

ORIGINAL

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November 13, 2003

REPLY TO: North Port

Ms. Blanca Bayo  
Commission Clerk and Administrative Services Director  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

RECEIVED - FPSC  
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COMMISSION  
CLERK

Re: Docket No. 020745-SU; Application of Island Environmental  
Utility, Inc.

Dear Ms. Bayo:

Enclosed please find for filing in the above-referenced docket the original  
and fifteen (15) copies of the Direct Testimony of Craig Reitz, along with a Notice of  
Filing same.

Very truly yours,

WILKINS, FROHLICH, JONES, HEVIA,  
RUSSELL, HANAOKA & MIZELL, P.A.

W. Kevin Russell

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Enclosures  
cc. Rosanne Gervasi, Esq.  
Mr. Daniel Nolan  
Mrs. Linda Bamfield  
Mr. Ronald Koenig  
Mr. John R. Boyer  
Janette Knowlton, Esq.

DOCUMENT NUMBER - DATE  
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FPSC-COMMISSION CLERK

DIRECT TESTIMONY OF LITTLE GASPARILLA PROPERTY OWNERS ASSOCIATION BEFORE  
THE PUBLIC SERVICE COMMISSION  
REGARDING THE APPLICATION FOR CERTIFICATION  
TO PROVIDE WASTEWATER SERVICE IN  
CHARLOTTE COUNTY , FLORIDA  
BY ISLAND ENVIRONMENTAL UTILITY, INC.  
DOCKET #020745

Q: What is the Little Gasparilla Property Owners Association, Inc.

A: The Little Gasparilla Property Owners Association , Inc. (LGPOA ) is a voluntary association of property owners on Little Gasparilla Island, Charlotte County, Florida. The LGPOA represents approximately 700 properties owned by 566 different property owners on the island. The LGPOA mission is to voice the views of the island with County, State and Federal governments and agencies that have an impact on the island. The LGPOA is activity working on a development plan to present to the County Commissioners to guide the development and growth of Little Gasparilla Island.

Q: Is there a need for waste water service on Little Gasparilla Island (LGI) .

A: No. The LGPOA is not aware of any reason for the construction of a waste water system on LGI. To our knowledge no studies, reports or samples indicate that the Gulf of Mexico or Lemon Bay that are adjacent to LGI have any significant amounts of bacteria or nutrients. The theory that septic systems create additional contaminants has long standing but, no studies show that these contaminants have come from LGI. If increased bacteria and nutrients are found in Lemon Bay or the Gulf of Mexico it would appear that the source of these are from the run off from the mainland and not LGI.

There appears to be very little support or requests from LGI property owners for a wastewater sewer system on the LGI.

Q: When would service be required?

A: There is no current need for service now. The development of LGI is a function of construction. Unlike the two island to the north of LGI, we do not have the ability to provide common carrier truck ferry service to LGI. Our road system will not permit the use of normal delivery trucks for materials and no regular scheduled ferry service exists to LGI. The typical construction time for a 900 sq. Ft home on LGI is about 2 1/2 to 3 years.

The only current experience with the applicant for IEU is with his Little Gasparilla Water Utility (LGWU). In 2000, LGWU, sent letters to property owners on LGI informing of them of his intention of extending his water service and requesting \$500 deposits for future water service with a stated completion date of June 30, 2001. If this completion date is not meet then all deposits would be refunded with 5% interest. As of November 2003, over two years after the stated completion date, no water service has been provided to those property owners who forwarded deposits. In addition, despite requests for refunds of deposits, by residents, from LGWU, no refunds have been given by LGWU.

Q: Should Little Gasparilla Island be included in the Proposed Area of service?

A: NO Little Gasparilla Island is a true primitive barrier island. If

was the only inhabited barrier island in Charlotte until the dredging of the Inter coastal Waterway on the west side of Florida. The other two islands included in the Proposed Area are Knight Island and Don Pedro Island. Until the dredging of the Inter coastal Waterway these island were served by a bridge which was removed with the Inter coastal construction. Asphalt and shell roads exist on both of these island and they still receive car and commercial truck traffic. They are served by a regularly running car and truck ferry that only transverses approximately 400 yards. LGI has no roads, only sand paths that are unsuitable normal vehicles except for specially outfitted golf carts.

LGI is also separated from the other islands inhabited areas by 1.5 miles of State Park. This park is a barrier island nature preserve within the County. This 1.5 mile expanse of undisturbed beach is a nesting area for logger head and green turtles. The construction of a wastewater line would probably have to come within 35 yards or 105 feet of the Gulf and the beach area.

Our remoteness to the other designated service areas, lack of development, and costs and difficulty of construction should indicate that LGI should not be included in the Proposed Service area.

Q: Is the IEU application consistent with the current Charlotte County Comprehensive Plan (CP)?

A: NO. The current Comprehensive Plan does not promote additional development on LGI as a bridgeless barrier island. Any change in the CP would have an adverse effect on LGI. A change in the CP would allow for higher density of population and development. Any increase in development should first be addressed as a matter of accessibility, portage to and from the island, increased fire & EMS safety needs and population density. If certification is granted to IEU with the power of [right-of-way or easement] it will adversely effect the property rights of approximately 75 property owner because LGI was platted without utility easement or County roadways and this construction would have to come directly through people's property.

There is the additional concern that the addition of a wastewater system will promote substantial condominiums development on the island. While current zoning and use requirements would discourage this, it is also important to point out that these requirement are always subject to change by the will of the County and which is often related to development pressures as seen on Manasota Key in Sarasota County.

Q: Will Certification of IEU result in the creation of a duplication of wastewater services in the proposed service area?

A: YES. Knight island has an existing batch wastewater plant that services the residents of Knight island. The Hideaways Beach development on LGI has a batch plant the servers it's 104 units. These units would not be required to connect to the new wastewater system. The County has mandated new and update septic systems, at considerable cost, to process residents individual wastewater. The addition of a wastewater line on LGI would only service approximately 250 residents on LGI and these property owners are not frequent residents on the island. There are only approximately 49 full time residents on LGI. The creation of a privately owned wastewater system on LGI would be excessively expensive to the property owners and under utilized on Little Gasparilla.

Q: Does IEU have the technical ability to server the requested territory?

A: NO. Currently the only experience the IEU can exhibit is that of the Little Gasparilla Water Utility (LGWU). This utility has been repeatedly cited virtually every quarter since 1997 for violations by the DEP for cleanliness, back up service and lack of properly certified operating staff. Each DEP report indicates the LGWU has not made attempts to correct these violations. There is no reason to believe that the creation of an additional utility under the same management will provide any better technical ability to operate a dependable wastewater system in the Service Area and it may actually create a greater danger to the

Gulf of Mexico and Lemon Bay than exists today.

The LGWU has repeatedly failed to provide service to its customers and has numerous and continuous complaints from existing customers. Several LGI residents have complained that LGWU has, without permission, run its water lines through private property. LGWU's contractor have damaged both phone, electrical and existing water lines leaving island residents without phone, power or water service.

The owner of LGWU and now President of the IEU was arrested on 4/29/96 for illegally & secretly tapping into the water system that supplies the State Park on Don Pedro island in an attempt to gain adequate water for LGWU. This case was cited as a Criminal Mischief - Felony and Trespass/Larceny, 1st Degree Misdemeanor and assigned Charlotte County case #96 3B 5154 093096

Q: Has IEU contracted for a mainland wastewater processing service and have various state and county permits been issued for the construction of the wastewater system?

A: NO IEU has suggested that it intends to use Englewood Water District to process the wastewater but, to date no contract has been enacted. The only evidence that an attempt has been made to secure this service is over a year old. It is the confirmed discussion between Mr. Boyer and Mr. Linden of Englewood Water on September 12, 2002, outlining a proposed method and costs of providing IEU with wastewater processing.

Q: Does IEU have the financial ability to construct and provide for wastewater service in the Proposed Service Area?

A: There is no indication that IEU has the financial ability to provide the proposed wastewater system. IEU has yet to file any financial documents or plans for the financing of the wastewater system. The president of IEU is also the owner of Little Gasparilla Water Utility, Inc (LGWU). In letters sighting deficiencies in LGWU water plant from the DEP the operator has complained about the expense of correcting the problems and has asked for special privileges in order to reduce his costs. It would appear that if the applicant for wastewater can not properly operate his existing water utility for economic reasons it seems logical that he does not have the financial capacity to provide the wastewater system that is being requested.

Q: Has IEU provided the Proposed Service Area with an cost estimate of service?

A: NO To date no document has been presented to the property owners within the service area of the proposed costs for hook up and monthly service fee. It is a primary concern of all property owners that the creation of this wastewater system will be far to expensive to be acceptable to the property owners. The costs of easement, permitting through the State Park, underwater easements, permits to construct inside the Coastal Boundary Line, Lift Station, the 1.5 mile wastewater line through the State Park, and the requirements of Englewood Water District will make this system one of the most costly systems per household ever built in the area and have very few service connections. It is LGI's feeling the cost to benefit ratio does not justify this wastewater system.

Q: Will existing septic tank residents be required to hook up to the system.

A: It is our understanding that if the Certification is granted that IEU, the County requires mandatory hook up for this system. One main concern is whether the issuance of this Certification will mean that LGI residents will also be required to hook up the LGWU. A undependable water source with an expensive hook up charge and monthly service fee.

Q: Is it in the public interest for the IEU to be granted a wastewater certificate in the Proposed Service Area?

A: NO. There is no proven imitate health danger from the existing wastewater systems used in the Proposed Service Area. The granting of this system will cause economic hardship on the majority of the property

owners on these islands. The granting of this certificate will only increase the size and density of construction on the bridgeless barrier islands. This increase in both size and density of construction will only benefit the developers and not the residents of the islands. This certification process should not be undertaken until all the costs are accurately reported for the required Berms, contracts, processing charges and construction. If the costs to property owners are higher than the cost of the Charlotte County Utility services within the county then this application for certification should be denied on a cost to benefit ratio. The property owners should not be required to fund an excessively high costing wastewater system that serves only a small number of properties that have no proven need for this system. When it is determined that the bridgeless barrier islands in Charlotte County need a wastewater system it should be constructed and operated by Charlotte County.

Q: Does that conclude your testimony in this docket?

A: Yes, it does