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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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COMMISSION
CLERK

IN RE: Application of ISLAND)
ENVIRONMENTAL UTILITY, INC.,)
For original Water Certificate in)
Charlotte County, Florida by)
_____)

Docket No. 020745-SU

PRE-HEARING STATEMENT OF LINDA B. BAMFIELD

Intervenor, LINDA B. BAMFIELD, hereby submits its Pre-Hearing Statement
for Docket No. 020745-SU.

A. APPEARANCES

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B. WITNESSES

Linda B. Bamfield proposes to call the following witness to offer testimony on the
issues in this docket:

AUS _____
CAF _____
CMP _____
COM 5 _____
CTR _____
ECR _____
GCL _____
OPC _____
WMS _____
SEC 1 _____
OTH _____

Direct Witness
Linda B. Bamfield

Rebuttal Witness
Linda B. Bamfield

Issues
1, 2, 3, 4, 5, 6, 7, 8, 9, 10,
11, 12, 13, 14, 15
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1, 2, 3, 4, 5, 6, 7, 8, 9, 10,
11, 12, 13, 14, 15

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Linda B. Bamfield reserves the right to call additional witnesses to respond to Commission inquiries not addressed in direct or rebuttal testimony, and witnesses to address issues not presently designated that may be designated by the Pre-hearing Officer at the Pre-hearing Conference to be held on April 7th, 2004.

C. EXHIBITS

Linda B. Bamfield submits exhibits LBB-1 through LBB- 31 attached to Direct Testimony of Linda B. Bamfield submitted November 14th, 2003.

Linda B. Bamfield reserves the right to use demonstrative exhibits and to introduce exhibits for cross-examination, impeachment or any other purpose authorized by the applicable Florida Rules of Evidence and rules of this Commission.

D. STATEMENT OF BASIC POSITION

Linda B. Bamfield opposes the application submitted by Island Environmental Utilities, Inc. to provide wastewater service in the territory described in said application. There is no need for service in the proposed service area, and in fact, the introduction of central sewer may have a negative impact. It is not in the public interest for IEU, Inc. to provide wastewater service. The potential cost of their service vastly outweighs any possible benefit of the service provided. If there were a need for service in the proposed territory, it should be provided by a governmental unit. The applicants have not demonstrated financial or technical ability to provide service, as indicated by the large volume of deficiencies and discrepancies in the application for certification.

LINDA B. BAMFIELD'S POSITION ON THE ISSUES

Issue 1: Is there a need for service in Island's proposed service territory and, if so, when will service be required?

LBB: No, there is no need for service. The lack of central sewer has not been an impediment to existing development on the islands. In fact, the lack of central sewer has been pro-active in promoting the state and local policies of limited development on the bridgeless barrier islands. Less than 30% of the existing residential dwellings are occupied full-time, indicating the seasonal nature of the majority of homes in this area. Wastewater usage is presently less than half of actual capacity, and there are no indicators pointing to a future change. State and local governments act in the public interest, and the state presently permits and monitors individual on-site waste treatment units. Proposed new State regulations require inspections for septic systems, and the Charlotte County Health Department has established a program designed to monitor septic tanks, the "Onsite Treatment and Disposal Systems Management Project (OSTDS)." This program provides a solution, initiated and overseen by a governmental unit, to address any potential present or future environmental and health issues connected to the use of septic systems in the proposed area. Recent water testing within the proposed service territory indicates that there are no environmental and health issues that would dictate the necessity of central sewer.

Issue 2: Is IEU's application inconsistent with Charlotte County's comprehensive plans?

LBB: Yes. The application is inconsistent with the present language of the Comprehensive Plan. Policy 9.1.4 of the Infrastructure Element. The Charlotte

County Comprehensive Plan discourages development on the bridgeless barrier islands – for liability, safety and evacuation purposes – by directing urban services away from these areas.

Issue 3: Will the certification of IEU result in the creation of a utility which will be in competition with, or duplication of, any other system within geographical proximity to the proposed service area?

LBB: Yes. Charlotte County Utility, a wastewater utility within geographical proximity to the proposed service area, has expressed an interest in establishing future central sewer service to the proposed area. In fact, the wastewater connection proposed by IEU passes through an area within the service territory of CCU.

Issue 4: Can the public be adequately served by modifying or extending a current wastewater system?

LBB: Yes. CCU is currently in the process of upgrading and enlarging its Rotonda plant, which is the closest utility plant in proximity to the proposed service territory. This improvement would allow CCU to adequately serve the public.

Issue 5: Does IEU have the financial ability to serve the requested territory?

LBB: No. The application is deficient with respect to this issue. The applicant's claims of financial support do not protect the ratepayers. They must have demonstrable financing. IEU, Inc. has not produced evidence of its financial ability to serve the requested territory.

Issue 6: Does IEU have the technical ability to serve the requested territory?

LBB: No. The three principals of IEU, Inc. have a history of operational violations and deficiency reports and a criminal conviction specifically related to their independently-owned utilities. One of the shareholders has admittedly broken the law in an incident related to an interconnect with his water utility. In his rebuttal testimony, the shareholder states that “this is something I still feel very strongly about,” showing further poor judgment in an attempt to justify illegal behavior.

Issue 7: Has IEU contracted for sufficient wastewater plant capacity to serve the requested territory?

LBB: No. The application is deficient in that it contains no contract or formal agreement that indicates sufficient plant capacity to serve the proposed territory has been produced.

Issue 8: Is it in the public interest for IEU to be granted a wastewater certificate for the territory proposed in its application?

LBB: No. IEU’s application for wastewater certification is deficient on many levels. There is no demonstrable need for service in the proposed territory. The application is inconsistent with both local Charlotte County ordinances and the Charlotte County Comprehensive Plan. There is little support for central sewer service among the property owners in the proposed service territory. If the utility purchases capacity from Englewood Water District, the potential customers have no representation on the EWD Board of Directors. There is a governmental, not-for-

profit utility, Charlotte County Utilities, Inc. that could be requested to provide service for the proposed territory. Finally, the ultimate cost of providing sewer service to these islands will be exorbitant, and that is not in the public interest.

Issue 9: What is the appropriate return on equity for Island?

LBB: No position.

Issue 10: What are appropriate wastewater rates and charges for IEU?

LBB: No position.

Issue 11: What are the appropriate service availability charges for IEU?

LBB: The application is deficient in establishing a basis for the projected service availability charges. The projected cost of \$4,806.00 per connection may be vastly underestimated due to expenses and considerations which have not been incorporated into the projected hook-up fees. Some of these include permitting, approvals and easements, which have not been addressed.

Issue 12: What is the appropriate allowance for funds used during construction (AFUDC) rate for IEU?

LBB: No position.

Issue 13: Is it in the best interest for the potential customers of IEU for IEU to subcontract plant capacity from the Englewood Water District?

LBB: No. The proposed service area is not within the boundaries of the Englewood Water District, and the potential utility customers of IEU cannot vote for representation on the EWD Board of Directors. Neither does the Florida PSC have jurisdiction over Englewood Water District. If IEU contracts for capacity from EWD, the potential utility customers have no elected representation in EWD for

policy and budget matters. Payment for subcontracted services from Englewood Water District by customers outside of the district boundaries forces the ratepayers of IEU to accept the dictates of a utility over which they have no control, no influence and no significant input.

Issue 14: Is it in the interest of the potential ratepayers within the proposed service territory to be served by a private utility company?

LBB: No. Once IEU is certificated, their customers will pay for the company's recovery of costs through service connection fees. Charlotte County has a policy of acquiring private utilities. If, at some future date, IEU were acquired by CCU, these same ratepayers will be assessed by Charlotte County to pay for the purchase of the private utility. Therefore, the potential exists for IEU's prospective customers to pay twice for the same wastewater service.

Issue 15: What is the potential environmental impact of a hurricane on the lines and facilities of the wastewater system as proposed by IEU?

LBB: The Barrier Islands within the proposed service territories are lower in elevation than many of the surrounding areas. They are in the hurricane vulnerability zone, the windborne debris area and are prone to flooding and severe erosion. The main central sewer line crosses under the IntraCoastal Waterway, which is an aquatic preserve and environmentally sensitive. The potential impact of any damage to the central sewer line, or any part of the sewer system, is greater than that which would occur for individual on-site sewer systems.

CERTIFICATE OF SERVICE
DOCKET NO. 020745-SU

I HEREBY CERTIFY that a true and correct copy of the foregoing Prehearing Statement of Linda B. Bamfield has been furnished by U.S. Mail on the 12th of February, 2004 to:


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