

Lisa Smith

From: Office of Commissioner Passidomo
Sent: Tuesday, March 15, 2022 11:54 AM
To: Commissioner Correspondence
Subject: FW: Docket 20200226 - Request for Certification of Wastewater Utility - recommend Denial
Attachments: PSC Docket 20200226 Post Hearing Response.pdf

Please place the attached in Docket No. 20200226.

Thank you!

From: David Adair <adairdl@verizon.net>
Sent: Tuesday, March 15, 2022 11:51 AM
To: Office of Commissioner Passidomo <Commissioner.Passidomo@psc.state.fl.us>
Subject: Fwd: Docket 20200226 - Request for Certification of Wastewater Utility - recommend Denial

Commissioner

Forwarding this email due to incorrect email address. My apologies for the error.

Please see below and attached.

David Adair
adairdl@verizon.net

-----Original Message-----

From: David Adair <adairdl@verizon.net>
To: mlarosa@psc.state.fl.us <mlarosa@psc.state.fl.us>; agraham@psc.state.fl.us <agraham@psc.state.fl.us>; afay@psc.state.fl.us <afay@psc.state.fl.us>; gclark@psc.state.fl.us <gclark@psc.state.fl.us>; gpassid@psc.state.fl.us <gpassid@psc.state.fl.us>; clerk@psc.state.fl.us <clerk@psc.state.fl.us>
Cc: sbruce@psc.state.fl.us <sbruce@psc.state.fl.us>; wthurmon@psc.state.fl.us <wthurmon@psc.state.fl.us>; jcrawfor@psc.state.fl.us <jcrawfor@psc.state.fl.us>; dphillip@psc.state.fl.us <dphillip@psc.state.fl.us>; pirrello.anastacia@leg.state.fl.us <pirrello.anastacia@leg.state.fl.us>
Sent: Tue, Mar 15, 2022 11:46 am
Subject: Docket 20200226 - Request for Certification of Wastewater Utility - recommend Denial

Dear PSC Commissioners, Staff and other interested parties.

I am writing to voice my opposition to the application of Environmental Utilities, LLC to provide wastewater service on Little Gasparilla Island (reference Public Service Commission Docket 20200226). My name is David L. Adair of Tampa, Florida and I am a very close friend of multiple families that own properties on the Island. My wife and I are frequent visitors to the Island for more than twenty-five years (dating back to 1996), primarily spending time with the Stead family and their neighbors on Gulf Street. As such we follow the activities on the Island closely and are deeply interested in what is best for the Island residents and the environment.

Please see the attached document for the reasons that we believe the application should be denied. In summary, we do not feel that the application, or subsequent information submitted, clearly establishes the demonstrated need for service, nor the technical and financial capabilities of EU to provide the proposed services. Additionally, the rates proposed are extraordinarily high and would pose unreasonable burden to the customers of the proposed utility.

We ask that you please consider this carefully and deny this application.

Thank you for your consideration.

Best Regards,

David L. Adair

adairdl@verizon.net

RE: PSC Docket – 20200226 - application of EU, LLC application for original certificate of authorization.

TO: Members and staff of the Public Service Commission and interested parties.

FROM: David L. Adair, Tampa, Florida

I am writing to voice my opposition to the application of Environmental Utilities, LLC to provide wastewater service on Little Gasparilla Island (reference Public Service Commission Docket 20200226). My name is David L. Adair of Tampa, Florida and I am a very close friend of multiple families that own properties on the Island. My wife and I are frequent visitors to the Island for more than twenty-five years (dating back to 1996), primarily spending time with the Stead family at 8890 Gulf Street. As such we follow the activities on the Island closely and are deeply interested in what is best for the Island residents and the environment. For the reasons listed below, we request that you deny this application.

In order for an application to be evaluated, the PSC requires the applicant to submit information substantiating 1) the need for service, 2) the applicant's financial capability to provide the services, 3) the applicant's technical capability to provide the services and 4) the reasonableness and affordability of the rates that will be charged by the applicant. I believe that the application submitted by Environmental Utilities, LLC fails on each of these requirements and should be denied.

1. **Need for Service** – The application (including supplemental information provided after the initial application) has only provided general information regarding the broad policy concepts that support replacement of septic systems with central sewer. These simple policy statements do not establish the specific need and priority to replace the existing and properly operating septic systems on Little Gasparilla Island at this time. Further justification should be provided to establish that the proposed installation of central sewer is required at this time, and there has been none. There are no citations of environmental damage being caused by the current systems. The information requested on the application to help establish the need for service also includes identifying any “requests for service” by residents in the area. I am not aware of any official requests for wastewater services that came from local residents and were filed prior to the date of the application.

Information submitted after the original application cites exhibits included in the Charlotte County Sewer Master Plan (2017) as confirmation that the County has established the “need for service” by including two capital projects which refer to Projects W-5 (LGI) and W-6 (Don Pedro). We do not agree that this inference is clear or correct. The descriptions for these projects cited (reference Appendix C of the Sewer Master Plan) includes the following wording (emphasis added), “DESCRIPTION: This project includes the connection of a private utility’s service area. ***The existing sewer system infrastructure will be used for wastewater collection.*** The existing WWTP will be converted to a pump station...” The El Jobean East project is also included in this same Master Plan, and coincidentally is currently being advertised for bids by CCU. The project sheet for El Jobean East in the Appendix C of the same 2017 Sewer Master Plan is described as follows (emphasis added), “DESCRIPTION: This project includes ***removal of septic tanks from service and construction of a centralized sewer system.*** The pump station will be constructed and discharged into an existing force main...” There is clearly a difference in the intent of these projects and if indeed this Sewer Master Plan were to be the source of establishing the need for a central sewer system and removal of septic tanks on Little Gasparilla Island, the Master Plan

would have described the project to include the *“removal of septic systems from service and construction of a centralized sewer system”* as it did for the currently ongoing El Jobean East project.

Conclusion – Based on the information provided and included in the docket, there is not a substantiated need to install a central sewer system on LGI at this time.

2. **Applicant’s Financial Capability to Provide Services** – We have not conducted a detailed review of financial statements provided with the application. We do note that the information provided with the original application was minimal. That which was provided did not identify a significant net worth, nor the demonstration of assets that would be sufficient to support initiating and completing projects the magnitude of those proposed. In response to comments, additional information has been provided including letters of commitment for financing. Please note that these letters appear to be commitments for loans that are based on meeting certain requirements. These commitment letters do not promise equity participation whereby the participants would have any “skin in the game”. We are concerned that these potential “commitments” could be pulled at any time that the lenders become concerned about the certainty of the project. We believe these DO NOT provide the needed security to support execution of projects valued over \$17 million and subsequent operation of the complicated systems being proposed.

3. **Applicant’s Technical Capability to Provide Services** – The original application cited the technical capability as “The owners of the Utility also own Little Gasparilla Water Utility, Inc which has been in operation since.....” Little additional substantive information demonstrating relevant qualifications has been provided since the initial application. We do not believe the cited experience clearly establishes the technical capability to operate a wastewater system with over 1000 proposed customers at build out. Operation of a water transmission system is different from operation of a pressurized wastewater system. The risk of system failures in a pressurized wastewater system includes not only the inconvenience of reduced services, but also the potential for significant environmental damage if the system were to leak. To demonstrate sufficient technical capability the utility operator should be able to show experience at emergency response, containment of spills and immediate corrective measures that would be required to prevent the environmental damage that could come from pumping raw sewage into the local waters. This would require the prompt availability of appropriate equipment and personnel to provide this response. None of this capability has been established for the current proposal, nor demonstrated by previous experience. Absent being able to prove this capability, we would argue that the potential environmental damage that might be caused by a sewage spill is a much greater environmental risk than that being posed by the current septic systems.

In order to provide the wastewater services being contemplated by the application, the utility will be required to manage the construction of the central sewer system and all its components. The technical memorandum provided with the application identifies the magnitude of this project as approximately \$17 million initial construction value and including installation of pressure piping along with Low Pressure tanks and pumps and removal of septic systems. The experience statements provided do not demonstrate previous experience managing a project of

this size. Charlotte County Utilities is currently undertaking the El Jobean East Plumbing Contract which includes many of those same elements to replace an existing group of septic tanks with centralized sewer (although the project is much smaller). In order to establish the qualifications of potential bidders, the County's bidding documents (Bid No 2022000241) require the contractor to establish its capability by providing references. The specific requirement on page 21 in the Special Provisions is "SP-12 REFERENCES/BIDDERS STATEMENT OF EXPERIENCE: The Contractor shall submit a minimum of three (3) recent (within the past five (5) years) references of projects of similar size and scope on the attached Reference form. Each reference shall include a project description, project location, name and phone number of a contact person, total project amount, and completion date." It seems only reasonable to apply these same types of criteria to evaluate the experience of EU to both operate and install the proposed project. Contracting for and managing the construction of a project of this magnitude and complexity requires skills and experience that is not demonstrated by the information submitted.

We do not believe that the information submitted and included with the Docket demonstrates the experience and capability required to successfully complete the construction and subsequent operation of the proposed system.

4. **Reasonableness and affordability of proposed rates** –The rates being proposed in the application and subsequent adjustments are exorbitant and will cause hardship to many island residents.

The current rates for PSC regulated water/wastewater utilities are published by the PSC on the website at this url - [Q4 2021 W WW RATES AND BILLS .xlsx \(floridapsc.com\)](#). Reviewing these published rates reveals that there are only two wastewater rates in the state that exceed \$100/month with the highest being approximately \$117/month. Note that there are 93 other rates listed that are all less than \$100/month. The rates submitted in this case are approximately \$256/month based on usage of 4000 gallons. The proposed rates are more than twice that of the next highest regulated utility.

The County Sewer Master Plan (2017) addresses affordability of rates in Chapter 8. Financing and Funding Options. Section 8.1 addresses affordability. Based on County-wide statistics it establishes "affordable rates" to be at or below \$113/month for sewer or \$204/month for combined water and sewer. Using either criterion the proposed rates are well beyond affordable. Current estimated rate for wastewater services of the average customer provided in updated information is \$256/month (note tariff is based on average customer billing of 4000 gallons per month) – which is well over twice the rate considered by the County as affordable. Using the combined criteria and adding the average water rate (service provided by Little Gasparilla Water Utility owned by the same utility owners) of \$114/month (also based on 4000-gallon monthly usage) yields a combined rate of \$370/month. Again, this is nearly twice the affordable rate of \$204 per month cited by the County in the Sewer Master Plan.

In addition to the monthly rates, EU's proposal includes an initial connection fee of nearly \$12,000. The County Sewer Master Plan identifies that "recovery of sewer assessments" through the rate structure should also be considered for affordability evaluation. In Its Sewer Master Plan the County estimates the cost of amortizing its average connection fee of \$11,200 to be \$44/month based on normal financing criteria (30 year financing using current rates). This

amortization option is not being offered by EU, but if it were, it should be added to the monthly cost and would yield an “all in” cost of \$414/month for water and sewer. Again, this is over twice the “affordable rate” cited by the County in its Sewer Master Plan.

The rate/tariff schedule provided by Environmental Utilities proposes rates that are not only among the highest in the County, and indeed the State, but according to criteria identified by the County the proposed rates are not affordable. Imposition of these rates is not reasonable and will cause hardship on Island residents and is not justified. For this reason we request that the application be denied.

We believe that the application of Environmental Utilities for certification of a wastewater utility to serve Little Gasparilla Island should be denied on the basis of the points cited in this communication. The need to replace the current systems with centralized sewer has not been objectively established by the information submitted. The lack of demonstrated technical and financial capability will impose risk to the implementation and operation of the system. Those risks could be financial and impose additional economic burden at the least, or in the worst case could include potential environmental risk from improperly constructed or operated system. The rates proposed in this case appear to be the highest in the state for PSC regulated utilities and will cause unreasonable burden on the Island residents.

Thank you for your attention and we request that you deny this application.