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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of United Water)
Florida, Inc. for amendment of water)
and wastewater certificates in St.)
Johns County, Florida.)
_____)

Docket No. 981637-WS
RECORDS AND REPORTING

**OBJECTION OF INTERCOASTAL UTILITIES, INC. TO THE
APPLICATION OF UNITED WATER FLORIDA, INC. FOR AMENDMENT
OF CERTIFICATES 236-W AND 179-S TO ADD TERRITORY IN ST. JOHNS
COUNTY AND DEMAND FOR FORMAL HEARING**

INTERCOASTAL UTILITIES, INC. (hereinafter "Intercoastal"), by and through its undersigned attorneys and pursuant to Sections 120.569, 120.57 and 367.045, Florida Statutes and Rule 25-22.036, Florida Administrative Code, hereby files this Objection to the Application of United Water Florida, Inc. (hereinafter "United") for amendment of Certificate Nos. 236-W and 179-S to add territory in St. Johns County, Florida and demands a formal hearing and states as follows:

- 1. The name and address of the objecting party is:

Intercoastal Utilities, Inc.
1300 Riverplace Boulevard
Suite 620
Jacksonville, Florida 32207

ACK _____
AFA _____
APP _____
CAF _____
CMU _____
CTR _____
EAG _____
LEG 1
LIN _____
OPC _____
RCH _____
SEC 1

- 2. The name and address of the person authorized to receive notices and communications with respect to this Application is:

F. Marshall Deterding, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines, Drive
Tallahassee, Florida 32301

- 3. The substantial interests of Intercoastal are affected by this Application since Intercoastal has begun the process of filing an Application before the St. Johns County Water and Sewer Authority to extend its service territory to include a portion of

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the territory proposed for service by United Water Florida, Inc. Further, Intercoastal has for over two years been discussing with the St. Johns Water Management District the needs for water resources within that area (among other adjacent areas) in anticipation of that area being served by Intercoastal and in fact has provided extensive information concerning the anticipated water needs for that area as part of the Water Management District's accumulation of information on all utilities relative to water needs through the year 2020. United provided no such input concerning proposed service to any of the portion of St. Johns County East of US-1 applied for. Intercoastal has also been in discussions with the staff of the St. Johns Water and Sewer Authority concerning anticipated service to this area for approximately one year. In addition, both Intercoastal's existing water and wastewater treatment facilities are far closer to the portions of United's proposed territory which are East of US-1 than are those of United, and United's Application indicates that they will be required to extend new collection and distribution facilities much further than would be required for service to be provided by Intercoastal from its existing facilities.

4. The following issues of material fact are in dispute:
 - a. Whether United has the technical ability to serve the disputed territory.
 - b. Whether United has the financial ability to serve the disputed territory, particularly in light of the fact that it will cost substantially more to

extend the facilities of United to serve the proposed territory than it will cost Intercoastal to provide the same service.

- c. Whether United has sufficient water and wastewater capacity to serve the disputed territory, or even the buildout needs of its existing territory.
 - d. Whether Intercoastal can provide service to the disputed territory at a lower overall cost.
 - e. Whether it is in the public interest for United to serve the disputed territory.
 - f. What is the effect on rates and capital structure of the proposed extension of service by United to the proposed territories?
 - g. Whether there is a need for service in the territory proposed for service by United.
5. The following ultimate facts are alleged:
- a. The Application proposes to add territory to the Certificate of United including an area in the process of being proposed for water and sewer service by Intercoastal and for which Intercoastal has begun the extension process with the St. Johns County Water and Sewer Authority in accordance with its specific rules.
 - b. The Application proposes to add territory to an already extremely large service area for this United system in which less than 200 customers are

currently served and which is many miles from the existing treatment facilities.

- c. The Application of United, and the substantial resulting additions to distribution and collection as well as treatment facilities will substantially effect both the rates and capital structure of United and therefore, its customers.
- d. Intercoastal has been working with the local Water Management District on plans to provide water and sewer service to the portion of United's proposed service territory within St. Johns County East of US-1 for over two years and has provided extensive information concerning the anticipated water needs for such service.
- e. Intercoastal has been discussing the proposed extension to serve the portion of United's territory within St. Johns County East of US-1 with the St. Johns County Water and Sewer Authority staff for approximately one year.
- f. Intercoastal has water and wastewater lines and facilities currently in place to provide water distribution and sewage collection that are substantially closer to the proposed area and extension of these facilities will be substantially less costly and more efficient than those required for service by United.

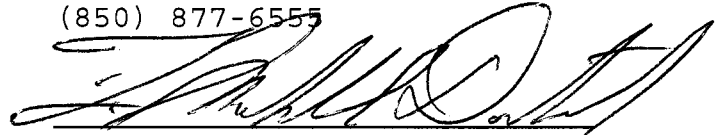
- g. Intercoastal can provide water and wastewater service to the disputed territory at a lower rate and more efficiently than can United.
- h. Intercoastal has sufficient water supply and wastewater capacity to serve the disputed territory, whereas United does not have sufficient capacity.
- i. It is in the public interest for Intercoastal to serve the disputed territory.

6. Intercoastal is entitled a relief by virtue of Section 367.045, Florida Statutes.

WHEREFORE, Intercoastal requests that the Commission hold an administrative hearing on the Application of United Florida Water, Inc., and Intercoastal Utilities, Inc.'s objection; and deny United's Application for amendment of territory to the extent its water and sewer service areas to any of the areas East of US-1 which are being proposed for service by Intercoastal in its Notice and Application to be heard before the St. Johns County Water and Sewer Authority.

Respectfully submitted this
15th day of December, 1998, by:

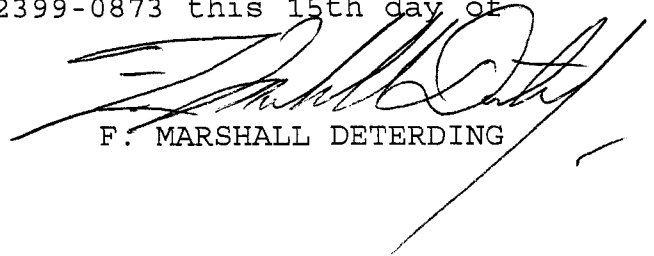
ROSE, SUNDSTROM & BENTLEY, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
(850) 877-6555



F. MARSHALL DETERDING

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that an original and one copy of the foregoing has been furnished by U.S. Mail to Scott Schildberg, Martin, Ade, Birchfield & Mickler, P.A., 3000 Independent Square, Jacksonville, Florida 32202 and via Hand Delivery to Roseanne Gervasi, Esquire, Florida Public Service Commission 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0873 this 15th day of December, 1998.



F. MARSHALL DETERDING

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