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John D. Williams, Chief
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2540 Shumard Oak Boulevard
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Re: Docket No. 990696-WS -- Certificate Application of
Nocatee Utility Corporation -- Response to DCA Letter

Dear John:

This is Nocatee Utility Company's (NUC's) response to your letter of August 2, 1999, which forwarded for our comment a July 23, 1999 letter from the Department of Community Affairs (DCA) to the Florida Public Service Commission (PSC).

In its letter, the DCA states that based on the current Duval County and St. Johns County Comprehensive Plans, there is no identified need for central water and sewer service within NUC's proposed service area and that the development proposed in the application (Nocatee) appears to be inconsistent with those comprehensive plans.

The DCA's letter concludes, however, that "the owners of the Nocatee development intend to apply for Future Land Use Map amendments for this site and, in fact, have already participated at a Development of Regional Impact Pre-Application Conference. Should appropriate comprehensive plan amendments become effective in the future, our comments would be revised."

As stated in NUC's application, the proposed development to be served by the utility is required to undergo review through the Development of Regional Impact (DRI) process. That process has commenced with the pre-application conference referred to in the DCA's letter and will continue with the filing of an Application for Development Approval in October, 1999.

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In conjunction with the DRI review process, the property owner -- DDI, Inc. (DDI) -- will be seeking appropriate amendments to both the Duval County and St. Johns County Comprehensive Plans. DDI, which is NUC's corporate parent, recognizes that the amendment process must be successfully completed in order for it to obtain final authority to proceed with the Nocatee development.

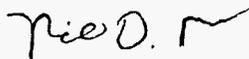
DDI is confident that it will obtain the required DRI approval and comprehensive plan amendments in due course. Indeed, DDI expects that the final Development Order will **require** that the development be served by a central water and wastewater system. NUC's application for a certificate is intended to provide the vehicle by which that service will be provided.

As suggested by the DCA's comments, the only question regarding comprehensive plan consistency appears to be one of timing. Clearly the Nocatee development will have to be consistent with the comprehensive plan requirements in effect at the time development is commenced in 2001.

NUC respectfully suggests that there is no reason for the PSC to delay its review of NUC's application pending completion of the parallel proceedings that are required to obtain overall development approval. An early determination of how utility service will be provided to Nocatee is critical to DDI's overall planning effort, which is employing an integrated approach to utility, water resource, land use planning, and environmental issues.

If you have any questions regarding this response, or any other aspect of the DCA's comment letter, please let me know.

Very truly yours,



Richard D. Melson
Attorneys for Nocatee Utility Corp.

RDM/mee

cc: Blanca Bayo (for docket file)
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