

ORIGINAL

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2 INTERVENOR DIRECT TESTIMONY OF
3 DOUGLAS C. MILLER
4 ON BEHALF OF
5 NOCATEE UTILITY CORPORATION AND DDI, INC.
6 DOCKET NOS. 990696-WS AND 992040-WS
7 March 17, 2000
8

- 9 **Q.** Please state your name and business address.
- 10 **A.** My name is Douglas C. Miller. My business address is
11 14775 St. Augustine Road, Jacksonville, Florida 32258.
- 12 **Q.** By whom are you employed and in what capacity?
- 13 **A.** I am President of England-Thims & Miller, a full
14 service civil engineering firm. I am Engineer of
15 Record for the Nocatee development and have performed
16 the master planning for Nocatee Utility Corporation
17 (NUC).
- 18 **Q.** Have you previously filed direct testimony in support
19 of NUC's certificate application in these consolidated
20 dockets?
- 21 **A.** Yes.
- 22 **Q.** What is the purpose of your intervenor direct
23 testimony?
- 24 **A.** The purpose of this testimony is to provide some
25 history of Intercoastal Utilities, Inc.'s plans for

1 serving the territory applied for by NUC and to give my
2 assessment of Intercoastal's current application in
3 this docket. I will also respond to some claims made
4 in the prefiled testimony submitted by Intercoastal's
5 witnesses in support of its application.

6 **Q. On whose behalf are you presenting this testimony?**

7 A. I am testifying on behalf of NUC and its parent
8 company, DDI, Inc., both of which have filed objections
9 to Intercoastal's certificate application. As Mr.
10 Skelton has testified, DDI, Inc. also controls SONOC
11 Company, which owns all of the land that will comprise
12 the Nocatee development that NUC has applied for
13 certificates to serve.

14

15 **INTERCOASTAL'S APPLICATION TO ST. JOHNS COUNTY**

16 **Q. Are you familiar with the certificate extension**
17 **application that Intercoastal filed with St. Johns**
18 **County in March, 1999?**

19 A. Yes. I participated in that proceeding as an advisor
20 to DDI and its attorneys. I also presented expert
21 testimony in that case on behalf of DDI, which was one
22 of several objectors to Intercoastal's application.

23 **Q. Did that certificate extension application cover the**
24 **same territory in St. Johns County that is covered by**
25 **Intercoastal's application in this docket?**

1 A. Yes. Intercoastal's application to St. Johns County
2 included approximately the same territory in St. Johns
3 County that is at issue in this case. The initial
4 filing also included a tract of land located within
5 the Marshall Creek development, but Intercoastal's
6 application was later amended to delete that portion
7 of the proposed territory.

8 Q. Please summarize the certificate extension proceeding
9 in St. Johns County.

10 A. After Intercoastal filed its certificate extension
11 application in March, 1999, several parties filed
12 formal objections to the application, including DDI,
13 JEA, and the St. Johns County Utility Department.

14 The St. Johns County Water and Sewer Authority
15 (Authority) held six days of formal hearings on
16 Intercoastal's application in June 1999. At the
17 conclusion of the hearing, all the parties filed
18 proposed orders with the Authority. On August 4,
19 1999, the Authority issued a Preliminary Order denying
20 Intercoastal's application to extend its certificated
21 territory. The Preliminary Order was confirmed by the
22 Board of County Commissioners of St. Johns County in a
23 Final Order issued on September 7, 1999. I have
24 attached copies of these orders to my testimony as
25 Exhibit Nos. ____ (DCM-9) and ____ (DCM-10).

1 Q. Does Intercoastal's current application differ from
2 the application filed with St. Johns County in 1999?
3 A. Yes, it differs in a couple of respects. Intercoastal
4 has now included in its proposed certificated area the
5 portion of the Nocatee development that lies in Duval
6 County. Intercoastal also says they now plan to serve
7 the territory West of the Intracoastal Waterway from
8 new water and wastewater plants built within the
9 Nocatee development. This contrasts with their
10 previous plan to provide initial service from existing
11 plants on the East side of the Intracoastal Waterway.

12

13 INTERCOASTAL'S PLAN OF SERVICE

14 Q. Have you reviewed Intercoastal's current plan for
15 providing service to Nocatee and the other properties
16 on the West side of the Intracoastal Waterway?
17 A. Yes. I have reviewed Intercoastal's application and
18 the prefiled testimony of its witnesses, including the
19 Conceptual Master Plan attached as an exhibit to Mr.
20 Jim Miller's testimony.
21 Q. Just for the record, are related in any way to Mr. Jim
22 Miller?
23 A. No.
24 Q. Please summarize what you see as the key features of
25 Intercoastal's plan of service.

1 A. Intercoastal plans to serve Nocatee and other
2 developments on the West side of the Intracoastal
3 Waterway from new water and wastewater plants to be
4 constructed on County Road 210, in approximately the
5 middle of Nocatee. Intercoastal plans to provide
6 irrigation service to Nocatee with wastewater effluent
7 (reuse) produced in its wastewater treatment plant,
8 supplemented by groundwater withdrawals when
9 irrigation demand exceeds the amount of available
10 effluent. Intercoastal proposes wet weather
11 discharges to the Intracoastal Waterway (Tolomato
12 River, an Outstanding Florida Water) during periods
13 when effluent production exceeds reuse demand.
14 Intercoastal indicates that it will provide storage in
15 open ponds for approximately 3 days of treated
16 effluent.

17 **Q. Do you see any problems with this plan of service?**

18 A. Yes. This plan of service is inconsistent with the
19 strong environmental ethic that has been developed for
20 Nocatee and that is reflected in the Application for
21 Development Approval (ADA) for the project as a
22 Development of Regional Impact (DRI) under Chapter
23 380.06 of the Florida Statutes. Simply put, the
24 landowner and the developer have committed to an
25 environmentally sensitive project and that commitment

1 is reflected in the way that they have proposed in the
2 ADA to provide utility service to Nocatee. I expect
3 that the approach to utility service set out in the
4 ADA will be incorporated into conditions in the final
5 development order for the project. This means that
6 the development will not be able to proceed unless
7 utility service meets these conditions. I have
8 attached a copy of Questions 17 (Water Supply) and 18
9 (Wastewater Management) from the ADA as Exhibit No.
10 ____ (DCM-11).

11 **Q. What are the specific commitments regarding utility**
12 **service that you believe will become conditions of the**
13 **development approval?**

14 **A.** There are several.

- 15 • There will be no water or wastewater treatment
16 plants located within the boundaries of Nocatee.
- 17 • There will be no reliance on groundwater
18 withdrawals within the project to meet potable
19 water or irrigation water demands from the
20 project.
- 21 • There will be no effluent discharges to the
22 Tolomato River, an Outstanding Florida Water.
- 23 • Irrigation demand will be met by reuse of either
24 wastewater effluent or stormwater.

25 **Q. Is NUC's plan of service consistent with these**

1 **commitments?**

2 A. Yes. As I stated in my direct testimony, NUC will
3 obtain water, wastewater and reuse service on a bulk
4 basis from JEA. JEA's plants are located off-site.
5 On-site groundwater withdrawals will not be required
6 to provide utility service; there will be no on-site
7 effluent discharges; and irrigation demand will be met
8 through a combination of treated effluent provided by
9 JEA and on-site stormwater.

10 **Q. Is Intercoastal's plan of service consistent with**
11 **these commitments?**

12 A. No. Intercoastal proposes to construct water and
13 wastewater plants within Nocatee and to rely on
14 groundwater withdrawals within the project to meet
15 potable water demands. Because Intercoastal will have
16 insufficient reclaimed effluent to meet irrigation
17 demands, it proposes to use groundwater to supplement
18 the irrigation supply. And Intercoastal proposes wet
19 weather discharges to the Tolomato River.

20 **Q. In addition to the fact that Intercoastal's plan of**
21 **service is inconsistent with the commitments made in**
22 **the ADA and the overall environmental ethic for**
23 **Nocatee, have you identified any other questions or**
24 **concerns regarding Intercoastal's Conceptual Master**
25 **Plan?**

1 A. Yes. First, Intercoastal's plan to use open ponds for
2 storage of reuse water is a concern. At Nocatee,
3 public access reuse water will be provided for
4 irrigation to every single family residence.
5 Therefore, maintaining reuse water quality is
6 paramount and a potential public health issue. Open
7 ponds as proposed by Intercoastal are less reliable
8 for maintaining water quality. Open ponds are more
9 susceptible to contamination from wildlife, algae
10 growth, and airborne particulates, as well as
11 difficulties in maintaining chlorine residual. For
12 these water quality reasons NUC proposes to use the
13 more expensive, but more secure, closed storage tanks
14 for reuse storage.

15 Second, Intercoastal's Master Plan indicates
16 construction of a water treatment plant in 2002. This
17 is not consistent with the proposed development plans
18 for Nocatee, which will require construction water for
19 line pressurization and other uses beginning in 2001.

20 Third, the wastewater force mains proposed by
21 Intercoastal for Phase 1 are inadequately sized to
22 meet the needs of the first phase of the Nocatee
23 development.

24 Fourth, Intercoastal has included Walden Chase in
25 its application, whereas Walden Chase has an agreement

1 with St. Johns County to provide water and sewer
2 services and these services will be provided as soon
3 as May, 2000.

4 Fifth, the Conceptual Master Plan for
5 Intercoastal includes a reuse demand of only 300,000
6 gallons per day for the golf courses. Our experience
7 has been that during dry weather months the demand
8 could be 650,000 gallons per day. This would make
9 Intercoastal's reuse system more reliant upon
10 groundwater because the wastewater effluent generated
11 can not meet the reuse demands.

12 **Q. In your professional opinion, does Intercoastal have**
13 **the technical ability to serve the Nocatee**
14 **development?**

15 **A. No.** While Intercoastal may be capable of constructing
16 and operating water and wastewater utility systems,
17 their conceptual master plan for serving Nocatee is
18 inconsistent with the regulatory requirements that
19 will be imposed on the development. As such, that
20 plan is not technically feasible.

21

22 **OTHER ISSUES**

23 **Q. Intercoastal's certificate extension application**
24 **includes the Walden Chase development near the**
25 **Southeast corner of U.S. 1 and County Road 210,**

1 whereas NUC's application does not. How will service
2 be provided to this area if Intercoastal's application
3 is denied?

4 A. Walden Chase has an agreement with the County to
5 provide water and wastewater service through a bulk
6 service arrangement between JEA and the County. In
7 May of this year, initial service will be provided to
8 Walden Chase from the St. Johns County owned water and
9 wastewater plants at Nease High School. I have
10 included the agreement between Walden Chase and the
11 County, and a letter regarding interim service from
12 the facilities at Nease High School, as Exhibits ____
13 (DCM-12) and ____ (DCM-13).

14 Although JEA can probably provide more details,
15 I understand that the water transmission line and
16 wastewater force main to ultimately serve Walden Chase
17 are under construction and should be completed later
18 this year. These are the same lines to which NUC will
19 ultimately connect to provide service to Nocatee.

20 Thus by the time the Commission votes on
21 Intercoastal's application, Walden Chase will already
22 be obtaining service through the County/JEA
23 arrangement. Furthermore, it should be noted that
24 Intercoastal's plan includes the provision of reuse
25 water to Walden Chase, but that project has not been

1 designed or constructed to include reuse water.

2 Q. At pages 10-12 of his testimony, Mr. Forrester
3 describes Intercoastal's participation in the St.
4 Johns River Water Management District's process
5 leading up to the 2020 Water Plan. What importance
6 should the Commission attach to that participation?

7 A. I would not give that participation any weight in the
8 current certificate proceedings. The 2020 Water Plan,
9 which is scheduled for adopted by the District in
10 April 2000, is a general attempt to project supply and
11 demand for water resources in the District for
12 planning purposes only. It does not give any
13 participant either a consumptive use permit or a right
14 to serve any particular area. Those matters remain to
15 be decided in permitting proceedings and cases such as
16 this before the Commission.

17 Q. Why didn't NUC participate in the development of the
18 2020 Water Plan?

19 A. Because neither NUC nor the Nocatee development
20 existed at the time that process commenced.

21 Q. Mr. Forrester testifies at pages 9-10 that
22 Intercoastal's plan of service meets the "Local
23 Sources First" policy in the District's 2020 Water
24 Plan. In this regard, how does Intercoastal's plan of
25 service compare with NUC's?

1 A. The Nocatee franchise area includes land in both Duval
2 and St. Johns County. Groundwater to serve the
3 Nocatee development will be withdrawn from the JEA
4 water grid in Duval County. This is consistent with
5 the "local sources first" policy. More importantly,
6 however, the NUC plan recognizes the Water Caution
7 Areas outlined in the 2020 Water Plan in St. Johns
8 County, which identifies the need for additional
9 potable water sources for St. Johns County. The NUC
10 plan provides this recommended additional potable
11 water source by connecting the Nocatee development in
12 both counties to the JEA water grid.

13 Q. Mr. Forrester seems to imply at pages 10 and 11 of his
14 direct testimony that there was some effort to "hide"
15 the Nocatee development from Intercoastal so that it
16 could not take Nocatee into account in its planning
17 process. Would that be an accurate conclusion?

18 A. No. As is the case with any large real estate
19 development, a premature announcement before the
20 project has been well defined can create speculation
21 and concern that often translates into opposition to
22 the project. It is true that Nocatee was not publicly
23 announced until April, 1999 and that prior to that
24 date all consultants and others involved in the
25 project were charged with keeping it confidential. It

1 is wrong to suggest that this confidentiality had
2 anything to do with Intercoastal.

3 Q. Prior to forming NUC, did DDI ever consider seeking
4 utility service from Intercoastal?

5 A. In the early planning stages for Nocatee that option
6 was considered and rejected.

7 Q. Why?

8 A. Intercoastal's existing territory and facilities are
9 located across the Intracoastal Waterway from Nocatee.
10 Our preliminary analysis suggested that it would not
11 be economical for Intercoastal to extend its lines
12 across the waterway to serve Nocatee. Given that,
13 service would have to be obtained either from existing
14 facilities on the East side of the waterway or through
15 construction of new facilities. If new construction
16 was required, Intercoastal would not bring anything to
17 the table that could not be accomplished better
18 through an affiliated utility that shared the
19 project's environmental ethic.

20 In addition, we were aware of the frustration of
21 a nearby smaller developer who had been unsuccessfully
22 trying for several years to obtain service from
23 Intercoastal. His experience led us to question
24 whether Intercoastal could cost-effectively serve West
25 of the Intracoastal Waterway.

1 Q. Please summarize your testimony.

2 A. Based on my evaluation, I believe that NUC's plan of
3 service is superior to Intercoastal. In fact,
4 Intercoastal's plan is infeasible in light of the
5 expected conditions that will be placed on Nocatee in
6 its final development order. The Commission should
7 therefore award NUC its requested service territory
8 and should deny Intercoastal's application to serve
9 that territory.

10 Q. Does that conclude your intervenor direct testimony?

11 A. Yes it does.

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ORDER OF THE BOARD OF COUNTY COMMISSIONERS Hopping, Green, Sams & Smith
OF ST. JOHNS COUNTY, FLORIDA

RE: APPLICATION OF INTERCOASTAL
UTILITIES, INC. FOR EXTENSION OF
WATER AND WASTEWATER SERVICE
TERRITORIES.

ST. JOHNS WATER AND SEWER
AUTHORITY
DOCKET NO. 99-0007-0002-0009
ORDER NO. 99-00015

FINAL ORDER CONFIRMING THE ST. JOHNS COUNTY
WATER AND SEWER AUTHORITY'S PRELIMINARY ORDER 99-00012

This matter was heard on September 7, 1999, at a special meeting of the Board of County Commissioners of St. Johns County, Florida ("Board") before Board Chairman Marc A. Jacalone, and Commissioners Pal W. Howell, John J. Reardon, Dr. Mary Kohnke and James E. Bryant.

APPEARANCES

For Intercoastal Utilities, Inc.:	John L. Wharton, Esq. 2548 Blairstone Pines Drive Tallahassee, Florida 32301
For DDI, Inc. and Estuary Corporation:	Richard D. Melson, Esq. 123 South Calhoun Street Tallahassee, Florida 32314
For St. Johns County Utility Department:	Suzanne Brownless, Esq. 1311-B Paul Russell Road Suite 201 Tallahassee, Florida 32301
For JEA:	Kenneth A. Hoffman, Esq. J. Stephen Menton, Esq. 215 South Monroe Street Suite 420 Tallahassee, Florida 32301

STATEMENT OF THE ISSUE

At issue is whether the St. Johns County Water and Sewer Authority's ("Authority") Preliminary Order 99-00012 Denying

Application of Intercoastal Utilities, Inc. to Amend Franchise Certificates Nos. 13 and 14 issued on August 6, 1999, should be confirmed, modified or reversed.

PRELIMINARY STATEMENT

On March 9, 1999, Intercoastal Utilities, Inc. (Intercoastal) submitted its application for extension of Certificates Nos. 13 and 14 in order to provide water and sewer service to an area of approximately 25,000 acres located west and southwest of the Intercoastal Waterway. Pursuant to St. Johns County Water and Sewer Authority Rules 1.5(2) and 11.1 (Rules), DDI, Inc. and Estuary Corporation (DDI); JEA; St. Johns County Utility Department (Utility Department), United Water Florida, Inc. and Hines Interests Limited Partnership all filed timely objections to Intercoastal's application and requests for hearing on April 6, March 30, April 8 (United and County) and April 7, 1999, respectively.

On April 7, 1999, the Authority requested that the Board grant an extension until May 5, 1999, to hold the evidentiary hearing on Intercoastal's application. The Authority subsequently revised this request for an extension until June 2, 1999. This revised request was granted by the Board on April 14, 1999. Along with its April 8th Objection to and Request for Hearing, United also filed a Motion to Dismiss, or in the alternative, Motion for Stay or Abatement. Intercoastal filed its Response to the Motions to Dismiss and for Abatement or Stay on April 21, 1999.

On May 13, 1999, DDI filed an Emergency Motion for Discovery;

Intercoastal filed its response to the Motion on May 20, 1999; and DDI filed its Reply on May 21, 1999. The Motion for Discovery was heard before the Authority on May 24, 1999, and was denied. On May 25, 1999 Intercoastal filed its Motion for Disqualification of the Authority and the Board of County Commissioners of St. Johns County (Board). The Utility Department filed its Response to the Motion for Disqualification on May 27, 1999. This matter was heard by the Authority on the first day of the hearing, June 2, 1999, and denied as to the Authority. On June 1, 1999 United withdrew its Objection, Motion to Dismiss and Motion for Stay or Abatement.

The Authority conducted evidentiary hearings in this docket on June 2, 4, 11, 18, 19 and 23, 1999. At these hearings the Authority heard the testimony of 19 witnesses and admitted 44 exhibits into evidence. Proposed Preliminary Orders were timely filed by the Utility Department and JEA; Proposed Findings of Fact, Conclusions of Law and Preliminary Order was timely filed by DDI; and Proposed Recommended Order was timely filed by Intercoastal on July 19, 1999, and are part of the record. On August 4, 1999, the Authority met at a properly noticed public meeting and voted to deny Intercoastal's request for extension of its certificated water and sewer service territories. The Authority's Preliminary Order 99-00012, issued on August 6, 1999, now before us memorializes that vote.

Based upon a review of the record and legal argument of the parties the Board hereby finds and determines the following:

FINDINGS OF FACT

1. All preliminary orders of the Authority must be confirmed by the Board prior to becoming effective. County Code §173/4-223(a).

2. The Authority and the Board, in reviewing applications for certificate extensions must consider: ability of the applicant to provide service; the nature of the service territory and facilities necessary to serve the requested territory; the need for service in the requested territory; and the existence, or nonexistence, of service from other utility providers to the requested service territory. County Code §§173/4-204C.(e), 173/4-223(f). The Authority and the Board are also able to consider any other factors, which in their discretion, are deemed relevant, e.g., landowner/developer preference, ability to permit certain types of facilities, the date service will be available, compliance with the County Comprehensive Plan and environmental impacts of proposed facilities. Finally, both the Authority and the Board are generally charged with acting in the public interest when considering certificate expansion requests.

3. The Authority and this Board must base their decisions with regard to the criteria stated above on competent substantial evidence of record adduced at a hearing which complies with the essential requirements of law. County Code §173/4-223(e)(3). Further, the Board may rely on the factual findings of the Authority unless it finds, after a full review of the record, that either there is no competent substantial evidence to support

specific findings or the proceeding did not comport with the essential requirements of the law. County Code §173/4-223(e)(3).

CONCLUSIONS OF LAW

4. Upon a review of the extensive record before us we find that the decision of the Authority with regard to the criteria stated in County Code §§173/4-204C.(e) are supported by competent substantial evidence of record as is extensively documented in the Proposed Preliminary Orders submitted by the parties.

5. We further find that the hearing before the Authority did comport with the essential requirements of the law in that all parties were given an opportunity to present and cross examine witnesses, give opening and closing statements, introduce evidence into the record and file proposed preliminary orders.

6. With regard to the arguments presented by Intercoastal in its Notice of Objection to Confirmation of Order, we note that Intercoastal has merely reargued its case without identifying any instances in which the Authority failed to base its findings on competent substantial evidence of record or misinterpreted Authority rules or applicable County Code sections. Additionally, Intercoastal did not complain that its procedural rights were infringed by the conduct of the hearing before the Authority.

IN CONSIDERATION OF THE ABOVE, IT IS ORDERED THIS 7th DAY OF September 1999, THAT PRELIMINARY ORDER 99-00012, ISSUED BY THE ST. JOHNS COUNTY WATER AND SEWER AUTHORITY ON AUGUST 6, 1999, IS HEREBY CONFIRMED.

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

By: Marc A. Jacalone
Marc A. Jacalone, Chairman

ATTEST: SHERYL STRICKLAND, CLERK

By: Patricia DeGrande
Deputy Clerk

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that conformed copies hereof have been furnished this 21st day of September, 1999 by U.S. Mail, postage prepaid, to each of the persons listed on the following Service List.


Cheryl Strickland, Clerk

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Cheryl Strickland, Clerk

BEFORE THE ST. JOHNS COUNTY WATER AND SEWER AUTHORITY

DOCKET NO.: 99-0007-0002-0006
ORDER NO. 99-00012

In re: Application of
Intercoastal Utilities, Inc. for
Amendment of Certificate to
Include Additional Territory

FILED
AUG 11 1999

**PRELIMINARY ORDER DENYING APPLICATION
TO AMEND FRANCHISE CERTIFICATES 13 AND 14**

This matter was heard on June 2, 4, 11, 18, 19 and 23, and August 4, 1999 in St. Augustine, Florida, before St. Johns County Water and Sewer Authority Chairman Kenneth Forrester, and Authority members Rita Friedman and William Webster.

APPEARANCES

For Intercoastal Utilities, Inc.:	John L. Wharton, Esq. 2548 Blairstone Pines Drive Tallahassee, Florida 32301
For DDI, Inc. and Estuary Corporation:	Richard D. Melson, Esq. 123 South Calhoun Street Tallahassee, Florida 32314
For St. Johns County Utility Department:	Suzanne Brownless, Esq. 1311 B Paul Russell Rd., Ste. 201 Tallahassee, Florida 32301
For JEA:	Kenneth A. Hoffman, Esq. 215 South Monroe Street, Ste. 420 Tallahassee, Florida 32301

STATEMENT OF THE ISSUE

The issue is whether Intercoastal Utilities, Inc.'s application for extension of Franchise Certificates Nos. 13 and 14 should be granted?

PRELIMINARY STATEMENT

This proceeding involves the application of Intercoastal Utilities, Inc. ("Intercoastal") for an expansion of its current certificated territory, all of which lies east of the Intercoastal Waterway, to include an additional 25,000 acres lying west of the waterway. On March 9,

1999 Intercoastal submitted its application for extension of Certificates Nos. 13 and 14 in order to provide water and sewer service to an area of approximately 25,000 acres located west and southwest of the Intercoastal Waterway. Pursuant to St. Johns County Water and Sewer Authority Rules 1.5(2) and 11.1 (Rules), DDI, Inc. and Estuary Corporation (DDI); JEA; St. Johns County Utility Department (Utility Department), United Water Florida, Inc. and Hines Interests Limited Partnership all filed timely objections to Intercoastal's application and requests for hearing on April 6, March 30, April 8 (United and county) and April 7, 1999, respectively. Each of the Intervenor is a participant in one or more alternative proposals to serve some portion of the proposed territory included in Intercoastal's application. Intercoastal has not challenged the standing of any of the Intervenor to participate as a party to this proceeding.

On April 7, 1999, the Authority requested that the Board grant an extension until May 5, 1999, to hold the evidentiary hearing on Intercoastal's application. The Authority subsequently revised this request for an extension until June 2, 1999. This revised request was granted by the board on April 14, 1999. Along with its April 8th Objection to and Request for Hearing, United also filed a Motion to Dismiss, or in the alternative, Motion for Stay or Abatement. Intercoastal filed its Response to the Motions to Dismiss and for Abatement or Stay on April 21, 1999.

On May 13, 1999, DDI filed an Emergency Motion for Discovery; Intercoastal filed its response to the Motion on May 20, 1999; and DDI filed its Reply on May 21, 1999. The Motion for Discovery was heard before the Authority on May 24, 1999, and was denied. On May 25, 1999, Intercoastal filed its Motion for Disqualification of the Authority and the Board of County Commissioners of St. Johns County (Board). The Utility Department filed its Response to the Motion for disqualification on May 27, 1999. This matter was heard by the Authority on the first day of the hearing, June 2, 1999, and denied as to the Authority. On June 1, 1999 United withdrew its Objection, Motion to Dismiss and Motion for Stay or Abatement.

At the final hearing, Intercoastal presented the testimony of the following witnesses:

- (1) Sumner Waitz (direct and rebuttal), who was accepted as an expert in water and wastewater engineering and regulatory compliance;
- (2) Michael Burton (direct and rebuttal), who was accepted as an expert in utility rates and ratemaking;
- (3) M. L. Forrester (direct and rebuttal), who was accepted as an expert in utility operations, utility planning, utility management, and rate setting matters;
- (4) Andrew Campbell (direct and rebuttal), who was accepted as an expert in the St. Johns County Comprehensive Plan;
- (5) H.R. James (direct and rebuttal), who was accepted as an expert in utility operations;
- (6) Andrew Hogshead (direct), who was accepted as an expert in banking;
- (7) Hughie James (rebuttal); and
- (8) Marshall Deterding (rebuttal).

DDI presented the testimony of the following witnesses:

- (1) Roger M. O'Steen, who was accepted as an expert in land development, particularly as it relates to utility matters; and
- (2) Douglas C. Miller, who was accepted as an expert in water and sewer utility master planning.

The Utility Department presented the testimony of the following witnesses:

- (1) Donald E. Maurer, who was accepted as an expert in water and sewer utility system design engineering and planning and the water and sewer infrastructure elements of the St. Johns County Comprehensive Plan; and
- (2) William G. Young, who was accepted as an expert in utility operations, utility management, and utility planning for the St. Johns County Utility.

JEA presented the testimony of the following witnesses:

- (1) Scott Kelly, who was accepted as an expert in water and wastewater systems design, construction, operations and engineering.

- (2) Tim Perkins, who was accepted as an expert in water and wastewater environmental permitting and water resource regulation.

The Authority took testimony from the engineering consultant to its staff, Gerald C. Hartman. The Authority also took public testimony from the following persons who were not interveners in the case: Michael Korn, Richard Olson, Edward Cordova and Gail Warnerberg. Mr. Korn's testimony was given on behalf of the Sawgrass Association.

The Authority accepted into evidence the following exhibits:

- (1) Intercoastal Exhibit Nos. 1-16;
- (2) DDI Exhibit Nos. 1-6;
- (3) JEA Exhibit Nos. 1-7;
- (4) Utility Department Exhibit Nos. 1-11;
- (5) Staff Exhibit No. 1; and
- (6) Sawgrass Association Exhibits Nos. 1-3.

During the course of the proceeding, the Authority heard substantial amounts of both expert and non-expert testimony. It also heard substantial amounts of testimony that was based on speculation and hearsay. In making the following findings of fact, the Authority has judged the credibility and expertise of the various witnesses and has given the testimony and other evidence the weight which it deems appropriate. The following findings of fact are based on the greater weight of the credible evidence of record, and the inferences that the Authority has reasonably drawn from that evidence.

By agreement of the parties, the time for filing Proposed Preliminary Orders was extended to July 19, 1999. The same were filed by all parties, and they have been considered in the preparation of this Preliminary Order.

FINDINGS OF FACT

Based upon all of the evidence, the following findings of fact are determined:

A. The Parties

1. The Applicant, Intercoastal Utilities, Inc., is an investor-owned water and wastewater utility regulated by the St. Johns Water and Sewer Authority whose current

service territory is bounded on the west by the Intercoastal Waterway and encompasses approximately 4,500 acres. Intercoastal's operating agent is Jax Utilities Management, Inc. (JUM), a 25-year old consulting firm, whose "lead owner" is Mr. H. R. James, a shareholder in Intercoastal. Intercoastal purchased the utility facilities of the developer of the Sawgrass development in approximately 1983. Intercoastal currently provides water and wastewater service to approximately 3,400 water customers and 3,000 sewer customers in northeast St. Johns County pursuant to Water Franchise Certificate No. 13 and Wastewater Franchise Certificate No. 14 issued by the county. Intercoastal's existing customer base is primarily single-family and condo/apartment communities, with limited non-residential areas.

2. JEA is a municipal utility regulated by a governing board providing water and sewer utility services in Duval and Clay Counties to approximately 180,000 water and 135,000 sewer accounts. JEA serves these customers through an interconnected grid which unites 34 water plants and 5 wastewater plants in a regionalized-type system.

3. The St. Johns County Utility Department provides water and/or wastewater services to approximately 35,000 residents within St. Johns County which equates to approximately 18,000 ERCs for water and 12,000 ERCs for sewer. St. Johns County has four water plants and five wastewater plants currently operating within the County.

4. DDI is a private corporation controlled by the Davis family which owns and is developing Nocatee. DDI has filed an application with the Florida Public Service Commission (FPSC) to establish the Nocatee Utility Company. The Nocatee Utility Company would provide water and sewer utility services through a wholesale agreement with JEA. The Nocatee subdivision is located in two counties, Duval and St. Johns, and consists of approximately 15,000 acres with all but 2,200 acres located in St. Johns County. Nocatee will have about 14,000 residential units and several million square feet of commercial properties.

B. Requested Territory

5. During the course of this proceeding, three developments were identified in the Territory Expansion Area as potentially needing service within the near future. These developments are: (1) Marsh Harbor; (2) Walden Chase; and (3) Nocatee. Of the three, only Walden Chase and Nocatee appear to be moving forward and both of them have made concrete plans for long-term, environmentally safe service without Intercoastal's involvement.

(1) Marsh Harbor.

6. The proposed Marsh Harbor Development includes only 65 single family residences.

7. The developer of Marsh Harbor apparently contacted Intercoastal in 1996 to inquire about the possibility of obtaining service. After Intercoastal provided information to the developer regarding the cost of providing service, Marsh Harbor did not pursue an agreement. There is no evidence that there is a current need for service.

8. St. Johns County has enacted an ordinance, Ordinance Number 99-36, which designates and reserves certain portions of the Territory Expansion Area as part of the County's "exclusive service area." The ordinance designates two types of service areas: Exclusive Service Areas for the Utility Department (areas that are currently served or anticipated to be served by the County and which the County has an obligation to serve) and designated service areas (areas where the county reserves the ability to designate others to serve). Marsh Harbor is included within the County's exclusive service area. Because Marsh Harbor has been identified as an exclusive service area, the County is obligated to provide service to that development.

9. The Utility Department has had some discussions with the developer of Marsh Harbor, but at this time there is no request for service pending.

(2) Walden Chase.

10. The Walden Chase subdivision is located at the northeast portion of the intersection of U.S. 1 and CR 210. It is likely that Walden Chase will be the first development in the requested territory to need service.

11. Walden Chase is part of the Exclusive Service Area designated by the County Ordinance. The developer of this subdivision has entered into an agreement with the County for water and wastewater service.

12. The County intends to meet its obligations to Walden Chase through a wholesale agreement with JEA (the "County/JEA Agreement") pursuant to which JEA will provide both water and wastewater service to certain portions of northern St. Johns County specifically including Walden Chase.

13. Walden Chase includes 585 proposed single family units. Walden Chase includes commercial customers as well. Thus, there will be a need to meet commercial fire flow requirements in order to serve Walden Chase. The County/JEA Agreement will enable the Utility Department to meet these requirements.

14. The developer of Walden Chase has indicated that it may need service as early as October 1999.

(3) Nocatee.

15. DDI is the owner of approximately 25,000 acres of land in St. Johns County and approximately 25,000 acres of land in Duval County. Approximately 90% of the requested territory consists of land owned by DDI or its affiliates.

16. Intercoastal's Application for expansion of its water and wastewater franchise includes substantially all of the 25,000 acres owned by DDI in St. Johns County. DDI has never requested service from Intercoastal for any portion of its property. Indeed, DDI's representative specifically requested Intercoastal to not proceed with the Application.

17. DDI is planning a multi-use development of 15,000 acres consisting of 12,800 acres in St. Johns County and 2,200 acres in Duval County. This development, known as "Nocatee," is planned to be built in five phases with each phase taking an estimated 5 years with total anticipated build-out time of 25 years.

18. DDI has no plans to develop the 12,000 plus acres of property it owns in St. Johns County which is not part of Nocatee. Thus, there is currently no need for service in this vast portion of the requested territory.

19. Due to its size, Nocatee will be reviewed and permitted as a Development of Regional Impact ("DRI"). As a DRI, Nocatee will be required to comply with the applicable provisions of the local comprehensive plans.

20. Nocatee spans the St. Johns/Duval County Line. Approximately 12,800 acres in St. Johns County.

21. Nocatee will be developed in five phases, with each phase lasting about five years, for a total development horizon of about 25 years. Based on current permitting plans, development within Phase I will require water, wastewater and reuse service in 2002.

22. The entire approximately 2,200 acre Duval County portion of Nocatee is included in Phase I of the development.

C. Intercoastal's Plan of Service

23. Beginning with its application and throughout the course of the hearing, Intercoastal proposed a plan for service to the entire requested service area, not for a portion thereof.

24. Intercoastal's existing service area is entirely on the east side of the Intercoastal Waterway. The proposed territory to be served is entirely west of the waterway. Intercoastal has two water treatment facilities with an average daily flow

capacity of 2.67 mgd and one wastewater treatment facility with a capacity of 0.80 mgd. The flows at Intercoastal's wastewater treatment plant exceed its current capacity.

25. In preparing its plan of service for the Territory Expansion Area, Intercoastal was not responding to any requests for service and did not obtain any information regarding the needs of the owners of the specific properties or developments in the area.

26. At the hearing, there was confusion as to exactly how Intercoastal intended to serve the new territory. Indeed, as discussed below, Intercoastal's plan has changed several times.

27. On April 22, 1999, Intercoastal submitted prefiled testimony before the FPSC in opposition to the territory expansion request of United Water Florida, Inc. for portions of the proposed new territory. In that testimony, Intercoastal indicated that its initial service to the disputed area would be provided through a wholesale/partnership with JEA. Intercoastal's plan to enter into a wholesale arrangement with JEA was abandoned after JEA signed agreements with the county and with DDI. At this time, Intercoastal is not pursuing any further negotiations with JEA.

28. As part of its application to the Authority, Intercoastal proposed to construct water and wastewater transmission and distribution lines across the Intercoastal Waterway to the eastern edge of the Walden Chase development at a cost of \$1.4 million dollars. This plan was a 10 inch, two-pipe plan and did not include a reuse line. The cost of both the 10-inch water and sewer mains was estimated at \$1.4 million dollars.

29. Intercoastal's Application references its intent to "employ a separate non-potable water transmission and distribution system to supply the irrigation and fire protection needs of future customers in the requested territory." In the Summary Report submitted by Intercoastal's consulting engineer, Mr. Waitz, in support of the Application, the plan of service is described as including a three pipe delivery system. Under a subheading entitled "Type and Location of Facilities," the consultant stated:

A new unique feature of Intercoastal Utilities' Water and Wastewater Plants is the construction of a master stormwater management system to augment reuse particularly during the initial stages when adequate reuse water may not be available from a wastewater treatment plant and also to provide for a source of fire fighting water that will be incorporated into the proposed three (3) pipe delivery system. [emphasis added]

30. At the hearing, however, Intercoastal's expert indicated the "interim" service to the proposed new territory would be provided through a two pipe system that would be run from the terminus of Intercoastal's current 10 inch water and force mains on the east side of the Intercoastal Waterway. Mr. Waitz specifically denied that any reuse lines would be brought across the Intercoastal Waterway and stated that it would be four to five years before any reuse would be available in proposed new territory.

31. For the first few days of the hearing, Intercoastal's position appeared to be that reclaimed water for the proposed new territory would only come from the new areas west of the Intercoastal Waterway. Intercoastal did not anticipate any water, wastewater or reuse demand from Nocatee in the near future, and its engineer speculated that initial demands from Nocatee would begin in three to four years.

32. Beginning June 11, Intercoastal claimed that it would be able to address the immediate reuse needs of Nocatee by bringing reuse across the Intercoastal Waterway from its existing facilities. No cost estimate or time frame was provided as to what would be required to run a reuse line from the existing facilities to the connection point.

33. Intercoastal revised its plan of service again regarding the "interim" lines. Since Walden Chase will have commercial customers and, consequently, service to this area must meet commercial fire flow requirements, Intercoastal proposed oversizing to its water pipeline.

D JEA/St. Johns County Plan of Service.

34. In contrast to Intercoastal, JEA and the County propose water and sewer

service to the area via a "bulk" wholesale agreement, with JEA selling service in bulk to the County, and the County acting as retail provider.

35. JEA currently has 34 water plants and five major regional wastewater plants. JEA has an extremely reliable system that provides redundancy through two interconnected water grids and a loop system. The capacity of several of JEA's existing water and wastewater treatment plants exceed current usage.

36. JEA's south grid currently consists of 14 interconnected water treatment plants with 54 water supply wells. The firm capacity of JEA's south grid was recently increased by 10.8 mgd in May to bring the total capacity to over 103 mgd. These capacity figures are conservatively stated. Just taking into account the south grid, JEA has sufficient capacity to provide service under the agreements with St. Johns County and DDI.

37. JEA's north grid consists of 9 interconnected water plants with 46 wells. There is currently excess water available in JEA's north grid that can potentially be used to meet water demands in the south grid. Plans are already underway to link the two water grids. When the linkage is completed, JEA will be able to further balance its withdrawals to protect against environmental damage.

38. The County/JEA Agreement sets forth the conditions for JEA to provide wholesale water and sewer services to St. Johns County and also provides for the construction of facilities to interconnect with JEA's system in Duval County in order to permit the County to provide retail service in northern St. Johns County. In this Agreement with the County, JEA has committed to utilize its economies of scale and install large lines that will be capable of handling future developments in the area thereby minimizing the prospects of having to later go back and upgrade the facilities.

39. JEA is already in the process of expanding its existing system in southern Duval County to provide regional service. This expansion is going forward irrespective of the results of Intercoastal's territory expansion request. JEA is installing a system that will provide a backbone for regional service. It will enable the establishment of a

comprehensive, economically sized system to serve throughout the surrounding area including northern St. Johns County.

40. JEA is bringing a 24 inch water line from the existing terminus of its facilities at Bayard south to Racetrack Road. From the county line, the current plan calls for a 20 inch water line extension south along U.S. 1. From Nease High School, JEA will run a 16 inch water main and a 12 inch force main north to Walden Chase. The routes selected were chosen to accommodate the regional needs of the area and to provide the most efficient service to the customers in need of immediate service.

41. From the terminus of JEA's new lines in Duval County, it is only approximately two miles to the corner of Walden Chase. To ensure reliability and provide redundancy, JEA will provide a 500,000 water reservoir located near Nease High School and will install high service pumps, a standby generator and a rechlorination facility. JEA will also provide a master wastewater pumping facility which will facilitate regional service.

42. JEA will bear the cost of the water extensions in Duval County. The County will reimburse JEA through customer connection fees for the pro rata costs of up-sizing the sewer lines in Duval County and the cost of the water and sewer lines in St. Johns County.

43. JEA is in the process of implementing a major reuse plan. JEA's reuse master plan includes a 24 inch reuse main that is extended east from Mandarin. This line is already in the planning stages and will be implemented shortly. The services provided in St. Johns County will be hooked up to this network.

E. DDI Plan of Service.

44. DDI has taken several steps toward the provision of water, wastewater and reuse service for the Nocatee development. These steps, which include the following, demonstrate DDI's desire to provide utility service to its development:

- (1) DDI has formed a wholly-owned subsidiary called Nocatee Utility Corporation.
- (2) Nocatee Utility Corporation has applied to the Florida Public Service Commission for a multi-county water and wastewater certificate to serve the entire Nocatee development, including both the Duval County and St. Johns County portions of the development.
- (3) DDI has entered into a Letter of Intent with JEA under which JEA will provide bulk water, wastewater and reuse service to Nocatee Utility Corporation. JEA has facilities planned or in place that are sufficient to meet the needs of the Nocatee development in a timely fashion. The viability of bulk service by JEA is further evidenced by the fact that a bulk agreement with JEA was Intercoastal's first choice for the means of providing service to the proposed expansion territory.
- (4) DDI intends to provide reuse throughout its development, either via JEA/St. Johns County or through its own reuse facilities.
- (5) DDI has entered into an agreement with Nocatee Utility Corporation under which DDI will provide the financial resources required for Nocatee Utility Corporation to provide retail service to the Nocatee development.
- (6) DDI has caused its consultants to prepare a comprehensive, peer-reviewed Groundwater Resources Development Plan. That plan analyzes the water requirements and water resources on DDI's property, and demonstrates that such needs can be met by DDI or its affiliates with no adverse impact on the aquifer or other water users. Under the DDI/JEA

Letter of Intent, DDI will make well sites available to JEA to the extent necessary to provide service to Nocatee.

- (7) DDI has developed a planning approach known as Nocatee Environmental and Water Resource Area Plan ("NEWRAP"). NEWRAP represents an integrated approach to all water use and environmental issues. According to DDI, it would be difficult or impossible for DDI to implement NEWRAP if retail water, wastewater and reuse service were provided to the development by an unrelated third party such as Intercoastal.

F. Applicant's Ability to Serve.

45. There is significant doubt as to whether the Applicant has the ability to provide service to the requested area.

46. As discussed in more detail below, there are significant unanswered questions as to whether Intercoastal has sufficient operating capacity to serve the requested territory. Intercoastal has a contractual obligation to provide a specified level of reuse to Sawgrass. Taking into account this commitment and the limited size of Intercoastal's wastewater facility, even including the full amount of the current expansion, it does not appear that there will be sufficient capacity to enable Intercoastal to meet the reuse needs of Nocatee

47. As previously noted, the Applicant's plan of service changed throughout this proceeding. Under all those plans, however, Intercoastal's current wastewater treatment plant capacity is inadequate to provide service for any part of the requested territory until after completion of a proposed expansion.

48. Intercoastal will not be able to provide water and sewer service to Walden Chase by October 1, 1999. In fact, Intercoastal may not be able to meet the needs of Walden Chase for approximately two years.

49. Delays in the provision of service to the developer of Walden Chase could result in significant additional development costs and might jeopardize the project.

50. Intercoastal has had no discussions with the developer of Walden Chase and has not been requested to serve that area. As discussed below, Intercoastal's plan of service would necessarily result in huge costs to the developer of Walden Chase. It is unclear whether the developer will be willing to pay the massive costs that Intercoastal seeks to impose. Costs placed on a developer by a utility can affect the feasibility of a development. While the developer of Walden Chase has apparently indicated an intent to proceed based upon his agreement with the County, it cannot be presumed that the development will go forward under Intercoastal's plan of service. Indeed, Mr. James admitted that a similar delay in development has occurred with respect to Marsh Harbor after the land owner was informed of Intercoastal's projected costs.

51. Furthermore, Intercoastal's initial plan of service failed to address the commercial fire flow needs of Walden Chase as part of its interim plan.

52. Intercoastal's consultant has never been involved in a stormwater reuse project. Mixing stormwater with reclaimed water causes a number of environmental concerns. If the stormwater is to be mixed with reclaimed water and utilized in a residential system, a treatment system should be implemented to treat the stormwater to the level of the reclaimed water. The Florida Department of Environmental Protection is in the process of finalizing rules that will require such treatment. It is also important to note that the proper implementation of a system that mixes stormwater with reclaimed water can require extensive pumping distribution facilities. Intercoastal has totally ignored these costs.

53. Intercoastal's plan for service to Nocatee was predicated upon projected water demand that is approximately 1.7 million gallons per day short of what the developer is projecting. The total long-term demand anticipated from Nocatee is 5 to 6 mgd. Intercoastal has still not provided a coherent explanation as to how it will meet this demand. The cost of adding just .5 mgd of additional water and wastewater capacity could be as much as \$2.75 million.

54. Intercoastal's contention that its plan of service is somehow superior to other alternatives because of Intercoastal's special commitment to reuse is simply erroneous. Intercoastal's witnesses are under a mistaken impression that reuse can be imposed upon a developer. Intercoastal has completely overlooked the existing legal precedent governing reuse. Contrary to Intercoastal's's contention, Walden Chase cannot be forced to implement a residential reuse system. There is no current ordinance in place in St. Johns County that would require the Developer of Walden Chase or any other subdivision to implement a residential reuse system.

55. While we believe that Intercoastal possesses the managerial, operational and technical ability to provide service to the requested territory, and can probably initially finance a project, we have questions concerning its financial operations. However, Intercoastal admitted that they are getting a fair rate of return on their investment.

G. Existence of Service from Others.

56. As previously discussed, service does exist from other providers to the requested territory. JEA currently has excess water and sewer capacity in geographic proximity to the requested territory. Furthermore, the Utility Department and DDI have entered into written, binding agreements to obtain "bulk" service from JEA. The Utility Department has likewise executed an agreement with the developer of Walden Chase.

H. Comprehensive Plan.

57. We find that Intercoastal's plan of service is not inconsistent with the St. John's County Comprehensive Plan, but neither are the plans of service of JEA, the Utilities Department, and DDI. Consistency with the St. Johns County Comprehensive Plan is but one factor that the Authority may consider in this proceeding, and does not automatically bind the Authority to approve the application.

I. Landowner/Customer Preference.

58. Two of the landowners in this proceeding have expressed a preference for receiving service from a provider other than Intercoastal.

59. First, the owner of the Walden Chase development has expressed an interest in receiving retail service from the Utility Department. This preference has been manifested in writing via letter and contract.

60. DDI, the owner of Nocatee, has expressed a preference for service from JEA via contract. DDI has not requested service from Intercoastal.

61. DDI does not desire utility service from Intercoastal. DDI's reasons for not desiring such utility service include the following:

- (1) Intercoastal could not provide service to the Duval County portion of Nocatee under its proposed certificate expansion. This would result in the untenable situation where service to Phase I of the development would be provided by two different utilities.
- (2) Intercoastal does not have the ability to provide sufficient reuse service to Phase I of Nocatee at the outset of development.
- (3) DDI desires to retain control over the provision of water, wastewater and utility service to Nocatee to ensure that such service is available as and when required to meet the needs of the development. *DDI does not want water, wastewater and reuse service to Nocatee to be subject to potential changes in the financial situation and business plans of a third party.*
- (4) The provision of retail service to Nocatee by any third party utility would adversely impact DDI's ability to implement its water resource plans and to develop its property in the most environmentally sensitive manner. *Intercoastal's conceptual plan for providing reuse service west of the Intercoastal Waterway would require DDI to plan and operate its stormwater system in coordination with Intercoastal. This involvement by a third party utility -- whose utility-related goals would conflict with some of the developers' environmental goals -- would interfere with the implementation of DDI's integrated water resource plan.*

- (5) DDI believes that Intercoastal does not have the necessary facilities in place today to provide service to Nocatee and does not have anything more than conceptual plans as to how such service will be provided.
- (6) Intercoastal has underestimated the utility needs of Nocatee. Intercoastal's projections for utility needs on the west side of the Intercoastal Waterway are based on simplistic growth rate projections. At the time Intercoastal's certificate expansion application was filed, the Nocatee project had not been announced and Intercoastal had no knowledge of the location or scope of that development. Intercoastal has made no subsequent attempt to take the actual development plans for Nocatee into account in any of its engineering or financial analysis.
- (7) Intercoastal has not shown that it would be the lowest cost, most efficient provider of service, nor has it provided anything more than speculation as to what the impact of the certificate expansion would be on the rates to its current customers.
- (8) If service were provided by Intercoastal, DDI would be required to contribute substantial assets to Intercoastal which would create value for Intercoastal's stockholders when Intercoastal's system is eventually sold. If service is provided by DDI or its affiliate, the value of those assets would be retained directly or indirectly by DDI.

62. Finally, Intercoastal's existing customers have vocally opposed the application for the proposed territory. The Sawgrass Association which represents approximately 1,600 residential customers currently served by Intercoastal, has expressed concern over Intercoastal's apparent plan to provide service, at least temporarily, to the new territory via Intercoastal's existing facilities.

CONCLUSIONS OF LAW

1. Pursuant to Sections 17³/₄-203(a)(1) and 17³/₄-206 of the St. Johns County Utility Ordinance ("Ordinance"), the Authority has jurisdiction to issue a Preliminary Order regarding Intercoastal's certificate extension application.
2. Pursuant to Section 17³/₄-202(n) of the Ordinance, any person having an identifiable interest in the proceeding can participate as a party in a proceeding before the Authority. Each of the Intervenor has an identifiable interest in the proceeding as a proposed alternative provider of service to a portion of the proposed expansion territory. In addition, DDI has an identifiable interest in the proceeding as the owner of the vast majority of the land covered by the expansion application. Each of the Intervenor therefore has standing to participate as a party in this proceeding.
3. As the applicant in this proceeding, Intercoastal bears the burden of demonstrating its entitlement to the territory extension it seeks. See, Department of Transportation v. JWC Corporation, Inc., 396 So.2d 778 (Fla. 1st DCA 1981).
4. Section 17-3/4-206 of the St. Johns County Utility ordinance provides that the proposed extension of service by a utility cannot be commenced until the utility obtains an amended franchise certificate for the proposed extension. Section 17-3/4-204(B) of the Ordinance provides the Authority with the power to issue a Preliminary Order on the territory extension request. These criteria expressly apply to certificate extension applications governed by 17 3/4 - 206, such as the one before the Authority in this case. See Section 17 3/4 - 204 (C)(h). The Authority will exercise its discretion to apply the original certificate criteria to this certificate extension case; however, it will also consider other factors that the Authority has determined bear on the public interest.

5. Subsection (e) of Section 17³/₄-204.C of the Ordinance contemplates an inquiry into the need for service in the territory involved in the application. Intercoastal has failed to demonstrate a need for service to the portion of the proposed expansion area owned by DDI which is outside the boundaries of the planned Nocatee development. The Authority concludes that it is not in the public interest to grant a certificate expansion for a large area which has no foreseeable need for utility service. Intercoastal's certificate expansion application for this portion of the requested territory should therefore be denied. For purposes of further analysis, we assume, but do not decide, that Intercoastal has adequately demonstrated a need for service to the balance of the requested territory.

6. Subsection (e) of Section 17³/₄-204.C of the Ordinance permits an inquiry into the ability of the applicant to provide service to the territory applied for. Intercoastal has failed to demonstrate that it can commence service to the Walden Chase development in a time frame that meets the needs of the developer. Intercoastal has also failed to demonstrate that it can commence reuse service to Nocatee in a time frame and quantity that meets the needs of the developer. Due to the multi-county nature of Phase I of Nocatee, Intercoastal cannot provide service under its application to the entire area that has one of the most immediate needs for service.

7. In the exercise of its discretion, the Authority concludes that Intercoastal's informational submissions to the St. Johns River Water Management District (SJRWMD) as part of the 2020 Water Planning process do not confer any particular rights on Intercoastal in this certificate extension proceeding. The 2020 Water Plan currently exists only in draft form and final action on the plan is not anticipated before

late 1999. Further, correspondence from the SJRWMD makes it clear that Intercoastal's information submission does not grant Intercoastal any preferred status with respect to future required permitting activities. In fact, the issuance of a certificate to serve the territory is a prerequisite to the SJRWMD's review of any consumptive use permit application.

8. We have found no controlling authority on the weight that this Authority should give to landowner preference in cases involving certification of water and wastewater utilities.

- (1) In an early case involving the Commission's approval of a territorial service agreement between two electric utilities, the Florida Supreme Court stated that "[a]n individual has no organic, economic or political right to service by a particular utility merely because he deems it advantageous to himself." Storey v. Mayo, 217 So.2d 304 (Fla. 1968). In that case, the two utilities had *agreed* on a territorial boundary, and the Commission had approved that agreement as being in the public interest.
- (2) In a more recent case involving a *dispute* between two electric utilities, the Court held that it was reversible error for the Commission to disregard customer preference in a situation where each utility was capable of serving the territory in dispute. Gulf Coast Electric Co-op, Inc. v. Clark, 674 So.2d 120 (Fla. 1996). the Supreme court has likewise recognized this preference as a factor in FPSC certificate cases. See Davie Utilities, Inc. v. Yarborough, 263 So.2d 215 (Fla. 1972).
- (3) In a case involving a contested water and sewer certificate application, the District Court of Appeal upheld a Florida Public Service Commission order which gave weight to the importance of having an overall plan for orderly development of a large scale land development project and the unique

ability of a developer-related utility to perform such planning. St. Johns North Utility Corp. v. Florida Public Service Commission, 549 So.2d 1066 (Fla. 1st DCA 1989).

9. Based on these precedents, the Authority concludes that in a *disputed* certificate extension case, it is entitled to consider both landowner preference and the unique ability of a developer-related utility to integrate utility planning with overall planning for the development in making its public interest determination. We have further concluded that, in the particular circumstances of this case, we should give great weight to these factors. These circumstances include the following:

- (1) The vast majority of the portion of the proposed expansion area planned for development (i.e. Nocatee) is owned by a single party (i.e. DDI). The first phase of Nocatee crosses a county line and could not be served in an integrated fashion by Intercoastal under the certificate extension applied for in this case.
- (2) As part of its overall development plans for Nocatee, DDI is proposing to provide retail water, wastewater and reuse service to Nocatee through an affiliated, multi-county utility company that plans to obtain bulk utility service from JEA. DDI has taken substantial steps with regard to water resource planning generally and with respect to utility planning in particular, including the conduct of a detailed Groundwater Resource Development Plan of a type that Intercoastal has testified it will not undertake unless and until it is granted a certificate extension. DDI appears to have the capability of carrying out its development plan. While this Authority does not have the jurisdiction to grant or deny an application for multi-county service such as that filed by Nocatee Utility Corporation with the Florida Public Service Commission, we do have the discretion to consider the pendency of such an application in making our determination on the single-county application before us.

- (3) The remainder of the proposed expansion area is owned by a small number of parties, including the developers of the proposed Walden Chase and Marsh Harbor developments.
- (4) The record shows that neither the developer of Nocatee nor the developer of Walden Chase desire service from Intercoastal. The record shows that Marsh Harbor requested an estimate of the cost of providing service from Intercoastal in 1996, but did not pursue the matter further following receipt of that estimate. In any event, we conclude that service to Marsh Harbor would be feasible only if we also granted a certificate to serve substantial additional territory on the West side of the Intercoastal Waterway.

10. Intercoastal contends that unless its certificate expansion application is approved, it will not have the opportunity to continue to expand and to take advantages of the economies of scale typically associated with a larger utility system. We give little weight to this factor in making our public interest determination, given the absence of any credible projections of the cost of providing service to the expansion territory or the impact that such service would have on the rates paid by existing customers of Intercoastal. We also note that none of the public witnesses representing customers of Intercoastal favored the proposed certificate expansion. We do not believe Intercoastal's financial position will be imperilled by a denial of the requested territory.

11. Intercoastal contends that unless its certificate expansion application is granted, the rates for service to the proposed territory will not be subject to control by this Authority and by the Board of County Commissioners. While this may be true, it is not a factor that we believe warrants consideration in our public interest determination. The Legislature has granted the Board of County Commissioners rate making authority over private utilities, such as Intercoastal, who provide service wholly within St. Johns County. The Legislature has granted the Florida Public Service Commission such authority over private multi-county systems, such as that proposed by DDI and Nocatee Utility Corporation. It is not our role to second-guess the wisdom of this regulatory

scheme, but only to determine whether granting Intercoastal a certificate expansion is in the public interest.

12. After the date this application was filed, but prior to this hearing, the St. Johns County Board of County Commissioners adopted Ordinance No. 99-36, the St. Johns County Water and Wastewater Service Area Ordinance. This Ordinance claims the Walden Chase and Marsh Harbor territory as the "Exclusive Service Area" of the County. We note in passing that Section 12 of that Ordinance provides that nothing in the Ordinance affects the powers of the Authority to process and conduct certification proceedings for new utilities or for extensions of territories outside the County's Exclusive Service Area. Regardless of the Ordinance's intent, which is ultimately a question for the Board of County Commissioners or the courts, we find that we can reach a decision without application of the Ordinance.

13. Based on all the factors discussed above, we determine that it is not in the public interest to grant any portion of Intercoastal's requested certificate extension.

Based on the foregoing, it is ORDERED as follows:

1. Intercoastal's application to amend Franchise Certificates Nos. 13 and 14 is and should be DENIED in its entirety.

2. This Order shall not take effect unless and until it is confirmed by the Board of Commissioners.

ORDERED at St. Johns County, Florida, this 4th day of August, 1999

ST. JOHNS COUNTY WATER AND SEWER
AUTHORITY

BY: 
Its Chairman

I HEREBY CERTIFY that conformed copies here of have been furnished by mail to the following on the 6th day of August, 1999.

SERVICE LIST

John L. Wharton, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

Kenneth A. Hoffman, Esquire
Rutledge, Ecenia, Underwood, et al.
P.O. Box 551
Tallahassee, FL 32302-0551

James L. Ade, Esquire
Scott G. Schildberg, Esquire
Martin, Ade, Burchfield, & Mickler, P.A.
3000 Independent Square
Jacksonville, Florida 32202

Richard D. Melson, Esquire
Hopping, Greens, Sams & Smith
123 South Calhoun Street
Tallahassee, FL 32314

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28 Cordova
St. Augustine, FL 32804

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Tallahassee, FL 32301

Thomas A. Cloud, Esquire
Gray, Harris & Robinson, P.A.
P.O. Box 3068
Orlando, FL 32802-3068


Secretary to Executive Director

Water Supply



PART III. ENVIRONMENTAL RESOURCES IMPACTS

QUESTION 17. WATER

See State Comprehensive Plan (Chapter 187, F. S.)

GOAL (8); POLICIES (1), (5), (11)

GOAL (16); POLICIES (1), (2), (6)

GOAL (18); POLICIES (1), (2), (3), (4), (6)

ADOPTED LEVEL OF SERVICE STANDARD

EXISTING LEVEL OF SERVICE STANDARD

LEVEL OF SERVICE AFTER PROJECT BUILDOUT

Water supply and aquifer management are integral components of the Nocatee Environmental and Water Resources Area Plan (NEWRAP). It is anticipated that the Nocatee development's water supply will be supplied from JEA and managed by Nocatee Utility Corporation. JEA has extensive groundwater resources available particularly in the western and northern portion of their service area.

The Nocatee Utility Corporation will be the water and reuse provider for the Nocatee Development. A detailed, peer reviewed, groundwater study was conducted for the Nocatee Project, including extensive groundwater modeling and a well field management plan for an on-site water supply. The study demonstrates an adequate and sustainable water supply quantity and quality to serve the buildout of the Nocatee Project. However, an on-site water supply is not anticipated based on Nocatee Utility Corporation service proposal which include the bulk purchase of water from JEA.

Nocatee Utility Corporation will own and operate the on-site potable water distribution and wastewater collection and pumping facilities. The public access reuse storage, pumping and distribution system will also be operated by Nocatee Utility Corporation. The bulk purchase of reuse water will allow the utility to meet the project's irrigation demands with reuse water even in the early phases of the project when wastewater generation volumes are less than irrigation demand.

NEWRAP includes a plan to meet the irrigation demands of the project with reclaimed water and stormwater to conserve the groundwater resources. Nocatee Utility Corporation will be an integral part of encouraging and promoting the goals and objectives of NEWRAP.



PART III. ENVIRONMENTAL RESOURCES IMPACTS

QUESTION 17. WATER

17-A-1 - Projection of the average daily potable and non-potable water demands at the end of each phase of development. For significant seasonal demand variations will occur, discuss anticipated peaks and duration.

Table 17-1 shows the average daily potable and non-potable water demands for each development phase in the Nocatee development. Total average daily potable water demand at project buildout is estimated to be 6.120 million gallons per day (MGD). Total daily non-potable (irrigation) water demand is estimated at 6.736 MGD.

Daily consumption rates are based on annual averages that will vary throughout the year. Significant seasonal non-potable (irrigation) water demand may occur during drought periods. It is not anticipated that potable water demands will have significant seasonal demand variations.

17-A-2 - Description of how demand information was generated, including identification of the consumption rates assumed in the analysis.

The following assumptions were used to estimate the demand information contained within Table 17.1:

Potable Water

Single Family:	350 gpd/unit
Multi-Family:	300 gpd/unit
Hotel Rooms:	125 gpd/room
Professional and Business Office:	150 gpd/1000 SF
Retail/ Commercial:	200 gpd/1000 SF
Light Industrial:	100 gpd/1000 SF
Schools:	
Elem./Private:	20 gpd/student
Middle:	25 gpd/student
High:	30 gpd/student
Fire station:	600 gpd/unit
Daycare:	15 gpd/student
Assisted Living:	100 gpd/bed
Library, County Annex, etc.	200 gpd/1000 SF
YMCA Complex:	200 gpd/1000 SF
Parks (all buildings)	200 gpd/1000 SF
Churches:	200 gpd/1000 SF
Golf course and amenities	25,000 gpd/golf course



PART III. ENVIRONMENTAL RESOURCES IMPACTS

QUESTION 17. WATER

These rates are based upon Chapter 10D-6, F.A.C.

Non-Potable Water

Single Family:	261.3 gpd/unit
Multi-Family:	5,000 gpd/acre of irrigation area
Hotel Rooms:	5,000 gpd/acre of irrigation area
Prof/Business Office:	100 gpd/1000 SF
Retail/Commercial:	100 gpd/1000 SF
Light Industrial:	100 gpd/1000 SF
Schools:	
Elem:	5,000 gpd/acre of irrigation area
Private:	5,000 gpd/acre of irrigation area
Middle:	5,000 gpd/acre of irrigation area
High:	5,000 gpd/acre of irrigation area
Daycare:	no reuse water used
Assisted Living:	5,000 gpd/acre of irrigation area
Library, County Annex, etc	100 gpd/1000 SF
YMCA Complex:	5,000 gpd/acre of irrigation area
Community parks:	5,000 gpd/acre of irrigation area
Neighborhood Parks:	5,000 gpd/acre of irrigation area
Civic Facilities:	5,000 gpd/acre of irrigation area
Community Clubs:	5,000 gpd/acre of irrigation area
Churches:	5,000 gpd/acre of irrigation area
Common areas:	5,000 gpd/acre of irrigation area
Golf course:	650,000 gpd per golf course

Table 17-1: POTABLE/NON-POTABLE WATER DEMAND FOR NOCATEE

Phase/Land Use	Potable Water Demand (MGD)	Non-Potable Water Demand (MGD)		Total Water Demand (MGD)
		Irrigation*	Other	
PHASE I				
Single Family	0.525	0.392		0.917
Multi-Family	0.060	0.011		0.071
Office	0.078	0.052		0.130
Retail/Commercial	0.020	0.010		0.030
Civic Facilities	0.000	0.002		0.002
Community clubs	0.000	0.023		0.023
Schools				
Elem.	0.010	0.025		0.035
Daycare	0.003	0.000		0.003



PART III. ENVIRONMENTAL RESOURCES IMPACTS

QUESTION 17. WATER

Phase/Land Use	Potable Water Demand (MGD)	Non-Potable Water Demand (MGD)		Total Water Demand (MGD)
		Irrigation*	Other	
YMCA Complex	0.006	0.004		0.010
Community Parks	0.000	0.046		0.046
Neighborhood parks	0.000	0.045		0.045
Park buildings	0.001	0.000		0.001
Common Area	0.000	0.275		0.275
Golf course	0.025	0.650		0.675
Subtotal	0.729	1.535	0.000	2.263
PHASE 2				
Single Family	0.700	0.522		1.223
Multi-Family	0.180	0.033		0.213
Office	0.137	0.092		0.229
Light Industrial	0.013	0.013		0.025
Retail/Commercial	0.030	0.015		0.045
Church	0.006	0.002		0.008
Civic Facilities	0.000	0.002		0.002
Community Clubs	0.000	0.021		0.021
Schools				
Elem.	0.020	0.050		0.070
Daycare	0.005	0.000		0.005
Assisted Living	0.018	0.003		0.021
Community Parks	0.000	0.044		0.044
Neighborhood parks	0.000	0.047		0.047
Park buildings	0.002	0.000		0.002
Common Area	0.000	0.206		0.206
Subtotal	1.111	1.049	0.000	2.160
PHASE 3				
Single Family	0.768	0.573		1.341
Multi-Family	0.332	0.062		0.394
Office	0.141	0.094		0.236
Light Industrial	0.013	0.013		0.025
Retail/Commercial	0.050	0.025		0.075
Hotel	0.025	0.005		0.030
Church	0.009	0.003		0.012
Fire Stations	0.001	0.003		0.004
Community Clubs	0.000	0.008		0.008
Schools				
Elem.	0.010	0.025		0.035
Private	0.016	0.040		0.056



PART III. ENVIRONMENTAL RESOURCES IMPACTS

QUESTION 17. WATER

Phase/Land Use	Potable Water Demand (MGD)	Non-Potable Water Demand (MGD)		Total Water Demand (MGD)
		Irrigation*	Other	
Middle	0.025	0.035		0.060
High	0.045	0.055		0.100
Daycare	0.006	0.000		0.006
Assisted Living	0.018	0.003		0.021
Library, County Annex, etc	0.007	0.004		0.011
Community Parks	0.000	0.015		0.015
Neighborhood parks	0.000	0.010		0.010
Park buildings	0.003	0.000		0.003
Common Area	0.000	0.069		0.069
Golf course	0.025	0.650		0.675
Subtotal	1.494	1.690	0.000	3.184
PHASE 4				
Single Family	0.767	0.572		1.339
Multi-Family	0.332	0.062		0.394
Office	0.138	0.092		0.231
Retail/Commercial	0.050	0.025		0.075
Hotel	0.028	0.005		0.033
Church	0.009	0.003		0.012
Community Clubs	0.000	0.008		0.008
Schools				
Elem.	0.020	0.050		0.070
Middle	0.025	0.035		0.060
Daycare	0.006	0.000		0.006
Assisted Living	0.018	0.003		0.021
Community Parks	0.000	0.019		0.019
Neighborhood parks	0.000	0.015		0.015
Park buildings	0.003	0.000		0.003
Common Area	0.000	0.138		0.138
Golf course	0.025	0.650		0.675
Subtotal	1.422	1.676	0.000	3.097
PHASE 5				
Single Family	0.768	0.572		1.340
Multi-Family	0.332	0.062		0.394
Office	0.136	0.091		0.226
Retail/Commercial	0.050	0.025		0.075
Hotel	0.036	0.007		0.043
Church	0.006	0.002		0.008
Schools				



PART III. ENVIRONMENTAL RESOURCES IMPACTS

QUESTION 17. WATER

Phase/Land Use	Potable Water Demand (MGD)	Non-Potable Water Demand (MGD)		Total Water Demand (MGD)
		Irrigation*	Other	
Elem.	0.010	0.025		0.035
Daycare	0.006	0.000		0.006
Assisted Living	0.018	0.003		0.021
Library, County Annex, etc	0.001	0.001		0.002
Park buildings	0.003	0.000		0.003
Subtotal	1.365	0.786	0.000	2.151
TOTALS AT BUILDOUT	6.120	6.736	0.000	12.856

MGD - million gallons per day; ac - acres

* Non-potable water for irrigation will be approximately 80% reuse water and 20% stormwater.

A back-up groundwater source for irrigation will only be used when reuse water and stormwater are not available.

Source: England, Thims & Miller, Inc., 1999.

17-B - Breakdown of sources of water supply, both potable and non-potable, by development phase through project completion.

Table 17-2 shows the sources for the estimated potable and non-potable water demand. Potable water will be supplied by Nocatee Utility Corporation. The Utility anticipates bulk purchasing potable and reuse water from JEA beginning in Phase 1 of the project.

The primary source for irrigation will be a combination of reuse water and on-site retention/detention ponds (stormwater). Nocatee Utility Corporation intends to construct reuse, storage, pumping and distribution facilities to serve 80% of the irrigation demands of the project. The remaining 20% of irrigation water will be supplied from stormwater.

Actual irrigation requirements will be determined during final design and the source of water reuse or stormwater will be selected at that time, in order to suit each project area as it is developed.



PART III. ENVIRONMENTAL RESOURCES IMPACTS

QUESTION 17. WATER SUPPLY

Table 17-2: POTABLE/NON-POTABLE WATER SUPPLY FOR NOCATEE

Phase	On-site Supply				Off-site Supply
	Groundwater (MGD)	Surface Water (MGD)	Other (specify) (MGD)	Total (MGD)	(MGD)
PHASE 1					
Potable					0.729
Non-Potable					
Irrigation*		0.307		0.307	1.228
Other					
Subtotal Phase 1		0.307		0.307	1.957
PHASE 2					
Potable					1.111
Non-Potable					
Irrigation*		0.21		0.21	0.84
Other					
Subtotal Phase 2		0.21		0.21	1.951
PHASE 3					
Potable					1.494
Non-Potable					
Irrigation*		0.338		0.338	1.352
Other					
Subtotal Phase 3		0.338		0.338	2.846
PHASE 4					
Potable					1.422
Non-Potable					
Irrigation*		0.335		0.335	1.341
Other					
Subtotal Phase 4		0.335		0.335	2.763
PHASE 5					
Potable					1.365
Non-Potable					
Irrigation*		0.157		0.157	0.629
Other					
Subtotal Phase 5		0.157		0.157	1.994
TOTAL		1.327		1.327	11.511

MGD - million gallons per day

* Non-potable water for irrigation will be approximately 80% reuse water and 20% stormwater.

**A backup groundwater source for irrigation will only be used if reuse water/stormwater are unavailable

Source: England, Thims & Miller, 1999.



PART III. ENVIRONMENTAL RESOURCES IMPACTS

QUESTION 17. WATER SUPPLY

17-C – Location of water wells and specification that those wells will continue to be used. (All proposed on-site wells located on Map D). Indication of well diameter, depth, and pumping rates (average and maximum) for each of the existing wells and projection of this information for proposed wells (for lots served by individual dual wells, information is grouped for projection purposes). Breakdown of wells with regard to potable and non-potable sources.

Potable water will be supplied to Nocatee Utility Corporation by JEA. Nocatee Utility Corporation will provide a public access reuse distribution system for irrigation. Therefore, irrigation wells for individual parcels are not anticipated.

The existing water wells located on-site are shown on Map D and described below. These wells will remain for fire protection until development of the areas of the well or maybe used as a backup irrigation supply.

Table 17-3: Nocatee Existing Water Wells

Well No.	Casing Dia. (inches)	Depth (ft)	Flow Rate (gpm)	Type
19. South Bend Micklers	12	1014	1043	Fire protection
20. Tin Top House	12	1014	unknown	Fire protection
23. Twenty Mile	3	unknown	unknown	Fire protection
4-N. S. Stockton	6	500	250	Fire protection
5-N. Headquarters	4	500	unknown	Fire protection
6-N. Old Scout Camp	4	400	33	Fire protection

gpm - gallons per minute

Source: England, Thims & Miller, 1999

17-D – Discussion of whether on-site water wells will interfere with other water wells or result in adverse impacts to underlying or overlying aquifers. Documentation of assumptions underlying this response.

As previously mentioned, potable water and reuse will be supplied to Nocatee Utility Corporation by JEA from off-site sources.

**PART III. ENVIRONMENTAL RESOURCES IMPACTS****QUESTION 17. WATER SUPPLY**

17-E - Identification of entity to operate and maintain the internal water supply system after completion of the development.

Nocatee Utility Corporation will operate and maintain the internal water supply system during development as well as after development completion.

17-F1: Identification of off-site water supplier, including letter from the agency or firm providing service outlining:

(A) **projected excess capacities of the water supply facilities to which connection will be made at present and for each phase through completion of the project,**

(B) **any other commitments that have been made for this excess capacity, and**

(C) **a statement of the agency or firm's ability to provide services at all times during and after development. (Agency has been supplied with the water demand and supply tables in paragraphs a and b above).**

Potable water service will be provided by Nocatee Utility Corporation. See attached letter from Nocatee Utility Corporation and JEA at the end of this section.

17-F2: Confirmation of service provision at all times during and after development, identification of the required capital improvements, timing, cost, and proposed responsible entity for each phase in which service is unavailable.

It is anticipated that service can be provided at all times during and after development.

17-G: Description of any water conservation methods or devices incorporated into the plan of development. Percentage of reduction anticipated over conventional plans.

Master Planning efforts will include the utilization of existing vegetation within parks and open space areas to the greatest extent possible, together with the use of xeriscape, drought resistant native plantings, and other vegetation and landscape design features to reduce the water demand for irrigation.



PART III. ENVIRONMENTAL RESOURCES IMPACTS

QUESTION 17. WATER SUPPLY

Reuse water (wastewater effluent) will be provided for irrigation uses throughout the development, including single family homes. Further, stormwater will be used for irrigation, where possible.

Reduction in water consumption will be accomplished by the use of low flow plumbing fixtures as specified in the Water Conservation Act, Chapter 553.14, Florida Statutes.

17-H: Indication of whether proposed water service will be provided within an established service area boundary.

Nocatee Utility Corporation has applied for a service area boundary with the Public Service Commission and the application is currently pending.

Wastewater Management



PART III. ENVIRONMENTAL RESOURCES IMPACTS

QUESTION 18. WASTEWATER MANAGEMENT

See State Comprehensive Plan (Chapter 187, F. S.)

GOAL (8); POLICIES (12), (13)

GOAL (16); POLICY (11)

GOAL (16); POLICIES (1), (2), (3), (4), (6), (10)

GOAL (18); POLICIES (1), (2), (3), (4), (6), (10)

ADOPTED LEVEL OF SERVICE STANDARD

EXISTING LEVEL OF SERVICE STANDARD

LEVEL OF SERVICE AFTER PROJECT BUILDOUT

The Nocatee Utility Corporation will be the wastewater collector and treatment provider for the Nocatee. Wastewater management is an integral component of the Nocatee Environmental and Water Resources Area Plan (NEWRAP). The Nocatee wastewater management plan includes a central wastewater collection system tied to a regional system. It is anticipated that the Nocatee Development's wastewater production will be treated off-site by JEA and managed by Nocatee Utility Corporation. The development will not include permanent septic tanks. Wastewater will be treated and reused for irrigation and will not be discharged into area waters under this plan.

Nocatee Utility Corporation will also operate the public access reuse storage, pumping and distribution system. The bulk purchase of reuse water will allow the utility to meet the project's irrigation demands with reuse water even in the early phases of the project when wastewater generation volumes are less than irrigation demand.

18-A: Table of projected wastewater generation at the end of each phase of development and proposed wastewater treatment. Identification of assumptions used to project this demand.

The projected wastewater generation and treatment at the end of each phase is shown in **Table 18-1**. It is estimated total wastewater generation will be 5.208 million gallons per day (MGD) at project buildout.



PART III. ENVIRONMENTAL RESOURCES IMPACTS

QUESTION 18. WASTEWATER MANAGEMENT

Generation rates are based upon the following assumptions:

Potable Water

Single Family:	280 gpd/unit
Multi-Family:	250 gpd/unit
Hotel Rooms:	125 gpd/room
Professional and Business Office:	150 gpd/1000 SF
Retail/ Commercial:	200 gpd/1000 SF
Light Industrial:	100 gpd/1000 SF
Schools:	
Elem./Private:	20 gpd/student
Middle:	25 gpd/student
High:	30 gpd/student
Fire station:	600 gpd/unit
Daycare:	15 gpd/student
Assisted Living:	100 gpd/bed
Library, County Annex, etc.	200 gpd/1000 SF
YMCA Complex:	200 gpd/1000 SF
Parks (all buildings)	200 gpd/1000 SF
Churches:	200 gpd/1000 SF
Golf course and amenities	25,000 gpd/golf course

These rates are based upon Chapter 10D-6, F.A.C. and England, Thims & Miller's, Inc. (ETM) utility experience in St. Johns County and meet or exceed the minimum level of service standards established by St. Johns County (100 gallons per capita per day; average household size 2.5 persons).

18-B: General description of volumes, characteristics and pre-treatment techniques of any industrial or other effluents prior to discharge from proposed industrial-related use(s).

Not applicable.



PART III. ENVIRONMENTAL RESOURCES IMPACTS

QUESTION 18. WASTEWATER MANAGEMENT

18-C1: For off-site treatment is planned, identification of the treatment facility and attachment of a letter from the agency or firm providing the treatment outlining present and projected excess capacity of the treatment and transmission facilities through buildout, any other commitments that have been made for this excess and a statement of ability to provide service at all times during or after development.

Off-site treatment will be provided to Nocatee Utility Corporation by JEA, as indicated on the attached service availability letter at the end of this section.

18-C2: If service cannot be provided, identification of the required capital improvements, cost, timing, and proposed responsible entity necessary to provide service at all times during and after development.

It is anticipated that service by Nocatee Utility Corporation can be provided at all times during and after development.

18-D: If septic tanks will be used on site, indication of the number of units to be served, general locations and any plans for eventual phase-out.

Septic tanks will not be used on site, except on temporary basis for auxiliary facilities such as golf course restrooms. When central service is available, septic tank use will be discontinued.

18-E: Indication of whether proposed wastewater service will be provided within an established service area boundary.

Nocatee Utility Corporation has applied for a service area boundary with the Public Service Commission and the application is currently pending.

Table 18-1: Nocatee Wastewater Generation & Treatment

Phase	Wastewater Generation (MGD)	On-site Wastewater Treatment (MGD)	Off-site Wastewater Treatment (MGD)
PHASE 1	0.613	0.0	0.613
PHASE 2	0.941	0.0	0.941
PHASE 3	1.285	0.0	1.285
PHASE 4	1.213	0.0	1.213
PHASE 5	1.156	0.0	1.156
TOTAL	5.208	0.0	5.208

Sources: Florida Department of Health and Rehabilitative Services, Chapter 10D-6, Florida Administrative Code, 1996, England, Thims & Miller, Inc., 1999.

97-69
Walden Chase
Utility File

DRAFT 4/13/99

AGREEMENT

THIS AGREEMENT between Florida First Coast Development Corporation, a Florida corporation ("First Coast"), Walden Chase Developers, Ltd., a Florida limited partnership ("Walden Chase"), and St. Johns County, a political subdivision of the State of Florida (the "County"), is entered into and effective as of April 13, 1999 (the "Effective Date").

In consideration of the mutual promises and representations contained in this instrument and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. The County shall have the exclusive right and obligation to provide water and sewer service to the CR210 PUD through build-out of the project as it is described in PUD Ordinance No. 98-44. The County intends to enter into an agreement with JEA to initiate service by participating with the JEA in a wholesale or joint venture agreement.
2. Water and wastewater treatment will be provided to the CR210 PUD by the County using water and sewer service provided to the County by JEA. The JEA will run the necessary transmission lines from an existing location in Duval County to the point of connections in the vicinity of Allen Nease High School.
3. All compensation due to JEA for its initial capital expenditures and subsequent treatment services will be handled by a direct agreement between JEA and the County. That agreement will not involve Walden Chase.
4. Walden Chase and its successors and assigns will be subject to the unit connection fees, rates, charges and policies of St. Johns County as established from time to time by the St. Johns County Utility Ordinance (Ordinance 97-62) and/or its successor ordinances.
5. Walden Chase will not be required to bear any portion of the direct cost of any master lift station or any real property associated with any master lift station located beyond the boundaries of the CR210 PUD. Walden Chase and its successors and assigns shall contribute the lesser of \$40,000.00 or the purchase price for two acres to accommodate a water reservoir site.
6. The County and JEA will immediately commence design of the improvements necessary for the water and sewer service to the point of connection to enable service of Allen Nease High School and the CR210 PUD. The County or JEA will make all reasonable efforts to have the physical ability to provide service to the CR210 PUD at the point of connection near Allen Nease High School by October 1, 1999. To the extent that this date is not met, the County will not be responsible for monetary damages for any delay in completion of the construction of the facilities.

7. Walden Chase understands that the County's right to actually connect the CR210 PUD to its system is subject to the favorable resolution of the Public Service Commission ("PSC") hearing process initiated by United Water of Florida, Inc. for expansion of its service area. In the event the County is not granted the right to serve the CR210 PUD after the exhaustion of all applicable appeals, then this Agreement shall cease.

8. The County and JEA shall, subject to review of engineering plans, execute the necessary FDEP permit applications to acknowledge application of treatment capacity to the CR210 PUD to accommodate its development and allow construction of its on-site facilities.

9. The County will be responsible for construction of approximately 3200 feet of new eight or ten inch sewer force main and 3200 feet of new sixteen inch water main from the CR210 PUD along the Jacksonville Beach Electric Transmission Utility Easement to the proposed master lift station and point of connection with the County water system. Walden Chase shall obtain the appropriate encroachment agreement from Jacksonville Beach for use by the County of the Jacksonville Beach Electric Transmission Utility Easement. The size of the sewer force main shall be determined by the County in its final engineering plan review. All engineering, permitting and design for the sewer force main and the water force main construction herein described shall be performed, done, and obtained by Walden Chase subject to prior County review and approval. Walden Chase and its successors and assigns will be responsible for all necessary easements within the CR210 PUD.

10. The County will make a good faith effort to enter into an agreement with JEA necessary and convenient for the County to perform its duties under this Agreement and necessary to have JEA perform the duties contemplated of it herein.

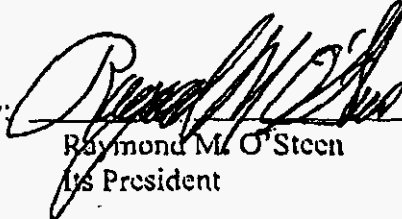
11. Notwithstanding any of the other provisions in this Agreement, the County shall have no duties or obligations under this Agreement, other than as set forth in paragraph # 10 above, until and unless the agreement between JEA and the County that is necessary or convenient to the exercise of the County's duties hereunder has been executed and delivered among JEA and the County on or prior to April 30, 1999.

12. The duty of the County to perform its obligations under this Agreement is contingent upon the performance by JEA of its duties under the above described County agreement with JEA and shall be tolled by reason of force majeure.

13. Immediately upon execution of this Agreement, First Coast will provide written notification to United Water Florida, Inc. that it has withdrawn its application for service. First Coast and Walden Chase shall cooperate with the County and JEA in connection with the Public Service Commission hearing process to support the County's efforts to maintain its service area until and unless the Public Service Commission rules otherwise.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

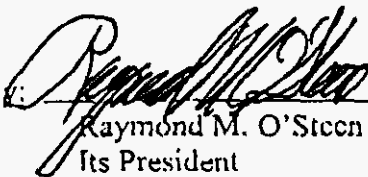
FLORIDA FIRST COAST DEVELOPMENT CORPORATION, a Florida Corporation

By: 
Raymond M. O'Steen
Its President

(CORPORATE SEAL)


WALDEN CHASE DEVELOPERS, LTD., a Florida limited partnership

By: FLORIDA FIRST COAST DEVELOPMENT CORPORATION, a Florida corporation, its managing general partner

By: 
Raymond M. O'Steen
Its President

(CORPORATE SEAL)

ST. JOHNS COUNTY

By: 
Ben W. Adams, Jr.,
Its County Administrator

97-69-2

2325 Emerson Street
Jacksonville, Florida 32207-6741

Docket Nos. 990696-WS & 992040-WS
Miller Exhibit _____ (DCM-13)



January 12, 2000

Mr. Ray O'Steen
Florida First Coast Development Corporation
One San Jose Place
Suite 26
Jacksonville, Florida 32257

RE: Interim Sewer and Water Capacity for Walden Chase
Nease High School Water and Wastewater Treatment Plants

Dear Mr. O'Steen:

JEA has reviewed the St. Nease High School Water and Wastewater Treatment Plants in order to determine the unused capacity available to serve the first phase of the Walden Chase Development. Based on information supplied by the St. Johns County Utility Department, approximately 31,000 gallons of unused water capacity and 19,000 gallons of unused wastewater capacity is available at the plants. Utilizing 350 gallons per equivalent residential connection, a minimum of 54 single-family houses are permitted to connect per the State of Florida Department of Environmental Regulation.

Upon completion of the St. Johns County Utility water and sewer project to the Nease High School area and the tie-in to the existing JEA major grid, the remainder of the units in Walden Chase can then be connected. Please note that the construction of these facilities commenced in December 1999 and is anticipated to be completed this Summer.

The 54 Walden Chase Phase I connections are dependent on the construction of the sewer and water lines connecting Walden Chase to the Nease High. Design of these facilities is complete and construction is anticipated to commence as soon as

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permission to locate in the electric easement is granted by the Jacksonville Beach Electric Department and an easement is granted by a private property owner. Construction is scheduled to be completed by the end of March 2000, contingent on the easements.

Sincerely,



Scott D. Kelly, P.E.

Vice President, Construction and Maintenance

CC: Herb Van der Mark
Karl Hankin