

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of United Water)
Florida, Inc. for amendment of) Docket No. 981637-WS
water and wastewater certificates)
in St. Johns County, Florida.) Filed: June 3, 1999
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)

PREHEARING STATEMENT OF JEA

JEA hereby files its Prehearing Statement pursuant to Rule 25-22.038(3) Florida Administrative Code, and Order No. PSC-99-0820-PCO-WS issued on April 22, 1999:

A. Witnesses.

JEA will offer the following witnesses in this proceeding:

- A. Scott Kelly, addressing issues 1, 2, 5, 7, 8 and 9.
- B. Karl E. Hankin, addressing issue 9.
- C. Tim Perkins, addressing issue 9.

B. Exhibits

JEA intends to present the following exhibits which are included with the prefiled and rebuttal testimony of JEA's witnesses as follows:

- 1. Scott Kelly

The exhibits attached to Mr. Kelly's Prefiled Direct Testimony are:

<u>Exhibit:</u>	<u>Title:</u>
SDK-1	Resume
SDK-2	April 13, 1999 Agreement between St. Johns County and JEA

- 2. Karl E. Hankin

The exhibits attached to Mr. Hankin's Prefiled Direct Testimony are:

DOCUMENT NUMBER-DATE

06867 JUN-3 99

FPSC-RECORDS/REPORTING

<u>Exhibit:</u>	<u>Title:</u>
KEH-1	Resume
KEH-2	Phase I and Phase II Facilities and and Costs

3. Tim Perkins

The exhibit attached to Mr. Perkins' Rebuttal Testimony
is:

<u>Exhibit:</u>	<u>Title:</u>
TEP-1	Resume

JEA reserves the right to utilize additional exhibits for
cross examination purposes.

C. Basic Position

JEA has entered into an agreement with St. Johns County to
provide bulk water and wastewater services that will enable St.
Johns County to cost-effectively and efficiently provide services
to the requested territory on an as needed basis. St. Johns County
is the most appropriate utility to provide service to the territory
requested by United Water Florida, Inc. and United Water Florida,
Inc.'s application for extension of its territory in St. Johns
County should be denied. Approval of United Water Florida, Inc.'s
application would result in a wasteful duplication of facilities.
JEA can provide wholesale service that is sensitive to
environmental concerns and does not foster undesired development in
areas designated as rural/silvicultural. St. Johns County's plan
for service in this area will also enable the phase-out of the
package plants currently being operated for Nease High School.

D. Positions on Issues:

JEA hereby adopts and incorporates the issues and positions set forth by St. Johns County in its Prehearing Statement. Without in any way limiting its adoption of St. Johns County's positions, JEA states as follows:

Issue No. 1: Is there a need for service in the territory which United Water Florida, Inc. seeks to add to its PSC certificate?

Position: There is currently a limited need for service in a portion of the requested territory. This limited need will best be met by St. Johns County.

Issue No.2: When will service be required to the territory which United Water Florida, Inc. seeks to add to its PSC certificate?

Position: The limited need for service that exists in the requested territory will be required in the very near future. St. Johns County has already entered into an agreement with JEA to meet this need. The Developer of the portion of the requested territory where there is a current need has withdrawn its application for service from United Water Florida, Inc. and has entered into an agreement with St. Johns County. JEA has begun the design work necessary to provide service in the only portion of the requested territory that is projected to need service in the immediate future. Thus, St. Johns County will be able to provide this service in a more timely fashion than United Water Florida, Inc.

Issue No.3: What are the total projected ERCs to be served in the territory which United Water Florida, Inc. seeks to add to its PSC certificate?

Position: JEA does not have sufficient information to accurately project the total ERCs for the requested territory. Apparently, the only request for service received by United Water Florida, Inc. has been withdrawn.

Issue No. 4: Does United Water Florida, Inc. have the financial ability to serve the territory which it seeks to add to its PSC certificate?

Position: It is unclear whether United Water Florida, Inc. has the financial ability to serve since the developer of the Walden Chase subdivision has withdrawn its request for service from United Water Florida, Inc. The developer was expected to contribute to the expected cost of serving the requested territory. That contribution is now apparently lost. In addition, the prefiled testimony of Scott Clem and Charles Gauthier as well as United Water Florida, Inc.'s responses to Staff's discovery requests raise serious questions as to the reliability of United Water's build-out projections. In any event, St. Johns County has a better financial ability to serve the requested territory because its agreement with JEA provides a funding mechanism to permit St. Johns County to serve the area as the need arises as opposed to United Water Florida, Inc.'s need to immediately develop more customers to make its service financially viable for the utility.

Issue No. 5: Does United Water Florida, have the plant capacity and technical ability to serve the territory which it seeks to add to its PSC certificate, and when can it provide service?

Position: United Water Florida, Inc. may have the plant capacity and technical ability to serve that portion of the requested territory that is in need of immediate service. However, it is unclear whether United has the capacity or ability to serve the long-term needs of the entire requested territory. In any event, St. Johns County has superior plant capacity and technical ability through its agreement with JEA.

Issue No. 6: Would service to the territory which United Water Florida, Inc. seeks to add to its PSC certificate by United Water, Inc. be inconsistent with the local comprehensive plan?

Position: Yes. Based upon the testimony provided by St. Johns County and the Department of Community Affairs, it appears that service by United Water Florida, Inc. will be inconsistent with the St. Johns County Comprehensive Plan because a great deal of the territory requested by United Water Florida, Inc. has been designated as rural/silvicultural. United Water Florida, Inc. will be financially required to encourage accelerated development throughout this area to make its provision of service financially viable. This would not be the case for St. Johns County through its agreement with JEA. St. Johns County will be able to provide service to the area as the need arises over the next several years.

Issue No. 7: Would the granting to United Water Florida, Inc. of the territory which United Water Florida, Inc. seeks to add to its PSC certificate result in an extension of a system which would be in competition with or a duplication of any other system or a portion of a system?

Position: Yes. Granting United Water Florida, Inc. this requested territory will result in a duplication of the facilities which JEA has already contracted to put in place through its agreement with St. Johns County. As a result of this Agreement, St. Johns County will be in a position to provide water and wastewater services as the need for such services arises over the next several years.

Issue No. 8: If the granting of the territory which United Water Florida, Inc. seeks to add to its PSC certificate to United Water Florida, Inc. would result in an extension of a system which would be competition with or a duplication of any other system or a portion of a system, are those systems inadequate to meet the reasonable needs of the public or are the persons operating those systems unable, refusing or neglecting to provide reasonably adequate service?

Position: No. The system which St. Johns County is putting in place through its agreement with JEA would be wastefully duplicated by granting United Water Florida, Inc. the requested territory. The St. Johns/JEA System will be more than adequate to service the immediate needs in the requested territory. St. Johns County has not refused or neglected to provide reasonable and adequate water

not refused or neglected to provide reasonable and adequate water and wastewater services.

Issue No. 9: Is it in the public interest for the Commission to grant United Water Florida, Inc.'s Application?

Position: No. It is not in the public interest for the Commission to grant United Water Florida, Inc. the territory it has requested. It is in the public interest for St. Johns County to provide water and wastewater services to the requested territory. The JEA Agreement with St. Johns County will provide the backbone for a regionalized water and wastewater system which will enable St. Johns County to provide service in a cost-efficient manner that minimizes environmental risks.

E. Stipulated Issues:

No issues have been stipulated at this point.

F. Pending Motions:

There are no pending motions at this time.

G. Other Requirements:

JEA believes that this Prehearing Statement is fully responsive to the requirements of the above-stated procedural Order and Rule 25-22.038(2), Florida Administrative Code.

Dated this 3rd day of June, 1999.

Respectfully submitted this



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CERTIFICATE OF SERVICE

I HEREBY certify that a copy of the foregoing was furnished by U.S. Mail to:

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