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Cape Haze Property Owners Association, Inc.

Box 690

Placida, FL, 33946

COMMISSION

Commission Clerk,
Office of the Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket 20200226-SU

December 24, 2020

Office of the Commission Clerk:

1. I am writing on behalf of and with the approval of the Cape Haze Property Owners Association (hereafter: CHPOA, we, us, our) to record our opposition to the request from Environmental Utilities, LLC (hereafter: EU, applicant) to provide wastewater service in the areas specified in their application in Docket No. 20200226-SU which includes the Cape Haze subdivision in Charlotte County, FL.
2. We are also adding our objection to the request by Environmental Utilities, LLC for a temporary waiver of Rule 25-30.03(1)(p) and (q). This addressed further in paragraph 14 below.
3. We Also object to the short notice and overall short time frame that we have to respond to such a major expenditure proposed for our community.

Our opposition to the proposal in said application and waiver request is based on the following:

1. **Inadequate notice has been given** to the affected communities. We in Cape Haze only found out about the project by accident in mid December and no effort was made to contact anyone in our community even though the applicant had this proposal in the works since at least the spring of 2020. We finally got a brief letter on December 18. This short notice is even more egregious since a potential "assessment" of over \$5,000,000 is being proposed for Cape Haze by a private, start-up company with limited resources and the first action by the PSC is scheduled to occur in eighteen days from notice with the Christmas holidays intervening.

2. **There is no evidence that the current septic systems in Cape Haze are a proximate cause of pollution.** The County Sewer Study is flawed in a number of respects. Please see Appendix, attached to discuss this aspect.
3. **Does the applicant possess the necessary experience or ability to properly and safely construct and manage this proposed new system?** This application relies on the construction of a brand new utility by principals with limited experience. This new system will be far larger than other systems the applicants have managed in the past. We in Cape Haze should not be the test subjects for a new venture. The record of the owners of EU in managing Little Gasparilla Water Utility (LGWU) should also be fully scrutinized as to their experience, competence and customer satisfaction/service as well as the financial performance and soundness of LGWU.
4. **Further, does the applicant have the staff, as well as the financial resources to hire the staff, to handle a business far larger and more complex than LGWU?** When our sewers back up to whom do we turn: a sole proprietor who operates his business from his mobile phone?
5. **Does the applicant have the necessary financial resources to handle the construction costs and contingencies that are involved in such an extensive and potentially destructive project?** The \$5,000,000 expense (referred to in pp 1 above) only relates to the costs for Cape Haze. The costs for the barrier islands and transmission under the Intra Coastal waterway will cause this figure to balloon to a multiple of this. Since this is a single purpose start-up, the company and its principals are inextricably linked. Do they personally have the net worth and liquidity to handle this project? A completion bond issued by a reputable financial institution should be a mandatory condition precedent prior to any approval. **A letter of interest submitted from a local bank means nothing.**
6. **We further oppose the applicants request to treat all of their financial information as confidential** since we must solely rely on their financial strength
7. **No reliable cost estimates have been given.** The only cost disclosed by EU was a verbal estimate floated by the applicant of \$19,000 per ERU. This would place an undue burden on many of

the residents of our community. What if the actual cost is larger? This estimate was based on no studies or data and some believe it could be far higher. What is the total cost of the project? How firm is it? How much profit is built in for the owners of EU? No approval should be awarded without all of the necessary costs being disclosed and verified.

8. **No provision is made to allow payment over time** for those residents who would be unduly burdened financially. Many of our residents cannot afford to pay \$19,000 or more cash on delivery or be subjected to the exorbitant rates a lending institution might charge. The applicant has suggested that grants might be available but offers no tangible evidence that they are or will be available. The opportunity for grants to lower the cost to the citizens seems further remote as the Federal government and state of Florida face substantial budget shortfalls. The issue is further exacerbated by the CV-19 crisis. This application should be rejected until the applicant provides a firm cost per ERU along with an appropriate financing options and payment vehicles for those affected citizens along with the demonstrated financial ability to provide for payments over time.
9. **The applicant entirely fails to address the issue of ongoing operating costs.** This data is crucial when dealing with an applicant with limited operating experience and financial resources. What will be the ongoing operating costs to each resident. Who determines this? What kind of say do we, the affected citizens, have in the rate setting process? Further, since it appears that so much of the costs of this project will presumably rely on borrowed funds the individual initial and ongoing costs to the citizens of the affected areas will, per force, be higher to cover the interest costs involved.
10. **Will the proposed system will be sufficient to handle all the volume generated** on the barrier islands plus Cape Haze. Both areas are highly seasonal and the volume comes with large peaks and valleys. We have seen no evidence that this has been contemplated and properly addressed in planning. Both areas have growing populations and this too should be provided for. Have done this? Further, the proposed eight-inch pipe from the barrier islands through Cape Haze is not sufficient for the needs of all the communities that will be hooked up to the system. The

county utilities are using 12-16 inch pipes for similar construction.

11. **Who, besides EU, will oversee the highly destructive construction process?** Cape Haze possesses stately trees that define the character of our community and contribute to our property values. Who will assure that they are not destroyed during construction?
12. **This proposal shows no evidence of the endorsement of Charlotte County** for this extensive program and the applicant has confirmed that the county will have no role in this project. Charlotte County will give no support to the applicant in the event of construction or financial difficulty nor will they assure that its citizens will have any protection. The citizens of the affected communities will have no appropriate redress in the event of delays, damages etc. save to this small single purpose company. We, the citizens, will be left to bear the burden of any failures in construction or management of this project and its ongoing operation. In the event of any construction or operating issues, the citizens affected by this proposal will be at the mercy of a start up "Mom and Pop" operation with unknown (but presumably limited) financial and operational resources.
13. **Cape Haze is in the Charlotte County Utilities (CCU) service area. Why are they not doing this project?** They have the experience and the resources and could do the job cheaper than EU. Our residents would then have recourse to an entity with the assets and the experience to take care of the project during construction and subsequent operation. A monopoly should not be granted to a start-up firm like EU when a proven provider is available. If nothing else, CCU having the experience and the financial strength should enter a competing bid.
14. Given the absence of data attesting to the applicant's financial strength and management experience/depth, the applicant's request for a waiver should be denied unless it is substantially complete with appropriate data as to the costs to be borne by the citizens of our community. They have already been granted waivers and thus approving this waiver would be the equivalent of granting them a blank check.

Based on the questions and issues submitted above this application and the requested waiver should be denied.

Respectfully submitted,



William J. Dahms

Vice President, on behalf of the Cape Haze Property Owners Association

Copy: Brad Kelsky, Esq.

APPENDIX:

Unlike other communities who have recently installed sewers, Cape Haze has an extremely low population density (c. .4 persons per acre per year) and has a seasonal population with our population lowest when the water table is the highest. There is no evidence presented that our septic systems have been a proximate cause of nitrogen, phosphorous or fecal colliform bacteria.

The septic/sewer study made by the county has numerous errors. The age of our systems is based solely on when the home was built and does not take into account when the many replacements were made. The level of the water table is correct but fails to take into account the very low population density of Cape Haze, especially in the summer months when the water table is the highest.

A similar overture to construct sewers in Cape Haze was made by Charlotte County Utilities, Inc. in 2013. An overwhelmingly large percentage of our citizens (85%) were opposed. Further, the citizens felt that this project represented, what could be considered, an undue increase in their effective tax rate of 40-50% taking into account amortization of the initial costs plus ongoing operating costs per ERU.