

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

In re: Applications For An Amendment)	
Of Certificate For An Extension)	
Of Territory And For an Original)	
Water And Wastewater Certificate)	Docket No. 992040-WS
(for a utility in existence and charging)	
for service))	
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In re: Application by Nocatee Utility)	
Corporation for Original Certificates for)	
Water & Wastewater Service in Duval)	Docket No. 990696-WS
and St. Johns Counties, Florida)	
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PREFILED DIRECT TESTIMONY OF

H.R. JAMES

ON BEHALF OF INTERCOASTAL UTILITIES, INC.

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Q. Please state your name and professional address for the record.

A. My name is H.R. James and my address is Intercoastal Utilities, Inc., 6215 Wilson Blvd., Jacksonville, FL 32210. I am a certified registered general contractor, a certified Florida state building contractor, I am the President of Jax Utilities Management, and I am also the President of Intercoastal Utilities.

Q. Please outline your experience and expertise in the water and wastewater industry.

A. I have been in the water and wastewater industry for 45 years. I have constructed or caused to be constructed at least 24 utilities from the ground up, and have been involved with over 50 different utilities during my professional career.

Q. Have you ever been accepted as an expert witness in an administrative proceeding?

A. I have been accepted as an expert in utility operations, construction and management.

Q. In your opinion, does Intercoastal have the operational, managerial, technical, and financial ability to extend its service area as it has proposed to do?

A. Yes, as Mr. Forrester detailed in his testimony, Intercoastal clearly has the operational, managerial, technical and financial ability to extend its services and to carry out its application. With regard to the financial ability of Intercoastal, in my opinion the financial strength of Intercoastal is in its stockholders. The stockholders are committed to Intercoastal and its continued success and those stockholders have the financial ability to support Intercoastal's activities including what it proposes to do in this application. Additionally, Intercoastal has lending relationships with most of the principal banks in the City of Jacksonville which Intercoastal and its Board of Directors have the ability to borrow money from their line of credit that exceeds \$50

1 million.

2 Q. Will Intercoastal be able to attract the capital necessary to effectuate its application?

3 A. Yes, the shareholders of Intercoastal and the Board of Directors would step up to the
4 bar if they needed to with their own funds in order to carry out this application.
5 Additionally, in my experience and based upon all of the utilities I have been involved
6 with, I have never known an utility which was granted a service area by a regulator
7 which could not come up with the capital or did not have the ability to attract the
8 capital needed to expand its facilities.

9 Q. Please discuss the track record of yourself and some of the shareholders of
10 Intercoastal.

11 A. Many of the individuals who are the stockholders and on the Board of Directors who
12 stand behind Intercoastal have been doing business together in the city of
13 Jacksonville since 1955. We have never been turned down by a lending institution,
14 and we have developed projects like the Plantation at Ponte Vedra (a \$28 million
15 project in the first phase), the Woods in Jacksonville (a \$7.5 million project in the
16 first phase), and Pace Island in Orange Park, Florida (a \$10 million project in the first
17 phase). I could go on and on about the developments we have been involved in
18 together, but we have probably done \$100+ projects in Florida. Our track record in
19 terms of obtaining capital, repaying money borrowed in a timely fashion, making
20 payrolls, sustaining businesses over the long haul and making the right decisions is
21 unquestionable.

22 Our parent company, Florida Title Group, Inc., was started in 1926 in Jacksonville,
23 Florida by Mr. C.D. Towers. Mr. Towers started the law firm of Rogers, Towers,
24 Bailey, Jones & Gay and presently has 55+ attorneys on staff. We have built 12
25 shopping centers, 24 water and wastewater facilities and 8 major developments.

1 These include the Plantation at Ponte Vedra (800 acres), The Woods (600 acres),
2 San Jose (400 acres), Arlington (1200 acres), Pace Island (1000 acres), Cedar Hills
3 (1000 acres), Sherwood Forest (1000 acres), Glenlea Park (800 acres), 7 apartment
4 complexes (3 in Jacksonville and 4 in Tampa, Florida), and 2 condominiums (1 in
5 Crescent Beach, Florida and 1 in Fernandina Beach, Florida). We have also built over
6 10,000 residential homes. We presently have 37 projects under construction in
7 Duval, Clay and St. Johns Counties where we are clearing land, installing water and
8 wastewater lines, storm drains, streets, curbs and gutters, and digging numerous
9 lakes in these developments. Last year, we completed over \$14,000,000 of project
10 work for 26 different developers including ourselves. We presently have contracts
11 that we are actively working on totaling \$6.4 million through January 31, 2000.

12 Q. Mr. James, with regard to the numerous utilities that you have been involved in, were
13 you ever unable to either come up with the capital or to attract the capital needed to
14 do any project connected with any of those utilities?

15 A. Not one time.

16 Q. Will Intercoastal be able to fulfill the obligations which it has proposed to assume by
17 its applications to the Commission?

18 A. Yes, in my opinion, it will.

19 Q. Does this conclude your prefiled testimony?

20 A. Yes, it does.

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