

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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COMMISSION  
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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

Ronald A. Koenig

Intervener Ronald A. Koenig hereby submits his Pre-Hearing Statement for

Docket No. 020745-SU.

**A. APPEARANCES**

Residence  
Ronald A. Koenig  
270 Gulf Boulevard  
Knight Island, FL

Mailing Address:  
Ronald A. Koenig  
8006 Lago Vista Drive  
Tampa, FL 33614

**B. WITNESSES**

Ronald A. Koenig proposes to call the following witness to offer testimony on

the issues in this docket:

Direct Witness  
Ronald A. Koenig

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

DOCUMENT NUMBER-DATE

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Rebuttal Witness  
Ronald A. Koenig

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

Ronald A. Koenig 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 7<sup>th</sup>, 2004

### **C. EXHIBITS**

Ronald A. Koenig submits the following exhibits:

<u>Number</u>	<u>Description</u>
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<u>None</u>	<u>None</u>
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Ronald A. Koenig 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**

Ronald A. Koenig, a resident of Knight Island and a potential customer of Island Environmental Utility, Inc. opposes the application submitted by IEU to provide wastewater service in the proposed service territory. The applicants have not demonstrated a clear need for central sewer service. Even if the need for central wastewater service were to exist, the applicants are not equipped with the ability to undertake a project of that nature. Ronald A. Koenig does not want central sewer, and believe that the costs associated with IEU's wastewater service will be exorbitant. Anticipated initial costs and ongoing costs are an unnecessary burden on Ronald A.

Koenig. The applicant's assumed position that waste treatment service in this territory would provide infrastructure for high density development which is counter to the best interest of this highly sensitive environmental area. It is my position that higher density development of a bridgeless barrier island should be discouraged.

**RONALD A. KOENIG'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?

**RAK:** No. The applicants have not demonstrated need for service in this area. The environmental studies used to support the applicant's arguments are inconclusive, out-of-date and not specific to our waters. In the absence of more timely and specific data, the Palm Island Estates Association, Inc. tested our canal waters and engaged Sanders Laboratories to provide results. These test results clearly show the canal waters are safe for bathing. The Charlotte County Health Department has established a program designed to monitor septic tanks. This program provides a solution to environmental or health issues involving old or faulty septic systems. Mr. Boyer says that setback issues are resolved by the installation of a waste water treatment service, indicating need for service. All new construction on Knight/Don Pedro Island has mandatory hook-up to the central water utility. Mr. Boyer himself says that 95% of the properties have central water available to them, eliminating any potable well setbacks. The only setback issue without central sewer is the size limit of

buildable living area based on the size of the drainfield. In a high hazard zone, this is not necessarily a negative.

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

**RAK:** Yes. The Charlotte County Commission has not yet made any amendments to the County's Comprehensive Plan that would allow wastewater service on Knight and Don Pedro Islands. And the community was in an uproar over the prospects of a sewer plant located on the island. Hence the proposed policy 9.1.9, which prohibits a sewer plant to be located here. This policy has not yet been cleared with the Department of Community Affairs.

**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?

**RAK:** Yes. Charlotte County Utility is the closest utility in proximity to Knight and Don Pedro Islands. IEU would be offering wastewater service which could be provided by CCU.

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

**RAK:** Yes. In the event of future need, Charlotte County Utility has the ability to extend their wastewater system to these Islands.

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

**RAK:** No. The application and financial statements contain nothing that supports the financial ability of the IEU to serve the proposed territory.

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

**RAK:** No. The applicants have not demonstrated the technical ability to serve the requested territory. The customers of Little Gasparilla Island Water indicate problems with the principal, John R. Boyer.

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

**RAK:** No position.

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

**RAK:** No. Despite state statutes and local policies designed to protect and preserve the bridgeless barrier islands, our islands are particularly vulnerable to high-density development. Our actual zoning on Knight and Don Pedro Islands is in conflict with the Barrier Overlay regulation, as well as the Future Land Use Map, leaving a legal loophole that a developer's attorney could easily exploit. This loophole has only recently been brought to the attention of the County Commission, who are looking for a solution. Central sewer service is desirable in urban areas. But the bridgeless barrier islands are the quite opposite, areas that are not intended for development at all. The Englewood Water District recently voted against extending central sewer to Manasota Key, saying that sewer would promote development there, having a negative impact by increasing density. The same is true for our Islands.

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

**RAK:** No position.

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

**RAK:** IEU, Inc. has opted for a higher monthly rate of \$45.00 per month, with a lower over-gallon rate of \$2.80, stating that this is due to the seasonal nature of our occupancy. Favoring higher monthly basic rates (as opposed to higher actual usage fees) underscores the fact that wastewater usage here is much less than actual capacity. This is another reason why there is no need for service.

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

**RAK:** Since IEU cannot state with certainty the actual hook-up cost, they cannot compare the cost of installing sewer to the cost of septic tank repair/replacement. Of the approximately 300 developed properties, many were built before water was available and still have potable well and septic. COST of hooking up to both at once is prohibitive

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

**RAK:** No position.

Respectfully submitted,

Ronald A. Koenig

**CERTIFICATE OF SERVICE**

I HEREBY certify that a copy of the foregoing was furnished by U.S. Mail to the following this 16<sup>th</sup> day of February, 2004:

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Cape Haze, FL 33946

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