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Blanca L. Bayó
Director, Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket Nos. 990696-WS and 992040-WS

Dear Ms. Bayó:

Enclosed for filing on behalf of Nocatee Utility Corporation and DDI, Inc. are the original and fifteen copies of their Intervenor Direct Testimony of H. Jay Skelton, Douglas C. Miller and Deborah D. Swain.

By copy of this letter, these documents have been furnished to the parties on the service list. If you have any questions regarding this filing, please call.

Very truly yours,

Richard D. Melson

Richard D. Melson

- AFA _____
 - APP _____
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Skelton
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Miller
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Swain
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was served this 17th day of March, 2000, on the following:

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

INTERVENOR DIRECT TESTIMONY OF

H. JAY SKELTON

ON BEHALF OF

NOCATEE UTILITY CORPORATION AND DDI, INC.

DOCKET NOS. 990696-WS AND 992040-WS

March 17, 2000

Q. Please state your name and business address.

A. My name is H. Jay Skelton. My business address is 4310 Pablo Oaks Drive, Jacksonville, Florida 32224.

Q. By whom are you employed and in what capacity?

A. I am President of DDI, Inc. I am also President of DDI's wholly-owned subsidiary, Nocatee Utility Corporation (NUC).

Q. Have you previously filed direct testimony in support of NUC's certificate application in these consolidated dockets?

A. Yes.

Q. What is the purpose of your intervenor direct testimony?

A. The purpose of my testimony is to summarize some of the reasons that the Commission should deny Intercoastal's application for a certificate to serve the area that makes up the Nocatee development and some adjacent land

1 in St. Johns County that is owned by affiliates of DDI
2 but is not planned for development. This testimony is
3 offered both on behalf of DDI, Inc. which (through a
4 wholly-owned affiliate) owns all of the land within the
5 boundaries of Nocatee and on behalf of NUC, which is
6 our subsidiary that has filed its own application to
7 serve the Nocatee development.

8 **Q. Have you had your engineers prepare a map which shows**
9 **the land holdings of DDI, Inc. and related parties in**
10 **the vicinity of the Duval/St. Johns County line?**

11 **A. Yes, I have attached a copy of that map to this**
12 **testimony as Exhibit ___ (HJS-3). In addition to the**
13 **DDI/Estuary/Davis family land holdings, this map also**
14 **shows the Nocatee development, Intercoastal's existing**
15 **service territory, and Intercoastal's requested service**
16 **territory extension. The boundaries of NUC's proposed**
17 **service territory are the same as the boundaries of the**
18 **Nocatee development.**

19 **Q. Is there a need for service in the portion of**
20 **Intercoastal's proposed service territory that consists**
21 **of DDI/Estuary/Davis family lands in St. Johns County**
22 **outside of the Nocatee development?**

23 **A. Absolutely not. There are no plans to develop the**
24 **lands owned by DDI and its related parties that fall**
25 **outside of the boundaries of Nocatee. Thus there is no**

1 foreseeable need for utility service to these lands.
2 In this situation, no one should be granted a
3 certificate to serve these areas.

4 **Q. Is there a need for water, wastewater and reuse service**
5 **for the Nocatee development?**

6 A. Yes. As I stated in my direct testimony, utility
7 service will be needed beginning in 2001 to serve the
8 Nocatee development. That service will have to be
9 expanded in phases to meet growth over a period of
10 approximately 25 years.

11 **Q. Does DDI want the Nocatee development to receive**
12 **utility service from Intercoastal?**

13 A. No. DDI wants to receive service from NUC. When
14 Intercoastal filed an application with St. Johns County
15 in March 1999 for a certificate to serve the St. Johns
16 County portion of the Nocatee development, DDI
17 intervened and successfully opposed that application.
18 Nothing has happened since that time to change our
19 position that NUC is better qualified than Intercoastal
20 to provide service to Nocatee.

21 **Q. Why does DDI not want Intercoastal to serve the area?**

22 A. There are several reasons.

23 As landowner, we have instructed the developer and
24 our consultants that the plans for development of
25 Nocatee must reflect a high degree of environmental

1 sensitivity. We have been advised that by retaining
2 control over utility planning and operations, we are in
3 the best position to ensure that our environmental
4 goals are realized. As Mr. Miller will testify in more
5 detail, there are at least two important ways in which
6 Intercoastal's plan of service is inferior to NUC's
7 plan of service. First, Intercoastal's plan involves
8 the construction of on-site water and wastewater
9 treatment facilities, rather than having those
10 facilities located off-site. Second, unlike NUC,
11 Intercoastal does not have a source of reuse sufficient
12 to meet the irrigation needs of the development,
13 particularly in the early years.

14 In addition, DDI believes it is important to
15 ensure that utility service is available on a timely
16 basis in quantities that meet the needs of Nocatee. I
17 know that DDI has the financial strength to see that
18 these needs are met through NUC. We do not have the
19 same degree of confidence in Intercoastal's ability to
20 satisfy these needs over the long term.

21 **Q. Does that conclude your intervenor direct testimony?**

22 **A. Yes.**

23

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