

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Applications For An Amendment )  
Of Certificate For An Extension )  
Of Territory And For an Original )  
Water And Wastewater Certificate )  
(for a utility in existence and charging )  
for service) )

Docket No. 992040-WS

In re: Application by Nocatee Utility )  
Corporation for Original Certificates for )  
Water & Wastewater Service in Duval )  
and St. Johns Counties, Florida )

Docket No. 990696-WS

PREHEARING STATEMENT  
OF INTERCOASTAL UTILITIES, INC.

Intercoastal Utilities ("IU"), by and through undersigned counsel and pursuant to Order No. PSC-99-1764-PCO-WS, hereby files this Prehearing Statement.

(a) Witnesses: The names of all known witnesses that may be called by Intercoastal and the subject matter of their testimony are as follows:

1. M.L. Forrester will testify supporting Intercoastal's experience, operations, capabilities and other issues and matters pertinent to both the application of Intercoastal and the application of NUC. Mr. Forrester's testimony will support Intercoastal's position that NUC's application should be denied and the application of Intercoastal should be granted.

2. Jim Miller will testify regarding engineering issues related to both applications.

APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMP \_\_\_\_\_  
COM 5  
CTR \_\_\_\_\_  
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LEG 2  
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SEC 1  
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3. Michael E. Burton will testify regarding utility rates, rate making, financial and related issues as they relate to both applications.
4. H.R. James will testify regarding Intercoastal's capabilities and experience as well as utility operations, construction and management
5. Jim L. Bowen will provide financial testimony relating to the application filed by Intercoastal.

\*Intercoastal reserves the right to call additional witnesses, witnesses to respond to Commission inquiries not addressed in direct or rebuttal testimony and witnesses to address issues not presently designated but that may be designated by the Prehearing Officer at the prehearing conference on July 12, 2000.

(b) Exhibits:

1. M. L. Forrester will sponsor the following exhibits:

Exhibit MLF-1 is the application of Intercoastal Utilities, Inc. to the Florida Public Service Commission. This is a composite exhibit.

Exhibit MLF-2 is the April 26, 2000 letter from George J. Ely to Mr. James.

2. Jim Miller will sponsor the following exhibits:

Exhibit JM-1 is the Intercoastal Utilities, Inc. Conceptual Master Plan prepared by PBS&J dated December, 1999.

Exhibit JM-2 is a revised March 2000 Conceptual Master Plan prepared by PBS&J.

3. Mike Burton will sponsor the following exhibits:

Exhibit MB-1 is a document which presents a proforma forecast of the financial dynamics of Intercoastal's operations and the effect upon its rates.

Exhibit MB-2 is the revised financial analysis.

Exhibit MB-3 is the revised financial analysis (2<sup>nd</sup> revision).

4. H.R. James offered no exhibits.

5. Jim L. Bowen will sponsor the following exhibits:

Exhibit JLB-1 is Intercoastal Utilities, Inc.'s Financial Report prepared by Smoak, Davis & Nixon, LLP on August 31, 1999.

Exhibit JLB-2 is Intercoastal Utilities, Inc.'s Pro-Forma Projection of Cash Flow Compiled from Burton Exhibit MB-1.

Exhibit JLB-3 is the June 1, 2000 letter from First Union Vice President J. Andrew Hogshead to H.R. James of Intercoastal Utilities, Inc.

\*Intercoastal reserves the right to introduce other exhibits for the purposes of impeachment, rebuttal, or because the documents are newly discovered. Cross examination of witnesses and questions to witnesses by Commissioners may also render additional documents as pertinent and admissible.

(c) Basic Position: It is in the public interest to grant the application of Intercoastal. Certification of the areas sought by Intercoastal's application to Intercoastal will result in the orderly growth of an existing utility and will ultimately benefit Intercoastal's existing and future customers in its present service area as well as the future customers who will ultimately receive service in the proposed extended service area. Intercoastal is best able

to serve the Nocatee development and certification by the PSC of NUC will result in an uneconomic duplication of facilities and utility services.

(d)-(f) Issues of Fact, Law and Policy: The following are questions of fact, law and policy which Intercoastal considers at issue, its position on each question, and which witness of Intercoastal will address the issue:

1. Is there a need for service in the territory proposed by NUC's application, and if so, when will service be required?

a. There is a need for service in the territory proposed by NUC's application. Intercoastal proposes to meet that need and is in the best position to do so. The date on which service will first be required is in dispute. Intercoastal suggests the appropriate initial date of service will be required as set forth in its prefiled testimony.

b. Forrester, Burton, James and Miller

2. Does NUC have the financial ability to serve the requested territory?

a. Assuming it provides sufficient proof of the same in an admissible form at the time of hearing, NUC probably has the financial ability to serve the requested territory. Such financial ability is incumbent upon NUC's calculations regarding rates, fees, and charges having been done properly and correctly and upon a finalization of NUC's plan of service.

b. No witnesses.

3. Does NUC have the technical ability to serve the requested territory?

a. NUC has no experience operating a utility and therefore does not have the technical ability to serve the requested territory.

b. Forrester, Miller, and Burton

4. Does NUC have the plant capacity to serve the requested territory?

- a. No, NUC does not presently have the plant capacity to serve the requested territory.
- b. Forrester and Miller

5. What are the appropriate rates and charges for NUC?

- a. The appropriate rates and charges for NUC are yet to be established by the evidence at trial.
- b. Forrester and Burton

6. What are the appropriate reuse rates and charges for NUC?

- a. The appropriate rates and charges for NUC are yet to be established by the evidence at trial.
- b. Forrester and Burton

7. Is it in the public interest for NUC to be granted a water certificate and wastewater certificate for the territory proposed in its application?

- a. No.
- b. Forrester, Miller, Burton, James and Bowen

8. Is there a need for service in the territory proposed by Intercoastal's application, and if so, when will service be required?

- a. As our basic position, there is a need for service in the territory proposed by Intercoastal's application. That area which comprises the Nocatee development will experience a demand for service at a time to be established by the evidence in this proceeding. Certifying the remainder of the territory requested by Intercoastal will allow the orderly planning for, and provision of, service by Intercoastal to these areas in the most effective and efficient manner.
- b. Forrester

9. Does Intercoastal have the financial ability to serve the requested territory?

- a. Yes.
- b. Forrester, James, Burton and Bowen

10. Does Intercoastal have the technical ability to serve the requested territory?

- a. Yes, Intercoastal's experience clearly demonstrates it has the technical ability to effectuate the proposals in its application.
- b. Forrester, James, Miller, Bowen and Burton

11. Does Intercoastal have the plant capacity to serve the requested territory?

- a. Intercoastal will have sufficient plant capacity to provide service to all of the requested territory in a timely fashion as the need for service arises.
- b. Forrester, Miller, James and Burton

12. What are the appropriate rates and charges for Intercoastal?

- a. The appropriate rate and charges for Intercoastal are as set forth in the testimony and exhibits prefiled by Intercoastal.
- b. Miller, Forrester and Burton

13. What are the appropriate reuse rates and charges for Intercoastal?

- a. The appropriate rate and charges for Intercoastal are as set forth in the testimony and exhibits prefiled by Intercoastal.
- b. Miller, Forrester and Burton

14. Is it in the public interest for Intercoastal to be granted a water certificate and wastewater certificate for the territory proposed in its application?

a. Yes, it is the public interest for Intercoastal's application to be approved. The approval of Intercoastal's application will provide for the orderly growth of an existing utility and will provide benefits to Intercoastal's existing and future customers in its presently certificated territory in St. Johns County, as well as the future customers which Intercoastal will serve in the extension areas. Certification of Intercoastal will allow the Commission to retain oversight and regulatory jurisdiction over Intercoastal in the public interest.

b. All witnesses

15. Will certification of NUC result in the creation of a utility which will be in competition with, or duplication of, any other system?

a. Approval of NUC's application will result in the certification of a utility which will be competition with and in duplication of, Intercoastal's extended and existing system. Intercoastal's system as existing and proposed is adequate to meet the reasonable needs of the public in Intercoastal's current and proposed service area and Intercoastal is ready, willing, and able to provide that service.

b. Forrester, James, Miller and Burton

16. Should the Commission deny NUC's application based upon the requirements of Section 367.045(5)(a), Florida Statutes?

a. Yes, the Commission should deny the application of NUC based upon the fact that the new wastewater system to be created by NUC will be Class C wastewater system as defined by Commission Rule and the public can adequately be served by modifying or extending the current wastewater system of Intercoastal Utilities. In addition, the Commission may not grant a certificate of authorization for a proposed system which will be in competition with or duplication of any other system or portion of a system unless it first determines that such other system or portion thereof is inadequate to meet the reasonable

needs of the public or that the person operating the system is unable, refuses, or neglects to provide reasonably adequate service. Intercoastal is ready, willing and able to provide the service proposed by NUC.

b. Forrester, James, Miller, Bowen and Burton

(g) Stipulated Issues: The parties have not stipulated to any issues at this time.

(h) Pending Motions: The only Motion pending at this time is Intercoastal's Amended Motion to Compel Deposition regarding St. Johns County's refusal to produce its County Utility Director for deposition.

(i) Requirements That Cannot Be Complied With: Intercoastal believes that it has complied with all of the requirements of Order No. PSC-99-1764-PCO-SU.

DATED this 30<sup>th</sup> day of June, 2000.



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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and accurate copy of the foregoing has been furnished by the regular U.S. Mail to the following on this 30<sup>th</sup> day of June, 2000.

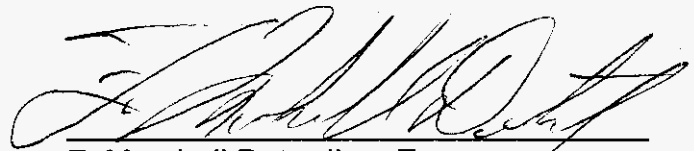
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