

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2 APPLICATION FOR ORIGINAL CERTIFICATES
3 FOR PROPOSED WATER AND WASTEWATER SYSTEMS
4 IN INDIAN RIVER, OKEECHOBEE AND ST. LUCIE COUNTIES
5 AND REQUEST FOR INITIAL RATES AND CHARGES
6 BY GROVE LAND UTILITIES, LLC

7 DOCKET NO. 090445-WS

8 APPLICATION OF BLUEFIELD UTILITIES, LLC
9 TO OPERATE A WATER AND WASTEWATER UTILITY
10 IN MARTIN AND ST. LUCIE COUNTIES, FLORIDA

11 DOCKET NO. 090459-WS

12 PREFILED DIRECT TESTIMONY OF RONALD EDWARDS
13 ON BEHALF OF GROVE LAND UTILITIES, LLC
14 AND BLUEFIELD UTILITIES, LLC

15 Q. Please state your name and tell the Commission by whom
16 are you currently employed?

17 A. My name is Ronald Edwards. I am the manager of Bluefield
18 Utilities, LLC and Grove Land Utilities, LLC, the two
19 applicants in this consolidated case. Sometimes herein I will
20 just refer to the two utilities as Bluefield and Grove Land.

21 I also hold the position of President and Chief Executive
22 Officer of Evans Properties, Inc., the ultimate parent entity.

23 For the purposes of my testimony, I will sometimes refer to
24 Evans Properties, Inc. as the parent company of Bluefield and
25 Groveland.

RECEIVED-FPSC
10 AUG 30 PM 3:40
COMMISSION
CLERK

COM 6
APA
ECR
GCL
RAD
SSC
ADM
OPC
CLK G.R.R.

DOCUMENT NUMBER-DATE
07198 AUG 30 9
FPSC-COMMISSION CLERK

1 Q. **What are the duties and responsibilities of your**
2 **position?**

3 A. I am responsible for the day to day decisions, such as
4 they have been thus far, for the utilities. For the purposes
5 of this proceeding, I am representing Bluefield and Grove Land
6 and Evans Properties, Inc. My purpose in this proceeding is
7 to provide information about our intentions and to answer any
8 questions the Commissioners might have of me.

9 Q. **Are you familiar with the application of Grove Land and**
10 **Bluefield Utilities for an original certificate?**

11 A. I am. I have been continually involved in the decision
12 to move forward with this request for an original certificate
13 as well as the pending requests of Bluefield and Grove Land,
14 which I discuss in a little more depth later.

15 Q. **Will you describe the properties which the utilities seek**
16 **to certificate and a bit of their ownership history for the**
17 **Commission?**

18 A. As revealed by the maps and descriptions contained within
19 their respective applications, both Bluefield and Grove Land
20 seek to certificate lands which transverse county boundaries.
21 Those lands are comprised of several contiguous and
22 noncontiguous tracts. Evans Properties has owned most of this
23 land for over 50 years.

24 Q. **What has been the historical use of the property?**

25 A. These properties have traditionally been used for

1 agriculture purposes.

2 **Q. Did Evans Properties create any other limited liability**
3 **corporation which contemporaneously filed a request for an**
4 **original water and wastewater certificates with the**
5 **Commission?**

6 A. Yes, Evans Properties is also the ultimate parent of
7 Skyland Utilities, which proposes to provide water and
8 wastewater service in Hernando and Pasco Counties on lands
9 which are owned by Evans Properties. That application is also
10 pending before the Commission.

11 **Q. Does Evans Properties, by and through Bluefield and Grove**
12 **Land, propose to provide water and wastewater service to the**
13 **public for compensation?**

14 A. Yes. And we understand that in order to do that we need
15 to have a certificate from the Public Service Commission.
16 That's why we formed Bluefield and Grove Land Utilities and
17 why we filed these applications.

18 **Q. Talk a little bit about what is proposed.**

19 A. Mr. Hartman has addressed the issue of need in greater
20 detail in his testimony and the issue is also addressed at
21 some length in our applications, which he has sponsored. I
22 have reviewed our applications, and Mr. Hartman's direct
23 testimony, and I am in agreement with the representations
24 therein as to our intentions, the need for service, and our
25 ability to properly and competently carry out what we propose

1 to do. Mr. Hartman is part of a team that we assembled to
2 file these applications so that our operation of these
3 utilities could be properly certificated and regulated by the
4 Commission. Our entire team has worked closely together in
5 that endeavor. However, the applications were generally filed
6 for the purposes of ensuring that the current and future needs
7 for water and wastewater service within the properties owned
8 by Evans Properties will be met. We propose to operate and
9 certificate utilities to provide those services. In order to
10 do the long range planning necessary to ensure the effective,
11 efficient, and timely provision of needed services to all of
12 these properties, it is imperative that we begin the planning
13 process now. This includes certification of these utilities
14 to allow for that detailed and timely planning.

15 In addition to demands for service which are outlined in
16 our application, Evans Properties proposes to utilize these
17 utility services for a variety of ventures. Evans Properties,
18 and Bluefield and Grove Land, are open to meeting the
19 potential needs for these services in a way that could be
20 accomplished cooperatively with local government, adjacent
21 landowners, and the South Florida Water Management District in
22 a manner such that ultimately water resources would be
23 preserved, the environment would benefit, and the service
24 could be efficiently and effectively rendered. Evans
25 Properties (in addition to those services needed as indicated

1 in our application) has considered and will continue to
2 consider the provision of exempt and/or non-exempt bulk water;
3 the possibility of providing central water and wastewater
4 services to agricultural workers upon our property; the
5 availability of central/regional water to assist the SFWMD as
6 it engages in water supply planning efforts; and the
7 availability of central wastewater treatment as may be
8 required by recent changes in state and federal law. The
9 operation of Bluefield and Grove Land is an important part of
10 these ventures. All of this could potentially be accomplished
11 in the context of partnerships with other private enterprises
12 or public entities. For instance, the availability of central
13 water facilities in Bluefield and Grove Land could be utilized
14 to more effectively deliver water either upon the properties
15 that Bluefield and Grove Land seek to certificate or, in bulk,
16 to other water supply entities or users of bulk water. If we
17 wait until every potentiality actually presents itself before
18 we begin to certificate a water and wastewater service area
19 for our properties, we may be severely inhibited in our
20 ability to act and react on those various possibilities as
21 they materialize.

22 We have a present and real intention to provide water and
23 wastewater service to the public, as described in our
24 application and in my testimony and the testimony of Mr.
25 Hartman, as well as a present intention to meet additional

1 needs, with the provision of such water and wastewater
2 service, as they arise.

3 It is critical to Evans Properties, and it is one of the
4 reasons that we created Bluefield and Grove Land and are
5 seeking these certificates, that we be in the position to
6 adapt and evolve and meet the needs for the types of uses I
7 have described in our application, as well as those needs
8 which develop or present themselves to us later.

9 It is important for the Commission to understand the
10 larger context. Evans Properties, by the filing of these
11 applications, is in part addressing a corporate intention to
12 evolve as a land owner and prepare itself for the future in a
13 way that meets its own needs and is consistent with the public
14 interest. The citrus groves which are located upon many of
15 our properties have a disease that afflicts citrus throughout
16 the state. It is, to our current knowledge, incurable and
17 progressive. Suffice it to say that this is one of the
18 primary reasons motivating Evans Properties to position our
19 properties so that they can be utilized for varied purposes
20 into the future. Evans Properties is not a company that has
21 decided to segue from agricultural pursuits to sprawling
22 development as has happened in so many places in Florida. We
23 are actively pursuing and turning our attention and resources
24 to a variety of uses for our properties, including the growth
25 of cutting edge biofuels, and even algae which could be

1 processed on-site (in facilities which will have a demand for
2 water) to create bioenergy. We have engaged, and remain
3 willing to engage, with state and local government to discuss
4 and explore how water resources and wastewater treatment
5 capabilities might be shared and allocated in a way that
6 reduces water demand, water use, and undesirable discharges to
7 Florida water bodies. These are things which we, as a
8 corporate citizen and a large land owner, desire to be
9 positioned to address in a timely manner, rather than reacting
10 to a proposal after the fact. The opposition of certain local
11 governments in this particular case just goes to show how long
12 a process like this can take and how expensive it can be.

13 In the end, we believe that Bluefield and Grove Land,
14 through their relationship with Evans Properties, are in the
15 best position to provide central water and wastewater services
16 throughout these proposed certificated service territories in
17 the most efficient and effective manner, and that no other
18 entities can meet the needs for such services in these areas
19 given the economies of scale achieved by having each utility
20 serve their respective proposed properties, and the unique
21 ability of Bluefield and Grove Land to work with the landowner
22 to ensure that timely, as well as efficient and properly
23 located, facilities exist to meet the needs within those
24 proposed territories.

25 **Q. Will you discuss the willingness of Bluefield and Grove**

1 Land to work cooperatively with state and local government on
2 a going forward basis?

3 A. Yes. Bluefield and Grove Land certainly would have that
4 willingness, just as Evans Properties has that willingness
5 now. Bluefield and Grove Land would be ready, willing, and
6 able to discuss comprehensive solutions to local problems and
7 concerns as they arose with local government, whether such
8 solutions might involve facilities or service within the areas
9 we seek to certificate or whether they might involve
10 activities outside of the requested service area in a way that
11 could be done in harmony with our jurisdictional
12 responsibilities.

13 Q. What are the intentions of Evans Properties with regard
14 to the possible development or utilization of these lands in
15 the future?

16 A. The properties that Bluefield and Grove Land seek to
17 certificate have been owned by Evans Properties for decades.
18 Evans Properties has every incentive to see that growth upon
19 its properties occurs in an orderly manner which will enhance
20 the quality of life of the persons who live upon the property
21 and in the surrounding areas. It is Evans Properties'
22 continuing intention that the use of the resources of its
23 properties occurs in a way that is sound, efficient, and
24 environmentally acceptable. Evans Properties, and Bluefield
25 and Grove Land, intend to work closely with state and local

1 government in going forward with their proposals, as well as
2 in the implementation of any other options or plans which
3 either may present themselves in the future or which other
4 private entities, or state or local government, may present to
5 the property owner. Evans Properties and Bluefield and Grove
6 Land are committed to the continued stewardship of the land
7 and the operation of the utility in a way that can meet the
8 challenges and demands of both the present and future. Our
9 continued commitment in the face of publically funded
10 opposition, such as we see in this case, is evidence of that
11 commitment.

12 **Q. How will Bluefield and Grove Land insure that they have**
13 **the technical and operational ability to manage and operate**
14 **the utilities they propose to construct?**

15 A. We fully understand that Bluefield and Grove Land will
16 need to retain the very best people to design the facilities;
17 to work with state and local government in the permitting and
18 construction of the facilities; and to operate the facilities
19 thereafter. Bluefield and Grove Land sought the advice of
20 entities and individuals experienced in the design, operation,
21 and management of water and wastewater systems from the
22 inception of this proposal, and will continue to seek that
23 advice and to retain those individuals necessary to operate
24 the utility in the most efficient manner possible. As a former
25 executive Vice President and Chief Operating Officer for

1 Tropicana, I am well familiar with the demands and
2 requirements of operating industrial and commercial processes
3 that need to be run efficiently, cost effectively, and
4 consistent with local, state, and federal regulations, as well
5 as the engineers, operators, and construction experts which
6 need to be retained in order to design, put into place, and
7 operate such facilities.

8 **Q. Are the principals of the utility financially committed**
9 **to the sound and efficient construction and operation of the**
10 **utility on a going forward basis?**

11 A. Yes, as described in our application, Evans Properties
12 and Bluefield and Grove Land appreciate and understand the
13 financial commitment required to implement utility service as
14 and when needed, and the financial commitment necessary to
15 expand that service as the demand for the same presents
16 itself. We understand what it means to obtain a PSC
17 certificate and the responsibilities of the same. Again, our
18 participation in this proceeding, against publically funded
19 opposition, is evidence in and of itself of our financial
20 commitment to our proposal to provide water and wastewater
21 service to the public for compensation. This is the very
22 reason we created Bluefield and Grove Land and the very reason
23 for which we have requested a certificate from the Public
24 Service Commission.

25 **Q. Does Bluefield and Groveland and their parent company,**

1 **Evan Properties, have the financial ability to fund the**
2 **capital and operational needs for the utility as outlined in**
3 **your application?**

4 A. Yes. The resources that are available to Bluefield and
5 Grove Land and its parent, Evans Properties, are as described
6 in the application and in the financial information submitted
7 to the Public Service Commission. Evans Properties is fully
8 committed to provide capital, and/or to utilize its ability to
9 raise capital, on behalf of these utilities. We understand
10 this is a substantial financial undertaking. Evans Properties
11 owns and controls approximately 43,000 acres of real property,
12 free and clear of debt, in Florida on which it conducts
13 substantial commercial activities. Evans Properties has the
14 ability to attract the capital and to fund these utilities as
15 necessary, such that their design, construction, and operation
16 can proceed and be performed as proposed in our applications.
17 Each utility, through funding from its parent company, has
18 ample access to capital through infusion of debt or equity to
19 fund any of the capital needs projected for the utility. I
20 have attached as Exhibit RE-1 a letter from our banker wherein
21 he concurs. I have attached as Exhibit RE-2 a current
22 financial statement further demonstrating the financial
23 wherewithal and ability to effectuate our proposals. This
24 document was filed on November 19, 2009 and confidential
25 treatment was requested. These financial statements are being

1 treated in a confidential manner so the copies attached are
2 redacted. However, all parties and the Commissioners have
3 access to the complete documents.

4 Q. With regard to the Funding Agreement found in Appendix
5 VII to these applications, does Evans Properties continue to
6 have the assets and financial ability to fulfill its
7 commitments therein?

8 A. Yes.

9 Q. Does Evans Properties continue to stand by its
10 commitments therein?

11 A. Yes.

12 Q. Will Bluefield and Grove Land have continued use of the
13 land upon which their respective treatment facilities will be
14 located?

15 A. Yes, Evans Properties commits to provide both Bluefield
16 and Grove Land with such land as is necessary for the location
17 of utility treatment facilities, and the representations in
18 the respective applications are consistent in that regard with
19 our continuing commitment.

20 Q. In addition to the services proposed in the application
21 and in the direct testimonies of Bluefield and Grove Land,
22 will Evans Properties continue to consider the types of
23 services to be provided and the types of demands and needs to
24 be met by each utility on a going forward basis?

25 A. Absolutely. In fact, some of our ideas will continue to

1 develop in all likelihood in between the filing of this
2 testimony and the hearing on this matter, which is currently
3 set for February, 2011. In addition to what we set forth in
4 our application and in our direct testimonies, we continue to
5 hold meetings with the South Florida Water Management District
6 and to consider creative and innovative ways to develop and
7 utilize our properties in the future, some of which may
8 involve our proposed water and wastewater utility operations
9 which fall within the jurisdiction of the PSC. These
10 applications are not merely filed to allow us to meet a demand
11 for utility services that we believe exists and will continue
12 to increase. They are also filed as part of a comprehensive
13 strategy by Evans Properties to evolve, rather than react, as
14 opportunities and needs present themselves on our properties
15 that involve the procedures of PSC jurisdictional utility
16 services, and even in adjacent properties and communities, in
17 the near and distant future.

18 **Q. Do you believe the certification of Bluefield and Grove**
19 **Land would be in the public interest?**

20 **A.** Yes, for all the reasons that I have testified. We
21 believe that the need for these utilities exists now and that
22 need will only grow. We propose to provide services that fall
23 within the Commission's jurisdiction. In addition to that, we
24 believe it is in the public interest for these utilities to be
25 certificated so that their on-going operations, and the

1 expertise that we have and will continue to develop in their
2 operation, will be available so that the utilities can be
3 responsive to the changing demands and needs inside and
4 outside of their respective service territories. It is
5 possible that the utilities will provide some services which
6 might not fall within the jurisdiction of the Commission, but
7 which would not be otherwise available without the existence
8 and on-going operations of the jurisdictional utility. In
9 that regard, certification of the utilities is in the public
10 interest even to the extent that part of the future and
11 developing public interest they may serve could include non-
12 jurisdictional services. Our present intention to provide
13 water and wastewater service to the public for compensation is
14 the foundation upon which we file these applications.

15 However, I can't emphasize enough that we, given our unique
16 situation as a long-term large landowner in these areas,
17 intend to be adaptive, responsive, and cooperative with regard
18 to the needs and demands that relate to the provision of water
19 and wastewater service in the area in which we own these
20 properties and for which we seek certification. We believe
21 demands for water and for wastewater treatment, in various
22 ways and from various persons or entities, will continue to
23 increase and we intend to be positioned to meet those demands.

24 **Q. Does that conclude your testimony?**

25 **A. Yes.**

David D. Forrester
First Vice President
Florida Agrifoods Division

SunTrust Bank
102 East Central Avenue
Lake Wales, FL 33853
Tel 863-679-1407
Fax 863-679-1361
david.forrester@suntrust.com



June 7, 2010

Mr. Ronald Edwards
President and CEO
Evans Properties, Inc.
660 Beachland Boulevard
Suite 301
Vero Beach, Florida 32963-1708

Re: Capitalization of Skyland Utilities, LLC


Dear Mr. Edwards:

At your request I am writing this letter in order to outline my beliefs concerning the capital needs and the ability of Evans Properties, Inc. ("Evans") and its affiliate, Skyland Utilities, LLC (the "Utility" or "Skyland"), the obligations of which Evans has agreed to fund, (i) to obtain needed funding for the water and wastewater facilities that the Utility proposes to construct and install, and (ii) its ability to fund both those capital needs and its operations.

Based upon my knowledge of the capital needs of the Utility and the other utilities that Evans proposes to develop, including but not limited to: the Skyland Phase I water facilities estimated to cost approximately \$1.2 million; the Skyland Phase I wastewater facilities estimated to cost approximately \$857,000; the Groveland Phase I water facilities estimated to cost approximately \$1.2 million; the Groveland Phase I wastewater facilities estimated to cost approximately \$1.1 million; the Bluefield Phase I water facilities estimated to cost approximately \$1.4 million; and the Bluefield Phase I wastewater facilities estimated to cost approximately \$1.8 million, I believe that Evans and the Utility have more than adequate capital available that they can invest to meet these needs through infusion of equity or through debt financing which in my opinion those entities can easily obtain.

If you have any further questions in this regard, please let me know.

Sincerely,
SunTrust Bank



David D. Forrester
First Vice President

DDF:--

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
APPLICATION FOR ORIGINAL CERTIFICATES
FOR PROPOSED WATER AND WASTEWATER SYSTEMS
IN INDIAN RIVER, OKEECHOBEE AND ST. LUCIE COUNTIES
AND REQUEST FOR INITIAL RATES AND CHARGES
BY GROVE LAND UTILITIES, LLC
DOCKET NO. 090445-WS
APPLICATION OF BLUEFIELD UTILITIES, LLC
TO OPERATE A WATER AND WASTEWATER UTILITY
IN MARTIN AND ST. LUCIE COUNTIES, FLORIDA
DOCKET NO. 090459-WS

FINANCIAL STATEMENTS OF EVANS PROPERTIES, INC.

Filed as Document No. 11479-09, with the redacted version as Document No. 11480-09
on November 19, 2009 in Docket No. 090445-WS
and as Document No. 11476-09 with the redacted version as Document No. 11477-09 in
Docket No. 090459-WS
No Final Order granting confidential issue as of August 30, 2010.

EXHIBIT RE-2

McGladrey & Pullen
Certified Public Accountants

REDACTED

Evans Properties, Inc. and Subsidiaries

Consolidated Financial Report
12.31.2008

COM	___
APA	___
ECR	___
GCL	___
RAD	___
SSC	___
ADM	___
OPC	___
CLK	___

DOCUMENT NUMBER-DATE
11480 NOV 19 8
FPSC-COMMISSION CLERK

DOCUMENT NUMBER-DATE
11480 NOV 19 8
FPSC-COMMISSION CLERK

Contents

Independent Auditor's Report	1
Financial Statements	
Consolidated balance sheets	2 - 3
Consolidated statements of operations	4
Consolidated statements of stockholders' equity	5
Consolidated statements of cash flows	6 - 7
Notes to consolidated financial statements	8 - 20

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Evans Properties, Inc. and Subsidiaries
Vero Beach, Florida

We have audited the accompanying consolidated balance sheets of Evans Properties, Inc. and Subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Evans Properties, Inc. and Subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Orlando, Florida
March 4, 2009

**PAGES 2 - 20
REDACTED**
