

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Application for increase in water rates in Franklin County by Water Management Services, Inc.

DOCKET NO. 100104-WU

DATED: SEPTEMBER 3, 2010

COMMISSION CLERK

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Direct Testimony of Angela Chelette has been served by U.S. Mail this 3rd day of September, 2010, to the following:

Lisa C. Scoles, Esquire
Radey Thomas Yon Clark
Post Office Box 10967
Tallahassee, FL 32302

Joseph A. McGlothlin
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400

Mr. Gene D. Brown
Water Management Services, Inc.
250 John Knox Road, #4
Tallahassee, FL 32303-4234


RALPH R. JAEGER
SENIOR ATTORNEY

FLORIDA PUBLIC SERVICE COMMISSION
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
Telephone: (850) 413-6234

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Docket No. 100104-WU: Application for increase increase in water rates in Franklin County by Water Management Services, Inc.

Witness: **Direct Testimony of Angela Chelette**, Appearing on behalf of the staff of the Northwest Florida Water Management District

Date Filed: September 3, 2010

1 DIRECT TESTIMONY OF ANGELA CHELETTE

2 Q. Please state your name and business address.

3 A. My name is Angela Chelette. My business address is 152 Water Management Drive,
4 Havana, FL 32333-4712.

5 Q. By whom are you employed and in what capacity?

6 A. I am employed by the Northwest Florida Water Management District (NFWFMD or
7 District) as Chief of the Bureau of Ground Water Regulation.

8 Q. How long have you worked in that position?

9 A. Since March 2004.

10 Q. What are your duties in that position?

11 A. My responsibilities include managing a multi-program, regulatory bureau responsible
12 for water well permitting, water well contractor licensing, and permitting of consumptive uses
13 of water. I oversee and direct these programs to provide equally for water use needs, public
14 health and safety, and the protection of natural resources. I formulate and provide
15 programmatic recommendations to the Agency's Division Director, Executive Director and
16 District Governing Board. I coordinate the Bureau's regulatory actions and enforcement
17 issues with state and federal agencies. I direct and participate in the technical, administrative
18 and statutory review, evaluation, and processing of permits in all programs. I evaluate
19 violations and approve enforcement actions. I also execute administrative responsibilities in
20 the processing of permit applications and the adoption of proposed rule revisions into law.

21 Q. Please summarize your educational background and professional experience.

22 A. I have a Bachelor of Science Degree in Geology from Florida State University. I have
23 worked for the Water Management District since 1994, with nine years spent in the
24 Consumptive Uses of Water program, six as the Bureau Chief.

25 Q. Have you ever filed or presented expert testimony before this Commission or any other

1 regulatory agency?

2 Q. No

3 Q. What is the purpose of your testimony in this proceeding?

4 A. The purpose of my testimony is to present the District's position on two issues. The
5 first issue concerns the District's position on the customers of Water Management Services
6 installing shallow wells for irrigation purposes. The second issue concerns the District's
7 position on the appropriate rate structure for Water Management Services.

8 Q. Please summarize the District's position on the installation of shallow irrigation wells
9 on St. George Island.

10 A. The District's policy is to encourage the installation of shallow irrigation wells on St.
11 George Island for non-potable purposes, e.g., irrigation. The objective is to provide for the
12 long-term sustainability of the Floridan aquifer in coastal Franklin County for potable uses.
13 The Floridan aquifer is the only source of potable water for St. George Island and is relatively
14 limited. Use of shallow wells to tap the island's Surficial aquifer (a limited-volume, near-
15 surface, fresh to brackish lens that floats atop denser salt water) for non-potable purposes
16 reduces the amount of water that needs to be withdrawn from the Floridan aquifer on the
17 mainland. The use of the lower quality, Surficial aquifer for irrigation also satisfies part of a
18 larger directive of the State of Florida, set forth in Chapter 373, Florida Statute and Rule 62-
19 40, Florida Administrative Code, mandating utilization of the lowest quality water appropriate
20 for a specified use.

21 Q. What is the source of the fresh water from which these shallow wells draw?

22 A. The primary source of the fresh water is the rainfall that falls on the island.
23 Secondly, the majority of the Floridan aquifer water that is piped from the mainland
24 eventually finds its way onto the ground or into septic tanks on the island and makes a
25 contribution to the Surficial aquifer. This fresh water percolates through the sandy soil.

1 | Because fresh water is less dense than salt water, the fresh water lens floats on top of the
2 | denser salt water that permeates the deeper portion of the sands. This lens of fresh water is
3 | typically found less than 20 feet below ground level and forms the reservoir from which the
4 | shallow wells draw.

5 | Q. Is this policy on shallow irrigation wells new?

6 | A. Yes, for St. George Island, but the policy of encouraging the use of the shallow aquifer
7 | for non-potable purposes has been a policy, codified in rule, across the District for several
8 | decades. The rule implementing this policy for coastal Franklin County [Subsection 40A-
9 | 2.051(6), Florida Administrative Code] went into effect in January 2010.

10 | Q. Please explain the events that led to the development of this rule.

11 | A. The District began its Consumptive Uses of Water program in 1982 with a priority to
12 | provide for the long-term sustainability of potable water supplies. In most of the District, as in
13 | Franklin County, the primary potable supply comes from the Floridan aquifer. Since the
14 | inception of the Consumptive Use program, the demand and competition for the relatively
15 | limited potable water resources in coastal Franklin County have increased. As part of review
16 | of water use permit applications received in 2008, the District performed analysis of ground
17 | water quality data from mainland wells on Cat Point, where both Eastpoint Water & Sewer
18 | District and Water Management Services obtain their potable water, and found indications that
19 | water quality degradation is occurring in the Floridan aquifer. The District determined that
20 | allowing limited, non-potable withdrawals on the island to lessen demands on the potable
21 | water resources is in the public interest. Removing the demand for landscape irrigation—
22 | which may constitute up to 50 percent of the water use of a single-family residence—from the
23 | potable supply system offers significant protection to the potable source with minimal risk of
24 | harm to the lower-quality Surficial aquifer or other resources. This strategy has been
25 | successfully employed in coastal Escambia, Santa Rosa, Okaloosa, Walton and Bay Counties

1 since 1986.

2 Since 1982, property owners on St. George Island have been required to obtain an
3 Individual Water Use Permit (IWUP) prior to withdrawing water for any use other than
4 domestic use as defined in Subsection 373.019(6), Florida Statutes. Domestic use is
5 specifically exempted from water use regulation by Subsection 373.219(1), Florida Statutes.

6 On March 13, 2008, the District received Individual Water Use Permit Applications
7 from Mr. Robin Olin, Mr. Dan Katz and Ms. Lynn DeCaterina to use Surficial aquifer water
8 on St. George Island, within St. George's Plantation Development of Regional Impact
9 (hereinafter, "the Plantation"), for landscape irrigation. On August 29, 2008, The District
10 issued a Notice of Proposed Agency Action for each of the three applications indicating that
11 they would be presented to the District's Governing Board on September 25, 2008 and
12 recommended for approval. Leisure Properties, LTD., and Water Management Services, Inc.
13 filed a petition for administrative hearing regarding the applications on September 23, 2008.
14 On September 24, 2008, the Department of Community Affairs (DCA) sent a Notice of
15 Violation to each of the applicants stating that they were about to violate the Plantation's
16 development order by receiving a consumptive use permit.

17 The District, on October 13, 2008, filed a Petition for Writ of Quo Warranto in the
18 First District Court of Appeal (Case No. 1D08-4993) asserting that DCA does not have the
19 authority to regulate water use and that such authority has been granted solely to the District.
20 On May 11, 2009, the Court granted the District's petition and DCA subsequently withdrew
21 the Notices of Violation.

22 Leisure Properties, LTD., and Water Management Services, Inc. withdrew their
23 petition for administrative hearing on June 1, 2009 and the IWUPs were issued on June 16,
24 2009.

25 During the evaluation of the above noted IWUP applications, the District allocated

1 staff resources to revise the Consumptive Uses of Water rule to encourage the use of lower
2 quality, Surficial aquifer water for non-potable uses in Gulf and Franklin counties—as it had
3 previously done for other coastal counties. The District initiated the rulemaking on October
4 20, 2008 to expand an existing exemption that allows users to operate under a General Water
5 Use Permit (GWUP) if they withdraw from Surficial Aquifer wells, four-inches or less in
6 diameter and use an annual daily average of 15,000 gallons or less. GWUPs are issued by rule
7 [Paragraph 40A-2.041(3)(a), Florida Administrative Code] and do not require submittal of an
8 application or payment of a fee. There is a requirement for a well construction permit to
9 install, repair or abandon wells. The exemptions in rule at the time [Subsection 40A-2.051(5)
10 and (6), Florida Administrative Code] allowed such uses under a GWUP in Escambia, Santa
11 Rosa, Okaloosa, Walton and Bay counties and the revision expanded that authorization to
12 include Gulf and Franklin counties. The revised rule went into effect in January 2010.

13 Q. Have you read the direct testimony of Mr. Gene Brown that was filed in this case?

14 A. Yes.

15 Q. On pages three through five of Mr. Brown's direct testimony, he describes the events
16 that led up to the development of the District's rule on shallow irrigation wells. Do you agree
17 with his description?

18 A. No, the actual events leading to the development of the District's rule are stated above.
19 Mr. Brown's statement on page 3, line 19 that state law prohibited wells in the Plantation is in
20 error. There has never been a prohibition on water use or well construction on St. George
21 Island in District rules.

22 Mr. Brown's statement on page 4, line 1 that governmental policy has shifted in favor
23 of shallow wells is correct only for non-potable uses. For potable use, the District has not
24 flagged in its recognition of the need for a central system to provide potable water in
25 acceptable quantity and of an acceptable quality for public supply. The District does not

1 consider the Surficial aquifer on St. George Island suitable for potable use but has no authority
2 to restrict individual domestic use.

3 Mr. Brown's statement on page 4, line 13 that the District "refused to act" to enforce
4 the county ordinance and "state development order" implies that the District has the authority
5 to do so, which it does not.

6 Mr. Brown's statement on page 4, line 18 that the District has done away with the
7 requirement for a consumptive use permit is incorrect. Uses that meet the exemption criteria
8 are now authorized by GWUP and remain subject to the requirements of Rule 40A-2, Florida
9 Administrative Code.

10 Mr. Brown's statement on page 4, line 20 that there is no notice to the utility when
11 permits are issued on St. George Island is correct only to the extent that Mr. Brown has never
12 requested notification. The District provides periodic lists of new well construction/GWUP
13 authorizations to several entities and will do the same for Mr. Brown upon request.

14 Q. Are there any potential risks associated with using water from these shallow wells?

15 A. Yes. If these shallow wells are located too closely to septic tank drain fields, there is a
16 potential that the water drawn from the shallow wells could become contaminated. However,
17 the District and the Florida Department of Health enforce set-back requirements between
18 wells and septic tank systems.

19 Q. Turning now to the second purpose of your testimony, please explain the District's
20 position on an appropriate rate structure for Water Management Services.

21 A. The District continues to believe that an inclining block rate structure is appropriate for
22 Water Management Services. Because of the proximity of the utility's wells to the coast line,
23 there is a risk of salt water intrusion into the Floridan aquifer if withdrawals exceed the
24 utility's current withdrawal limits specified in its Consumptive Use Permit. Therefore, the
25 District believes that an inclining block rate structure is appropriate for Water Management

1 Services.

2 Q. Does this conclude your testimony?

3 A. Yes.

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