

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Application for Original Certificate of ) DOCKET NO. 20190168-WS  
Authorization and Initial Rates and Charges )  
for Water and Wastewater Service in Duval, ) FILED January 11, 2022  
Baker and Nassau Counties, Florida by )  
FIRST COAST REGIONAL UTILITIES, )  
INC. )  
\_\_\_\_\_ )

**JEA’s AMENDED MOTION TO COMPEL DISCOVERY FROM FIRST COAST**

JEA, pursuant to rule 28-106.204, Florida Administrative Code, and rule 1.380, Florida Rules of Civil Procedure, moves to compel discovery from the Applicant First Coast Regional Utilities, LLC (“First Coast”). This Amended Motion is filed in light of the discovery conference call held among the parties and Commission Staff on January 6, 2022 to narrow the discovery items in dispute. This Amended Motion supersedes JEA’s original Motion to Compel Discovery From First Coast, which was filed on February 16, 2021. By this Amended Motion, JEA seeks the entry of an Order compelling First Coast to respond to JEA’s request for production number 27.

JEA Request for Production 27 provides as follows:

Exhibit G to your Application contains a letter from 301 Capital Partners, LLC to the Commission attaching “[a]s evidence of our financial capability . . . a copy of our recent balance sheet” followed by a page entitled “Fair Market Value Balance Sheet May 18, 2019.” Please produce all documents supporting each line item on the Fair Market Value Balance Sheet including without limitation all documents supporting the “fair market value” calculation of each asset of 301 Capital Partners, LLC.

First Coast responded as follows:

Objection. First Coast objects to this request as exceeding the scope of permissible discovery as not calculated to lead to the discovery of admissible evidence on any issue material to this proceeding.

Request for Production 27 addresses the “Fair Market Value Balance Sheet” submitted by First Coast in its Application (Application Exh. G). To show its financial strength, First Coast relies on the financial condition of its parent, 301 Capital Partners, LLC, which in its “Fair Market Value Balance Sheet” is shown as ostensibly having a current net worth of \$128.9 million, virtually all of which deriving from the land.

First Coast’s objection to JEA request 27 is without merit and a response should be compelled because discovery directed to the financial strength, or lack thereof, of the applicant is directly relevant to this docket. Rule 25-30.033(1)(h), F.A.C. requires an applicant for a certificate of authorization to show its financial ability, making the referenced JEA request relevant. The Rule specifically requires the applicant to provide:

1. A detailed financial statement (balance sheet and income statement), audited if available, of the financial condition of the applicant, which shows all assets and liabilities of every kind and character. The financial statements shall be for the preceding calendar or fiscal year. The financial statement shall be prepared in accordance with Rule 25-30.115, F.A.C. If available, a statement of the sources and uses of funds shall also be provided; and,
2. A list of all entities, including affiliates, upon which the applicant is relying to provide funding to the utility and an explanation of the manner and amount of such funding. The list need not include any such person or entity holding less than 5 percent ownership interest in the utility. The applicant shall provide copies of any financial agreements between the listed entities and the utility and proof of the listed entities’ ability to provide funding, such as financial statements. (emphasis added)

On page 8 of its Application, First Coast states that the developer, its parent company 301 Capital Partners, LLC, will provide the necessary financial support. The Developer “will provide necessary start-up funding as well as funds sufficient to cover operational shortfalls during the utility’s initial years of operation” and “[e]vidence that such funding will be available is shown by attached Exhibit ‘G’ . . . including a copy of the current balance sheet. . . .”

Contrary to rule 25-30.033(1)(h)1., F.A.C., no financial statements were provided in the Application relating to the Applicant, First Coast. Rule 25-30.033(1)(h)2., F.A.C., also requires “proof of the listed entities’ [i.e., 301 Capital Partners, LLC’s] ability to provide funding, such as financial statements.”

The “Fair Market Value Balance Sheet” submitted by First Coast in its Application (Application Exh. G) is unaudited, not based on cost<sup>1</sup>, and shows a net value for 301 Capital Partners, LLC (\$128.9 million) that is questionable on its face. In Duval County’s official records, there appear to be two recorded deeds from ICI Villages, LLC to 301 Capital Partners, LLC, both dated October 18, 2017. The first is in the official records of Duval County at Book 18162, Page 1077 showing documentary tax stamps of \$128,192.40, which equates to a purchase price of \$18,313,200. The second is recorded at Book 18162, Page 1088, showing documentary tax stamps of \$62,097, which equates to a purchase price of \$8,871,000. The two add up to about \$27 million, less any mortgage loans against the property. The \$100 million plus difference between this number and the stated “fair market value” of \$128.9 million demands closer scrutiny of the finances of 301 Capital Partners, LLC, upon whom First Coast is relying for its financial support.<sup>2</sup>

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<sup>1</sup> Financial statements for water and wastewater utilities have to be prepared on a cost basis, not a “fair market value” basis. Rule 25-30.033(1)(h), F.A.C. provides that the “financial statement shall be prepared in accordance with Rule 25-30.115, F.A.C.” Rule 25-30.115 requires accounts and records to be maintained “in conformity with the 1996 NARUC Uniform Systems of Accounts adopted by the National Association of Regulatory Utility Commissioners.” The 1996 NARUC Uniform Systems of Accounts requires assets to be valued on a cost basis.

<sup>2</sup> Of course, the unliquidated value of the development land, whatever the correct value of the land may be, does nothing to show that the Applicant First Coast has any liquid financial resources to construct, operate, and maintain adequate water, wastewater, and reuse treatment facilities.

The financial strength of the applicant is directly relevant to this docket. Because the applicant First Coast states that it relies on its parent 301 Capital Partners, LLC, for financial support, JEA request for production 27 is directly relevant and First Coast should be required to respond.

WHEREFORE, JEA requests that this motion be granted and this Commission enter an Order compelling First Coast to respond and produce all documents in their possession, custody or control responsive to JEA's request for production 27.

In accordance with Rule 28-106.206, F.A.C., and Rule 1.380(a)(2), Fla. R. Civ. P., prior to JEA filing its original motion to compel on this issue, undersigned counsel for JEA conferred with counsel for First Coast in an attempt to obtain the subject discovery without the need for the Commission's intervention. First Coast maintains its objection to the discovery and objects to the granting of this motion.

Respectfully submitted this 11th day of January, 2022.

/s/ Thomas A. Crabb

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the foregoing has been furnished via electronic mail to the following this 11th day of January, 2022.

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