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June 29, 2000

VIA FEDERAL EXPRESS

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399

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SERVICES DIVISION
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Re: Intercoastal Utilities, Inc. Application for Amendment of
Certificate for Extension of Territory and for Original Water
and Wastewater Certificate - Docket No: 992040-WS
&
Application by Nocatee Utility Corporation for Original
Certificates for Water & Wastewater Service in Duval and St.
Johns County, Florida - Docket No: 990696-WS

Dear Ms. Bayo:

Please find enclosed the original and 15 copies of Sawgrass
Association, Inc's Prehearing Statement in connection with the
above-referenced matters. It would be appreciated if your office
would acknowledge the date and time of filing by stamping the
enclosed copy of this letter and returning it to us in the postage
prepaid envelope provided.

Should you have any questions, or if anything else is required,
please do not hesitate to contact me. Thank you for your courtesy
and cooperation.

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Very truly yours,



Michael J. Korn

/clz/enclosures

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DOCUMENT NUMBER-DATE

07995 JUN 30 8

FPSC-RECORDS/REPORTING

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
June 29, 2000
Page Two

cc w/copy enclosures:

John L. Wharton, Esquire
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Richard D. Melson, Esquire
Samantha Cibula, Esquire
Suzanne Brownless, Esquire
Kenneth A. Hoffman, Esquire
J. Stephen Menton, Esquire
Michael E. Wedner, Esquire
Sawgrass Association, Inc.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for an Amendment)
of Certificate for an Extension of)
Territory and for an Original Water)
and Wastewater Certificate (for a) Docket No: 992040-WS
utility in existence and charging)
for service))

In re: Application by Nocatee Utility)
Corporation for Original Certificates) Docket No: 990696-WS
for Water & Wastewater Service in)
Duval and St. Johns Counties, Florida)

PREHEARING STATEMENT OF SAWGRASS ASSOCIATION, INC.

COMES NOW Sawgrass Association, Inc. (the Association), and in compliance with the Order Noticing Change in Dates for Prehearing Statements, Prehearing Conference and Hearing entered on May 25, 2000, hereby submits its Prehearing Statement for Docket Nos. 99-2040-WS and 99-0696-WS.

A. Witnesses: The Association proposes to call the following witnesses to offer testimony on the issues in this docket:

Witness	Issues/Subject
Pat Arenas	All
Don Flury, President, Sawgrass Association	All
A. Richard Olson	All
Victor Martinelli	All
Any witness listed by any other party to these proceedings.	All

It is currently anticipated that Mr. Flury, the current President of the Association, will adopt the direct prefiled

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testimony submitted by Mr. Olson in this matter. In addition, the Association reserves the right to call additional witnesses, witnesses to respond to Commission inquiries which were not addressed in direct or rebuttal testimony, and witnesses to address issues not presently designated that may be designated by the prehearing officer at the prehearing conference to be held on July 12, 2000.

B. Exhibits:

- (1) Copy of Utility Service Agreement between Intercoastal Utilities, Inc. and Arvida Corporation, dated September 1, 1983.
- (2) Complaint for Declaratory Relief, Injunctive Relief and Damages filed in the Circuit Court, St. Johns County, Florida and styled as Sawgrass Association, Inc. v. Intercoastal Utilities, Inc., Case No: CA 99-2277, Division: 55, as well as all exhibits and attachments thereto.
- (3) All documents and exhibits attached to the Prefiled Direct Testimony of A. Richard Olson or Pat Arenas in this cause.
- (4) The transcript of proceedings conducted before the St. Johns County Water and Sewer Authority, commencing June 2, 1999, and any exhibits introduced during that proceeding.
- (5) May 1999 aerial photo of Intercoastal's wastewater treatment facility.

The Association reserves the right to file additional exhibits with respect to any testimony that may be filed under the circumstances identified in Section A above, and also reserves the right to introduce exhibits for cross-examination, impeachment, or any other rebuttal or any other purpose authorized by the applicable Florida Rules of Evidence and the rules of the Commission.

C. Association's Statement of Basic Position: The Association takes no position on the application of Nocatee Utility Corporation (NUC) for an original certificate for water and wastewater service in Duval County and St. Johns County, Florida.

The Association opposes the application filed by Intercoastal Utilities, Inc. (Intercoastal) for an amendment of its certificate for an extension of territory, and for an original water and wastewater certificate. It is the Association's position that Intercoastal does not possess the requisite technical ability to serve the requested area, and it is not in the public interest for Intercoastal to be granted a water and wastewater certificate for the proposed territory.

D. The Association's Position on Preliminary Issues: The following preliminary issues have been identified by Commission staff in accordance with its June 26, 2000 notification to the parties:

ISSUE 1: Is there a need for service in the territory proposed by NUC's application, and if so, when will service be required?

Position: Consistent with its response in Section C above, the Association takes no position with respect to Issue 1.

ISSUE 2: Does NUC have the financial ability to serve the requested territory?

Position: The Association takes no position with respect to Issue 2.

ISSUE 3: Does NUC have the technical ability to serve the requested territory?

Position: The Association takes no position with respect to Issue 3.

ISSUE 4: Does NUC have the plant capacity to serve the requested territory:?

Position: The Association takes no position with respect to Issue 4.

ISSUE 5: What are the appropriate rates and charges for NUC?

Position: The Association takes no position with respect to Issue 5.

ISSUE 6: What are the appropriate reuse rates and charges for NUC?

Position: The Association takes no position with respect to Issue 6.

ISSUE 7: Is it in the public interest for NUC to be granted a water certificate and wastewater certificate for the territory proposed in its application?

Position: The Association takes no position with respect to Issue 7.

ISSUE 8: Is there a need for service in the territory proposed by Intercoastal's application, and if so, when will service be required?

Position: Based upon the Prefiled Direct Testimony in this cause, and documents produced in connection therewith, it would

appear that the territory comprising the Nocatee development will need water and wastewater service, both in the near term and during Nocatee's projected long-range development. The Association has no basis to determine when service would be required by Nocatee's developers.

ISSUE 9: Does Intercoastal have the financial ability to serve the requested territory?

Position: Based upon the testimony previously set forth in proceedings before the St. Johns County Water and Sewer Authority in June 1999, and based on the Prefiled Testimony submitted in these dockets, it would appear that Intercoastal may have the financial ability to serve the requested expansion territory, based on the financial strength of Intercoastal's owners and investors. However, any such service would have to take into account the Association's objection to any increase in its water or wastewater rates based on any requested expansion into the requested territory.

ISSUE 10: Does Intercoastal have the technical ability to serve the requested territory?

Position: It is the Association's position that Intercoastal does not have the technical ability to serve the requested territory. Over 1,500 property owners in the Sawgrass community (who compromise the Association), as well as others, have been subjected to regular noxious odor from Intercoastal's only wastewater treatment plant, located immediately adjacent to the Sawgrass community. This is even after Intercoastal changed its wastewater processing method, which Intercoastal said would eliminate or significantly reduce the odor. As indicated in the Prefiled Testimony, there is also significant concern about Intercoastal's technical capacity to serve any expanded territory when it appears to be having problems serving its current territory.

ISSUE 11: Does Intercoastal have the plant capacity to serve the requested territory?

Position: It is the Association's position that Intercoastal's only current wastewater treatment facility, located immediately adjacent to the Sawgrass community, does not have the requisite plant capacity to serve the requested territory. Intercoastal has affirmatively represented in these dockets that no wastewater generated from the Nocatee development (in the requested territory) will be

transported to or processed at the Sawgrass Wastewater Treatment Facility. Intercoastal now states it plans to construct and operate new plants at or in the Nocatee development, should it be granted any expanded territory. The Association has no way of evaluating the technical, financial or operational capacity of Intercoastal's proposed new plants, other than based on its past performance.

ISSUE 12: What are the appropriate rates and charges for Intercoastal?

Position: The Association takes the position that any Intercoastal rates and charges must be considered in conjunction with the pending rate case which is still ongoing before the St. Johns County Water and Sewer Authority. In any event, any action taken by the Commission should not operate in any respect to increase the water and wastewater rates for existing Intercoastal customers.

ISSUE 13: What are the appropriate reuse rates and charges for Intercoastal?

Position: Intercoastal is obligated under the terms of the aforementioned Utility Service Agreement to provide all reuse water needed by the Sawgrass Country Club at no charge until 2013. The Association has no other position with respect to Issue 13.

ISSUE 14: Is it in the public interest for Intercoastal to be granted a water certificate and a wastewater certificate for the territory proposed in its application?

Position: For the reasons set forth above, the Association does not believe it would be in the public interest for Intercoastal to be granted a water certificate or a wastewater certificate for the proposed territory.

E. Stipulations: The Association has stipulated that the Commission may supplement the testimony of Charles Gauthier with regard to pending comprehensive plan issues.

There has also been an informal oral stipulation that the undersigned counsel for the Association may appear at the prehearing conference on July 12, 2000 at 9:30 a.m. by telephone.

F. Pending Motions: Other than the Commission staff request to supplement the testimony of Mr. Gauthier, we are unaware of any other pending motions.

G. Other Requirements: None known.

Respectfully submitted this 29th day of June 2000.

KORN & ZEHMER, P.A.



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been furnished by U.S. Mail this 29th day of June 2000 to:

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