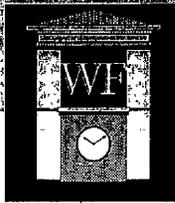


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February 26, 2004

REPLY TO: North Port

VIA FEDERAL EXPRESS

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

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04 FEB 27 AM 11:37
COMMISSION
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Re: Docket No. 020745-SU
Application of Island Environmental Utility, Inc.

Dear Ms. Bayo:

Pursuant to the Commission's Order issued February 6, 2004, enclosed please find an original plus fifteen (15) copies of direct testimony of Craig Reitz of Little Gasparilla Island Property Owners Association, Inc. Thank you for your assistance with this filing.

Very truly yours,

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

W. Kevin Russell

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Enclosures
cc. Linda Bamfield
Ronald Koenig
Janette Knowlton, Esq.
Rosanne Gervasi, Esq.
Martin Friedman, Esq.
D. Bruce May, Jr., Esq.
Gary L. Wilkins, Esq.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Application for Docket No.: 020745-SU
certificate to provide wastewater
service in Charlotte County, Florida
by ISLAND ENVIRONMENTAL UTILITY, INC.,

DIRECT TESTIMONY OF

CRAIG REITZ,

LITTLE GASPARILLA PROPERTY OWNERS ASSOCIATION

BEFORE

THE PUBLIC SERVICE COMMISSION

COPY

DOCUMENT NUMBER - DATE

02905 FEB 27 8

FPSC-COMMISSION CLERK

DIRECT TESTIMONY

OF

CRAIG REITZ,
LITTLE GASPARILLA PROPERTY OWNERS ASSOCIATION

BEFORE THE PUBLIC SERVICE COMMISSION

REGARDING THE APPLICATION FOR CERTIFICATE TO PROVIDE
WASTEWATER SERVICE IN CHARLOTTE, COUNTY, FLORIDA

BY ISLAND ENVIRONMENTAL UTILITY, INC.

DOCKET NO.: 02075-SU

DIRECT EXAMINATION

BY MR. RUSSELL:

Q. What is your name and business address?

A. Craig Reitz. My business address is 3494
Pennyroyal Road, Port Charlotte, Florida, 33953.

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 actively working on a development plan to present to

1 the County Commissioners to guide the development and
2 growth of Little Gasparilla Island.

3 Q. Is there a need for wastewater service on
4 Little Gasparilla Island, LGI?

5 A. No, the LGPOA is not aware of any reason for
6 the construction of a wastewater system on LGI. To our
7 knowledge, no studies, reports or samples indicate that
8 the Gulf of Mexico or Lemon Bay that are adjacent to LGI
9 have any significant amounts of bacteria or nutrients.
10 The theory that septic systems create additional
11 contaminants has long standing, but no studies show that
12 these contaminants have come from LGI. If increased
13 bacteria and nutrients are found in Lemon Bay or the
14 Gulf of Mexico, it would appear that the source of these
15 are from the runoff from the mainland and not LGI.

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

19 Q. When would service be required?

20 A. There is no current need for service now.
21 The development of LGI is a function of construction.
22 Unlike the two islands to the north of LGI, we do not
23 have the ability to provide common carrier truck ferry
24 service to LGI. Our road system will not permit the use
25 of normal delivery trucks for materials, and no regular

1 scheduled ferry service exists to LGI. The typical
2 construction time for a 900 square foot home on LGI is
3 about two and a half to three years.

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

18 Q. Should Little Gasparilla Island be included
19 in the Proposed Area of service?

20 A. No. Little Gasparilla Island is a true
21 primitive barrier island. It was the only inhabited
22 barrier island in Charlotte until the dredging of the
23 Intracoastal Waterway on the west side of Florida. The
24 other two islands included in the Proposed Area are
25 Knight Island and Don Pedro Island. Until the dredging

1 of the Intracoastal Waterway, these islands were served
2 by a bridge which was removed with the Intracoastal
3 construction. Asphalt and shell roads exist on both of
4 these islands, and they still receive car and commercial
5 truck traffic. They are served by a regularly running
6 car and truck ferry that only transverses approximately
7 400 yards. LGI has no roads, only sand paths that are
8 unsuitable for normal vehicles, except for specially
9 outfitted golf carts.

10 LGI is also separated from the other islands
11 inhabited areas by 1.5 miles of state park. This park
12 is a barrier island nature preserve within the county.
13 This 1.5-mile expanse of undisturbed beach is a nesting
14 area for Loggerhead and Green Turtles. The construction
15 of a wastewater line would probably have to come within
16 35 yards or 105 feet of the Gulf and the beach area.

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

21 Q. Is the IEU application consistent with the
22 current Charlotte County Comprehensive Plan, CP?

23 A. No, the current comprehensive plan does not
24 promote additional development on LGI as a bridgeless
25 barrier island. Any change in the CP would have an

1 adverse effect on LGI. A change in the CP would allow
2 for higher density of population and development. Any
3 increase in development should first be addressed as a
4 matter of accessibility, portage to and from the island,
5 increased fire and EMS safety needs and population
6 density. If certification is granted to IEU with the
7 power of right-of-way or easement, it will adversely
8 effect the property rights of approximately 75 property
9 owners because LGI was platted without utility easement
10 or County roadways, and this construction would have to
11 come directly through people's property.

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

20 Q. Will certification of IEU result in the
21 creation of a duplication of wastewater services in the
22 Proposed Service Area?

23 A. Yes. Knight Island has an existing batch
24 wastewater plant that services the residents of Knight
25 Island. The Hideaways Beach development on LGI has a

1 batch plant that services its 104 units. These units
2 would not be required to connect to the new wastewater
3 system. The County has mandated new and updated septic
4 systems, at considerable cost, to process residents'
5 individual wastewater. The addition of a wastewater
6 line on LGI would only service approximately 250
7 residents on LGI, and these property owners are not
8 frequent residents on the island. There are only
9 approximately 49 full-time residents on LGI. The
10 creation of a privately-owned wastewater system on LGI
11 would be excessively expensive to the property owners
12 and underutilized on Little Gasparilla.

13 Q. Does IEU have the technical ability to serve
14 the requested territory?

15 A. No. Currently the only experience the IEU
16 can exhibit is that of the Little Gasparilla Water
17 Utility, LGWU. This utility has been repeatedly cited
18 virtually every quarter since 1997 for violations by the
19 DEP for cleanliness, back-up service, and lack of
20 properly certified operating staff. Each DEP report
21 indicates the LGWU has not made attempts to correct these
22 violations. There is no reason to believe that the
23 creation of an additional utility under the same
24 management will provide any better technical ability to
25 operate a dependable wastewater system in the Service

1 Area, and it may actually create a greater danger to the
2 Gulf of Mexico and Lemon Bay than exists today.

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

11 The owner of LGWU, and now president of the
12 IEU, was arrested on 4/29/96 for illegally and secretly
13 tapping into the water system that supplies the State
14 Park on Don Pedro Island in an attempt to gain adequate
15 water for LGWU. This case was cited as a Criminal
16 Mischief-Felony and Trespass/Larceny, First Degree
17 Misdemeanor, and assigned Charlotte County Case No.:
18 96-3B-5154-093096.

19 Q. Has IEU contracted for a mainland wastewater
20 processing service and have various State and County
21 permits been issued for the construction of the
22 wastewater system?

23 A. No. IEU has suggested that it intends to use
24 Englewood Water District to process the wastewater, but
25 to date, no contract has been enacted. The only

1 evidence that an attempt has been made to secure this
2 service is over a year old. It is the confirmed
3 discussion between Mr. Boyer and Mr. Linden of Englewood
4 Water on September 12, 2002, outlining a proposed method
5 and costs of providing IEU with wastewater processing.

6 Q. Does IEU have the financial ability to
7 construct and provide for wastewater service in the
8 Proposed Service Area?

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

23 Q. Has IEU provided the Proposed Service Area
24 with a cost estimate of service?

25 A. No. To date, no document has been presented

1 to the property owners within the service area of the
2 proposed costs for hook up and monthly service fee. It
3 is a primary concern of all property owners that the
4 creation of this wastewater system will be far too
5 expensive to be acceptable to the property owners. The
6 cost of easement, permitting through the State Park,
7 underwater easements, permits to construct inside the
8 Coastal Boundary Line, lift station, the 1.5 mile
9 wastewater line through the State Park, and the
10 requirements of Englewood Water District will make this
11 system one of the most costly systems per household ever
12 built in the area and have very few service connections.
13 It is LGI's feeling the cost to benefit ratio does not
14 justify this wastewater system.

15 Q. Will existing septic tank residents be
16 required to hook up to the system?

17 A. It is our understanding that if the
18 certification is granted that IEU, the County requires
19 mandatory hook up for this system. One main concern is
20 whether the issuance of this certification will meant
21 that LGI residents will also be required to hook up to
22 LGWU, an undependable water source with an expensive
23 hook-up charge and monthly service fee.

24 Q. It is in the public interest for the IEU to
25 be granted a wastewater certificate in the Proposed

1 Service Area?

2 A. No. There is no proven immediate health
3 danger from the existing wastewater systems used in the
4 Proposed Service Area. The granting of this system will
5 cause economic hardship on the majority of the property
6 owners on these islands. The granting of this
7 certificate will only increase the size and density of
8 construction on the bridgeless barrier islands. This
9 increase in both size and density of construction will
10 only benefit the developers and not the residents of the
11 islands. This certification process should not be
12 undertaken until all the costs are accurately reported
13 for the required berms, contracts, processing charges
14 and construction. If the costs to property owners are
15 higher than the cost of the Charlotte County Utility
16 services within the county, then this application for
17 certification should be denied on a cost to benefit
18 ratio. The property owners should not be required to
19 fund a number of properties that have no proven need for
20 this system. When it is determined that the bridgeless
21 barrier islands in Charlotte County need a wastewater
22 system, it should be constructed and operated by
23 Charlotte County.

24 Q. Does that conclude your testimony in this
25 docket?

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A. Yes, it does.

(Thereupon, the requested testimony concluded.)

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STATE OF FLORIDA)
COUNTY OF SARASOTA)

I, HEIDI L. HUTSON, RPR, being a Notary Public in and for the State of Florida at Large, certify that I was authorized to and did transcribe the foregoing testimony.

I further certify that I am not a relative, employee, attorney, or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

Dated this 25th day of February 2004.


Heidi L. Hutson, RPR
Notary Public in and for the
State of Florida at Large