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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 99-0373-PCO-WS
RECORDS AND REPORTING

UTILITY'S PREHEARING STATEMENT

Intercoastal Utilities, Inc. (hereinafter "Intercoastal"), by and through its undersigned attorneys and pursuant to the provisions of Rule 28-106.211, Florida Administrative Code, and Order No. PSC-99-0373-PCO-WS and files this Prehearing Statement:

A) The name and address of all known witnesses which Intercoastal may call and the subject matter of their testimony:

- 1. M.L. Forrester
JAX Utilities Management, Inc.
1300 River Place Boulevard, Suite 620
Jacksonville, Florida 32207

Mr. Forrester will testify on all issues in these proceedings.

- 2. Sumner Waitz, P.E.
Waitz & Moye
6900 Southpoint Dr., North
Suite 430
Jacksonville, Florida 32216

Mr. Waitz will testify concerning engineering matters, the technical ability of Intercoastal to serve the territory proposed for service currently pending before St. Johns County, including some portions applied for in this matter by United Water Florida, Inc. (hereinafter "United" or "UWF"). He will also provide comparisons of Intercoastal's ability to serve to the various other parties to this proceeding.

AFA _____
APP _____
CAF _____
CMU _____
CTR _____
EAG _____
LEG 2 _____
MAS 3 _____
OPC _____
RRR _____
SEC 1 _____
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FPSC-RECORDS/REPORTING

B) A description of all known exhibits that may be used by Intercoastal and whether they may be identified on a composite basis and the witness sponsoring each is as follows:

1. MLF-1 - An extensive resume of Mr. Forrester's training and examples of experience to this testimony.
2. SW-1 - A brief resume of Mr. Waitz's experience.
3. Several demonstrative maps sponsored by Mr. Forrester.

C) A statement of Intercoastal's basic position in this proceeding.

Intercoastal Utilities, Inc. is in the best position to provide service to the territory proposed for service by it in its Application for Extension of Service Territory currently pending before St. Johns County Water and Sewer Utility Authority. It is in the public interest for Intercoastal to provide that service, including the territory overlapping between that applied for by United in this proceeding and by Intercoastal in the St. Johns County proceeding. Intercoastal Utilities, Inc. has the technical and financial ability to provide the service proposed in its Application. Because Intercoastal is in the best position to provide that service based upon all of the pertinent factors including those outlined above, the Commission should deny United's Application for Amendment of its Service Territory requested in this proceeding.

D) A statement of each question of fact. Intercoastal considers that issue, its position on each such issue, and which of its witnesses will address the issue is as follows:

Issue 1 Pursuant to Section 367.045(2)(b), Florida Statutes, is there a need for service in the territory which United seeks to add to its certificate of authorization?

Intercoastal's Position - No, except for the one portion in what is known as the FFCDC property. Intercoastal Utilities, Inc. is in a better position to provide service in this one area and has planned and reported to the Water Management District for many years its intent to provide service to this parcel. Intercoastal has applied to serve the FFCDC parcel in its Application currently pending before St. Johns County. There is no need for service in the remainder of the proposed territory.

Witnesses - Mr. Forrester and Mr. Waitz

Issue 2 Pursuant to Section 367.045(2)(b), Florida Statutes and Rule 25-30.036(3)(b), Florida Administrative Code, does United have the technical ability and adequate capacity to serve the territory which it seeks to add to its certificate of authorization?

Intercoastal's Position - While United may have the technical and financial ability to provide the service, the proposal by them to provide such service is inefficient, more costly, and less environmentally sound than service as proposed to be provided by Intercoastal. In addition, the information submitted by Intercoastal in its proposal for such service demonstrates that it has the technical and financial ability to provide that service, and at a lesser cost.

3. Would the proposed amendment of United's territory result in the extension of a system which would be in competition with, or duplication of, any other system or portion of a system?

Intercoastal's Position - Yes. Intercoastal's existing system is much closer to the proposed service territory than the facilities proposed to provide the service by United and as such, an amendment should not be granted for those overlapping parcels. Intercoastal's system is more than adequate to meet the reasonable needs of the public in providing service to the FFCDC property and the other properties proposed for service

by Intercoastal within its Application currently pending before St. Johns County.

4. Does service exist from other sources within the geographical proximity to the areas that United seeks to add to its certificate of authorization?

Intercoastal's Position - Yes. Intercoastal has service available to the FFDCDC property, has planned for a long period of time to provide service to that property and has applied to St. Johns County for inclusion of that property within its certificate. That Application is currently pending.

E) A statement of each question of law which Intercoastal considers issue and its position on each such issue are as follows:

1. Whose authority to grant Water and Sewer Utility territory, that of St. Johns County, or that of the Florida Public Service Commission is controlling when the two regulatory bodies arrive at different conclusions as a result of the currently pending cases with overlapping proposed territories for Intercoastal and United?

Intercoastal's Position - It is unclear at this time what the law is on this issue, however, it is a very relevant and pertinent issue to this proceeding.

F) A statement of each policy question that Intercoastal considers issue and Intercoastal's position on each such issue.

Issue 1 Should the Commission grant additional territory to a utility who already has a huge, undeveloped service territory and where the granting of the additional territory will require extension of facilities a substantial distance across that undeveloped area?

Intercoastal's Position - No. United currently has a certificated service territory that is tens of thousands of acres and is proposing by this Application to add substantial amounts to it, even though it is only actually providing service to a

very small group of customers, numbering less than 150 presently.

Issue 2 Should utilization of innovative reuse technologies by Intercoastal demonstrate a greater public interest in service to the overlapping area being provided by Intercoastal instead of United?

Intercoastal's Position - Yes.

G) A statement of the issues that have been stipulated to by the parties.

There have been no issues stipulated to at this time.

H) A statement of all pending Motions or other matters Intercoastal seeks action upon are as follows:

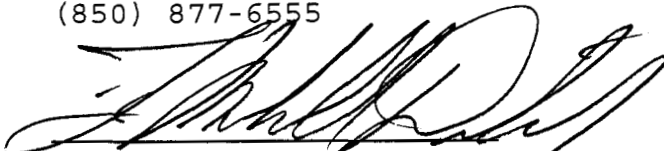
There are no pending Motions on which Intercoastal seeks action.

I) A statement as to any requirements set forth in Order No. PS-99-0373-PCO-WS that cannot be complied with:

None at this time.

Respectfully submitted this
3rd day of June, 1999, 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 a true and accurate copy of the foregoing has been furnished by regular U.S. Mail and *hand delivery to the following on this 3rd day of June, 1999.

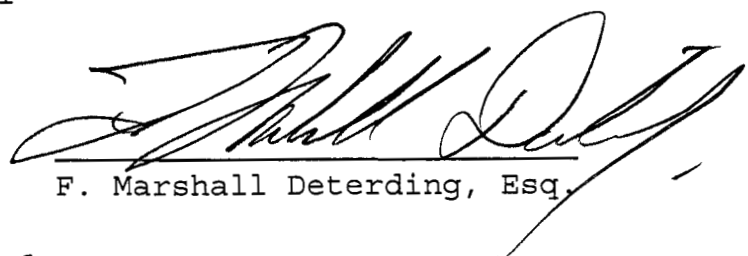
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