

LAW OFFICES
ROSE, SUNDBSTROM & BENTLEY, LLP
2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

(850) 877-6555

ORIGINAL

MAILING ADDRESS
POST OFFICE BOX 1567
TALLAHASSEE, FLORIDA 32302-1567

TELECOPIER (850) 656-4029

CHRIS H. BENTLEY, P.A.
F. MARSHALL DETERDING
MARTIN S. FRIEDMAN, P.A.
JOHN R. JENKINS, P.A.
STEVEN T. MINDLIN, P.A.
JOSEPH P. PATTON
DAREN L. SHIPPY, LL.M. TAX
WILLIAM E. SUNDBSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON

April 25, 2001

VIA HAND DELIVERY

ROBERT M. C. ROSE
OF COUNSEL

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

RECEIVED-FPSC
01 APR 25 PM 3:24
RECORDS AND REPORTING

Re: Intercoastal Utilities, Inc.; ~~Docket Nos. 990696-WS~~ and 992040-WS
Our File No. 26003.13

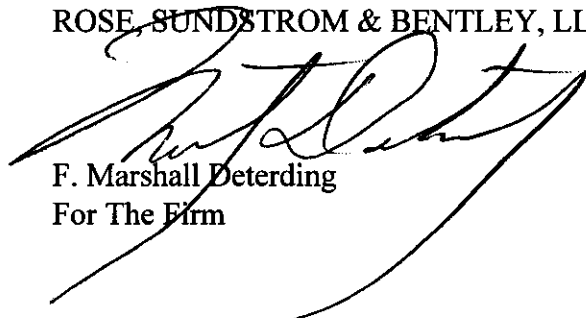
Dear Ms. Bayo:

Attached are the original and fifteen copies of Additional Rebuttal Testimony of H.R. James, Jim L. Bowen, and Michael E. Burton.

Should you or any members of the Commission staff have any questions in this regard, please let me know.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

FMD/tmg

Enclosures

5 + orig.
intercoa\psc\2bayo.fmd

CLP	
CPA	
CRP	
CON	
CSR	
EUR	
FIG	1
OPC	
PAI	
RGD	
SEC	1
SER	
OTR	

DOCUMENT NUMBER - DATE
Bowen 05173 APR 25 05174 APR 25 05174 APR 25
FPSC-RECORDS/REPORTING

RECEIVED & FILED

Mur
FPSC-BUREAU OF RECORDS

James
DOCUMENT NUMBER - DATE

05172 APR 25

FPSC-RECORDS/REPORTING

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2 ADDITIONAL REBUTTAL TESTIMONY OF
3 H.R. JAMES
4 ON BEHALF OF
5 INTERCOASTAL UTILITIES, INC.
6 DOCKET NOS. 990696-WS & 992040-WS
7

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

9 A: My name is H.R. James, and my address is Intercoastal Utilities, Inc.,
10 6215 Wilson Boulevard, Jacksonville, Florida, 32210.

11 **Q: Are you the same H.R. James who has previously provided prefiled direct**
12 **testimony in this docket?**

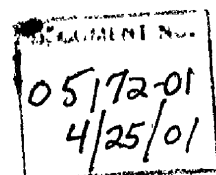
13 A: Yes, I am.

14 **Q: What is the purpose of your additional rebuttal testimony?**

15 A: I want to make sure that the record is clear that the shareholders are
16 aware of Mr. Burton's most recent projections with regard to the
17 commitment Intercoastal must make on a going forward basis as to the
18 rates it will accept, and the financial commitment and subsidy necessary
19 from the shareholders, in order to make implementation of that rate
20 possible. I also want to make sure that there is no question in the minds
21 of the Commission that the stockholders are willing to accept that
22 burden.

23 **Q: Have you discussed this matter with the shareholders?**

24 A: Yes, very directly and explicitly. The shareholders are aware of the
25 commitment and subsidy required of both the corporation and of the



1 shareholders, as quantified in Mr. Burton's most recent projection, and
2 they have agreed to accept that commitment without hesitation. I had
3 previously testified that the shareholders of Intercoastal were willing to
4 step up to the bar if they needed to with their own funds in order to carry
5 out this application, and nothing has changed in that regard. In point of
6 fact, since we first applied for a portion of this territory before the
7 St. Johns County Water and Sewer Regulatory Authority, the
8 shareholders have never wavered in their commitment to do whatever
9 was necessary in order to effectuate Intercoastal's application.

10 **Q: Do the shareholders understand that Mr. Burton's most recent projections**
11 **mean that they may accept, at least over some period of time, rates**
12 **which are less than those to which they might be otherwise entitled?**

13 **A:** Yes, they do, and they are willing to make that commitment and provide
14 that subsidy. They understand this is a unique proceeding, because
15 essentially two utilities are competing for much of the same territory
16 simultaneously, and they believe that it would benefit both the
17 corporation and Intercoastal's present and future customers for
18 Intercoastal's application to be granted and Intercoastal's territory to
19 expand as requested. The financial commitment that would be required
20 by Mr. Burton's projections is a commitment they are willing to make in
21 order to achieve that end.

22 **Q: In your opinion, and based on your personal knowledge in your**
23 **conversations with your fellow shareholders, will Intercoastal be willing**
24 **to commit to the Commission, and to accept the consequences of that**
25 **commitment, that it will accept rates in the range projected by**

1 **Mr. Burton on a going forward basis.**

2 A: Yes, I have explained to the shareholders exactly what is involved and
3 their commitment, which has never wavered throughout this entire
4 process, and they readily committed both the corporation and themselves
5 to this course of action.

6 **Q: Do the shareholders, collectively and individually, appreciate and**
7 **understand that the commitment to accept rates in the ranges projected**
8 **by Mr. Burton will require shareholders to infuse capital into the Utility**
9 **during certain years?**

10 A: Yes, they do, and that is part of the commitment they have made and
11 that I have been speaking previously about in this and my prior
12 testimony.

13 **Q: Will the quality of service provided by Intercoastal suffer as a result of**
14 **this commitment and subsidy by the shareholders.**

15 A: No, it will not. This is simply a commitment and agreement by the
16 shareholders and the utility corporation to provide whatever funding is
17 necessary, including subsidization of operating costs in a manner similar
18 to that proposed by NUC for the first few years of operation within the
19 new territory. We have the financial ability and will to make such a
20 commitment, with no affect whatsoever on the quality of service
21 provided by Intercoastal to its customers.

22 **Q: Does this complete your prefiled testimony?**

23 A: Yes, it does.

24

25 intercoa\psc\James-AddRebut.tmy