

P R O C E E D I N G S

1
2 **CHAIRMAN BRISÉ:** Moving on to Item Number 6.

3 **MS. WATTS:** Melinda Watts for staff.

4 Commissioners, Item 6 addresses Consolidated
5 Services' request for original certificates to provide
6 water and wastewater services in Hendry and Collier
7 Counties.

8 The rate setting portion of the application
9 was addressed at the June 25th, 2013, Commission
10 Conference. At that agenda, the utility was granted a
11 temporary waiver of the rate setting portions of Rule
12 25-30.033 for a period not to exceed 36 months from the
13 granting of the certificate to enable the utility to
14 continue to engage in planning activities with respect
15 to the area proposed for certification.

16 Thus, Item 6 solely addresses the utility's
17 request for original water and wastewater certificates.
18 Staff believes that the utility has satisfied the
19 requirements of Rule 25-30.033, and thus we recommend
20 that the utility should be granted original certificates
21 to serve the territory described in Attachment A.

22 John Wharton is present representing
23 Consolidated Services, and he is available to answer any
24 questions regarding the application. In addition, staff
25 is available to answer any questions that you may have

1 with respect to the recommendation.

2 **CHAIRMAN BRISÉ:** Thank you very much.

3 Commissioners, any questions or comments on
4 Item Number 6?

5 Commissioner Balbis.

6 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.
7 I have a question or two for staff.

8 Obviously this item, we voted on this
9 previously to grant the 36-month waiver, and I indicated
10 my concerns with the potential development in that if it
11 would result in unreasonable rates.

12 So my question for staff is what opportunity
13 do we have to address the rates as their planning
14 process moves forward over the next three years just to
15 take a look at the rates and make sure that the end
16 result is something that is, that isn't unreasonable?

17 **MS. WATTS:** When they come back in with the
18 rate -- for the rate setting portion of this docket,
19 they will give us the opportunity to look at all of
20 their rates and charges and determine whether or not
21 they are appropriate. And we will make recommendation
22 to the Commission at that time and you will have the
23 opportunity to rule on it.

24 **COMMISSIONER BALBIS:** Okay. Thank you.

25 And a question for Mr. Wharton. Where are you

1 in the planning process?

2 **MR. WHARTON:** Well, Commissioner, John
3 Wharton, Sundstrom, Friedman & Fumero on behalf of
4 Consolidated Services. With me today is Mr. Mitch
5 Hutchcraft, who is the Vice President of Real Estate for
6 both King Ranch and Consolidated Citrus. Consolidated
7 Services is an entity that is owned by Consolidated
8 Citrus.

9 I would say that -- well, Mr. Hutchcraft will
10 tell you in a moment about the sector planning process
11 that we've gone through. But as the application said,
12 we're, we're transitioning into envisioning a lot of
13 different uses for the utility.

14 So in terms of are we laying out cul-de-sacs
15 yet? No. I, I'd like to -- before Mr. Hutchcraft
16 addresses you -- Mr. Chairman, is there something I
17 could pass out? May I approach?

18 **CHAIRMAN BRISÉ:** Sure. We will have one of
19 our staff individuals help you.

20 **MR. WHARTON:** It's probably better not to let
21 me get near you.

22 (Laughter.)

23 (Document handed out.)

24 **CHAIRMAN BRISÉ:** Thank you.

25 **MR. WHARTON:** There's, there's, there's no

1 need, Commissioners, for you to really digest this
2 document. I just want to point something out to you and
3 that it makes a very powerful point.

4 You certificated Groveland Utilities in May of
5 2012, and Groveland expensively did generate the initial
6 rates. Now we are less than a year later -- and, in
7 fact, this happened several months ago -- Groveland has
8 gone out, the utility you created, they've been dealing
9 with St. Johns -- and also it occurs to me I neglected
10 to tell you that Mr. Hutchcraft is on the governing
11 board of the South Florida Water Management District.
12 They've been dealing with the South Florida Water
13 Management District. And as you can see in this press
14 release, they're one of the projects that's been
15 accepted by SoFMD less than a year later to go out and
16 study whether they should do state-of-the-art storm
17 water treatment on the property of the principal. And
18 you're talking about someone who is very, for the
19 purpose of this application, similarly situated to this
20 applicant: A big citrus grower transitioning their land
21 to the future went out and formed a utility and you
22 certificated it.

23 And one of the things that is part of this
24 study that SoFMD is helping to fund is a reservoir.
25 Well, that's going to change the way that service may be

1 rendered in the future. So it may be that by the time
2 that that reservoir, if it comes into existence, which
3 is going to relieve stress on ground water, it's going
4 to create a new source of surface water for the property
5 and the surrounding properties, maybe the rates will
6 have to be rethought.

7 And I think the very best way to make sure
8 that the ratepayers, the ultimate ratepayers are
9 protected is to generate those rates as
10 contemporaneously as possible to when they are
11 generated. But in the case of the large landowners,
12 there's a reason why there needs to be some lag time
13 there that I don't think exists for someone who's going
14 out and they're building 400 homes. It's a completely
15 unique animal.

16 It's interesting that there's actually no
17 process in place that if by the time a large landowner
18 like this serves, if the service is cheaper than
19 everyone thought it would be. I mean, eventually you'll
20 notice that utility is overearning, but there's really
21 no process initially to make sure the rates match up.

22 But I would like Mr. Hutchcraft, Commissioner,
23 to address the sector plan more directly to your
24 question.

25 **CHAIRMAN BRISÉ:** Yes.

1 **MR. HUTCHCRAFT:** Good morning, Commissioners.

2 For the record, my name is Mitch Hutchcraft. I'm with
3 King Ranch and Consolidated Citrus.

4 King Ranch is a 158-year-old company. We are
5 recognized for our land stewardship. In Florida we own
6 Consolidated Citrus, which is -- up until greening
7 hit -- probably the largest citrus producer in the State
8 of Florida. Our company has lost over 10,000 acres of
9 citrus due to the citrus greening, which has resulted in
10 us taking a look at our property and thinking long-term
11 about how do we address changes in market impacts from
12 hurricanes, from diseases?

13 One of the tools that the state has provided
14 is the sector planning process, and so we've been
15 working hand in hand with the State -- Department of
16 Economic Opportunity, Fish and Wildlife, DEP -- to enter
17 our property into this long-term planning process. We
18 started that probably in the early fall of last year.
19 We submitted an application to Hendry County December of
20 2012. We recently resubmitted our sufficiency comments
21 that incorporated all the feedback that we've been
22 getting from the planning and other agencies of the
23 state. So it's been a long-term process and we're
24 trying to work these together.

25 The sector plan ultimately envisions what

1 areas are going to stay in agriculture, what areas are
2 going to remain natural preserved, and what areas could
3 facilitate alternative uses, whether that's alternative
4 crops or processing facilities or ultimately
5 development.

6 In order for us to be able to make that
7 long-term commitment through the sector planning
8 process, we think it's appropriate for us to have the
9 tools that would allow us to take that step. And I
10 think that the request that's before you today helps us
11 facilitate that long-term vision and allow us to
12 respond. What happens if we lose another 5,000 acres to
13 citrus? Is there an opportunity for us, like you saw in
14 the Groveland, to, to do environmental services? And I
15 think that the process that's before you today gives us
16 that ability to be flexible, to think long-term, and to
17 do it in a manner that reflects good stewardship of the
18 land.

19 **COMMISSIONER BALBIS:** Okay. Thank you. I
20 appreciate that update.

21 And I do know that, although I may be on the
22 other side of the lake, there's been a tremendous amount
23 of concern over the releases from Lake Okeechobee into
24 St. Lucie and Indian River estuaries, and I know there's
25 been a lot of discussion, especially at the Water

1 Management District, on potential stormwater treatment
2 areas.

3 **MR. HUTCHCRAFT:** Yes, sir.

4 **COMMISSIONER BALBIS:** So I'm glad to see that
5 your company is looking at those possibilities. And I
6 want to make sure that granting this certificate,
7 provided that we have an additional ability to, to look
8 at any proposed rates and charges, but will the
9 certificate offer you the flexibility to look at all of
10 those options?

11 **MR. HUTCHCRAFT:** I think it is absolutely a
12 critical part of the toolbox that we need, and the
13 answer is yes. We have specifically looked at are there
14 opportunities. We have a drainage system within our
15 properties that there may be a mechanism for us to take
16 excess water from the Caloosahatchee, which is also
17 draining out of Lake Okeechobee, and envision how could
18 we store that, how could we retain that in a partnership
19 with the district or the county? But we think that
20 there needs to be a mechanism to facilitate that, and we
21 think that this is a critical part of being able to have
22 that flexibility to address those types of issues.

23 **MR. WHARTON:** I would add, Commissioner, the
24 one thing that we did was contacted all of the
25 surrounding utilities, including those to whom we were

1 not required to give notice under the rules. I see in
2 the staff recommendation that the staff contacted some
3 of those entities. And we made sure that no one was
4 either going to have their plans disrupted or their
5 master plans they had created disrupted by us providing
6 service. It's true, we can't tell you exactly how much
7 the service will cost, just like I couldn't have told
8 you about the reservoir when I was in front of you on
9 Groveland a year ago.

10 But we are the ones, as the single owner of
11 the land, who know when the service needs to be put in,
12 where the service needs to be put in. We've got a very
13 substantial entity behind the utility, and I think that
14 you can have confidence today that we have every
15 incentive to do it as efficiently as possible and that
16 no one can do it better than we can, given all those
17 circumstances.

18 **COMMISSIONER BALBIS:** Okay. Thank you. I
19 appreciate that, and I fully support this.

20 I have one quick question just to appease my
21 curiosity. Ford trucks have the King Ranch series.
22 Could you explain the relationship? Are those your
23 trucks, all your trucks, or not?

24 **MR. HUTCHCRAFT:** King Ranch is a, like I said,
25 it's a very, it has a great history, and that history is

1 kind of a rugged Texas individualism. They are known
2 for their land management and their leather products.
3 It's a 158-year-old company. It's the largest ranch in
4 the country. It's four quadrants, but it's about the
5 size of Rhode Island.

6 Ford was looking to brand a truck that kind of
7 embodied that, that rugged outdoor attitude, and so they
8 approached King Ranch and asked if we would be willing
9 to partner with them in brand. And so those are -- it's
10 a brand that utilizes the King Ranch brand. I don't,
11 however, have the luxury of driving one, so.

12 **MR. WHARTON:** That, that little symbol on the
13 truck is the King Ranch symbol, is a rattlesnake.

14 **MR. HUTCHCRAFT:** They calling it a "Running
15 W." And the theory behind it, although everybody
16 disagrees on it, is that that is the, the mark that is
17 left in the sand when a sidewinder goes through the sand
18 in South Texas. So it's called a "Running W" brand and
19 that is the King Ranch brand.

20 **COMMISSIONER BALBIS:** Okay. Thank you.

21 **CHAIRMAN BRISÉ:** All right. Very interesting
22 tidbit.

23 All right. Any further questions or comments
24 on this item?

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CHAIRMAN BRISÉ: At this time we're ready to entertain a motion for Items 5 through 10.

COMMISSIONER BALBIS: Move staff.

COMMISSIONER BROWN: Second.

CHAIRMAN BRISÉ: Okay. It's been moved and seconded.

Any further comments? Okay. Seeing none, all in favor, say aye.

(Vote taken.)

All right. Thank you.

(Agenda item concluded.)

* * * * *

1 STATE OF FLORIDA)
2 COUNTY OF LEON)

CERTIFICATE OF REPORTER

3
4 I, LINDA BOLES, CRR, RPR, Official Commission
5 Reporter, do hereby certify that the foregoing
6 proceeding was heard at the time and place herein
7 stated.

8 IT IS FURTHER CERTIFIED that I stenographically
9 reported the said proceedings; that the same has been
10 transcribed under my direct supervision; and that this
11 transcript constitutes a true transcription of my notes
12 of said proceedings.

13 I FURTHER CERTIFY that I am not a relative,
14 employee, attorney or counsel of any of the parties, nor
15 am I a relative or employee of any of the parties'
16 attorney or counsel connected with the action, nor am I
17 financially interested in the action.

18 DATED THIS 27th day of September, 2013.

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Linda Boles

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SOUTH FLORIDA WATER MANAGEMENT DISTRICT

NEWS RELEASE

March 20, 2013

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Environmental Restoration Projects to Benefit Indian River Lagoon *Projects will improve wildlife and water quality*



(Click on the image for a larger version.)

West Palm Beach, FL — Eight projects designed to benefit the Indian River Lagoon ecosystem were approved for implementation as part of a multi-agency initiative administered by the South Florida Water Management District (SFWMD).

The projects are set to begin this month and will deliver benefits that include salt marsh restoration, reduced estuary sediments and water quality improvement. The Indian River Lagoon is considered the most ecologically diverse estuary in North America and is home to more than 4,000 plant and animal species.

“Completing these projects in Martin and St. Lucie counties will provide tangible, near-term benefits to the Indian River Lagoon ecosystem,” said Governing Board Vice-Chairman Kevin Powers, a long-time Martin County resident. “We are committed to environmental restoration efforts with our many partners who are seeing these projects through.”

Parties/Staff Handout
Internal Affairs/Agenda
on 9/25/13
Item No. 6
130/05-WS

The projects were recommended for funding by the St. Lucie River Issues Team, a 15-member group representing organizations working together to accelerate and implement "ready-to-go" projects that offer quantifiable benefits to the St. Lucie River and Indian River Lagoon.

The District serves as the administrator for the dedicated state funding. The projects are:

Recipient	Project
St. Lucie County	Harbor Branch Preserve project to restore tidal flow to 178-acre salt marsh
Fort Pierce Farms Water Control District	Canal 1 and 4 stormwater retrofit and erosion protection
Treasure Coast Resource Conservation and Development Council	Heathcote Park/Virginia Avenue Canal stormwater retrofit to implement Best Management Practices *
Florida Oceanographic Society	Establish the Florida Oceanographic Coastal Center site for seagrass health monitoring
University of Florida/IFAS	Research nitrogen and phosphorus transport from agricultural fields to Indian River Lagoon
St. Lucie County	Research on beneficial use of muck sediment from St. Lucie County waterways
Groveland Utilities Public/Private Partnership	Grove Land Reservoir and Stormwater Treatment Area feasibility study *
Florida Tech./Marine Resource Council	Collection of fertilizer nutrient data in Martin and St. Lucie counties

**These two projects were approved by the SFWMD Governing Board at the March meeting.*

In addition to the Indian River Lagoon projects listed above, five priority projects for the St. Lucie River and Estuary moved forward in January for implementation.

Since the St. Lucie River Issues Team was initiated in 1998, the team's recommended projects have received \$63 million from the Florida Legislature, more than \$65 million from local partners and \$2 million from the federal government.

Accomplishments to date include the restoration of more than 4,671 acres of habitat, 4,358 acres of wetlands and 25,940 feet of shoreline throughout this unique watershed.

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About the South Florida Water Management District

The South Florida Water Management District is a regional, governmental agency that oversees the water resources in the southern half of the state - 16 counties from Orlando to the Keys. It is the oldest and largest of the state's five water management districts. The agency mission is to manage and protect water resources of the region by balancing and improving water quality, flood control, natural systems and water supply. A key initiative is cleanup and restoration of the Everglades.