

REBUTTAL TESTIMONY OF RONALD EDWARDS

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

APPLICATION FOR ORIGINAL CERTIFICATES

FOR PROPOSED WATER AND WASTEWATER SYSTEMS

IN HERNANDO AND PASCO COUNTIES

AND REQUEST FOR INITIAL RATES AND CHARGES

FOR SKYLAND UTILITIES, LLC

DOCKET NO. 090478-WS

ON BEHALF OF SKYLAND UTILITIES, LLC

REBUTTAL TESTIMONY OF RON EDWARDS

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

A. My name is Ronald Edwards. I am the manager of Skyland  
Utilities, LLC, the applicant in this case. I also hold the  
position of President and Chief Executive Officer of Evans  
Properties, Inc., Skyland's ultimate parent entity. For the  
purposes of my testimony, I will sometimes refer to Evans  
Properties, Inc. as Skyland's parent.

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

A. I am responsible for the day to day decisions, such as  
they have been thus far, for Skyland Utilities. For the  
purposes of this proceeding, I am representing Skyland  
Utilities and Evans Properties, Inc. My purpose in this  
proceeding is to provide information about our intentions and

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1 to answer any questions the Commissioners might have of me.

2 **Q. Are you familiar with the application of Skyland**  
3 **Utilities for an original certificate in Hernando and Pasco**  
4 **Counties?**

5 A. I am. I have been continually involved in the decision  
6 to move forward with this request for an original certificate  
7 as well as the pending requests of Grove Land Utilities and  
8 Bluefield Utilities, which I discuss in a little more depth  
9 later.

10 Q. Have you read the direct testimonies of the witnesses for  
11 Pasco and Hernando Counties?

12 A. Yes I have.

13 Q. Some of those witnesses have indicated a belief that  
14 there is not a need for service in the territory proposed for  
15 service by, and have raised other questions regarding, Skyland  
16 Utilities. Do you have any comments with regard to that?

17 A. Yes I do, but in order to do so, some general background  
18 will be necessary.

19 **Q. Will you describe the property which Skyland seeks to**  
20 **certificate and a bit of its ownership history for the**  
21 **Commission?**

22 A. The lands which Skyland seeks to certificate transverse  
23 the county boundary of Hernando and Pasco Counties. Those  
24 lands are comprised of several contiguous and noncontiguous  
25 tracts. Evans Properties has owned most of this land for over

1 50 years.

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

3 A. These properties have traditionally been used for  
4 agriculture purposes.

5 **Q. Did Evans Properties create other limited liability**  
6 **corporations which contemporaneously filed other requests for**  
7 **original water and wastewater certificates at the Commission?**

8 A. Yes, Evans Properties is the ultimate parent of Grove  
9 Land Utilities, which proposes to provide water and wastewater  
10 service in Indian River, Okeechobee, and St. Lucie Counties on  
11 lands which are owned by Evans Properties. Evans Properties  
12 is also the ultimate parent of Bluefield Utilities, which  
13 proposes to provide water and wastewater service upon lands  
14 owned by Evans Properties in Martin and St. Lucie Counties.  
15 Those applications are also pending before the Commission.

16 **Q. Does Evans Properties, by and through Skyland, propose to**  
17 **provide water and wastewater service to the public for**  
18 **compensation?**

19 A. Yes. And we understand that in order to do that we need  
20 to have a certificate from the Public Service Commission.  
21 That's why we formed Skyland Utilities and why we filed this  
22 application.

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

24 A. I believe that Mr. Hartman has addressed the issue of  
25 need in greater detail in his testimony and the issue is also

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1 addressed at some length in our application, which he has  
2 sponsored. However, the applications were generally filed for  
3 the purposes of ensuring that the current and future needs for  
4 water and wastewater service within the Evans Properties will  
5 be met. We propose to operate and certificate a utility to  
6 provide those services. In order to do the long range  
7 planning necessary to ensure the effective, efficient and  
8 timely provision of needed services to all of these  
9 properties, it is imperative that we begin the planning  
10 process now, which includes certification of the utility to  
11 allow for that detailed and timely planning.

12 In addition to an existing residence and shop that have a  
13 need for central service, as well as the other demands for  
14 service which are outlined in our application, Evans  
15 Properties proposes to utilize these utility services for a  
16 variety of ventures, and Evans Properties and Skyland are open  
17 to meeting the potential needs for these services in a way  
18 that could be accomplished cooperatively with local  
19 government, adjacent landowners, and the Southwest Florida  
20 Water Management District in a manner such that ultimately  
21 water resources would be preserved , the environment would be  
22 benefitted, and the service could be efficiently and  
23 effectively rendered.

24 As our application indicates, Evans Properties (in  
25 addition to those services needed as indicated in our

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

20 We have a present and real intention to provide water and  
21 wastewater service to the public, as described in our  
22 application and in my testimony, as well as a present  
23 intention to meet additional needs, with the provision of such  
24 water and wastewater service, as they arise.

25 It is critical to Evans Properties, and it is one of the

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1 reasons that we created Skyland and are seeking this  
2 certificate, that we be in the position to adapt and evolve  
3 and meet the needs for the types of uses I have described in  
4 our application, as well as those needs which develop or  
5 present themselves to us later.

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

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1 resources might be shared and allocated in a way that reduces  
2 water demand, water use, and undesirable discharges to Florida  
3 water bodies. These are things which we, as a corporate  
4 citizen and a large land owner, desire to be positioned to  
5 address in a timely manner, rather than reacting to a proposal  
6 after the fact. The opposition of Hernando and Pasco Counties  
7 in this particular case just goes to show how long a process  
8 like this can take and how expensive it can be.

9 In the end, we believe that Skyland Utilities, LLC  
10 through its relationship with Evans Properties, is in the best  
11 position to provide central water and wastewater services  
12 throughout the proposed certificated service territory in the  
13 most efficient and effective manner, and that no other  
14 entities can meet the needs for such services in the area,  
15 given the economies of scale achieved by having one utility  
16 serve all of these areas in two counties, and Skyland's unique  
17 ability to work with the landowner to ensure that timely, as  
18 well as efficient and properly located, facilities exist to  
19 meet the needs within those proposed territories.

20 **Q. Will you discuss Skyland's willingness to work**  
21 **cooperatively with state and local government on a going**  
22 **forward basis?**

23 A. Yes. Skyland certainly would have that willingness, just  
24 as Evans Properties has that willingness now. For instance,  
25 we have heard that there are contaminated wells in close

1 proximity (but located outside of) the territoires that  
2 Skyland seeks to certificate. The provision of central water  
3 might help solve that critical environmental issue to the  
4 benefit of the individuals who are having those problems with  
5 their on-site wells. We also understand that in the recent  
6 past there have been discussions between Pasco County and  
7 Hernando County regarding a scenario in which Pasco County  
8 would send untreated wastewater to Hernando County to be  
9 treated in a Hernando County wastewater plant. These  
10 discussions involved facilities and service needs that were,  
11 again, in close proximity to, although outside of, the  
12 territory we seek to certificate. We understand that, as of  
13 now, that particular proposal is on the back burner. Skyland  
14 would be ready, willing, and able to discuss comprehensive  
15 solutions to these kind of problems as they arose with local  
16 government, whether such solutions might involve facilities or  
17 service within the areas we seek to certificate or whether  
18 they might involve activities outside of the requested service  
19 area in a way that could be done in harmony with our  
20 jurisdictional responsibilities. This is just one example of  
21 how our proposal is ultimately in the public interest.

22 **Q. Are you aware of any discussions in which Hernando County**  
23 **has proposed the construction of facilities or infrastructure**  
24 **on or near these properties?**

25 **A. Yes. We have had discussions with Hernando County in**



1 which Hernando County expressed interest in the positioning of  
2 certain non-utility infrastructure on our properties in  
3 exchange for the county's acquiescence to increased density  
4 within those properties.

5 **Q. Are you aware of any discussions in which Pasco County**  
6 **has proposed the construction of facilities or infrastructure**  
7 **on or near these properties?**

8 A. Yes, as I discussed above, we understand that Pasco  
9 County and Hernando Counties have recently engaged in  
10 discussions about the possibility of wastewater generated in  
11 Pasco County being treated at a facility in Hernando County,  
12 the availability of central wastewater treatment facilities on  
13 our properties could meet such a demand in the future, with  
14 proper planning, in a way that is in the public interest.

15 **Q. Have you read the concerns about urban sprawl that are**  
16 **expressed by the planning witnesses for both Hernando and**  
17 **Pasco Counties?**

18 A. Yes, I have.

19 **Q. Based upon your knowledge, experience, and position with**  
20 **Evans Properties, do you believe that to be a genuine concern?**

21 A. The properties that Skyland seeks to certificate have  
22 been owned by Evans Properties for decades. Evans Properties  
23 has every incentive to see growth upon its properties occur in  
24 an orderly manner which will enhance the quality of life of  
25 the persons who live upon the property and in the surrounding

1 areas. It is Evans Properties' continuing intention that the  
2 use of the resources of its properties occurs in a way that is  
3 sound, efficient, and environmentally acceptable. Evans  
4 Properties, and Skyland Utilities, intend to work closely with  
5 state and local government in going forward with their  
6 proposals, as well as in the implementation of any other  
7 options or plans which either may present themselves in the  
8 future or which other private entities, or state or local  
9 government, may present to the property owner. Evans  
10 Properties and Skyland are committed to the continued  
11 stewardship of the land and the operation of the utility in a  
12 way that can meet the challenges and demands of both the  
13 present and future. Our continued commitment in the face of  
14 publically funded opposition, such as we see in this case, is  
15 evidence of that commitment.

16 **Q. How will Skyland insure that it has the technical and**  
17 **operational ability to manage and operate the utility it**  
18 **proposes to construct?**

19 A. We fully understand that Skyland will need to retain the  
20 very best people to design the facilities; to work with state  
21 and local government in the permitting and construction of the  
22 facilities; and to operate the facilities thereafter. Skyland  
23 sought the advice of entities and individuals experienced in  
24 the design, operation, and management of water and wastewater  
25 systems from the inception of this proposal, and will continue

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1 to seek that advice and to retain those individuals necessary  
2 to operate the utility in the most efficient manner possible.  
3 As a former executive Vice President and Chief Operating  
4 Officer for Tropicana, I am well familiar with the demands and  
5 requirements of operating industrial and commercial processes  
6 that need to be run efficiently, cost effectively, and  
7 consistent with local, state, and federal regulations, as well  
8 as the engineers, operators, and construction experts which  
9 need to be retained in order to design, put into place, and  
10 operate such facilities.

11 **Q. Are the principals of the utility financially committed**  
12 **to the sound and efficient construction and operation of the**  
13 **utility on a going forward basis?**

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

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1 from the Public Service Commission.

2 Q. Does Skyland and its parent company, Evan Properties,  
3 have the financial ability to fund the capital and operational  
4 needs for the utility as outlined in your application?

5 A. Yes. The resources that are available to Skyland and its  
6 parent, Evans Properties, are as described in the application  
7 and in the financial information submitted to the Public  
8 Service Commission. Evans Properties is fully committed to  
9 provide capital, and/or to utilize its ability to raise  
10 capital, on behalf of the utility. We understand this is a  
11 substantial financial undertaking. Evans Properties owns and  
12 controls approximately 43,000 acres of real property free and  
13 clear of debt in the state of Florida, on which it conducts  
14 substantial commercial activities. Evans Properties has the  
15 ability to attract the capital and to fund the utility as  
16 necessary, such that its design, construction, and operation  
17 can proceed and be performed as proposed in our application.  
18 The utility, through funding from its parent company, has  
19 ample access to capital through infusion of debt or equity to  
20 fund any of the capital needs projected for the utility. I  
21 have attached as Exhibit RE-1 a letter from our banker wherein  
22 he concurs.

23 Q. With regard to the Funding Agreement found in Appendix  
24 VII to the application, does Evans Properties continue to have  
25 the assets and financial ability to fulfill its commitments

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1 therein?

2 A. Yes.

3 Q. Does Evans Properties continue to stand by its  
4 commitments therein?

5 A. Yes.

6 Q. Does that conclude your rebuttal testimony?

7 A. Yes.

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David D. Forrester  
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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:--