19/2010 5/19/2010	30	1016	34	4/21/2010 5/19/2010	28	880749	31
Jun-10	5/19/2010 6/18/2010	30	1062	35	5/19/2010 6/21/2010	33	1066033	32
		<u>577</u>	<u>17943</u>	<u>31</u>		<u>558</u>	<u>15821608</u>	<u>28,354</u>

*December 2008-does not include administration bldg, poo

AUDIT FINDING NO. 3

SUBJECT: RATES AND CHARGES BILLED TO CUSTOMERS AND RECORDED IN THE GENERAL LEDGER

STATEMENT OF FACT: On a test basis, we reviewed the Utility's calculation of water and wastewater bills. The calculations were included in the Meter Reading Logs – Invoice Detail Schedule (See Audit Finding No. 1). We determined that the Utility bills its active accounts using the base rate and a water usage charge. If there is no meter activity in an active account for a billing period, the Utility will verify the reading and if correct, only bill the customer for the base rate. No meter activity usually denotes that the customer is on vacation or that the unit is empty.

The Utility does not submit a bill for a closed account.

During our analysis, we determined that 4 of the 13 meter reading logs were corrupted and that the data was not reliable. As a result we could not test these months for the calculation of the customer's water/wastewater bill. For these months, the Utility substituted the Customer Sales Detail Report. However, because we could not determine the meter reading detail from these reports, we were unable to recalculate and verify charges made to the customers for these months.

For the remaining nine months we used meter readings from the meter log/invoice detail schedule to determine, on a test basis, whether the calculation of the customer bill is in compliance with Commission approved water and wastewater tariff rates for the following categories:

- Water – Base
- Water – up to 10,000 gallons
- Water – in excess of 10,000 gallons
- Wastewater – Base
- Wastewater – up to 10,000 gallons of water use

For the months tested, we concluded that the Utility correctly calculated its customer water and wastewater bills based upon the water usage obtained from the meter reading log.

Based upon monies calculated for water and wastewater consumption, we attempted to agree the customer billings from the invoice detail schedules and the Customer Sales Detail Report to the revenues posted in the general ledger.

We noted that the Customer Sales Detail Reports differ from the meter reading logs in that the reports include credit memos to applicable accounts. As such, the billing totals from the Customer Sales Detail Report agreed to the revenues reported in the general ledger for four months.

For the remaining nine months, we determined that the differences between the customer billings from the invoice detail schedule and the general ledger were the result of credit memos posted to the revenue account. See the following schedule.

Difference between G/L and Invoice Detail files for Water and Wastewater Revenues
(IN DOLLARS)

	Waste Water up to 10,000 Gallons	Waste Water Base Charge	Water in excess of + 10,000 gallons	Water First 10,000 gallons	Water Base Charge	Monthly Totals
Jan-09	(26)	37	-	(23)	23	11
Feb-09	-	19	-	20	12	50
Mar-09	288	19	95	199	12	612
Apr-09	(115)	(37)	(15)	(68)	(23)	(258)
May-09	197	-	-	142	-	338
6/1/2009*	-	-	-	-	-	-
Jul-09	(5)	(74)	-	(3)	(58)	(140)
Aug-09	(1)	(37)	-	(1)	(23)	(62)
9/1/2009*	(0)	-	-	-	-	(0)
Oct-09	47	(19)	230	35	(12)	281
11/1/2009*	-	-	-	-	-	-
Dec-09	47	74	40	28	47	236
1/1/2010*	20	(19)	-	12	(12)	1
Feb-10	(53)	(37)	(14)	(14)	(202)	(320)
Mar-10	(46)	(69)	(108)	(28)	(55)	(305)
Apr-10	(97)	(167)	17	(57)	(93)	(398)
May-10	(49)	(112)	(17)	(12)	(70)	(260)
Jun-10	10	(37)	281	0	(23)	230

Source: Difference between Invoice Detail Files and G/L

* Because meter reading logs/invoice detail files were corrupt, the utility provided Customer Sales Detail Reports. These reports include all credit memo adjustments: closed accounts, charged to wrong customer, error in meter reading or other error in bill, customer disputed bills .

We verified that the Utility assessed customers for applicable miscellaneous charge items such as initial connection (new customer), meter reconnection, late payment, and meter audit/test. Total Miscellaneous Income collected and posted in the general ledger for the audit period was \$7,543. We determined that all amounts charged were per the Water and Wastewater Tariffs approved by the Commission.

We also reviewed reproduced copies of customer bills. We noted that customer bills show current amount due and total amount due. No explanation is provided on the customers' bill for the difference between the current and total amount due. The company explained that the difference could be the result of a past due balance, return check charges, reconnection fee etc. When requested, the customer is provided an explanation for the difference between the current amount due and the total amount due.

EFFECT UPON GENERAL LEDGER: None.

EFFECT UPON FILING: Not applicable.

RECOMMENDATION: We recommend that the Utility be required to provide dollar detail with an explanation for the difference between the current charge and the total amount due on its customer bills which incorporate explanations of all charges being billed. We also repeat our recommendation from Audit Finding No. 1 that the Utility incorporate stricter control procedures when posting its readings to its customer accounts, use more diligence when transferring and reporting actual meter readings from the prior month to Quickbooks, and maintain accurate supporting documentation for reports being prepared.

AUDIT FINDING NO. 4

SUBJECT: BANK DEPOSITS vs CUSTOMER COLLECTIONS

STATEMENT OF FACT: We requested and obtained copies of the Utility's bank statements for the period January 2009 through June 2010. We also obtained an Excel schedule of Cash Collections for this same period. The cash collections schedule was created from the receipt of customer payments for all Utility services.

For each month, we attempted to reconcile the deposits on the bank statements to the amounts collected from customers and recorded in the Cash Collection Schedules. For deposits not reconciled, a copy of the deposit ticket (which shows the detail of each deposit) was requested. Additionally, customer's payment records were traced to the customer's detail billing records.

In our analysis, we discovered three occasions where bank deposits were made for dollars collected from a particular customer, but not posted to the customer's payment record. For these instances, the Utility provided us with the Customer Balance Detail sheet which shows all transactions for the customer in question. These sheets showed where the customers' account was credited for the payment made even though the payment was not included in the customer's payment record.

Numerous instances were noted where the amount recorded in the customer's payment record was not included as direct deposits on the bank statements. The Utility explained that these occurrences were the result of credit card payments which were processed through Assured Storage Utility and Island Club Resort (affiliated companies). An analysis of the credit card detail from Assured Storage Utility was performed. We matched all of the credit card detail that was processed by Assured to amounts recorded in the payment record. We also noted that payments processed through Assured Storage Utility were deposited on a timely basis through checks made out to the Utility from Assured Storage Utility.

We also performed an analysis of credit card payments processed through Island Club Resort (ICR). ICR collected and processed credit card payments for May and June 2010. We determined that the majority of credit card payments processed through ICR were also posted in the payment records. However, there have not been any deposits for these collections into the Utility's bank account as of the end of field work, August 19, 2010. The receivable balance due from ICR, as calculated by staff, at the end of field work was \$3,676 for the months of May and June 2010. The balance in Account 187 - Due from ICR for credit cards is \$2,825.07. We have requested data from the Utility to reconcile this difference. The Utility has not provided data needed for reconciliation nor has the Utility responded as to when these amounts will be paid by ICR.

Our analysis revealed that deposits totaling \$767.93 were deposited into the bank account but no record exists showing the origin of these funds. Also, \$397.39 were collected from customers, but no record shows when these funds were deposited into the Utility's bank account. These unidentified amounts are likely due to timing differences but cannot be verified without further information from the utility.

EFFECT UPON GENERAL LEDGER: Cannot be determined without a response from the Utility.

EFFECT UPON FILING: Not Applicable.

RECOMMENDATIONS:

We recommend that the utility be required to file a report explaining the above noted discrepancies between payments made by customers to the utility and deposits made by the utility and included in the utility bank statement.

We recommend that the utility incorporate tighter internal controls over its cash processing.

We recommend that the monthly bank reconciliation be expanded to provide more detail reporting for credit card payments.

We recommend that monies collected by entities other than the utility be immediately deposited into the utility bank account upon processing by the credit card company.

AUDIT FINDING NO. 5

SUBJECT: CUSTOMER DEPOSITS

STATEMENT OF FACT: We requested and obtained schedules of Customer Deposits on Hand as of December 31, 2008, December 31, 2009 and June 30, 2010. We traced the totals from these schedules to the general ledger account 235- Customer Deposits. We noted minor differences between the schedule of customer deposit amounts provided by the Utility and the amounts recorded in the general ledger. As of December 31, 2008, the difference was \$131. As of December 31, 2009 the deposit detail agreed to the amount included in the general ledger. As of June, 2010, the difference was \$78.

Our analysis of Customer Deposit Transactions revealed that customers were initially charged a \$50 deposit beginning in September 2003. Some customers paid \$35 beginning in May 2009. Starting in May 2009, the deposit increased to \$81. Starting in February 2010, various amounts were collected from customers. Some of the amounts collected increased the existing deposit to \$81. Other amounts collected differed from the authorized deposit amounts and ranged from \$68 to \$197. Effective February 2010, new customers were charged \$120 for deposits.

We performed an analysis on customer deposits to determine if and when customer deposits are returned to customers. We noted that some customer deposits were returned to existing customers but were returned outside of the 23-month period as required by Rule 25-30.311, F.A.C. We noted that some deposits have not been returned to customers who have maintained utility service for over 23 months. We did not perform an analysis of on-time payments for either category of customer described above. Additionally, we noted that some customers who have terminated service were refunded their deposit, less any outstanding charges for water and wastewater service. We also noted that some customers had terminated their service and had their deposit returned in full even though there were outstanding balances in their account.

Our analysis revealed that the Utility does not pay interest on its deposit either on a periodic basis or upon return of the deposit.

The Utility has stated that for the period July 2009 through June 2010, all deposits collected from customers were recorded in the general ledger. The Utility indicated that they are confident that all deposits collected prior to this date were also recorded in the general ledger.

We were provided with a detailed schedule showing all customer deposit transactions that were posted to the general ledger. We noted that the earliest deposit collected by the Utility was as of June 3, 2004. This deposit was refunded to the customer on February 2, 2009.

EFFECT UPON GENERAL LEDGER: Cannot be determined.

EFFECT UPON FILING: Not applicable.

RECOMMENDATION: The Utility should be required to comply with all provisions of Rule 25-30.311, F.A.C. including paying interest on outstanding deposits at the authorized rate. The Utility should be required to return customer deposits.

AUDIT FINDING NO. 6

SUBJECT: PAYMENTS POSTED TO CUSTOMER ACCOUNTS

STATEMENT OF FACT:

On a test basis, we requested and received Customer Account Detail files which reflect all transactions for each individual customer. Using the customer detail, we traced posted charges to the invoice detail file and posted payments to the cash collection files.

Our analysis revealed that all customer account detail files show charges for water and wastewater services. In instances where miscellaneous charges were posted to the customer files we reviewed the charge for its appropriateness. The miscellaneous charges were for items such as late fees, additional deposit amount, return check charges and meter test charges.

We traced charges for return check to the bank statements to determine if a check was returned. We traced customer deposits to General Ledger Account 235 – Customer Deposits. We traced reconnect charges to the schedule of service terminations to determine if service had been stopped. We concluded that only authorized utility charges were posted into the individual's customer account detail file.

We noted that all payments received were posted against the outstanding balance. Late charges were periodically assessed, if the customer did not pay the entire outstanding balance. There was no hierarchy as to which charge the payment was applied against.

Additionally, our review revealed that no customers were disconnected by the utility as a result of the utility failing to first apply customer payments for outstanding water and wastewater due amounts.

For the period January 1, 2009 through December 31, 2009, we requested and received a schedule of customers who had their service terminated for non payment and then subsequently had service restored. Reviewing the customer account detail files, we noted that a very low percentage of customers had their Utility services terminated for non payments. We also noted that a high percentage of customers were not charged to have their utility services restored. See the following schedule.

SCHEDULE OF METER SHUT-OFFS
AND PAYMENTS MADE FOR RESTORATION OF SERVICE

	<u>Meter Shut Offs</u>	<u>Meter Restoration W/Payment</u>	<u>Meter Restoration W/O Pymt</u>	<u>Acct Closed</u>
Jan-09	4	1	3	
Feb-09	4	0	4	
Mar-09	1	0	1	
Apr-09	8	4	4	
May-09	2	1	1	
Jun-09	0	0	0	
Jul-09	14	3	11	
Aug-09	4	0	4	
Sep-09	2	1	1	
Oct-09	18	15	3	
Nov-09	17	16	1	
Dec-09	22	17	5	
Jan-10	20	16	0	4
Feb-10	0	0	0	
Mar-10	28	28	0	
Apr-10	76	0	76	
May-10	86	0	86	
Jun-10	114	7	107	
	<u>420</u>	<u>109</u>	<u>307</u>	<u>4</u>

Payments collected for restoration of service were @ \$20.00

EFFECT UPON GENERAL LEDGER: Revenue account is understated by the amount of disconnects that were not assessed a reconnection charge.

EFFECT UPON FILING: Not Applicable.

RECOMMENDATION: The utility should be required to collect Commission authorized charges from all its utility customers who meet the criteria established for accessing miscellaneous charges.

AUDIT FINDING NO. 7

SUBJECT: DOLLARS POSTED IN THE GENERAL LEDGER FOR SERVICES OTHER THAN WATER/WASTEWATER

STATEMENT OF FACT:

Our analysis of customer account detail revealed that the utility received payments for Electricity, Telephone, Cable and Accounts Receivable.

The amounts received were included as outstanding balances as of January 1, 2009. No additional charges appeared in the customer account details that we were provided for the period January 1, 2009 through June 30, 2010. The schedule of payments and credit memo posted is shown below.

<u>Date</u>	<u>Unit</u>	<u>Type</u>	<u>Other Charges</u>				<u>Total</u>
			<u>Electric</u>	<u>Telephone</u>	<u>Cable</u>	<u>Acct Rec</u>	
1/21/2009	700	Payment	131.10	351.62	271.64	487.24	1,241.60
2/4/2009	432	Payment	693.24	216.58		3,718.13	4,627.95
7/1/2009	730	Credit Memo	1,003.94				1,003.94
2/4/2009	639	Payment			339.62		339.62
			<u>1,828.28</u>	<u>568.20</u>	<u>611.26</u>	<u>4,205.37</u>	<u>7,213.11</u>

Additionally, the utility posted credit memos to the Revenue Account 4998 - Non Water Utilities during the month of January 2009. The credit memo detail is shown below.

<u>Account</u>	<u>Account Description</u>	<u>Amount</u>
4990.01	Cable	1882.14
4990.04	Internet	805.21
4990.02	Telephone	225
		<u>2,912.35</u>

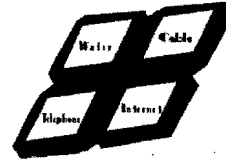
For the months February 2009 to June 2010, no other revenues were posted for utility services other than water, wastewater and miscellaneous.

EFFECT ON GENERAL LEDGER: Revenues understated by \$2,912.

EFFECT ON FILING: Not Applicable.

Four Points Utility Corp.

101 Golden Malay Palm Way
Davenport, FL 33897



FourPoints Utility Corp.

November 12, 2010

Clarence Prestwood
Chief of Auditing
Office of Auditing & Performance Analysis
Public Service Commission
Capital Circle office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RECEIVED

NOV 22 2010

RE: Specialized Billing Audit – dated September 8, 2010

Dear Mr: Prestwood:

Following is the Utility's response to the audit findings outlined in the Specialized Billing Audit report of September 8, 2010:

1. **METER READING PRACTICES** – Recommendation: we recommend that the Utility incorporate stricter control procedures when posting its readings to its customers accounts, use more diligence when transferring and reporting actual meter readings from the prior month to Quickbooks, and maintain accurate supporting documentation for a reports being compared.

ANSWER: On the referenced matter of data integrity issues related to record keeping when preparing and updating Quickbooks reports the Utility has:

- a. Set up monthly files for the reading reports; keeps the original report and all subsequent reports that show where the readings have been corrected.
 - b. Maintains electronic files of the billing records that are imported in to Quickbooks.
 - c. Has implemented a practice of doing daily backups on the server to reduce and/or eliminate the probability of electronic records being lost.
2. **WATER PURCHASED VS WATER SOLD** – no recommendation :

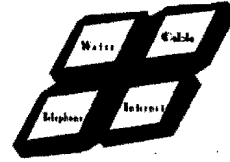
ANSWER: Utility now does a monthly analysis of the water purchased vs water sold and documents and reconciles and documents the reasons for the variances.

3. **RATES AND CHARGES BILLED TO CUSTOMERS AND RECORDED IN THE GENERAL LEDGER** – Recommendation: We recommend that the Utility be required to provide dollar detail with an explanation for the difference between the current charge and the total amount due on its customer bills which incorporate explanations of all charges being billed We also repeat our recommendation from Audit Finding No. 1 that the Utility incorporate stricter control procedures when posting its readings to its customer accounts, use more diligence when transferring and reporting actual meter readings from the prior month to Quickbooks, and maintain accurate supporting documentation for reports being prepared.

ANSWER: Utility will review invoice formats available in Quickbooks and modify accordingly to meet this objective. If invoice format is not available then statements, which provide this detail, will be mailed to customers.

Four Points Utility Corp.

101 Golden Malay Palm Way
Davenport, FL 33897



FourPoints Utility Corp.

4. BANK DEPOSITS VS CUSTOMER COLLECTIONS –

RECOMMENDATION: We recommend that the Utility be required to file a report explaining the above noted discrepancies between payments made by customers and deposits made by the Utility and included in the Utility bank statement.

ANSWER: The Utility has established a procedure where the supporting detail from Quickbooks is printed and attached to the deposit detail records. This report is verified by a Manager to ensure the checks that are included on the deposit are posted to the correct customer account and that the total showing on the deposit ticket is what when in to the bank. The Utility has implemented desktop banking and deposits are verified on a daily basis,

RECOMMENDATION: We recommend that the utility incorporate tighter internal controls over its cash processing.

ANSWER: The Utility has “separation of duties” procedures outlining, among other things its practices for handling cash. Briefly the procedures are: one person takes payments, prepares the deposit and posts the checks to the customer accounts; another person verifies the deposit information – that each check included on the deposit ticket is indeed attached to the deposit, that there is a copy of the check to be maintained for the Utility records and that the deposit detail printed from Quickbooks matches the deposit detail; a third person verifies the deposit has been deposited at the bank.

RECOMMENDATION: We recommend that the monthly bank reconciliation be expanded to provide more detail reporting for credit card payments.

ANSWER: The Utility closes its credit card batches on a daily basis and the payments are posted to the customer accounts each day.

ANSWER: Transfers for credit card payments are included on the bank reconciliation.

RECOMMENDATION: We recommend that monies collected by entities other than the Utility be immediately deposited into the Utility bank account upon processing by the credit card company.

ANSWER: The Utility transfers the money taken in on credit cards from the credit card depository account to the Utility checking account each week.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'David Meadows', written in a cursive style.

David Meadows
Owner

Observations:

- 1) We noted that meter reading employees receive a list of all utility customers before the meter reading begins. This list includes the prior month's ending meter readings. This meter reading log is updated monthly.
- 2) We noted that the office employee inputs meter readings into Excel files each month. Excel calculates the customer bill detail which is then uploaded into QuickBooks.
- 3) We noted that there is a new employee inputting meter readings into the Excel schedules. There have not been any changes in the procedures for inputting the meter readings into the Excel files that were noted during staff's prior office visit. However, the Utility now uses a checklist that details all steps to be performed when preparing monthly meter reading logs and inputting the meter readings into Excel spreadsheets. See Attachment A.
- 4) We noted that the Utility does not use "check totals" to verify that meter readings recorded by the meter reader agree to total readings input into Excel.
- 5) We noted that prior month's activity in Excel could be accessed.
- 6) We could not observe the input and back-up of selected data into QuickBooks without putting an undue burden on the accountant.

Audit Finding No. 3

Rates and Charges Billed to Customers and Recorded in the General Ledger

Recommendations:

We recommend that the Utility be required to provide dollar detail with an explanation for the difference between the current charge and the total amount due on its customer bills which incorporate explanations of all charges being billed. We also repeat our recommendation from Audit Finding No. 1 that the Utility incorporate stricter control procedures when posting its readings to its customer accounts, use more diligence when transferring and reporting actual meter readings from the prior month to QuickBooks, and maintain accurate supporting documentation for reports being prepared.

Utility's Response:

"Utility will review invoice formats available in QuickBooks and modify accordingly to meet this objective. If invoice format is not available then statements, which provide this detail, will be mailed to customers."

Observations:

- 1) No changes have been made to the bill format.
- 2) We requested and received a Customer Balance Detail (Excel) file that was exported from QuickBooks.
- 3) Using this file, we attempted to trace customers' bills that had been previously submitted to APA Tallahassee staff. We were able to trace a selected month's activity. However, we noted that the "Customer Total Balance Due", that appeared



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: December 21, 2010

TO: Clarence Prestwood, Chief of Auditing
Office of Auditing and Performance Analysis

FROM: Jocelyn Y. Stephens, Professional Accountant Specialist,
APA, Tampa District Office

RE: Follow Up Visit to Four Points Utility Corporation; Verification of Utility's
Responses to Staff Recommendations

On Monday, December 14, 2010, we returned to the offices of Four Points Utility Corporation (Davenport). The purpose of the visit was to follow up on the responses by the Utility's owner, David Meadows, to the recommendations in the Auditor's Report on the Investigation into Billing, Meter Reading and Account Reporting Practices dated August 30, 2010.

In the Auditor's Report, the audit staff prepared seven audit findings with five recommendations concerning the Utility's billing, meter reading and account reporting practices.

On November 12, 2010, the Utility responded to three of these recommendations.

Audit Finding No. 1 Meter Reading Practices

Recommendations: We recommend that the Utility incorporate stricter control procedures when posting its readings to its customer accounts, use more diligence when transferring and reporting actual meter readings from the prior month to QuickBooks, and maintain accurate supporting documentation for reports being prepared.

Utility's Response:

"On the referenced matter of data integrity issues related to record keeping when preparing and updating QuickBooks reports the Utility has:

- a. Set up monthly files for the reading reports; keeps the original report and all subsequent reports that show where the readings have been corrected.
- b. Maintains electronic files of the billing records that are imported into QuickBooks.
- c. Has implemented a practice of doing daily backups on the server to reduce and/or eliminate the probability of electronic records being lost."

Observations:

- 1) We noted that meter reading employees receive a list of all utility customers before the meter reading begins. This list includes the prior month's ending meter readings. This meter reading log is updated monthly.
- 2) We noted that the office employee inputs meter readings into Excel files each month. Excel calculates the customer bill detail which is then uploaded into QuickBooks.
- 3) We noted that there is a new employee inputting meter readings into the Excel schedules. There have not been any changes in the procedures for inputting the meter readings into the Excel files that were noted during staff's prior office visit. However, the Utility now uses a checklist that details all steps to be performed when preparing monthly meter reading logs and inputting the meter readings into Excel spreadsheets. See Attachment A.
- 4) We noted that the Utility does not use "check totals" to verify that meter readings recorded by the meter reader agree to total readings input into Excel.
- 5) We noted that prior month's activity in Excel could be accessed.
- 6) We could not observe the input and back-up of selected data into QuickBooks without putting an undue burden on the accountant.

Audit Finding No. 3

Rates and Charges Billed to Customers and Recorded in the General Ledger

Recommendations:

We recommend that the Utility be required to provide dollar detail with an explanation for the difference between the current charge and the total amount due on its customer bills which incorporate explanations of all charges being billed. We also repeat our recommendation from Audit Finding No. 1 that the Utility incorporate stricter control procedures when posting its readings to its customer accounts, use more diligence when transferring and reporting actual meter readings from the prior month to QuickBooks, and maintain accurate supporting documentation for reports being prepared.

Utility's Response:

"Utility will review invoice formats available in QuickBooks and modify accordingly to meet this objective. If invoice format is not available then statements, which provide this detail, will be mailed to customers."

Observations:

- 1) No changes have been made to the bill format.
- 2) We requested and received a Customer Balance Detail (Excel) file that was exported from QuickBooks.
- 3) Using this file, we attempted to trace customers' bills that had been previously submitted to APA Tallahassee staff. We were able to trace a selected month's activity. However, we noted that the "Customer Total Balance Due", that appeared

- on each bill, was the amount due on the date the bill was recreated and not the amount due when that bill was originally submitted to the customer.
- 4) We also noted that even though late fees and reconnect charges may be assessed to a customer, this information is buried in the total amount due. No detail is provided to the customer to show what charges, other than current month water/wastewater charges, are being assessed. As of December 14, 2010, no detail has been added to the bill.
 - 5) We also observed how easily data can be manipulated in the customer balance detail file while stored in QuickBooks.
 - a. A change can be made to a customer's account detail using whatever date the user selects. No indication of this change is evident by looking at the customer's file.
 - b. Only a user of QuickBooks can view the actual input date of an entry. As a result, a July payment can be posted in December using a July date. By just looking at the customer's detail file, it appears the payment was posted in July.
 - c. During our visit, we observed a customer who had received a delinquent notice come into the office to complain that his bill was not delinquent. When we looked at the customer's account detail the customer's account did not show a delinquent amount due. However, on the previous day, a delinquency notice was generated based upon the information in the same customer's account detail file. This occurred because someone had entered a payment to the customers' account in the QuickBooks' data base, after delinquent notices had been prepared and mailed. This payment had been received by the Utility in a prior month but never posted to the customer's account. Once the payment had been posted, the account was no longer delinquent.
 - d. We also noted that all late payment charges previously assessed to this customer had been removed. See Attachment B.
 - 6) We would recommend that procedures be put into place that would prevent anyone other than the authorized/accountable person(s) to have access to customers' records in QuickBooks.

Audit Finding No. 4

Bank Deposits vs Customer Collections

Recommendations:

We recommend that the Utility be required to file a report explaining the above noted discrepancies between payments made by customers to the utility and deposits made by the utility and included in the utility bank statement.

We recommend that the Utility incorporate tighter internal controls over its cash processing.

We recommend that the monthly bank reconciliation be expanded to provide more detail reporting for credit card payments.

We recommend that monies collected by entities other than the Utility be immediately deposited into the Utility's bank account upon processing by the credit card company.

Utility's Response:

"The Utility has established a procedure where the supporting detail from QuickBooks is printed and attached to the deposit detail records. This report is verified by a Manager to ensure the checks that are included on the deposit are posted to the correct customer account and that the total showing on the deposit ticket is what went into the bank. The Utility has implemented desktop banking and deposits are verified on a daily basis.

The Utility has "separation of duties" procedures outlining among other things its practices for handling cash. Briefly the procedures are: one person takes payments, prepares the deposit and posts the checks to the customer accounts; another person verifies the deposit information – that each check included on the deposit ticket is indeed attached to the deposit, that there is a copy of the check to be maintained for the Utility records and that the deposit detail printed from QuickBooks matches the deposit detail; a third person verified the deposit has been deposited at the bank.

The Utility closes its credit card batches on a daily basis and the payments are posted to the customer accounts each day.

Transfers for credit card payments are included on the bank reconciliation.

The Utility transfers the money taken in on credit cards from the credit card depository account to the Utility's bank checking account each week.

Observations:

- 1) In a meeting with Mr. Meadows, he stated that the Utility is currently in the process of creating procedures that produce a batch file for daily collections. This batch file will show checks and credit card payments received for the day.
- 2) Also, credit card payments will be posted on the date the credit card transaction occurs. Previously, credit card payments were not posted until the items had been processed and paid by the credit card company.
- 3) We did not observe any customer collections and cannot verify that this procedure is in place.
- 4) We requested a copy of written procedures for handling the receipt of all types of customer payments.

Audit Finding No. 5

Customer Deposits

Recommendation:

The Utility should be required to comply with all provisions of Rule 25-30.311, F.A.C. including paying interest on outstanding deposits at the authorized rate. The Utility should be required to return customer deposits.

Observations:

- 1) Mr. Meadows did not respond to this recommendation in writing.
- 2) In a meeting with Mr. Meadows, he stated that the Utility is currently in the process of establishing procedures that comply with Commission Rule 25-30.311 Customer Deposits.
- 3) We were unable to observe these procedures.

Audit Finding No. 6

Payments Posted to Customer Accounts

Recommendation:

The Utility should be required to collect FPSC authorized charges from all its utility customers who meet the criteria established for accessing miscellaneous charges.

Observations:

- 1) Mr. Meadows did not respond to this recommendation in writing.
- 2) We did not observe the collection process and cannot verify if monies are charged and collected to all utility customers in accordance with the FPSC approved tariff.

Other Issues Discussed:

- 1) Adding Mr. Bob Trainor's cell phone number to the customer's bill for customer service. This is necessary because the Utility's current telephone system does not allow an extension to be accessed or a message to be left if the extension is busy. We also discussed amending the current method of customer contact to include email messages.
- 2) The Utility has established a procedure to respond the same day to all complaints received by 3:00 PM to improve customer service. Also, a check-off log is required to determine when and how the complaint was handled.

BEFORE THE PUBLIC SERVICE COMMISSION

NOTICE OF CUSTOMER MEETINGS
TO THE CUSTOMERS OF
BIMINI BAY UTILITIES CORPORATION,
FOUR POINTS UTILITY CORPORATION,
AND
ALL OTHER INTERESTED PERSONS

NOTICE is hereby given that the Staff of the Florida Public Service Commission (Commission) will conduct customer meetings to discuss the quality of service provided by Bimini Bay Utilities Corporation (Bimini Bay) and Four Points Utility Corporation (Four Points) at the following times and place:

6:00 p.m., Thursday, November 18, 2010
and
10:00 a.m., Friday, November 19, 2010
Island Club West Clubhouse
3100 Sand Mine Road
Davenport, Florida 33897

Bimini Bay has filed an application for certification from the Commission and authority to change its rates for water and wastewater services. Although Bimini Bay currently charges for water and wastewater service, it exempt from Florida Public Service Commission regulation pursuant to Section 367.022(8), Florida Statutes (F.S.), because it is reselling water and wastewater service at a rate or charge that does not exceed the actual purchase price of the water and wastewater from Polk County. In order to recover any additional expenses incurred in the provision of water and wastewater service, an exempt utility must apply for certificates and become regulated by the Commission. Accordingly, Bimini Bay has applied for certificates to provide water and wastewater service and to change its rates pursuant to Section 367.045, F.S. Commission staff is reviewing the Utility's application (Docket No. 090424-WS).

Four Points was previously granted water and wastewater certificates and initial rates and charges by the Commission by Order No. PSC-07-0280-PAA-WS, issued on April 2, 2007, in Docket No. 050595-WS, and is subject to Commission regulation. The Utility does not currently have an application before the Commission to change its rates; however, the Commission has received numerous complaints regarding the utility's billing practices and customer service.

The purpose of these meetings is to give customers of Bimini Bay, Four Points, and other interested persons an opportunity to ask questions or offer comments to Commission Staff regarding Bimini Bay's application for certificates and the quality of service provided by Bimini Bay and Four Points.

All persons who wish to comment are urged to be present at the beginning of either meeting, since the meetings may be adjourned early if no customers are present. One or more of the Commissioners of the Florida Public Service Commission may attend and participate in these meetings. A representative from both utilities may also be in attendance. The meetings will begin as scheduled and will continue until all of the customers have been heard.

Pursuant to provisions of the Americans With Disabilities Act, any person requiring special accommodations to participate in these meetings because of a physical impairment should call the Office of Commission Clerk at (850) 413-6770 at least 48 hours prior to the meetings. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD) or 1-800-955-8770 (Voice).

Emergency Cancellation of Customer Meeting

If a named storm or other disaster requires cancellation of the meeting, Commission Staff will attempt to give timely direct notice to the parties. Notice of cancellation of the meeting will also be provided on the Commission's website (<http://www.floridapsc.com>) under the Hot Topics link found at the bottom of the home page. Cancellation can also be confirmed by calling the Office of the General Counsel at 850-413-6199.

How to Contact the Commission

Any person who wishes to comment or provide information to Commission Staff may do so at the meetings, either orally or in writing. Following this meeting, if you wish to call the Florida Public Service Commission regarding complaints about the quality of service provided by Bimini Bay or Four Points, you may call the Commission's Division of Regulatory Compliance and Consumer Assistance at the following toll-free number 1-800-342-3552. Written comments to the Commission regarding the quality of service of Bimini Bay or Four Points or requests to be placed on the Commission's mailing list may be directed to this address:

Office of the Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

All correspondence to the Commission from customers of either Bimini Bay or Four Points should indicate (1) which utility provides your water and wastewater service, (2) your street address, and (3) reference to Docket No. 090424-WS, Bimini Bay Utilities Corporation. This notice was prepared by Commission Staff for distribution to the customers of Bimini Bay Utilities Corporation and Four Points Utility Corporation.

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 090424-WS

In the Matter of:

APPLICATION FOR CERTIFICATES TO
PROVIDE WATER AND WASTEWATER
SERVICE IN POLK COUNTY BY BIMINI
BAY UTILITIES CORPORATION, AND
FOUR POINTS UTILITY CORPORATION
(UNDOCKETED) .

_____ /

PROCEEDINGS: CUSTOMER MEETING
 (Audio File Transcription)

TAKEN AT THE
INSTANCE OF: The Staff of the Florida
 Public Service Commission

DATE: Thursday, November 18, 2010

TIME: Commenced at 6:00 p.m.

PLACE: Island Club West Clubhouse
 3100 Sand Mine Road
 Davenport, Florida 33897

TRANSCRIBED BY: LINDA BOLES, RPR, CRR
 Official FPSC Reporter
 (850) 413-6734

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

2 MS. DANIEL: Good evening. I'd like to call
3 this customer meeting to order. If I could have the
4 Staff counsel read the notice, please.

5 MS. BENNETT: Good evening. This -- my name
6 is Lisa Bennett. This is a meeting of the Public
7 Service Commission. And by notice duly given, this time
8 and place was set for the, for both Bimini Bay and Four
9 Points customer meeting. Thank you all for coming.

10 MS. DANIEL: Sorry. We're working with just
11 two microphones. If you'll bear with us. And I
12 apologize for starting just a few minutes late, but I
13 wanted everyone to have time to come in and be seated
14 and to get pamphlets. So I think we're ready now.

15 If you are a customer of Bimini Bay, I
16 hope you have the yellow handout. If you don't, we
17 can get one for you. If you're a customer of Four
18 Points, I hope you have the blue handout. If not,
19 we can get one for you.

20 I'm Patti Daniel. I'm with the Staff of
21 the Florida Public Service Commission. I, I have
22 with me our Staff Counsel, this is Lisa Bennett, and
23 Lydia Roberts, who's a Staff Analyst. And I have a
24 Staff Engineer, Tom Walden. There are several other
25 Staff people out in the audience who are observing

FLORIDA PUBLIC SERVICE COMMISSION

1 tonight and will be available later this evening if
2 you have some particular questions. Let's see.
3 Lisa Bennett is with Staff Counsel. You met Justin
4 Burton at the door. He is giving out the handouts.
5 He's with our Office of Public Information. Kevin
6 Carpenter is in the audience. He's one of our
7 Commission Staff people. I'm Patti Daniel. Jerry
8 Hallenstein and Lisa Harvey are in the audience.
9 And, let's see, Lydia is up here. Carl Vinson is in
10 the back, and Tom, our Staff Engineer. So I
11 apologize for getting everything twisted up.

12 I am going to make a brief presentation
13 for you tonight to give you a little bit of
14 information about why we're here, and then I'm going
15 to give you an opportunity, if you'd like to, to
16 come forward and ask us some questions or give us
17 some information. (Technical difficulties with
18 microphones.) Too much equipment too close
19 together. And if you would like to speak, I hope
20 you let Justin know so that he could sign you up.

21 If you have some questions that you'd
22 like -- if you have some questions that you'd like
23 to address with some individual Staff members, we'll
24 be here when the meeting is concluded if you want to
25 come and talk to some of us individually, and we'll

1 be glad to help you with that.

2 As I said, we're the Staff of the Florida
3 Public Service Commission. And I want you to know
4 that there are Florida Statutes and Florida
5 Administrative Code rules that govern what we do and
6 how we do it.

7 Tonight we're here to talk to you about
8 two utilities, Bimini Bay and Four Points. In
9 particular, what I want to tell you about Bimini Bay
10 is that Bimini Bay has applied with the Public
11 Service Commission for a certificate from the
12 Commission to provide water service to the Bimini
13 Bay development. Bimini Bay buys bulk water from
14 the County and then resells it to its customers.
15 Right now Bimini Bay is exempt from Commission
16 regulation because they are charging for that water
17 at a rate of charge that doesn't exceed what they
18 pay for it. And the Commission does not have the
19 jurisdiction to set those rates right now, but they
20 have requested authority to change those rates, and
21 that is something that would have to come before the
22 Public Service Commission. So that's one of the
23 issues that we're dealing with is what those monthly
24 rates and charges should be.

25 With Four Points, Four Points already has

1 a certificate from the Florida Public Service
2 Commission that was granted in 2007 and they already
3 have approved rates and charges. We have received
4 some letters and phone calls from some of you about
5 some questions that you have about the bills that
6 you're receiving or some of the service issues that
7 you were having, so we thought now would be a good
8 time to take your input on those matters as well.

9 A lot of numbers, you have them in your
10 handout. Okay? What I want you to know is when
11 Four Points charges you for water and wastewater
12 service, they charge you a base facility charge.
13 And you can see, for water it's \$11.68 and for
14 wastewater it's \$18.61. And those help the company
15 cover some of the fixed costs that they incur
16 regardless of the amount of water you might use.
17 And then you have a meter at your home, and the, the
18 water usage is also billed based on the amount of
19 usage that you have.

20 And what I want you to see is that, for
21 example, if you use maybe 5,000 gallons a month, you
22 would pay a water bill of \$25.43 and a wastewater
23 bill of \$41.76. And that just kind of gives you an
24 idea of how Four Points right now is allowed to bill
25 for that service. Just so you see, that little

1 footnote down there that tells you that for
2 wastewater, even if you use 20,000 gallons of water
3 in a particular month, you would never pay for more
4 than 10,000 gallons of water -- I'm sorry, of
5 wastewater.

6 Here is what we at the Commission are
7 going to do with respect to the Bimini Bay
8 application and the Four Points issues that have
9 come up. We are performing an investigation right
10 now. We're looking at Bimini Bay's application,
11 we're looking at the revenues that they believe that
12 they're entitled to recover and the expenses that
13 they have associated with providing water and
14 wastewater service. And we're also evaluating both
15 Bimini Bay and Four Points' quality of service and
16 how are they doing with respect to following the
17 Commission's rules and regulations and providing you
18 good quality service.

19 Tonight's customer meeting is an
20 opportunity for, for you to hear from the Public
21 Service Commission those things that we do have the
22 ability to help you with, and then for you to ask
23 questions and let us see if we can help you resolve
24 some particular questions and concerns that you may
25 have.

1 When Staff concludes its investigation
2 with respect to both Bimini Bay and Four Points,
3 we're going to prepare a Staff recommendation, and
4 we will file that so that the Commissioners will
5 then be able to take a look at the Staff
6 recommendation and decide whether to grant Bimini
7 Bay a certificate to provide water and wastewater
8 service and, if they do, what those monthly rates
9 and charges should be. And we will also describe
10 for the Commissioners some of the customer concerns
11 that you all have had and let them decide what, if
12 anything, might be done about that.

13 The Commissioners will vote on the Staff
14 recommendation at an Agenda Conference in
15 Tallahassee, and the Commissioners -- the Utility
16 and the customers, if customers wanted to come to
17 Tallahassee, you would be allowed to speak at that
18 agenda. And the Commissioners may either approve,
19 deny or modify the Staff recommendation.

20 As a result of the Commission vote, there
21 will be an order that will codify what the
22 Commissioners have decided to do with respect to
23 Bimini Bay and Four Points. That order is issued
24 within 20 days after the Agenda Conference.

25 PAA order, it's called a proposed agency

1 action process, and that means that Staff has done
2 its investigation, we've made a recommendation to
3 the Commissioners, the Commissioners have considered
4 Staff's recommendation and have voted. You as
5 customers may decide that you don't like what the
6 Commissioners have voted on, and so there is an
7 informal process called the proposed agency action
8 process. If you don't like the Commission's
9 decision, you can object to that. If you do that,
10 and you will receive a notice of what that
11 Commission decision is, if you don't like their
12 decision or receive a notice -- and we will talk you
13 through the one, two, threes of what you might need
14 to do if you did not like the Commission's vote.

15 And let me stop right there. I realize
16 that I forgot to mention that we do have someone
17 here today from the Office of Public Counsel. The
18 Legislature has appointed a particular agency, the
19 Office of Public Counsel, and they are legal
20 representatives for you, the customers. So should
21 you not like the Commission's decision, and I'll
22 give you a little bit more information in just a
23 couple of slides, you would have access to the
24 Office of Public Counsel, and they do have a
25 representative here tonight.

1 If -- just a couple of more slides. Is
2 that okay? Okay. What can you do? Today, if you'd
3 like to speak, we're going to have you come to the
4 podium one at a time and tell us your name and make
5 your comments. You can also -- there's a place in
6 the report you can provide written comments if
7 you're not comfortable talking in public. If you
8 think of something after we leave, you'll be able to
9 provide the Commission with written comments.

10 You can obtain a copy of the Staff
11 recommendation. There's information in these
12 bulletins about how to go to the Commission's
13 website and look online, and you will be able to see
14 what the Staff recommendation looks like and monitor
15 what is happening in this case. I see some of you
16 signed up to speak tonight. I'm going to call on
17 you in the order in which you signed up. If I do
18 call your name, I'd ask you to come to the podium
19 and give us your name, and if you don't mind
20 spelling that last name just so we're clear on who
21 is speaking.

22 Because we've got two utilities that we're
23 talking about tonight, maybe you can remind us if
24 you're a Four Points or a Bimini Bay customer. Make
25 sure you use the microphone. We want to be able to

1 hear you. We're hopefully recording it, hopefully.

2 This is the reports, the Four Points and
3 the Bimini Bay reports. Towards the back is the
4 place where you have the customer comment letter.

5 If you go to the Commission's website,
6 this is what our home page looks like. We have five
7 Commissioners. We're short one right now. We're
8 working with four, but that will change in January.

9 You can even view our Agenda Conference,
10 the Agenda Conferences. You can go to the
11 Commission's website and you can monitor the Agenda
12 Conferences as they're going on.

13 The Office of Public Counsel, as I said,
14 has a representative with us here tonight serving.
15 Mike Jenkins is in the back, and there's a phone
16 number for the Office of Public Counsel,
17 Mr. Jenkins.

18 We have a 1-800 number if you have any
19 questions; the website. Please remember today's
20 meeting is being recorded. Come forward to the
21 microphone when your name is called and give us your
22 name and address and spell your last name. Okay. I
23 flew through that as quickly as I could.

24 If I can, I'm going to begin by calling on
25 the folks who have asked to speak, and if you'll

1 come to the microphone.

2 MS. BENNETT: Rafael Baquero. Baquero.

3 MR. BAQUERO: (Inaudible.)

4 MS. DANIEL: Would you care to speak? You're
5 okay? All right. Come and talk to us afterwards if you
6 have a question. All right? Thank you.

7 MR. BAQUERO: (Inaudible).

8 MS. DANIEL: You'll write it down. That's
9 fine.

10 MS. BENNETT: Manuel Veletzcy.

11 MS. DANIEL: Manuel? No?

12 MS. BENNETT: Shari, Shari Nieves.

13 MS. NIEVAS: That was a hard one.

14 MS. DANIEL: Huh?

15 MS. NIEVAS: I said that was a hard one. It's
16 Nieves, the last name is Nieves.

17 MS. DANIEL: Nieves. Thank you.

18 MS. NIEVAS: And I live in Four Points.

19 MS. DANIEL: In Four Points. Okay.

20 MS. NIEVAS: Okay. I don't even know why this
21 meeting was called, but, so I have confirmed hopefully
22 there relevant to what we're here for today.

23 We want to, I wanted to know, my husband
24 and I wanted to know how you base the water, how
25 much water you pay versus other counties (phonetic).

1 Because I've lived in Polk County for 30 years and
2 I've never paid this much for my water bill. And my
3 husband and I are rarely ever home and we were
4 charged for 15,000 gallons of water, which there's,
5 I just don't see how we could use that much. And
6 then my husband said he actually had to uncover the
7 meter, and he waited all day for them to come
8 because they said that they would come and they
9 never did. So I'm assuming that they just estimated
10 how much water we use. And there's two people --
11 there's three people in my home and my husband's
12 grandmother lives there. She might flush the toilet
13 maybe two times a day; she's 89 years old. We have
14 efficient, you know, washing machine and dryer.
15 Like I said, we're rarely ever home, and we don't
16 get home until 8:00 at night, we're off on the
17 weekends, and those bills look pretty high. So
18 we're, we're a little disillusioned as to our cost
19 of our water bill.

20 MS. DANIEL: Okay. Let, I'll, I'll try to
21 broadly answer some of that. It would take specifics to
22 give you specific answers.

23 Four Points buys its water from the
24 County, so part of the rates that Four Points
25 charges is embedded, that bulk cost for those rates.

1 On top of that, Four Points then has to render
2 bills, they have to read meters, they have to
3 maintain the lines and so forth. So at some point
4 those rates were set recognizing that there are
5 overhead costs and some internal costs associated
6 with providing that service.

7 MS. NIEVAS: Are there any more costs than it
8 would cost like, say, if you lived in Lakeland?

9 MS. DANIEL: The rates for Four Points -- when
10 the Commission sets rates -- and let me say this, I
11 think this is going to be a question that we're going to
12 hear from a lot of people. When the Commission sets
13 rates, we really don't rate compare. We look at the
14 particular cost of the utility that's providing the
15 service. How much has Four, does Four Points have to
16 pay to the County for the water and wastewater service?
17 We physically get a copy of those bills and those
18 initial rates are set in that way.

19 We, we look at the, the owner of the
20 utility is entitled to a salary for managing the
21 utility. They're -- let's see, when you have bulk
22 service, there's not a lot going on over and above
23 that. There's, there's the mailing of the bill,
24 there's the meter reading and those kinds of things.
25 But we actually look at the cost the utility has of

1 providing that service. And it's not just if, if
2 the president wanted to make \$200,000 a year, that
3 might be a business decision, but the Commission
4 would then look at, well, is that a prudent salary
5 for the president of the company? Is that a prudent
6 salary for the meter readers? So we take all of
7 those factors into consideration when we set the
8 rates for the utilities.

9 MS. NIEVAS: I live in -- my, where I live, I
10 have a four-bedroom home. Does anybody else have four
11 bedrooms? Do you know about how large of an area space
12 that we live in?

13 UNIDENTIFIED SPEAKER: (Inaudible).

14 MS. NIEVAS: About 1,800. And my father
15 lives in a 4,000 square feet home in Lakeland and
16 his -- and our water bill is outrageous. And I know
17 what you're saying, but I don't -- that doesn't
18 attend to me about a bill and how much they get
19 paid. It's amount of water, how much we use, and it
20 is extremely, extremely high in my opinion.

21 MS. BENNETT: Lydia has asked if you would
22 meet with her to look at your bills. It does seem to be
23 on the high side. And so she's --

24 MS. ROBERTS: After the meeting, I have your
25 name, and we can get together.

1 MS. NIEVAS: Okay. Appreciate it.

2 MS. ROBERTS: And of these 12 months, when did
3 this high bill take place?

4 MS. NIEVAS: We've only been living here five
5 months, and they've never come out ever to look, to read
6 our meter. My husband had to go dig it out.

7 MS. ROBERTS: All right. If you could provide
8 me with the five months' worth of bills that you have.

9 MS. NIEVAS: Well, I don't have that here
10 right now, but you probably could look it up somewhere.

11 MS. ROBERTS: We could -- you can fax it to me
12 (inaudible), and I'll go over the billing to make sure
13 that the gallonage is --

14 UNIDENTIFIED SPEAKER: There are a few more
15 speakers tonight (inaudible).

16 MS. ROBERTS: Okay. I'll get with you.

17 MS. NIEVAS: Okay. Thank you.

18 MS. DANIEL: I can tell you that for the
19 erratic water bills, what we're probably going to need
20 to see is copies of several months that you believe
21 represent those erratic water bills. If we need to
22 contact the company to get that information, if we need
23 to help you contact the company to get copies of those
24 bills. Okay. Okay. But that's what we'll need to look
25 at is the documentation showing us what those bills are,

1 showing us the usage, and we'll see if we can help you
2 get to the bottom of something. That's exactly what we
3 want to do is if you believe they're estimated meter
4 readings instead of actual, we want to talk to you, talk
5 to the company and find out the answers to those
6 questions. Okay.

7 MS. BENNETT: A large part of why we're here
8 tonight is to hear the kinds of things that, I'm going
9 to say your last name wrong again, but Ms. Nieves gave
10 us, that kind of information. We want to hear that. If
11 there are specific factual circumstances, that's why
12 different Staff members are here to help you look at
13 your bill to understand if there's a billing error or if
14 the company billed you correctly. So we're the, we're
15 the agency that regulates the utilities, and we want to
16 hear your concerns and that's part of why we're here
17 tonight.

18 With that, we want to call, I think it's
19 Vernon Faine.

20 MR. FAINE: Yes.

21 MS. DANIEL: Tell us which utility.

22 MR. FAINE: Four Points. My name is Vernon
23 Faine, and Four Points is my supplier. My question is
24 I'm away six months out of the year, and whiles I'm in
25 New York I get a bill for \$176. And I knew the bill was

1 cut off, the water was cut off because I cut it off
2 myself because I'm a retired water authority employee
3 for Long Island. So I (inaudible) shut it off myself,
4 and they keep sending me these bills for \$171, \$176. I
5 tell them, go and look and see if the water is shut off.
6 There's no consumption. If there's not -- I call myself
7 winterizing the house, so if I have a break (phonetic),
8 I don't have to worry about it flooding. Because if
9 it's shut off in the vault, there ain't no water going
10 to come in. It's still showing these high bills.

11 And I called Bob, I called Four Points a
12 couple of times. Bob is supposed to be, I guess,
13 the head man at Four Points. And he came there and
14 read it. He said, "Okay. We're going to give you
15 another bill." I never received another bill.

16 This just happened -- I came here in
17 October, read the meter. They gave me a bill for
18 170 some dollars again. And I came and I said,
19 "Look, the meter is, you know, something is wrong."
20 I said, "The meter is shut off and there's no
21 consumption."

22 The only thing I could see, what they're
23 doing is they curb read when you go around, it's
24 called curb readings. You sit in the car and write
25 out consumption. You've heard of that before;

1 right? And that's the only thing that I could
2 possibly see somebody getting readings. Because
3 he'd go back to the house, come back to the house,
4 "Mr. Faine, you didn't use any water. It's off of
5 the vault." It happened three times like that over
6 a six-month period. And I'm saying how come that's
7 happening all the time?

8 Because where I worked from, if you
9 falsify your records, it's cause to get fired.

10 MS. BENNETT: A couple of things, Mr. Faine.
11 First of all, would you go ahead and state your address
12 for the record?

13 MR. FAINE: Okay. 308 Orchid Drive.

14 MS. BENNETT: And was the 170 for a month or
15 is it --

16 MR. FAINE: It was for one month. Yes.

17 MS. BENNETT: Okay. Ms. Lydia would like to
18 see you after the meeting also.

19 MR. FAINE: Okay.

20 MS. BENNETT: Okay?

21 MR. FAINE: Because, since the guy that's
22 supposed to be running Four Points over there or
23 whatever, a short guy, nice, but he came to read the
24 meter twice. I'm saying how is this supposed to be
25 happening and you're supposed to give an actual reading

1 on the meter all the time? Because if you get the bill,
2 it's supposed to be an actual reading I thought. Do
3 they estimate or they actual read?

4 MS. DANIEL: Does your bill show beginning and
5 ending meter readings on it?

6 MR. FAINE: Yes. It's supposed to be an
7 actual read instead of estimating. Because I was a,
8 like I told you, Suffolk County Water Authority, we do
9 estimate reads every once in a while. We get into the
10 house once or twice a year just to see if the
11 consumption is there or not. But now it's 100 and
12 something dollars and there is no consumption
13 whatsoever.

14 MS. DANIEL: Well, let's get with you after
15 the meeting, okay?

16 MR. FAINE: Okay.

17 MS. DANIEL: We'll get, get with you, look at
18 some bills, see what we can do to help you.

19 UNIDENTIFIED SPEAKER: I have another
20 question. How can you charge more for waste water than
21 you do for good water?

22 MS. DANIEL: It has a lot to do with the cost
23 of the water when it's purchased from Polk County, and
24 it depends on the treatment of the water. Sometimes the
25 quality of the water is pretty good when it comes out of

1 the ground and it really is just simply a --

2 UNIDENTIFIED SPEAKER: (Inaudible).

3 MS. DANIEL: But treating wastewater --

4 UNIDENTIFIED SPEAKER: (Inaudible).

5 MS. DANIEL: Treating wastewater is a very
6 different story. There are significant environmental
7 issues with respect to treating wastewater. It's a very
8 costly proposition.

9 UNIDENTIFIED SPEAKER: Okay. Because that's
10 what was, was mind-boggling to me. Just about
11 two-thirds is, you know, is up to wastewater (inaudible)
12 regular water. A little better than half (inaudible.)

13 MS. DANIEL: It's very expensive to treat
14 wastewater.

15 UNIDENTIFIED SPEAKER: All right. I was just,
16 that was one of my questions.

17 MS. DANIEL: Thank you for asking.

18 UNIDENTIFIED SPEAKER: Okay.

19 MS. BENNETT: Bob Longabardi.

20 MR. LONGABARDI: Good evening. Bob
21 Longabardi. I'll give you my address off the record.

22 MS. DANIEL: Okay. And which, which utility,
23 Four Points, Bimini Bay?

24 MR. LONGABARDI: Four Points.

25 MS. DANIEL: Four Points. Okay.

1 MR. LONGABARDI: The problem I have with Four
2 Points is, like the gentleman before me, you're not here
3 for six, seven months at a time. One month your bill is
4 \$30.29, the next month it's \$85, and the meter has the
5 same reading on it as the month before. When you call
6 to complain, you get a big runaround. Then eventually,
7 when you threaten, they straighten it out. Then they
8 don't -- then they charge you a turnoff fee because they
9 turn your water off.

10 I said, "Why did you turn our water off?"
11 "You haven't paid." I'm sitting there holding a
12 canceled check in my hand. "Well, you know, what
13 can we tell you?" I threaten them again, and take
14 the fee off. It seems that he just throws these
15 tremendous bills out there, Four Points. If you pay
16 them, fine. If not, eventually they'll straighten
17 it out. So I think something funny is going on
18 right there.

19 MS. DANIEL: That's why we're here, sir. We
20 appreciate you letting us know about that. And if you
21 will, after the meeting --

22 MR. LONGABARDI: Yes. Thank you.

23 MS. BENNETT: Stephen Anyadike.

24 MR. ANYADIKE: Yes.

25 MS. DANIEL: Which utility, sir?

1 MR. ANYADIKE: Bimini Bay.

2 MS. DANIEL: Bimini Bay. Okay.

3 MR. ANYADIKE: Bimini. (Inaudible.) My name
4 is Steven Anyadike, A-N-Y-A-D-I-K-E. A-N-Y-A-D-I-K-E.
5 It's Bimini Bay.

6 I've been with Bimini Bay for about two
7 years now, and on (inaudible) my water bill is about
8 maybe \$45 to \$50, \$60. And about four months ago I
9 got a bill for about \$600. Now when I saw the
10 bill -- and I just laughed it off. I was like, you
11 know, they made a mistake. So when I go to the
12 office to pay at the end of the month, it'll
13 straighten out.

14 So at the end of the month I went to the
15 office and I talked to the manager and he was
16 shocked. And he was like, "Well, let's go to your,
17 your unit and take a look at it." And we went and
18 my meter was just whirring (phonetic), just, even
19 though there was nobody in the house, there was
20 nobody in the house, there was no leak, went in the
21 house, we checked the toilets, everything, there was
22 no leak, not even a drop. So it was not from the
23 house. And he said, "Well, that's your bill."

24 Well, it wasn't only that. The next month
25 I got, I got another bill. To make a long story

1 short, I got about \$900, about \$900 extra that I'm
2 still paying until today even though they were kind
3 enough to give me payment arrangements.

4 But I felt like it didn't come from my
5 house, it's from outside. It comes from
6 construction outside. There's all kinds of stuff
7 they're doing outside, the sprinkler people work
8 there, the cable, they lay cable there, but I was
9 stuck with this bill, you know. And (inaudible)
10 stuck with the bill. I thought that was very
11 unfair. You know, I talked to Bobby, a very good
12 man, but he just, he never gave me the option. The
13 only option is that a payment arrangement was made.

14 I wanted to call the Polk County Utility
15 Board or whatever. And he said, "Well, there's no
16 point because they buy" -- just what you got through
17 explaining. So that's what they have to pay Polk
18 County.

19 So, I mean, Bimini Bay has more money than
20 myself. They can pay that. But for a small guy
21 like me, who's there to fight for me? And I feel
22 like it just, (inaudible) apart from just making a
23 payment arrangement which I am still paying 'til
24 today. I think that's really unfair. But it
25 doesn't leave me any chance, any, no fighting chance

1 at all.

2 MS. BENNETT: Can, can I ask you a question?

3 MR. ANYADIKE: Sure.

4 MS. BENNETT: You said that he told you the
5 meter was just spinning?

6 MR. ANYADIKE: Yes. Yeah.

7 MS. BENNETT: It was broken?

8 MR. ANYADIKE: I don't know if it was broken.
9 I don't think it was broken because I thought that there
10 some leak somewhere but not in my house, not in my house
11 at all. We went in there together and checked
12 everything; it was not from my house. They have been
13 doing some construction, I mean they do some
14 construction back there, you know, laid some fiber
15 optics and whatever, things that they do back there,
16 something to that (inaudible), the, the pipes. I don't
17 know, but it wasn't from my house.

18 MS. ROBERTS: Can you restate your address
19 for, for the record?

20 MR. ANYADIKE: 529 Washington Palm Loop. And
21 that's Davenport, Florida 33897.

22 UNIDENTIFIED SPEAKER: (Inaudible).

23 MS. BENNETT: If you'll meet with Mr. Walden
24 after, after this meeting is over to discuss -- he wants
25 to come out and check (inaudible).

1 MR. ANYADIKE: All right. Thank you.

2 MS. DANIEL: And, and let me, while I'm
3 thinking about it, as you talk to some of the individual
4 Staff people, it would be very helpful if you would give
5 the Staff person, if you don't mind, a phone number so
6 that if we get back to Tallahassee and find that we have
7 follow-up questions, we'll be able to contact you. So
8 if you talk to Lydia or Tom, some of the other Staff, if
9 you don't mind giving them a phone number, it might help
10 out.

11 UNIDENTIFIED SPEAKER: Excuse me. I've got a
12 question. There's probably no answer to this question.
13 If that meter is turning, there's a leak somewhere in
14 the house. (Inaudible) toilet bowl, the most
15 commonplace is the toilet bowl. That's why (inaudible).
16 If that meter is moving, that means water is being used
17 somewhere. Not in the vault, it's in the house.

18 MR. ANYADIKE: Nowhere in the house.

19 UNIDENTIFIED SPEAKER: I'm telling you, that's
20 where --

21 MS. DANIEL: We're going to take a look at it
22 though. That's, that's --

23 MR. ANYADIKE: It's a leak outside.

24 (Inaudible.)

25 (Simultaneous conversation.)

1 MS. DANIEL: Okay. If we could go ahead and
2 take the next person, and we are going to get him
3 (inaudible.)

4 MS. BENNETT: The next person is Nydia Garcia.
5 Ms. Garcia, would you like to speak?

6 Adam Austin.

7 MR. AUSTIN: My name is Adam Austin. I live
8 at 517 Caribbean Drive. When I moved in a year ago --

9 MS. DANIEL: Which utility? I'm sorry.

10 MR. AUSTIN: I'm sorry. Four Points.

11 MS. DANIEL: Four Points. All right.

12 MR. AUSTIN: When I moved in a year ago, the
13 kitchen sink in my, in my lockout (phonetic) unit didn't
14 work. The cold water worked but the hot water didn't,
15 so I figured it was just the mixer. I went to turn the
16 water off and the water wouldn't shut off, so I dug up
17 the lines. My kitchen sink was fed right off, off of
18 the main feed line to the, to the meter. It wasn't
19 metered at all.

20 MS. DANIEL: It was bypassing the meter?

21 MR. AUSTIN: It was bypassing the meter.

22 MS. DANIEL: Nice.

23 MR. AUSTIN: So to fix that, I had to, I had
24 to cut in, I had to cut into the meter line after the
25 meter, dig 45 feet of trench out to the front of my, of

1 my, my townhouse and put a, put my own water line in and
2 an electric line to run the hot water side because the
3 hot water was run off of my neighbor's hot water tank.
4 I --

5 MS. DANIEL: Have you got it straightened out
6 now?

7 MR. AUSTIN: I have it straightened out now.
8 I cut and capped, I cut and capped the hot water return
9 from my neighbor's hot water tank. And I cut and capped
10 the line, the feeder line that was, that was the line
11 before the, before the meter, I cut and capped that line
12 that was going right into my house. There was no valve
13 on that, by the way, so it just went directly into my
14 house. If the sink ever leaked, there would be
15 absolutely no way to shut that, to shut that water off.

16 So my concern is, is with all the problems
17 like all these other people, knowing that that
18 shortcut was taken in front of the house, how many
19 shortcuts are taken when, when the place was plumbed
20 after the meter? How much -- if I have a main line
21 that's going upstairs to the bathroom, rather than
22 taking that line, each individual unit, did they
23 just take, did they just go from that line over from
24 one, from one tub to the next tub or to the next
25 shower or bath or toilet after the meter in the

1 house? And of course the only way to find that out
2 would be to tear out all the walls. But --

3 MS. BENNETT: Mr. Austin, did you purchase,
4 was it a new purchase or did you purchase it from a
5 prior owner?

6 MR. AUSTIN: I purchased it from a prior
7 owner.

8 MS. BENNETT: Okay.

9 MR. AUSTIN: But there's no, there's no
10 way to verify that. But I, I dug up all of the
11 lines in my hot water tank. My hot water for my,
12 for my kitchen sink was run off my neighbor's hot
13 water tank.

14 MS. DANIEL: We're aware that there were some
15 construction issues when (inaudible). We are aware of
16 that. The construction issues from the meter to the
17 home are not something that we necessarily can fix for
18 you. We may be able to talk to you about it and give
19 you some ideas for troubleshooting, but --

20 MR. AUSTIN: Right. Well, I don't, I don't --
21 all the other, the other three buildings that are in my
22 building are all vacant right now. But for some of
23 these other people who have all, who, where all four of
24 these are occupied, if one, if one meter is feeding
25 three showers, then their water bill would be higher

1 than the person who's actually taking the shower because
2 they had less water running out of their meter. And
3 there's really, there's no way to verify that, like I
4 say, without tearing the walls out. But that was my,
5 that was my problem.

6 MS. DANIEL: Thank you.

7 MS. BENNETT: Susana Lopez.

8 MS. LOPEZ: Hi. My name is Susana. I live in
9 526 Caribbean. Last name Lopez. And I actually
10 don't -- I actually have more concerns than questions.

11 MS. DANIEL: And which utility? I'm sorry.

12 MS. LOPEZ: Four Points Utility. I purchased
13 my home in 2007. And initially when I purchased it, we
14 paid -- one of the first things that well, I mean, well,
15 that's concerning to me is that I paid a deposit. Come
16 like about a year ago after we paid the initial deposit
17 from initially connecting the water, Four Points Utility
18 then stated that there was a mistake and that there was
19 no deposits charged. And what they did is that after
20 two years later they started charging now deposits that
21 should have been done from day one. I don't know if
22 that's okay for them to do, but that's the first
23 concern.

24 MS. DANIEL: And let me just be clear. You
25 paid an initial deposit and then they came back to you

1 two years later and wanted an additional deposit?

2 MS. LOPEZ: An additional deposit. Uh-huh.
3 Uh-huh.

4 MS. DANIEL: We can help you with that, but
5 unfortunately we need -- do you have some checks or
6 receipts?

7 MS. LOPEZ: I have everything.

8 MS. DANIEL: You have everything?

9 MS. LOPEZ: Uh-huh. Uh-huh. Uh-huh. I
10 don't -- I, I have some stuff here with me but I don't
11 think I have everything. But I do have it, I just have
12 to go to the bank and get my cashed checks.

13 The other concern I had, sometime last
14 year, and I know I contacted Ms. Roberts last year,
15 I don't remember exactly what the concern was at
16 that time because there have just been so many. The
17 other concern that I had was I paid -- there's
18 another Lopez homeowner, I don't know if it's
19 resident, homeowner. About a year ago my water was
20 disconnected. When I, when I contacted the company,
21 they told me that the reason I was disconnected was
22 due to nonpayment. And I said how can that be if I
23 actually had paid. I actually had my checkbook on
24 me. And when I called them, I confirmed it. And
25 they're like, "Oh, I'm sorry. We made a mistake."

1 I have three kids at home. That doesn't explain as
2 to why you're disconnecting my water.

3 It happened again a second time. This
4 time I told them, you know, enough is enough. "What
5 do you need me to do to identify my checks so that
6 you're not crediting the other Lopez family that
7 lives here?" The lady was nice enough. I forgot
8 her name. She no longer works there. She came out
9 that day. I demanded that she come out that day and
10 reconnect my water because enough is enough with
11 them disconnecting my water mistakenly.

12 Just last week again they, they, they did
13 not disconnect my water but they charged me a
14 reconnection fee of \$42. They stated, they stated
15 that they disconnected my water. I'm like, "Who?
16 Whose water did you disconnect?" Because I had
17 water. I haven't had any situations. Well, an
18 additional \$20 added to my bill to reconnect that.

19 In addition to that, I also found out --
20 I'm trying to dispute some of the bills that I have.
21 It turns out that, and it's a constant mistake, I
22 don't know if anybody else is going through this,
23 but with crediting accounts. And the problem with
24 it is that their, their bills are not, how could I
25 say, easy to read because they, they don't put your

1 credit. All they do is charge you an amount and
2 then that is it, and then they give you the new
3 bill. So if you owe, you don't see any credits.
4 All you see is that they keep tagging on and tagging
5 on. So in order for you to get that clarified, you
6 have to go to the office and request and go through
7 the whole finagle (phonetic).

8 You call them, it's always a hard time to
9 get ahold of them. The last time I, I got ahold of
10 the supposedly -- I thought it was a maintenance
11 guy. It turns out it's the owner of the company.
12 He gave me his information. But, regardless, this
13 is stuff that has been going on for a long time. I
14 know Mr. Blackman was the one that was there that
15 I've had a lot of concerns with. He's no longer
16 there. According to them, they fired him. That's
17 beside the point. I'm still having, even though
18 he's not there, and the other person that was there
19 that I was, I was having all the billing issues
20 with, I'm still having issues 'til this day.

21 The other concern I had, I addressed the
22 high bills as well with them. And their response to
23 me was they sent me an e-mail, "Oh, this is all,
24 everything you have to do. Go check for leaks here,
25 leaks for there." I did everything. There is no

1 leaks. And according to them, there's nothing that
2 he can do because it is what it is. This is when
3 Mr. Blackman was there. So I do have a concern.

4 I don't have the finances, I don't have
5 the skills to fix -- I'm pretty sure that just the
6 same way he had that issue, I'm pretty sure most
7 likely everybody else, someone else in here has that
8 issue. So I don't know if there's anything the
9 Public Service [sic] can do to help us in terms of
10 finding out what's going on, if there's any
11 subsidies we can apply for to get this stuff
12 corrected, looked into and corrected. It's not just
13 a matter of, you know, I hope we don't just have
14 this meeting and nothing comes out of it. I'm
15 hoping that there is action taken.

16 I'm also looking to see can we request a
17 new company? Can we just have Polk County Water
18 Company come in and I guess take over the bills? I
19 mean, it, I had just so many issues, I'll be here
20 all day. But those are pretty much, like I said,
21 the major concerns that I have. Like I said, I do
22 have bills here.

23 And I'm trying to remember the last one
24 that I went there last week too. Oh, this is the
25 other concern I had. I went and I made up -- they

1 just added a new feature where you pay over the
2 phone with your debit card or your credit card. I
3 did -- I went ahead and did that. I think it was
4 September 21st. And when I went last week to
5 dispute my bill about, actually two weeks ago, the
6 lady was like, "Well, we don't have any signs that
7 you paid us." And I'm like, "Okay. Well, let me go
8 home, let me research everything." I actually went
9 home, and it turns out everything that I sent them
10 in terms of payment, it turns out that instead of
11 them -- actually I brought that to their attention,
12 but as much as they -- anyway, let me just keep my
13 comments to myself.

14 But the whole point is that they charged
15 me, instead of debiting \$100, they credited me
16 \$100. And I'm like, "Okay." So I'm like, "Okay. I
17 just told you I got an extra \$100." And they did
18 debit it, but now that's just another billing issue.

19 And these are things that if you're not,
20 you know, looking at your bills constantly, you can
21 overlook these things. I mean, yes, they gave me a
22 \$100 credit. When I brought it to their attention,
23 they did pull it back. But now the other
24 \$50 deposit payment that I did over the phone,
25 according to them it was never processed because the

1 young man that was there, he was only there for like
2 two weeks, and according to them he didn't have
3 authority to do the charges. Therefore, it was
4 never debited either.

5 So my concern is there's a constant staff
6 changing, which every company does have, but it
7 needs to be -- the billing is something that can't
8 be consistent all the time. I've been here since
9 2007. There's always inconsistency.

10 MS. DANIEL: Let me address a couple of
11 Ms. Lopez's concerns generally, and these are some
12 things that all of you will want to hear.

13 First of all, I want you to know that I've
14 heard a couple of times about the meter issue and
15 the spinning or you think there's high usage, and I
16 apologize for not thinking of this sooner. There is
17 a test that you can request that the company do, and
18 I'm going to let -- Tom, can you help me with that?
19 A meter test?

20 MS. LOPEZ: They told me to do my own test
21 first.

22 MS. DANIEL: Uh-huh.

23 MS. LOPEZ: Because there -- I don't even know
24 if they told me there was a charge or something like
25 that, but --

1 MS. DANIEL: There's a deposit.

2 MR. WALDEN: There's two kinds of tests the
3 company can do. There is a bench test where the meter
4 is physically removed from the ground and taken to a
5 certified testing facility. That's where you would pay,
6 I believe it's a \$25 deposit. And that deposit is
7 paid -- if the meter turns out to be testing just fine
8 within certain specifications, then your deposit goes on
9 to the company. You lose that \$25 deposit.

10 If the meter is registering fast or slow
11 and it's, I don't have those percentages, but it's
12 more than 5 percent fast, if it's more than I think
13 80 percent slow, then your deposit is refunded to
14 you because the meter is not accurately registering
15 your water. And chances are the utility is going to
16 give you a new meter because they don't want to put
17 one in that's registering inaccurately.

18 UNIDENTIFIED SPEAKER: Is this an outside
19 vendor that's doing this test?

20 MR. WALDEN: Yes. Yes. They would -- it's
21 usually one of the larger utility companies. I would
22 imagine that Polk County Utilities has a, what's called
23 a certified test (inaudible). Most of the small
24 companies don't have these (inaudible).

25 The other kind of test is, is done for

1 free, and that's where the customers will come out
2 and they will do a five-gallon test. There's a,
3 it's called a test tank. It's an apparatus that the
4 company would, should have in its possession, and
5 they'll measure five gallons into this bucket
6 usually from an outside (inaudible) and compare that
7 to the reading on the meter, and that's done for
8 free. They'll do that up to one time per year for
9 free.

10 But really I think the issue is, as Mr. --
11 I can't pronounce the last name.

12 MR. ANYADIKE: Steve.

13 MR. WALDEN: Steve. Steve said that his meter
14 is spinning and there's nothing being run inside his
15 house; no faucets are dripping, no toilet is running.
16 That's going to require a little more investigation.
17 You might have the same kind of problem as the fellow in
18 the back who found that he had a water line coming from
19 a neighbor's hot water heater. So the point is --

20 UNIDENTIFIED SPEAKER: There's no way -- if
21 they're billing us for water, how can they verify that
22 it's actually (inaudible)?

23 MR. WALDEN: And, see, that's exactly the
24 point. It could be that you have a -- your interior
25 plumbing is going on to your neighbor's structure and

1 the neighbor is using water that's coming through your
2 meter. It sounds like there could be some plumbing
3 issues like that.

4 UNIDENTIFIED SPEAKER: (Inaudible) hold them
5 responsible for those fixes? (Inaudible) and he's
6 responsible for the problem to begin with.

7 MR. WALDEN: We can't make the utility fix it.

8 UNIDENTIFIED SPEAKER: No. I'm talking about
9 (inaudible).

10 MR. WALDEN: Well, David Meadows, from what we
11 understand, is the utility company. He is also the
12 original developer; is that correct? I think one of the
13 avenues I would, I would look at is these homes were all
14 inspected by a county building inspector. That's
15 required in Florida, that's the law. Now how accurate,
16 how carefully were those inspections done? It's hard to
17 know. Mistakes are made, we know that. That happens
18 periodically. But, gosh, this sounds like --

19 UNIDENTIFIED SPEAKER: Is there any way, is
20 there any way that you use more water and the rates are
21 less? Because I used to pay around, I don't know, 70 to
22 80 bucks a month when I moved in here. Six months later
23 I bring my kids from Puerto Rico, I've got three kids
24 (inaudible), and use water like crazy. (Inaudible)
25 almost all the time, take a shower, use it (inaudible.)

1 (Simultaneous conversation.)

2 MR. WALDEN: It could be that your meter is
3 not registering properly. It could be (inaudible).

4 (Simultaneous conversation.)

5 MS. DANIEL: Why don't we do this. Why don't
6 we go on and take the next speaker? I've got Ms. Lopez
7 covered. And --

8 MS. LOPEZ: Just, I just want, the last
9 comment I had --

10 MS. DANIEL: Okay.

11 MS. LOPEZ: There was, there was -- we got a
12 notice at one point that we had to boil our water. When
13 we got that notice, it turns out when I called the
14 County, they told me that Four Points Utility has not
15 been following through with their, with their testing.

16 MS. DANIEL: Okay.

17 MS. LOPEZ: It turns out, I think, and I have
18 that written down, I thought I brought it with me, but
19 it turns out that the water did have bacteria. And
20 those are concerns that us as parents, especially if you
21 have kids -- we actually initially thought it was
22 actually the pool (phonetic), and it turns out that it's
23 Four Points Utility, so.

24 MS. DANIEL: Okay. I'm not meaning to cut
25 Ms. Lopez off, but I understand that there is a

1 homeowners association meeting called for 7:00, and I
2 had someone -- Ms. Hinkerton.

3 MS. HETHERINGTON: Hetherington.

4 MS. DANIEL: Hetherington? I apologize. I'm
5 just killing these names. I'm so sorry. We're going to
6 get to everyone. But she asked if she could go, I hope
7 you don't mind, so she can get to the next meeting.

8 MS. BENNETT: Before you start, you probably
9 need -- Lydia would like to talk with you.

10 MS. DANIEL: She, she knows. I talked to her.

11 MS. BENNETT: Okay.

12 MS. HETHERINGTON: Diana Hetherington, 225
13 Mango Drive, Davenport, Florida 33897. I've lived here
14 --

15 MS. DANIEL: What utility, Four Points?

16 MS. HETHERINGTON: Four Points. I am so
17 blessed. I've lived here since 2005, May 2005. I'm
18 going to speak on the character of David Meadows first,
19 since he is the owner of this utility.

20 As you can already tell, he probably has a
21 more than less than reputable character. Every
22 person that we have had to deal with in regards to
23 Four Points, before that it was not Four Points, it
24 was something else I can't even remember, has been
25 there for less than a year, usually comes in, is

1 very rude, inconsiderate, unprofessional and stupid.
2 Now I use the word stupid because I looked it up and
3 that's exactly the word that we should use.

4 These people do not know what they're
5 doing. They've never run a water company before,
6 they've never run a utility, and you folks are
7 giving him a license to steal. And that is what
8 he's doing. We pay \$48 a month just to have water.
9 We pay as much -- we pay more for wastewater and
10 they're charging us for every drop; drop for drop
11 that comes in, drop for drop that goes out.

12 Now I don't know about you, but the water
13 I give my plants doesn't go down the drain, the
14 water I cook with, the water that my dog drinks.
15 You know, there's lots of water that you use that
16 doesn't go down the drain. So why are we being
17 charged drop for drop and more for wastewater?
18 Wastewater costs more to clean. Well, why am I
19 paying for every drop that comes in my house when
20 every drop that comes in my house doesn't go out of
21 my house?

22 MS. DANIEL: That's -- I'll answer that. Do
23 you have some more questions?

24 MS. HETHERINGTON: Yes.

25 MS. DANIEL: Let me go ahead and get them all.

1 MS. HETHERINGTON: The thing that she was
2 talking about, we get a notice in the mail that says our
3 water company is not following the standards of what you
4 folks put out. I want to know why you folks haven't
5 addressed that with him before we got a letter. Why has
6 he not been put on suspension? Why has he not been
7 looked at? Why has he -- until now? And when we call
8 that office, we get a voice mail that says, "Leave your
9 name and phone number and we will call you back within
10 two hours. If we don't, then call us back." Well, we
11 call back. Well, the last time I left 22 messages. I
12 finally got ahold of a woman named Paula, who has
13 actually left that company because she had a nervous
14 breakdown.

15 MS. DANIEL: (Inaudible) Four Points?

16 MS. HETHERINGTON: Yes. Every single person
17 that takes on this water company with this man leaves in
18 one way or another, either by, because they can't take
19 it anymore or because they don't know what they're doing
20 and he fires them. We have gone through more
21 representatives. And every time there's a new one there
22 are new -- same problems, just a different name attached
23 to them. Why do we as consumers need to go through this
24 on a regular basis when there is someone else who knows
25 how to run a company in charge of this?

1 There is a water company for this county
2 and they should be responsible for this. We should
3 be able to live in peace and move on from this,
4 instead of every six months putting up with having
5 to fight for bills that are wrong and, and being
6 told we have a leak. That is their favorite
7 comeback, the only thing they say, "You have a
8 leak." And it's just enough is enough.

9 I appreciate that you're here and I
10 respect the fact that you're trying to listen to us,
11 but now action needs to be done. If you guys give
12 this man a license, understand he's stealing. When
13 they, when I, when I go in to -- (applause) -- and
14 put \$200 and I buy this house, to David Meadows, I
15 showed them my title with that \$200. That deposit
16 they were asking for was removed. But if you didn't
17 know about that and if you didn't do that and you
18 paid it, they took it. Even though we told the head
19 person, I told Paula, "Paula, every single person
20 that buys here paid David Meadows personally before
21 it became Four Points or even after it did through
22 their titles \$200."

23 MS. DANIEL: Was that a deposit?

24 MS. HETHERINGTON: That was the deposit. And
25 she said, "You're absolutely right." I made a copy of

1 my title, I gave it to her. She took it off. But she
2 didn't take it off of everybody's and she didn't
3 volunteer that information to everybody. That's what
4 I'm talking about. These people don't know what they're
5 doing. Please don't allow this to continue. That's all
6 I have to say.

7 (Applause.)

8 (Inaudible.)

9 MS. HETHERINGTON: Yes.

10 MS. DANIEL: Or you can stay. Would you leave
11 us a phone number if we need to check with you?

12 I wanted to speak because she had a couple
13 of questions; you're all going to want to know. Why
14 is your wastewater based on your water usage?

15 They don't meter the wastewater usage.
16 The way they know how much wastewater to bill you
17 for is based on your water usage. And, yes, we do
18 understand that not all of the water that you use is
19 returned to the wastewater system. And without
20 going into the mechanics of how wastewater rates are
21 calculated, we do recognize that watering your
22 plants or perhaps washing a car, we recognize that
23 not all of the water is returned to the wastewater
24 system, and those rates are set to accommodate that.

25 One of the things we do is that you'll

1 remember when I showed you the Four Points
2 wastewater rates and there was an asterisk, and I
3 said if you use more than 10,000 gallons of water
4 per month, you won't be billed for more than that.
5 That's one of the mechanisms that we use to
6 recognize that not all of your water is returned to
7 the wastewater system.

8 But let me -- I'm going to come back to
9 you. Okay? Why so long? We've received your
10 individual complaints and we've tried to address
11 those as best we could over the phone and through
12 letter writing and so forth. And we found that we
13 were getting such a volume of complaints that it
14 necessitated us coming here tonight and noticing --
15 we noticed both property owners and residents of
16 this meeting, and I'm glad that you're here. And I
17 hope you will take, take the opportunity to let us
18 help you.

19 But as I said earlier, we're going to need
20 some documentation. We can't go with allegations.
21 We've got to have some facts. But there are enough
22 of you represented here, I believe that we can get
23 the information we need to help you, so.

24 UNIDENTIFIED SPEAKER: (Inaudible).
25 (Laughter.)

1 UNIDENTIFIED SPEAKER: I'd just like an
2 explanation. When I contacted the Public Service
3 Commission a year ago, when I spoke back to them in
4 regards to my bill, Mr. Blackman actually said, "Well,
5 you contacted" -- he was very snobby because he was
6 upset that I had contacted the Public Service
7 Commission. So another thing is I don't know if they
8 were treating us like we were biased because of our
9 sending the complaint. And I know that it has to be
10 disclosed to him so it could be addressed. But at the
11 same time, just so you know, which I forgot to bring
12 that up, whenever you do a complaint, they do treat you
13 differently at the office. Whenever -- when I did my
14 complaint, Four Points Utility treats you differently.

15 MS. BENNETT: What do you mean by differently?

16 UNIDENTIFIED SPEAKER: He was just very
17 snobby. I mean, he didn't even want to take my call. I
18 was constantly e-mailing him. The same thing, you call
19 them, they don't return your calls.

20 UNIDENTIFIED SPEAKER: They treat you like
21 dirt.

22 UNIDENTIFIED SPEAKER: I mean, it's all kinds
23 of things.

24 UNIDENTIFIED SPEAKER: (Inaudible).

25 MS. DANIEL: Was there a question or did we

1 get you resolved?

2 MR. SMITH: I have to go into another meeting
3 that we're having --

4 MS. DANIEL: Okay.

5 MR. SMITH: -- with the homeowners
6 association. I don't know if you've called me yet
7 because I signed up.

8 MS. DANIEL: Okay. Tell me your name.

9 MR. SMITH: Jason Smith.

10 MS. DANIEL: Jason, you have to go to the next
11 meeting? Is it -- go ahead.

12 MS. BENNETT: Yeah. He's almost there.

13 MS. DANIEL: Go ahead. We're very close.

14 MR. SMITH: My name is Jason Smith. I own
15 Unit 161 Coco Plum, Four Points.

16 MS. DANIEL: Four Points?

17 MR. SMITH: Yes. I've been dealing with this
18 company since 2005 when I purchased my home. And it is,
19 it is a shame this man is allowed to continue to operate
20 as a water utility.

21 I'm going to share something very
22 personal. I have a person in my home who's very
23 close to me who has a terminal disease that affects
24 the immune system. This man sent us a notice that
25 he has failed to test for six months for coliform

1 bacteria after a positive test. What do you think
2 happens to someone's viral load when you don't test
3 for that after a positive result? This man is
4 threatening people's lives. It's not about money;
5 it's someone's life in danger. And it's not just my
6 home. There's other homes where people could die if
7 this man does not do what he's supposed to do.

8 Billing wise, you guys handled this and
9 you did a wonderful job and I appreciate it. He
10 billed me for nine months incorrectly with my meter
11 completely frozen. Now you guys managed to get it
12 to where it was an estimate and I got credited back.
13 But that doesn't make it okay for him to, to do what
14 he's done.

15 There was sand in the water afterwards.
16 "Just run your water. It'll be fine." Sand isn't
17 clean. You can't tell me just run the water and it
18 will be fine. That's not acceptable. This man -- I
19 don't know what the definition of criminal
20 negligence is, but I'm telling you, this man could
21 kill somebody. And it is embarrassing -- it should
22 be embarrassing for you all to allow him to continue
23 to do this. It's not fair.

24 As far as the deposit situation is
25 concerned, I had to take my title as well. And the,

1 the deposit is still being billed to me to this day.
2 It is still on my bill. It won't go away, they
3 won't let it go away. They haven't even credited my
4 account for the past six months of payments. I have
5 all my receipts, I have all my check copies online,
6 the whole nine yards. They have failed to credit.

7 There's an open investigation with you
8 guys. There is an open complaint right now that
9 they have failed to even respond to. I haven't
10 received a phone call, a letter, anything. The bill
11 still reads overdue in the amount of over \$200. So
12 when are they going to turn my water off? It could
13 be any day because they never give me a notice. My
14 first year here they turned my water off with no
15 notice. I had to contact the Polk County Sheriff's
16 Department, and I almost went to jail because I
17 tried to turn my own water back on because they
18 failed to provide a notice. I have a neighbor who
19 almost had a felony conviction on his record because
20 he turned his water back on when they turned it off
21 without any notice, without sending bills for six
22 months.

23 This is, this is, this is horrible. What
24 the owners of this community have gone through
25 without even taking into account the water situation

1 is bad enough. But when you add a necessity of life
2 like water and he's holding it over our heads,
3 holding us hostage, it's unfair and it should not be
4 allowed to continue. That's all I have to say.

5 MS. DANIEL: Thank you for your input.

6 Tom, do you want to speak about the
7 testing (phonetic) and the environmental issues?

8 MR. WALDEN: Yeah. I'll -- we'll do some
9 follow-up with Polk County and see, you know, what -- I
10 want to verify what Polk County is saying. It sounds to
11 me like there was at least a water main break inside the
12 subdivision, and as a result of that water main break
13 and the diminishment in pressure there was apparently
14 some (inaudible) coliform, some contamination of water.
15 I'll follow up with Polk County and see what they have
16 on that.

17 UNIDENTIFIED SPEAKER: For those folks that,
18 that say that it's a constant issue, would that be
19 (inaudible)?

20 MR. WALDEN: If this is -- because the Bimini
21 Bay and Four Points buy water from the County, they
22 don't have any water plant themselves. They're not
23 producing their own water. They're called a consecutive
24 system. As a consecutive system, they don't have to do
25 as much testing as, for instance, the County does since

1 the County pumps water. I'll have to check with the
2 County and the health department and check the testing
3 rules to see if there is some special test that the
4 consecutive systems do. Because to my knowledge,
5 consecutive systems do not have to do the coliform
6 tests.

7 UNIDENTIFIED SPEAKER: So why can't, why can't
8 they cut out the middleman? Why can't they just get rid
9 of him altogether and then we just pay the County for
10 our water?

11 MR. WALDEN: That's a real good question, and
12 here, here's the answer to that. The utility companies,
13 Bimini Bay, Four Points, owned by Mr. Meadows, he is
14 asserting I own these water lines inside these
15 subdivisions. And because they are mine, I will be a
16 middleman and resell the water.

17 Now he could arrange a, a sale or an
18 acquisition by Polk County. The point is Polk
19 County could arrange a, have a business, a business
20 arrangement with Mr. Meadows where the County would
21 own the internal piping and bill you guys as
22 customers directly. That hasn't happened.

23 UNIDENTIFIED SPEAKER: But if he's not, if
24 he's not willing to take care of the water wells and do
25 what he has to do to take care of those issues and all

1 the issues that we're working on here, why can't anybody
2 force him?

3 (Simultaneous conversation.)

4 UNIDENTIFIED SPEAKER: Even if, even if
5 nobody, even if nobody wants to buy it, even if the
6 County -- somebody would have, somebody will have to
7 come in and take over these water lines. If he's not,
8 if he, if he's saying he owns the water lines and he's
9 buying water from the County, what's our recourse
10 towards him to say you're not treating, you're not
11 treating this fairly? You know, there's got to be,
12 there's got to be some kind of punishment in there
13 somewhere for that.

14 UNIDENTIFIED SPEAKER: He could cut the water
15 off because he owns the lines. So that would mean that
16 you would have to know (inaudible).

17 MR. WALDEN: Well, the utility, any utility
18 owner has got to follow the rules as prescribed by our
19 agency. One of the reasons we're here tonight is to
20 gather some data about the customer service you receive,
21 some of the billing problems, not receiving a notice
22 before he discontinues service because of an alleged
23 delinquent bill, or whatever the issues are that you as
24 customers are having with the utility.

25 Our agency has the ability to fine a

1 company for failure to comply with our rules. It's
2 a bit of a lengthy process, but we can do it.

3 Characteristically what the PSC does is we
4 are focused on compliance with the rules, get the
5 company to do what they're supposed to do. We can
6 fine, if we have to, but we're generally focused on
7 compliance. And we're aware that there have been a
8 number of issues from customers like you with the
9 utility company, the very same things that you folks
10 have talked about tonight. And what we're trying to
11 do is get that (inaudible) to get the utility and
12 its owner (phonetic) to comply with the rules.

13 MS. DANIEL: If I could, could we go ahead and
14 call the other folks who haven't had a chance to speak?
15 Is that all right? Okay.

16 Lisa, who's next?

17 MS. BENNETT: Mr. Smith, you had something you
18 were --

19 MR. SMITH: Yes, I had one.

20 MS. DANIEL: Okay.

21 MR. SMITH: I had to go. I was getting
22 emotional. I apologize.

23 MS. DANIEL: I understand. It's very
24 frustrating.

25 MR. SMITH: I wanted to also notify you that I

1 believe I still have an active lien pending against my
2 home for water bills. And I have received a letter from
3 both you and the company that all of my accounts as of
4 the date on the notice are paid in full and there's
5 nothing past due, but there's still a lien in place on
6 my home.

7 In addition, I have received collection
8 letters. I even received a letter that appeared to
9 be a court document that was not signed indicating a
10 lawsuit had been filed against me with regards to
11 the collection of those funds, and it was
12 approximately \$5,000.

13 I know that, I know that the Fair Debt
14 Collectors Act provides that you are not allowed to
15 make any document that appears to be an official
16 legal document from the courthouse, you're not
17 allowed to falsify information, you're not allowed
18 to mislead someone into thinking that legal action
19 is being taken against them if it is not. I
20 believed that that man was taking me to court. It
21 said Polk County Courthouse on it. It had numbers
22 on it that looked like court filings. I don't have
23 the document because it was about four years ago.

24 I know that I had discussed it with the
25 Public Service Commission at the time. I believe I

1 had faxed some things in. It was a long time ago.
2 But that, again, there's a lien against my home, at
3 least there was. I haven't checked.

4 UNIDENTIFIED SPEAKER: (Inaudible).

5 MS. BENNETT: The lien against your home was
6 by the utility company?

7 MR. SMITH: Correct.

8 MS. BENNETT: And did they explain?

9 MR. SMITH: For nonpayment.

10 MS. BENNETT: Of what?

11 MR. SMITH: Water and electric and cable and
12 internet and phone and a bunch of other things that he
13 never provided to my home.

14 MS. BENNETT: Are you still needing to go to
15 the meeting?

16 MR. SMITH: Yes. Unfortunately we do have a
17 homeowners association. (Inaudible.)

18 MS. BENNETT: If you wouldn't mind talking
19 with me afterwards.

20 MR. SMITH: Absolutely. I'm going to see
21 what's going on there, but I'm sure you guys probably
22 have a lot to discuss.

23 MS. DANIEL: And you have our phone numbers.

24 MR. SMITH: I have everything. I would like
25 to discuss it with you afterwards, but this meeting is

1 kind of pressing as well.

2 MS. DANIEL: I understand. Okay.

3 MR. SMITH: Thank you.

4 MS. BENNETT: Let's see. Michelle Ramos.

5 UNIDENTIFIED SPEAKER: She's in the meeting
6 over here.

7 MS. BENNETT: Okay.

8 UNIDENTIFIED SPEAKER: I will let her know.

9 MS. BENNETT: We can come back to her.

10 Gina Tansill, Tansill.

11 MS. TANSILL: I really don't have anything to
12 say that everybody else hasn't already said. The only
13 good outcome I could see coming from this is if we went
14 with Polk County Utilities.

15 I bought here in January, and I will tell
16 you, had I known, I would not have because it has
17 been nothing but a headache. The calling, never
18 getting a returned call no matter how many calls you
19 leave, sending e-mails, never getting replies.

20 One day I came home to find my water shut
21 off. And of course nobody answered the phone, so I
22 walked up there and asked them why they shut my
23 water off. And they said, "You haven't paid your
24 bill." And I said, "No. The way I see it, you owe
25 me \$115." So I sat down with the girl there, told

1 her what my last amounts were. She found one that
2 she hadn't credited to my account. The other one
3 she couldn't find. And I said, "Well, I mailed it.
4 When's the last time you checked your mail?" "Oh,
5 three weeks ago." So she had to go to the box at
6 the front of the subdivision and check the mail,
7 and, sure enough, my payment was in there.

8 So it's ongoing these -- and that's just
9 the water. If you had any idea -- as a matter of
10 fact, today I got the HOA letter saying that I owe
11 \$1,000 that I don't owe, which, you know, I've got
12 to deal with that tomorrow. But it's, it's ongoing.
13 I got a cable bill that I don't get cable there.
14 And it's, it just speaks to the way David Meadows
15 manages things, handles things. And this man should
16 not be in business. I, I regret the day that I
17 bought there. I regret that I have to go every
18 single month to discuss any of my bills, whichever
19 ones they are, because they're always wrong.
20 Nothing is ever right.

21 And I just, like everyone else said, I, I
22 would like a different company. I would like to go
23 with Polk County Utilities. Our rates are high. I
24 had a 4,000 square foot house before this. I didn't
25 even pay this much water. I'm back in college

1 again, so I downsized to this unit, which is why in
2 between my water and all the other hassle, it's just
3 not worth it. It's just not worth it here.

4 I just hope that something good comes out
5 of this. Unfortunately, as we were saying, we
6 should have called the news and asked them to be
7 here tonight because I didn't realize there were so
8 many other people who are stressed out and as upset
9 and as over it as I am. And I just want something
10 to happen. And --

11 MS. BENNETT: What thousand dollar homeowner
12 association, is that Mr. Meadows or is that --

13 MS. TANSILL: That is the homeowners
14 association. That is Island Club West for Bimini Bay.
15 That's the subdivision I'm in. They actually, after I
16 purchased in January, tried to go back and tell me there
17 was now a thousand dollar assessment, which it was after
18 the fact. My title company got the information. And
19 then when I looked at the HOA docs, I said, "You can't
20 even do this for six months anyway." So they said they
21 were going to take that off, but there's still two
22 hundred some dollars on there that they consider a late
23 fee.

24 I got an eviction notice because I hadn't
25 paid my rent in July. The thing that's wrong with

1 that is that I actually own the property and I don't
2 pay rent to Bimini Bay. So it's been a constant --
3 I mean, this is just the way this man does business.

4 MS. DANIEL: Was it an HOA -- are you a Bimini
5 Bay --

6 MS. TANSILL: Bimini Bay, yes. Uh-huh. And
7 as far as the bill that I just got today regarding the
8 HOA, I looked over the bill and they're just saying I
9 haven't paid my bill. So I was actually printing off
10 the copies of my checks at home because obviously again
11 they didn't match them up. And everything is paid. So
12 it's just, it's just constant frustration.

13 And for people who have no clue how to do
14 debit and credit, I don't think they should be in
15 business. I really just don't.

16 MS. BENNETT: The cable bill --

17 MS. TANSILL: Well, that's another, that's a
18 whole other issue because we were told we would get
19 60 some channels. I ended up getting 30; 15 were
20 duplicates, four were in Spanish. I don't speak
21 Spanish. So -- and then it would go out sometimes, so I
22 got rid of it.

23 MS. BENNETT: But who's charging you for
24 the --

25 MS. TANSILL: That was -- that's Bimini Bay

1 Utilities. Uh-huh.

2 MS. BENNETT: Bimini Bay Utilities?

3 MS. TANSILL: Yes. Uh-huh. Yeah. Yeah.

4 They are.

5 UNIDENTIFIED SPEAKER: Are you paying
6 telephone too?

7 MS. TANSILL: I don't -- I use cell phones. I
8 do pay internet. It doesn't work. And as I told you, I
9 am in college. And Thursday and Friday last week I took
10 off of work because I had a 70-page paper that I had to
11 do. Thursday and Friday my internet didn't work. After
12 complaining for two days I finally starting swearing,
13 which I never do. And they came and ran a cable all the
14 way across the back. And thank God, Bobby, he tries to,
15 you know, do what's right and make it good for me, but
16 it's still, I can't, I can't deal with the stress
17 anymore. I'm just at that point. So that's the cable
18 issue or the internet issue.

19 I had a satellite dish put in my back
20 right behind my unit and they tried to fine me \$100
21 a day. So I contacted FCC and they said that they
22 can't do that legally. I didn't file a complaint.

23 MS. BENNETT: Who tried to fine you \$100?

24 MS. TANSILL: The homeowners association, \$100
25 a day for the satellite dish. I didn't file a

1 complaint, which I could have, but I didn't at that
2 time, so.

3 MS. BENNETT: Could I ask you to meet with
4 Lydia after the meeting?

5 MS. TANSILL: Uh-huh. Certainly.

6 MS. DANIEL: I have another question for you.
7 On your billing for the HOA --

8 MS. TANSILL: Yes.

9 MS. DANIEL: -- did it show on your Bimini Bay
10 utility bill, or how, how does Bimini Bay Utilities
11 bill?

12 MS. TANSILL: Bimini Bay Utilities sends out
13 their monthly bills. Again, like somebody else
14 mentioned, it doesn't ever show any credits, so you
15 never have an idea as to whether or not they actually
16 credited your account for anything. That's a separate
17 bill.

18 Then you get a separate bill for your HOA,
19 which comes sporadically and it's not -- you know,
20 you'll get a monthly bill that doesn't say an
21 amount, and then all the sudden you'll get this bill
22 that says, oh, you owe \$1,000.

23 UNIDENTIFIED SPEAKER: And David Meadows is
24 the HOA?

25 MS. TANSILL: He's everything. He runs

1 everything. He does the, the phone, the internet, the
2 cable, the water, the HOA, everything. He needs to go
3 away.

4 UNIDENTIFIED SPEAKER: And how many people out
5 here have (inaudible) service? I'm just curious.

6 UNIDENTIFIED SPEAKER: When we first moved
7 here we had it for everything. It took two and a half
8 years to get my electric bill cleared (phonetic) up and
9 paid, and we brought Progress Energy in here and we
10 haven't had it since then. The only problems we've had
11 are with our water bill. And he used to charge us for
12 phone because he (inaudible). I have my own cable. It
13 was all on the bill, all on one big bill and charging
14 you for it.

15 UNIDENTIFIED SPEAKER: But at Bimini Bay we're
16 not allowed to have a satellite dish or have your own
17 cable.

18 MS. TANSILL: Oh, but you can. If you look at
19 your HOA docs, you have a ten-foot easement on the back
20 of your house. And according to FCC regulations, you
21 can put a satellite dish there.

22 UNIDENTIFIED SPEAKER: I'm from a management
23 company, and we actually (inaudible) a tenant evicted
24 because they had a satellite dish. And I think my
25 husband knows (inaudible). He said that you were the

1 person that had the satellite dish on the easement. Is
2 that right? Do you have a satellite dish?

3 MS. TANSILL: I have a satellite dish behind.
4 Yes.

5 UNIDENTIFIED SPEAKER: Yes. My husband knows
6 you. Excuse me. But we had a problem with a tenant
7 because she put in a satellite dish, and he
8 eventually -- he, he actually billed the owner. It got
9 to \$5,000 for having this satellite dish.

10 MS. TANSILL: Yes. Uh-huh.

11 UNIDENTIFIED SPEAKER: And who billed this?
12 David Meadows?

13 UNIDENTIFIED SPEAKER: Yes. Yes.

14 (Simultaneous conversation.)

15 Bimini Bay has a, you know, you've broken
16 the law and you put up a satellite dish, and because
17 you're not using his cable, you're using your other,
18 which is cheaper and better. And the tenant had
19 done it. The owner got upset because she received a
20 \$5,000 bill. Ended up that we had to go and remove
21 that satellite dish and then argue with David
22 Meadows that that was not (inaudible).

23 But I don't really know what happened in
24 the end, whether the owner is still most probably
25 sitting with a \$5,000 bill. And (inaudible) it was

1 a \$5,000 bill outstanding, David Meadows had an
2 eviction notice. Well, first of all, he's put the
3 notice on the door that this tenant then has to pay,
4 which is now the new law, that the tenant has to pay
5 their rent to David Meadows. Okay? Because that's
6 now the law he, he (inaudible) to pay the rent. If
7 the owner --

8 (Simultaneous conversation.)

9 UNIDENTIFIED SPEAKER: I have a question. The
10 person that owns the home did not collect their rent
11 from the renters?

12 (Simultaneous conversation.)

13 UNIDENTIFIED SPEAKER: And I tell you, the one
14 thing he told us that he had 150 eviction notices in one
15 day.

16 MS. BENNETT: Can -- before -- can we have
17 you, when you're, when you're talking, speak on the
18 record so that we know who's talking and, and so we can
19 get the information. Because when we start getting
20 three and four people, I'm afraid we're going to lose
21 who's -- we're taking notes and I want to make sure that
22 we can get back with every person. I think Lydia would
23 like to talk with you afterwards.

24 MS. TANSILL: Sure. Absolutely.

25 MS. BENNETT: That was Gina. Frances

1 Wimberly.

2 MS. WIMBERLY: Thank you. My name is Frances
3 Wimberly. That's Wimberly with a W, like Kimberly.

4 I'm, I'm not the owner. I have a tenant in my unit.

5 MS. DANIEL: Four Points or Bimini Bay?

6 MS. WIMBERLY: Four Points. On May 18th I
7 called Four Points to have my water disconnected, and
8 she put in her own deposit to have water in the unit.
9 Well, every month until September 24th I was getting
10 bills and the bills were getting higher and higher on
11 water where I had disconnected and asked them to take my
12 deposit that I paid. And I wasn't aware about the \$200
13 until tonight. Take my, the balance I owed on my water
14 bill from my deposit and send me the balance. Well, I
15 haven't gotten the balance yet.

16 And the only way I get -- I think it's
17 straight by now, but because I have no receipt for
18 the bill was I had to go up there. I was calling
19 every other week to try to get my bill straight. I
20 talked to Paula, I talked to, I think her name is
21 Parvine, something like that.

22 UNIDENTIFIED SPEAKER: Parvine.

23 MS. WIMBERLY: Parvine. Parvine. And I think
24 I finally got it straight when I actually went up there.
25 But the day I went up there, my tenant went up there too

1 because they turned her water off and her bill was paid.
2 How long does it take to get a deposit back is my
3 question, my second deposit?

4 MS. DANIEL: Our rules describe that if you
5 give the company a deposit and you have a good payment
6 history, they're supposed to return it within 23 months,
7 I believe it is, if you have a good payment history.

8 MS. WIMBERLY: (Inaudible).

9 MS. DANIEL: You, you're still unsettled as to
10 whether everything is straightened out though, so --

11 MS. WIMBERLY: I haven't gotten a bill in
12 like, since September.

13 MS. DANIEL: If you need for us to look into
14 something for you, just let us know.

15 MS. WIMBERLY: Okay. Thank you.

16 MS. BENNETT: I'm probably going to
17 mispronounce your name, but Zuleika Romo.

18 MS. ROMO: Close. Well, my name is Zuleika,
19 and I purchased a home there about four months ago.
20 Every time since I've moved there -- also I'm a real
21 estate agent and I have a lot of homeowners purchasing
22 there.

23 MS. DANIEL: Are you in Four Points?

24 MS. ROMO: No. I'm talking about Bimini Bay.

25 MS. DANIEL: Bimini?

1 MS. ROMO: I haven't got that much problems so
2 far in reference to water bills, but I do have other
3 issues. But here I'm including invoices for one year
4 for one of the homeowners that according to what I saw
5 on the PowerPoint, the slide that says about for the
6 5,000 gallons of water (inaudible). As you see in these
7 invoices, the last bill she has is \$182. And most of my
8 clients are Spanish speakers and most of them don't
9 speak very good English, so that's why I'm basically
10 talking on behalf of all of them, and all of them are
11 here. So --

12 MS. DANIEL: How many clients do you have?

13 MS. ROMO: That purchased there recently?
14 About 11 in the last three months. And some of them
15 have separate properties, two or three. And basically
16 this is, I'm bringing this, which I want to give to you
17 later on.

18 So I see that there's no respect for the
19 rates according to what I saw in the PowerPoint and
20 according to what I've seen on the bills here.

21 Other things, the bad administration,
22 everybody mentioned it already. We do have a
23 complaint about the same situation. We all go
24 there, they tell us what they want to tell us to get
25 rid of us, but nothing is being taken care of. So

1 far, the only one that always talks and tries to
2 resolve matter is Bobby, but I don't know, we don't
3 know who else to go with.

4 Also there's a problem that these meters,
5 they'll have locks. And basically if you have water
6 coming through there, there's a lot of vandalism
7 (phonetic) for the last two years and a half because
8 when the lights are not working, sometimes they're
9 off and that place is very dark and, you know,
10 people coming in and opening the water and, you
11 know, the owner is getting (inaudible).

12 I've been told that the cameras are
13 working, but not even two weeks ago one of my
14 clients which is here had a robbery and nobody saw
15 anything, until later on we found out that a person
16 working there saw, but we don't have -- we couldn't
17 get the person that stole and have sold (phonetic)
18 to other homeowners there because we have no
19 witnesses in there, you know. And if we would have
20 cameras working there, it would have been a
21 different story.

22 Also I don't know about the sprinkler
23 water, but we don't know who have the record of, you
24 know, how long they've been watering. I need to
25 know like the sprinkler water is always on. I've

1 seen a lot of sprinklers not fixed. So that is an
2 issue that I would like to point out because I don't
3 know if it's affecting our water bill or not. But
4 it's, it's doing a lot of damage to the buildings on
5 the street. They have yellow spots on the
6 buildings. It's -- the, the townhouses are
7 beautiful, but they're not maintained properly.

8 What else I would like to add? And so far
9 in that aspect is, is one big problem. We really,
10 really, really would like somebody else to do the
11 water, the water heaters in that place.

12 MS. DANIEL: I appreciate you coming, and you
13 can really help us with some of the folks who have a
14 hard time communicating with the company and the Public
15 Service Commission. So, once again, her name is Lydia.

16 MS. ROMO: And another thing, they also always
17 complain that the units are empty and that people are
18 not paying their dues. But when people get in there to
19 try to purchase or rent, they just get scared and they
20 run away. I lost a lot of business because of that
21 situation. I don't know if they keep track of who's
22 renting there or not or if they have a background on
23 these people, but there are a lot of (inaudible) in that
24 place.

25 MS. DANIEL: Now I have another question for

1 you. On these bills, does it show just water and
2 wastewater on your bills?

3 MS. ROMO: I don't know. I can show them to
4 you and you can read them.

5 MS. DANIEL: Okay.

6 MS. ROMO: And just the last bill shows
7 \$182 for a four-bedroom townhouse about 1,800 square
8 footage.

9 MS. DANIEL: One more question I have. Is
10 Bimini Bay Utilities charged an HOA fee?

11 MS. ROMO: Yes.

12 UNIDENTIFIED SPEAKER: Well, it's actually
13 called, I think it's called Four Points HOA for Bimini
14 Bay.

15 (Simultaneous conversation.)

16 UNIDENTIFIED SPEAKER: But it's on a Bimini
17 Bay Utility invoice.

18 (Simultaneous conversation.)

19 UNIDENTIFIED SPEAKER: It's on a bill, it
20 looks like the same one, but it says an Island Club
21 Resort at the top.

22 (Inaudible).

23 MS. BENNETT: Glenn Gorman.

24 UNIDENTIFIED SPEAKER: Oh, he's at the other
25 meeting.

1 MS. DANIEL: Mr. Gorman is at the other
2 meeting? Okay. He can come back. We'll come, we'll
3 come back. We won't, we won't leave anyone out.

4 MS. BENNETT: How about April?

5 UNIDENTIFIED SPEAKER: She, she spoke to
6 Lydia, I think.

7 MS. DANIEL: Okay.

8 UNIDENTIFIED SPEAKER: She was the first one.

9 MS. BENNETT: And Barbara Horton.

10 MS. HORTON: Yes. I'm Barbara Horton. I have
11 my own property here in Island Club West, and we manage
12 some properties which I pay the water utilities for in
13 Bimini Bay.

14 Island Club West, not -- the utilities
15 there, yes, we, I do get billed. I'm still actually
16 being billed for properties that we used to manage,
17 but I have stopped the water, closed the account,
18 and I think since then, I've brought them all with
19 me, I have had maybe six months of bills. And I
20 keep getting letters that they're going to
21 disconnect, and I'm like, "Go ahead, because I don't
22 actually have the utility with you any longer." You
23 phone and you phone, they either don't answer the
24 phone, they never return your call. If you are
25 lucky enough to get someone, I'm talking here about

1 Bimini Bay at the moment, I mean, sorry, Island Club
2 West, and, you know, but those bills, they're not, I
3 don't have too many issues with here.

4 As for Bimini Bay, that's a whole other
5 ball game. They, I mean, it is badly, badly run.
6 They -- it's the same people you talk to. Whether
7 you're talking about Island Club West or Bimini Bay,
8 you're talking to the same people.

9 Now I have had bills -- I have
10 (inaudible). Obviously there are other people in
11 here also. On a four-bedroom townhouse the bills
12 are running at about near to \$200 a month. Now
13 initially I, I got a high bill and I called in and I
14 asked, you know, this can't possibly be right. I, I
15 don't pay this amount of money on any other
16 property, and I manage 100. No other property do I
17 pay this amount of money. There must be a problem.

18 So I think his name was Robert (phonetic)
19 went over. He said, "I'll do a check on the meter."
20 He said, "No, it's right. The meter is running
21 right. That's the bill." I wasn't happy with that,
22 so I looked at my bill and I realized that the rates
23 that they had charged and the amount of usage that I
24 had didn't add up. When you did the usage to the
25 rate, the amount on the other side was different, it

1 was higher. So I called him back and I said, "I
2 found your problem. I found it. I can see what the
3 problem is. Your rate is not right. You are
4 charging me more than what you say your rate is."
5 Oh, dear, yeah. "Oh, no. I don't think that's the
6 problem." They send me another bill. All they did
7 is they changed the rate to make sure that the total
8 over there, my total was what it was. I have still
9 not paid that bill. That was for July. Not paid
10 it. I refuse -- I did get them one month, I think
11 it was June, they changed. They changed the rate to
12 what it was because they said they couldn't possibly
13 send me out one bill with that rate and charge me,
14 but they still haven't changed July's. I've been
15 arguing and arguing about July's.

16 Since then the rates have gone up. The
17 rates fluctuate. I don't know whether anybody else
18 has this problem. How could rates be different from
19 month to month? The rates change.

20 MS. DANIEL: Is this at Bimini Bay?

21 MS. HORTON: Bimini Bay.

22 (Simultaneous conversation.)

23 MS. DANIEL: I have an answer to that
24 question. For Bimini Bay, I've looked at how they, how
25 they bill and I --

1 MS. HORTON: Okay.

2 MS. DANIEL: Understanding all of the flows,
3 what they do is they look at the amount of water that
4 they purchase from the County and then they read all of
5 their meters. Based on the amount of usage that they
6 determine, with all the flows involved, based on the
7 amount of usage that they have determined, they will
8 divide that amount into what the County charged them.
9 That means that as the usage fluctuates a little bit,
10 the resulting charge per 1,000 gallons is going to
11 fluctuate a bit. But what they're doing for Bimini Bay
12 is they're turning around the cost of what the County
13 charged them, not, not at the charge the County charges,
14 but based on the total bill from the County, if that
15 makes sense.

16 MS. HORTON: Okay. And they're not meant,
17 supposedly they're, they're not meant to make a huge
18 profit, are they?

19 MS. DANIEL: Correct.

20 MS. HORTON: I mean, but the rates are so high
21 I cannot believe that Polk County -- Polk County
22 supplies the water here for Island Club West. They also
23 supply the water for Bimini Bay. How come the rates are
24 so, so different, so different? How, how can that be?
25 If you, if you've got the same water coming in to Island

1 Club West as you have coming in for Bimini Bay, Bimini
2 Bay aren't meant to be making a profit, and yet
3 therefore a huge profit, their's is higher than Island
4 Club West.

5 MS. DANIEL: That is one of the issues we're
6 looking at.

7 MS. HORTON: I mean, I know a lot of people in
8 this room are saying don't let Bimini Bay, don't
9 regulate them. I'm saying please regulate, please,
10 because they need to be regulated. Because hopefully if
11 you do regulate them, we will get reasonable rates.
12 Because at the moment the rates are ridiculous.

13 I do get letters, you know, they say
14 they've got (inaudible) from all the rest of it but
15 they haven't. I still, like I say, I still owe for
16 one month's bill. I also pay the HOA obviously for
17 this property in Bimini Bay. Now that is, the HOA,
18 obviously it's all from David Meadows, it's all
19 coming from the same -- the same office does
20 everything. They are running the HOA, they're
21 running the water. We don't have cable, but
22 obviously there are a lot of people that have the
23 cable and the phone and everything else.

24 Now on the HOA, I had, I had a bill this
25 month and it doesn't even -- it actually says, I

1 think it says it's an invoice rather than a
2 statement. It doesn't even tell me what property
3 it's for. No invoice numbers. This is another
4 issue. We have no invoice numbers. And like I say,
5 no -- it comes in to my management company and I
6 have a bill for a property that I don't even know
7 which it is. I have to look at it and think, well,
8 where, you know, where does it come from? They
9 will, they say they will send them by e-mail. It is
10 very infrequent. They, you know, they, they say
11 they will, but they don't. You have to be on top of
12 your game to pay your bill because you may not
13 (inaudible). So especially for the HOA because of
14 the new regulations they can actually evict people.

15 MS. DANIEL: If I could get everyone -- I know
16 there are a lot of conversations going on and I don't
17 want to discourage them, but I do want to respect
18 Ms. Horton's ability to make some comments, if I could.
19 Thank you.

20 MS. HORTON: Yes. So the, so the issue with
21 the HOA is obviously because if you haven't paid that
22 HOA bill, they can actually go and get the rent from the
23 renter. Now this is happening to us not a great deal
24 but it has happened and they were all wrong. They were
25 putting eviction notices on properties. We had tenants

1 calling up saying "I have an eviction notice." And we
2 said, "Well, everything is paid for." And when you
3 eventually get hold of somebody, "Oh, we put it on the
4 wrong property." You know, now that's not very fair on
5 the tenants that are in the properties at all. I mean,
6 you know, they don't deserve to have that, you know.

7 They -- a lot, a lot of the owners pay
8 their utilities for their tenants, they are paying
9 the HOA, they pay the utilities. It's, it's huge.
10 We, you know, the owners are not really covering
11 what their mortgages could be. That's how bad it is
12 because the utilities and the HOA and then they slap
13 all these (inaudible). So I'm just, you know,
14 hopefully I (inaudible) you do regulate them because
15 I would like to see somebody control at least on the
16 billing (inaudible).

17 MS. DANIEL: You're giving us some
18 information?

19 MS. HORTON: I have lots of invoices and
20 things (inaudible).

21 MS. DANIEL: Invoices?

22 MS. BENNETT: Is Michellette Ramos here?

23 UNIDENTIFIED SPEAKER: She's inside.

24 MS. BENNETT: Okay. All right. Is there
25 anyone else who would like to speak at this time?

1 UNIDENTIFIED SPEAKER: I have a question.

2 MS. BENNETT: Yes.

3 UNIDENTIFIED SPEAKER: Maybe I'm, maybe I'm
4 misunderstanding the way that the giving him the
5 certificate works. Right now he's regulated because
6 he's only charging us what he's paying; correct?

7 MS. BENNETT: No.

8 MS. DANIEL: Not exactly.

9 MS. BENNETT: Let me, let me explain.
10 You're -- he is regulated by the (inaudible) utilities
11 (inaudible).

12 MS. DANIEL: There's so many conservations, I
13 don't -- I think we're going to do better (inaudible)
14 and we will.

15 UNIDENTIFIED SPEAKER: I'm sure there's a lot
16 of people who want to understand though. So --

17 UNIDENTIFIED SPEAKER: We can hear you.

18 MS. DANIEL: Can you hear us?

19 UNIDENTIFIED SPEAKER: Yes.

20 MS. DANIEL: Okay. I just, I'm having a
21 terrible time hearing.

22 UNIDENTIFIED SPEAKER: What I found out, how
23 come Polk County water is more expensive than
24 (inaudible)?

25 UNIDENTIFIED SPEAKER: Well, Polk County

1 Utilities does not charge us the amount of money if you
2 live just down the road that we're being charged at
3 Bimini Bay. Now I guess the way I'm looking at this is
4 if he gets the certificate, he can charge us whatever
5 the heck he wants to more than what we're paying now.

6 MS. DANIEL: Let me -- okay. Okay. Once the
7 Commission -- well, let me back up. If he is buying
8 bulk water from the County, as he is with both
9 companies, and, for example, if he pays a certain amount
10 per month or per year for bulk water or wastewater from
11 the County, there is a statute, a Florida Statute that
12 says if he does not turn around and charge his customers
13 more than what he paid for that service, then he is
14 exempt from Commission regulation and the Commission is
15 unable to set the rates for them again as long as he is
16 only turning around the amount and no more than what he
17 paid for the service.

18 And we have done some audits with respect
19 to Bimini Bay, and it appears that that's the case.
20 Based on some comments that I'm hearing, I'm
21 wondering if our auditors had all of the information
22 that they really were entitled to.

23 Let, let me explain Four Points to you.
24 With respect to Four Points, he is no longer with
25 Four Points just turning around that cost back to

1 the customers. He is in fact making a profit for
2 Four Points. And the Commission has said you may
3 charge this base charge and this charge per 1,000
4 gallons. But what I hear with Four Points is, well,
5 with both utilities frankly, is that there is such
6 poor recordkeeping, such poor meter reading, the
7 construction issues. What I'm hearing from you is
8 there are some issues with respect to property and
9 that's what's making it questionable to us. That's
10 why we need to see the copies of these bills. We
11 need to talk to you individually to begin to piece
12 this puzzle together.

13 UNIDENTIFIED SPEAKER: So if he gets the
14 certificate, our water bills actually would go up is
15 what I'm asking?

16 MS. DANIEL: I don't know what the ultimate
17 rates will be. The Commissioners will --

18 (Inaudible).

19 UNIDENTIFIED SPEAKER: Right. But our water
20 bill is going to go up.

21 MS. DANIEL: I don't know. It will depend
22 on -- logically it would seem like it would. I'm having
23 such a hard time hearing. I apologize. If what
24 information our auditors have looked at is incorrect,
25 that may affect what those final rates are. Logically

1 it sounds like the rates would go up. But I'm hearing
2 so many questions, it really makes me wonder if in fact
3 he is only turning around the cost of what he pays for
4 that water. So I don't want to mislead you. They, they
5 likely will go up if these facts are true. But if
6 they're not true, we, we will certainly take a look at
7 it. Does that make sense?

8 UNIDENTIFIED SPEAKER: It does make sense.
9 But I mean it seems quite obvious that -- assuming he is
10 doing what he's supposed to, but if he is just turning
11 around and giving us the charge, it still seems high to
12 me. I mean, like I said, I had a house bigger than this
13 townhouse and I'm paying more now than I did before.

14 MS. DANIEL: And what is your average --

15 UNIDENTIFIED SPEAKER: And if he's not, and if
16 he's not actually charging me more to make a profit,
17 then what happens when he gets his license and he does
18 charge me more to make a profit?

19 MS. DANIEL: And what is your average monthly
20 usage like? Is it in the ten to fifteen thousand gallon
21 range?

22 UNIDENTIFIED SPEAKER: Yeah. It's in the,
23 it's in the -- well, it depends on the month. Actually
24 sometimes it goes up higher.

25 (Simultaneous conversation.)

1 UNIDENTIFIED SPEAKER: That's the lowest you
2 see on your bill is 10,000. You never see anything less
3 than 10,000.

4 MS. DANIEL: And, see, I've looked at billing
5 records that would indicate otherwise. That's very --

6 UNIDENTIFIED SPEAKER: Well, I can show you
7 every single bill I've had since Four Points Utilities
8 has been in existence.

9 MS. DANIEL: Okay.

10 UNIDENTIFIED SPEAKER: But here's another
11 thing, why do they charge for sewer? Where is the
12 sewer? Is it on this property?

13 MS. DANIEL: The sewer is at Polk County. We
14 --

15 UNIDENTIFIED SPEAKER: So why is he charging
16 us a fee for that?

17 MS. DANIEL: Let, let me answer that, if I
18 could. This is a big question. Let me tell you why you
19 pay for sewer.

20 Polk County sends the potable water to you
21 and you drink it and you wash your clothes and you
22 flush the toilet and you pay a base charge and so
23 much per 1,000 gallons for the water that you use,
24 and then you flush the potty and run the laundry and
25 that wastewater goes back to Polk County. That

1 wastewater has to be treated at the County. They
2 don't run it out into rivers and lakes or --

3 UNIDENTIFIED SPEAKER: I'm not -- ma'am, I'm
4 62 years old. I've been around long enough to know how
5 sewage works. But that's not the question.

6 MS. DANIEL: I'm sorry. I misunderstood then.
7 I thought you were just --

8 UNIDENTIFIED SPEAKER: Well, you know, I mean,
9 come on, we all know how sewers work. You know, we
10 don't think it goes out to the ocean or down -- you
11 know, we know how sewers work.

12 My thing is why does he get to charge us
13 that fee? Are you telling us because he's charging
14 us that fee because he's turning around and paying
15 it to you?

16 MS. DANIEL: No, ma'am. He's paying --

17 UNIDENTIFIED SPEAKER: He's charging us that
18 fee so he can make a profit off of what we're doing
19 because -- and he doesn't --

20 UNIDENTIFIED SPEAKER: No. Because, because
21 they're saying that he has to pay the County for the
22 water that --

23 UNIDENTIFIED SPEAKER: But he's -- but we're,
24 we're being charged for the water.

25 UNIDENTIFIED SPEAKER: Understood. But he's

1 paying -- what he, what -- part of his water bill, okay,
2 he pays for the water. Then he also has to pay for the
3 water that leaves, and that's what we're paying for.
4 That's what we're paying.

5 UNIDENTIFIED SPEAKER: Right. But you pay
6 more for the water fee and you pay for the privilege to
7 have it leave (phonetic) in what they call sewer.

8 UNIDENTIFIED SPEAKER: Because he pays, he
9 pays more for the water that leaves than the water that
10 goes in. He pays --

11 (Simultaneous conversation.)

12 UNIDENTIFIED SPEAKER: I can understand paying
13 for the water. But why are we paying a pump fee or a --
14 no, it's called a fuel fee or a fuel fee or a pump fee.
15 There's a fuel fee on there. Why are we being charged a
16 fuel fee? I want to know where this mechanism is and
17 why we're charged? And it's more -- you pay as much for
18 that, the water to come in as we do for the water to go
19 out, and that's what I don't understand. What is this
20 fee and where is this, this thing?

21 Is April here?

22 UNIDENTIFIED SPEAKER: April is in the other
23 room.

24 UNIDENTIFIED SPEAKER: Can you go get me a
25 copy of her bill?

1 UNIDENTIFIED SPEAKER: I can go back in there.

2 UNIDENTIFIED SPEAKER: (Inaudible) Can you get
3 me a copy of April's bill, please? I want to show them
4 the fee we're charged for the fuel fee for the water to
5 go out.

6 (Simultaneous conversation.)

7 UNIDENTIFIED SPEAKER: (Inaudible) into your
8 house and then they charge you for a fee.

9 UNIDENTIFIED SPEAKER: Okay. Well, they're
10 telling us he can only charge us for the water. So if
11 he can only charge us for the water that he's being
12 billed for, why, why (inaudible).

13 UNIDENTIFIED SPEAKER: Because, because part
14 of the water that they're charging for is reclaimed in
15 (inaudible).

16 UNIDENTIFIED SPEAKER: Well, that's what I'm
17 asking here. Where is this thing?

18 UNIDENTIFIED SPEAKER: Are we actually
19 (inaudible).

20 (Simultaneous conversation.)

21 UNIDENTIFIED SPEAKER: I want, I want to see
22 this. It's this nice (inaudible).

23 MS. DANIEL: I still want, I don't think we --
24 and I apologize. I did not mean to -- there is a
25 facility that the County owns. It's called the sewage

1 treatment plant. And the water goes through the sewers
2 and to this sewage treatment facility. And I, I'm not
3 an engineer, so I can't describe it to you.

4 UNIDENTIFIED SPEAKER: Well, my question is --

5 MS. DANIEL: It's the process that the County
6 uses.

7 UNIDENTIFIED SPEAKER: I understand. I
8 understand.

9 MS. DANIEL: Okay.

10 UNIDENTIFIED SPEAKER: That wasn't my
11 question. That's okay. But, but the situation is, is
12 this man is stealing, whether you want to see it or not.
13 You guys send auditors in. I don't know what he does
14 with his books there. All I know is that for six years
15 I have paid for utilities a hundred thousand times more
16 than I would have paid if I lived in the State of
17 California, whose utility, electric is really bad and
18 has been for years. So I don't understand how a man can
19 be given freedom.

20 I mean, we had Progress Energy come in.
21 We were willing to pay more just to get the man
22 gone. Now I would be willing to pay more to have
23 anyone but David Meadows in charge of the utility.
24 And I can't believe that you guys have allowed it to
25 go on as long as you have because I know we have

1 called Tallahassee, we have sent information to
2 Tallahassee, we have received packets from
3 Tallahassee that tell us how to read our meters.
4 And you know what? We need more than just that.
5 And this is the beginning and I hope it's actually
6 the end. I hope that you guys get to move on and go
7 home and don't ever have to hear of Island Club West
8 and Bimini Bay again because this is going to be
9 handled. And I think he should be arrested, quite
10 honestly. There is criminal activity going on here,
11 and I don't have enough money to hire an attorney to
12 get that done because I've got a kid at Stetson
13 University that costs me a house every year and
14 that's much more important to me. So I pay my
15 \$85 water bills and I just be quiet.

16 And I'm glad I got to have the opportunity
17 to stand in front of people who are here on their
18 nights when they should be home. And I just really
19 hope that something happens. I really do. I mean,
20 you've heard everybody, we're all passionate about
21 it. Right now in this day and age, you know, a
22 dollar is worth a hundred. And when you're paying
23 85 bucks for water that you shouldn't be paying to a
24 man who's just stealing it from you and you have no
25 recourse, and you can talk to as many people as you

1 want. You know, if we have to get an attorney, tell
2 us we have to get an attorney. If there's an
3 attorney in this room with all these lovely suits,
4 tell us because we'll hire you. Because we're
5 tired, we're done. We, you know, like she said,
6 we're beyond done. And we were so happy when this
7 thing came up. I don't know who pulled it together,
8 but, you know, I am just -- I mean, you've heard me
9 and I'm done. I can get on a soapbox and go
10 forever, but, you know.

11 (Simultaneous conversation.)

12 MS. BENNETT: Why don't you talk with me
13 afterwards.

14 MS. DANIEL: Tell me your name.

15 MS. CAMPOPIANO: April Campopiano. I've been
16 here five years. I've been here five years. When I
17 moved here, I went down to change my name. They tried
18 to charge me \$200. I told them I wasn't there for that.
19 I never got charged that.

20 I have had the wrong meter get charged to
21 me this past year. I have my bills; I've shown my
22 bills. There was like three different meters. Some
23 people don't look at their meters. And I have a
24 renter, I wish he was here, he got (inaudible)
25 because he didn't realize that we're getting billed

1 other people's meters. We have like \$5 put on our
2 thing with no explanation. It'll say what the bill
3 is, there will be a difference of \$5 from here to
4 there. The person who sends (phonetic) its bills,
5 they don't show it. They show what they're billing,
6 they don't show the credit.

7 I was also informed before they hit us
8 that he was going to send us a bill for \$1,500 and
9 told not to pay it.

10 UNIDENTIFIED SPEAKER: He's trying to get
11 money.

12 MS. CAMPOPIANO: I also had, had to go down,
13 my mother actually, my 80-year-old mother went down to
14 correct these bills to make sure that they understand.
15 And they tried to double speak her and she did not let
16 them do that.

17 Okay. Also up on my road there was a
18 water main break, and we had a renter moving in and
19 he did a temporary fix. I complained and complained
20 and it took three years to get the attention of them
21 to actually go and fix it. Now this is where the
22 dirt went into the street, we've got a hole in the
23 ground, three years no one would come to fix this
24 water. It leaked. There was nice grass over there,
25 but you'd break your leg if you took a walk in it

1 because (inaudible). It has been a very bad
2 experience with this company, and to me they don't,
3 they really don't know what they're doing.

4 I've had an owner who was away that got
5 billed money for his water. His water was shut off,
6 his outside was shut off. I went to look at his
7 meter. It was crusted over with dirt. There was no
8 way it could be read. I called up Bimini Bay and I
9 told them -- I have Four Points. I called Bimini
10 Bay as far as the personnel to fix it. And I said
11 to them, "I'm standing right here. I want you to
12 show me how you read this meter that this person
13 used water." He got very -- he came up and realized
14 he couldn't explain it because the dirt was crusted.
15 And they had -- he had said to someone else, "Dig
16 that up. Dig that up."

17 So they're not doing the meters, they're
18 guessing. When someone is totally shut off, they're
19 getting billed. They're getting bills that are
20 other people's. And if you don't catch it, he's not
21 going to say nothing. He's taking the money. But
22 if you didn't pay enough -- I had a \$30 water bill.
23 I get 48, 52 because I water my lawn and my flowers
24 and all of that. We knew something was wrong when
25 we got a \$30 water bill. Right down there my mother

1 went, and, sure enough, another wrong meter. People
2 have to watch their bill to make sure the meter is
3 their meter. We shouldn't have to do that. They
4 obviously are not competent enough to run this
5 business, not in billings, not in fixing what's
6 wrong.

7 Okay. I've got dirt in my water now
8 because when that broke in all those years all of
9 that sediment went to my water, and I have my
10 faucets that shut off because the stuff shuts it
11 off. I don't know what damage this has done to my
12 water heater, which is my problem. He does stuff
13 with no regret to him. He's always been someone who
14 will try and get the money from you any way he can.
15 But he did not get the \$1,500 and he did not get the
16 \$200 and I -- we don't owe him anything. We are
17 straight with him because we know his tricks. But
18 people like renters expect the bill to be what it
19 should be and they don't.

20 And I have one that unfortunately I could
21 not get in contact with today to see if they could
22 even come, and I'm going to try and stop by and see
23 if they can come tomorrow at 10:00. Because they
24 got shut off, and he came up to me with his bill,
25 and he really knew my husband and I was home, and he

1 asked me and I said, "Bring me your bill." Sure
2 enough, he had a different meter. So they did put
3 his water back on. He's got two kids, he has to
4 work, and instead he had to go fix the stuff with
5 them. That's not right. They do not know what
6 they're doing in any way, shape or form. They
7 shouldn't have anything over us as far as water
8 bills.

9 MS. DANIEL: You have our address if you need
10 to follow up.

11 MS. CAMPOPIANO: Yes, I have these to give to
12 renters. Yeah. I may volunteer for action. Okay? And
13 I also was the, the President of Seniors Versus Crime
14 fighting people who do wrong. So you see, I will
15 approach the renters and say, "Do you have water
16 problems? Have you been off? Here is the paper."
17 Okay.

18 MS. DANIEL: Thank you so much for coming.

19 MS. CAMPOPIANO: Thank you. I'm sorry that I
20 was out earlier.

21 MS. DANIEL: No. That's why we're here.

22 MS. BENNETT: Thank you. Are you Glenn?

23 UNIDENTIFIED SPEAKER: What's that?

24 MS. BENNETT: Are you Glenn?

25 MR. MCQUADE: No. Do I need to add my name to

1 something?

2 MS. DANIEL: What's your name?

3 MR. MCQUADE: My name is James McQuade.

4 MS. DANIEL: All right. Now give us -- spell
5 that last name.

6 MR. MCQUADE: M-C-Q-U-A-D-E.

7 MS. DANIEL: Four Points or Bimini Bay?

8 MR. MCQUADE: Four Points.

9 MS. DANIEL: Four Points. Do you mind giving
10 me your street address just so we'll have a record?

11 MR. MCQUADE: Yeah, that's fine. 617 Orchid
12 Drive. So I've been living here for about three years.
13 This is my first home I ever bought for myself. I've
14 seen a lot of changes going on in this location. I mean
15 I remember when there was a point in time that there was
16 a meth lab down the street (inaudible), but that's what
17 happens. This place has changed quite a bit, you know.
18 The only thing that has remained constant in this
19 location would have to be, as April who just was up here
20 said, is grit in the water.

21 I've had this situation since I lived
22 here. I had to buy a monkey wrench just so I could
23 take a shower, wash my clothes, drink water. I rent
24 my place out to other people. So it's not just
25 affecting me, it's not just affecting the people

1 that have come up and talked about it.

2 My one thing I ask is that I'm not
3 entirely sure if the water bill is right or wrong,
4 I'll be honest, but I do know that when you drink
5 from a glass of water, take a shower, you shouldn't
6 walk in and turn your water on and know that nothing
7 is going to come out that shouldn't come out. It
8 should be hot, it should be cold, however
9 temperature you want it to be, you know. It should
10 be (inaudible) if the water turned off. Well, if
11 you go to another faucet and it turns on, you know
12 you've got a problem.

13 My question is I just want the grit taken
14 care of. I just want to be able to go and take a
15 shower and know that the water is going to come on
16 the same texture every time every day. That when I
17 go to take, wash my clothes, I put my clothes in the
18 washer, the water is going to come out, you know.

19 I've been on time with my bills. I've,
20 I'll be honest, I was late once and that was when I
21 first bought my place and my bill was way out of
22 whack. I found out right off the bat because the
23 people before me had the same problem where they
24 were charged this amount. And they needed to put it
25 somewhere, so they put it on me. But don't worry.

1 I caught that. I'm not worried about that. That's
2 cool. Thank you very much for (inaudible).

3 MS. DANIEL: And so you still to this day have
4 grit in your water (inaudible) up the lines?

5 MR. MCQUADE: I do -- I'll be honest. I'll be
6 honest. Today I was on my way to go pick up some
7 NyQuil, I'm not feeling that great right now, and I saw
8 a lot of important cars up here, I noticed everybody's
9 cars.

10 MS. DANIEL: Yeah. Yeah. State cars.

11 MR. MCQUADE: Exactly. So I pulled up and
12 didn't really know what was going on, but I heard that
13 Four Points Utility was happening, so I had to come over
14 and talk. And before I came here I took a shower, and I
15 had to take my showerhead off just to get the grit out.
16 So, I mean, it's not like this, this -- it's not like
17 this happens once a month. This happens probably twice
18 a, twice a month, you know, and that should not be
19 happening. Whether you're drinking water, whether
20 you're taking a shower, whether you're washing clothes,
21 you know. I'll wash my dishes. I promise you one
22 thing, not all my dishes will be completely clean
23 because there's that grit, that buildup. It just gets
24 right in there and it just stains, stains your plates,
25 your silverware, it rusts out your silverware. That,

1 that's ridiculous. You know, you (inaudible) a whole
2 lot of silverware for a while.

3 But that's all I ask, if, if that could be
4 fixed, you know. So thank you very much for your
5 time. Thank you.

6 (Inaudible).

7 MS. BENNETT: Glenn Gorman or Michелlette
8 Ramos.

9 UNIDENTIFIED SPEAKER: Michелlette? Glenn?
10 Glenn, you're up.

11 MR. GORMAN: Hi. My name is Glenn Gorman, 343
12 Caribbean, Four Points Utility. The only, the only
13 concern I have is the way that the, the meter readers
14 come on property. The other day it just so happened I
15 pulled up, there was a meter reader walking around. He
16 didn't have the right addresses, he was just randomly
17 shutting off water, and also had no identification. The
18 vehicle that he was in could have been anybody. He had
19 two gentlemen sitting in a van with no shirts on in
20 front of my house drinking beer. When I pulled up, the
21 gentleman was literally looking in my window. For what?
22 When I asked him, he could barely explain himself. I
23 wanted to know why he was on my property, number one.
24 And he told me he was shutting my water off. I said,
25 "No, you're not shutting my water off. I live here.

1 The bill is paid." He said, "Well, yeah, the address is
2 here." And he couldn't show me an address. And, again,
3 the way he was just walking around the property with no
4 identification and the two gentlemen waiting with him
5 with no shirts on. That was my biggest concern.

6 I don't have concerns about the bills yet
7 because the bills go to a corporation that's owned
8 by my brother. But with all the discrepancies I've
9 heard about the bills tonight, I'm going to check
10 into that further.

11 But that's just my main concern is the
12 lack of professionalism in these guys that are just
13 coming. I don't know who they hire or who these
14 gentlemen are, but, you know, if you're on my
15 property, you should have some kind of
16 identification who you are.

17 MS. BENNETT: Are you sure that they were
18 the --

19 MR. GORMAN: Oh, yeah. He was, him and
20 another gentleman were walking around literal, they were
21 literally going into the boxes and shutting off water.
22 And, again, they, they looked like they were confused,
23 that they didn't know what address was what and what
24 street they were on and who they were shutting off.
25 They shut my neighbor off when somebody was living in

1 the house.

2 UNIDENTIFIED SPEAKER: They shut my water off
3 at the main (inaudible) last month and I had to, I had
4 to prove that I paid all my bills.

5 MR. GORMAN: That's it.

6 MS. BENNETT: Michелlette.

7 UNIDENTIFIED SPEAKER: I did text her. She
8 was at another meeting.

9 MS. DANIEL: Why don't we do this while we're
10 waiting on Michелlette -- I think she's the last person
11 signed up on here. Are there others after Michелlette?
12 Okay. All right. We'll -- do you want to -- if I
13 could, I have someone that -- please, would you mind,
14 help us out here.

15 MS. BENNETT: We did invite the Attorney
16 General's Office to attend and --

17 (Applause.)

18 MR. CLEMENTS: My name is Robert Clements, and
19 I'm an Assistant Attorney General with the State of
20 Florida. And part of what you guys are talking about, I
21 guess the majority of what you're talking about tonight
22 is a Public Service Commission issue. Unfortunately we
23 don't have jurisdiction over that.

24 But I brought some cards that have a
25 number that you can call with complaints to the

FLORIDA PUBLIC SERVICE COMMISSION

1 Attorney General's Office and that's what I would
2 recommend you do. Not with respect to the utility
3 issue; unfortunately I can't help you. You've got
4 competent people here to take care of that for you,
5 I'm sure. But with respect to other issues that I
6 understand that have gone out, that have gone on out
7 here, I would recommend you call this number. Maybe
8 you want to -- I can't promise you anything because
9 I don't know whether we have jurisdiction over a
10 particular issue, but it's worth calling the number,
11 making the complaint, and then we'll confirm whether
12 or not we have jurisdiction and can proceed in the
13 case (inaudible). So what I'm going to do is I'll
14 leave some of these cards up here for you. And, you
15 know, it is on our radar. So something (inaudible).

16 I'll leave some cards. Feel free to call
17 the number, it's called Citizen Services (phonetic),
18 leave a complaint, and then it gets filtered down to
19 the appropriate people. And hopefully we'll do the
20 same as long as we can (inaudible). So that's all I
21 can promise you right now. (Inaudible). We'll do
22 what we can for you. Okay?

23 So I'll leave these up here, and take one,
24 if you'd like. I think there is also a meeting
25 tomorrow as well, is there not? And we'll have

1 another representative here during that meeting, so.

2 UNIDENTIFIED SPEAKER: What type of complaint
3 should we send to you? Is it more like for those who
4 have liens or --

5 MR. CLEMENTS: Yes. Yes. If it's with
6 respect to the utilities, the water, the power, that's
7 up to the Commission. And while (inaudible) it's not my
8 area, so, you know, I'm not sure they'll be able to
9 handle it for you. But apart from that, it's
10 probably -- anything related to utilities, no. Anything
11 else is, I'm sure there's so many, I would say those --
12 I can't guarantee that those are (inaudible), but I
13 don't see anything apart from those. Make a complaint
14 and then it will get filtered to the right people and
15 we'll see whether or not it's (inaudible). Okay?

16 So I'll leave some cards up here for you.
17 Again, there will be another rep, it won't be me
18 tomorrow, but there will be another representative
19 if you'd like to follow up further.

20 UNIDENTIFIED SPEAKER: Did you bring some
21 handouts with regards to what kind of complaints
22 (inaudible)?

23 MR. CLEMENTS: You know, I did -- I brought
24 very little. I don't think you'd get enough specifics
25 to do you much good because it's kind of a general

1 thing. So I think the way I try to answer, if it's not
2 utilities, then --

3 UNIDENTIFIED SPEAKER: Start there.

4 MR. CLEMENTS: Start there. So there's so
5 many areas it could cover, that it's probably not
6 worth it to, to go through all of them. Let's just
7 say make your complaints and let us filter it down
8 where it should go. Because even within the
9 Attorney General's Office we have a statewide
10 prosecuting (inaudible) which is civil, unfair and
11 deceptive trade practice area, we have Medicaid
12 fraud. I mean, there's so many areas that I'm not
13 sure it would help you to get the handout. But I'll
14 leave them here and that's, this is certainly a
15 place to start. Okay? So I'll be here for a little
16 (inaudible).

17 UNIDENTIFIED SPEAKER: (Inaudible).

18 MS. BENNETT: And Michellette.

19 MS. DANIEL: Michellette has asked, she has
20 asked to be our first, she has asked to be our first
21 speaker in the morning. She wants to go home and get
22 her paperwork. And that's what I wanted to, to speak to
23 you again and reiterate. We need your name and address
24 and phone number and a piece of paper. We cannot fix
25 these problems based on allegations. Okay?

1 UNIDENTIFIED SPEAKER: If we (inaudible) you,
2 you have paper from us already.

3 MS. DANIEL: Yes, ma'am.

4 UNIDENTIFIED SPEAKER: You know, you've
5 received a lot of bills over the past six years
6 (inaudible). And I'll be quite happy to print it out
7 again for you, but you guys have a lot of paperwork I'm
8 sure.

9 MS. DANIEL: Yes, ma'am. As I said, we do
10 have another meeting in the morning at 10:00, if, if you
11 would like to come back again and be knowledgeable of
12 what else is going on. If you know others who -- I've
13 heard some folks who weren't aware of this meeting, and
14 that's, that's frustrating to us because, as I said, we
15 (inaudible) notices to both property owners and tenants.
16 We would be glad to talk to you again tomorrow, and
17 we're going to do everything we can to help resolve some
18 of these issues (inaudible) taken care of.

19 So thank you for your attendance. And if
20 you want to come up and speak to us individually,
21 please feel free to do so. Thank you.

22 (Meeting concluded.)

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1 STATE OF FLORIDA)
 : CERTIFICATE OF REPORTER
 2 COUNTY OF LEON)

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I, LINDA BOLES, RPR, CRR, Hearing Reporter Services Section, Office of Commission Clerk, do hereby certify that the foregoing proceedings were transcribed from digital recording to the best of my ability.

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' attorneys or counsel connected with the action, nor am I financially interested in the action.

DATED THIS _____ DAY OF DECEMBER, 2010.

LINDA BOLES, RPR, CRR
 Office of Commission Clerk
 (850) 413-6734

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 090424-WS

In the Matter of:

APPLICATION FOR CERTIFICATES TO
PROVIDE WATER AND WASTEWATER
SERVICE IN POLK COUNTY BY BIMINI
BAY UTILITIES CORPORATION, AND
FOUR POINTS UTILITY CORPORATION
(UNDOCKETED).

PROCEEDINGS:	CUSTOMER MEETING (Audio File Transcription)
TAKEN AT THE INSTANCE OF:	The Staff of the Florida Public Service Commission
DATE:	Friday, November 19, 2010
TIME:	Commenced at 10:00 a.m.
PLACE:	Island Club West Clubhouse 3100 Sand Mine Road Davenport, Florida
TRANSCRIBED BY:	JANE FAUROT, RPR Official FPSC Reporter (850) 413-6732

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P R O C E E D I N G S

MS. DANIEL: Good morning. I'll go ahead and get the customer meeting started. And I know there are a few people who are signing in in the back. I'd like to welcome you all to the meeting this morning. And, Counsel, if I could have you read the notice of the meeting.

MS. BENNETT: Certainly. By notice duly given, this date and time was set for a meeting for Bimini Bay Utilities Corporation and Four Point Utility Corporation.

MS. DANIEL: Thank you. And, again, I welcome you for coming. I'm Patti Daniel, and I'm with the staff of the Florida Public Service Commission. And I'm going to introduce some of the other staff members that are here with me today.

I think I have some names. This is Lisa Bennett to my left, she is our staff attorney. And Lydia Roberts is a staff analyst, and she's going to be able to help some of you later with some very specific questions. We have a staff engineer, Tom Walden, with us. He may be in the back of the room. There are other staff members who have come with us, as well. Lisa Harvey is in the front here, and Carl Vinson is a staffer. And Jerry is in the back and Kevin is in the

1 back. So we have quite a few Commission staff people
2 here to help you talk about your concerns with respect
3 to your water and wastewater usage.

4 There are a couple of other people here with
5 us today that are not from the Florida Public Service
6 Commission. We have the Office of Public Counsel, Mike
7 Jenkins is here. Let me tell you what he represents.
8 Consumers in the State of Florida have a voice, and it
9 is the Office of Public Counsel. So if for some reason
10 you believe that you need further consumer
11 representation, legal representation, technical
12 questions answered, the Office of Public Counsel is
13 available to help you. And in your handout, and I will
14 show you later where that is, you are going to have some
15 information about how to contact Mr. Jenkins' office.

16 Also, a representative of the Attorney
17 General's Office is here, and her name is Rebecca Circle
18 (phonetic), and we appreciate her coming. She is here
19 to observe. Thank you for coming.

20 I'm going to go through a brief presentation
21 with you, and then after this presentation -- bear with
22 me -- after a brief presentation, I'm going to begin to
23 ask you to come up, some of you have signed up to speak,
24 and if you didn't we will take care of that, as well.
25 But the ones who have signed up to speak, I'm going to

1 ask you to come and let us hear your concerns. And we
2 will answer those questions, and then others of you who
3 may not feel comfortable speaking before an audience, we
4 will talk to you privately afterwards. You can write us
5 letters, and I'll show you how to take care of all of
6 that.

7 What I want you to understand is we are the
8 staff members of the Florida Public Service Commission.
9 We are not the utility. We are a state agency that
10 regulates privately owned water and wastewater
11 utilities, and the screen shows you that Chapter 367 of
12 the Florida Statutes and Rule 25-30 of the Florida
13 Administrative Code are those places where the
14 Commission derives its authority and rules to govern
15 what we do.

16 The presentation today is about Bimini Bay's
17 application for water and wastewater certificates and
18 authority to change rates. I know that's not common
19 English, and I'm going to explain to you what that means
20 in just a minute. And we are going to talk about Four
21 Points Utilities, as well, and some quality of service
22 issues that we understand that you are having with that
23 company.

24 Bimini Bay filed an application for a
25 certificate before the Public Service Commission in

1 August of 2009, and what that means is Bimini Bay, while
2 they are already buying bulk water from Polk County and
3 then billing you individually for that water and
4 wastewater service, they are charging at a rate that
5 does not exceed what they paid for it, and right now
6 they are exempt from Commission regulation. And I know
7 that's a little bit complicated and really doesn't mean
8 much to you when you are upset about your water bill,
9 but what I want you to know is they have come forward
10 and have asked to be regulated by the Public Service
11 Commission. And that means that the Commission does
12 regulate them. That the Commission will set the rates
13 and charges that Bimini Bay can charge. And if that's
14 in the public interest, that is what the Commission
15 wants to do.

16 The Commission already regulates Four Points.
17 We granted them a certificate in April of 2007. We have
18 set rates for that company, but we continue to receive a
19 lot of complaints about billing issues and other quality
20 of service issues, and those are some things I suspect
21 we are going to hear from you this morning.

22 Not to belabor it, but these are the rates
23 that Four Points has authority to charge. What I want
24 you to know is that there is a base facility charge, and
25 it's an amount that is 11.68 for water, 18.61 for

1 wastewater. Four Points can charge -- these are Four
2 Point's rates. Four Points, not Bimini Bay. The base
3 charge is something that the company charges each and
4 every month regardless of whether there's usage in the
5 home. So if you are out of town, out of state, you will
6 still receive a base charge. If water goes through the
7 meter, then you are billed on a per thousand gallon
8 basis, so much for water, so much for wastewater.

9 If you are a home that uses, perhaps, 10,000
10 gallons of water per month, then you might wind up
11 paying a water bill of \$39.18 and a wastewater bill of
12 \$64.91. And what this screen also shows you, the
13 asterisk tells you that on wastewater, you pay your
14 wastewater bill based on the amount of water that you
15 use because we don't meter the wastewater. It's a tool
16 that we use, but we understand that not all of the water
17 is returned to that wastewater treatment plant where it
18 is further treated and cleaned up, but we cap the amount
19 that you have to pay for wastewater.

20 In this company's case, it's at 10,000
21 gallons. So you would be billed for all of the water
22 usage that you use at the gallonage rate, but for
23 wastewater we are going to cap the amount that you would
24 pay based on 10,000 gallons. I think those numbers --
25 if you are from Four Points, those numbers are in your

1 bulletin.

2 What does the Commission do? The staff of the
3 Public Service Commission is currently taking part in an
4 investigation. We are reviewing Bimini Bay's
5 application for a certificate and authority to charge --
6 to change their charges for water and wastewater
7 service. I understand they are charging you, but right
8 now, because of the way the statutes are written they
9 are exempt from Commission regulation, but we are
10 looking to regulate them.

11 We are looking at the information that they
12 have given us with respect to what it costs them to
13 provide that service and, therefore, what the
14 appropriate rates might be. And we are also looking
15 into some quality of service issues that we have already
16 begun to hear from the Bimini Bay customers and have
17 heard for a while from the Four Points customers. So we
18 hear you. We know those problems exist, and we want to
19 hear more from you.

20 This customer meeting is so that we can
21 accomplish exactly that. We want you to come forward.
22 If you have copies of bills that you are concerned
23 about, if you have questions, we have staff here who
24 will be willing to talk to you and answer those
25 questions.

1 When we have concluded our investigation, the
2 staff will prepare a recommendation. Our Commissioners
3 in Tallahassee are the ones who will actually vote and
4 decide whether to grant Bimini Bay a certificate, what
5 the appropriate rates and charges would be, are there
6 issues with respect to quality of service that the
7 Commissioners should address and require the company to
8 do something more or different. And the Commissioners
9 will review staff's recommendation and vote on it at an
10 agenda conference in Tallahassee.

11 Now, customers can come to that agenda
12 conference. It is also available on the Commission's
13 website, and in just a minute I'll show you how you
14 might obtain that information. The Commissioners then
15 will either approve, modify, or deny the staff
16 recommendation with respect to those things, the
17 appropriate rates for Bimini Bay, and what, if anything,
18 should be done about these quality of service issues.

19 When the Commission votes, there is an order
20 that is written by the legal staff, it's issued about
21 20 days after the agenda conference, and that order
22 codifies what the Commission's decision was. Now, it's
23 PAA order. Do you see that? It's called a Proposed
24 Agency Action process. Once the Commission votes and
25 that order is issued, there is a time period within which

1 if customers or a utility don't like the Commission's
2 decision, they can object. And if that happens, there
3 is an informal process, and we talk about those things.
4 If need be, we can have a formal hearing where testimony
5 is given. Hearings are very costly, so we try to
6 minimize the hearing process and use this Proposed
7 Agency process to address your questions and concerns.

8 What can you do? You can provide comments to
9 us today. You can provide us documentation, copies of
10 bills that you may have questions about. As I said, if
11 you have signed up we are going to allow you the
12 opportunity to come to the mike over here and speak and
13 tell us your concerns, ask us questions, and we will
14 respond as best we can. If you are not comfortable with
15 that, there's a place in your bulletin -- if you are
16 from Four Points yours is blue, and if you are from
17 Bimini Bay yours is yellow. There's a place in the back
18 where you can use this to write, give us written
19 comments. I think I even have a copy of that. You can
20 obtain a copy of the staff recommendation and you can
21 monitor the agenda conference.

22 Here we go. The sign-up sheet was in the
23 back, and Justin is going to bring that to me in just a
24 minute so that I can call on you in the order in which
25 you signed up. If you will, use the microphone when you

1 come to speak.

2 We's going to be real insistent about knowing
3 what your name and address is and whether you are served
4 by Four Points or Bimini Bay. And that's not to put you
5 on the spot, and if you need to tell us privately, we
6 certainly respect that, but we want to be able to follow
7 up with you, okay? We take these issues very seriously,
8 and so we want to get as much information from you as we
9 can so that we can follow up.

10 Be sure and use the microphone, and let's be
11 respectful of others. If someone is at the microphone
12 speaking, if you are going to be wanting to talk about,
13 yes, I know that, me, too, but try to hold it down so we
14 can hear. This is being recorded, so -- we are being
15 recorded, aren't we?

16 We may ask you to spell your last name. We
17 hear in southern drawl sometimes, so if you will spell
18 your last name. And the comments are being recorded,
19 and there is a special report, and a place in the back
20 of that report where if you want to use that to write to
21 us instead of speaking. If you go to the Commission's
22 website, this is what the website looks like, and we
23 have five Commissioners. You can see from this slide
24 that we have one vacant position right now. Those are
25 the current Commissioners who might be voting on the

1 issues with respect to Bimini Bay and Four Points.

2 There's a place on the Commission's website
3 where you can listen when the Commissioners vote on this
4 particular recommendation. There is a place on here
5 where you can actually get to a video of that agenda
6 conference and monitor it. It's a slight time delay,
7 but it is pretty much realtime.

8 I mentioned Mike Jenkins with the Office of
9 Public Counsel. He is the advocate for consumers and
10 they have a toll free number and a website. I think
11 that's in the bulletin. The Public Service Commission
12 has a staff of consumer assistance folks, and there's a
13 1-800 number, and you can also contact them via e-mail.
14 And if you have questions along the way with regard to
15 the provision of water and wastewater service by Bimini
16 Bay and Four Points, you can contact them.

17 And please remember today's meeting is being
18 recorded. Come forward to the microphone when your name
19 is called, and we may ask you to spell your last name so
20 that we can hear it. Okay. I got through that pretty
21 quickly.

22 And, Lisa, will you help us out.

23 MS. BENNETT: Michелlette Ramos.

24 UNIDENTIFIED SPEAKER: She is coming in a
25 little bit later.

1 MS. BENNETT: Okay. Rodney Williams.

2 MR. WILLIAMS: Good day. My name is Rodney
3 Williams. I live at 813 Pine Street, Ocoee, and we own
4 a unit down in Bimini Bay. We have owned for close to
5 four years now. And, you know, we feel like ever since
6 we have been there our water bill has been extremely
7 high because of the number of people that has been
8 living in the units. I know we have, you know, two
9 different units. We rent separately most of the time,
10 but there is usually three to four or five people at the
11 most since we have owned the units.

12 Here recently, we had a renter in, a single
13 guy that was in the three-bedroom unit, an older couple
14 in the single unit, and during that time the single guy
15 there in the last two or three months was gone most of
16 the month. He was mainly -- had a very disabled kid and
17 he stayed at the hospital a lot, so he wasn't hardly
18 ever there. After that, he had moved out, and I had to
19 go in and do the repairs and painting and various
20 things, and that was approximately two months. Well,
21 our water bill never came down. It was still over \$100
22 a month. There is something bad wrong with that
23 situation.

24 In that case, there are times that before when
25 the people was living there it was basically the same,

1 or sometimes a little less. But since we know -- we
2 felt like all the time we were getting charged more.
3 And I have checked the meter and checked the meter.
4 During the time I worked there, there is no leaks in the
5 units, that is one of the first things I looked for for
6 months and months now. Every time -- I have made
7 several trips down there just to check the meter to make
8 sure nothing is running when there was nobody home. And
9 so we know for a fact we don't have any leaks. And we
10 just feel that we have been -- I don't know how to
11 explain it, except that the water bill is extremely
12 high.

13 If my bill is that high for the amount of
14 people that has lived there, and knowing their use,
15 because I'm down there a lot, I can't imagine if there
16 was four, five, or six people living in a unit, the bill
17 has got to be two, three, or \$400 a month. That is just
18 extremely high for water.

19 So that's my concern. I hope that -- if
20 somebody can explain to me that is a normal charge for
21 that kind of a unit, well, then I guess I'll be happy.
22 Not happy, but I guess I can live with it. But I just
23 feel like that there is something wrong. Because of the
24 situation, we have been watching very, very close for a
25 long time.

1 MS. DANIEL: If I could, Mr. Williams.

2 MR. WILLIAMS: Yes.

3 MS. DANIEL: Do you ever check the meter
4 yourself to see how much water is coming through it?

5 MR. WILLIAMS: Absolutely. Well, I don't know
6 how to read it.

7 MS. DANIEL: You don't know how to read it?

8 MR. WILLIAMS: But every time I go down there
9 I look down there at the little red thing --

10 MS. DANIEL: Uh-huh.

11 MR. WILLIAMS: --- it's never turning. It
12 never turns, you know, unless the water is on. Even if
13 it's dripping it would be turning. But I don't go in
14 the units usually when people are living there, but when
15 I go by down there I check it, and I'm by there quite
16 often.

17 MS. DANIEL: Tom, do you have any suggestions?
18 Lydia, go ahead.

19 MS. ROBERTS: When you looked at your meter,
20 do the meter numbers change? Is there a different
21 numbers reading on your meter right now versus when you
22 looked at it, you know, say, three weeks ago?

23 MR. WILLIAMS: Well, I don't look at the
24 numbers. You know, I just usually look at the little
25 wheel that's turning. But during about two months that

1 the place was vacant, I was down there not every day,
2 but most every day doing some stuff. Well, I wasn't
3 using water. I flushed the toilet maybe once or twice a
4 day and that was it. And the water bill was still as
5 high as it was when people was living there.

6 And the couple that lives next door, you know,
7 they don't -- I've talked to them about the water. They
8 don't use no water, nothing than just normal. I mean,
9 it's just impossible to use that much water.

10 MS. ROBERTS: Is their bill exactly as yours
11 as far as the amount goes?

12 MR. WILLIAMS: Well, I paid the water bill. I
13 mean, it's all in the same unit. I mean, it's a
14 block-out unit, but the larger unit is one that for
15 months, I guess a couple of years, we just had a single
16 guy living there. Even though his girlfriend moved in
17 for awhile, but then, you know, that's it. There's no
18 reason for any excess water to be used unless there was
19 a major leak of some kind, and I constantly talked to
20 them on the phone. Are you sure there's no leaks? Are
21 you checking all the time? And then every time I would
22 go by I would check the meter to see if the little red
23 thing, when they weren't home, to see if there was any
24 water running inside, you know, for some reason. But I
25 never found that, never.

1 MS. DANIEL: Tom, if you want to --

2 MS. BENNETT: Mr. Williams, do you have water
3 bills that you could provide us copies of?

4 MR. WILLIAMS: Sure, absolutely. We keep all
5 of our water bills. And we are constantly getting
6 billed, like, we just got a notice a couple of days ago
7 they was going to turn our water off because we haven't
8 paid our bill. We have never failed to pay our bill.
9 And that is not the first one we have got. We have
10 gotten several of them saying we are way behind, and we
11 have proof of every bill. It's never late. We
12 personally carry it down there. Yet, we still get these
13 notices in the mail that our water bill hasn't been paid
14 and they are getting ready to turn the water off. And
15 I'm sure -- I don't know if I'm the only one. I hope
16 not.

17 MS. DANIEL: Did you bring copies of something
18 today, or is that something you need to --

19 MR. WILLIAMS: Do you have a copy of that with
20 you today?

21 MS. DANIEL: What we are going to do is if
22 people have brought copies of bills, some of our staff,
23 there are some places in the back where you can sit and
24 talk to our staff and get a dialogue going, and that
25 will allow us to continue with other people's concerns

1 out here. If you want to do that, talk to Lydia and
2 give her some --

3 MR. WILLIAMS: Well, yes. We didn't know what
4 we needed to bring or not, but we did, because we
5 stopped by there to pay a bill this morning. And showed
6 it to the girl, and in the computer it showed a zero
7 balance, but we still get these notices.

8 MS. DANIEL: Talk to Lydia, and if you don't
9 have something, and there are some booths right back
10 there.

11 MR. WILLIAMS: Yes. Because it's a little
12 irritating because we have got people living in the unit
13 and we get the notice that our water may be cut off, and
14 all of it sudden we get a phone call from the people
15 living there saying we have no water, when there's no
16 reason for that because we don't owe no bill. You know
17 what I'm saying? We keep it paid. We pay our bills on
18 time.

19 MS. DANIEL: I understand.

20 MS. BENNETT: Did you just say that you were
21 disconnection, even though you paid your bill?

22 MR. WILLIAMS: Pardon?

23 MS. BENNETT: Didn't I just hear you say you
24 got disconnected?

25 MR. WILLIAMS: No, but we will get a notice

1 that we are going to be disconnected because of lack of
2 paying the bill. Well, we have never lacked paying our
3 bill. We have always paid our bill.

4 MS. ROBERTS: And you have no problem
5 receiving your bill? Do you have it going to your
6 actual location there at Four Points?

7 MR. WILLIAMS: No, it comes to our house where
8 we live.

9 MS. ROBERTS: It comes to your house. Okay.
10 All right.

11 MS. DANIEL: Lydia, did you want to talk to
12 Mr. Williams? Okay. Mr. Williams, if you and your wife
13 would just go with Lydia. There are some booths back
14 here, and she will be able to get some specific
15 information, and if you need to give us more information
16 to help us figure out what's going on.

17 MR. WILLIAMS: Okay.

18 MS. DANIEL: Is that okay?

19 MR. WILLIAMS: Sure.

20 MS. DANIEL: All right.

21 MS. BENNETT: The next person to speak is
22 Jeff -- I think it is Deyo, but it may be Deto.

23 MR. DEYO: Close enough. My name is Jeff
24 Deyo. I'm at 202 Washington Palm Loop in Bimini Bay.
25 The last name is spelled D-E-Y-O.

1 Some of the issues we have brought up,
2 maybe we can have some answers and see where we are on
3 this so far. The calculations that are done on the
4 bills, when you look at the base rates, and the unit
5 rates, and so on, and you compare the usage to the rates
6 to the total -- since this is being recorded, I'm not
7 going to say anything about that. Thank you.

8 (Laughter.)

9 MR. DEYO: Yes. About the calculations about
10 how much it is per unit and how many gallons you use and
11 so on, and you follow the calculations across. A lot of
12 times the calculations are off. Most of the time they
13 are off. So I just wanted to see if that was something
14 that the Commissioners are going to be able to address
15 and get that squared away.

16 As far as billing was concerned, I don't know
17 if this would help Tom. Tom, do you receive yours in
18 the mail, your bill, your water bill? Mr. Williams?

19 MR. WILLIAMS: Pardon?

20 MR. DEYO: Do you receive your water bill in
21 the mail?

22 MR. WILLIAMS: Yes.

23 MR. DEYO: Because e-mail has been offered in
24 the past, and it was on for awhile, and we haven't
25 received e-mail bills since. Sometimes that accounts

1 for a delay. By the time we get it in the mail and get
2 things paid, it might be a little bit late, but it would
3 be nice to have the e-mail option back again. For me,
4 anyway.

5 When they go -- before the Commission -- or,
6 actually, when the Commission takes over, if that's
7 what's going to happen, you set the rates, but isn't
8 there -- and I'll call it infrastructure, but isn't
9 there a certain amount that could be added to the fees
10 for different infrastructure that needs to be done,
11 different repairs?

12 MS. DANIEL: Yes.

13 MR. DEYO: Is that something that is monitored
14 or set by the Commission?

15 MS. DANIEL: I'm going to figure out what all
16 of your questions are, and then I will tell you what I
17 know about -- if there are uprates needed?

18 MR. DEYO: Right. If they need to rebuild the
19 water system in Bimini Bay and that gets reflected off
20 to the customers, is there a cap that can be on that or
21 how is that figured into our bills?

22 MS. DANIEL: Okay. Let me go ahead -- and let
23 me back up. Let me start with the calculation of the
24 bills. And we had the customer meeting last night, as
25 well, and we heard that, that you can see the number of

1 units, and the charge per unit, but when you multiply
2 those two numbers together it is not the next number to
3 the right, okay?

4 MR. DEYO: That's right.

5 MS. DANIEL: Let me back up with respect to
6 that. Bimini Bay right now is operating as an exempt
7 utility, and I know that doesn't mean anything to you,
8 but to try to put that in layman's terms, the Florida
9 Statutes provide that when Bimini Bay buys bulk water
10 from Polk County, and let's say they pay \$10,000 a month
11 for bulk water, they then turn around and bill the
12 individual homeowners. If they don't bill the
13 homeowners any more than that \$10,000, they are exempt
14 from Commission regulation because they are just turning
15 around their costs. If they try to add any overhead to
16 that, if they add any fees for meter installation, or
17 repairs, or upgrades, or anything so that they would be
18 billing their customers more than what they pay to Polk
19 County, then that would cause them to need their rates
20 to be set by the Public Service Commission.

21 When you asked me about these calculations, we
22 can look at it, but right now the Public Service
23 Commission does not set or regulate Bimini Bay's rates.
24 They are exempt. But they have applied to be regulated.
25 They want the Commission to set those rates.

1 Now, what that means is where right now they
2 are just turning around the cost that they pay for that
3 water, if the Commission sets those rates, we are going
4 to look at not only the cost that they pay to Bimini
5 Bay, but it costs Bimini Bay something to read meters,
6 and mail those bills to you. And if there are repairs
7 and upgrades that need to be made, those sorts of issues
8 can be woven into the rates that would be set for Bimini
9 Bay. But that would take a staff investigation and a
10 recommendation to the Commissioners.

11 You saw the schedule of the Four Point rates.
12 The Commission will wind up setting a base charge and a
13 gallonage charge, and the good news is if the Commission
14 regulates Bimini Bay and its rates, there are rules that
15 provide for, you know, you cannot disconnect service
16 without five days written notice separate and apart from
17 the regular monthly bill, and you can't disconnect on a
18 holiday, or after noon on Fridays.

19 We have provisions in our rules that if we
20 were to regulate Bimini Bay, and they have requested
21 that we regulate them, we could put all of those into
22 play. The billing problems with respect to the e-mail,
23 that is sort of a business decision and not something
24 that the Commission would encourage, or prevent, or
25 anything else, if that's a business decision. Did

1 that --

2 MR. DEYO: Yes. But just to clarify what you
3 are saying, if I understand this right, right now we are
4 getting billed only for the water that is being used by
5 Bimini Bay. If there are infrastructure repairs that
6 are needed, once they are regulated by the Commission,
7 then those expenses can be carried over to us.

8 MS. DANIEL: Can be.

9 MR. DEYO: Which right now they are not.

10 MS. DANIEL: Can be. The Commission would
11 have to look at that. And I talked about a proposed
12 agency action process, there would be opportunity for
13 customers to monitor what the staff is looking at and
14 what the company is recommending, and what the
15 Commission might ultimately decide.

16 MR. DEYO: Okay.

17 MS. DANIEL: But, yes, those are issues that
18 could be interwoven into the Bimini Bay rates.

19 MR. DEYO: Okay.

20 MS. DANIEL: Thank you.

21 MR. DEYO: Thank you.

22 MS. DANIEL: Okay. Let us know if you have
23 questions or if you want us to follow up on anything.

24 Thank you, Mr. Deyo.

25 MS. BENNETT: Brandon and Cathi Mead.

1 MR. MEAD: My name is Brandon Mead. This is
2 Cathi Mead. The last name is spelled M-E-A-D. I am the
3 owner of 633 Coconut Palm Way, and that is within the
4 Bimini Bay community.

5 We have a number of actual concerns ranging --
6 and as much as billing is a problem, both the accuracy,
7 the timing, such as some days we have multiple occasions
8 where it was claimed that we had no water usage. One of
9 those, first, I believe they billed some in the month
10 before, some in the month after, but we were accurately
11 living there. So why they wouldn't read the meter, why
12 they would say the same reading is there is unexplained.

13 The second one, they had a gross overbilling
14 that we brought to their attention, and we asked them to
15 fix. They came out; they said they did a reading; they
16 came in; they verified that we had no leaks and they
17 said, okay, just because you used 10,000 gallons more
18 than any other month, that's about accurate for this
19 community, so that's acceptable. You have to pay that.
20 There's nothing.

21 The next month it showed that we had
22 absolutely no usage. And, in fact, we rechecked the
23 meter and found that it was a lot lower than what the
24 original reading had claimed it was. The reading that
25 said it was 93,000 according to them, and a month later

1 it was, like, 87,000. And we have bills of all of this.
2 Of our communication, of the readings, of the original
3 bill that they had sent the previous, or the following
4 month, saying the bill was no usage, and then the
5 corrected bill where they verified. When, in fact, they
6 had misread the meter grossly inaccurately.

7 Other problems. We have received notice of
8 termination of service, even though we have paid the
9 bills. We have those notices in here, as well. We had
10 to go to them and we had to provide them with proof.
11 And it wasn't paid in cash. We had physical evidence
12 and checks and things. Obviously they had received
13 those things, and if they were receiving checks then
14 they know who paid it, and it has notes on it what unit
15 was for. There is no excuse why that funds should not
16 have been applied to our account.

17 And the fact that obviously that this is a
18 repeat thing that they are rebilling people for bills
19 that they already paid. If someone is not capable,
20 either from energy, memory, or whatever of knowing that
21 we already paid that and thinks, oh, we made a mistake,
22 then they are going to repay them again. There is no
23 excuse for that. Also, for them to recharge people and
24 cause the burden of evidence on the customer that they
25 have already paid their bill.

1 We have had two interruptions in service, both
2 towards the beginning of the year. One of them was
3 failure of the previous resident to pay. The second --
4 the second was an accident, according to them. We
5 called them up later, and we said, listen, we haven't
6 received any notices. Again, you turned our service
7 off. What is the reason that our service got turned
8 off? And the reasoning was that they had turned off the
9 wrong unit, which when the water box is directly in
10 front of the unit, I don't know how they could
11 accidentally turn off the wrong unit.

12 Additional problems. My notes just went away.
13 One of the primary things that we have had is just the
14 ethics of the people doing it. I'm more concerned with
15 the people running the utility even if the Commission is
16 monitoring them. The history of all the litigated
17 things, all of the criminal charges against the owner.
18 It is quite a history. And why customers, why citizens
19 should be responsible to deal with that, I don't
20 understand. So primarily I would give my own opinion
21 that the people running Bimini Bay Utility Corp are
22 ethically unqualified to run it.

23 Fundamentally, even with the Commission's
24 oversight, looking back at the history, even at these
25 specific communities, the arson that burnt down the

1 clubhouse, the insurance money has still been pocketed
2 by the owner who is the owner of Bimini Bay Utility
3 Company. I think it shows an ethical balance that shows
4 that they are not ethically qualified to be ran even
5 with oversight.

6 Also, we have the inability to communicate
7 with them. That calls are ignored. That unless we
8 physically go into the office during business hours most
9 things are ignored. I have numerous e-mails that have
10 been ignored. I have numerous phone calls, voicemails,
11 continuing on and on and on. If any of those had
12 actually been for an emergency, if there was a line
13 breaking, if there was anything, since I know exactly
14 where the box is, I now how to turn off the water,
15 anyone else in the community who may not know that that
16 is a huge problem.

17 And, of course, as we have seen, that even if
18 it is not the consumer's responsibility of why
19 additional water was used, in our case it wasn't used,
20 still Bimini Bay expects them to pay that if it's
21 unexplained. So if they failed to be in communication
22 with the customer, a line were to break, massive amounts
23 of water were to be leaked, then I'm completely
24 convinced that that responsibility would still fall on
25 the customer, even though it's the failure of Bimini Bay

1 Utility Corp to be in communication with them.

2 Additionally, the staff, I don't feel that the
3 staff which currently services them are qualified. They
4 are the same staff that services all the HOA needs.
5 Most of them turn over completely all the time. The
6 accounting people that we dealt with at the beginning of
7 the year are not the same people anymore. Those people
8 have already quit and gone to other places.

9 The individuals who the last time when we
10 asked them to correct our bill that was grossly overuse,
11 it was obvious, came in, looked at things, said nothing
12 is wrong. Nothing is explained, which was also the
13 staff that misread the meter in the first place, those
14 staff members we have problems with.

15 The animal abuse. When we have left a room
16 when we had other problems, we have a small puppy, a
17 labrador that we are training to be a service dog. When
18 we left the room, suddenly there was a yelp from the dog
19 and they went running away. These are dogs that are
20 specifically known for their friendliness, for their
21 nonaggressiveness, for -- and there was no excuse to why
22 this dog had yelped, screaming, and ran out of the room
23 and refused to go over towards the service provider.
24 That person is still there. I don't know if there is
25 background checks for the individuals there. I don't

1 know what the qualifications are that they should be
2 going into people's homes, that we should have to allow
3 them access to our homes should we have a problem with
4 our water.

5 MS. DANIEL: Can I interrupt you. The service
6 person was inside your home?

7 MR. MEAD: No. We are serving -- we are
8 training the service dogs, and the service dog was left
9 there. Obviously we had seen that they didn't have a
10 problem with it, that the service dog -- I mean, she was
11 only, what, three months old. I mean, this is a
12 three-month-old yellow lab puppy. They have no
13 aggression. The most that they do is sniff you as you
14 are doing whatever. So there was no problems. She left
15 the room for just a moment, heard a yelp, returned and
16 the puppy refused to go back over towards the person who
17 is still employed at Bimini Bay.

18 I don't know what the qualifications are. I
19 don't know what screening there are for the employees.
20 For most things that they fix, they break shortly after.
21 It seems like these are unqualified individuals to be of
22 any service providing especially in this case.

23 Yes, ma'am.

24 MS. ROBERTS: If you don't mind elaborate a
25 little bit more as far as what it is -- (Inaudible.)

1 MR. MEAD: No, no, no. These are things with
2 the HOA in general. The individuals who are servicing
3 the water are the same ones responsible for all HOA
4 responsibilities from what we've seen, which at the same
5 case --

6 UNIDENTIFIED SPEAKER: (Inaudible.)

7 MR. MEAD: Property maintenance, garbage. So
8 if they were suddenly controlled by the --

9 MS. ROBERTS: What is everything, I'm sorry?

10 MR. MEAD: Everything literally. The HOA, all
11 common areas.

12 MS. MEAD: They mow the lawns, they read the
13 water meters, they put down fertilizer, I mean, they are
14 responsible for everything across the board throughout
15 the entire neighborhood. So it's the same people. I
16 mean, it's not like you've got a team that does the
17 utilities, and then you've got a team that does the yard
18 maintenance, and then you've got a team that -- you
19 know, everybody. It's the same people that does
20 everything.

21 MS. ROBERTS: And that is the water,
22 wastewater --

23 MR. MEAD: Water, wastewater --

24 MS. MEAD: Telephone, internet, cable TV.

25 MR. MEAD: Maintenance of the HOA.

1 MS. MEAD: They mow the lawns. The same
2 people come in -- you know, they may be riding their
3 lawnmower, "Oh, I'm having an internet problem, can you
4 come fix it?" You know, it's the same person.

5 MS. ROBERTS: And is this still in your bill
6 or is this separate from your bill? Is this included in
7 your bill?

8 MR. MEAD: As far as the utility portions,
9 they don't step in much, except for the water, reading
10 the meter. And in this case, I mean, when we have
11 service problems, these are the same individuals that we
12 are not able to contact to try to rectify our bills. I
13 mean, the accounting department, but we are not able to
14 contact them unless we physically go into the building.
15 Which I have had to take days off just to fix problems,
16 because they refused to correspond with us in any other
17 way except for me physically going there and holding
18 them responsible for communication.

19 MS. MEAD: I called twice yesterday. I still
20 haven't got a call back. I called once in the morning
21 and once in the afternoon.

22 MS. ROBERTS: I am going back to the bill.

23 MR. MEAD: Uh-huh.

24 MS. ROBERTS: So is the cable bill on a Bimini
25 Utility bill, and the telephone, is that all on one?

1 MR. MEAD: They are sent as separate bills
2 from the same individuals.

3 MS. ROBERTS: Okay.

4 MR. MEAD: So they will come in separate
5 envelopes, but the same individuals I will have to
6 contact if I have a problem with my water bill, with my
7 HOA bill, with my cable bill. It's the same individuals
8 that I have to contact. Currently, I don't know who
9 that would be, because the last person that I contacted
10 has quit recently, and that was the same individual who
11 I have communications from them stating that they know
12 there is problems with billing. They know that there
13 are issues, and they can't explain what may have
14 happened, what would have happened.

15 And this was in regards to a separate case
16 with HOA bills, but she explained that she knows there
17 is problems with the billing, but there's errors. She
18 doesn't know exactly what has gone on, but that she
19 would try to fix that. That individual case was related
20 to HOA, but still that has yet to be fixed by the
21 Association.

22 MS. MEAD: These are the same people who send
23 us our utility bill.

24 MR. MEAD: By the property manager. I have
25 tried to get him to fix that. He is also in charge of

1 these. It is Robert Trenner (phonetic). I think he was
2 in the back here.

3 David Meadows, I have also sent him e-mails.
4 I have yet to have those things resolved. And at this
5 point it's just short litigation due to the failure to
6 address any of these concerns, to even acknowledge that
7 there's a problem.

8 MS. MEAD: And there are so many problems that
9 when I get tired of calling and waiting for returned
10 call phones, I go into the office and they run. They go
11 the other way because they know. If I happen to get
12 contacted by phone, and I have to identify myself, I
13 basically just say it's the bitch at 633 Coconut Palm
14 Way, because I'm always calling and complaining about
15 something because there is always something wrong.

16 And it doesn't matter if it's a utility bill,
17 it doesn't matter if it's the Internet, there is always
18 something wrong. The water, the water sprinklers, I
19 mean, always. We have no yard. It's all just weeds,
20 and it is the same people that are running the
21 utilities.

22 MS. DANIEL: Let me see if I can kind of wrap
23 this up for you.

24 MR. MEAD: There was just one last thing that
25 I had as a concern.

1 MS. DANIEL: Okay. Yes.

2 MR. MEAD: Which kind of relates to the
3 overlap of HOA utilities, all of these different
4 corporations that David Meadows runs with the same
5 group. But we don't know, and since you don't have
6 oversight, I don't know if you would either, if the
7 association pays for its water that it uses throughout
8 the community. I mean, there are sprinkler leaks
9 throughout. And according to our bills for the HOA, it
10 says that we pay those as part of our HOA fees.

11 However, we don't know if that's accurate or
12 if they are saying that as a community we are paying
13 those divided up based on our water usage. And the
14 morning when I drive by and see sprinkler heads leaking,
15 I always wonder if that is being divided up into my bill
16 or if that actually is being paid as part of the lawn
17 maintenance that has been incorporated into our HOA
18 dues.

19 MS. DANIEL: I am so glad you made that point.
20 One of the issues we have looked at is we have had an
21 audit done and we have looked at the amounts that Polk
22 County has charged to Bimini Bay and we have looked at
23 the amounts that the company has, in turn, billed to the
24 individual homeowners. I'm not sure if we have looked
25 to see if additional monies for water and wastewater --

1 for water and wastewater, that's our jurisdiction, has
2 been collected via the HOA, and that is something that I
3 very much want to check into.

4 You heard me correctly. Our hands are tied a
5 little bit, unless and until the Commission asserts its
6 jurisdiction, grants this company a certificate, which
7 means the authority from the state to provide that water
8 and wastewater service at a rate that exceeds what they
9 pay for it. We would set those rates.

10 Some of these things we can -- we would be
11 able to work on. The same person doing meter reading
12 and cutting the grass, that is not an issue we would be
13 able to help with. That's not to say that there aren't
14 remedies for some of these other things, and that's why
15 some of the people in the audience today that are
16 monitoring what we are doing are here and listening,
17 because there are other issues that go well beyond the
18 Florida Public Service Commission, but we understand.

19 MR. MEAD: Yes. And we would certainly love
20 to talk with them after this also.

21 MS. DANIEL: Okay. Thank you so much.

22 MS. BENNETT: Mr. Mead, could you meet briefly
23 with Lydia in the back. She wanted to get a little bit
24 more information.

25 MR. MEAD: Absolutely.

1 MS. DANIEL: And we're not taking you off to
2 the back for any reason --

3 MR. MEAD: No, no, no.

4 MS. DANIEL: -- we can continue this
5 conversation.

6 MR. MEAD: No, thank you for holding this.

7 MS. DANIEL: Okay. Thank you.

8 MS. BENNETT: Rafael Baquero.

9 MR. BAQUERO: Good morning.

10 MS. DANIEL: Bring it down so you can -- there
11 you go.

12 MR. BAQUERO: Good morning, everybody. This
13 young lady in case --

14 (Inaudible.)

15 MR. BAQUERO: I'm trying to explain what I
16 want to say, but sometimes --

17 MS. DANIEL: I understand.

18 MR. BAQUERO: -- I fall short. So now since
19 this works --

20 MS. DANIEL: You take your time. You feel
21 comfortable, okay?

22 MR. BAQUERO: Thank you. Well, unfortunately
23 I don't have any complaints for my utilities, the water
24 expenses in the time that I have been in my house, but I
25 would like to -- I know that nobody from Four Points is

1 in here, right? I understand that all of you are from
2 the official --

3 MS. DANIEL: So far we have only heard from
4 Bimini Bay, but there may be people for Four Points.

5 MR. BAQUERO: Because the comments and
6 questions that I have in here is really for Four Points.
7 It's not really -- it is not really complaints, it's
8 only something to say, comments.

9 MS. DANIEL: The company does not have a
10 representative here. They were offered the opportunity
11 to have a representative, but not necessarily really to
12 make a presentation or even to answer questions, because
13 we want to hear from you, and so we were afraid that it
14 would take a path that we didn't want to take if we
15 offered that opportunity.

16 MR. BAQUERO: I have three basically points.

17 MS. DANIEL: Okay.

18 MR. BAQUERO: As far as this, I would like to
19 understand much better in reference to the charges, the
20 fillers that come every month in the bills.

21 MS. DANIEL: Yes.

22 MR. BAQUERO: Because I see in here -- I never
23 paid attention, you know. Fortunately, I don't have
24 high charges, but when I bring my bill here, it confuses
25 me sometimes, because it is about four or five different

1 charges. I know that you explain there, but just now
2 I'm trying to put (inaudible) what is this --

3 MS. DANIEL: Did you bring a copy of your
4 bill? Did you bring a copy?

5 MR. BAQUERO: I have two copies now.

6 MS. DANIEL: That is what we need. We will
7 talk to you. Let us sit down with you and go through it
8 slowly.

9 MR. BAQUERO: I would like to understand
10 better, because I feel more comfortable, you know, with
11 what I paid for, right? And the second point is last
12 night I came in here, and I hear a lot of big
13 complaints. I got a big surprise? I understand some
14 people explained big problems and big amounts, bills, I
15 don't know if that was wrongs or what was really what
16 happens, but I really got a surprise. Again,
17 fortunately, I haven't had these kinds of problems, but
18 the question is for you. What do you have -- what do
19 you do with that big complaints regarding the big
20 amounts or the big lines problems that got to do with
21 the people, because in the future anytime we ought to
22 be -- we got to come to (inaudible). So I would like to
23 understand definitely what are you going to do with all
24 of these big complaints?

25 MS. DANIEL: All right. What will happen as a

1 result of these meetings is what you want to know?

2 MR. BAQUERO: Yes.

3 MS. DANIEL: We are going to continue looking
4 at the information that the company has provided to us.
5 We are going to have our staff take a look at the
6 company's business practices, their billing practices.
7 We are going to continue to look into on a very broad
8 scope, and we are going to talk to individuals like you
9 here today so we can have some very specifics, and we
10 are going to try to see where do the problems lie.

11 We are going to offer Mr. Meadows some help.
12 If he needs a better billing system, perhaps we can help
13 him with that. If he needs to have some better business
14 practices, perhaps we can help him with that. Now, it
15 would be up to him to accept some of those things.
16 Other things we can require him to do. So it will be
17 something that -- do you have access to the internet?

18 MR. BAQUERO: Yes, definitely.

19 MS. DANIEL: Okay.

20 MR. BAQUERO: That was the other point.

21 MS. DANIEL: The bulletin will tell you how to
22 monitor what we are doing with respect to this company,
23 and some of our staff can help you afterwards as far as
24 how to actually go to the Commission's website and
25 monitor, and you will be able to observe as things

1 progress in this case.

2 MR. BAQUERO: Yes. That is the other question
3 for Four Points Utilities, because I know I understand
4 now that they are trying to send the bills by e-mail,
5 right, but they haven't had a presence in the internet.
6 The other utilities, we can go on there and check it
7 out, and get a history of the whole months, months and
8 the amounts. But Four Points Utilities, they don't have
9 it. So at this time I would like to -- I would like to
10 go, you know, where I can find my history and make a
11 comparison with the whole -- with the whole months.

12 Because I understand that now I don't have
13 really a big amounts of my bills, but I remember when I
14 came here to begin I have problems, a higher, higher
15 amounts, but I really never (inaudible) because in that
16 time we didn't know that we could get help from, you
17 know, from some official office. So the question is for
18 them. Why they don't have presence in the internet, you
19 know, to get the whole history of the months and the
20 service. So that's all, that's what I want to say.

21 MS. DANIEL: Okay.

22 MR. BAQUERO: All right.

23 MS. DANIEL: You want to understand your
24 bills. If you have some --

25 MR. BAQUERO: I would like to understand, yes.

1 MS. DANIEL: We have some staff who will be
2 happy to talk to you.

3 MR. BAQUERO: Okay. All right. Thank you.

4 MS. DANIEL: You did very nicely.

5 MR. BAQUERO: Thanks.

6 MS. BENNETT: I believe it's Iran Montijo. Is
7 that correct? I improperly said your name.

8 MR. MONTIJO: That's all right. It's not the
9 first time.

10 Good morning. My name is Iran Montijo.
11 I-R-A-N, like the country, but I am from Puerto Rico.
12 The last name, M-O-N-T-I-J-O. I am a tenant at 243
13 Coconut Palm Drive here in Island Club West. I have
14 been now -- in December it's going to be a year.

15 Initially when I started service with the Four
16 Points Utilities, the bill that I received for the unit
17 was around \$200-plus, which I haven't even moved in and
18 I'm getting a bill. When I went there, they said, well,
19 that was the prior tenants. That's going to be erased.
20 So I said, well, how much do I have to pay? Well, let's
21 wait till -- bring me your papers when you move in. And
22 I guess I spoke to a lady. And when I went back, they
23 charged me 190-something dollars, but they still had on
24 the total balance the other monies that was from the
25 other people.

1 After numerous calls, which I think they are
2 understaffed, you call them there, the lady probably
3 there handling all these other HOA things, and for
4 whatever reason I never get calls back. That was the
5 first month.

6 The second month, I went there and paid with a
7 check. Still I received a notice, like, they have
8 reported here that some discrepancies that I didn't pay,
9 whatnot. I went back, and spent another day at work.
10 Went over there trying to figure out what is going on.
11 The lady recently quit or moved, and there was another
12 person there that I have to go in and explain again all
13 these back problems that I have been having with the
14 bill.

15 Then she mentioned, well, have you paid with
16 checks? Can you bring me proof? The same thing that
17 everybody here I heard. And I think that the main
18 problem is that they are understaffed for the amount of
19 work that needs to be done and it affects me and
20 everybody else.

21 The other thing is that they don't have a --
22 from what I'm seeing, they don't have a standard system
23 of how to bill people. I went there not too long, like
24 three months ago, and paid with my credit card, and it
25 is not being reported from what they mentioned. Well,

1 unfortunately, when I went there and said, well, I paid
2 with my credit card. And he says, well, for some reason
3 our system is not getting the information when you paid
4 with your credit card in time when we sent the bill.

5 And I don't know anything about how they run
6 their business, prior to that they were charging through
7 another company which was not Four Point Utilities. It
8 was, I don't know, it is a different company that was
9 charging the credit card. They will take the amount
10 that I was paying, but then they were supposed to report
11 it to them that they charged the credit card, and that
12 never happened.

13 To this day I still have problems
14 understanding their billing structure. Basically, I
15 have never seen my balance to be correct to what I truly
16 owe them. That's some of the issues that I have had.
17 The water last month on my unit was cut off. I don't
18 know if it's that I owe them money or if it was a
19 mistake. I called two times, and said, listen, my water
20 was cut off. I don't have a notice on my door. Do I
21 owe you any money? The last time I was there I was
22 supposed to be up-to-date; it was last month, and yet
23 the service is off. I am just going to go ahead and
24 turn it back on. So I went outside and turned it back
25 on. There was no lock there. There was no calls from

1 them telling me that the service was disconnected
2 because lack of payment.

3 Basically, I didn't know if some children or
4 somebody shut it off or what's going on with the system,
5 so I turned it on. To this day nobody has contacted me
6 from their office saying, well, Mr. Montijo, it was cut
7 off, or we didn't cut it off, we are going to put a lock
8 on your box there so that doesn't happen again. So it's
9 kind of -- it is a big concern, because I don't know if
10 the monies that I am paying are actually the monies that
11 I owe.

12 I have a property that falls under Polk County
13 Utilities. It is a much bigger property with pools,
14 sprinkler systems all the time. I'm a family of five,
15 and I would say that when I lived there I only paid 75
16 or \$80 for the whole house. And it was just
17 mind-boggling for me that I'm living in a smaller
18 property, I don't pay for a sprinkler system that I know
19 of, and my smallest bill is \$120-plus. I don't know who
20 set the rates. I guess it was answered today, it was
21 your office. I think that needs to be revised. I
22 cannot see myself why would I be paying 65 percent more
23 for the same water that just a couple of blocks down I'm
24 paying less. And that's the main question.

25 My main concern is that most of the people

1 that live here, we are -- we have our hands tied and we
2 can do nothing. Basically, come to you, tell you
3 things, but if you don't act promptly, it's costing us
4 money. And I would urge you to please look into the
5 billing practices and the billing amounts and who is
6 responsible for it and just hold them responsible as
7 soon as possible.

8 MS. BENNETT: Would you -- I think she is back
9 there speaking with somebody else, but could you speak
10 with Lydia before you leave. And if you have your
11 bills --

12 MR. MONTIJO: I didn't bring any bills today.
13 I didn't know I would need them.

14 MS. DANIEL: That's all right.

15 MR. MONTIJO: But I will be more than happy to
16 later on be in contact with your office. As to my
17 questions, from Polk County Utilities and to Four
18 Points, what is the big difference in charge, and if
19 there is a cap in how much profit they can make from
20 this? I would like to know what is the allowable
21 percentage for profits per gallon besides Polk County
22 Utilities.

23 MS. DANIEL: There is no standard percentage,
24 per se. What we do find is that -- you're Four Points.
25 Four Points is buying the bulk water from the county, so

1 that, of course, is a part of what's included in your
2 rates. But there is also the additional expense
3 associated with reading the meters and issuing the
4 bills. And, you know, there must be a staff person, so
5 there is some salary involved with respect to overseeing
6 the things that happen with the utility.

7 Now, your frustration is you feel like they
8 are understaffed, and they are not doing the minimal
9 things that you believe need to happen, and we certainly
10 appreciate that. I don't know exactly what the
11 information was that the prior staff and the
12 Commissioners might have looked at that developed these
13 rates in particular, but those are the sorts of things
14 that would have been included.

15 MR. MONTIJO: Is that something that could be
16 addressed again on a hearing, see what is the amount?
17 Because, my main concern is that it's costing us money.
18 It's costing me money. I mean, paperwork is nice, that
19 we do all of this paperwork stuff and try to proceed,
20 but, I mean, it's just -- for me it's mind-boggling that
21 Polk County Utilities, as big as they are, I mean,
22 charge less than what I am here. And nobody seems to
23 know what is -- what is the cap. I know that when you
24 say bulk, well, bulk means a lot, but there is not an
25 actual number to -- well, Polk County Utilities charged

1 so much per gallon, and Four Points Utilities should
2 only charge this much. I don't see -- I just -- I do
3 want a straight answer on what is the dates where you
4 want to do these things. I mean, I know this is just a
5 hearing, but, what dates you have set to take a
6 determination of when these things can be solved.

7 MS. DANIEL: We have not set a date because we
8 were so uncertain as to what we might hear today. What
9 we have done is we have provided you a place on our
10 Commission website, and phone numbers, and e-mail
11 contacts so that we can keep you in the loop so that you
12 can know what our progress is on this case. And the
13 Commission has a website, and for Four Points there is
14 no open case, per se, with respect to Four Points. With
15 Bimini Bay there is, and we are asking that if you
16 communicate with us with respect to Four Points and
17 Bimini Bay, there is actually a docket number for Bimini
18 Bay, 090424. If you need to get -- well, it's on the
19 Four Points document as well.

20 And the information in the back of your
21 bulletin with respect to Four Points, on Page 2 it will
22 tell you that if you communicate with us we would need
23 to know that your water service is provided by Four
24 Points, include your street address, and then reference
25 to this docket number that I'm referring to. And on the

1 Commission's web page, you would be able to monitor our
2 progress on that. We could set a date, but we want to
3 make sure that we have good information, documented
4 information before we go to the Commissioners to say
5 what the remedies, we believe, should be.

6 MR. MONTIJO: All right. Thank you.

7 MS. DANIEL: Thank you.

8 MS. BENNETT: Patti, doesn't the bulletin
9 include Four Points, what they are allowed to charge?

10 MS. DANIEL: Uh-huh.

11 MS. BENNETT: So if you get a copy of the
12 bulletin, you will see what they have permitted to
13 charge for water and what they're permitted to charge
14 for wastewater.

15 MS. DANIEL: I think his question is, though,
16 how do you get from Polk County to here.

17 MR. MONTIJO: Yes. My main question is at the
18 beginning you said that you determined the rate.

19 MS. DANIEL: Uh-huh.

20 MS. BENNETT: Correct.

21 MR. MONTIJO: And I don't know it is the same
22 staff that is here now that will determine that
23 particular rate, but my belief is that needs to
24 revisited, because it is grossly overcharged for the
25 amount of service, and it's the same water. I mean, and

1 run by less people, so I don't see my -- it is just that
2 it needs to be revisited. I don't know, that may sound
3 fair for some folks here, but I had a bigger property
4 and I was paying less money. Eighty, \$90 for not even
5 using water, it is unheard of. And maybe that needs to
6 be addressed. But that's just my concern. I don't know
7 if other people here have the same concern, but I will
8 follow up. To my understanding there is no
9 investigation being done to Four Points at this time for
10 their service.

11 MS. DANIEL: This is the beginnings of the
12 investigation. The Commission's actions are always sort
13 of tied together with what we call docket numbers, case
14 numbers, and that is the point where we have a timeline
15 of progression of events. For Bimini Bay we have that
16 going on. For Four Points, because we know Mr. Meadows,
17 the same person owns both utilities, having heard from a
18 lot of customers over the last several years, knowing
19 that we were going to be in the area, we made a decision
20 to go on and bring enough staff here today so that we
21 could hear both Four Points and Bimini Bay even though
22 we don't have an open and formal investigation. We are
23 going to go ahead and look at Four Points as well as we
24 are looking at Bimini Bay. So that is going to happen.
25 That is happening. That is why we are here, okay?

1 MR. MONTIJO: Okay. Good. Thank you so much.

2 UNIDENTIFIED SPEAKER: (Inaudible.)

3 MS. DANIEL: What we were going to do is
4 finish the people who are here, and then we are going to
5 go to them. Okay. All right. Do we have someone else?

6 MS. BENNETT: Yes. Margaret Blankenship-Luke,
7 or Margaret Blankenship.

8 MS. DANIEL: Did you want to speak,
9 Ms. Blankenship?

10 MS. BLANKENSHIP: I don't really have much to
11 say. It will just take a minute.

12 MS. DANIEL: And tell us which utility serves
13 you. Is it Four Points or Bimini Bay?

14 MS. BLANKENSHIP: It's Four Points. When I
15 was having a leak before it reached my meter, I wasn't
16 paying for it. But it was actually eroding my yard, and
17 so it was a lot of water going there, and I would call,
18 and I would go into the office; call and go into the
19 office. I raised some beautiful ferns there. But I
20 finally called Lydia and she -- it was fixed
21 immediately.

22 So service is a real problem. We don't get
23 any service from the staff in the office. We don't get
24 any service from any problems that we have on the
25 ground. We just -- we just need to dispense with all

1 the middlemen and all those other people. Get back to
2 the utility company and back in the real world. Thank
3 you.

4 MS. DANIEL: Thank you, Ms. Blankenship.
5 Thank you for your comments.

6 MS. BENNETT: Michael Flynn.

7 MR. FLYNN: My name is Michael Flynn, and I
8 live at 254 Mango Drive here in Island Club West, so we
9 are served by Four Points.

10 I guess my main function here today would be
11 sort of a historian. I served on the board for Island
12 Club West for about two and a half years in the earlier
13 days when David Meadows controlled everything here. The
14 difference between serving on the board then and serving
15 on the board now is when you are on the board now, you
16 wake up in the morning and you address the problems of
17 the community. When you served on the board back then,
18 you woke up in the morning, you donned your battle gear,
19 and you went to war with David Meadows, and that was our
20 primary function.

21 David controlled everything in this place:
22 Telephone, television, water, electricity, you name it
23 he had control over it. Most of the services that he
24 was providing at the time was substandard, particularly
25 television, computers, internet. It was atrocious. And

1 the reason for it primarily was not his people, it was
2 the fact that he purchased substandard equipment, and
3 tried to have his people make substandard equipment work
4 as up-to-date equipment. Needless to say, that just
5 doesn't work.

6 I have been to many -- I have been to hearings
7 with the PSC up in Tallahassee. I have been to hearings
8 with the PSC in Bartow. I can't tell you how many times
9 I have been in courtrooms. It has been on and on and
10 on. Myself and a gentleman named Jim Brent (phonetic)
11 were the ones that went to the mediation hearings
12 originally when David was becoming the water provider.
13 We stated to the PSC at that time that we did not want
14 David to become our water provider, that we wanted Polk
15 County to become our water provider. From what I
16 understand back then, Polk County refused. They did not
17 want to become our water provider. I'm from the north.
18 I kind of don't understand these sort of politics down
19 here. That would not happen up north. They would be
20 your water provider, and there would be no question
21 about it.

22 In regard to that, I would love to see some
23 laws changed down here so that you folks had a little
24 more control over your county governments, particularly
25 Polk County. I think that they are tremendously lacking

1 down here. They have some work to do in the government.
2 I don't believe that any private individual should be a
3 water provider. It's a county function, and they should
4 be providing the water.

5 For those of you that live in this
6 development, the agreement that we reached during the
7 mediation, we had some pretty poor meters back in the
8 day when this all was transpiring. Those meters have
9 since been changed out. If you have a question about
10 your meter in Island Club West, under the agreement you
11 have the right to have that meter tested. You also have
12 the right to be present at the bench testing. I don't
13 know if any of you know that or not. If you have a
14 question about your meter, you need to request that it
15 be tested and you need to be there.

16 And I'd just like to take a second. Please,
17 thank you so much for coming all the way down here. I
18 have taken the trip. It's not a great one. So, thank
19 you so much for that.

20 There has been -- there is no secret, David's
21 integrity has been tried and tested on many occasions.
22 With the way things have been put in, installed in here,
23 we have had people that have had their toilets connected
24 to hot water. We have had -- now, our sprinkler system,
25 we are very fortunate here, although the system was put

1 in wrong, but it is under a well system, so we are not
2 paying for that. Thank goodness.

3 UNIDENTIFIED SPEAKER: We're not getting it.

4 MR. FLYNN: We are also not getting it. Well,
5 that's true. That's an ongoing project.

6 UNIDENTIFIED SPEAKER: (Inaudible.)

7 MR. FLYNN: In defense of the people that are
8 trying to get this up and running, the system was bad in
9 the first place. So they are working on it.

10 We have street lights that are tied into
11 people's electrical panels on individual homes here.
12 They are still tied into those panels. These people are
13 paying for that street light out in front of their house
14 on their individual electric bill.

15 This is the kind of shoddy workmanship that
16 Mr. Meadows put into this place. I'm assuming, although
17 I can't tell you for sure, but I'm assuming it's going
18 into Bimini Bay, also. As far as the water company goes
19 down there, one of the gentlemen said he believed they
20 are severely understaffed. I believe that the people
21 that are working there are doing everything they can to
22 try to solve things; however, they are severely
23 understaffed.

24 I'm assuming that they are all overwhelmed.
25 They are working out of a house since their building was

1 burned down. So I just want to give credit to the
2 people that work for David Meadows. I will not give any
3 credit to David Meadows himself because -- how do I say
4 this.

5 (Inaudible.)

6 MR. FLYNN: I'm not going to say it.

7 UNIDENTIFIED SPEAKER: History repeats itself.

8 MR. FLYNN: Exactly. Okay. Yes.

9 The point that I want to make to you folks is
10 when we went to mediation, we wanted Polk County,
11 because we know Polk County is going to deliver a
12 service, they are going to deliver it honestly, and they
13 are going to deliver it fairly. And if we had a
14 problem, then they are going to fix it. I don't believe
15 that is true of David Meadows. I know it's not true of
16 David Meadows. I think it's a terrible shame that Polk
17 County has the right to opt out. I think that's
18 something that needs to be fixed in the government. I
19 think we are their responsibility.

20 UNIDENTIFIED SPEAKER: (Inaudible) I think the
21 residents of Polk County.

22 MR. FLYNN: Exactly. Exactly.

23 If you have any questions for me?

24 MS. DANIEL: I did want to -- on the street
25 lighting and the tied into the individual homes'

1 electrical panel, have you contacted -- the electrical
2 provider is Florida Progress?

3 MR. FLYNN: They have been contacted. As a
4 matter of fact, I just heard Naeem Saroya sign back in,
5 and he can probably enlighten you in that. It's going
6 to be a very costly thing to get those rewired. I don't
7 think Progress Energy is willing to do this without a
8 tremendous cost to us, and we just don't have the money.
9 I don't know where that is at the moment. When these
10 were wired in, Mr. Meadows controlled the electricity.
11 We did not have Progress Energy.

12 MR. SAROYA: Mike, what was the question? I
13 might attempt to answer it. What was the question?

14 MR. FLYNN: Naeem, the question is --

15 MR. SAUNDERS: Are you talking to me, Mike
16 Saunders?

17 MR. FLYNN: The question is, Naeem, the houses
18 that are wired to the street lights --

19 MR. SAUNDERS: My water has been turned off.

20 (Simultaneous conversation.)

21 MR. SAROYA: I was talking to Mike Flynn.

22 MR. SAUNDERS: Oh, okay.

23 MR. SAROYA: Mike, go ahead, please.

24 MS. DANIEL: He can't hear and talk at the
25 same time, so what we need to do is let's kind of wrap

1 you up.

2 MR. FLYNN: Okay, sure.

3 MS. DANIEL: Let's let him know.

4 MR. FLYNN: Okay.

5 MS. DANIEL: We will wrap you up. There are
6 probably one or two others that want to speak, and then
7 I'm going to talk to him.

8 MR. FLYNN: Okay. Basically, what I'm telling
9 you is David has got a tremendous history of not caring
10 what he does to people. He has been dishonest. I know
11 he has been in several court cases, and we have managed
12 to get him out of here on everything but water. We
13 would love to be David Meadows free.

14 Any questions?

15 MR. SAROYA: Mike, what was the question? If
16 you could repeat it, I might be able to answer it. I
17 might not, but I'll try.

18 MR. FLYNN: Thank you.

19 MS. DANIEL: Mr. Naeem, we are going to get to
20 you. Give me just one minute, okay, but we are going to
21 get to you. Thank you.

22 MR. SAROYA: All right.

23 MS. BENNETT: Lorre Jetton.

24 MS. JETTON: I am Lorre Jetton, J-E-T-T-O-N,
25 and I have three units here. I have 647 Orchid, 758

1 Orchid, and 142 Orchid. I am the property manager for
2 Jetton Rentals, and I have approximately 35 to 40 owners
3 that I represent. I do all of my correspondence with
4 Four Points in person, because you cannot get through
5 the phone lines to them. They will not respond. And if
6 I take down my utilities in a check, and I represent a
7 couple of the owners and do it by check, then I know
8 that usually we won't have a problem. Otherwise, we do
9 have problems.

10 I do have -- this is -- I don't know if you
11 can see it, but this is sand that comes into my unit.
12 It has for over two years. This one is from 647 Orchid.
13 I contacted them and let them know. They put out an
14 e-mail to all the owners that, yes, they know it's a
15 problem, that they are going to work on it. For us to
16 contact them and let them know. That was two years ago.

17 The sample was burned up in the fire, so they
18 couldn't do anything about it. I have submitted about
19 five other samples to them. I did take some more sand
20 out of my faucet this morning, so I know it's -- they
21 said that they put on -- that they didn't put on filters
22 between the meter and the house, and that's why I'm
23 getting this. But I have continued to get it, even
24 though they say, oh, we put the filters in. And then
25 the next month I go down -- oh, well, we have got them

1 on order. We are going to put them in. Oh, we put the
2 filters in.

3 But I'm still getting -- this is what I'm
4 drinking, and I don't know how many other people. You
5 have to take off your filter off of your bathroom sink
6 and empty out the sand, and you have to do it about
7 every three to four weeks or else you stop getting water
8 into your utilities.

9 I have a couple of short letters that my
10 tenants or my owners have sent. This is from Steve
11 Gray, 422 Orchid Drive. In September they sent me a
12 letter saying that they were cutting off my water as I
13 hadn't paid my last invoice. The fact of the matter was
14 my account was still \$20-plus in credit, even after that
15 invoice had been paid. Their billing system is a joke
16 and customer service nonexistent. Knowing that they
17 have international customers, they put short deadlines
18 for payments on the invoices and take up to a week to
19 post them. I have had invoices arrive in the past that
20 if I had mailed back the check that day, there is no way
21 that it would arrive in America for the due date.

22 It was identified that my water supply was
23 hooked up to the unit next door to mine, meaning I was
24 charged for their water. Despite writing FPU regarding
25 this and sending approximately three chasers out to

1 follow up and call, I have not had a response to them
2 with regards to the refund of incorrectly billed water.

3 As a utility company, they should offer
4 automatic billing payments and to ensure bills are paid,
5 and I don't understand why they are not.

6 This is from Scott McKinley (phonetic), 564
7 Orchid. I got billed an enormous amount last year due
8 to a leaking meter, which they took an eternity to get
9 them to correct it. Strange amounts on bills and poor
10 administration when queried.

11 I would also say that Terry Blackwood at Four
12 Points has been great. I feel that he has done his best
13 to provide services and acknowledge questions, even
14 though David Meadows has strange business practices and
15 customers. He does deserve positive mention.
16 Unfortunately, Terry Blackwood was fired.

17 The reason, part of the reason that they have
18 billing problems is that every month the person that
19 answers the phone is different, every one. And so I
20 joke. I go in -- because I go in monthly, I go in there
21 and I say, oh, you're the new flavor of the month, and
22 every month. So I know that in the past if they have
23 had employees that have tried to work with us, in the
24 past that they have had employee say I know that's
25 illegal, I'm sorry you got charged. I have tried to

1 tell him that you can't do that, but he insists anyway.
2 They have gotten fired.

3 . Okay. I have three units, and one of them I
4 usually get a bill between 50 and \$60. One of them is
5 charged 115 every month. She went on vacation for three
6 weeks, it still was the same price. Some of the turnoff
7 valves, from my understanding, are supposed to be before
8 the meter, some of them, in fact, quite often they are
9 after the meter. So if the meter has a leakage in it
10 going to the house, the owners will get billed for that.

11 It takes -- one of my units had a leak and it
12 took them over two months to come out to fix it. And I
13 finally caught somebody that was there for something
14 else and I made them go to the unit so that it can be
15 fixed.

16 One meter, the one that he sent the letter
17 that had a line going to the next door neighbor's house,
18 they are usually disconnected on Friday so that nobody
19 can get their water turned back on. If people do
20 complain by phone, they do not answer it until Tuesday
21 or Wednesday. So this is why a lot of my owners are
22 able to get good service, because I just run down there
23 continuously and say, look, what is going on?

24 One of the invoices, I believe it was this
25 year, had an extra \$5 charge put on it. It wasn't told

1 what it was for, and they couldn't explain it, but I
2 complained for my individual owners and they took it
3 off. They said it was a computer glitch. But there is
4 255 units here at Island Club West, and if they have \$5
5 glitch for each one of them, some of the property
6 management companies will just go ahead and pay it.
7 Some owners will think, oh, I didn't pay that extra \$5,
8 it's from before, I must pay it. So he can collect
9 quite a bit money with these little mistakes.

10 The meter lids are constantly being left off
11 when they read the meters. We have cottonmouth snakes
12 here, which means I have continually asked them, put the
13 lids back on; kids can fall in them; snakes can live
14 there. So, please -- and they don't do it. Sometimes I
15 have found that the meters weren't read. I would go out
16 there and the numbers didn't match. They just took an
17 estimate and went ahead and charged me for it.

18 I seem to have less problems because I go down
19 there often. My European and foreign countries always
20 have had more problems and almost double bills, and
21 sometimes I don't know about it until after I start
22 representing them. Oh, if there's a problem, say, for
23 instance, when we had that freeze, some of the spigots
24 broke and were leaking. If they went ahead and fixed it
25 and did damage to the siding, and I would take a picture

1 and send it to them, and say, look, your man did damage
2 to the siding. Their response was that, oh, well, it
3 wasn't our responsibility, so we're going to charge you
4 for it. So you can't complain, or else they come back
5 with something like that.

6 And, basically, that's it. We get the wrong
7 billings, they overcharge. And this is just a side note
8 on his credibility. When he had -- a couple of years
9 ago, when we were paying the HOA to him, he put on
10 everybody's bill \$1,000 for the use of the pool, even
11 though he was getting HOA money for the pool water. And
12 some of the management companies, you have 255, say if
13 only 50 of them slip through, at 1,000, that is \$50,000
14 that he collected incorrectly. So he can't be trusted.

15 If he takes something off the bill and he
16 tells you he takes it off, like that \$5, two or three
17 months later it might reappear. So I always have -- if
18 they have to make an adjustment, I make sure I get a
19 copy of it because it will oftentimes come back on the
20 owner again. So that is it. And if I can give you
21 that.

22 MS. DANIEL: Are you going to leave the
23 letters with us, as well?

24 MS. JETTON: Yes.

25 MS. BENNETT: Will you be around after the

1 meeting? I would like to talk to you.

2 MS. JETTON: Sure.

3 MS. BENNETT: Karen Smith. Karen Smith.

4 Dennis Shinkle.

5 MR. SHINKLE: How's it going? I am Dennis
6 Shinkle. The last name is S-H-I-N-K-L-E. I am at 749
7 Orchid Drive. I'm right down the road over here. And I
8 am two buildings away from her, and I have sand in mine
9 continuously. We have to clean ours out every three to
10 four days. We also lose water pressure all the time.

11 For a lot of you that are paying bills to the
12 water company, congratulations. I signed up for water a
13 couple of months ago. I haven't received a bill yet to
14 this bill still. We call. We don't get phone calls. I
15 see how they go by their rates. My fear is if, because
16 I have gotten a little statement here, they can bill me
17 whenever they choose to pretty much; monthly,
18 bi-monthly, quarterly. I might be on the quarterly
19 plan. I'm figuring about four months of water and I
20 haven't received a bill yet.

21 My problem is when you start talking about
22 they have a regular rate on their water, once it breaks
23 10,000 gallons, I start getting charged additionally.
24 Am I going to be charged additionally for everything
25 because I don't get monthly payments? Are they going to

1 jack me up to a whole new level because I am getting --
2 you know, obviously my meter is going to read over
3 10,000 gallons in four months.

4 MS. DANIEL: Are you a new resident here?

5 MR. SHINKLE: I have been here since
6 June/July, but I worked for Meadows years ago. I did
7 the air conditioning in here, which works better than
8 any air conditioning out there because I quit him. Then
9 when they were doing Bimini Bay, I started working down
10 there, and I found out it was Meadows again, and ended
11 up quitting again.

12 When they talk about the supplies they used to
13 build these, they used more than just the supplies.
14 Half the employees were heroin addicts when I was there.
15 That was one of the main reasons that caused me to
16 leave.

17 Meadows has been a nuisance to these people.
18 I remember going to work one day, they had news teams
19 out here and they were stickering red stickers on
20 everyone's door because he diverted money towards the
21 other developments instead of this one. Pretty
22 much took -- they were coming to take everyone's homes.

23 I went down there, and I have listened to
24 people talk about their bills. For anybody that lives
25 in Bimini Bay you have probably got a high electric

1 bill. I do air conditioning. I am a contractor and
2 have been for 25 years. They don't have metering
3 orifices put in any of their air conditionings down
4 there, which is causing them to be overcharged and have
5 extremely high electric bills. For any of you in Bimini
6 Bay, you need to check this out.

7 They have used people that I know that were
8 unqualified beyond to do any form of air conditioning,
9 because I have worked with them in the past, and I have
10 seen them still to this day. My main problem with them,
11 like I said, we do not get a water bill for no reason at
12 all. We have made it -- we have called, nothing. We
13 are not getting a water bill. My main fear is one day,
14 probably soon, I'm going to get a five or \$600 electric
15 bill.

16 You know, I see the woman that took my deposit
17 here. She was new at the time, and I told her to get
18 ready because she worked for Meadows. And she said she
19 had heard a few things, but she is still around, so
20 apparently she is good with the customers.

21 There is other people that have been here
22 since I worked here that are still running around. You
23 know, we lose water pressure all the time from my unit
24 for some reason. Half the time it's because I didn't
25 take the dirt out of the screens. You know, the sand is

1 coming in, so I can understand where she is bringing you
2 a bag. If I had been collecting dirt since I have been
3 here I could probably give you a 20 or 30-pound bag of
4 sand.

5 I do not want to be billed the way he does
6 things, because I have been in the inner loop with him
7 before. I know how he runs his business. I have heard
8 things about him. I know about the other complaints at
9 properties he has been thrown off of in different
10 counties and everything else. I know what the people
11 have been through here. I have worked with several of
12 the property owners. I do air conditioning. I maintain
13 their stuff here on the property. When tenants come in
14 and tear them up, I go in and refix them and get them
15 back out on the market to try to take care of these
16 customers.

17 They are upset. They are beyond upset with
18 this Meadows guy. You know, it took them -- how many
19 years did it take you guys to get the clubhouse back
20 away from this guy because you weren't even allowed to
21 use your own pool in your own community? You know, this
22 is things that he has done, this is things I have
23 learned about.

24 I thought he was 100 percent out of here.
25 That's the only reason I'm living in here. Then come to

1 find out he is still doing the water, which is
2 ridiculous. You know, since I have been here and come
3 in here, yeah, this place was booming at one time, then
4 he destroyed it. Then the homeowners have been trying
5 to put it back together. They got it back up. It
6 started falling apart again. They got a new homeowners
7 association that is getting back together again. Now
8 they are painting buildings, they are doing everything
9 they can.

10 Bimini Bay is right down the street, and I
11 believe -- what's the place five or six years old? As
12 Lorre says, we have to physically go down there to go
13 pay our bill, or actually have face-to-face
14 conversations to know they are going to listen to you
15 and respond to you.

16 You all need to take a ride down there and
17 check out that development. I'm sick of going somewhere
18 where my children's life might be at danger because
19 people are looking at us like why are we in their hood.
20 And that is pretty much what it is. That neighborhood
21 down there is destroyed. And for that man that keeps
22 taking everybody's money and all he does is put it in
23 his pocket and live in his big-ass house. You know, I
24 know that. I knew that when the employees weren't
25 getting paid here.

1 You know, he is a slumlord and he is always
2 going to be a slumlord. He is not allowed to work in
3 other counties, but yet he is in Polk County still. You
4 all need to really do an extensive background check on
5 that man.

6 These are the people that's paying him. These
7 are the ones that are keeping you all's jobs going. All
8 he's doing is taking advantage of everybody. You all
9 need to take this over and you need to really start
10 revoking him from anything in Polk County. You know,
11 because apparently he's doing to them what they have
12 done to these homeowners down here, and since they are
13 new in the ballgame and they are getting ready to enjoy
14 the headache beyond headaches like these homeowners have
15 done.

16 You know, I'm just here as a renter. I don't
17 own. I won't own anywhere that David Meadows has his
18 little foot on. You know, I have thought about buying a
19 couple of these because the price is right and it's
20 going to be -- you know, these places are going to
21 double its value in the next two years just because of
22 what is going on right now. You know, it is a good
23 property and everything else, but as long as Meadows is
24 involved you are going to have issues like this nonstop.
25 Nonstop. Because he has done this. He has done it in

1 the past. Just like the lady said, history repeats
2 itself, and Meadows is never going to learn until you
3 stop him. You know, what am I supposed to do about
4 getting a water bill?

5 MS. DANIEL: If you will, as I said, we have
6 got some staff people here.

7 MR. SHINKLE: Uh-huh.

8 MS. DANIEL: Let us sit down with you today,
9 if you have time, and let's see what we can resolve for
10 you.

11 MR. SHINKLE: Okay. Now, all their meters,
12 because he is buying this water, is it all coming in as
13 one meter or is it coming in as two different?

14 MS. DANIEL: Actually I believe there are two
15 meters out there.

16 MR. SHINKLE: Because we see sprinklers run in
17 areas out here that just run continuously with broken
18 heads and stuff, and we're worried. To me I know how he
19 did it before. This is how much my bill is. I'm going
20 to divide that times the amount of residents in here,
21 and this is how much profit I want and divide it. And
22 that is how he has done it. He don't care.

23 You know, I do not know what my water bill is
24 going to be for the last three to four months. I can
25 just imagine by hearing these people. Right before

1 Christmas -- I'm a single father with four kids, he is
2 getting ready to hurt my Christmas for my kids, and I'm
3 going to be very upset when this takes place. You know,
4 the numerous phone calls we make to never have anybody
5 call us back is just sickening.

6 And, you know, as we started talking
7 throughout the community, I think it just became more
8 and more of an issue, that is why everybody is starting
9 to have these meetings now. You know, people are like,
10 well, I get billed all the time and they shut my water
11 off when I even pay it. Well, I don't get mine shut
12 off, I don't get a bill, I don't get nothing. Maybe
13 Meadows knows my name and maybe he is afraid of me and
14 wants to back down. I don't know. You know, I know
15 more about his insights than he thinks I do.

16 But all I'm wanting is what I pay for, but I
17 am getting what I paid for because I'm paying for
18 nothing, I guess. But, you know, I do not want a
19 quarterly bill. For some strange reason, you know, we
20 have got nothing. All we have got in this initial --
21 when we filled out to get it and we got a receipt from
22 when we put a \$120 deposit down on the water, and never
23 again have we heard anything. And it's just -- I don't
24 want to have to pay four or 500 bucks four or five times
25 a year because I'm going to get a bill. I don't see how

1 come everybody else seems to be getting a monthly bill,
2 and I'm on some type of a quarterly month bill.

3 MS. DANIEL: Let us talk to you and let us get
4 that straightened out today, if we can.

5 MS. BENNETT: Mr. Shinkle, Lydia would like to
6 talk to you about your bill, but I would also like to
7 speak with you after this meeting.

8 MR. SHINKLE: Okay. Because that is pretty
9 much it. You know, like I'm saying, there's a lot of
10 stuff that has happened during the building of these
11 that, you know, like the issues of hot water. I
12 remember being here when they took a woman out in an
13 ambulance because she flushed the toilet and it burnt
14 her because of the hot water that was coming out of the
15 toilet. And she was a guest at the time. So I remember
16 these things. I know what it's like. And I have
17 actually went through -- that was one of the first
18 things I did when I moved in here was went and ran every
19 bit of my water and made sure that nothing was hooked up
20 that was hooked up wrong before, because it's quite
21 common because they basically subbed it out.

22 You might have -- I think one person was
23 holding pretty much the majority of the licenses in here
24 and he was working with Meadows and everybody else was
25 just subbing underneath him. And these people had no

1 knowledge of it. Like I said, I started with this. I
2 started on that first street. The next thing you know
3 they brought in people that didn't know what they were
4 doing building air conditioning. I got out of here. I
5 didn't want my name, you know, adjoined with it.

6 The same thing other places. I did the first
7 street. The next thing you know, everybody said, no
8 that is Meadows again. I'm like, oh, crap. And I had
9 to quit again.

10 MS. ROBERTS: And I know that we had a
11 statement yesterday stating that one of the homeowners
12 water was hooked to the neighbor's hot water, and the
13 bill -- you could see the meter going even though
14 nothing was going in their particular unit, but yet
15 their neighbor was using the water and the meter in the
16 other person was going. Do you know anything about
17 those issues?

18 MR. SHINKLE: They had them all hooked up
19 wrong. They used people that did not know what they
20 were doing when they built them. Flat out. They did
21 not know what they were doing. You can go in the unit I
22 am in and you can tell by the bathroom that they have
23 already cut out the wall to get to the pipes to switch
24 them back. They had pure hot water in their tubs over
25 there. They had no cold water at all. They just piped

1 in hot water for the cold and hot for the whole
2 bathroom. You can see where they cut the wall apart and
3 repaired it. That was common in here. That was common
4 in this place. You would be surprised with some of
5 shabby things that is in here. Walls aren't even
6 straight. You know, it was just shabbily built.

7 A lot of these people that bought them were
8 from up north, out of state, they bought it because this
9 was a time share place. They bought it as a property,
10 you know, for an investment. That was it. Now
11 homeowners are coming. People are moving down here and
12 they are wanting to move in their units, and they are
13 coming to find out for years those things are falling
14 apart.

15 They are hooked up wrong. You literally have
16 to go in and check all of your hot waters, you know, to
17 find out what they are hooked up to. They had put heat
18 recoveries on the majority of these units, even down at
19 Bimini Bay, which gives you free hot water when your air
20 conditioner is running. Go out and look at a lot of
21 them. They are not even hooked up, but they built them.
22 They are just sitting on the side of the buildings and
23 none of them was hooked up. The majority of them in
24 here is not hooked up.

25 You know, the way their electric bill --

1 because Meadows was in control of the electric bill,
2 like he is down there. You know, little things like the
3 metering orifice in your air conditioning can be a 30 to
4 \$50 difference on your electric bill every month. And
5 from the people I know in the industry, I've got one,
6 one of my other former employees that worked for him,
7 Josh, he goes down there a lot and he says every one he
8 has ever found don't have metering orifices in them.
9 And I said that is going to cause it to run more and
10 burn more power, but --

11 MS. ROBERTS: Now, the electric -- one more
12 question on that. The electric is no longer being
13 billed because it was taken away and given to Progress
14 Energy.

15 MR. SHINKLE: Is that down at Bimini, too, for
16 them, or just here?

17 MS. ROBERTS: That is what I am wanting to
18 find out.

19 UNIDENTIFIED SPEAKER: Yes.

20 MS. ROBERTS: So Progress Energy has your
21 electric at Bimini Bay. Nobody is being charged for
22 electric service that is currently in this facility?

23 UNIDENTIFIED SPEAKER: Through Bimini Bay, no.
24 As far as for Bimini Bay, we get it directly from
25 Progress, and we don't have issues with those bills.

1 MS. ROBERTS: And your utility bills -- if a
2 utility bill for water and wastewater, that is what the
3 utility is certificated in doing, water and wastewater
4 services (inaudible).

5 MR. SHINKLE: Yes. We have had one -- Ed
6 Sikes (phonetic) owns properties in here. He has had
7 one where they shut his water off, like, I think, two or
8 three different times, and he has called me wanting to
9 know what is going on, go check meters or something and
10 find out what is going on. The same thing. No locks.
11 We didn't know if a kid turned it off or what happened.
12 He has paid his bills and had them cut off. He has
13 gotten notices where they said he hasn't paid and he has
14 paid.

15 You know, so he -- you know, they are the same
16 thing. They are the reason I'm here today. They want
17 to know what is going on and why. And they have done
18 everything in their power, some of these owners they
19 fought with them for years to get Meadows out of here,
20 and they just can't seem to get rid of the man for
21 nothing. And I think you all are the only ones that are
22 in power that can actually take him away from it. And,
23 you know, give these people their lives back instead of
24 having to worry about what they have got to do.

25 You know, the littlest thing on water -- you

1 know, I stress out wondering am I going to come home and
2 my kids are going to be able to take a shower because
3 they are going shut my water bill off. When am I going
4 to get a water bill? How come when I call they don't
5 call back? You know, why do I have to put me life in
6 threat going down here? You all really need to go down
7 there and take a look at this Bimini Bay that he has
8 created down there. Look at it on the computer and then
9 go look at it in person. It is it totally two different
10 places.

11 You know, but like I said, the staff does what
12 they can, but everybody knows they are underpaid and
13 they are overworked. That's just the way Meadows is.
14 And being the fact that everybody is in the middle of a
15 recession right now, everybody has got to keep their
16 jobs, so these people are going to do what they have got
17 to do to keep their jobs. But, in the meanwhile, the
18 people paying the taxes are the ones getting screwed
19 here.

20 And Meadows is making out like a bandit. He
21 lives in a multi-million dollar home and just chilling
22 out somewhere. So that's all I have to say, but I am
23 afraid I'm going to get some crazy electric bill or some
24 water bill today now. But I would love a water bill,
25 though, I would appreciate it.

1 MS. DANIEL: Mr. Shinkle, if you will come
2 talk to Lydia. We need to get you that first bill, and
3 then hopefully (inaudible). Thank you so much.

4 MS. JETTON: I had two other important things
5 real quick.

6 MS. DANIEL: Give us your name, please, for
7 the recording.

8 MS. JETTON: Lorre Jetton, Jetton Rentals.

9 Two other points. Number one is that he does
10 not give back the deposits. Now that tenants are moving
11 in and putting the water in their name, he will not give
12 the owners back their deposit. The only way that I got
13 mine back was to complain to the Commission itself and
14 then he gave it back.

15 Number two, some of the owners have the
16 tenants put the water in their name, and then they get
17 both the tenant and the owner with the name and both of
18 them get billed for the same unit.

19 MS. DANIEL: Do you have some information on
20 that?

21 MS. JETTON: Yes, I can do that. And then
22 addressing the hot water to the toilets, that is in a
23 lot of my units. And really it's not so bad, because a
24 woman could turn around, take off the tank top and get a
25 facial at the same time that she is using the restroom.

1 So, I mean, you can make that a positive. But that's
2 it. Thank you very much.

3 UNIDENTIFIED SPEAKER: Okay. Guys, now you
4 guys on the phone will be able to talk, so I don't know
5 how you are going to handle this, but one at a time,
6 please.

7 MS. DANIEL: Can you hear us okay on the
8 phone?

9 MR. SAROYA: Hello?

10 MS. DANIEL: Can you hear us okay?

11 MR. SAROYA: Yes, I can hear you.

12 MS. DANIEL: Okay. I'm Patti Daniel with the
13 Public Service Commission. I apologize for having you
14 have to wait for us to give you a turn on the -- to make
15 your comments, but I did want to go ahead and let the
16 folks that had attended the meeting get their comments
17 out there.

18 I don't know how we are going to do this.
19 This phone, I can tell, only one person can talk at a
20 time. It is not a phone that allows, you know, two
21 people to talk at the same time. So we are going to
22 have to be real careful about how we do this. Do you
23 have a suggestion about who would like to speak first?

24 MR. SAROYA: See, the thing is, if there's any
25 questions for me from the audience, I would be able to

1 answer that. As far as Four Points is concerned, I have
2 dealt with David Meadows for the last six and a half
3 years, and the person is a very -- what do you call it,
4 shrewd, and what do you call it, crafty person.

5 Whatever people have already said up to now, I
6 concur with them. These things have been happening.
7 And at times what they do is they would suffer. The
8 last, what do you call it, two or three times they are
9 sending a notice to people that they owe money from I
10 don't know where. Otherwise, if they don't pay that
11 much money going back five years and six years,
12 therefore, the accounts would be shut off.

13 So once in awhile he would stick into a stack
14 of letters to the water customers, and that is something
15 which is also, what do you call it, a violation. He has
16 done that twice, and twice I have spoken to him and also
17 to his staff and they have retracted those letters.
18 They say, oh, it was computer mistake. How could there
19 be three computer mistakes in one year. He's looking
20 for vast areas of 180, \$170. That type of practice
21 which he is doing is -- I mean, some people would go
22 ahead and pay, because they thought, okay, if we don't
23 pay, we have tenants in our the units or we have owners
24 in our units, and they would go ahead and pay it. Some
25 of the people would come get back to him and stop it.

1 That practice which he is doing is criminal and I think
2 it needs to be stopped.

3 I have told him -- see, I do have an access to
4 him direct, so I have spoken to him on that issue and
5 then told him. He said, oh, that was a computer
6 mistake, or the staff mistake, and he corrects those
7 things right away.

8 MS. DANIEL: Mr. Saroya, if I could, and let
9 me just for the audience, I believe we have Naeem
10 Saroya, S-A-R-O-Y-A. Mr. Saroya, are you the president
11 of the HOA at Island Club West?

12 MR. SAROYA: Yes, ma'am, I am the president of
13 the Island Club Homeowners Association, yes.

14 MS. DANIEL: And you are not here in town
15 today, you are out of town?

16 MR. SAROYA: Yes, I am in the state of
17 Michigan.

18 MS. DANIEL: You are in Michigan, okay. Very
19 good. I just wanted to clarify that. I'm not sure that
20 we have questions for you today. We are really here to
21 take your comments, and if there are issues with respect
22 to the provision of water and wastewater service that
23 you would like for us to address, we will be glad to do
24 that.

25 I do see -- I know Lydia Roberts has given us

1 some names and phone numbers of different
2 representatives of the homeowners association, and I
3 think that we do have your cell phone number if we find
4 that we have questions that we want to follow up on with
5 you. We do have that information, but really this is an
6 opportunity for you to tell us about any issues or ask
7 us questions.

8 MR. SAROYA: Yes. The issues of concern, I
9 think most of the people have covered it. There was one
10 other issue which I brought up that sometimes he sends
11 out the fake bills which have nothing to do with the
12 water, and he just sends out bills of areas of something
13 for electric or phone or something, and then say if you
14 do not pay, your water will be shut out. That was
15 different utility, electric and water, electric and
16 phone and other things, and he attaches those areas to
17 the water bill. Can he do that? That is one question.

18 The second thing is his practices of running a
19 utility company is contrary to what I am familiar with.
20 I have worked for a utility company for 25 years in
21 Detroit, Edison, and I know how the utility companies
22 work, and I know how the Public Service Commission
23 checks each and every move. This person tries to con us
24 and tries to con the Public Service Commission. He has
25 applied, he has already gotten this license -- when he

1 was getting his license we had petitioned not to award
2 him the license because he would continue to do the
3 crafty practices. What is there that his license could
4 be pulled out and given to somebody else?

5 MS. DANIEL: You have asked two questions, and
6 the first one was can he offer multiple services,
7 include the price of those services on the water bill.
8 There is no specific preclusion from him doing that.
9 For example, if you have a water bill and it has maybe
10 the -- he is doing the billing for internet on that
11 water bill, there is no prohibition as long as the
12 internet service or whatever the service is is
13 separately identified. He could not discontinue your
14 water service for failure to pay internet service.

15 MR. SAROYA: Very good.

16 MS. DANIEL: So it's a fine line there. As
17 far as taking his certificate away, I understand your
18 concern and frustration with Mr. Meadows. That's why we
19 are here today. I don't have anybody asking to take
20 over this system is frankly the problem. Polk County
21 has been reluctant to come in and take over the water
22 system. The Commission doesn't have another alternative
23 provider for you, so there is a little bit of
24 frustration there on the part of the Commission as to
25 what we need to do, but it is part of our investigation

1 to figure out what the best options are for this
2 utility.

3 MR. SAROYA: Okay. If we come up with an
4 alternate, would the Commission be willing to listen?

5 MS. DANIEL: Absolutely.

6 MR. SAROYA: All right. I am not going to
7 public it now, but we will talk of that. We might come
8 up with an alternate to take it over from David Meadows.

9 MS. DANIEL: That would be something certainly
10 worth pursuing, Mr. Saroya.

11 MR. SAROYA: Thank you. And I don't have
12 anymore questions, so I will just keep listening. And I
13 thank you very much for coming. I thank you. Thank
14 Lydia for putting a lot of effort in listening to us,
15 and I also thank the Commissioners for coming out and
16 listening to us and taking up your time. I really
17 appreciate it on behalf of the association and all the
18 owners.

19 MS. DANIEL: Thank you. And, again, I
20 apologize for taking so long to get to you. Are there
21 others on the telephone listening in who would like to
22 make comments?

23 Mr. Saroya, do you think there is anyone else
24 that had intended to make comments?

25 MR. SAROYA: I think there were six people on

1 the line when they joined in. Is anybody there?

2 UNIDENTIFIED SPEAKER: I'm here, but I don't
3 need to make any comments. Everything else has been
4 said and my husband has spoken to Lydia personally.

5 MS. DANIEL: Thank you so much for listening
6 in.

7 MR. SAROYA: Anybody else on the telephone
8 line?

9 MS. DANIEL: If not, then I will address those
10 on the phone and those in the audience, as well. We
11 have heard your comments. We take them seriously.

12 MR. MEAD: Can we make just one more
13 statement?

14 MS. DANIEL: Absolutely. Absolutely. We are
15 just going to -- whatever the last is, we want to hear
16 it, and then if we need to take some individual time we
17 will. Go ahead.

18 MR. MEAD: Once again, thank you guys for
19 coming and listening to all of our concerns. That is
20 typically not the case with all of our concerns when we
21 try to address it to the associations and the parties
22 that we have been --

23 MS. DANIEL: State your name.

24 MR. MEAD: Yes. My name is Brandon Mead,
25 M-E-A-D.

1 MS. DANIEL: And Cathi. Got it.

2 MR. MEAD: Yes. And just something else that
3 we wanted to bring up. Particularly for Bimini Bay, but
4 that we realized that there is not a lot of people
5 attending here. Personally, we have neighbors that we
6 have talked to. One in particular that I will not say
7 that individual's name, just so that it isn't held
8 against them by the association later, but she had
9 mentioned to us that she has the same problems. In
10 fact, most of the problems that we are experiencing she
11 has been experiencing for a greater amount of time.

12 She had to work today. She worked yesterday.
13 She has two jobs. She doesn't have anyone else in her
14 family who can come and speak for her. Therefore, it's
15 more important that she would be able to go to work.
16 And, unfortunately, that in this case didn't allow her
17 to come. I also know that she is a renter, as is the
18 case with most of the people in our community just due
19 to the fact of how it was ran. That is now the
20 opportunity that most people jump at is renting very
21 inexpensive housing.

22 Those people, once again, are in such
23 affordable housing because they can't afford something
24 more. Therefore, it's to be assumed that they have jobs
25 that can work -- a lot of them work two jobs and can't

1 come here. Also, as renters, it is confusing to see --
2 and, I mean, I luckily didn't have this confusion, but
3 to get the notice in the mail saying that we would have
4 this hearing, and I believe most of them assumed that it
5 would be the owner's responsibility to speak for them.
6 Since they are not the owners.

7 In order for you guys to get a more accurate
8 consensus to see how broad this problem is, I would
9 certainly welcome you guys to come and speak to the
10 residents there in person. But just from my experience
11 that we have had all the same problems from everyone
12 that we have talked to in our communities. You are not
13 seeing a lot of them, but I can assure you that those
14 same concerns would be expressed by the countless amount
15 of people that weren't able to show up today or didn't
16 think they had the right to show up today.

17 So that was one thing that just, even though
18 you don't see a lot of us, obviously you are not hearing
19 a lot of compliments about them. It's the same problem
20 with everyone, and so I can tell you from the neighbors
21 that I have spoken to that it is all the same thing, and
22 it is for the masses of the entire community, not just a
23 select few.

24 Also, in regards to the HOA boundary with
25 water, the fact that it is the same entities paying for

1 the same things controlling the same things, and our
2 questions about where that water is coming from. We
3 also have questions about their other billing practices
4 personally, and I have heard that it is the same
5 practices with others. Once again, we are fairly new
6 residents there, and we are being told as each of these
7 individual things happen to us that, oh, yes, yes, that
8 is what they do. That is what they did to everyone.
9 Yes, not surprised.

10 But we had a car in our driveway that wasn't
11 registered. We got a new car. And after it was there
12 for a few weeks, I believe, we got a notice that it was
13 out of the HOA regulations, which we were never given.
14 We also weren't invited to the HOA meeting, which there
15 is only one, and they limit it to such a restrict amount
16 of time during mid-day on a workday, and anyone who
17 shows up a minute late won't be allowed into that. We
18 weren't even invited to that, even though we were the
19 owners of the property, and had the legal right to be a
20 part of that meeting.

21 But since we didn't know, I was told that all
22 of a sudden we had over a \$700 fine for a car being in
23 front of our unit, and that we would be charged an
24 additional \$100 per day for that car to be there. I
25 went in, talked to the accounting. I literally left

1 work because I knew that it had to be corrected
2 immediately. I left work, since that was the first
3 opportunity I had heard about it. I spoke to the person
4 in the accounting. They informed me that things were
5 being billed incorrectly. She didn't know if I had
6 gotten any notice, that I may or may not, that she would
7 try to fix it, but just try to have the car gone. I had
8 the car gone in less than 24 hours.

9 Since then, waiting on a response to get the
10 association, the other people that were involved with
11 the association, accounting as well as David Meadows to
12 fix that, I received over \$3,000 worth of fines for the
13 same thing because they have yet to return any of my
14 correspondence saying that they would correct this issue
15 in the first place. Instead they add more and more fees
16 and failed to contact me so that they can add more fees
17 is what I have been told is their common business
18 practice.

19 And, again, I have proof of the e-mail and
20 things that people, including Robert Trenner, in this
21 room I have addressed those things to in writing, and I
22 have yet to receive any sort of correspondence from
23 them. Instead, I have received threats of foreclosure
24 against my house, and absolutely no assistance to
25 rectify what was done on their error in the first place.

1 MS. BENNETT: Do you want to talk a little bit
2 about the mail-in problem.

3 MS. DANIEL: Your neighbor that was not able
4 to attend --

5 MR. MEAD: I will certainly encourage her.
6 And, I mean, we have a copy of that, so we can provide
7 that to her. Again, she is a renter. She has had so
8 many problems with everything that it seems like most of
9 the residents our community have given up, and in
10 exchange for such cheap house prices they expect just
11 basically to be treated like trash in their own
12 community. So I will certainly encourage her to do
13 that.

14 Like I said, this is not the only problem that
15 we are dealing with, and a lot of the other ones, such
16 as the threatened foreclosure against my house, are much
17 more pressing that it takes all of our time and resource
18 and energy to address, so I don't know how many people
19 would utilize that, but I'll certainly encourage her to.

20 MS. DANIEL: I appreciate that.

21 MS. ROBERTS: I also had a question.

22 MR. MEAD: Yes, ma'am.

23 MS. ROBERTS: For the record, would you state
24 what that invoice is for. What I saw was for \$500 for
25 sending out the bill.

1 MR. MEAD: I believe the first invoice was for
2 a \$300 fine and a \$400 fine, but it was unexplained what
3 dates those were for. All that was told to me was that
4 I had already been given notice about that. I have
5 received since then part of that \$3,000 worth of fines.
6 One letter that they supposedly sent to me they charged
7 \$500 for a letter sent to our house. I don't know if
8 that is an administrative fee of \$500 for a piece of
9 paper, but the piece of paper apparently had stated that
10 we had a fine that was due, and for they added
11 additional.

12 We have also received invoices since then. A
13 number of those invoices only show our regular \$136.50
14 HOA due as the balance. We have gone in and we have
15 asked for other invoices that show that we have \$3,000
16 worth of fines, but some of the invoices that they send
17 monthly don't represent any of those fines whatsoever.

18 So depending on where we go, whether or not
19 that has been rectified and the fines against us vary
20 completely almost as if they had two completely
21 different accounting policies. So that record trail, it
22 shows two completely separate things is more than a
23 little concerning.

24 Again, I'm happy to say that for the record,
25 and just part of their ethic background and

1 qualifications, I think it's good for you guys to take
2 into consideration, and it has a lot more implications
3 in other realms. Also, I think it's important to note
4 that our property manager, Robert Trenner, is sitting
5 back in the back of the room taking notes of all of
6 this, a bit ominously, which certainly wouldn't
7 encourage other residents to come forward. As it is
8 with the concerns, we have brought all of these up to
9 him in the past. And after about a month of us trying
10 to rectify other things with cable, internet, HOA, and
11 water, after that it has been nearly impossible for us
12 to get any sort of correspondence from them now.

13 So that, again, shows a pattern. Any time we
14 actually express our concerns, that is directly held
15 against us, and we are typically punished in service and
16 quality and not getting things as part of the HOA, or
17 corrections, or fixing our bills, that we should
18 normally, as customers, are entitled to.

19 MS. DANIEL: Thank you.

20 MR. MEAD: Thank you guys, again.

21 MS. DANIEL: Yes, ma'am. Go ahead.

22 UNIDENTIFIED SPEAKER: (Inaudible.)

23 MS. BENNETT: I can help you.

24 MS. DANIEL: Let's get her name and which
25 utility she is served by.

1 MS. ROJAS: Azuzena Rojas.

2 MS. DANIEL: Would you spell that for us?

3 MS. ROJAS: A-Z-U-Z-E-N-A, Rojas, R-O-J-A-S.

4 I'm coming from New Jersey. I was given this letter
5 about this hearing, okay. Actually, I don't pay water.
6 Inside of my house I have been here around a month and a
7 half, okay. That is not my problem. My problem is that
8 when I send my payment, okay, for the HOA association, I
9 see that we pay for lawn and (inaudible), okay. We got
10 nothing; \$69. Then, irrigation restriction, the grass
11 is dead, okay. They not service at all. I got pictures
12 in my phone where the garbage is piled up, you know, to
13 the top. And, also, I've been hit for \$700. It start
14 with \$700. I got all the -- you know, it start
15 with \$700. Here, this is the first one, and continuing
16 now to \$3,000; \$3,200. This is notice of foreclosure
17 (inaudible). And I went to the court yesterday. I
18 hired a lawyer because I can't deal with it anymore.

19 So, whoever, you know, whoever is here from
20 Bimini Bay, you know, I got a lawyer. If you want, you
21 know, we can get (inaudible) because I just got
22 everything. I called. I live in New Jersey. I am a
23 school bus driver, I am not a rich woman, you know. My
24 savings, I put it in that house, my savings, okay. So I
25 came over here. I stopped working and came over here to

1 be here. And, you know, my English, I'm so afraid that
2 I can't communicate very clear, but, you know, I'm
3 trying to, because I have been calling them and that
4 answering machine is putting me to another answering
5 machine and go back to the same answering machine and
6 leave a message.

7 And then yesterday, the answering machine for
8 this lady is (inaudible). Let me see the name, because
9 she made this thing here, (inaudible) say we can't take
10 any more message, it's full.

11 Can you imagine how many people is calling
12 there and nobody answering? You know, it's like going
13 nowhere. It is going nowhere in this place. We need
14 help. We need help. And really when I open the water,
15 you know, maybe I'm going to have \$3,000 in water, and
16 only here -- I have been here for a month and a half
17 altogether, okay. I don't live here. I live in New
18 Jersey.

19 So this is my complaint. I wish that this
20 will be resolved because it is very hard for me to be
21 coming down here, you know. All these letters without
22 signature, okay. Let me read it. We have got time
23 here. This is a canceled check. But the worst thing is
24 this here. Let me see if I've got here my --

25 MS. DANIEL: Ms. Rojas?

1 MS. ROJAS: Yes.

2 MS. DANIEL: Let me ask you, these are
3 questions with respect to your homeowners association,
4 right?

5 MS. ROJAS: Yes. And also the bills that we
6 are paying, because we pay for the water. The
7 irrigation for lake.

8 MS. DANIEL: Okay. What I wanted to tell you
9 is --

10 MS. ROJAS: Uh-huh.

11 MS. DANIEL: -- we will talk to you about
12 that, but I don't know that the Florida Public Service
13 Commission can help you very much with the homeowners
14 association issue, because it's not something that we
15 are able to help you with. But if you will let us talk
16 to you after this meeting, you have hired an attorney
17 and that may be --

18 MS. ROJAS: Yes.

19 MS. DANIEL: -- a good step for you, but I
20 don't think at this meeting we are really going to be
21 able to get into -- we're not going to be able to help
22 you, but what we can do is maybe offer you some
23 suggestions --

24 MS. ROJAS: Yes.

25 MS. DANIEL: -- about a better way to pursue

1 this.

2 MS. ROJAS: But I think that you can help us
3 with the water.

4 MS. DANIEL: With the water, yes, ma'am.

5 MS. ROJAS: And we have got no lights in the
6 street at night in Bimini Bay. There is no lights and
7 it is a very dangerous place. In December when I came,
8 even by the entrance that was so scary. Very bad. And
9 it's the same thing. We pay for that.

10 MS. DANIEL: Let us talk to you, but as I
11 said, it is probably going to just be to offer you some
12 help in terms of how best to pursue that. But thank you
13 so much for talking anyway.

14 MS. ROJAS: Thank you.

15 MS. DANIEL: You did just fine, Ms. Rojas.

16 MS. ROJAS: Okay.

17 MS. DANIEL: All right. We are going to bring
18 this meeting -- (simultaneous conversation) -- if I
19 could just close the meeting out.

20 MS. COLON: I have a statement.

21 MS. DANIEL: Okay. All right.

22 MS. COLON: My name is Zoraya Colon,
23 Z-O-R-A-Y-A; last name C-O-L-O-N. That was Z-O-R-A-Y-A.
24 I represent the owner of 445 Caribbean here in Island
25 Club West. I am their property manager. Complaints

1 that I have had from the owner. Basically, she lives in
2 New York. She actually has a couple of times that she
3 had tried to contact them about the water bill. She
4 never gets through. I took it upon myself to go
5 personally and help her out. I have been there about
6 three or four times.

7 The first time I was there, I was there for
8 about ten minutes. The office was open. Nobody was in
9 there. I waited about ten minutes after that, or 15
10 minutes after that, and I decided to leave. I went back
11 in a second time. I noted that second time nobody was
12 there, either. And there were a lot of documents on the
13 desk with credit card information pertaining to owners.
14 I took -- that struck me a little bit, so I decided to
15 wait a little longer, and I did. I spoke to somebody
16 about the water bill. I had a check in my hand.
17 Particularly the water bill for the owner. The amount
18 that the owner had received on their statement was faxed
19 to me. I went in thinking that that was the amount.
20 After being there for about ten minutes talking to the
21 girl, I got three different amounts said back to me. I
22 couldn't pay the bill.

23 The next day -- the end of that conversation
24 was we will get back to the owner with the correct
25 amount. I left my number, my card, my e-mails,

1 everything. I am always with my cell phone next to me.
2 No information was ever received. The next day they
3 shut the water down. I had to drive all the way -- that
4 day I was in Lakeland. I had to come all the way down
5 and went over there. And I asked them why they shut the
6 water down, and they said because the Island Club West
7 HOA had requested them to shut the water off because we
8 were working on -- they were working on the irrigation.

9 It just happened to be that I am the clubhouse
10 attendant here working for the HOA, and we did not order
11 the water to be shut down. So I went back in there
12 again, and I make sure that she got the information
13 correct, because a lot of owners were coming in. They
14 thought that the water was shut down of the units, so I
15 put the sign up, closed, and made people wait here and
16 drove all the way there. Nobody was there. I waited
17 ten minutes. I told her what is the reason why the
18 water is shut down, because the water wasn't paid. I
19 said, well, the information that they had given me and
20 other owners about the water being shut off is because
21 we were working on irrigation, and that is not correct.

22 I am here to pay the water bill. They still
23 didn't have an amount. So I just wanted to -- you know,
24 I am not an owner or a resident, I am just helping an
25 owner who was not available at the time, couldn't call

1 on the conference call, and I wanted to relay the issues
2 that are happening in there.

3 MS. DANIEL: Thank you. I appreciate that.

4 MS. COLON: You're welcome.

5 UNIDENTIFIED SPEAKER: My issue is pretty big,
6 so that is why I wait until the end. The first one, I
7 have a lien on my house because David Meadows, when they
8 cut the -- they were no longer bringing the electricity
9 here. I went there and I paid my bills anyway, and they
10 put the amount in my water bill when they transferred to
11 Four Points Utility. I have a bill for \$2,895. Another
12 one for \$3,000. So this is one of my issues that I want
13 to resolve here. Also, I have different bills in here
14 with different serial numbers. They are not from my
15 unit, and they were charging me for it. Once I called
16 the Public Service Commission on my last bill, all the
17 ones were \$100, 120, 130, \$90, and my last bill was
18 \$30.29. I don't know how this happened, but, you know,
19 a miracle. (Inaudible. Laughter.) So I know that
20 something is wrong in my bill.

21 Also, you know, the box that they have in
22 front of the units where they read the meters, I made my
23 husband clean it up and put the box back so they can
24 read the meter. And the next day they took it out, and
25 I don't know the mess they leave there, but the next day

1 I don't even know how they can read it, because now I
2 have dirt all around.

3 We did that like four times. I went there. I
4 think that they don't like the box. I don't know what
5 is going on, but they are not reading it because there
6 is no way they can read my meter. There is dirt and all
7 the stuff in there. They have to dig. And they also
8 send me a letter that I have here that if they have to
9 dig again to read my meter they are going to charge me
10 \$25. And I am like, hello, you did it. I fixed it.

11 So, anyway, I have all of my information here
12 from 2005, so it's going to be a lot of work. So that
13 is what I have to say for now. I'm going to explain to
14 you guys in the back, okay.

15 MS. DANIEL: Thank you so much (inaudible).
16 And thank you for helping us secure this facility. I
17 know that you helped us with that.

18 UNIDENTIFIED SPEAKER: Thank you for coming.
19 I really appreciate that.

20 MS. DANIEL: All right. Okay. I think we
21 have gotten to everyone. If you have friends or
22 neighbors who were not able to attend or were
23 uncomfortable speaking, we have mentioned before we
24 welcome hearing from you. As you can see, we continue
25 each time with each person that speaks, do you have a

1 copy, do you have a piece of paper. We cannot help you
2 on allegations. We have got to have the documentation.
3 I think we have collected a lot of documentation. I
4 hope that we will able to do something to bring some
5 satisfactory resolution to some of these issues.

6 Lisa, do you have anything you want add?

7 MS. BENNETT: No. There are a few people I
8 have asked to speak with afterwards, so make sure you
9 come see me or one of the other staff members. And
10 thank you all for coming.

11 MS. DANIEL: Thank you.

12 UNIDENTIFIED SPEAKER: Thank you.

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1 STATE OF FLORIDA)
2 : CERTIFICATE OF REPORTER
3 COUNTY OF LEON)

4
5 I, JANE FAUROT, RPR, Chief, Hearing Reporter
6 Services Section, Office of Commission Clerk, do hereby
7 certify that the foregoing proceedings were transcribed
8 from digital recording to the best of my ability.

9
10 I FURTHER CERTIFY that I am not a relative,
11 employee, attorney or counsel of any of the parties, nor
12 am I a relative or employee of any of the parties'
13 attorneys or counsel connected with the action, nor am I
14 financially interested in the action.

15 DATED THIS 9th DAY OF December, 2010.

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JANE FAUROT, RPR
Office of Commission Clerk
(850) 413-6732

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OFFICE OF THE GENERAL COUNSEL
S. CURTIS KISER
GENERAL COUNSEL
(850)413-6199

Public Service Commission

December 7, 2010

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COMMISSION
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Mr. David Meadows
Four Points Utility Corporation
Bimini Bay Utilities Corporation
101 Golden Malay Palm Way
Davenport, Florida 33897

NOTICE OF APPARENT RULE VIOLATIONS

Re: **Four Points Utility Corporation (Certificate Nos. 634-W and 544-S)**
Bimini Bay Utilities Corporation (Docket No. 090424-WS)

Dear Mr. Meadows:

On November 18 and 19, 2010, Public Service Commission staff conducted two noticed customer meetings regarding Four Points Utility Corporation (Four Points) and Bimini Bay Utilities Corporation (Bimini Bay), which were attended by customers and members of Four Points' and Bimini Bay's (jointly referred to as Utilities) management, as well as a representatives of the Office of the Florida Attorney General and Office of Public Counsel. During the meetings, customers were given the opportunity to discuss their concerns over the quality of service offered by the two Utilities. Customers expressed a number of concerns regarding the Utilities' billing practices and customer service. The information provided to staff, as described in greater detail below, appears to constitute a number of violations of Commission rules. Your Utilities' management personnel attended both meetings and took notes, so they should be aware of the numerous complaints.

Many of the complaints appear to describe violations of Commission rules or Florida Statutes. Among other powers granted to the Commission, Section 367.161(2), Florida Statutes (F.S.), provides that:

The Commission has the power to impose upon any entity that is subject to its jurisdiction under this chapter and that is found to have refused to comply with, or to have willfully violated, any lawful rule or order of the Commission or any provision of this chapter a penalty for each offense of not more than \$5,000, which penalty shall be fixed, imposed, and collected by the Commission; or the Commission may, for any such violation, amend, suspend, or revoke any certificate of authorization issued by it. Each day that such refusal or violation continues constitutes a separate offense. Each

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penalty shall be a lien upon the real and personal property of the entity, enforceable by the Commission as a statutory lien under chapter 85.

In addition, Section 367.121, F.S., provides that the Commission is authorized to seek relief in circuit court including temporary and permanent injunctions, restraining orders, or any other appropriate orders in addition to and supplementary to any other remedies available for enforcement of agency action under Section 120.69 or Chapter 367, F.S.

The apparent violations listed below capture broad categories of customer complaints the Commission has received. The Commission management audit staff has begun investigating the complaints and will be requesting information from the Utilities to determine if there have indeed been violations of the Commission's rules, statutes, or orders. Commission staff will also be requesting more information by separate letters to address specific complaints that we have received.

We have categorized the complaints received into several types of rule violations. The purpose of this letter is to make the Utilities aware of the alleged violations, and the Commission staff's intent to investigate. You are hereby notified of the following apparent violations.

1. **Rule 25-30.261, Florida Administrative Code (F.A.C.), Meter Readings; Rule 25-30.265, F.A.C., Periodic Meter Tests.** These rules address the accuracy of meter readings for billing purposes and the frequency of meter testing required.

Alleged Rule Violation: Several customers have received bills with significant disparities from month to month, despite their inability to find leaks in their homes. Other customers questioned whether meters were read monthly or if their bills were estimated. Some have stated that their displays were covered with dirt and debris and could not be read. In addition, several customers complained that their meters register usage when their homes are unoccupied. Still others have stated that they have never seen meter readers in the time they have resided in their units. As a result, these customers have alleged that their meters are not being accurately read.

2. **Rule 25-30.335, F.A.C., Customer Billing.** This rule addresses customer billing procedures and delinquencies. The rule provides that the Utility must render bills to customers at regular intervals, and each bill must indicate: the billing period covered; the applicable rate schedule; beginning and ending meter reading; the amount of the bill; the delinquent date or the date after which the bill becomes past due; and any authorized late payment charge. Additionally, the Utility may not consider a customer delinquent in paying his or her bill until the 21st day after the Utility has mailed or presented the bill for payment.

Alleged Rule Violation: We have received copies of several customers' recent monthly bills, and they do not specify a delinquent date. Several customers have complained that their water and wastewater was disconnected without notice.

3. **Rule 25-30.250, F.A.C., Continuity of Service, Rule 25-30.320, F.A.C. Refusal or Discontinuance of Service.** These rules address the requirement that the Utility provide continuous service to customers, reestablish service with the shortest delay consistent with the safety of its customers, and schedule necessary interruptions in service at a time causing the least convenience to customers. In addition, Rule 25-30.320(2)(g), F.A.C., provides that a customer must be given at least 5 working days' written notice, separate and apart from any bill for service, before disconnection for nonpayment of bills.

Alleged Rule Violation: We have received numerous complaints alleging that customers have regularly experienced disconnections without prior notice, for alleged nonpayment of service. Others have complained that service was disconnected after hours. Several customers who complained about improper cut-off also stated that they have experienced difficulty in reaching a Utility representative in order to promptly reestablish service.

4. **Section 367.111(2), F.S., Service.** This subsection addresses the Utility's obligation to provide safe, efficient, and sufficient service to customers.

Alleged Rule Violation: We received customer allegations with respect to low water pressure, sand in the water, and positive tests for coliforms.

5. **Rule 25-30.355, F.A.C., Complaints.** This rule states that the Utility must make a full and prompt acknowledgment and investigation of all customer complaints and shall respond fully and promptly to all customer requests.

Alleged Rule Violation: The Commission's Consumer Affairs Tracking System shows 12 customer complaints, as of the date of this writing, to which the Utility has failed to provide a timely response (see attachment). There are 20 additional complaints for which the Consumer Affairs Division received late responses from the Utility. The Consumer Affairs Division receives complaints from Utility customers and forwards these complaints to the Utility, requiring a response within 15 days.

6. **Rule 25-30.311, F.A.C., Customer Deposits.** This rule addresses the Utility's collection, record, and refund of customer deposits. Section (3) states that each Utility having on hand deposits from customers shall keep records to show: (a) The name of each customer making the deposit; (b) The premises occupied by the customer when the deposit was made; (c) The date and amount of deposit; and (d) A record of each transaction concerning such deposit. Transactions include annual interest payments and refunds.

Alleged Rule Violation: Several customers have indicated that the Utility has collected more than one deposit from that customer. Several customers have also stated that the amount of deposit collected has varied for that customer. Customers have also alleged that Utility employees have, in some instances, stated that certain of the collection of deposits were in error.

7. **Rule 25-30.330, F.A.C., Information to Customers.** This rule requires that the Utility provide its customers, on at least an annual basis, with the Utility's regular and after hour's telephone number, as well as other information and assistance, when requested by the

Mr. David Meadows

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December 7, 2010

customer, as reasonably may be necessary to ensure that the customer receives safe, efficient service.

Alleged Rule Violation: Many customers have indicated that they regularly experience difficulty in getting in touch with Utility representatives, whether by phone, mail, or e-mail. Customers have stated that oftentimes there is no answer at the office when they call, they do not receive responses when they send e-mails, and the mail that they send to the Utility (namely, payments) is routinely returned to them. Commission staff has also experienced difficulty with contacting Utility representatives on numerous occasions.

As Commission staff continues to investigate the alleged violations, you will be asked to provide information. For each violation identified, you will be given an opportunity to comply or explain your position. As stated above, the penalties available to the Commission for noncompliance with Commission rules, statutes, or orders include fines of up to a \$5,000 for each violation, with each day that such refusal or violation continues constituting a separate offense; or amendment, suspension, or revocation of the Utility's certificate of authorization. If necessary, staff may also seek injunctive or other appropriate relief in circuit court pursuant to Section 367.121, F.S.

Please contact Lisa Bennett at 850-413-6230 or Patti Daniel at 850-413-6808 immediately if you have any questions regarding this matter.

Sincerely,



Lisa Bennett

Senior Attorney

Office of the General Counsel

LCB/sh

cc: Ms. Denna Meixner, Manager, Four Points Utility Corporation
Office of Commission Clerk (Cole)
Division of Economic Regulation (Daniel, Golden, Jones-Alexis, Roberts, Walden)
Division of Regulatory Analysis (Harvey)
Office of Public Counsel (Kelly)
Office of Attorney General (Sirkle)

Attachments: CATS Report, Florida Administrative Code Rules referenced in letter.

25-30.261 Meter Readings.

(1) The utility shall read its service meters at regular intervals and, insofar as practicable within regularly scheduled work days, on the corresponding day of each meter reading period.

(2) The utility shall read the register of each meter in the same units that the utility uses for billing purposes, except that a water meter may register in gallons or in cubic feet.

(3) The service meters shall be marked to indicate the units measured by that meter.

(4) The meter shall be marked with any constant or multiplier that the utility uses to determine the amount of service used by a customer.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.111, 367.121 FS. History—Amended 9-12-74, Formerly 25-10.95, 25-10.095, Amended 11-10-86.

25-30.265 Periodic Meter Tests.

Each utility shall inspect and test a representative sample of its meters in service at least once during the intervals set out in this rule.

	Maximum Interval
Size of Meter	Between Tests
5/8"	10 years
3/4"	8 years
1"	6 years
1 1/2"	4 years
2"	4 years
3"	3 years
4"	2 years
6"	1 year

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.121(1)(a), 367.122 FS. History--Amended 9-12-74, Formerly 25-10.93, 25-10.093, Amended 11-10-86.

25-30.335 Customer Billing.

(1) Except as provided in this rule, a utility shall render bills to customers at regular intervals, and each bill shall indicate: the billing period covered; the applicable rate schedule; beginning and ending meter reading; the amount of the bill; the delinquent date or the date after which the bill becomes past due; and any authorized late payment charge.

(2) If the utility estimates the bill, the utility shall indicate on the bill that the amount owed is an estimated amount.

(3) When service is rendered for less than 50 percent of the normal billing cycle, the utility shall prorate the base facility charges as though the normal billing cycle were 30 days, except that the utility may elect not to issue an initial bill for service if the service is rendered during a time period which is less than 50 percent of the normal billing cycle. Instead, the utility may elect to combine the amount owed for the service rendered during the initial time period with the amount owed for the next billing cycle, and issue a single bill for the combined time period. For service taken under flat rate schedules, 50 percent of the normal charges may be applied.

(4) A utility may not consider a customer delinquent in paying his or her bill until the 21st day after the utility has mailed or presented the bill for payment.

(5) Each utility shall establish each point of delivery as an independent customer and shall calculate the amount of the bill accordingly, except where physical conditions make it necessary to use additional meters or points of delivery for one class of service to a single customer on the same premises, or where such multiple meters or delivery points are used for the convenience of the utility.

(6) A utility may not incorporate municipal or county franchise fees into the amount indicated as the cost for service on the customer's bill. Rather, the utility shall show any such franchise fee as a separate item.

(7) The utility shall maintain a record of each customer's account for the most current 2 years so as to permit reproduction of the customer's bills during the time that the utility provided service to that customer.

(8) In the event of unauthorized use of service by a customer, a utility may bill the customer on a reasonable estimate of the service taken. In addition, the utility may assess a fee to defray the cost of restoring service to such a customer provided that the fee is specified in the utility's tariff.

(9) If a utility utilizes the base facility and usage charge rate structure and does not have a Commission authorized vacation rate, the utility shall bill the customer the base facility charge regardless of whether there is any usage.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.121 FS. History—Amended 9-14-74, 6-21-79, Formerly 25-10.97, 25-10.097. Amended 11-10-86, 11-30-93.

25-30.250 Continuity of Service.

(1) Each utility shall make all reasonable efforts to provide continuous service. Should interruption in service occur, however, each utility shall reestablish service with the shortest delay consistent with the safety of its customers and the general public.

(2) Each utility shall schedule any necessary interruptions in service at a time anticipated to cause the least inconvenience to its customers. Each utility shall notify its customers prior to scheduled interruptions.

(3) Where public fire protection is provided by the mains affected by the interruption, the utility shall notify the Fire Chief or any other public official responsible for fire protection, that an interruption has occurred or will occur. Additionally, the utility shall notify that person when service is or is anticipated to be restored.

(4) Where a customer's water or wastewater service is interrupted and remains out of service in excess of forty-eight (48) hours after the customer has notified the utility of the interruption, the utility shall refund to that customer the pro-rata portion of the month's charges for the period of days during which service was not provided. This paragraph applies only to utilities which have service tariffs that provide for charges on a non-metered rate. The utility may refund the amount owed as credit toward the customer's subsequent bill for service.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.111 FS. History--Amended 9-12-74, Formerly 25-10.56, 25-10.056, Amended 11-10-86.

25-30.320 Refusal or Discontinuance of Service.

(1) Until adequate facilities can be provided, a utility may refuse to serve an applicant if, in the best judgment of the utility, it does not have adequate facilities, or supply to render the service applied for, or if the service is of character that is likely to affect unfavorably service to other customers.

(2) As applicable, the utility may refuse or discontinue service under the following conditions provided that, unless otherwise stated, the customer shall be given written notice and allowed a reasonable time to comply with any rule or remedy any deficiency:

(a) For noncompliance with or violation of any state or municipal law or regulation governing such utility service.

(b) For failure or refusal of the customer to correct any deficiencies or defects in his piping or equipment which are reported to him by the utility.

(c) For the use of utility service for any other property or purpose than that described in the application.

(d) For failure or refusal to provide adequate space for the meter or service equipment of the utility.

(e) For failure or refusal to provide the utility with a deposit to insure payment of bills in accordance with the utility's regulation.

(f) For neglect or refusal to provide reasonable access to the utility for the purpose of reading meters or inspection and maintenance of equipment owned by the utility.

(g) For nonpayment of bills, including nonpayment of municipal sewer service under circumstances specifically provided in Section 159.18(2), F.S., or noncompliance with the utility's rules and regulations in connection with the same or a different type or a different class of utility service furnished to the same customer at the same premises by the same or affiliated utility only after there has been a diligent attempt to have the customer comply, including at least 5 working days' written notice to the customers. Such notice shall be separate and apart from any bill for service. For purposes of this subsection, "working day" means any day on which the utility's office is open and the U.S. Mail is delivered. A utility shall not, however, refuse or discontinue service for nonpayment of a dishonored check service charge imposed by the utility.

(h) Without notice in the event of a condition known to the utility to be hazardous.

(i) Without notice in the event of tampering with regulators, valves, piping, meter or other facilities furnished and owned by the utility.

(j) Without notice in the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of such service, the utility, before restoring service, may require the customer to make at his own expense all changes in piping or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the deficiency in revenue resulting from such fraudulent use. Service shall not be discontinued if, prior to the arrival of the utility to discontinue service, the customer has:

1. Paid for all fraudulent use of service;

2. Demonstrated the fraudulent use has ceased;

3. Paid all other applicable fees and charges; and

4. The service condition allowing fraudulent use of service has been corrected.

(3) Service shall be restored when cause for discontinuance has been satisfactorily adjusted.

(4) In case of refusal to establish service, or whenever service is discontinued, the utility shall notify the applicant or customer in writing of the reason for such refusal or discontinuance. In all instances involving refusal or discontinuance of service the utility shall advise in its notice that persons dissatisfied with the utility's decision to refuse or discontinue service may register their complaint with the utility's Customer Relations Personnel and to the Florida Public Service Commission at 1(800)342-3552, which is a toll free number.

(5) The following shall not constitute sufficient cause for refusal or discontinuance of service to an applicant or customer:

(a) Delinquency in payment for service by a previous occupant of the premises unless the current applicant or customer occupied the premises at the time the delinquency occurred and the previous customer continues to occupy the premises and such previous customer will receive benefit from such service.

(b) Failure to pay for appliances or equipment purchased from the utility.

(c) Failure to pay for a different class of service, except where two or more classes of service are rendered to the same customer at the same premises.

(d) Failure to pay the bill of another customer as guarantor thereof.

(e) Failure to pay a dishonored check service charge imposed by the utility.

(6) No utility shall discontinue service to any customer, between 12:00 noon on a Friday and 8:00 a.m. the following Monday or

between 12:00 noon on the day preceding a public holiday and 8:00 a.m. the next working day; provided, however, that this prohibition shall not apply when:

- (a) Discontinuance is requested by or agreed to by the customer; or
- (b) A hazardous condition exists; or
- (c) Meters or other utility-owned facilities have been tampered with; or
- (d) Service is being obtained fraudulently or is being used for unlawful purposes.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.111, 367.121 FS. History--Amended 9-12-74, 4-3-80, 10-25-84, Formerly 25-10.74, 25-10.074, Amended 11-10-86, 1-1-91, 1-7-93, 11-30-93, 10-28-98.

Select Year:

The 2010 Florida Statutes

Title XXVII
RAILROADS AND OTHER REGULATED
UTILITIES

Chapter 367
WATER AND WASTEWATER
SYSTEMS

[View Entire
Chapter](#)

367.111 Service.—

(1) Each utility shall provide service to the area described in its certificate of authorization within a reasonable time. If the commission finds that any utility has failed to provide service to any person reasonably entitled thereto, or finds that extension of service to any such person could be accomplished only at an unreasonable cost and that addition of the deleted area to that of another utility company is economical and feasible, it may amend the certificate of authorization to delete the area not served or not properly served by the utility, or it may rescind the certificate of authorization. If utility service has not been provided to any part of the area which a utility is authorized to serve, whether or not there has been a demand for such service, within 5 years after the date of authorization for service to such part, such authorization may be reviewed and amended or revoked by the commission.

(2) Each utility shall provide to each person reasonably entitled thereto such safe, efficient, and sufficient service as is prescribed by part VI of chapter 403 and parts I and II of chapter 373, or rules adopted pursuant thereto; but such service shall not be less safe, less efficient, or less sufficient than is consistent with the approved engineering design of the system and the reasonable and proper operation of the utility in the public interest. If the commission finds that a utility has failed to provide its customers with water or wastewater service that meets the standards promulgated by the Department of Environmental Protection or the water management districts, the commission may reduce the utility's return on equity until the standards are met.

*History.—*s. 1, ch. 71-278; s. 3, ch. 76-168; s. 1, ch. 77-457; s. 53, ch. 78-95; ss. 1, 2, ch. 79-49; ss. 14, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 15, 26, 27, ch. 89-353; s. 4, ch. 91-429; s. 10, ch. 93-35; s. 185, ch. 94-356.

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25-30.355 Complaints.

(1) A utility shall make a full and prompt acknowledgement and investigation of all customer complaints and shall respond fully and promptly to all customer requests.

(2) For the purpose of this rule the word "complaint" used in this rule shall mean an objection made to the utility by the customer as to the utility's charges, facilities or service, where the disposal of the complaint requires action on the part of the utility.

(3) Replies to inquiries by the Commission's staff shall be furnished within fifteen (15) days from the date of the inquiry and shall be in writing, if requested.

Specific Authority 350.127(2), 367.121 FS. Law Implemented 367.121 FS. History--Amended 9-12-74. Formerly 25-10.70, 25-10.070, Amended 11-10-86.

25-30.311 Customer Deposits.

(1) Deposit required; establishment of credit. Each company's tariff shall contain their specific criteria for determining the amount of initial deposit. Each utility may require an applicant for service to satisfactorily establish credit, but such establishment of credit shall not relieve the customer from complying with the utilities' rules for prompt payment of bills. Credit will be deemed so established if:

(a) The applicant for service furnishes a satisfactory guarantor to secure payment of bills for the service requested. A satisfactory guarantor shall, at a minimum, be a customer of the utility with a satisfactory payment record. A guarantor's liability shall be terminated when a residential customer whose payment of bills is secured by the guarantor meets the requirements of subsection (5) of this rule. Guarantors providing security for payment of residential customers' bills shall only be liable for bills contracted at the service address contained in the contract of guaranty.

(b) The applicant pays a cash deposit.

(c) The applicant for service furnishes an irrevocable letter of credit from a bank or a surety bond.

(2) Receipt for deposit. A non-transferrable certificate of deposit shall be issued to each customer and means provided so that the customer may claim the deposit if the certificate is lost.

(3) Record of deposits. Each utility having on hand deposits from customers shall keep records to show:

(a) The name of each customer making the deposit;

(b) The premises occupied by the customer when the deposit was made;

(c) The date and amount of deposit; and

(d) A record of each transaction concerning such deposit.

(4) Interest on deposit.

(a) Each public utility which requires deposits to be made by its customers shall pay a minimum interest on such deposits of 6 percent per annum. The utility shall pay an interest rate of 7 percent per annum on deposits of nonresidential customers qualifying under subsection (5) below when the utility elects not to refund such a deposit after 23 months.

(b) The deposit interest shall be simple interest in all cases and settlement shall be made annually, either in cash or by credit on the current bill. This does not prohibit any public utility paying a higher rate of interest than required by this rule. No customer depositor shall be entitled to receive interest on his deposit until and unless a customer relationship and the deposit have been in existence for a continuous period of six months, then he shall be entitled to receive interest from the day of the commencement of the customer relationship and the placement of deposit.

(5) Refund of deposits. After a customer has established a satisfactory payment record and has had continuous service for a period of 23 months, the utility shall refund the residential customer's deposits and shall, at its option, either refund or pay the higher rate of interest specified above for nonresidential deposits, providing the customer has not, in the preceding 12 months, (a) made more than one late payment of a bill (after the expiration of 20 days from the date of mailing or delivery by the utility), (b) paid with check refused by a bank, (c) been disconnected for nonpayment, or at any time, (d) tampered with the meter, or (e) used service in a fraudulent or unauthorized manner. Nothing in this rule shall prohibit the company from refunding at any time a deposit with any accrued interest.

(6) Refund of deposit when service is discontinued. Upon termination of service, the deposit and accrued interest may be credited against the final account and the balance, if any, shall be returned promptly to the customer but in no event later than fifteen (15) days after service is discontinued.

(7) New or additional deposits. A utility may require, upon reasonable written notice of not less than 30 days, such request or notice being separate and apart from any bill for service, a new deposit, where previously waived or returned, or an additional deposit, in order to secure payment of current bills; provided, however, that the total amount of the required deposit should not exceed an amount equal to the average actual charge for water and/or wastewater service for two billing periods for the 12-month period immediately prior to the date of notice. In the event the customer has had service less than 12 months, then the utility shall base its new or additional deposit upon the average monthly billing available.

Specific Authority 367.121, 350.127(2) FS. Law Implemented 367.081, 367.111, 367.121 FS. History—Amended 6-1-63, 4-1-69, 9-12-74, 6-10-80, 1-31-84, Formerly 25-10.72, 25-10.072, Amended 10-13-88, 4-25-94.

25-30.330 Information to Customers.

(1) Each utility shall provide its customers with the following information on at least an annual basis:

- (a) Telephone numbers regular and after hours;
- (b) Office address.

(2) Each utility shall provide its customers, upon request, with such other information and assistance as reasonably may be necessary to ensure that the customer receives safe, efficient service.

(3) Upon request of a customer, each utility shall provide information as to the method of reading meters and the computation of billing which results from reading meters.

(4) When a customer requests a bench test of his or her meter, the utility shall inform that customer of the provisions of Rule 25-30.266, F.A.C., and shall advise that the customer may request the test be made or supervised by a Commission representative.

(5) Upon request of a customer, the utility is to provide a copy or explanation of the utility's rates applicable to the customer's classification for service and to assist the customer in obtaining the rate which is most advantageous for the customer's service requirements.

Specific Authority 367.121 FS. Law Implemented 367.121 FS. History—Amended 9-12-74, Formerly 25-10.69, 25-10.069, Amended 11-10-86.

11/30/2010

FLORIDA PUBLIC SERVICE COMMISSION
COMPLAINTS QUERY REPORT



Division	Customer Name	Case No.	Utility	Code	Date Rec'd	Type	On Time
ECR							
	MARGOT GALENSKI	0916819W	FOUR POINTS UTILITY CORPORATION	WS898	01/12/2010		
Date Closed:	//	Assigned Analyst:	ECR	Closed Analyst:			
Service/Billing:	B	Savings:	0.00	How Received:	E-FORM	Preliminary Type:	IMPROPER BILLS
County:	Polk	Customer Phone:	(407)-334-5240	Sent To Company:	Y	Apparent Rule Violation:	N PSA:
	JANET ORTIZ	0926058W	FOUR POINTS UTILITY CORPORATION	WS898	02/19/2010		
Date Closed:	//	Assigned Analyst:	ECR	Closed Analyst:			
Service/Billing:	S	Savings:	0.00	How Received:	PHONE	Preliminary Type:	QUALITY OF SERVICE
County:	Polk	Customer Phone:		Sent To Company:	Y	Apparent Rule Violation:	N PSA:
	JASON SMITH	0926738W	FOUR POINTS UTILITY CORPORATION	WS898	02/23/2010		
Date Closed:	//	Assigned Analyst:	ECR	Closed Analyst:			
Service/Billing:	B	Savings:	0.00	How Received:	PHONE	Preliminary Type:	DEPOSIT
County:	Polk	Customer Phone:		Sent To Company:	Y	Apparent Rule Violation:	N PSA:
	ELIOT RAMOS	0927647W	FOUR POINTS UTILITY CORPORATION	WS898	02/26/2010		
Date Closed:	//	Assigned Analyst:	ECR	Closed Analyst:			
Service/Billing:	B	Savings:	0.00	How Received:	E-FORM	Preliminary Type:	DEPOSIT
County:	Polk	Customer Phone:	(863)-703-0735	Sent To Company:	Y	Apparent Rule Violation:	N PSA:
	JAMES A ROBERTS	0975567W	FOUR POINTS UTILITY CORPORATION	WS898	10/21/2010		
Date Closed:	//	Assigned Analyst:	ECR	Closed Analyst:			
Service/Billing:	S	Savings:	0.00	How Received:	E-MAIL	Preliminary Type:	IMPROPER DISCONNECTS
County:	Polk	Customer Phone:	(919)-859-4343	Sent To Company:	Y	Apparent Rule Violation:	N PSA:

Division	Customer Name	Case No.	Utility	Code	Date Rec'd	Type	On Time
ECR	Total Cases: 5			ECR		Total Savings: 0.00	
GCL							
	JASON T SMITH	0964144W	FOUR POINTS UTILITY CORPORATION	WS898	08/27/2010		
Date Closed:	//	Assigned Analyst:	GCL	Closed Analyst:			
Service/Billing:	B	Savings:	0.00	How Received:	PHONE	Preliminary Type:	IMPROPER BILLS
County:	Polk	Customer Phone:	(850)-766-0048	Sent To Company:	Y	Apparent Rule Violation:	N PSA:
GCL	Total Cases: 1			GCL		Total Savings: 0.00	
SSC							
	FREDERICK MARTINEZ	0978380W	FOUR POINTS UTILITY CORPORATION	WS898	11/04/2010		
Date Closed:	//	Assigned Analyst:	SHONNA MCCRAY	Closed Analyst:			
Service/Billing:	B	Savings:	0.00	How Received:	PHONE	Preliminary Type:	IMPROPER BILLS
County:	Polk	Customer Phone:		Sent To Company:	Y	Apparent Rule Violation:	N PSA:
SSC	Total Cases: 1			SSC		Total Savings: 0.00	
	Total Cases: 7					Total Savings: 0.00	

11/30/2010

FLORIDA PUBLIC SERVICE COMMISSION
COMPLAINTS QUERY REPORT



Division	Customer Name	Case No.	Utility	Code	Date Rec'd	Type	On Time
ECR							
	JEFF DEYO	0933190W	BIMINI BAY UTILITIES CORPORATION	WS932	03/24/2010		
Date Closed:	//	Assigned Analyst:	ECR	Closed Analyst:			
Service/Billing:	B	Savings:	0.00	How Received:	E-MAIL	Preliminary Type:	IMPROPER BILLS
County:	Polk	Customer Phone:		Sent To Company:	Y	Apparent Rule Violation:	N PSA:
	MELISSA NOIL	0933208W	BIMINI BAY UTILITIES CORPORATION	WS932	03/24/2010		
Date Closed:	//	Assigned Analyst:	ECR	Closed Analyst:			
Service/Billing:	B	Savings:	0.00	How Received:	MAIL	Preliminary Type:	IMPROPER BILLS
County:	Polk	Customer Phone:	(518)-348-1307	Sent To Company:	Y	Apparent Rule Violation:	N PSA:
	NICHOLAS HORTON	0954473W	BIMINI BAY UTILITIES CORPORATION	WS932	07/13/2010		
Date Closed:	//	Assigned Analyst:	ECR	Closed Analyst:			
Service/Billing:	B	Savings:	0.00	How Received:	E-FORM	Preliminary Type:	IMPROPER BILLS
County:	Polk	Customer Phone:	(407)-574-5741	Sent To Company:	Y	Apparent Rule Violation:	N PSA:
	JEANETTE ORTIZ	0975089W	BIMINI BAY UTILITIES CORPORATION	WS932	10/20/2010		
Date Closed:	//	Assigned Analyst:	ECR	Closed Analyst:			
Service/Billing:	S	Savings:	0.00	How Received:	E-FORM	Preliminary Type:	IMPROPER DISCONNECTS
County:	Polk	Customer Phone:	(407)-536-7798	Sent To Company:	Y	Apparent Rule Violation:	N PSA:
ECR	Total Cases: 4					ECR	Total Savings: 0.00

Division	Customer Name	Case No.	Utility	Code	Date Rec'd	Type	On Time
SSC							
	MATTHEW HOLLINGHURST	0975087W	BIMINI BAY UTILITIES CORPORATION	WS932	10/20/2010		
Date Closed:	//	Assigned Analyst:	SHONNA MCCRAY	Closed Analyst:			
Service/Billing:	B	Savings:	0.00	How Received:	E-FORM	Preliminary Type:	IMPROPER BILLS
County:	Polk	Customer Phone:	(603)-477-6128	Sent To Company:	Y	Apparent Rule Violation:	N
						PSA:	
SSC	Total Cases: 1					SSC	Total Savings: 0.00
	Total Cases: 5						Total Savings: 0.00

COMMISSIONERS:
ART GRAHAM, CHAIRMAN
LISA POLAK EDGAR
RONALD A. BRISÉ
EDUARDO E. BALBIS
JULIE I. BROWN

STATE OF FLORIDA



DALE MAILHOT, DIRECTOR
OFFICE OF AUDITING & PERFORMANCE
ANALYSIS
(850) 413-6854

Public Service Commission

June 2, 2011

Mr. David Meadows, President
Four Points Utility Corporation
Bimini Bay Utilities Corporation
101 Golden Malay Palm Way
Davenport, FL 33897

Dear Mr. Meadows:

The purpose of this letter is to inform you that the Office of Auditing and Performance Analysis has completed its audit report entitled *Management Audit of Four Points Utility Corporation and Bimini Bay Utilities Corporation*. Enclosed is hardcopy of the final audit report. The report documents our management audit of the utilities' operations and our assessment of compliance with Chapter 367, F.S., and Rule 25-30, F.A.C., the Commission rules governing water and wastewater utilities.

We conducted the exit interview conference by telephone on May 25, 2011. As we explained both prior to and during the conference, the exit interview is an opportunity for you to discuss the factual accuracy of the report. During our exit conference call on May 25, 2011, our staff attorney, Lisa Bennett, granted you an extension until 3 p.m. on May 31, 2011 to complete your exit interview. You stated you wished for your attorney to review the audit and to be a part of the discussion. On Friday, May 27, 2011, you contacted Lisa Bennett and stated that you had not retained an attorney for the purpose of conducting the exit interview. On May 31, 2011, in lieu of a request for a telephone conference continuation of the exit interview, we received a letter in your name via email that provided comments to the audit draft report. Accordingly, we are treating your May 31, 2011, letter as the completion of your exit interview. We have reviewed your comments and have made changes to the final audit report to reflect the status of all Commission complaints received and recorded via the Commission's complaint tracking process from 2007 through June 1, 2011, and to reflect your comments regarding the litigation between the homeowners association and your corporation.

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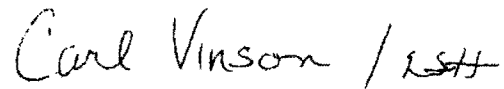
DOCUMENT NUMBER 03868

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FPSC-COMMISSION CLERK

If you would like to provide additional written comments or have any questions, please direct them to Jerry Hallenstein, Project Manager, at the address below. Your written comments will be included in the docket file as your response to the Commission's audit.

Sincerely,

Handwritten signature of Carl Vinson with initials LSH.

Carl Vinson
Public Utilities Supervisor
Office of Auditing and Performance Analysis

LSH/kby

Enclosure

cc: Dale Mailhot
Lisa Harvey
Lisa Bennett
Jennifer Crawford
Cheryl Bulecza-Banks
Patti Daniel
Jerry Hallenstein
Kevin Carpenter



**MANAGEMENT AUDIT OF
FOUR POINTS UTILITY
CORPORATION
AND
BIMINI BAY UTILITIES
CORPORATION**

J U N E 2 0 1 1

**BY AUTHORITY OF
THE FLORIDA PUBLIC SERVICE COMMISSION
OFFICE OF AUDITING AND PERFORMANCE ANALYSIS**

**MANAGEMENT AUDIT OF
FOUR POINTS UTILITY CORPORATION
AND BIMINI BAY UTILITIES CORPORATION**

**JERRY HALLENSTEIN
GOVERNMENT ANALYST II
PROJECT MANAGER**

**KEVIN CARPENTER
REGULATORY ANALYST II**

JUNE 2011

**BY AUTHORITY OF
THE STATE OF FLORIDA
PUBLIC SERVICE COMMISSION
OFFICE OF AUDITING AND PERFORMANCE ANALYSIS**

PA-10-10-002

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1.0 EXECUTIVE SUMMARY

1.1 INTRODUCTION

Four Points Utility (Four Points) and Bimini Bay Utilities Corporation (Bimini Bay) provide water and wastewater services to two separate townhome developments in Davenport, Florida (Polk County). Mr. David Meadows is president and sole officer of both utilities and is also the developer of the two subdivisions which the utilities serve. The Island Club West Resort and Spa development is served by Four Points and consists of 255 residential connections. The Bimini Bay development, served by Bimini Bay Utilities, consists of 212 connections.

Mr. Meadows served as president of Island Club West's Homeowners Association until 2005. In 2005, the Homeowners Association assumed control of all common areas in the development after a settlement agreement was reached between the Association and Mr. Meadows. Mr. Meadows currently serves as president of the homeowners association in Bimini Bay and personally owns and leases 29 of the units in that subdivision.

All of the utility employees are hired by Mr. Meadows and are responsible for performing all operational functions for the two utilities. These employees also perform work for non-utility businesses owned by Mr. Meadows. This work includes billing, collection, payment processing, and maintenance of common areas for the Bimini Bay Homeowners Association, the 29 Bimini Bay units owned by Mr. Meadows, and other business enterprises.

Below is a brief summary of recent Commission proceedings for both Four Points and Bimini Bay. For a complete case history of both utilities, please refer to **Appendix A**.

Four Points has been in existence since 2001. The utility was not brought to the Commission's attention until 2005 when the Commission received inquiries from customers regarding a variety of charges imposed by the utility. Four Points (formerly known as Island Club West Development) subsequently filed an application for a water and wastewater certificate on September 8, 2005. On April 2, 2007, the Commission granted Four Points a water and wastewater certificate.

Bimini Bay has been in existence since 2007. On August 31, 2009, Bimini Bay filed an application with the Commission for a certificate to provide water and wastewater service and for authority to change its rates and charges for water and wastewater services. The Commission opened Docket Number 090424-WS to acknowledge receipt and review of Bimini Bay's application, which is still pending.

The Commission conducted noticed customer meetings on November 18 and 19, 2010, at Island Club West Spa and Resort in Davenport, Florida. The purpose of the meetings was to provide customers with an opportunity to ask questions or offer comments regarding either Bimini Bay's application for certification or the quality of service provided by Bimini Bay and Four Points. At the customer meetings, the Commission heard from 30 customers who voiced their dissatisfaction with the services provided by both Four Points and Bimini Bay. Customer complaints alleged erroneous billing, inadequate customer service, untimely processing of customer payments, improper service disconnections, incorrect meter readings, poorly constructed water and wastewater facilities, and inept management. The customers also complained about several issues outside of the Commission's jurisdiction such as building code violations and improper homeowners association charges.

Commission staff initiated a compliance and management audit of Four Points Utility and Bimini Bay Utilities on November 22, 2010. The audit was triggered by a combination of the 30 complaints received at the November 2010 customer meetings, 54 other formal complaints received by the Commission since 2007, and numerous informal complaints.

On December 7, 2010, the Commission's Office of the General Counsel sent a letter to both Four Points and Bimini Bay to notify the utilities of apparent rule violations and referenced the Office of Auditing and Performance Analysis' intent to investigate.

1.2 AUDIT OBJECTIVES AND SCOPE

This report is the result of the compliance and management audit conducted by the Office of Auditing and Performance Analysis. As authorized by Chapter 350.117(2)(3), F.S., management audits are conducted by staff to assess utilities' performance and the adequacy of operations and controls:

(2) The commission may perform management and operation audits of any regulated company. The commission may consider the results of such audits in establishing rates; however, the company shall not be denied due process as a result of the use of any such management or operation audit.

(3) As used in this section, "management and operation audit" means an appraisal, by a public accountant or other professional person, of management performance, including a testing of adherence to governing policy and profit capability; adequacy of operating controls and operating procedures; and relations with employees, customers, the trade, and the public generally.

An objective of this audit was to assess Four Points' and Bimini Bay's compliance with Chapter 367, F.S., and Rule 25-30, F.A.C., of the Commission rules that govern water and wastewater utilities.

According to Mr. Meadows, Bimini Bay currently claims exemption from Commission regulation pursuant to Section 367.022(8), F.S., because the utility is not charging more than the cost of the purchased water and wastewater. For this audit, management audit staff assessed compliance of Bimini Bay's current processes and procedures since an application and a Commission ruling on that application are pending. Both companies operate using the same personnel, systems, processes, and procedures. As noted in the report, virtually all of the errors in billing, meter reading, and customer service made by Four Points are also made by Bimini Bay.

The following Commission rules were included in staff's review of both utilities: the results of staff's review of these rules is indicated in chapter 2.

- ◆ 25-30.110 Records and Reports; Annual Reports
- ◆ 25-30.120 Regulatory Assessment Fees
- ◆ 25-30.145 Audit Access to Records
- ◆ 25-30.130 Record of Complaints
- ◆ 25-30.355 Investigation of Complaints

- ◆ 25-22.032 Protection from Disconnection During the Complaint Process
- ◆ 25-30.261 Meter Readings
- ◆ 25-30.311 Customer Deposits
- ◆ 25-30.320 Refusal or Discontinuance of Service
- ◆ 25-30.335 Customer Billing
- ◆ 25-30.345 Customer Service Charges

Additionally, management audit staff evaluated Four Points and Bimini Bay's management and the appropriateness of their operational practices. The results of this review are in chapter 3 of this report.

Management audit staff made use of two prior Office of Performance Analysis audits that are directly relevant to this audit scope. A billing audit of Four Points was completed in August 2010, and a financial audit of Bimini Bay was completed in September 2010. Four Points was found to have violated Findings from both audits are cited within this report.

1.3 AUDIT METHODOLOGY

Information regarding Four Points' and Bimini Bays' business operations was gathered through responses to management audit staff document requests, on-site interviews with company personnel, analysis of customer complaints, and review of documentation provided to the Commission in Docket Numbers 050595-WS (Four Points) and 090424-WS (Bimini Bay). As noted in the report, management audit staff was hindered by the utilities' failure to fully and timely respond to management audit staff's document requests.

1.4 OVERALL OPINION

Traditionally, the success and viability of small water companies has been seen to depend on a few key elements: (1) financial capacity, (2) managerial capacity, (3) technical proficiency, and (4) infrastructure adequacy. Small companies must be adequately capitalized and supported by appropriate rates. They must be run by experienced and knowledgeable managers with a focus on efficiently and effectively providing quality service. Customer problems must be dealt with promptly and courteously to maintain good public relations. Operating personnel must be technically proficient in system operation and maintenance as well as in maintaining water quality. Finally, the system components must provide adequate capacity, be properly constructed, and receive adequate inspection and maintenance.

According to a 2008 National Regulatory Research Institute study, effective management of small water companies requires the following:¹

- ◆ Compliance with regulatory requirements
- ◆ Attracting and retaining quality personnel
- ◆ Providing effective employee training and education
- ◆ Providing excellent customer service
- ◆ Displaying good public relations
- ◆ Employing a strategic business plan

¹ The National Research Regulatory Institute identified the attributes and practices of successful small systems in a February 7, 2008, report titled "Small Water Systems: Challenges and Recommendations."

Management audit staff has found sufficient cause to believe that Four Points and Bimini Bay lack effective managerial controls. Just as significant, both utilities frequently disregard Commission rules in their current operations. Given management's disregard for regulatory compliance and that management has not established sufficient safeguards to protect customers from incurring inappropriate charges on their bills, it is apparent that maintaining good customer relations is not a priority. Both Four Points and Bimini Bay have issued customer bills that are fraught with improper billing amounts, incorrect rates, and incorrect bill amounts, despite customer efforts to report these problems and seek resolution.

Billing and payment processing problems and difficulty retaining quality personnel are the primary drivers of deficient customer service and poor public relations. Throughout the conduct of this audit, all stakeholders (customers, current company employees, former company employees, and company management) repeatedly referred to the issue and impact of employee turnover. Undeniably, this issue has a major role in billing errors, payment processing errors, billing dispute resolution, complaint resolution, disconnections in error, and meter reading errors. Multiple customers have mentioned that when a problem recurs, they must re-explain it to a new employee each time, who is then not able to take corrective action due to his or her unfamiliarity with company practices.

Both current and former employees have recounted that Four Points/Bimini Bay management does not provide a supportive and positive work environment that is conducive to providing excellent customer service. From on-site observation, the audit team witnessed a tense and volatile atmosphere that is not conducive to either performing quality work or to retaining quality personnel. The office staff appeared to be simply overwhelmed by the results of a large workload caused by poor management practices and unrealistic productivity expectations. Audit staff believes that the management's approach is unreasonably demanding and impatient. The lack of written procedures, proper training, and high turnover of employees eventually leads to poor customer service.

Though some strategic planning has been done, the design is not targeted specifically to the utilities' operations and service, but rather towards the overall management and expansion of the two subdivisions developed solely by Mr. Meadows. Even with the existence of a strategic development plan, it is not clear whether the utilities truly intend to ever take action on these expansion initiatives. As a real estate developer, Mr. Meadows' focus is not solely on the ownership and operations of the utilities.

Overall, staff believes that Four Points and Bimini Bay do not currently have the management capability to operate successfully as providers of water and wastewater services. Four Points is not in compliance with Rules 25-30.110, 25-30.120, 25-30.145, 25-30.130 25-30.355, 52-22.032, 25-30.311, 25-30.320, 25-30.335, 25-30.345, and 25-30.350, F.A.C. Additionally, Four Points has not demonstrated compliance with its November 2006 Settlement Agreement with the Island West Homeowners Association (Customers) as adopted in Commission Order No. PSC-07-0280-PAA-WS issued on April 2, 2007 in Docket No. 050595-WS.

Management audit staff's conclusions of Four Points' and Bimini Bay's compliance and operational deficiencies are summarized in Chapter 4.0.

2.0 OPERATIONAL ISSUES AND COMPLIANCE WITH COMMISSION RULES

2.1 ANNUAL REPORTS AND REGULATORY ASSESSMENT FEES

Are Four Points and Bimini Bay in compliance with Rules 25-30.110(3), F.A.C., Records and Reports; Annual Reports?

What is the standard?

Pursuant to Rule 25-30.110(3), F.A.C., Records and Reports; Annual Reports, each utility will furnish to the Commission annual reports on forms prescribed by the Commission. The obligation to file an annual report applies to any utility that has applied for or has been issued a certificate. The utility's annual report is to be filed with the Commission on or before March 31 for the preceding year ending December 31. The Commission may assess a penalty against any utility that fails to file an annual report on time. Per Section (3)(c), "a utility may file a written request for an extension of time with the Division of Economic Regulation no later than March 31."

What is happening?

In 2009, Four Points failed to submit its 2008 Annual Report on time and did not request an extension for a late filing. The Commission notified Four Points of the delinquency on April 16, 2009. The utility submitted the annual report on August 20, 2009, (142 days late) and remitted a late filing charge of \$426. Four Points filed its 2009 Annual Report six days late in 2010 and was penalized \$18. The utility's 2010 Annual Report is due March 31, 2011. To date, the utility has not provided the required report.

Bimini Bay has been in operation since 2007 and filed an application for a water and wastewater certificate in August 2009. The owner, David Meadows, claims the utility is operating as a reseller of water and wastewater and is exempt from Commission regulations pursuant to Section 367.022(8), F.S. However, since Bimini Bay has applied for a certificate, annual reports should have been filed by March 31, 2010, and by March 31, 2011. To date, the utility has not provided the required report.

What is management audit staff's conclusion?

Four Points and Bimini Bay have not demonstrated timely compliance with Rules 25-30.110(3) and (3)(c), F.A.C., Records and Reports; Annual Reports. Four Points and Bimini Bay have exhibited a history of disregard for regulatory compliance by filing annual reports late and not filing a written request with the Commission for an extension of time to file.

Are Four Points and Bimini Bay in compliance with Rule 25-30.120(1) and (2)(b), F.A.C., Regulatory Assessment Fees (RAFs)?

What is the standard?

Pursuant to Rule 25-30.120(1), F.A.C., Regulatory Assessment Fees (RAFs), each utility will pay a RAF in the amount of 4.5 percent of its gross revenue derived from intrastate business. Section (2)(b) requires small utilities with annual revenues of less than \$200,000, such as Four Points, to file RAFs with the Commission on or before March 31 for the preceding

calendar year. Section (7)(a) permits the Commission to assess a penalty against any utility that fails to pay its RAF on time.

What is happening?

Prior to the Commission granting Four Points a certificate in 2007, the utility claimed to be exempt from Commission regulation because it operated as a reseller of water and wastewater services. However, in 2006, Commission staff determined that Four Points was not operating as a reseller because the utility was in fact charging above the actual purchase price for the water and wastewater service that it was reselling. Consequently, Four Points was subjected to RAF payments beginning in 2005. The utility remitted its 2005 RAFs late and was subjected to a penalty and interest for failure to pay on time. The utility's 2006 and 2007 RAFs were remitted on time. However, the utility's 2008 RAFs were again remitted late, and the amount paid was based on incorrect operating revenues dollar amounts. The utility paid the adjusted RAFs along with a penalty and interest for filing late. In an April 21, 2010, letter, the Commission notified Four Points of its failure to pay RAFs for the year 2009. Payment was due on March 31, 2010. The utility has yet to remit payment and is over 365 days late. The utility's 2010 RAFs were due March 31, 2011.

What is the audit staff's conclusion?

Four Points has not demonstrated compliance with Rule 25-30.120, F.A.C., Regulatory Assessment Fees. The utility has failed to pay both its 2009 and 2010 RAFs which were due on March 31, 2010, and March 31, 2011, respectively. Four Points has a history of disregard for regulatory compliance by remitting its RAF payments late and paying incorrect RAFs.

As a reseller, Bimini Bay has not been required to pay RAFs. If the Commission grants a certificate to Bimini Bay, the utility would be required to file annual RAFs.

Are Four Points and Bimini Bay in compliance with Rule 25-30.145, F.A.C., Audit Access to Records?

What is the standard?

Pursuant to Rule 25-30.145, F.A.C., Audit Access to Records, Commission staff is to have reasonable access to utility and affiliate records for the purposes of management and financial audits. According to the rule, "reasonable access means that company responses to audit requests for access to records shall be fully provided within the time frame established by the auditor."

What is happening?

The utilities should inform Commission staff in the event the utilities do not retain or have records in response to Commission staff's data request. Although the utilities' management has indicated that it does have records in response to all data requests, the utilities have failed to provide documents for four data requests. These requests include completed customer complaint forms, customer complaint logs, customer bills, September 2010 disconnection notices, a September 2010 disconnection list for Four Points, and an October 2010 disconnection list for Bimini Bay. Audit staff made several attempts to obtain the information from the utilities' management without success.

Additionally, Four Points failed to respond to five audit requests during the August 2010 Four Points billing audit. Data Request numbers 25, 30, 33, 34, and 38 were requested between July 27, 2010, and August 12, 2010. These requests included complaints records,

2009 Annual Report explanations, RAF expected submission date, affiliate invoices, customer charges, and the status of certain credit card payments. A follow-up attempt was made to gather the data request responses on August 26, 2010, via e-mail. The company did not respond.

Bimini Bay also failed to respond to four data requests during the September 2010 Bimini Bay financial audit. Data Request numbers 4, 5, 7, and 8 were requested between September 30, 2010, and October 4, 2010. The requests included depreciation supporting documents, an explanation of a missing capital stock entry on the balance sheet, documentation and explanation of affiliate payments, and explanations of deductions on the corporate tax return and trial balances for a specified period.

What is the audit staff's opinion?

Four Points and Bimini Bay have not complied with Rule 25-30.145, F.A.C., Audit Access to Records. Failure to cooperate with audit requests, whether intentional or not, handicaps the Commission's effectiveness and efficiency.

2.2 CUSTOMER COMPLAINT RECORDS

Are Four Points and Bimini Bay in compliance with Rule 25-30.130, F.A.C., Record of Complaints?

What is the standard?

Pursuant to Rule 25-30.130, F.A.C., Record of Complaints, "each utility shall maintain a record of each signed, written complaint received by the utility from any of that utility's customers." By rule, the record is to include the name and address of the complainant, the nature of the complaint, the date received, the result of the investigation, the disposition of the complaint, and the date of the disposition.

What is happening?

The utilities' management acknowledged to audit staff that inadequate attention has been given to the recording of customer complaints. Management indicated that customer complaints are recorded in a complaint log that is filled out by utility personnel each day at 3:00 p.m. The log, referred to as the "3PM Report," is derived from customer complaints that were left on the utilities' voicemail systems. During management audit staff's December 2010 on-site visit, utility management indicated that the utilities had "recently implemented" a new process to record and track customer complaints. When filing a complaint with the utility, customers are now required to fill out a paper complaint form which allows for proper handling and resolution. The utilities intend to maintain copies of the completed complaint forms. In December 2010, audit staff requested copies of 3PM Report logs and copies of all customer complaints received and recorded on the new complaint forms. Management has yet to provide copies of these records.

What is the audit staff's conclusion?

It appears that Four Points has not demonstrated compliance with Rule 25-30.130, F.A.C., Record of Complaints. Regardless of management's indication that a new complaint-tracking process has been implemented, audit staff strongly believes that Four Points has not demonstrated implementation of an effective formal process for recording and maintaining customer complaints.

If the Commission grants a certificate to Bimini Bay, the utility would also be required to maintain a record of customer complaints.

Are Four Points and Bimini Bay in compliance with Rule 25-30.355, F.A.C., Complaints?

What is the standard?

Pursuant to Rule 25-30.355, F.A.C., regarding investigation of complaints, "a utility shall make a full and prompt acknowledgement and investigation of all customer complaints and shall respond fully and promptly to all customer requests." The rule also requires the utility to file a response to inquiries by the Commission within 15 days from the date of the inquiry.

What is happening?

Four Points and Bimini Bay have no formal process for investigating and resolving customer complaints received directly by the utilities. The utilities' management acknowledges that a minimal amount of time is provided to employees to resolve customer complaints each day.

According to the job descriptions for Four Points and Bimini Bay employees, the manager for both Four Points and Bimini Bay is responsible for handling customer complaints and should spend an average of 20 minutes per complaint. However, numerous customers have reported to Commission staff that days often pass before calls regarding complaints are returned, if at all. This situation has led to an unusual degree of customer distrust and animosity toward the utilities.

EXHIBIT 1 is a breakdown of the five water and wastewater utilities that received the most Commission complaints in 2010. To ensure comparability among the utilities of differing size, management audit staff calculated the number of complaints received per 100 customers served. For Four Points, the Commission received 13.73 complaints per 100 customers. For Bimini Bay, the Commission received 8.49 complaints per 100 customers. An examination of the complaints shows that on a per-customer basis, Four Points and Bimini Bay had far more complaints than any other regulated water and wastewater utility. As evidenced by the extremely high number of complaints received by the Commission, management audit staff believes that the utilities' process for handling and responding to customer complaints is severely inadequate.

WATER AND WASTEWATER COMPANIES NUMBER OF COMPLAINTS PER 100 CUSTOMERS 2010			
Utility	Complaints Received	Number of Customers	Complaints Per 100 Customers
Four Points	35	255	13.73
Bimini Bay	18	212	8.49
Pluris Wedgefield	28	1,569	1.78
Aqua Utilities Florida, Inc	99	16,000	0.62
NI Florida, LLC	11	3,480	0.32

EXHIBIT 1

Source: FPSC Consumer Activity Report December 2010.

Of the 35 Four Points complaints received in 2010, 12 were related to service issues and 23 to billing issues. For Bimini Bay, three of the 18 complaints were related to service issues and 15 to billing issues. In addition to the complaints, the Commission's Bureau of Complaints

logged eight information requests from Four Points and Bimini Bay customers during 2010. Typically, information requests are not related to a specific service or billing issue. The eight information requests issues logged for Four Points and Bimini Bay appear to be non-jurisdictional concerns regarding the operations, management, and professionalism of the company in general.

Appendix B shows the volume and status of complaints received and recorded via the Commission's complaint tracking process from 2007 through June 1, 2011. For Four Points, the Commission received 66 complaints over the period. Of the 66, the Commission has closed 54. In 26 of the closed complaints, the utility failed to provide a response within the 15 days allowed by the Commission. As of June 1, 2011, the utility has 12 complaints that currently remain open with the Commission for resolution. The utility has failed to provide a timely and adequate response to all 12 complaints.

For Bimini Bay, the Commission received 21 complaints over the 2007 to June 1, 2011 period. Of the 21, the Commission closed ten. However, for eight of the closed complaints, the utility failed to provide a response within the 15 days allowed by the Commission. As of June 1, 2011 the utility has 10 complaints that currently remain open with the Commission for resolution. The utility has failed to provide a timely response to all 10 complaints.

What is management audit staff's conclusion?

Four Points and Bimini Bay have not demonstrated compliance with Rule 25-30.355, F.A.C., Complaints. The utilities are failing to make full and prompt investigations of all customer complaints. Additionally, the utilities are consistently failing to provide a response within 15 days for all customer complaints filed with the Commission.

Are Four Points and Bimini Bay in compliance with Rule 25-22.032(3), F.A.C., Customer Complaints?

What is the standard?

Pursuant to Rule 25-22.032(3), "a company shall not discontinue service to a customer because of any unpaid disputed amount until the complaint is closed by Commission staff. However, the company may require the customer to pay that part of a bill which is not in dispute. If the company and the customer cannot agree on the amount in dispute, Commission staff will make a reasonable estimate to establish an interim disputed amount until the complaint is closed by Commission staff."

What is happening?

The Commission is in receipt of complaints in which the customer has been disconnected, yet the complaint filed with the Commission has not been resolved and closed. Management audit staff performed an analysis that compared open complaints to the limited number of disconnect lists that were provided and found the following examples:

- A Four Points customer filed complaint with the Commission on March 24, 2010, regarding the following concerns: billing, additional deposit, and refund of deposit. Customer was subsequently disconnected on April 20, 2010 while the complaint was still pending resolution and closure before the Commission. The complaint was closed on May 16, 2011. Four Points was found to have violated Rule 25-30.130, F.A.C., Record of Complaints, for exceeding the 15 days allowed to file a response with the Commission (CATS 0933190W).

- ◆ Customer filed complaint on February 23, 2010, regarding the utility's request for an additional deposit. According to the disconnect list provided to management audit staff, the customer was subsequently disconnected in July, August, and October 2010 while the complaint was still pending resolution and closure before the Commission. The complaint has yet to be closed by the Commission (CATS 0926738W).
- ◆ Customer filed complaint on February 23, 2010, regarding the utility's request for an additional deposit. According to the disconnect list provided to management audit staff, the customer was subsequently disconnected in October 2010 while the complaint was still pending resolution and closure before the Commission. The complaint has yet to be closed by the Commission (CATS 0927647).

What is audit staff's conclusion?

It appears that Four Points and Bimini Bay have not demonstrated compliance with Rule 25-22.032(3), F.A.C., Customer Complaints. The utilities have not provided adequate evidence to management audit staff that they avoid or try to avoid disconnecting a customer who has a pending complaint with the Commission.

2.3 CUSTOMER DEPOSITS

Are Four Points and Bimini Bay in compliance with Rule 25-30.311(1),(2), and (3), F.A.C., Deposit Required, Receipt for Deposit, and Record of Deposits?

What is the standard?

Pursuant to Rule 25-30.311(1), F.A.C., regarding customer deposits, a utility can require customers to establish credit in the form of initial deposits. For certificated utilities, the rule requires that "each company's tariff shall contain their specific criteria for determining the amount of initial deposit." Four Points' tariff states, "the amount of the customer's initial deposit should be two times the average bill for water and wastewater services." According to the utilities' management, the current policy of both utilities is to require an initial customer deposit of \$120 for water and wastewater services.

Per Rule 25-30.311(2), F.A.C., the utilities are also required to provide customers with receipts for their deposits. The rule states, "a non-transferrable certificate of deposit shall be issued to each customer and means provided so that the customer may claim the deposit if the certificate is lost."

In accordance with Rule 25-30.311(3), F.A.C., each utility is required to maintain a record of customer deposits that shows:

- ◆ The name of each customer making the deposit.
- ◆ The premises occupied by the customer when the deposit was made.
- ◆ The date and amount of deposit.
- ◆ A record of each transaction concerning such deposit.

What is happening?

Management audit staff requested a record of all customer deposits and customer deposits that had been refunded as of December 2010 for both Four Points and Bimini Bay. The utilities provided a record of customer deposits and refunds that were obtained from the

utilities' billing system (QuickBooks Accounting Software). The record of customer deposits contains the customer's name, address, date, and amount of deposit.

However, audit staff believes the record of deposits is incomplete, inaccurate and, as a result, unreliable. Four Points has been in existence since 2001, yet the earliest transaction dates shown in the utility's record of deposits and refund of deposits occurred in 2004. Similarly, Bimini Bay has been in existence since 2007, yet the earliest transactions dates shown are in 2008.

Four Points and Bimini Bay provided management audit staff with their procedures for collecting customer deposits. Staff observed that what was provided more closely resemble a checklist of "to-do" items. At a minimum, Four Points and Bimini Bay should have written procedures that provide internal controls and segregation of duties. Management audit staff's observations support the following finding in the Commission's August 2010 billing audit of Four Points:

Our analysis of Customer Deposit Transactions revealed that customers were initially charged a \$50 deposit beginning in September 2003. Some customers paid \$35 beginning in May 2009. Starting in May 2009, the deposit increased to \$81. Starting in February 2010, various amounts were collected from customers. Some of the amounts collected increased the existing deposit to \$81. Other amounts collected differed from the authorized deposit amounts and ranged from \$68 to \$197. Effective February 2010, new customers were charged \$120 for deposits.

What is audit staff's conclusion?

It appears that Four Points has complied with Rule 25-30.311, Sections (2) and (3), F.A.C., regarding providing customer receipts for deposits and maintaining a record of customer deposits. However, audit staff questions the adequacy of the deposit records maintained by Four Points. Also, Four Points may not be complying with Rule 25-30.311(1), F.A.C., regarding the determination of initial deposits. Four Points' current practice of requiring \$120 as an initial deposit is not the specific criteria stated in the utility's tariff.

If the Commission grants a certificate to Bimini Bay, the utility must maintain an adequate record of deposits and both file and adhere to its tariff for determining the amount for initial deposits.

Are Four Points and Bimini Bay in compliance with Rule 25-30.311(4)(a)(b), F.A.C., Interest on Deposits?

What is the standard?

Pursuant to Rule 25-30.311(4)(a), "Each public utility which requires deposits to be made by its customers shall pay a minimum interest on such deposits of 6 percent annum." Section (4)(b) of the rule requires the utility to pay their customers the interest on deposits annually, either in cash or by credit on the current bill.

What is happening?

Upon review of customer deposits, audit staff found no entries that recorded interest on deposits and, subsequently, no annual interest payments to customers. During the audit staff's on-site interviews, the utilities' management acknowledged that interest on deposits have not been accrued.

What is audit staff's conclusion?

It appears that Four Points has not demonstrated compliance with Rule 25-30.311(4)(a)(b), F.A.C., Interest on deposits. Audit staff found no entries that recorded interest on deposits and, subsequently, no annual interest payments to customers.

If the Commission grants a certificate to Bimini Bay, the utility would also be required to pay their customers interest on deposits.

Are Four Points and Bimini Bay in compliance with Rule 25-30.311(5) and (6), F.A.C., Refund of Deposits?

What is the standard?

Pursuant to Rule 25-30.311(5), F.A.C., Refund of Deposits, the utilities are required to refund customer deposits with accrued interest of six percent per annum after a customer has established a satisfactory payment record and has had continuous service for a period of 23 months. Per Section (6) of the rule, "upon termination of service, the deposit and accrued interest may be credited against the final account and the balance, if any, shall be returned promptly to the customer but in no event later than 15 days after service is discontinued."

What is happening?

During audit staff's on-site interviews with company personnel, the utilities' management acknowledged that interest is not being accrued and deposits are not consistently being refunded to customers after 23 months of satisfactory payment. As a result of the utilities' billing system being plagued with errors, management audit staff believes the utilities cannot reliably establish whether a customer has a satisfactory payment history. Specific errors that occur in the utilities' billing system include using incorrect formulas to calculate customer bills, assigning incorrect due dates on bills, and failing to post or timely post customer payments. More importantly, customers often experience difficulty in contacting utility representatives to dispute or pay a bill, a situation which, in turn, results in a customer's service being disconnected in error.

Audit staff requested records of all customer deposits on hand greater than 23 months where the customer had a good payment history. Four Points' records as of December 2010 show 83 customers that are currently entitled to a deposit refund that had not been given. Bimini Bay's December 2010 records show 13 customers that were due a refund. Of the 83 Four Points' customers entitled to a refund, over three-quarters of them should have received a refund in 2009 or earlier. Some should have been refunded as early as 2006 and 2007.

The deficient process for refunding customer deposits was also documented in the Commission's August 2010 billing audit of Four Points. The billing audit contained schedules of customer deposits on hand as of December 31, 2008, and identified the following deposit-handling deficiencies and errors:

- ◆ Some deposits were returned to customers, but were returned after the 23-month period.
- ◆ Some deposits have not been returned to customers who have maintained utility service for over 23 months.
- ◆ Some customers had terminated their service and had their deposit refunded even though there were outstanding balances in their account.
- ◆ The utility does not accrue interest on its deposits or pay interest upon return of the deposit.

The Commission's August 2010 billing audit recommended that the utility comply with all provisions of Rule 25-30.311, F.A.C., including the requirement to refund customer deposits and to pay interest on outstanding deposits at the authorized rate. The utility indicated in December 2010 that it was still working to implement procedures to comply with Commission rules. As of the publication date of this report, audit staff believes little to no action has been taken. Staff notes that the Commission continues to receive customer complaints from customers who appear to be eligible to receive a refund of their deposits. Below are examples:

- ◆ Complainant rented a townhome in Bimini Bay Resort and Spa and moved out in August 2010. Complainant contacted utility management in October 2010 regarding refund of deposit. On February 10, 2011, the utility informed the Commission that a refund will be mailed to the customer. Complainant received a deposit refund on April 22, 2011. However, the complainant has since filed another complaint with the Commission regarding a bill received for \$300, yet the complainant no longer resides in Bimini Bay Resort and Spa. (CATS 0987876W, 1007727W).
- ◆ Complainant requested disconnection of service in May 2010, and further requested Four Points to deduct any outstanding balance from their deposit. Customer continued to receive bills in error through September 2010. The complaint was closed on May 31, 2011. Four Points was found to have violated Rule 25-30.130, F.A.C., Record of Complaints, for exceeding the 15 days allowed to file a response with the Commission for failure to respond to the complaint within the 15 days allowed by the Commission (CATS 0983158W).
- ◆ Complainant provided Four Points with a \$200 deposit in 2005. As of January 2011, the customer had yet to receive refund of deposit. The utility has yet to respond to the complaint and has exceeded the 15 days allowed to file a response with the Commission (CATS 0926738W).
- ◆ Complainant provided Four Points with a deposit in 2005 (amount unknown). As of January 2011, customer had yet to receive a refund of the deposit. The utility has yet to respond to the complaint and has exceeded the 15 days allowed to file a response with the Commission (CATS 0927647W).

What is audit staff's conclusion?

It appears that Four Points has not demonstrated compliance with Rule 25-30.311 Sections (5) and (6), Refund of deposits, F.A.C. The utilities have no formal policies and

procedures that govern the process of refunding customer deposits and Four Points has failed to refund deposits and pay customers a minimum of six percent interest per year.

If the Commission grants a certificate to Bimini Bay, the utility would also be required to refund customer deposits with accrued interest.

Are Four Points and Bimini Bay in compliance with Rule 25-30.311(7), F.A.C., New or Additional Deposits?

What is the standard?

While the utilities have the right to request an additional deposit, this extra amount should be required only if a customer established a poor payment history or if high usage indicates the company is not adequately protected against nonpayment. Pursuant to Rule 25-30.311(7), F.A.C., New or Additional Deposits:

A utility may require, upon reasonable written notice of not less than 30 days, such request or notice being separate and apart from any bill for service, a new deposit, where previously waived or returned, or an additional deposit, in order to secure payment of current bills.

What is happening?

An analysis of customer complaints shows that Four Points and Bimini Bay have requested additional deposits from existing customers. In most cases, the utilities specified that the additional deposit was due upon receipt of the invoice. Below are examples of customer complaints regarding the utilities' request for an additional deposit.

- ◆ Complainant paid an initial deposit of \$200 in 2005, then was billed for (and paid) an additional deposit of \$86 in February 2010. Four Points provided no explanation as to why the additional deposit was required. Four Points subsequently credited the customer's account after the customer filed a complaint with the Commission (CATS 0932946W).
- ◆ Complainant bought a townhome in 2005 and paid an initial deposit (amount unknown). The customer was billed for an additional deposit of \$115 in February 2010. Four Points provided no explanation as to why the additional deposit was required. The additional deposit was due upon receipt of the invoice, February 16, 2010. The utility has yet to respond to the complaint and has exceeded the 15 days allowed to file a response with the Commission (CATS 0927647W).
- ◆ Complainant paid an initial deposit of \$200 in 2005, and was later billed for an additional deposit of \$100 in February 2010. Four Points informed the customer that it has a policy of maintaining a deposit which is equal to 1.5 times the average of three months of service (This statement is contrary to Four Points tariff which states that initial deposits should be two times the average bill for water and wastewater services). Four Points claimed to have reviewed the customer's records and determined that there was a shortfall in the initial deposit amount. However, Four Points provided no specific explanation as to the deposit shortfall. The additional deposit was due upon receipt of the invoice. The utility has yet to respond to the complaint and has exceeded the 15 days allowed to file a response with the Commission (CATS 0926738W).

- ◆ Complainant paid an initial deposit of \$35 in 2008, yet the customer was later billed for an additional deposit of \$74. Four Points informed the customer that they have a policy of maintaining a deposit which is equal to 1.5 times the average of three months of service (This statement is contrary to Four Points tariff which states that initial deposits should be two times the average bill for water and wastewater services). Four Points claimed to have reviewed the customer's records and determined that there was a shortfall in the initial deposit amount. However, Four Points provided no specific explanation as to the deposit shortfall. The additional deposit was due upon receipt of the invoice. Management audit staff's examination of Four Point's customer balance report reveals an apparent retroactive credit to the customer's account to remove the additional deposit charge (CATS 0932946W).

What is audit staff's conclusion?

It appears that Four Points has not demonstrated compliance with Rule 25-30.311(7), F.A.C., new or Additional Deposits. Four Points has not provided required notice and justification to customers for payment of additional deposits. Audit staff believes that company management has implemented seemingly arbitrary policies of requiring additional deposits from customers regardless of the customers' deposit and payment history.

If the Commission grants a certificate to Bimini Bay, the utility would also be required to provide required notice and justification to customers for payment of additional deposits.

2.4 METER READINGS

Are Four Points and Bimini Bay in compliance with Rule 25-30.261(1), F.A.C., Meter Readings?

What is the standard?

Pursuant to Rule 25-30.261(1), F.A.C., Meter Readings, "the utility shall read its service meters at regular intervals and, insofar as practicable within regularly scheduled work days on the corresponding day of each meter reading period." Additionally, the utility "shall read the register of each meter in the same units that the utility uses for billing purposes."

What is happening?

Currently, Four Points and Bimini Bay employ two meter readers responsible for conducting readings on the same day once a month for approximately 467 water meters that serve residents of Island Club West and Bimini Bay Resort and Spa. These employees also perform all connecting and disconnecting of water service and maintenance of the property and grounds of Bimini Bay Resort and Spa.

The meter readers manually record the current month's readings in a pre-printed log that contains the townhome unit number and the previous month's readings. If the meter reader records an entry that exceeds the prior month's usage by 10,000 gallons or more, the meter readers are instructed to re-read the meter for possible errors. The meter readers are also provided a list of customers to disconnect for non-payment at the same time they are reading meters. According to the meter readers' job descriptions, the employees are given 2.5 hours to read meters at Island Club West Resort and Spa and 1.5 hours at Bimini Bay Resort and Spa. This time allotment averages out to completing one meter reading approximately every 30 seconds.

After the meter readers complete the monthly readings, the logs are provided to the accounting personnel, who manually input them into the billing system. According to the utilities' management, the billing system has built-in parameters or checkpoints to detect possible erroneous meter readings. If a customer's usage is more than 10,000 gallons in any given month, the billing system will flag the customer's account for investigation. Similarly, a customer's account is flagged if monthly usage is negative (i.e., less than the previous month's reading). When an account is flagged for investigation, the utilities' Operations Manager is instructed to check the customer's account for any abnormalities.

The Commission has received complaints from customers regarding huge spikes in water usage, which the customers believe stem from misreading. These customers usually contend that their usage is consistent from one month to another and there is no increase to their number of occupants. In these cases, the utilities' normal practice is to assert that the bill amount is correct.

Management audit staff examined Four Points' and Bimini Bay's meter reading logs and found several instances of abnormally high meter readings. According to the United States Environmental Protection Agency, the average family of four can use up to 12,000 gallons in a month.² However, management audit staff found ten instances where readings indicate customers of Bimini Bay used in excess of 25,000 gallons from July through October 2010. One entry showed a customer using more than 139,000 gallons of water in a month.

Similarly, six Four Points customers were shown to have exceeded a monthly usage of 25,000 gallons. Three customers were reported by the meter readers to have used 136,000, 145,000, and 160,000 gallons of water.

Meter reading is fairly simple, yet the number of and type of customer complaints regarding meter readings indicates to audit staff that the utilities meter reading operations are problematic. In addition to actual meter readings being recorded incorrectly, it appears that customers are often billed for the wrong meter usage. Below are examples of complaints regarding the utilities' meter reading operations:

- ◆ Complainant (a former employee of the utilities) asserts that meter readers are given an impossible amount of time – just two hours – to read hundreds of meters. As a result, meter readers are submitting inaccurate readings (CATS 0989479C).
- ◆ Complainant asserts meter was read incorrectly. Bimini Bay acknowledged an incorrect meter reading in a month where bill showed no usage. The complaint was closed on June 1, 2011. Bimini Bay was found to have violated Rule 25-30.130, F.A.C., Record of Complaints, for exceeding the 15 days allowed to file a response with the Commission (CATS 0983188W).
- ◆ Complainants' bills indicate the wrong meter serial numbers for their addresses. The utility has yet to respond to the complaint and has exceeded the 15 days allowed to file a response with the Commission (CATS 0978380W, and 0975087W).
- ◆ Complainant received six bills for over 12 months with the wrong meter serial number. The complaint was closed on November 15, 2010. Four Points was found

² Approximately 70 percent of the 12,000 gallons used by the family of four is estimated to be used indoors.

to have violated Rule 25-30.130, F.A.C., Record of Complaints, for exceeding the 15 days allowed to file a response with the Commission (CATS 0955586W).

- Complainant was unable to match her observed actual meter reading to the reading the company reported on the bill. The complaint was closed on May 16, 2011. The utility was found to have violated Rule 25-30.130, F.A.C., Record of Complaints, for exceeding the 15 days allowed to file a response with the Commission (CATS 0983197W).
- ◆ Complainant has different meter serial numbers on bills and further asserts that the water meter is obstructed with dirt and has not been read by the meter readers. The utility has yet to respond to the complaint and has exceeded the 15 days allowed to file a response with the Commission (CATS 0986218W).
- Complainant contends that the utility is "curb reading," driving by and writing down estimated consumption. In response to the complaint, the company admitted to misreading the customer's meter (CATS 0983140W).

In addition to customer complaints, the Commission's August 2010 billing audit of Four Points revealed significant data integrity issues related to record keeping when uploading meter readings from meter logs into the billing system (QuickBooks). The staff auditor was unable to reconcile the total monthly usage obtained from the meter reading logs to the total monthly usage generated from the billing system. Four Points informed the auditor that some of the meter reading logs were corrupt. Additionally, the billing audit revealed 26 instances of negative readings (i.e., a meter reading *lower than* the prior month's reading) that occurred during the period January 1, 2009, through June 30, 2010. Four Points attributed 25 of the readings to be meter reading errors. The billing audit recommended that Four Points incorporate the following:

Stricter control procedures when posting its readings to its customer accounts, use more diligence when transferring and reporting actual meter readings from the prior month to QuickBooks, and maintain accurate supporting documentation for reports being prepared.

In response to the billing audit's recommendation, the utility states it has implemented processes to maintain original reports, and electronic files of the billing records that are imported into QuickBooks and is performing daily backups of the server to reduce the probability of records being lost. Although the utility has addressed the issue of retaining supporting documentation, management audit staff believes that Four Points and Bimini Bay continue to fail to use due diligence when transferring meter readings into the utilities' billing system. A sample review comparing the July through September 2010 meter reader logs of both Four Points and Bimini Bay to the readings as manually entered into the billing system revealed 12 instances where the accounting personnel transposed numbers from the meter reading logs. Management audit staff attempted to obtain more recent months of meter reading logs to perform further analysis of the accuracy of meter reading entries to the billing system. The company failed to provide these logs.

What is audit staff's conclusion?

It appears that Four Points is complying with the meter reading procedures as stated in Rule 25-30.261, F.A.C., by reading the meters monthly. However, management audit staff questions the accuracy of meter reading done by both utilities. Management audit staff believes accuracy in meter reading is a reasonable expectation for customers. The utilities' management

has problems retaining and training quality meter reading personnel, and providing adequate time for meter readers and accounting personnel to record readings.

If the Commission grants a certificate to Bimini Bay, the utility would also be required to comply with meter reading procedures.

Is Four Points in compliance with the meter reading provisions per the November 2006 Settlement Agreement with Island West Homeowners Association (Customers)?

What is the standard?

Per Order No. PSC-07-0280-PAA-WS in Docket No. 050595-WS, issued on April 2, 2007, the Commission approved a Settlement Agreement between Four Points and the 16 customers who objected to the utility's application for certificate. The order granted Four Points an operating certificate with the understanding that Four Points would adhere to key conditions under the Settlement Agreement. One such condition states:

The utility's meter reader is trained and instructed to take into account historic usage patterns when reading a meter. Where a meter reading shows abnormally high usage levels, the utility's meter reader will re-read the meter, and, if it is correct, a note will be left at the customer's residence and also mailed to the customer instructing the customer to check for possible leaks within the unit.

What is happening?

According to the job description for Four Points and Bimini Bay employees, meter readers are given allowed a maximum amount of time of 2 to 2.5 hours to conduct 450 or more monthly readings. Management audit staff believes the utilities' meter readers are rushed and are not re-reading meters for abnormally high usage. Furthermore, audit staff saw no evidence that indicated meter readers leave a note on the customer's residence or that a notice was mailed to the customer.

Additionally, it appears that the utilities' Operations Manager is not adequately investigating accounts flagged for investigation if a customer's usage is more than 10,000 gallons. From July through October 2010, Bimini Bay and Four Points had 59 meter readings that showed customer usage between 15,000 and 20,000 gallons and 46 readings in excess of 20,000 gallons. None of the customers' bills were adjusted prior to being mailed. Many were subsequently challenged as incorrect by customers.

What is audit staff's conclusion?

It appears that Four Points has not demonstrated compliance with the meter reading provision in the November 2006 Settlement Agreement with the Island West Homeowners Association (Customers) as adopted in Commission Order No. PSC-07-0280-PAA-WS issued on April 2, 2007 in Docket No. 050595-WS. Audit staff saw no evidence that indicated meter readers leave a note on the customer's residence or that a notice was mailed to the customer.

2.5 CUSTOMER BILLING

Are Four Points and Bimini Bay in compliance with Rule 25-30.335(7), F.A.C., Customer Billing?

What is the standard?

According to Rule 25-30.335(7), F.A.C., Customer Billing, the utility shall maintain a record of each customer's account for the most current two years so as to permit reproduction of the customer's bills during the time that the utility provided service to that customer.

Customers rightfully expect their water bills to correctly reflect the actual current charges and outstanding balances, and be free from computational errors. Chapter 367.081 (1),(2)(a)1 authorizes companies to charge approved rates that are just and reasonable and not unfairly discriminatory.

What is happening?

Audit staff requested copies of customer bills for each month from March 2010 through July 2010. Each customer bill indicates the current month's charges and any outstanding balances from prior months. For the month's requested, the utility was unable to accurately reproduce bills with the correct outstanding balances. Significantly, audit staff observed that *every bill* generated for Bimini Bay customers for each month March through July 2010 contained incorrect bill calculations.

The incorrect bills contained computational inaccuracies due to miscalculations of charges for units of usage. Audit staff analyzed all Bimini Bay customer bills for the July 2010 billing cycle. Staff found that 199 bills were generated by the utility for customers and hydrants/facilities during this billing cycle, and 45 of these bills had no current charges. All of the remaining 154 bills with current charges greater than \$0.00 had incorrect bill amount calculations. These 154 bills resulted in excess revenues of \$3,208.93 to the utility through net overcharges to customers. Of the 154 bills with incorrect bill amount calculations, 9 customer bills had undercharged bill amounts by a range of \$0.20 to \$16.70, and 145 customer bills had overcharged bill amounts by a range of \$2.29 to \$179.53. While audit staff did not observe mathematical inaccuracies in Four Points' bills, the billing procedure for Four Points matches that of Bimini Bay; therefore, the possibility of error exists for Four Points bills.

A variety of issues combine to produce a high degree of errors in customer billing. The meter readers can mis-read meters. The use of the Excel spreadsheet is problematic; billing clerks have not been properly trained when first using the spreadsheet and are not properly supervised, resulting in erroneous billings. The high turnover of employees makes matters worse.

The utilities' process of generating a bill begins with collecting usage data. The billing clerk creates blank meter reading logs from an Excel spreadsheet and prints out hard copies of these logs for the meter readers to use in the field. The meters are read by the two maintenance staff employees. Once the logs are completed and returned, the billing clerk inputs the results into the Excel spreadsheet and follows a checklist of steps for creating a file for uploading the data into QuickBooks Accounting Software for generating the bills.

The possibility of data input errors into the spreadsheet by the billing clerk can also cause erroneous billings. Failure to peer review bills that are produced may result in erroneous bills sent to customers. For example, a reading given to the billing clerk by the meter readers for a particular address served by Four Points in September 2010, was shown as 391,230. This reading should have been 301,230. The customer at this address was billed for 93,350 gallons, instead of the correct 3,350 gallons. Again, these problems relate to employee turnover, lack of training, and lack of job proficiency. The impact of billing problems is magnified by

management's failure to devote adequate resources to customer service and complaint resolution.

The Commission's August 2010 Four Points billing audit recommended that the utility incorporate stricter control procedures when posting meter readings to customer accounts, use more diligence when transferring and reporting actual meter readings from the prior month to QuickBooks, and maintain accurate supporting documentation for reports. The August 2010 billing audit recommended that the utility incorporate tighter internal controls over its cash processing, that the monthly bank reconciliation be expanded to provide more detailed reporting for credit card payments, and that monies collected by entities other than the utility be immediately deposited into the utilities bank account upon processing by the credit card company. Management audit staff concurs with these recommendations.

What is audit staff's conclusion?

It appears that Four Points is not in compliance with Rule 25-30.335(7), F.A.C., Customer Billing. Staff believes customer billing controls and procedures are inadequate to produce reliable bills, and this inadequacy contributes to the poor relationship with customers. If the utility is unable to generate reliable bills, it cannot be certain that it is charging just and reasonable rates as required by Chapter 367.081 (1),(2)(a)1.

Management audit staff recommends that Four Points provide additional account information on the bill, listing amounts paid during the past month and the date paid.

If the Commission grants a certificate to Bimini Bay, the utility would also be required to accurately reproduce customer bills with the correct balance due for a particular month.

Are Four Points and Bimini Bay in compliance with Rule 25-30.335(4), F.A.C., Customer Billing?

What is the standard?

Under Rule 25-30.335(4), F.A.C., a utility may not consider a customer delinquent in paying his or her bill until the 21st day after the utility has mailed or presented the bill for payment.

What is happening?

All Four Points and Bimini Bay customer payments are to be received by the receptionist/deposit clerk. Received payments are recorded in the QuickBooks accounting system. The deposit clerk prepares the deposit and posts the payments to the customer accounts. Appropriately, she does not perform bank reconciliations or billing as part of her duties; these duties are performed by other staff. Management states that in addition to processing cash and checks, the clerk is to record credit card receipts on a daily basis. Throughout the day the clerk also performs various other tasks related to Mr. Meadows' non-utility business enterprises.

Utility management claims to have improved control over the posting of payments in response to the Commission's August 2010 billing audit. However, during on-site observations and interviews, management audit staff observed a problem with respect to credit card payments not being timely posted in QuickBooks. A batch of credit card payments had been misplaced for several days. Therefore, these payments were not posted timely since the company failed to properly update the accounts. QuickBooks triggered 'Notice of Disconnect'

letters that were sent to customers in error. If this error had not been detected, these customers may have been disconnected despite being current.

The Commission has also received numerous customer complaints regarding payments being made, but not showing as credits against the customer's account. Almost all of the 84 complaints received by the Commission provided in **Appendix B** include reference to improper billings. Below are some specific examples recently received regarding accuracy and failure to post bill payments:

- ◆ Complainant states that his account is constantly credited incorrectly (mixed up with another customer with the same last name), bills are difficult to read, and bills don't show a credit for payments received. Additionally, the complainant had also paid their bill with the pay-by-phone credit card feature; however, the utility denied receipt of payment. The utility has yet to respond to the complaint and has exceeded the 15 days allowed to file a response with the Commission (CATS 0983146W).
- ◆ Complainant states that utility informed her that bill was unpaid. Complainant went to utility's office and reviewed account information with office staff member. Staff member found one payment that was not credited. Additionally, the office staff member indicated to the complainant that the mail had not been checked in three weeks. After checking mail, another payment was found. In response to the complaint the utility stated that the mail is checked daily, but did not deny mistakes in crediting the customer's account (CATS 0983157W).
- ◆ Complainant states that the utility has numerous billing issues, including incorrect meter readings, gross overbillings, and timing. Complainant receives disconnection notices despite having made payments. The complaint was closed on June 1, 2011. The utility was found to have violated Rule 25-30.130, F.A.C., Record of Complaints, for exceeding the 15 days allowed to file a response with the Commission (CATS 0983188W).
- ◆ Complainant states that his utility bill is paid on time every month and can prove it with bank statements, yet still has been cut off twice in six months for nonpayment. The utility has yet to respond to the complaint and has exceeded the 15 days allowed to file a response with the Commission (CATS 0975087W).
- ◆ Complainant states that the utility sent notices to customers regarding money owed from five to six years ago and is threatening to disconnect if not paid. Complainant spoke with utility employees who claimed the notices were a computer mistake. According to the complainant, some customer have paid for fear of disconnection. The utility has yet to respond to the complaint and has exceeded the 15 days allowed to file a response with the Commission (CATS 0985658W).
- ◆ Complainant states that her initial utility bill was in excess of \$200. Utility informed complainant that bill was for a prior tenant and the amount would be removed from her account. The complainant was told by the utility to hold off payment until the bill is corrected. The utility failed to contact the complainant to inform them of bill correction. Complainant was billed again for \$190 and paid the bill; however, the complainant received a disconnection notice for nonpayment. In response to the complaint, the utility indicated that it was unable to find a billing for service over \$200.00 (CATS 0983192W).

What is audit staff's conclusion?

Audit staff believes that a utility should have in place, basic internal control procedures for accounts receivable and related revenues. These procedures should ensure that all payments received (i.e., cash, checks, and credit card payments) are promptly and accurately recorded.

It appears that the Four Points has not demonstrated compliance with Rule 25-30.335(4), F.A.C., Customer Billing. Four Points does not have adequate controls to ensure that all cash receipts (payments received) are promptly and accurately recorded. Personnel are rushed by management to produce their work products.

If the Commission grants a certificate to Bimini Bay, the utility would also be required to have in place, basic internal control procedures for accounts receivable and related revenues.

2.6 SERVICE DISCONNECTIONS

Are Four Points and Bimini Bay in compliance with Rule 25-30.320(2)(a)-(j), F.A.C., Refusal or Discontinuance of Service?

What is the standard?

Pursuant to Rule 30.320, F.A.C., Refusal or Discontinuance of Service, Sections (2)(a) through (2)(j), a utility has the right to refuse or discontinue a customer's service under the following specified conditions:

- a. For noncompliance with or violation of any state or municipal law.
- b. For failure of the customer to correct any deficiencies or defects in his piping or equipment.
- c. For the use of utility service for any other property or purpose than that described in the application.
- d. For failure to provide adequate space for the meter or service equipment of the utility.
- e. For failure to provide the utility with a deposit to insure payment of bills.
- f. For refusal to provide reasonable access to the utility for the purpose of reading meters.
- g. For nonpayment of bills.
- h. Without notice in the event of condition known to the utility to be hazardous.
- i. Without notice in the event of tampering with facilities owed by the utility.
- j. Without notice in the event of unauthorized or fraudulent use of service.

To give customers a reasonable amount of time to resolve the issue at hand, when a customer is delinquent in paying a bill, the utility is required to give written notice, separate and apart from the bill, five working days in advance of discontinuance of service.

What is happening?

According to Four Points and Bimini Bay management, disconnect notices for nonpayment are generated and mailed to customers the day after the due date indicated on the customer invoices. Customers are given five days from the date of the disconnect notice to pay their current charges to avoid disconnection of services. In accordance with Four Points' tariff, customers who pay their bill late are assessed a \$5 late fee. Additionally, if service is disconnected, payment of a \$20 service reconnection fee is required. The utilities' management

informed the audit staff that the majority of Bimini Bay customers are lower income families and some customers are manually turning their water service back on after disconnection to avoid paying their bill. During audit management staffs onsite visit in December 2010, the utilities' operations manager stated that Bimini Bay is no longer assessing a \$5 late fee nor a \$20 service reconnection fee. These fees were removed to encourage customers to pay their bill.

Despite the utilities' attempt to implement disconnection procedures that comply with Commission rules, the audit staff believes numerous customers are disconnected in error each month as a result of a variety of problems that occur in the utilities' meter reading, customer billing, and customer payment processing operations. Specific errors that occur include reading meters incorrectly, inputting incorrect meter readings into the billing system, using incorrect formulas to calculate customer bills, assigning incorrect due dates on bills, and failing to post or timely post customer payments. Additionally, customers often experience difficulty in contacting utility representatives to dispute or pay a bill. Due to the meter reading, billing, and customer payment processes being incorrect, the utilities' disconnection process is inevitably incorrect.

Disconnection notices to customers are triggered from the billing system's accounts receivable aging reports. If the accounts receivable data is unreliable, it cannot be relied on to generate correct disconnect notices. Management audit staff requested copies of disconnect notices sent to both Four Points and Bimini Bay customers and list of actual disconnects for each month July through December 2010. **Exhibit 2** below depicts the number of disconnect notices sent and the subsequent number of disconnects that occurred. As shown, the utilities were unable to find records of disconnect notices and disconnections for numerous months.

FOUR POINTS AND BIMINI BAY DISCONNECT NOTICES AND SERVICE DISCONNECTIONS				
Month/Yr	Four Points (255 customers)		Bimini Bay (173 customers) ¹	
	Disconnect Notices Sent	Disconnections	Disconnect Notices Sent	Disconnections
Jul 2010	96	80	87	67
Aug 2010	105	47	67	28
Sep 2010	No Record Found	No Record Found	No Record Found	38
Oct 2010	104	108	49	No Record Found
Nov 2010	80	No Record Found	59	No Record Found
Dec 2010	121	No Record Found	68	No Record Found
Jan 2011	80	No Record Found	No Record Found	No Record Found

¹ Excludes 39 units personally owned by Four Points/Bimini Bay owner. Water and wastewater utilities for these residents are included in monthly rent.

EXHIBIT 2

Source: Staff DR 1-4

The available data shows an extremely high delinquency rate among the residents of both Bimini Bay and Island Club West (Four Points). Four Points sent out an average of 105 disconnect notices to its customers during July through December 2010. This figure represents 41 percent of the 255 meters located in the Island Club West subdivision. Four Points disconnected an average of 78 meters a month, or 31 percent of the total number of meters in just six months. An example of the flaws in the utilities' operations can be seen in the month of October. Four Points sent 104 disconnect notices to customers, yet they disconnected 108 customers.

Bimini Bay sent out an average of 68 disconnect notices during July through December 2010, which represents 39 percent of the 173 meters located in Bimini Bay Resort and Spa who

are billed for water and wastewater service. Bimini Bay disconnected an average of 44 meters a month, or 25 percent of the total number of meters.

The 2010 billing audit of Four Points report noted a small number of customers who were disconnected for nonpayment from January 2009 through March 2010. No more than 28 customers were disconnected in any given month; however, beginning in April 2010, the number of monthly disconnects jumped significantly. For the months of April, May, and June 2010, Four Points disconnected 76, 86, and 114 customers, respectively.

Upon examination of numerous customer complaints filed with the Commission regarding wrongful disconnection of service, management audit staff believes Four Points and Bimini Bay have inadequate internal controls to provide reasonable assurance that the utilities' disconnect operations are effective and efficient. Customers are often not given required notice of at least five working days, separate and apart from any bill of service. Also customers are disconnected who are not delinquent on their bills. Below are specific examples from customer complaints regarding the utilities' negligence in handling service disconnections.

- ◆ Complainant states that service was disconnected twice in six months, yet he paid his bill on time every month and can prove it with bank statements. The utility has yet to respond to the complaint and has exceeded the 15 days allowed to file a response with the Commission (CATS 0975087W).
- ◆ Complainant states that service was wrongly disconnected for non-payment after customer attempted to resolve the situation with the utility. The utility provided the customer with three different amounts to pay. In a December 28, 2010, response to the complaint, the utility alleged that the complainant, who is a property manager, must have the "property confused." On January 19, 2011, the Commission requested that the utility provide a supplemental response indicating that the customer has been contacted. The complaint was closed on May 16, 2011. The utility was found to have violated Rule 25-30.130, F.A.C., Record of Complaints, for exceeding the 15 days allowed to file a response with the Commission (CATS 0983201W).
- ◆ Complainant states that service was wrongly disconnected because she was being billed for the wrong meter. The complaint was closed on May 31, 2011. The utility was found to have violated Rule 25-30.130, F.A.C., Record of Complaints, for exceeding the 15 days allowed to file a response with the Commission (CATS 0983172W).
- ◆ Complainant states that service was wrongly disconnected within two weeks of paying the first month's water fee plus a deposit. In response to the complaint, the company admitted to the improper disconnection (CATS 0930297W).
- ◆ Complainant states that service was disconnected despite the fact that bills are paid on time, including a credit to their account. Four Points admitted to the improper disconnection due to an error on the customer's bill (CATS 0740417W).
- ◆ Complainant states that service was disconnected for nonpayment of a prior tenant's bill. Four Points admitted to the improper disconnection due to an error on the customer's bill (CATS 0764038W).

- ◆ Complainant states that service was disconnected in error as a result of wrong meter being shut-off. The complaint was closed on May 16, 2011. Four Points was found to have violated Rule 25-30.130, F.A.C., Record of Complaints, for exceeding the 15 days allowed to file a response with the Commission (CATS 0983198W).
- ◆ Complainant states that service was repeatedly disconnected for nonpayment without customers having received a bill. The utility has yet to respond to the complaint and has exceeded the 15 days allowed to file a response with the Commission (CATS 0975089W).
- ◆ Complainant states that service was disconnected without notice either by mail or door posting. The complaint was closed on November 16, 2007. The utility was found to have violated Rule 25-30.130, F.A.C., Record of Complaints, for exceeding the 15 days allowed to file a response with the Commission (CATS 0750846W).
- ◆ Complainant states that service was disconnected over a bill still in dispute with the company. The complaint was closed on September 8, 2010. The utility was found to have violated Rule 25-30.130, F.A.C., Record of Complaints, for exceeding the 15 days allowed to file a response with the Commission (CATS 0957294W).
- ◆ Complainant states that service was disconnected and was unable to reach a utility representative to reestablish service during and after office hours. The complaint was closed on May 16, 2011. The utility was found to have violated Rule 25-30.130, F.A.C., Record of Complaints, for exceeding the 15 days allowed to file a response with the Commission (CATS 0983201W).
- ◆ Complainant states that service was disconnected on the due date of their invoice. The utility has yet to respond to the complaint and has exceeded the 15 days allowed to file a response with the Commission (CATS 0975089W).

What is audit staff's conclusion?

It appears that Four Points has not demonstrated compliance with Rule 25-30.320, F.A.C., Refusal and Discontinuance of Service.

If the Commission grants a certificate to Bimini Bay, the utility would also be required to give customers a written notice of disconnection, separate and apart from the bill, five working days in advance of discontinuance of service.

3.0 MANAGEMENT ISSUES

3.1 EFFECTIVE WATER UTILITY MANAGEMENT

According to a July 2008 National Regulatory Research Institute (NRRI) study,³ effective management of small water companies requires the following:

- ◆ Compliance with regulatory requirements
- ◆ Attracting and retaining quality personnel
- ◆ Providing effective employee training and education
- ◆ Providing excellent customer service
- ◆ Displaying good public relations
- ◆ Employing a strategic business plan

Another NRRI study dated February 2008, *Small Water Systems: Challenges and Recommendations*, identified the attributes and practices of successful small systems. By definition small water utilities have fewer customers over which to spread fixed cost. Challenges of small utilities typically include deteriorating infrastructure, increasing regulatory requirements, deficient customer service, inadequately trained management, poor accounting principles, and lack of financial resources. This NRRI paper suggests that state commissions should assess the proficiency of small utilities whenever they have interaction, whether it is a call to staff for advice or assistance, an application for approval of a certification, or a rate case. At such time the commission should ask the questions identified in **Appendix C**. Management audit staff believes the answers to these questions for Bimini Bay and Four Points paint a distressing picture.

The National Association of Water Companies (NAWC) Utility Management Steering Committee has also identified measures of an effectively managed water utility. These measures include customer satisfaction, employee motivation and commitment, and operational optimization.⁴

The measures developed by the NAWC Utility Management Steering Committee can be categorized into three sets of attributes, reflecting the three elements of the capacity development provisions of the Safe Drinking Water Act (SDWA): (1) managerial, (2) infrastructure and technical, and (3) financial. The three categories of attributes are interconnected; success in one category cannot be achieved without success in the other two.

This audit has focused solely on the managerial capability attribute. Managerial capacity concerns the management structure and its effectiveness. Key elements include ownership; owner involvement and accountability; adequacy of staffing and staff deployment; and effective linkages with customers, regulators, and other stakeholders. According to the NRRI's study *Small Water Systems: Challenges and Recommendations*, small systems are more likely to succeed when providing customers with drinking water is the owner's primary or only business focus. Where the water system is not the owner's top priority, there is risk that problems will go unnoticed and necessary maintenance will be deferred. Most successful small systems have an owner with a passion for the business, one who recognizes and values the utility's public

³ Certification Requirements As a Path to Improve Small Water Utility Operations. The Issues Facing Regulatory Commissions by David Denig-Chakroff. July 8, 2008, page 6

⁴ P. Cook, "Preliminary Measures of Effective Management, from the Utility Management Steering Committee," November 2006.

interest obligation. These systems also employ a licensed system operator who ensures drinking water safety, maintain adequate staff training, respond to customer concerns, work closely with the community and stakeholders, and nurture good public relations.

This chapter addresses whether or not Four Point and Bimini Bay management have adequate management attributes in place in order to be effective.

3.2 COMPLIANCE WITH REGULATORY REQUIREMENTS

Do Four Points and Bimini Bay have a history of compliance with applicable statutes and regulations?

What is the standard?

Over time utilities regulated by the Commission develop a track record or history of compliance (or non-compliance) with applicable regulations. That history should include compliance with the applicable rules and statutes described in detail in Chapter 2 of this report. Water utilities should also meet deadlines for water quality monitoring and reporting and for distributing annual water quality (consumer confidence) reports to customers.

What is happening?

Four Points

Four Points (formerly known as Island Club West Development) has been in operation since 2001. From the beginning of its operations, serious compliance issues arose. Four Points operated for four years without having filed an application for a water and wastewater certificate. Only in September 2005, after the Commission contacted the utility about inquiries from customers with service quality and billing issues⁵ did Four Points ownership appear to be aware of the need to be certificated by the FPSC. Sixteen customers filed letters with the Commission in objection to Four Points application for certificate.

As noted previously, on April 2, 2007, in Docket No. 050595-PSS-WS, the Commission issued Order No. PSC-07-0280-PAA-WS that approved a Settlement Agreement between Four Points and its customers to resolve all the issues between them. In the Order, the Commission also granted Four Points Utility a water and wastewater certificate.

On April 20, 2009, Four Points filed for a staff-assisted rate case (SARC); however, the company failed to pay its filing fee. In a May 14, 2009 letter, the Commission staff informed Four Points of the delinquency, but Four Points failed to pay the filing fee by the requested date of June 17, 2009. Subsequently, on August 11, 2009, Commission staff sent a letter to Four Points denying its application for a SARC.

During 2010, numerous customer complaints again led to the discovery of non-compliance with key regulations. As detailed in Chapter 2, the company appears to have not attempted to comply with rules regarding the handling of customer complaints and customer deposits. In 2010, the company accumulated the worst record in terms of customer complaints of all 68 currently regulated water utilities receiving complaints. Routinely the company fails to respond within the required 15 day period, and when responses are received they are often incomplete.

⁵ In FPSC Order No. PSC-06-0753-SC-WS, issued September 6, 2006, the Commission ordered Four Points to show cause why the utility should not be fined \$5,000 for failure to obtain certificates of authorization and approval of rates and charges prior to providing service to customers. The utility paid the fine in lieu of filing a response to the show cause order and the Commission temporarily authorized the utility to charge rates, with revenues held subject to refund, pending approval of final rates.

Chapter 2 of this report includes descriptions of compliance issues raised by customers through formal complaints filed with the Commission. The customer impact of these actual and potential violations appears to be large. The questionable practices usually result in a financial benefit to Four Points and Bimini Bay at the customers' expense.

Bimini Bay

Bimini Bay has been in operation since August 2007. Although Bimini Bay charges for water and wastewater services, the utility currently claims exemption from Commission regulation because the utility contends that it has been operating as a reseller. As a reseller, the company may not set rates or charges that exceed the actual purchase price of the water and wastewater Bimini Bay receives from Polk County Utilities. In order to recover additional expenses incurred in the provision of water and wastewater service, an exempt utility must apply for certificates and become regulated by the Commission.

On August 31, 2009, Bimini Bay filed an application with the Commission for a certificate to provide water and wastewater service and for authority to change its rates and charges for water and wastewater services. The Commission opened Docket Number 090424-WS to acknowledge receipt and review of Bimini Bay Utilities' application.⁶ After reviewing the Bimini Bay application and the current operations of Four Points, Commission staff issued a letter on September 25, 2009, to Bimini Bay and Four Points noting apparent violations of Commission rules and Florida Statutes. The letter also warned of possible implementation of show cause proceedings. Potential violations by Four Points included untimely submission of annual reports, insufficient payment of regulatory assessment fees (RAF), unauthorized charges on customer bills, and assessing inappropriate liens on customers' property. Apparent violations by Bimini Bay include operating without a water and wastewater certificate since 2007, failure to file annual reports, and failure to pay RAFs. In an October 7, 2009, letter filed in response to the Commission staff's letter, the utilities (as one entity) claimed, with the exception of an annual report fine and RAF issues, there is nothing to be fixed that has not already been fixed.

Though Bimini Bay is not certificated and is not presently subject to Commission rules, for purposes of this audit, staff has assessed the degree of compliance currently evident in Bimini Bay's operations. Management audit staff believes this assessment may have value in determining whether the company can successfully operate under the applicable rules if granted a certificate.

Numerous Bimini Bay potential violations of statutes and rules are noted in Chapter 2 of this management audit. Also, Commission staff's 2010 financial audit of Bimini Bay found that the utility is not in conformity with NARUC uniform system of accounts.

What is audit staff's conclusion?

Audit staff believes Four Points and Bimini Bay have a poor record of complying with applicable statutes and rules under FPSC jurisdiction. Company management has either been unaware of key rules and statutes or has chosen to ignore them completely. The number of customer complaints is extremely high, particularly in light of the fact that combined, the companies serve fewer than 500 customers. Responses to customer complaints are poorly done, if attempted at all. The utilities' owner appears to be unmotivated to take the actions necessary to make regulatory compliance a priority.

⁶ in a September 2009 letter to Bimini Bay Utilities, Commission staff identified eight deficiencies in the utility's application and further requested ten additional pieces of information needed to complete the application process.

3.3 QUALITY PERSONNEL

Do Four Points and Bimini Bay attract and retain quality personnel?

What is the standard?

According to the July 2008 NRRI study, a small water utility should be able to attract and retain well-qualified personnel.⁷ It should provide competitive salary and benefits packages. Managers should create a productive, respectful work environment with effective communication throughout the organization.

What is happening?

During the audit, five former employees of the companies sought out opportunities to inform staff of concerns about either their treatment by the owner and management or about potentially improper practices by the owner and management. From on-site observation, the audit team observed a tense and volatile atmosphere that is not conducive to either performing quality work or to retaining quality personnel. The office staff observed appeared to be simply overwhelmed by the results of a large workload caused by poor management practices and unrealistic productivity expectations. It has been apparent for some time that Four Points and Bimini Bay suffer from a high rate of employee turnover. In fact, during the few months of this audit engagement, one employee was terminated and all other office personnel besides the operations manager have left the company.

In early 2011, the owner offered the position of Treasurer/Controller to a candidate who declined due to concerns over improper management practices, a poor work environment, and poor treatment of existing employees. This candidate's assessment was based upon having spent one month employed as a consultant. This situation indicates management's inability to attract competent professionals to key positions.

Numerous customer complaints include references to difficulties caused by the constant turnover of office personnel. Turnover impedes the timely resolution of disputes and results in the "ball being dropped" by company personnel.

What is audit staff's conclusion?

It appears that Four Points' and Bimini Bay's management have not created a proper work atmosphere that promotes effective work performance or employee satisfaction. Instead, staff believes the currently stressful work atmosphere created by management contributes to high employee turnover.

3.4 EMPLOYEE TRAINING

Do Four Points and Bimini Bay management provide effective employee training and education?

What is the standard?

Additionally, a utility should provide effective employee training and continuing education programs.⁸ Employees should be well trained for the skills they are asked to perform. They should also have the opportunity to train for higher level positions in the organization to be

⁷ National Regulatory Research Institute. *Certification Requirements As a Path to Improve Small Water Utility Operations*, July 8, 2008.

⁸ *Ibid*

qualified for advancement. All employees must have frequent and regular safety training for the positions they hold.

What is happening?

The company does not engage in a training program per se, which is somewhat understandable for a small company. On-the-job training is relied upon; however, due to the high turnover rate, those providing the training may be new themselves. Employees report that their training is brief and they feel largely unprepared as they begin working. Audit staff noted that company procedures largely consist of to-do lists, or work aids, and in most cases do not provide the guidance that detailed procedures should.

What is management audit staff's conclusion?

It appears that employee training is inadequate, even considering the small size of the utilities. Particularly in light of the high employee turnover, additional attention to thorough training is all the more needed. This lack of training and written procedures appears to contribute significantly to errors in billing, payment processing, meter reading, and disconnections.

3.5 QUALITY OF SERVICE

Do Four Points and Bimini Bay provide excellent quality service?

What is the standard?

A utility should have a reputation of providing excellent customer service.⁹ The company should have a history of satisfied customers as measured by low numbers of customer complaints and prompt attention to complaints.

What is happening?

As noted, the companies' large number of customer complaints provide an indication of poor customer service. Of course, not all complaints are valid or result from a violation at all.

Many of the problems discussed in this report such as billing system deficiencies and improper handling of deposits have been known to ownership and management for some time, without appropriate action being taken. The recommendations for improvement from staff's August 2010 billing audit of Four Points are not yet implemented eight months later.

As noted in Chapter 2, section 2.5, for the months March through July 2010, management audit staff found that *all* Bimini Bay customer bills contained errors. Disconnections of customers current on their bills can only be categorized as extremely poor service. Failure to refund deposits, inadequate attention to high bill inquiries, and limited access to utility staff for resolution of disputes all indicate a disregard for excellent customer service.

Audit staff believes the utilities' management's focus on speed is due at least in part to the desire to have the staff spend time on their duties related to the owner's non-utility businesses. For example, the employee job descriptions provided indicate that management expects just five minutes to be dedicated to the important task of inputting each month's meter readings. Management estimates that twenty minutes are actually spent on this activity.

⁹ *Ibid*

The operations manager frequently does attend to customer problems, making some attempts to resolve them. However, ultimately he is hampered by the directions and priorities of the owner from making the proper corrections to customer problems as evidenced in the informal and formal customer complaints filed with the Commission.

What is audit staff's conclusion?

It appears that customer service is not a priority for Four Points' and Bimini Bay's owner and management. This is evidenced by the inadequate allocation of time for utility related job duties. Haste is encouraged, and pressure is high on employees to quickly complete their tasks.

3.6 PUBLIC RELATIONS

Do Four Points and Bimini Bay display good public relations?

What is the standard?

According to the July 2008 NRRI study, a utility should have a reputation of working cooperatively with the community it serves. The company should provide timely, accurate information about service outages, water quality issues, watering restrictions, and other matters that affect the community. The company must maintain good working relationships and frequent communications with local media and local government.¹⁰

What is happening?

As evidence in the November 2010 customer service hearings, many customers openly question the honesty and integrity of the companies' owner and management. Conflicts with customers date back to disputes over the Homeowners Association at Four Points, where the homeowners took legal action against the owners to obtain ownership and control of the clubhouse and recreational facilities.

What is audit staff's conclusion?

Based upon the handling of customer complaints, it appears little value is placed on public relations, and the utilities' record in this area is poor. Management audit staff noted a high degree of animosity toward the utilities from the conversations with customers and its review of past complaints. This ill will results in part from the lack of prompt attention, or any attention at all, given to complaints or even inquiries.

3.7 STRATEGIC BUSINESS PLANNING

Do Four Points and Bimini Bay employ a strategic business plan?

What is the standard?

A utility should conduct and maintain a strategic business plan. It should assess the utility's performance and make recommendations for improvement.¹¹ A strategic plan seeks to identify risks, challenges, and opportunities and develop appropriate plans for proactively dealing with them. Appropriate planning takes into account future needs for plant maintenance and expansion, maintains an awareness of changes in regulatory compliance, and maintains a focus on customer needs.

¹⁰ *Ibid.*

¹¹ *Ibid.*

What is happening?

In response to an audit request, management audit staff received what was labeled a strategic plan for both companies. However, these strategic plans are focused entirely upon expansion of the developments and enhancing the desirability of the properties to potential buyers or renters. The strategic plan focuses on construction of additional townhome units or a water park that had originally been planned for the properties. No mention is made at all about planning for providing adequate water and wastewater service.

What is audit staff's conclusion?

The content of the strategic plan provided by the utilities appears to reveal a lack of focus or concern by the companies' owner in providing adequate water and wastewater service to customers. It also signals that the utilities' owner and management are not proactively planning for the future of the utilities and the challenges they face.

3.8 NON-JURISDICTIONAL ISSUES

Are there any other Issues which demonstrate Management Competency?

What is the standard?

The Commission has jurisdiction over regulated utilities. During the course of the customer meeting and the review of customer complaints, staff became aware of many issues which need attention from other agencies or authorities. While these issues are not within Commission jurisdiction, they do demonstrate the management competency of the utility and development owner.

What is happening?

During the course of this audit, staff reviewed many complaints regarding potentially valid issues outside of Florida Public Service Commission jurisdiction.

These issues include poor construction quality, liens improperly placed against owner properties, unethical real estate practices, failure to comply with home owners association statutes, water quality issues, environmental and health issues, and failure to pay property taxes. While these issues are outside of the Commission jurisdiction, management audit staff felt it necessary to bring these to the Commission's attention. A spreadsheet of non-jurisdictional items was created for the Commission's General Counsel's office to refer to other agencies.

The following allegations fall outside of the Commission's jurisdiction:

- **Water Quality Issues:** Staff received several complaints of sand present in water to the extent that it clogged filters, shower heads, etc. An allegation of coli forms being detected in drinking water was also made by a resident. An environmental specialist with the Department of Environmental Protection informed staff that their office had received a call regarding a spill at Bimini Bay on January 12, 2011. Polk County staff responded to this report on January 14, 2011, and found a broken "Hydrant blow off valve (curb stop)" creating a big puddle of water. On January 19, 2011, Polk County received a similar report from the EPA Regional Office. Polk County staff visited the site, inspected the sewage lift station, and spoke to the property manager about the two spill reports. At the time of the inspection, the inspector found no visible signs of sewage or odors but found some operational issues with the lift station. The inspector discussed the matter with the property manager and was told that the

utility's staff was working on improving the maintenance program for the pumping station.

- ◆ **Environmental and Health Issues:** A former employee alleged that water being used for irrigation at Bimini Bay is contaminated with sewage.
- ◆ **Failure to pay Property Tax:** The Polk County Tax Collector shows delinquent property tax assessments for 2008, 2009, and 2010 tax years on numerous Island Club Resort Development, Hunter Development Inc., and Harbour Bend LLC properties; these being owned by David Meadows. The amount of these delinquencies is in the tens of thousands of dollars.
- ◆ **Home Construction:** Complaints regarding poor construction of homes at Bimini Bay have been reported by several owners. These complaints include incorrectly-connected plumbing to the extent that toilet water tank sources were found to be hot water, instead of cold; walls that are not plumb/square; kitchen cabinets falling off the wall, etc. Complaints have alleged that water lines from some addresses are erroneously connected to meters at different addresses. If true, this could explain some of the numerous complaints regarding unexplained high or low usage. The only way to prove this complaint would be for the homeowner to expose the pipes leading into the home and behind the walls. This is a costly endeavor which could arguably be seen as the responsibility of the developer. The utility owner and the developer of Four Points and Bimini Bay are one in the same.
- ◆ **Liens:** Complaints regarding liens filed against owners' properties over failure to pay improperly assessed Home Owners Association charges are alleged. Customer complaints describe liens which include incorrect charges for HOA dues and fines for various violations of covenants and restrictions. In years past, liens have been filed for non-payment of water and wastewater charges. However, according to Four Points and Bimini Bay management, no liens have been obtained for non-payment of water and wastewater services within the last year.
- ◆ **Failure to Comply with Home Owners Association Statutes:** Florida Statutes, Chapter 720.303 requires that financial reports be provided to owners. Customer complaints allege that repeated requests by owners for financial reports for Bimini Bay Owners Association have been ignored. These complaints also allege that fees and penalties are inconsistently or unfairly charged. These allegations have also been made by former employees.

What is audit staff's conclusion?

Audit staff believes that the multitude of non-jurisdictional issues give further evidence to audit staff's concern of the competency regarding the utilities' management.

4.0 CONCLUSION

As evidenced throughout this report, management audit staff has found sufficient cause to believe that Four Points and Bimini Bay lack effective managerial controls. Just as significant, both utilities frequently disregard Commission rules in their current operations. Given management's disregard for regulatory compliance and that management has not established sufficient safeguards to protect customers from incurring inappropriate charges on their bills, it is apparent that maintaining good customer relations is not a priority. Overall, staff believes that Four Points and Bimini Bay do not currently have the management capability to operate successfully as providers of water and wastewater services. The following are audit management staff's conclusions of Four Points' and Bimini Bay's compliance and operational deficiencies:

1. It appears that Four Points and Bimini Bay have not demonstrated timely compliance with Rules 25-30.110(3) and (3)(c), F.A.C., Records and Reports; Annual Reports. Four Points and Bimini Bay have exhibited a history of disregard for regulatory compliance by filing Annual Reports late and not filing a written request with the Commission for an extension of time to file.
2. It appears that Four Points has not demonstrated compliance with Rule 25-30.120, F.A.C., Regulatory Assessment Fees. The utility has failed to pay both its 2009 and 2010 RAFs which were due on March 31, 2010, and March 31, 2011, respectively. Four Points has a history of disregard for regulatory compliance by remitting its RAF payments late and paying incorrect RAFs. As a reseller, Bimini Bay has not been required to pay RAFs. If the Commission grants a certificate to Bimini Bay, the utility would be required to file annual RAFs.
3. It appears that Four Points and Bimini Bay have not complied with Rule 25-30.145, F.A.C., Audit Access to Records. Failure to cooperate with audit requests, whether intentional or not, handicaps the Commission's effectiveness and efficiency.
4. It appears that Four Points has not demonstrated compliance with Rule 25-30.130, F.A.C., Record of Complaints. Regardless of management's indication that a new complaint-tracking process has been put into place, audit staff strongly believes that Four Points has not demonstrated implementation of an effective formal process for recording and maintaining customer complaints. If the Commission grants a certificate to Bimini Bay, the utility would also be required to maintain a record of customer complaints.
5. It appears that Four Points and Bimini Bay have not demonstrated compliance with Rule 25-22.032(3), F.A.C., Customer Complaints. The utilities have not provided adequate evidence to management audit staff that it avoids or tries to avoid disconnecting a customer who has a pending complaint with the Commission.
6. It appears that Four Points and Bimini Bay have not demonstrated compliance with Rule 25-30.355, F.A.C., Complaints. The utilities are failing to make full and prompt investigations of all customer complaints. Additionally, the utilities are consistently

failing to provide a response within 15 days for all customer complaints filed with the Commission.

7. It appears that Four Points and Bimini Bay have not demonstrated compliance with Rule 25-22.032(3), F.A.C., Customer Complaints. The utilities have not provided adequate evidence to management audit staff that they avoid or try to avoid disconnecting a customer who has a pending complaint with the Commission.
8. It appears that Four Points has complied with Rule 25-30.311, Sections (2) and (3), F.A.C., regarding providing customer receipts for deposits and maintaining a record of customer deposits. However, management audit staff questions the adequacy of the deposit records maintained by Four Points. Also, Four Points may not be complying with Rule 25-30.311(1), F.A.C., regarding the determination of initial deposits. Four Points' current practice of requiring \$120 as an initial deposit is not the specific criteria stated in the utility's tariff. If the Commission grants a certificate to Bimini Bay, the utility must maintain an adequate record of deposits and both file and adhere to its tariff for determining the amount for initial deposits.
9. It appears that Four Points has not demonstrated compliance with Rule 25-30.311(4)(a)(b), F.A.C., Interest on Deposits. Audit staff found no entries that recorded interest on deposits and, subsequently, no annual interest payments to customers. If the Commission grants a certificate to Bimini Bay, the utility would also be required to pay their customers interests on deposits.
10. It appears that Four Points has not demonstrated compliance with Rule 25-30.311 Sections (5) and (6), Refund of Deposits, F.A.C. The utilities have no formal policies and procedures that govern the process of refunding customer deposits and Four Points has failed to refund deposits and pay customers a minimum of six percent interest per year. If the Commission grants a certificate to Bimini Bay, the utility would also be required to refund customer deposits with accrued interest.
11. It appears that Four Points has not demonstrated compliance with Rule 25-30.311(7), F.A.C., New or Additional Deposits. Four Points has not provided required notice and justification to customers for payment of additional deposits. Management audit staff believes that company management has implemented seemingly arbitrary policies of requiring additional deposits from customers regardless of the customers' deposit and payment history. If the Commission grants a certificate to Bimini Bay, the utility would also be required to provide required notice and justification to customers for payment of additional deposits.
12. It appears that Four Points is complying with the meter reading procedures as stated in Rule 25-30.261, F.A.C., by reading the meters monthly. However, management audit staff questions the accuracy of meter reading done by both utilities. Management audit staff believes accuracy in meter reading is a reasonable expectation for customers. The utilities' management has problems retaining and training quality meter reading personnel, and providing adequate time for meter readers and accounting personnel to record readings. If the Commission grants a certificate to Bimini Bay, the utility would also be required to comply with meter reading procedures.

13. It appears that Four Points has not demonstrated compliance with the meter reading provision in the November 2006 Settlement Agreement with the Island West Homeowners Association (Customers) as adopted in Commission Order No. PSC-07-0280-PAA-WS issued on April 2, 2007 in Docket No. 050595-WS. Audit staff saw no evidence that indicated meter readers leave a note on the customer's residence or that a notice was mailed to the customer.
14. It appears that Four Points is not in compliance with Rule 25-30.335(7), F.A.C., Customer Billing. Staff believes customer billing controls and procedures are inadequate to produce reliable bills. This inadequacy contributes to the poor relationship with customers. If the utility is unable to generate reliable bills, the company cannot be certain that it is charging just and reasonable rates as required by Chapter 367.081 (1),(2)(a)1. Management audit staff recommends that Four Points provide additional account information on the bill, listing amounts paid during the past month, and the date paid. If the Commission grants a certificate to Bimini Bay, the utility would also be required to accurately reproduce customer bills with the correct balance due for a particular month.
15. It appears that the Four Points has not demonstrated compliance with Rule 25-30.335(4), F.A.C., Customer Billing. Four Points does not have adequate controls to ensure that all cash receipts (payments received) are promptly and accurately recorded. If the Commission grants a certificate to Bimini Bay, the utility would also be required to have in place basic internal control procedures for accounts receivable and related revenues.
16. It appears that Four Points has not demonstrated compliance with Rule 25-30.320, F.A.C., Refusal and Discontinuance of Service. If the Commission grants a certificate to Bimini Bay, the utility would also be required to give customers a written notice of disconnection, separate and apart from the bill, five working days in advance of discontinuance of service.
17. Audit staff believes Four Points and Bimini Bay have a poor record of complying with applicable statutes and rules under FPSC jurisdiction. Company management has either been unaware of key rules and statutes or has chosen to ignore them completely. The numbers of customer complaints are extremely high, particularly in light of the fact that combined, the companies serve fewer than 500 customers. Responses to customer complaints are poorly done, if attempted at all. The utilities' owner appears to be unmotivated to take the actions necessary to make regulatory compliance a priority.
18. It appears that Four Points' and Bimini Bay's management have not created a proper work atmosphere that promotes effective work performance or employee satisfaction. Instead, staff believes the currently stressful work atmosphere created by management contributes to high employee turnover.
19. It appears that employee training is inadequate, even considering the small size of the utilities. Particularly in light of the high employee turnover, additional attention to thorough training is all the more needed. This lack of training and written procedures appears to contribute significantly to errors in billing, payment processing, meter reading, and disconnections.

20. It appears that customer service is not a priority for Four Points' and Bimini Bay's owner and management. This is evidenced by the inadequate allocation of time for utility related job duties. Haste is encouraged, and pressure is high on employees to quickly complete their tasks.
21. Based upon the handling of customer complaints, it appears little value is placed on public relations, and the utilities' record in this area is poor. Management audit staff noted a high degree of animosity toward the utilities from its conversations with customers and its review of past complaints. This results in part from the lack of prompt attention, or any attention at all, given to complaints or even inquiries.
22. The content of the strategic plan provided by the utilities appears to reveal a lack of focus or concern by the companies' owner in providing adequate water and wastewater service to customers. It also signals that the utilities' owner and management are not proactively planning for the future of the utilities and the challenges they face.
23. Audit staff believes that the multitude of non-jurisdictional issues give further evidence to audit staff's concern regarding the competency of the utilities' management.

APPENDICES

5.1 APPENDIX A

BACKGROUND AND CASE HISTORY

HISTORY OF FOUR POINTS UTILITY

Four Points is a Class C water and wastewater utility which is currently providing service to approximately 255 customers located in the Island Club West Resort and Spa townhome development in Davenport, Florida. Mr. David Meadows is the President and sole officer of Four Points. The utility has been in existence since 2001; however, the utility was not brought to the Commission's attention until 2005 when the Commission received inquiries from customers regarding a variety of charges imposed by the utility. Four Points was billing customers for electric, telephone, cable, county tax, state tax, and water and wastewater services. Four Points (formerly known as Island Club West Development) subsequently filed with the Commission an application for water and wastewater certificates on September 8, 2005. Sixteen customers filed letters with the Commission in objection to Four Points' application for certificate. Four Points application remained deficient until August 2006 when the utility provided information showing financial viability.

FPSC ORDER NO. PSC-06-0753-SC-WS

On September 6, 2006, in Docket No. 050595-WS, the Commission issued Order No. PSC-06-753-SC-WS. The Order required Four Points to show cause why the utility should not be fined \$5,000 for its failure to obtain a certificate prior to providing water and wastewater service to the public for compensation. The Order also determined that Four Points was not acting as a reseller because the utility was charging above the actual purchase price for water and wastewater service that it resells.¹² The utility paid the fine in lieu of filing a response to the show cause order, and the Commission temporarily authorized the utility to charge rates, with revenues held subject to refund, pending approval of final rates.

On April 2, 2007, in Docket No. 050595-WS, the Commission issued Order No. PSC-07-0280-PAA-WS. The Order granted Four Points water and wastewater certificates and approved a Settlement Agreement between Four Points and the 16 customers who objected to the utility's application for certificate. The Settlement Agreement set forth the following key conditions.

- ◆ **Meters:** The utility agrees to use meters that conform to the standards adopted by the American Water Works Association as required in Rule 25-30.255, F.A.C. The utility shall locate and install meters in accordance with the policies and regulations of the Commission, including Rule 25-30.260, F.A.C.
- ◆ **Meter reading:** The utility has established a formal reading and training protocol. Pursuant to the protocol, meters are now read on the day Polk County reads the utility's master meter (which is now done on the 17th of each month), and bills are sent to customers within 5 days of the meter reading.

¹² Pursuant to Section 367.022(8), Florida Statutes, persons who resell water or wastewater service at a rate or charge which does not exceed the actual purchase price of the water or wastewater are exempt from Commission regulation (reseller exemption).

- ◆ **Meter Testing:** The utility shall test its meters in accordance with the requirements of Commission including, without limitation, Rule 25-30.263, F.A.C. Prior to conducting meter tests, the utility shall notify the Chairman of the Homeowners Association and will allow a customer representative to monitor the test if the Association so desires.
- ◆ **Communications:** The utility has established and will continue to provide the customers with a telephone number (863-424-0130, ext 137 or 152) and an e-mail address (ICWHelp@islandhideaway.net) dedicated to customer service. The utility also shall establish a 24-hour telephone number for utility service emergencies no later than 14 days after execution of the Settlement Agreement.
- ◆ **Bill Format:** Pursuant to the Customer's request, the utility has redesigned the format of its bills so that each bill includes the serial number of the customer's meter and depicts the actual usage on the bill. In addition, the utility has retained the services of a utility consultant to ensure that the books and records of the utility are kept in accordance with the National Association of Regulatory Utility Commissioners, System of Accounts and to enhance the billing system.
- **Financial Stability:** The utility represents and warrants that it is financially able to provide safe, continuous, and reliable service to customers. The utility shall provide Mr. Jim Brett (customer representative) with a written history of payments made to Polk County for bulk water and wastewater service. In order to secure service from Polk County, the utility has placed a deposit with Polk County in the amount of \$4,200. The utility agrees to maintain that deposit at all times. The utility further agrees to provide the association each month with a copy of the invoice received from Polk County for bulk water and wastewater service along with a copy of the check to Polk County for payment for such services.

Per Order No. PSC-07-0280-PAA-WS, the Commission also found that Four Points erroneously increased its temporarily authorized rates from November 2006 to January 2007, to match an increase in Polk County's residential rates. Four Points failed to obtain Commission approval prior to increasing rates. The Commission ordered Four Points to credit each customer account for the unauthorized rates.

In spite of the Commission's Order approving the Settlement Agreement between Four Points and its customers, the Commission continued to receive complaints from customers regarding the utility's billing and meter reading practices. On May 28, 2009, Commission staff sent a letter to Four Points requesting copies of meter reading logs and bills in response to 15 customer complaints. Four Points never responded.

FOUR POINTS' REQUEST FOR A STAFF-ASSISTED RATE CASE

On April 20, 2009, Docket No. 090213-WS was opened in response to Four Points' request for a staff-assisted rate case (SARC). The company failed to pay its application filing fee. In a May 14, 2009, letter, Commission staff informed Four Points of the delinquency and requested the utility to pay the filing fee by June 17, 2009.

On May 18, 2009, Commission staff informed Four Points that a billing audit would be conducted as part of the SARC. In a phone conversation on June 12, 2009, with Commission staff, Four Points informed the Commission that its administration office caught on fire and burned to the ground. Four Points stated to Commission staff that it suffered a loss of all books

and records. According to the Polk County newspaper, *The Ledger*, an investigation by the State Fire Marshal deemed the fire to have been arson.

On June 15, 2009, Commission staff e-mailed Four Points a letter as a reminder of the due date to pay its filing fee for a SARC. Four Points failed to pay by the requested date of June 17, 2009. In an August 11, 2009, letter to Four Points, the Commission informed the utility that its application for a SARC was denied. On August 21, 2009, the Commission closed Docket No. 090213-WS.

On September 10, 2009, Four Points e-mailed Commission staff requesting that the SARC be resurrected. In an October 27, 2009, letter, the Commission informed Four Points that the SARC would not be resurrected. In the letter, the Commission noted the following:

- ◆ Four Points failed to pay its SARC filing fee after being given 55 days to pay. (FPSC Rule 25-30.455(9), F.A.C., allows for 30 days after acceptance of the utility's request for a SARC).
- ◆ Four Points owes \$426 in penalties for submitting its 2008 Annual Report 142 days late.
- ◆ Four Points owes \$7,505 in regulatory assessment fees plus interest.
- ◆ Four Points failed to provide Commission staff with sufficient responses to assist in the application for a SARC. (e.g., supporting documentation for plant in service, operation and maintenance expenses, salaries, customer bills, customer deposits, and federal tax returns).
- ◆ Four Points failed to provide the last 12-months' worth of operating revenue and expense data.

On September 25, 2009, Commission staff issued a letter to Four Points for apparent violations of Commission rules and Florida Statutes and possible implementation of a show cause proceeding. Apparent violations include continued billing and meter reading problems, failure to timely submit its 2008 Annual Report, failure to remit the appropriate RAFs for the year 2008, and assessing inappropriate liens on customers' property for failure to pay unauthorized billing for electricity.

In an October 7, 2009, letter, Four Points responded to the Commission staff's letter. Four Points admitted to its failure to timely file the 2008 Annual Report and remitting late filing charges for \$426. Four Points also admitted to failing to pay appropriate RAF. However, Four Points denied the Commission staff's allegations of unauthorized charges on customers bills, and assessing inappropriate liens in respect to unauthorized billing for electricity.

FPSC 2010 BILLING AUDIT OF FOUR POINTS

On July 15, 2010, Commission staff initiated an audit of Four Points billing and meter reading practices and account reporting practices for the period January 1, 2009 through June 30, 2010. The billing audit was completed on August 30, 2010 and included analyses of the following:

- ◆ Meter Reading Practices
- ◆ Water Purchased versus Water Sold

- ◆ Rates and Charges Billed to Customers
- ◆ Dollars in Trial Balance versus Invoice Detail Schedules
- ◆ Miscellaneous Charges
- ◆ Bank Deposits/Customer Collections
- ◆ Customer Deposits

Commission staff's billing audit revealed seven findings including meter reading data integrity issues, discrepancies in water gallons purchased versus sold, failure to refund customer deposits, and discrepancies between customer collections and bank deposits. The billing audit resulted in the following recommendations:

- ◆ Four Points should incorporate stricter control procedures when posting meter readings to customer accounts and maintain accurate supporting documentation for reports being prepared.
- ◆ Four Points should be required to provide dollar detail with an explanation for the difference between the current charge and the total amount due on its customer bills.
- ◆ Four Points should be required to file a report explaining discrepancies between payments made by customers to the utility and deposits made by the utility and included in the utility bank statement.
- ◆ Four Points should incorporate tighter internal controls over its cash processing.
- ◆ Four Points should expand its monthly bank reconciliation to provide more detail reporting for credit card payments.
- ◆ Four Points should immediately deposit into the utility bank account all credit card payments collected by entities other than the utility.
- ◆ Four Points should be required to return customer deposits and comply with all provisions of Rule 25-30.311, F.A.C, including paying interest on outstanding deposits at the authorized rate.
- ◆ Four Points should be required to collect Commission authorized charges from all utility customers who meet the criteria established for accessing miscellaneous charges.

On November 3, 2010, the Commission issued a notice to conduct customer meetings on November 18 and 19, 2010, at Island Club West Spa and Resort in Davenport, Florida. The purpose of the meetings was to provide customers with an opportunity to ask questions or offer comments regarding the quality of service provided by Four Points. As a result of the customer meetings, numerous complaints were filed with the Commission. These complaints are included in **Appendix B**.

HISTORY OF BIMINI BAY UTILITIES

Bimini Bay has been in operation since August 2007 and serves approximately 212 customers in the Bimini Bay Resort and Spa townhome development in Davenport, Florida. Mr. David Meadows is the President and sole officer of Bimini Bay. Mr. Meadows also owns and leases 39 of the units located in Bimini Bay Resort and Spa. The utility currently operates as a reseller of water and wastewater services and currently claims to be exempt from Commission regulation. Pursuant to Section 367.022(8), Florida Statutes, "persons who resell water or wastewater service at a rate or charge which does not exceed the actual purchase price of the water or wastewater are exempt from Commission regulation." In order for Bimini Bay to recover any additional expenses incurred in the provision of water and wastewater service, the utility must apply for certificates and become regulated by the Commission.

BIMINI BAY'S APPLICATION FOR CERTIFICATES

On August 31, 2009, Bimini Bay filed an application with the Commission for certificates to provide water and wastewater service and for authority to increase its rates and charges for water and wastewater services. The Commission opened Docket Number 090424-WS to acknowledge receipt and review of Bimini Bay's application.

In a September 24, 2009, letter, Commission staff informed Bimini Bay that its application for certificates was deficient and additional information was needed to complete the processing of the application. Deficiencies included failure to provide an application filing fee, failure to notify customers, governing bodies, and privately owned water and wastewater utilities regarding the utilities application for certificates, failure to provide the date the utility initially provided service, failure to provide an income statement using the NARUC uniform system of accounts, and failure to provide a territory description, system maps, cost studies, and a list of entities the utility relied on to provide funding as needed.

In a March 12, 2010, letter, Commission staff informed Bimini Bay that it reviewed recently submitted data to support its application for certificates; however, the application remained deficient and additional information was still needed.

On November 3, 2010, the Commission issued a notice to conduct customer meetings on November 18 and 19, 2010, at Island Club West Spa and Resort in Davenport, Florida. The purpose of the meetings was to provide customers with an opportunity to ask questions or offer comments regarding the quality of service provided by Bimini Bay. As a result of the customer meetings, numerous complaints were filed with the Commission and are included in **Appendix B**.

FPSC 2010 FINANCIAL AUDIT OF BIMINI BAY

On September 30, 2010, Commission staff concluded a financial audit of Bimini Bay for the 12 month period ending June 30, 2010 in support of Bimini Bay's application for certificates. The objective of the audit was to determine if Bimini Bay maintains its accounts and records in conformity with the NARUC uniform system of accounts. The financial audit concluded that Bimini Bay is not in conformity with NARUC uniform system of accounts (USoA) with respect to utility plant in service, accumulated depreciation, deferred income taxes, and contributions in aid of construction. The audit resulted in the following findings:

- The utility's rate base could not be substantiated due to the lack of detail records.

- The utility's operation and maintenance expenses accounts were overstated.
- ◆ The utility did not record capital stock on its balance sheet.

5.2 APPENDIX E

FOUR POINTS COMPLAINTS RECEIVED BY FPSC 2007 -JUNE 1, 2011

Date Received	Company	Case No.	Type	Description of Complaint	Company Response	Next Action	Close Out Type	Date Closed
2/20/07	FPU	0727537 W	B	Improper Billing	Bill corrected.	Closed	WB-49	3/29/07
2/28/07	FPU	0728484 W	B	Improper Billing	Company explained reading error had occurred and was corrected.	Closed	GI-05	4/23/07
6/14/07	FPU	0739451 W	B	Improper Billing	Bill corrected.	Closed	WB-49	8/23/07
6/20/07	FPU	0740144 W	S	Improper Disconnect	Service restored.	Closed	GI-28	7/27/07
6/20/07	FPU	0740161 W	S	Improper Disconnect	Service restored.	Closed	WS-49	8/23/07
6/21/07	FPU	0740355 W	S&B	Improper disconnect and improper billing.	Bill corrected	Closed	WS-49	10/4/07
6/21/07	FPU	0740322 W	B&S	Improper billing and a water leak reported to company, but never taken care of.	No response from company or customer in over 30 days .	Closed	GI-05	8/23/07
6/22/07	FPU	0740417 W	S&B	Improper disconnect and improper billing.	Service restored and bills corrected.	Closed	WS-49	8/23/07
7/16/07	FPU	0742995 W	B	Improper Billing	Bills corrected.	Closed	GI-25	8/20/07
8/1/07	FPU	0744997 W	B	Improper Billing	Bill corrected.	Closed	GI-05	9/18/07
8/3/07	FPU	0745417 W	B	Improper Billing	Bill corrected.	Closed	WB-51	11/20/07
8/22/07	FPU	0747701 W	B	Improper Billing	Bill corrected.	Closed	GI-05	5/15/08
9/14/07	FPU	0750846 W	B	Improper Disconnect	Service restored.	Closed	WS-49	11/16/07
9/25/07	FPU	0752307 W	B	Improper Billing	Bill corrected.	Closed	GI-25	2/11/08
9/26/07	FPU	0752434 W	B	Improper Billing	Bill corrected.	Closed	WB-50	11/14/07
10/3/07	FPU	0753316 W	B	Improper Billing	Bill corrected.	Closed	WB-49	12/4/07
1/7/08	FPU	0764038 W	B	Improper Billing	Bill corrected.	Closed	WB-49	3/21/08
4/21/08	FPU	0775796 W	B	Improper Billing	Bills corrected and meter replaced.	Closed	WB-49	9/19/08
5/5/08	FPU	0777330 W	B	Improper billing and 38% rate increase outrage.	Bill corrected.	Closed	GI-25	6/26/08
5/8/08	FPU	0777813 W	B	Improper billing and 38% Rate increase outrage.	Bills Corrected	Closed	GI-25	6/23/08
6/19/08	FPU	0782823 W	B	Improper Billing	No fault by company leak was customers fault.	Closed	GI-25	9/19/08
10/29/08	FPU	0805074 W	B	Improper Billing	Bill corrected.	Closed	WB-50	12/3/08
10/29/08	FPU	0805089 W	B	Improper Billing	Bill corrected.	Closed	GI-25	12/3/08
10/30/08	FPU	0805357 W	S & B	Improper Billing	Bill corrected.	Closed	GI-25	4/9/09
11/3/08	FPU	0805774	B	Improper Billing	Bill corrected.	Closed	GI-25	12/8/08

Date Received	Company	Case No.	Type	Description of Complaint	Company Response	Next Action	Close Out Type	Date Closed
		W						
10/29/08	FPU	0805092 W	B	Improper Billing	Bill corrected	Closed	GI-25	12/3/08
3/26/09	FPU	0846316 W	S	Improper Disconnect	Service restored.	Closed	GI-30	4/30/09
8/31/09	FPU	0883748 W	B	Improper billing of late fee.	Fee waived.	Closed	GI-25	10/6/09
1/12/10	FPU	0916819 W	S & B	Improper billing and sand in water.	Have not had an opportunity to look into it.	ECR		
1/25/10	FPU	0919708 W	B	Improper billing of late fee.	Waved the charges	Closed	GI-25	3/3/10
2/19/10	FPU	0926058 W	B	Quality of service no bills received in two months.	Have not had an opportunity to look into it.	ECR		
2/23/10	FPU	0926738 W	B	Additional deposit request.	Have not had an opportunity to look into it.	ECR		
2/26/10	FPU	0927647 W	B	Additional deposit request.	Have not had an opportunity to look into it.	ECR		
3/23/10	FPU	0932946 W	B	Additional deposit request.	Case closed per Commission staff.	Closed	WB-49	11/15/10
4/30/10	FPU	0940598 W	B	Improper Billing	Bill corrected.	Closed	GI-25	6/8/10
7/19/10	FPU	0955586 W	B	Improper Billing	Failure to respond. Closed per Commission staff.	Closed	WB-49	11/15/10
7/27/10	FPU	0957294 W	S	Improper Disconnect	Service restored.	Closed	WS-49	9/8/10
8/27/10	FPU	0964144 W	B	Payments not being credited to account.	Failure to respond.	GCL		
10/20/10	FPU	0975085 W	B	Improper billing and improper late fee.	Waived the charges.	Closed	WB-49	11/15/10
10/21/10	FPU	0975567 W	S	Improper disconnect and improper billing.	Failure to respond.	GCL		
11/1/10	FPU	0981878 W	B	Improper Billing	Combined with 0975567W same customer.	Closed	GI-25	12/22/10
11/4/10	FPU	0978380 W	B	Improper billing and wrong meter serial number on bill.	None to date/due on 11/30/10	GCL		
12/3/10	FPU	0983141 W	B	Improper Billing	Company response due 12/27/10.			
12/3/10	FPU	0983144 W	S	Construction Quality	E-mailed a response facility passed inspection. If there is a problem, it is on customer side of meter.		NJ-99	1/19/11
12/3/10	FPU	0983172 W	B & S	Improper billing wrong meter serial number on bills. Improper disconnect and dirt in water and poor customer service.	None to date/due on 12/27/10		WB-49	5/31/11
12/3/10	FPU	0983198 W	S & B	Sand in water and feels like poor construction and pipes crossed.	Company response received via e-mail.	1/28/11 Company response due	WS-51	5/16/11
12/3/10	FPU	0983155 W	B&S	Poor customer service and improper billing.	E-mailed a response that allegations were incorrect about poor customer service and would send separate response on billing issues.	1/14/11 Supplemental response required.		

Date Received	Company	Case No.	Type	Description of Complaint	Company Response	Next Action	Close Out Type	Date Closed
12/3/10	FPU	0983158 W	B	Improper Bills	Past Due 12/27/10. Company response on 1/21/11, via email will look into the issue as soon as they have time.		WB-49	5/31/11
12/3/10	FPU	0983177 W	B	Improper attempt by meter readers to disconnect, unprofessionalism of meter readers drinking on the job.	Response via e-mail denying any drinking by employees or incorrect disconnects. Asked for customer to contact if this is seen again.		PR-68	1/19/11
12/3/10	FPU	0983192 W	B & S	Improper bills, poor customer service and improper disconnect.	Company reviewed bills, contacted customer waived \$5 late fee if bill would be brought current.		WB-49	1/21/11
12/3/10	FPU	0983174 W	S	Grit in the water.	Response due on 12/27/10. Company emailed on 1/20/11 will respond as soon as they can.		WS-49	5/31/11
12/3/10	FPU	0983204 W	S&B	Sand in the water and water bacteria test failed. Improper Billing	Company responded they have proof of passing water sample testing. Customer may have a crack under their slab. Company has until 1/28/11 to show proof of contacting the customer	1/28/11 Company response due.	WB-51	5/16/11
12/3/10	FPU	0983197 W	S & B	Sand in water, improper bills, poor customer service, improper meter readings, failure to refund deposits on time, and water supply connected improperly to neighbors unit.	Past due 12/27/10 company response. On 1/20/11 company response; purchased water from Polk County; other issues will be investigated.	1/20/11 Company response due.	WS-49	5/16/11
12/3/10	FPU	0983132 W	S	Quality of service and concerns of crossed lines because of improper disconnect.	E-mailed a statement that allegations were incorrect. Went to units and found no problems and renters did not remember improper disconnect.		GI-30	1/19/11
12/3/10	FPU	0983193 W	S	Leak in yard, could not get help from the office, called PSC problem handled immediately.	E-mailed a statement the leak was on the customers side of the meter, but they fixed it anyway and within 48 hours of first call and not because of PSC involvement.		GI-11	1/19/11
12/3/10	FPU	0983196 W	S	Poor customer service and poor construction. Improper bills.	Waiting on past due 12/27/10 company response.		PR-68	1/19/11
12/3/10	FPU	0983190 W	B	Improper billing and bills confusing.	E-mailed a statement that customer needed to contact the office. In review of their account the company saw no billing errors.	Supplemental response due 1/28/11.	WB-51	5/16/11

Date Received	Company	Case No.	Type	Description of Complaint	Company Response	Next Action	Close Out Type	Date Closed
12/3/10	FPU	0983138 W	B	Improper billing, meter at home is buried. How can they read meter? Consumption to high for 3 people in home.	E-mailed a statement that allegations were incorrect. Have proof of reading meters each month. If contacted by customer will run test on meter.	Supplemental response due 1/28/11.	WB-51	5/16/11
12/3/10	FPU	0983146 W	B&S	Improper billing, poor water quality, poor customer service and improper disconnect.	Past due 12/27/10. Company e-mailed 1/20/11 they would respond as soon as they have time.			
12/3/10	FPU	0983140 W	B	Improper billing customer in NY turned water off himself. Still receiving bills.	Emailed a statement that meter was read incorrectly and would be crediting customer.		GI-25	1/19/11
12/3/10	FPU	0983201 W	S	Improper disconnect and customer service.	Responded via email that the customer must have properties confused. They did not disconnect improperly.	Supplemental response due 1/28/11.	WS-51	5/16/11
12/17/10	FPU	0985658 W	B	Improper Billing	Response past due on 1/11/11.			
12/22/10	FPU	0986218 W	B	Improper Billing, lien against unit, dirt in meter box and therefore feels no way they could read it. Letter from company that dirt in meter was customer's fault and would be billed if not cleaned up.	Company emailed PSC will handle as soon as they can 1/20/11.			
1/5/11	FPU	0987876 W	B	Improper billing the customer does not live there and still being billed. Deposit not refunded after several attempts to resolve with company.	2/10/11 Company stated refund of deposit on the way to customer. Case still open; customer has not received deposit.		WB-49	3/30/11
1/31/11	FPU	0992379 W	B & S	Improper billing and poor customer service.	Response due 2/21/11			
5/9/11	FPU	1007727 W	B	Improper Billing	Response due 5/31/11			

**BIMINI BAY COMPLAINTS RECEIVED BY FPSC
2007 - JUNE 1, 2011**

Date Received	Company	Case No.	Type	Description of Complaint	Company Response	Next Action	Close Out Type	Date Closed
1/27/10	BB	0920539W	B	Improper Billing	Bill corrected.	Closed	WB-49	7/7/10
3/10/10	BB	0930297W	B & S	Improper billing and customer service and improper disconnect.	Bill corrected and service restored.	Closed	WB-49	7/7/10
3/24/10	BB	0933190W	B & S	Improper billing and additional deposit request by company. Improper disconnect.	Failure to respond.	ECR		

Date Received	Company	Case No.	Type	Description of Complaint	Company Response	Next Action	Close Out Type	Date Closed
3/24/10	BB	0933208W	B	Improper billing and additional deposit requested.	Failure to respond.	ECR		
5/20/10	BB	0944546W	B	Improper billing and additional deposit requested.	Bill was corrected.	Closed	WB-49	7/7/10
7/13/10	BB	0954473W	B	Improper Billing/ Bills too high; asked for meter to be checked.	Failure to respond.	ECR		
8/5/10	BB	0959570W	B	Improper Billing	Bill was corrected.	Closed	WB-49	10/6/10
10/20/10	BB	0975087W	B & S	Improper billing, meter readings wrong and improper disconnects.	Failure to respond.	ECR		
10/20/10	BB	0975089W	B & S	Improper disconnects and customer not receiving bills.	Failure to respond.	GCL		
11/29/10	BB	0982114W	B	Improper billing	Response due 1/13/11	GCL		
12/3/10	BB	0983168W	B	Improper billing, eviction notices placed on wrong doors, and poor customer service.	Response due 12/27/10 Emailed PSC response on 1/20/11 contacted customer and matter was resolved.		WB-49	5/16/11
12/3/10	BB	0983188W	B & S	Improper bills, improper disconnect, and poor customer service.	Response due on 12/27/10 PSC contacted company past due with response due on 1/19/11.		WB-49	6/1/11
12/3/10	BB	0983157W	B & S	Poor customer service and improper billing. Eviction notices sent out.	Company emailed response 1/20/11 denying issues and stated the HOA rules cover the HOA fines.		WS-49	5/16/11
12/3/10	BB	0983186W	B	Improper billing	Response in email that they did meet with customer and checked meter and it is working correctly. Bills are correct.		GI-25	1/19/11
12/3/10	BB	0983142W	B	Improper billing and possible leak, bills way are too high.	Emailed a statement that the customer was not telling the truth and that the company helped him with a leak at no charge. Worked out payment plan for customer to pay bill.	Objection letter mailed from PSC to customer. 1/25/11	GI-25	3/25/11
12/3/10	BB	0983160W	B	Improper billing, facility poorly maintained	Waiting on past due 12/27/10. Company e-mailed response 1/21/11 They checked bills and meter readings and feel there are no errors		WB-49	5/16/11
12/9/10	BB	0984119W	B	Improper billing	Response from company quick books billing error will contact customer and fix problem response due 2/11/11.			

Date Received	Company	Case No.	Type	Description of Complaint	Company Response	Next Action	Close Out Type	Date Closed
12/17/10	BB	0985660W	S & B	Improper billing , street lights out, garbage piled up on streets, cannot get in touch with anyone in the office, hired her own attorney.	Response due On 1/11/11.	Non-Jurisdiction	NJ-99	1/19/11
1/31/11	BB	0992557W	B	Improper billing	Response due 2/21/11.			
1/31/11	BB	0992451W	B	Improper billing	Response past due notified company due 3/1/11			
5/11/11	BB	1008254W	S	Broken water meter.	Response due 6/2/11			

5.3 APPENDIX C

QUESTIONS A STATE COMMISSION SHOULD ASK TO ASSESS THE PROFICIENCY OF A SMALL WATER UTILITY¹³

1. Does the utility have the managerial attributes to succeed?
 - a. Is the owner or manager dedicated to the business of the utility?
 - b. Is the owner or manager accessing and using the tools available to lead, manage and operate the utility effectively?
 - c. Does the utility have a strategic business plan?
 - d. Does the utility maintain an up-to-date emergency response plan with annual training?
 - e. Does the utility have difficulty attracting or retaining qualified personnel, including licensed operators?
 - f. Does the utility have an effective training and continuous improvement and education program for its front-line staff, management staff, and members of its governing body?
 - g. Are employees motivated and committed to the success of the utility?
 - h. Does the utility meet its regulatory obligations and deadlines for monitoring and reporting?
 - i. Is there effective and frequent communication between utility management and its employees, regulatory agencies, customers and other stakeholders, and the general public?

2. Does the utility have the infrastructure and technical attributes needed to operate effectively and efficiently?
 - a. What is the condition of utility infrastructure (e.g., water mains, storage reservoirs, pumping stations, treatment plants)?
 - b. Is there sufficient infrastructure backup to meet normal peak demand situations, based on state standards or commission expectations?
 - c. Does the utility have written capital improvement and asset management plans?
 - d. Does the utility have effective safety and security plans and programs that are reviewed and updated annually?
 - e. Does the utility have effective, written standard operating procedures that are reviewed and updated annually?
 - f. Does the utility implement appropriate new technologies into all aspects its operations (e.g., business functions, communications, customer service, water quality, systems operation, field work)?
 - g. Does the utility meter all of its customers and maintain an adequate meter replacement program?
 - h. Does water quality consistently meet or exceed state and federal standards?
 - i. Does the utility have an adequate source of water supply for projected growth in demand?

¹³ Stanford, Melissa J., Small Water Systems: Challenges and Recommendations, February 7, 2008, 08-02, page 25-26.

- j. Are utility operations optimized as indicated by service disruption rates, unaccounted for water use, electric power use, and other common operational benchmarks?
3. Does the utility have the financial attributes to succeed?
- a. Does the utility maintain economies of scale sufficient to operate efficiently?
 - b. Does the utility have reasonable rates when compared with other utilities in the area?
 - c. Does the utility apply for rate cases at appropriate intervals to avoid large rate increases?
 - d. Does the utility have adequate financial resources, such as sufficient revenue, good credit, and access to financial markets?
 - e. Does the utility maintain good financial records and controls?
 - f. Does the utility purchase commodities and services at reasonable rates?
 - g. Does the utility have a low-income customer assistance program?
4. Are utility customers satisfied with the service they receive?

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FOUR POINTS UTILITY CORPORATION

May 31, 2011

To: Public Service Commission

RE: Response to audit draft for:
Four Points Utility Corporation
Bimini Bay Utilities Corporation

Gentleman:

I am responding to the draft audit of 54 pages submitted to me on 5/18/2011 and asking me to approve it in two days and then after further discussion giving me a deadline of 3 P.M. May 31, 2011 but just having received some of the back up on May 26, 2011.

#1 the PSC sent the audit draft to us on 5/18/2011 @ 3.39 pm and wanted us to respond on 5/20/2011 at @ 10.00 am

#2 we rescheduled the phone meeting 5/25/2011 @ 3 pm

#3 when we talked to them on the phone we let them know that their report that they sent to us (54 pages) had codes that we did not know what they meant so on 5/24/2011 @ 3.57 pm they sent us the close out codes

#4 they said we had 21 open complaints. We had no record of so we requested that they send them to us so we could review them

#5 they sent them to us on 5/25/2011 @ 11.05 am

#6 in their report it shows that their complaints on several pages that do not have the names or addresses just the type of complaint and the date on 5/26/2011 @ 9.30 am we requested that they send us the more information on each so we could research them they sent to us on 5/26/2011 @ 12.38 pm

We have not had time to analyze and locate all of these complaints but can tell from what we have found so far that we did not have all of these complaints from the commission until this audit came to us.

407 333 4216
407 333 0917
email: david@assuredrecord.com

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DOCUMENT NUMBER - DATE

03869 JUN -2 =

FPSC-COMMISSION CLERK

First I object to the short time I have been given to reply to this draft. It is over 50 pages long and contains numerous facts and allegations, many of which are not correct but the short time period does not allow me to put together all the back up necessarily to show the inaccuracies in this report.

Next I object to the reference of lawsuit between the Homeowners Association at Island Club West and my corporation.

It is phrased that the Homeowners Association sued me and seems to indicate I did something wrong whereas I sued the HOA at West to correct a surveyor's error and the suit was settled by me and the HOA by correcting the error and my turning over to the HOA the Clubhouse Porter owned by the Four Points development corporation to the HOE.

The major point I want to address first is the list of complaints in this report does not match my records or what was previously furnished my office by the Public Service Commission. Many are duplicate and some were resolved long ago but show open and many were not provided to my office before as being open.

I believe that 21 complaints that are listed in this report on December 3, 2010 were people speaking at a public hearing. My office did not know that we were supposed to address those complaints. As the meeting started with many people claiming I was a crook and other slanderous statements which seemed to go on for quite some time and others were people venting and we were told we did not need to be there, we were not aware we were supposed to count those as filed compliant as they were not written nor signed and submitter to us. From 12-15 -2-11 to May 15 , 2011 my office communicated with the Public Service Commission almost weekly checking to verify the complaints that we had received from them and the customers were resolved and these 21 were not given to us or forwarded to us but others were. My office has numerous emails back and forth with the Commission asking if any complaints were open. We were told there were 21 complaints open but when asking for the list, we were told they were being assembled. We never received them and now are guessing that those might have been from the public hearing.

As to the others, we are having problems matching them up with our records as we just received the documentation and need more time. We have verified that 18 of the 21 compliant on the list furnished are closed and have left messages for the other 3. We are also checking the PSC website and the number of complaints there do not match the number we are shown as having been received from the PSC.

Most importantly if you take out the 21 complaints from the public hearing and look at the complaints from November 1, 2010 after the first audit, the total complaints received were all answered according to our records.

June 2, 2011

Page 3

The ones that we received the coeds on Thursday we ache not been able to sign the sign off or have had time to chaotic the people but have verified that four were resolved.

We also found some duplicates on the list

So since January 1, 2011 we have received five complaints and resolved all of them promptly but one that will be resolved today.

Overcharge not corrected on page 19. This was corrected in September of 2011. It resulted in a miss sort of a spread sheet and resulted in overbilling some and under billing by the same total the others. We refunded the overbilling. And the PSC verified that in our office in September, 2011.

As to the Audits, The first one we were told we were doing ok and we answered all the question in the audit except the list of complaints which we could not find and Question 33 , we did not receive that questions in the list we received from the PSC.

The second audit was in December and we just received that in this draft I am addressing.

Since the beginning of 2010, I have been installing checks to the billing system and the complaints system to catch errors before bills go out.

At the end of the second audit I was told that we were 80% there on getting organized and the other 20% we were going in the right direction. Since then we have found a new minor glitch in the billing system that we have corrected and have added another check before the bills go out.

I feel since the first of the year we are close to getting the system to run smoothly.

MISSING AUDIT ANSWERS

As to the turnover, we lost three long term office employees in 2010. Terry Blackman, Cari Grimes and Paula Wipf. They all still help out occasionally. In the field we still have Bobby Treanor and Bruce Majors as long term but have had many short term workers. Bobby and Bruce mainly handle the meter readings but Juan an employee for around six

June 2, 2011

Page 4

months has also started helping and doing very good. We had two people in the office from June 2010 to the end of the year after Terry and Carry left.

The turnover is more than what I would like but the people we lost would not follow a checklist or keep a job description up and caused many of the problems shown in this audit.

The comment s that we give the meter readers 30 seconds to read each meter seems to be incorrect. We have time the time to read the meters and it we came up with 2. 5 hours for 2 men or 300 minutes to read Four Points which is around 1 minute and 20 seconds but they never quite do it in that time as unforeseen problems come up. So it really takes around 2 minutes per meter. We have also added taking a picture of the meter each item since the first of the year. But then we go back to read any questions and other problems that come up so it takes over 8 hours to read the meters and finish the report for billing on Four Points with similar time for Biminis Bay.

As to deposits returned we show all the old deposits over 23 months and all the old customers deposits have been returned.

As to the annual fee , we have not been able to pay that as a cash flow problem that is just now starting to resolve itself. Both water companies are losing money and they have been borrowing money from ICRD. ICRD is receiving money now that is owed to it and can start getting caught up on the payables.

The disconnects were raised as a question but I am not sure what the questions is. We print a disconnect list the day before the water bill is due to be paid after the seven day notice. By the next day when we are reading the meters many people pay their bills. We usually only disconnect around 4 to 6 customers.

The above is just a partial answer to the draft that was furnished to me and I am still working on the answers to the rest to the questions raised ninths audit.

Email correspondence being sent by separate email verifying communication between parties regarding open closed complaints.

David Meadows
President

Four Points Four Points Utility Corporation
Bimini Bay Utilities Corporation