

M E M O R A N D U M

June 30, 2000

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (CIBULA, VAN LEUVEN) *SMC. DTW*

RE: DOCKET NO. 990696-WS - APPLICATION FOR ORIGINAL CERTIFICATES TO OPERATE WATER AND WASTEWATER UTILITY IN DUVAL AND ST. JOHNS COUNTIES BY NOCATEE UTILITY CORPORATION.

DOCKET NO. 992040-WS - APPLICATION FOR CERTIFICATES TO OPERATE A WATER AND WASTEWATER UTILITY IN DUVAL AND ST. JOHNS COUNTIES BY INTERCOASTAL UTILITIES, INC.

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Attached is COMMISSION STAFF'S PREHEARING STATEMENT, to be filed in the above-referenced docket.

(Number of pages in order - 7)

SMC/lw

Attachment

cc: Division of Regulatory Oversight (Daniel, Messer, Redemann, Rehwinkel, Rieger)  
 Division of Policy Analysis (Golden)

APP I:990696PS.SMC

- APP \_\_\_\_\_
- CAP \_\_\_\_\_
- CMP \_\_\_\_\_
- COM 5
- CTR \_\_\_\_\_
- ECR \_\_\_\_\_
- LEG \_\_\_\_\_
- OPC \_\_\_\_\_
- PAI \_\_\_\_\_
- REG \_\_\_\_\_
- SEC 1
- SER \_\_\_\_\_
- OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

08032 JUN 30 8

FPSC-RECORDS/REPORTING

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for original certificates to operate water and wastewater utility in Duval and St. Johns Counties by Nocatee Utility Corporation.

DOCKET NO. 990696-WS

In re: Application for certificates to operate a water and wastewater utility in Duval and St. Johns Counties by Intercoastal Utilities, Inc.

DOCKET NO. 992040-WS  
FILED:

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Orders Nos. PSC-99-1764-PCO-WS and PSC-00-1036-PCO-WS, issued September 9, 1999, and May 25, 2000, respectively, the Commission Staff (Staff) files its prehearing statement as follows:

A. All Known Witnesses

Staff intends to call the following witnesses:

Charles R. Gauthier of the Florida Department of Community Affairs (DCA). He will testify on the letters submitted to the Public Service Commission (PSC) pursuant to the Memorandum of Understanding between the PSC and DCA dated July 23, 1999, and March 15, 2000, respectively, containing the DCA's comments on Nocatee Utility Corporation's (NUC) and Intercoastal Utilities, Inc.'s (Intercoastal) applications.

Dr. T. James Tofflemire, P.E. of the Duval County Health Department. He will testify on JEA's ability to provide water service to the proposed Nocatee development.

Scott Trigg of the Florida Department of Environmental Protection (DEP). He will testify on Intercoastal's technical ability to provide water service to the area at issue in the original certificates application filed by NUC.

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Edward Cordova of the DEP. He will testify on the technical ability of Intercoastal and NUC to provide wastewater service to the area at issue in NUC's certificate application.

Caroline Silvers of the St. Johns River Water Management District (SJRWMD). She will testify on the concerns the SJRWMD staff has with respect to the provision of water service in the area included in NUC's original certificates application. She will also testify on the extent to which NUC, JEA, and Intercoastal are capable of providing potable water service to the Nocatee development in a manner which is consistent with the goals and objectives of the SJRWMD.

B. All Known Exhibits

Staff intends to sponsor the following exhibits:

- CRG-1: Gauthier Resume
- CRG-2: DCA Letter - NUC Application
- CRG-3: DCA Letter - Intercoastal Application

Staff reserves the right to use other exhibits for the purpose of cross-examination.

C. Staff's Statement of Basic Position

The information gathered through discovery and prefiled testimony indicates, at this point, that there may be a need for service in the proposed Nocatee development if the Development of Regional Impact (DRI) and St. Johns and Duval Counties' proposed comprehensive plan amendments are approved. The determination as to which utility should serve the proposed Nocatee development cannot be made until the evidence presented at hearing is analyzed.

D. Issues & Staff's Respective Positions

The following are issues identified by Staff and its positions on these issues. Staff's positions are preliminary, are based upon materials filed by the utilities and intervenors or obtained through discovery and are intended to inform the parties of Staff's preliminary positions. Staff's final positions will be based upon an analysis of the evidence presented at the hearing.

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

**POSITION:** From a land use planning standpoint, there is no need for the expansion of central water and wastewater service into the rural area of the proposed Nocatee development at the present time. However, the determination of need will change if the proposed Nocatee DRI and the associated comprehensive plan amendments for Duval and St. Johns Counties are approved by the local governments and the DCA. Provided these plans are approved, the land use designations will change and allow development at an urban density and intensity. Staff has no position pending further development of the record as to when service to the proposed Nocatee development will be required. (Gauthier)

**ISSUE 2:** Does NUC have the financial ability to serve the requested territory?

**POSITION:** NUC appears to have the financial ability to serve the requested territory through its parent company, DDI.

**ISSUE 3:** Does NUC have the technical ability to serve the requested territory?

**POSITION:** NUC does not have the technical ability to serve the requested territory at this time. However, if NUC enters into a contract with JEA, JEA has the ability to serve the requested territory. Staff has no position pending further development of the record as to whether NUC has the technical ability to manage, operate, and maintain the utility.

**ISSUE 4:** Does NUC have the plant capacity to serve the requested territory?

**POSITION:** NUC does not have the plant capacity to serve the requested territory at the present time. However, if NUC enters into a contract with JEA, JEA has the water, wastewater, and reuse capacity to serve the proposed area. (Tofflemire, Cordova, Silvers)

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**ISSUE 5:** What is the appropriate return on equity for NUC?

**POSITION:** NUC's proposed return on equity is consistent with the Commission-approved leverage graph formula, and it therefore appears to be reasonable.

**ISSUE 6:** What are the appropriate water, wastewater, and reuse rates and charges for NUC?

**POSITION:** NUC's proposed water, wastewater, and reuse rates and charges appear to be reasonable.

**ISSUE 7:** What are the appropriate service availability charges for NUC?

**POSITION:** No position pending further development of the record.

**ISSUE 8:** Is it in the public interest for NUC to be granted a water certificate and wastewater certificate for the territory proposed in its application?

**POSITION:** No position pending further development of the record.

**ISSUE 9:** Is there a need for service in the territory proposed by Intercoastal's application, and if so, when will service be required?

**POSITION:** From a land use planning standpoint, there is no need for the expansion of central water and wastewater service into the rural area of the proposed Nocatee development at the present time. However, the determination of need will change if the proposed Nocatee DRI and the associated comprehensive plan amendments for Duval and St. Johns Counties are approved by the local governments and the DCA. Provided these plans are approved, the land use designations will change and allow development at an urban density and intensity. Staff has no position pending further development of the record as to when service will be required for the Nocatee development. There is a need for service in Intercoastal's existing service area. There is no need for service in the area north of the Nocatee and Walden Chase developments. Staff has no position pending further development of the record as to whether there is a need for service in the remaining territory proposed in

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Intercoastal's application and when service will be required in these areas. (Gauthier)

**ISSUE 10:** Does Intercoastal have the financial ability to serve the requested territory?

**POSITION:** Intercoastal appears to have the financial ability to serve the territory requested in its application.

**ISSUE 11:** Does Intercoastal have the technical ability to serve the requested territory?

**POSITION:** Intercoastal has the technical ability to serve the requested territory. (Trigg)

**ISSUE 12:** Does Intercoastal have the plant capacity to serve the requested territory?

**POSITION:** Intercoastal may have the water capacity to serve the requested territory in the future. Intercoastal does not have the wastewater or reuse capacity to serve the requested territory at this time. (Trigg, Cordova)

**ISSUE 13:** What is the appropriate return on equity for Intercoastal?

**POSITION:** No position pending further development of the record.

**ISSUE 14:** What are the appropriate water, wastewater, and reuse rates and charges for Intercoastal?

**POSITION:** No position pending further development of the record.

**ISSUE 15:** What are the appropriate service availability charges for Intercoastal?

**POSITION:** No position pending further development of the record.

**ISSUE 16:** Is it in the public interest for Intercoastal to be granted a water certificate and a wastewater certificate for the territory proposed in its application?

**POSITION:** No position pending further development of the record.

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E. Stipulated Issues

There are no issues that have been stipulated at this time.

F. Pending Matters

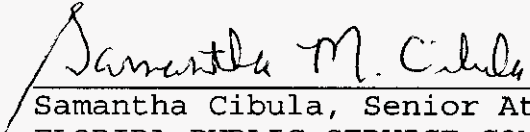
A Motion to File Supplemental Testimony for Charles R. Gauthier, filed by staff on June 26, 2000, and a Motion and Amended Motion to Compel Deposition, filed by Intercoastal on June 27, 2000, and June 29, 2000, respectively, are pending at this time.

G. Pending Confidentiality Claims or Requests

There are no pending confidentiality claims or requests.

H. Requirements That Cannot Be Complied With

There are no requirements of Orders Nos. PSC-99-1764-PCO-WS and PSC-00-1036-PCO-WS that cannot be complied with at this time.

  
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FILED:

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the COMMISSION STAFF'S PREHEARING STATEMENT has been furnished by U.S. Mail, this 30th day of June, 2000, to the following:

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