

State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** January 5, 2017  
**TO:** Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk  
**FROM:** Melinda Watts, Engineering Specialist, Division of Engineering *MW*  
**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.

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Please file the attached supplemental response to Staffs Second Data Request in the above mentioned docket file.

Thank you ~



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December 29, 2016

Public Service Commission  
Attn: Melinda Watts  
Engineering Specialist  
2540 Shumard Oak Blvd.  
Capital circle Office Center  
Tallahassee, FL 32399-0850

RE: Docket No. 130105-WS-Application

Dear Ms. Watts,

The Office of Public Counsel has raised certain concerns regarding the utility's proposed royalty expense of \$.10 for all water withdrawn over 4 MGD. Without belaboring the point, OPC's position does not adequately consider factors which can and should benefit ratepayers (from the relationship between the utility and the landowner) nor does it promote fairness to the landowner or sound long-term policy for the Commission. These factors include the hydrogeologic advantages of being able to locate or relocate withdrawal facilities if necessary due to environmental or regulatory factors; fair compensation for the potential opportunity cost to the landowner - for instance, obtaining a consumptive use permit for the withdrawal of a given amount of water for the use of utility may restrict the ability to withdraw like allocations in adjacent locations; the inherent value of the resource etc.

Chapter 367 does not regulate the sale of bulk raw water and numerous examples can be found around the state, particularly from government owned or operated utilities, of bulk raw water being sold at prices much higher than \$.10 per gallon. The Commission should not establish or perpetuate policies that discourage or frustrate the provision of groundwater by alternate sources.

Consolidated Services respectfully requests that the Commission look to the case of *Application for staff-assisted rate case in Glades and Highlands Counties by Silver Lake Utilities, Inc.*, DOCKET NO. 150149-WS Order No. PSC-16-0370-PAA-WS. In that case, OPC raise very similar concerns. The Commission considered those points and allowed the royalty payment, \$.20 in that case, into the utility's revenue requirement. *Silver Lake* implicitly recognizes that certain relationships merit regulatory scrutiny. *Silver Lake* also implicitly

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recognizes that there is nothing inherently wrong with this type of arrangement.

Respectfully,

A handwritten signature in black ink, appearing to read "John L. Wharton". The signature is written in a cursive style with a large initial "J" and "W".

John L. Wharton