

**Eric Fryson**

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**From:** Katie Murphy <kmurphy@sfflaw.com>  
**Sent:** Tuesday, July 30, 2013 1:49 PM  
**To:** Filings@psc.state.fl.us  
**Subject:** {BULK} Docket 130105-WS  
**Attachments:** Response to Vickery Deficiency Letter (3).pdf  
**Importance:** Low

- a. The full name, address, telephone number, and e-mail address of the person responsible for the electronic filing

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- b. The docket number and title if filed in an existing docket:

Docket: 130105-WS

Application of Consolidated Services of Hendry & Collier, LLC

- c. The name of the party on whose behalf the document is filed:

Consolidated Services of Hendry & Collier, LLC

- d. The total number of pages in each attached document: 3

- e. A brief but complete description of each attached document.

Response to Paul Vickory's June 6, 2013 deficiency letter

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July 30, 2013

Ms. Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: Docket No. 130105-WS - Application for certificates to provide water and wastewater service in Hendry and Collier Counties, by Consolidated Services of Hendry & Collier, LLC.**

Dear Ms. Cole,

Please accept this letter as a response of Consolidated Services of Hendry & Collier, LLC ("Consolidated Services") to Paul Vickery's letter of June 6, 2013. For your ready-reference, excerpts of each numbered paragraph are cut from the June 6 letter and italicized below.

1. *Pursuant to Rule 25-30.033(1)(e) Florida Administrative Code (F.A.C.), the applicant should provide a statement showing the financial and technical ability of the applicant to provide service, and the need for service in the proposed area. Please identify all applicable utilities that could potentially provide service to Consolidated Services of Hendry & Collier, LLC.*

Based upon the investigation of Consolidated Services, there do not appear to be any other utilities which could efficiently or practicably provide service to the territories for which Consolidated Services seeks certification. There are no water or wastewater facilities anywhere on the properties sought to be certificated other than those owned by Consolidated Citrus, Limited Partnership ("Consolidated Citrus"). There are no adjacent central water or wastewater facilities on any section outside of the territories sought to be certificated, other than certain facilities by the Immokalee Water and Sewer District, south, southeast of the territory to be certificated. Representatives of Consolidated Services met multiple times with the Immokalee Water and Sewer District in order to explain the certification proposal, to describe the territory to be certificated. FGUA has committed to provide future service to an adjacent section (none of the commitment extends to lands proposed to be certificated by this applicant), although no existing facilities exist in that section.

The fact that neither the Immokalee Water and Sewer District nor any other person or entity has objected to the application of Consolidated Services is supportive of Consolidated Services' initial investigation as to whether any other entity is willing or able to provide service to any of the lands proposed to be certificated. Certainly, no entity is in better position than

Consolidated Services to efficiently and effectively provide service to these properties, as Consolidated Citrus owns and controls the lands to be certificated and will work closely with Consolidated Services to coordinate the provision of water and wastewater service as and when needed.

2. *Pursuant to Rule 25-30.033(1)(r), F.A.C., the applicant should provide detailed financial statements (balance sheet and income statement), certified if available, of the financial condition of the applicant, that show all assets and liabilities of every kind and character. Please provide the income statement of the Utility's parent company.*

Previously, the balance sheet statement of Consolidated Citrus was provided. On this date, under cover of Request for Confidential Classification, the applicant is providing a Comparative Statement of Operations for Consolidated Citrus. Once confidential classification is granted, these two documents will fully satisfy any concern on the part of the Commission regarding Consolidated Services' financial ability to fulfill its obligations.

3. *Pursuant to Rule 25-30.033(1)(s), F.A.C., the applicant should provide a list of all entities, including affiliates, upon which the applicant is relying to provide funding to the utility, and an explanation of the manner and amount of such funding, which shall include their financial statements and copies of any financial agreements with the utility. Please provide an explanation of the amount of funding that the Utility is relying upon.*

The funding agreement between Consolidated Citrus, LP and Consolidated Services (attached as Exhibit "H" to the application remains in full force and effect. Consolidated Citrus is fully committed to the success and financial stability of Consolidated Services. Contemporaneous with the filing of this response, Consolidated Services has filed the most recent Comparative Statement of Operations of Comparative Citrus, which is the subject of a request for confidential classification. The promise of Consolidated Citrus that it will provide reasonable and necessary funding to Consolidated Services if needed for Consolidated Services to build and operate the utility system in Collier and Hendry counties is similar to the language utilized in funding agreements submitted to (and accepted by) the Commission in the past. If a more specific indication of commitment is necessary, that issue can be discussed and will be addressed by the applicant.

4. *Pursuant to Rule 25-30.033(3), F.A.C., the return on common equity shall be established using the current equity leverage formula established by order of this Commission pursuant to Section 367.081(4), Florida Statutes, unless there is competent substantial evidence supporting the use of a different return on common equity. Please provide a statement explaining the appropriate return on common equity to be used by the Utility.*

Rule 25-30.033(3), F.A.C., establishes a rebuttable presumption that the return on common equity shall be established using the current equity leverage formula. At this time, Consolidated Services has no competent substantial evidence supporting the use of a different return on common equity. Consistent with Consolidated Services' application and Order No. PSC-13-0324-PAA-WS, (issued by the Commission on July 15, 2013) granting Consolidated Services' request for a temporary

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rule waiver, the appropriate return on common equity should either be that in place at the time rates are implemented, or a different return on equity if competent substantial evidence exists to justify such a different return at that time.

If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "John L. Wharton". The signature is fluid and cursive, with the first name "John" being the most prominent.

JOHN L. WHARTON  
For the Firm

JLW/brf