

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

**ORIGINAL**

(850) 877-6555

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

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

TELECOPIER (850) 656-4029

May 14, 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 MAY 14 PM 4:41  
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 late-filed Exhibit No. 15 from the May 7-9, 2001 hearing filed on behalf of Intercoastal Utilities, Inc. in the above-referenced docket. This exhibit is the May 9, 2001 deposition of M.L. Forrester.

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

APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMP \_\_\_\_\_  
COM \_\_\_\_\_  
CTR 1 \_\_\_\_\_  
ECR \_\_\_\_\_  
LEG 1 \_\_\_\_\_  
OPC \_\_\_\_\_  
PAI \_\_\_\_\_  
RGO \_\_\_\_\_  
SEC 1 \_\_\_\_\_  
SER JLW/kll \_\_\_\_\_  
CTH \_\_\_\_\_

Sincerely,

ROSE, SUNDBSTROM & BENTLEY, LLP



John L. Wharton, Esquire  
For The Firm

Enclosures

cc: All Counsel of Record (w/o enclosure)

intercoa\psc\Bayo051401cover.ltr

RECEIVED & FILED  
Atthoekard  
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE  
06009 MAY 14 5  
FPSC-RECORDS/REPORTING

BEFORE THE PUBLIC SERVICE COMMISSION

I N D E X

IN RE: Application by Nocatee Utility Corporation for Original Certificates for Water & Wastewater Service in Duval and St. Johns Counties, Florida } No. 990696-WS

-----

IN RE: Application for Certificates to Operate Water & Wastewater Utility in Duval and St. Johns Counties by Intercoastal Utilities, Inc. } No. 992040-WS

-----

STATE OF FLORIDA )  
 COUNTY OF DUVAL )

Deposition of M. L. Forrester, a witness in the above-entitled cause, pursuant to Notice of Taking Deposition, at 6215 Wilson Boulevard, Jacksonville, Florida, on Monday, April 9th, 2001 at 12:30 o'clock p.m., before Elaine M. Wall, Professional Shorthand Reporter and Notary Public in and for Duval County, Florida.

---  
 CINDY JENNINGS & ASSOCIATES  
 Registered Professional Reporters  
 130 East Bay Street  
 Jacksonville, FL 32202 (904) 359-0257

1	
2	
3	WITNESS
4	
5	M. L. FORRESTER
6	Direct Examination by Mr. Melson..... 4
7	Cross-Examination by Ms. Brownless..... 83
8	Cross-Examination by Mr. Menton..... 96
9	Cross-Examination by Mr. Korn..... 160
10	Cross-Examination by Ms. Cibula..... 183
11	Redirect Examination by Mr. Melson..... 184

EXHIBITS

Deposition Exhibit No. 1..... 24
Deposition Exhibit No. 2..... 68

(Exhibits retained by Counsel.)

A P P E A R A N C E S

RICHARD D. MELSON, ESQUIRE  
 Hopping, Green, Sams & Smith, P.A.  
 123 South Calhoun Street  
 Tallahassee, Florida 32301  
 appearing on behalf of Nocatee Utility Corporation.

J. STEPHEN MENTON, ESQUIRE  
 Rutledge, Ecenia, Purnell & Hoffman, P.A.  
 P. O. Box 551  
 Tallahassee, Florida 32302  
 appearing on behalf of Jacksonville Electric Authority.

MICHAEL J. KORN, ESQUIRE  
 Korn & Zehmer  
 6620 Southpoint Drive South, Suite 200  
 Jacksonville, Florida 32216  
 appearing on behalf of Sawgrass Association.

SAMANTHA CIBULA, ESQUIRE  
 2540 Shumard Oak Boulevard  
 Tallahassee, Florida 32399-0850  
 appearing telephonically on behalf of  
 Florida Public Service Commission

SUZANNE BROWNLESS, ESQUIRE  
 1311-B Paul Russell Road, Suite 201  
 Tallahassee, Florida 32301  
 appearing telephonically on behalf of  
 St. Johns County Utility Department.

JOHN L. WHARTON, ESQUIRE  
 Rose, Sundstrom & Bentley  
 2548 Blairstone Pines Drive  
 Tallahassee, Florida 32301  
 appearing on behalf of Intercoastal Utilities.

---  
 M. L. FORRESTER,  
 having been produced and first duly sworn as a witness  
 in the above entitled action, testified as follows:

DIRECT EXAMINATION

BY MR. MELSON:

Q Mr. Forrester, I'm Rick Melson,  
 representing Nocatee Utility Corporation and DDI. I  
 think we've met before.

A Yes, sir.

Q In fact, frequently when we meet, you're  
 under oath and I'm not.

Have you had your deposition taken before?

A Yes.

Q All right. If you have any -- I'm going  
 to ask you a series of questions. Anything that I ask  
 that you don't understand, ask for clarification.

If you need to take a break any time, let  
 us know. And if you need -- if you discover during the  
 course of the deposition that you need to amend a prior  
 answer, feel free to do that.

What did you do to prepare for your  
 deposition today?

A I have reviewed most of the testimony that  
 has been filed in the case, including that of my own.

1 I've also prepared a notebook with the documents that I  
2 made direct reference to in my testimonies. And, of  
3 course, part of those references include the various  
4 reports, et cetera, and I brought those reports with  
5 me.

6 Q All right. So do you essentially have  
7 with you today all of the work papers supporting your  
8 various pieces of testimony and exhibits?

9 A I'm not sure that I generated any work  
10 papers. I referred to a number of reports --

11 Q All right.

12 A -- and other documents. And to the best  
13 of my knowledge, I have at least the vast majority of  
14 those.

15 Q You are the individual at Intercoastal who  
16 engaged Mr. Burton and Mr. Miller and Mr. Bowen for  
17 their testimony in this proceeding; is that correct?

18 A Yes, I believe I am.

19 Q Okay. Could you -- let's start with Mr.  
20 Burton. Could you describe for me briefly what you've  
21 asked him to do in connection with this proceeding?

22 A When we first retained Mr. Burton, I don't  
23 think it was in direct response to this proceeding.  
24 Since we first retained Mr. Burton, I have asked him to  
25 do various analyses, and more particularly, the

1 various information surrounding those annual reports

2 Q By annual reports, do you mean the annual  
3 reports to your regulators?

4 A Yes, to the St. Johns County Water and  
5 Sewer Authority.

6 Q Did you also provide him with your fiscal  
7 year-end financial statements?

8 A I really don't recall, to be truthful with  
9 you, precisely what we did provide to him, whether that  
10 included the financial statements or not.

11 Q Did you participate in any meetings with  
12 Mr. Burton during the course of his development of his  
13 predictive model?

14 A Yes. I believe we had two or possibly  
15 three meetings during the course of the development of  
16 the model to review what progress he had made on its  
17 development.

18 Q Do you have any notes of any of those  
19 meetings?

20 A No, I don't.

21 Q Do you know if you made notes  
22 contemporaneously during any of those meetings?

23 A I don't remember generating any notes  
24 during those meetings.

25 Q Who else was involved in those meetings

1 construction of a model, a predictive model, for  
2 Intercoastal Utilities to reflect future operations and  
3 the results of those operations.

4 Q All right. What about Mr. Miller?  
5 What was the scope of his engagement?

6 A Essentially, to create a Conceptual Master  
7 Plan for the provisional service to the area west of  
8 the Intracoastal Waterway.

9 Q Had you previously had a different  
10 engineer prepare a Conceptual Master Plan for service  
11 to that area?

12 A Yes. Mr. Sumner Waitz prepared an initial  
13 plan for service to that area in conjunction with our  
14 application to the St. Johns County Water and Sewer  
15 Authority.

16 Q Why did you elect to engage PBS&J rather  
17 than continue with Mr. Waitz for the PSC proceeding?

18 A We simply wanted a larger firm that was a  
19 little better equipped to turn out work faster.

20 Q What types of information -- and we'll  
21 start with Mr. Burton. What types of information did  
22 you provide to Mr. Burton in connection with his  
23 development of this predictive model?

24 A If I remember correctly, we were providing  
25 him basically with copies of our annual reports and

1 beyond you and Mr. Burton?

2 A I really don't have a clear recollection,  
3 but I would imagine that Mrs. Tilley and, certainly,  
4 Mr. James were in those meetings.

5 Q Did you meet with Mr. Jim Miller during --  
6 (Brief discussion off the record.)

7 BY MR. MELSON:

8 Q Okay. During the course of Mr. Miller's  
9 preparation of his Conceptual Master Plan, what type of  
10 interaction did you have with Mr. Miller? I mean Mr  
11 Jim Miller.

12 A I really don't have a clear recollection  
13 of all of the interaction that we had with him in  
14 detail. It was obviously to provide him with  
15 information that we had on the existing system, a good  
16 deal of which was the operation performance statistics,  
17 information concerning the configuration of the  
18 systems, and, then, of course, various information from  
19 the annual reports in closing, et cetera.

20 Q Did you give Mr. Miller any instruction as  
21 to how Intercoastal desired to serve the western  
22 service area?

23 A I'm sure we discussed it, but I don't have  
24 a clear recollection of exactly what that conversation  
25 was.

1 Q Did you express to Mr. Miller a preference  
2 to serve the western service territory out of existing  
3 facilities to the extent possible?

4 A I know that we discussed it. I really  
5 don't remember a conversation that falls precisely  
6 within the parameters of your question.

7 Q Tell me what conversations you do remember  
8 with Mr. Miller, and in as much detail as you can  
9 recall them today.

10 A I think it was pretty much to indicate to  
11 him that we wanted to provide service to that area and  
12 we wanted it to be as high a quality of service as we  
13 possibly could. I think we had several conversations  
14 early on about the possibility of providing reuse water  
15 from the eastern side of the service area to the  
16 western side. We thought that that was a good idea  
17 because that water was typically permitted to be  
18 discharged to the Intracoastal Waterway. And we felt  
19 like it could be used more fruitfully in the western  
20 area in order to provide reuse service.

21 Q Did you provide Mr. Miller with any of the  
22 prior engineering analyses done by Mr. Waitz?

23 A I do not specifically recall providing  
24 that information to Mr. Miller. I'm sorry; I just  
25 don't recall that.

1 A I think it was discussed. I don't  
2 remember exactly in what vein.

3 Q Is all of the wastewater treated at your  
4 existing plant treated to the standards necessary for  
5 residential reuse?

6 A It's treated to public access standards.

7 Q And what commitments exist today for that  
8 treated effluent?

9 A The only commitment that I'm aware of that  
10 exists as of today is to provide recleaned water to the  
11 Sawgrass Country Club.

12 Q And is there an upper bound on the amount  
13 of wastewater that you are required to provide?

14 A I think the agreement, if I remember  
15 correctly, mentions a figure of 750,000 gallons. I  
16 believe there was a letter agreement which was done  
17 that did not modify the original agreement but simply  
18 said we would provide whatever effluent was available  
19 to the Sawgrass Country Club Golf Course.

20 Q Do you know whether that agreement and  
21 that subsequent letter were provided, at any point, to  
22 St. Johns County during the course of any negotiations  
23 that Intercoastal and the county may have had?

24 A Negotiations?

25 Q Let me simplify the question.

1 Q Do you recall whether Mr. Waitz's Plan of  
2 Service that was presented to the St. Johns County  
3 Water and Sewer Authority in 1999 involved the  
4 provision of water service to the initial phase or  
5 phases of the Nocatee Development from existing  
6 capacity on the eastern side of the Intracoastal  
7 Waterway?

8 A Not initially, because the initial  
9 engineering analysis that we had done did not  
10 anticipate Nocatee. Nocatee was not announced as a  
11 development until after Intercoastal's application was  
12 filed.

13 I think we came back with an amendment to  
14 that engineering study simply saying that Nocatee  
15 could, or the initial phases of Nocatee could, be  
16 served from that plan which was to extend water from  
17 the eastern area over into the western area. And then,  
18 of course, future phases of Nocatee could be served  
19 from the plant expansion which we intended to install  
20 in the western service area.

21 Q Do you recall whether any version of Mr.  
22 Waitz's Master Plan involved wastewater service being  
23 provided to the Nocatee Development from existing  
24 wastewater treatment plants on the eastern side of the  
25 Intracoastal Waterway?

1 Do you know whether that agreement with  
2 Sawgrass, and the subsequent letter agreement that you  
3 described, have ever been furnished to St. Johns  
4 County?

5 A I believe that they were furnished to the  
6 St. Johns County Water and Sewer Authority. I know the  
7 initial agreement was. I don't remember whether the  
8 second letter of agreement was formally presented to  
9 them or not.

10 Q Are you familiar with any negotiations  
11 that have taken place between Intercoastal and St.  
12 Johns County regarding the potential acquisition of  
13 Intercoastal Utilities?

14 A I know that there were some negotiations.  
15 I think it was at the request of St. Johns County to  
16 provide a proposal for an Intercoastal sale to St.  
17 Johns County. I was not a part of those negotiations.

18 Q In the course of those negotiations, do  
19 you know whether Intercoastal provided to St. Johns  
20 County copies of all of its utility service agreements?

21 A I'm not really sure what -- all of what  
22 documents were provided to St. Johns County at that  
23 time. All of the documents that were provided went  
24 through our attorneys' office, Rose, Sundstrom and  
25 Bentley. I don't think I actually saw a complete list

1 of all of the documents.

2 Q Were you ever asked to provide Rose,  
3 Sundstrom and Bentley with documents forwarded to the  
4 County in connection with the purchase negotiations?

5 A I'm sure that we were asked to provide  
6 numerous documents to them, but I don't recall  
7 precisely what documents.

8 Q Do you recall whether you were asked to  
9 provide them the utility service agreement with  
10 Sawgrass or the letter agreement to which you referred?

11 A I really don't remember.

12 Q If you had been asked to provide all  
13 utility service agreements, would you regard the letter  
14 agreement you've mentioned as falling within that  
15 category of documents?

16 A I think I probably would have.

17 Q You indicated that the commitment to  
18 Sawgrass is the only reuse commitment in place today.

19 Do you anticipate any additional  
20 commitments of reuse, say, within the next six months?

21 A Well, I anticipate one additional service  
22 to the Plantations Development. They did write us a  
23 letter and asked us if we would provide reuse or,  
24 pardon me, reclaimed water to them as a backup to their  
25 system which uses water out of the stormwater lake

1 system.

2 Q And have you agreed to do that, or are you  
3 in the process of negotiating an agreement?

4 A I'm not sure exactly where those  
5 negotiations are right at the moment. They have been  
6 handled by Mr. Bill Brannen. I helped prepare an  
7 agreement to submit to Plantations for that purpose,  
8 but I'm not aware of just exactly where those  
9 negotiations stand right at the moment.

10 Q Do you know what amount of reclaimed water  
11 will be committed to Plantations under that proposed  
12 agreement?

13 A No, sir. In fact, I think we have  
14 consistently said we can't put our finger on an exact  
15 amount because it is a backup supply.

16 In other words, their primary supply is  
17 their stormwater system, so there isn't any way that I  
18 know of to put our finger on any particular amount of  
19 water that they may or may not use in the future.

20 It was my understanding that it would be  
21 strictly on a demand basis and that we couldn't  
22 guarantee any specific amount to them, nor would they  
23 guarantee to take any specific amount, although their  
24 initial request letter asked for all of the water that  
25 was available over and above what Sawgrass Country Club

1 would take.

2 Q Did you participate in the preparation of  
3 responses, Intercoastal's responses to Nocatee Utility  
4 Corporation's interrogatories and document production  
5 requests to Intercoastal?

6 A I think I have participated in some of  
7 those.

8 Q Do you know if you participated in any  
9 that resulted in responses provided within the past  
10 month?

11 A Seems like I had some conversations with  
12 Mr. Wharton about the availability of that information.  
13 I had discussed it with Mr. James and explained to Mr.  
14 Wharton, you know, under what or what information might  
15 be available. Actually, it was more of what  
16 information was not available.

17 Q Did you make any search for documents  
18 Intercoastal might have provided to St. Johns County in  
19 connection with any acquisition negotiations?

20 A You mean as far as my own personal files  
21 are concerned?

22 Q Were you involved in any search for  
23 documents that might have been provided to St. Johns  
24 County as part of the acquisition negotiations in your  
25 files?

1 A I looked for such documents, and I could  
2 not identify any specific documents that I had provided  
3 out of my files. Now, obviously, you know, we are  
4 continually asked for all kinds of information that  
5 comes from our annual reports and our statistical  
6 summaries having to do with operations, and I typically  
7 provide that information to Mr. James for various  
8 purposes.

9 Q You mentioned earlier that you had talked  
10 with Mr. James about the document production requests.

11 Did you ask him about any documents that  
12 might have been provided to St. Johns County in  
13 connection with acquisition negotiations?

14 A It was my understanding in our  
15 conversation that all of those documents went  
16 through -- that is, for St. Johns County -- went  
17 through our attorney's office. I did not keep a  
18 specific list of what documents were being provided.  
19 All of that went through Rose, Sundstrom and Bentley.

20 And to the best of my knowledge, those are  
21 the only documents that I'm personally aware of that  
22 have been provided. Now, we had some questions, I  
23 suppose, from St. Johns County's engineering firm,  
24 Camp, Dresser and McKee, about the statistics of the  
25 operations of the systems.

1 Q Did you provide any of that information to  
2 Camp, Dresser and McKee?

3 A I think it was more in the form of  
4 answering questions, if I remember correctly, about the  
5 information that had already been provided. I don't  
6 remember directly furnishing any additional information  
7 to them about that.

8 Q What information was it they were asking  
9 questions about?

10 A Mostly the flows to the plants, the growth  
11 history, the ERCs. I believe, at one point, they asked  
12 for some breakdowns of the plant assets, that is the  
13 treatment plant assets. And I think we tried to  
14 explain to them we didn't keep our records in that form  
15 and we couldn't provide them the information that they  
16 wanted in the form that they wanted it. And I don't  
17 remember the gentleman's name that I was talking to  
18 about that, but we offered to try to do that type of  
19 research, but we couldn't do it within the time frame  
20 that he wanted it.

21 Q You indicated that they were inquiring  
22 about some flow data and some ERC data.

23 Is that data that would have been provided  
24 to them by Intercoastal?

25 A Well, I'm sure it was.

1 St. Johns County, ICU respectfully requests return of  
2 all the documents heretofore provided to you and the  
3 County by ICU."

4 It sounds like the inference is that it  
5 was documents provided to them for some type of  
6 discussions. It might very well have been the  
7 acquisitions, but it doesn't say that.

8 Q Do you know, as we sit here today, can you  
9 specifically identify any documents that were provided  
10 by Intercoastal to St. Johns County in connection with  
11 discussions regarding the acquisition of Intercoastal?

12 A The only documents that I could  
13 specifically identify that were almost undoubtedly  
14 provided to them would have been copies of our annual  
15 reports, and the copies of the statistical operations  
16 of the plants. That's the only ones that I could  
17 specifically identify right at the moment. But that's  
18 typically what we have to provide to almost everybody.  
19 I did not prepare all of the documents. Apparently,  
20 that went to Rose, Sundstrom and Bentley for that  
21 proposal.

22 Q Do you know who would have assembled  
23 those?

24 A I would imagine that it would have been a  
25 combination of probably Mr. James and probably Mr.

1 Q Let me show you a document entitled,  
2 "Intercoastal Utilities, Inc. Proposed Acquisition by  
3 St. Johns County Summary of Financial Forecast  
4 Evaluation Analysis," and ask you if you've seen that  
5 document before.

6 A No, sir I haven't seen that document  
7 before.

8 Q Do you have any idea whether this is a  
9 document that was provided by Intercoastal to St. Johns  
10 County?

11 A I have no idea because I haven't seen that  
12 document before.

13 Q All right. Let me show you a letter dated  
14 August 17, 2000 from William Sundstrom to Brian  
15 Armstrong and ask you have you seen that document  
16 before.

17 A I'm sorry; I don't remember. I don't  
18 remember seeing that document.

19 Q Is it fair to say that that document  
20 requests the return of all documents previously  
21 provided by Intercoastal to St. Johns County in  
22 connection with the negotiation of an acquisition?

23 A Well, I don't think it actually says  
24 anything about an acquisition. It just simply says,  
25 "Due to the termination of discussions between ICU and

1 Brannon with some assistance, possibly, from Ellen  
2 Tilley.

3 Q You have filed four pieces of testimony  
4 and attached exhibits in this docket; is that right?

5 A Yes, sir. I have filed Direct Intervener,  
6 Rebuttal and Supplemental Intervener Testimony in this  
7 docket.

8 Q Have you been asked to prepare, or are you  
9 planning to prepare any additional testimony or  
10 exhibits for use in this proceeding?

11 A I have not been asked to enter any  
12 additional testimony as yet.

13 Q Are you planning to prepare any?

14 A No, sir.

15 Q Are there any discussions about whether or  
16 not you should prepare any additional testimony?

17 A I don't remember any discussions about my  
18 having to prepare additional testimony.

19 Q So as we sit here today, you do not  
20 anticipate filing any additional testimony or exhibits  
21 in this docket; is that correct?

22 A I don't know whether it's fair to say that  
23 I anticipate filing no additional testimony. I'm  
24 simply saying that I haven't been asked to prepare any  
25 additional testimony.

1 Q And have not discussed the preparation of  
2 additional testimony?

3 A Not for myself, no.

4 MR. WHARTON: And, Rick, to be fair, you,  
5 meaning M. L. Forrester as opposed to  
6 Intercoastal?

7 MR. MELSON: Yes.

8 MR. WHARTON: Okay.

9 THE WITNESS: Well, that's what I took it  
10 to mean.

11 BY MR. MELSON:

12 Q To the best of your knowledge, does  
13 Intercoastal contend in this case that Nocatee Utility  
14 Corporation lacks the financial ability to serve the  
15 Nocatee Development?

16 A I don't believe any of my testimony, or  
17 the testimony that has been filed by the Intercoastal  
18 witnesses, attempts to say that Nocatee Utility  
19 Corporation does not have the financial wherewithal to  
20 carry out its application.

21 Q So to the best of your knowledge,  
22 Intercoastal does not contend that Nocatee lacks the  
23 financial wherewithal to carry out its Plan of Service?

24 A Well, in terms of capital investment, I  
25 don't think we've actually said that they lack the

1 capacity to be able to do that. We have had some  
2 concerns, obviously, about their ongoing operations and  
3 whether or not their ongoing operations of the system  
4 that they have proposed will provide adequate service  
5 at reasonable rates.

6 Q Are you familiar with the agreement  
7 between JEA and Nocatee Utility Company?

8 A I have read that agreement.

9 Q In light of that agreement, does  
10 Intercoastal contend in this case that Nocatee Utility  
11 Corporation lacks the technical ability to provide  
12 service to the Nocatee Development?

13 A To the best of my knowledge, Nocatee  
14 Utility Corporation itself has no technical ability to  
15 operate these systems.

16 Q Let me ask this: Do you understand that  
17 under the agreement with JEA that Nocatee, essentially,  
18 will obtain that wherewithal from JEA on a contract  
19 basis?

20 A It is my understanding from the agreement  
21 that JEA will operate the systems for Nocatee.

22 Q Do you have --

23 A But that's a far cry from Nocatee having  
24 the technical expertise to do it themselves.

25 Q Let me ask you this: Does Intercoastal

1 have the technical ability to operate the water and  
2 wastewater system?

3 A Yes, I believe it does, not only through  
4 its operation and maintenance agreement with Jax  
5 Utilities Management, but I also believe that it's  
6 stockholders and directors have a considerable amount  
7 of expertise in operating, maintaining and managing  
8 water and wastewater systems. They have been in the  
9 business for a long time, and I think that they have,  
10 themselves, gained a good deal of expertise in that  
11 area.

12 Q How many employees does Intercoastal have?

13 A Intercoastal actually has no employees, no  
14 operating and maintenance employees. All of those  
15 employees are furnished by Jax Utilities Management.

16 Q In your view, does JEA have the technical  
17 ability to provide water and wastewater service and  
18 utility management service to the Nocatee Development?

19 A I believe that JEA is currently providing  
20 water and wastewater utility services to a wide variety  
21 of people. And in that respect, I would imagine that  
22 they have some technical expertise in being able to  
23 provide service.

24 Q Has Intercoastal Utilities ever discussed  
25 entering into a wholesale agreement with JEA to provide

1 service to lands located west of the Intracoastal  
2 Waterway?

3 A Yes.

4 Q And when did those discussions take place?

5 MR. WHARTON: You mean discussions with  
6 JEA?

7 MR. MELSON: Yes.

8 MR. WHARTON: Okay.

9 THE WITNESS: Those discussions took place  
10 on January 4th of 1998.

11 BY MR. MELSON:

12 Q And what document are you looking at to  
13 refresh your recollection as to the date?

14 A I am looking at a memorandum from myself  
15 to Mr. H. R. James, President of Intercoastal  
16 Utilities, and also to Mr. F. Marshall Veiderding,  
17 Esquire.

18 MR. MELSON: Do you have any objection if  
19 we mark that document as an exhibit to this  
20 deposition?

21 MR. WHARTON: That would be fine.

22 MR. MELSON: Let's call that Exhibit No.  
23 1, and let's put a yellow sticky on it so we can  
24 get a copy of it at a break.

25 (The instrument last-above referred

1 to was marked as Exhibit No. 1 for  
 2 Identification.)  
 3 BY MR. MELSON:  
 4 Q And what was the substance of those  
 5 negotiations? You may want to refer to that memorandum  
 6 to refresh your recollection.  
 7 A The memorandum basically discusses the  
 8 conversation that I had with Mr. Scott Kelly, JEA Vice  
 9 President in charge of construction, about the  
 10 possibility of a utility services partnership agreement  
 11 to provide water and wastewater services for Section H  
 12 of the proposed Intercoastal expansion area.  
 13 And, according to Mr. Kelly, he discussed  
 14 that matter with Mr. James Chancellor, Executive Vice  
 15 President for delivery, and their response was that  
 16 JEA's obvious first choice was to serve that area on a  
 17 retail basis, but they would not rule out a partnership  
 18 agreement with Intercoastal.  
 19 Q And can you describe for me what Section H  
 20 or Area H is?  
 21 A It is in the western most portion of the  
 22 territory that Intercoastal has applied for.  
 23 MR. WHARTON. Objection.  
 24 BY MR. MELSON:  
 25 Q Would that be Waldon --  
 A It surrounds Waldon Chase.

1 under certain circumstances, obtain water and  
 2 wastewater treatment services?  
 3 A If I understand your question correctly,  
 4 has Intercoastal entertained the idea of obtaining  
 5 operation maintenance services from JEA?  
 6 Q Correct.  
 7 A Not to my knowledge.  
 8 Q Has Intercoastal ever entertained  
 9 obtaining bulk, wholesale utility service from JEA for  
 10 the life of whatever developments may exist on the  
 11 western side of the Intracoastal Waterway?  
 12 (Brief interruption.)  
 13 (Discussion off the record.)  
 14 MR. WHARTON: Do you remember the  
 15 question, M.L.?  
 16 THE WITNESS: Would you repeat the  
 17 question, because I don't remember all of it  
 18 BY MR. MELSON:  
 19 Q The point I'm trying to get to is: If you  
 20 were contemplating obtaining service from JEA, would it  
 21 be for a period of years, or would it be for the life  
 22 of a development project?  
 23 A When we first approached JEA on January  
 24 4th, 1998, our intent, at that particular time, was to  
 25 only obtain wholesale water and wastewater services

1 Q Since that time, has Intercoastal had any  
 2 other discussions with JEA about the possibility of  
 3 obtaining service on a bulk basis?  
 4 A No, they have not, not to my knowledge.  
 5 Q Has Intercoastal had internal discussions  
 6 about the circumstances under which it might reinstate  
 7 conversations with JEA in an attempt to reach a bulk  
 8 service arrangement of some sort?  
 9 A I think I referred to that in my  
 10 testimony, that we would be willing to look at that if  
 11 the Public Service Commission felt that it was, for any  
 12 reason, more beneficial to the future customers for us  
 13 to do that.  
 14 Q Is there any circumstance, other than a  
 15 commission direction to look at that, that Intercoastal  
 16 would consider an agreement with JEA?  
 17 A Well, the only other circumstance that I  
 18 would be aware of would be one in which it would be  
 19 more advantageous to the future customers of the area.  
 20 It is certainly not our first choice, obviously.  
 21 Intercoastal has proposed another Plan of Service which  
 22 it feels is superior to that.  
 23 Q Have you ever contemplated obtaining any  
 24 sort of operation or administrative services from JEA,  
 25 or has the contemplation been only that you might,

1 from them on a limited basis. And to the best of my  
 2 knowledge, we have not seriously entertained, as yet,  
 3 obtaining those services on that basis for the life of  
 4 the area.  
 5 Q You were here during Mr. Bowen's  
 6 deposition this morning; is that correct?  
 7 A Yes.  
 8 Q Were you involved in the decision by  
 9 Intercoastal not to have Smoak, Davis and Nixon perform  
 10 a review of your financial statements for the year  
 11 ending August 31, 2000?  
 12 A No, I was not.  
 13 Q Who would have made that decision on  
 14 behalf of Intercoastal?  
 15 A I would imagine that decision probably  
 16 would have been made by Mr. James, possibly Mr.  
 17 Brannen, but that's supposition on my part.  
 18 Q When did you first learn that Smoak, Davis  
 19 and Nixon was not going to be asked to do a review for  
 20 the year ending April 31, 2000?  
 21 A I think it was probably this morning  
 22 Q So in the ordinary course of your  
 23 responsibilities, you do not see the audit reports or  
 24 excuse me, the review reports from the outside  
 25 accountants?



1 A No. I am more concerned with the annual  
 2 reports that go to the regulatory authorities.  
 3 Q Do you ordinarily try to tie the  
 4 information on the annual reports back to the financial  
 5 statements?  
 6 A No, sir. That's not a part of my  
 7 responsibility.  
 8 Q Whose responsibility would that be?  
 9 A I would imagine that would be either Mrs.  
 10 Tilley or Mr. Bowen, possibly Mr. Brannen would be  
 11 involved in that.  
 12 Q That work is not done under your  
 13 supervision?  
 14 A No, it is not.  
 15 Q Are you aware of the lending  
 16 arrangement -- borrowing arrangement between  
 17 Intercoastal Utilities and First Union?  
 18 A I am not generally a part of any  
 19 negotiations with the bank for loans, or at least I  
 20 can't recall having been a part of any of those  
 21 negotiations. I think I did make a call to Mr.  
 22 Hogshead for Mr. James to request the original letter  
 23 that we received from the First Union Bank, which I  
 24 believe was on February 4th, 1999.  
 25 Q And that original letter was requested in

1 Q I've asked these questions in the wrong  
 2 order.  
 3 Are you aware of any covenants in the  
 4 borrowing arrangements between Intercoastal and First  
 5 Union?  
 6 A The answer is the same, no.  
 7 Q Did you participate in the decision for  
 8 Mr. Burton to use a 6.5 percent interest rate in his  
 9 financial analysis?  
 10 A No, I did not.  
 11 Q Do you recall any discussions at all about  
 12 that?  
 13 A I'm sorry; I don't recall any discussions  
 14 about that.  
 15 Q Who, within Intercoastal, did Mr. Burton  
 16 interact with in terms of getting assumptions and  
 17 information?  
 18 A I would assume that that would either be  
 19 Mr. James or Mr. Brannen.  
 20 Q Are you familiar with the developer notes  
 21 that are shown on your financial statements and in Mr  
 22 Burton's financial analysis?  
 23 A Are you referring to the developer notes  
 24 that you particularly asked Mr. Bowen about in his note  
 25 number three --

1 connection with the certification proceedings before  
 2 the St. Johns County Water and Sewer Authority?  
 3 A I believe it was, yes.  
 4 Q Was there a subsequent letter requested  
 5 from Mr. Hogshead in connection with that Water and  
 6 Sewer Authority proceeding?  
 7 A Yes. I believe the June 3rd, 1999 letter  
 8 was basically to restate that commitment that they were  
 9 willing to make to provide funding for this expansion.  
 10 Q Did you have any involvement in requesting  
 11 the letter about a year later that has been submitted  
 12 in this PSC certificate docket?  
 13 A I really don't have a clear recollection.  
 14 I may have made a call to Mr. Hogshead and asked him to  
 15 update that letter, but I just really don't have a  
 16 clear recollection of that, to be quite honest with  
 17 you.  
 18 The reason that I don't have a clear  
 19 recollection of it is because I didn't recognize the  
 20 language about the confirmation of his review of the  
 21 Intercoastal stockholders' net worth.  
 22 Q If there were any financial covenants in  
 23 the borrowing arrangement between Intercoastal and  
 24 First Union, would you be aware of them?  
 25 A No, sir.

1 Q Yes, sir.  
 2 A -- to the financial statements?  
 3 Q Yes.  
 4 A Yes, I have some familiarity with that.  
 5 Q Tell me what you know about the  
 6 circumstances under which those notes were put into  
 7 place.  
 8 A Well, I think that the notes have a  
 9 various number of purposes. Some of them, obviously,  
 10 were a means of Intercoastal paying its hydraulic share  
 11 of main extensions. I think one note that I can  
 12 remember was a pure loan from a developer to  
 13 Intercoastal for the construction of the Plantations  
 14 Water Treatment Plant.  
 15 Some of those notes were to developers to  
 16 pay for on-site lines in situations where the  
 17 configuration of those lines or the design for the  
 18 configuration of those lines had been changed or  
 19 modified by Intercoastal Utilities for the purpose of  
 20 improving service to the area.  
 21 And, of course, some of those got to be so  
 22 extensive or so complex that the developer, I think in  
 23 some cases, resisted those changes and we simply  
 24 purchased the on-site system in order to be able to  
 25 make the changes that we wanted to make.

1 Q Has Intercoastal ever discussed a sale of  
2 its systems to JEA?

3 A I think JEA has contacted Intercoastal  
4 about the sale of its systems. I, personally, have not  
5 been involved in any negotiations for the sale of  
6 Intercoastal.

7 Q When do you recall that the contact was  
8 initiated by JEA?

9 A I'm not sure that I can remember a  
10 specific date. It seems to me that the St. Johns  
11 County Commission or the Water and Sewer Authority  
12 first brought up the notion of purchasing  
13 Intercoastal's systems. I think it was in early 1998,  
14 possibly '97. My memory fails me.

15 It seems like JEA got interested in  
16 purchasing Intercoastal and was asking for information.  
17 I'm not really sure that there were any actual hard  
18 negotiations. If there were, Mr. James would have  
19 carried those out. I do not remember being a part of  
20 any discussions on actual negotiations.

21 Q Do you recall hearing about those  
22 discussions?

23 A I do not recall hearing about any  
24 discussion of negotiations. I can vaguely remember  
25 providing information to JEA, basically the same type

1 overture about the sale of the Intercoastal Utility  
2 systems came in 1997 or 1998 from St. Johns County; is  
3 that your recollection?

4 A Yes, and I'm trying to remember some  
5 document that I can go back to, but right at the moment  
6 I really can't. Seems like to me, I remember a  
7 newspaper article that came out in one of the St. Johns  
8 County newspapers about the County intending to make  
9 overtures to Intercoastal about that.

10 I've been a little busy lately on water,  
11 wastewater rate cases, certification cases, et cetera,  
12 and I've been pretty much out of that loop.

13 Q Recognizing that you're not the person who  
14 has actually participated in the negotiations, tell me  
15 what you know about the history of discussions with St.  
16 Johns County since 1990.

17 Have there been ongoing discussions from  
18 then until now?

19 A There have been discussions that, if my  
20 memory serves me correctly and my reading of the  
21 newspapers tends to confirm, that went on through 1998.  
22 I'm not really sure of what may have happened in 1999.  
23 And I'm sure that there have been some discussions, at  
24 least on the part of St. Johns County, more recently.  
25 But I really can't remember a specific instance that I

1 of information that I have discussed before, growth  
2 information on ERCs, statistical information on the  
3 operation of the plants, that type of data that most  
4 anybody would request if they're going to inquire about  
5 anything with the utility.

6 Q Do you recall if JEA ever named the price  
7 that it would offer to pay for the system?

8 A I'm sorry; I really don't recall JEA  
9 putting a price forward, at least that I'm aware of.

10 Q Do you know if Intercoastal ever named a  
11 price to JEA for which it would be willing to sell the  
12 system?

13 A Not that I'm aware of. As I said, Mr.  
14 James has handled all of that type of discussion, if  
15 indeed there have been such discussions.

16 Q Are you aware of whether there are now or  
17 within the past 60 days have been any ongoing  
18 discussions with JEA?

19 A Not that I'm aware of or that I have been  
20 involved in.

21 Q I understand you haven't been involved in  
22 any. Are you aware of any?

23 A No; I'm sorry.

24 Q I believe you may have answered this a  
25 moment ago. Your recollection is that the first

1 could point to that causes that impression to be left  
2 on me.

3 Q Have you ever seen a draft of a Purchase  
4 and Sale Agreement between Intercoastal and St. Johns  
5 County?

6 A I believe that was -- the only one that I  
7 have ever seen was the one that I think was prepared by  
8 Rose, Sundstrom and Bentley, but I don't remember the  
9 date of that. And I believe that was also in '98, if I  
10 remember correctly. In fact, I think we reviewed one

11 Q Let me hand you a document entitled,  
12 "Agreement for Purchase and Sale of Water and  
13 Wastewater Assets by and between Intercoastal  
14 Utilities, Inc., seller, and St. Johns County, Florida,  
15 purchaser."

16 Have you seen that document before?

17 MS. BROWNLESS: Rick, before Mr. Forrester  
18 answers that question -- this is Suzanne  
19 Brownless -- is that the document that we  
20 provided to you in discovery?

21 MR. MELSON: It's a document entitled,  
22 Agreement for Purchase and Sale".

23 MS. BROWNLESS: Yes, sir. Is that the  
24 document that we provided to you in our  
25 discovery?

1 MR. MELSON: Yes, it is.  
 2 MS. BROWNLESS: Thank you.  
 3 MR. MELSON: Since Intercoastal provided  
 4 no documents.  
 5 THE WITNESS: Mr. Melson, I can't say that  
 6 this particular document -- or that I ever  
 7 reviewed this particular document because this  
 8 one, apparently -- in its preamble, it says that  
 9 it has an anticipated date of 15th day of  
 10 August, 2000.  
 11 It seems like the proposed agreement that  
 12 I had seen would have been an earlier date, so  
 13 I'm not really sure, it might have been an  
 14 earlier version of this. But I can't really say  
 15 that I've ever seen that particular document.

16 BY MR. MELSON:

17 Q Are you aware of any action taken by the  
 18 St. Johns County Commission in August of 2000 relating  
 19 to a Purchase and Sale Agreement that had been  
 20 negotiated between the county's staff and Intercoastal?  
 21 A I believe I read a newspaper article that  
 22 indicated that the county had rejected an offer that  
 23 had been brought to them by Bill Young, the utilities  
 24 director.  
 25 Q I know you've been pretty busy with this

1 extent it addressed the futures in Nocatee, I'm not  
 2 really sure.  
 3 Q Did you provide any information to Mr.  
 4 James, or anyone else who may have been involved in  
 5 negotiations, regarding the number of futures within  
 6 the existing service territory that might be available  
 7 for sale?  
 8 A I remember doing a schedule at one time  
 9 which estimated the number of futures that would be  
 10 available within Intercoastal's existing area.  
 11 Q Do you have a copy of that document with  
 12 you today?  
 13 A No, I do not.  
 14 Q If you were asked to provide the following  
 15 documents relating to the potential acquisition of  
 16 Intercoastal Utilities by St. Johns County, and part of  
 17 that was all documents prepared by Intercoastal or its  
 18 consultants in connection with the potential  
 19 acquisition, would you regard that schedule of futures  
 20 that you've just described as a document that would  
 21 fall within the scope of that request?  
 22 A I can't really say that I would because  
 23 I'm not really sure what documents have been provided  
 24 to St. Johns County.  
 25 Q Now, this request doesn't ask for

1 certification case.  
 2 Do you recall a Motion for Continuance  
 3 filed by St. Johns County and Intercoastal to allow the  
 4 county to consider such an offer?  
 5 A Yes, I am aware of that continuance.  
 6 Q And that would coincide --  
 7 A But I honestly cannot remember the  
 8 sequencing of dates to tell whether that was a result  
 9 of this particular document or not.  
 10 Q Do you know whether, in the negotiations  
 11 between St. Johns County and Intercoastal, any value  
 12 was given in the proposed agreement for connections  
 13 west of the Intracoastal Waterway?  
 14 A I'm not really sure what the proposal that  
 15 Mr. Young took before the County Commission entailed.  
 16 Q Have you ever heard the term futures?  
 17 A Oh, yes.  
 18 Q Have you ever heard that the proposed  
 19 agreement between Intercoastal and St. Johns County  
 20 involved the payment of futures for the Nocatee  
 21 Development?  
 22 A I know it involved the payment of futures,  
 23 but I'm not really sure to what extent. I would  
 24 certainly imagine that that certainly included the  
 25 futures within Intercoastal's existing area. To what

1 something provided to St. Johns County. It asks for  
 2 anything prepared by Intercoastal.  
 3 A Anything prepared by Intercoastal for that  
 4 purpose?  
 5 Q Yes, sir.  
 6 A Well, I couldn't identify it as being  
 7 prepared for that purpose because, if I remember  
 8 correctly, when I prepared that it was for my own  
 9 information. Now whether or not that information was  
 10 passed along to St. Johns County, or anyone else for  
 11 that matter, I really don't know, but I prepared that  
 12 as a statistical summary of Intercoastal's present  
 13 operations.  
 14 In fact, if I remember correctly, the  
 15 entire schedule on which I did that estimated or  
 16 calculated the present number of ERCs and the present  
 17 flows, and the present numbers of ERCs that we were  
 18 serving, the flows per ERC, and then went on at the  
 19 very end to calculate the possible total future number  
 20 of customers that would be available in the  
 21 Intercoastal certificate area. And that was done on a  
 22 per ERC, per acre, per unit served basis.  
 23 Q For what purpose did you prepare that  
 24 schedule?  
 25 A Quite frankly, if I remember correctly, it

1 was an update of a schedule that I had been preparing  
2 on sort of a continuing basis for several years.

3 Q To whom did you provide this schedule?

4 A I'm not really sure who I provided it to.  
5 I think I was keeping it, basically, with my own  
6 statistical studies that I had made on flows, ERCs and  
7 future service within the area.

8 Q Were you ever asked by Mr. James how many  
9 futures you had in the eastern service area that might  
10 be available for sale?

11 A Oh, I'm sure I've been asked that a number  
12 of times.

13 Q Would you have consulted that document in  
14 responding to Mr. James' question?

15 A I would have probably consulted that  
16 document in answering that question, and may very well  
17 have provided a copy of that document.

18 Q As we sit here today, do you know whether  
19 there are any ongoing discussions or negotiations  
20 between St. Johns County and Intercoastal Utilities  
21 regarding the purchase of the utility system?

22 A You mean as of today?

23 Q As of today.

24 A I'm sorry; I'm not really aware of any.

25 Q What are the most recent discussions

1 A No.

2 Q Okay.

3 A No, I'm sorry. I don't recollect any  
4 familiarity with that.

5 MS. BROWNLESS: Excuse me, Rick, this is  
6 Suzanne, again.

7 That's a letter dated May 30th, 2000 from  
8 who to who?

9 MR. MELSON: From Bill Sundstrom, I  
10 believe, to Lavon Wisher at PFM.

11 MS. BROWNLESS: Okay. Thank you.

12 MR. MELSON: I suspect it's also among  
13 the documents that the County produced.

14 MS. BROWNLESS: Would that have been the  
15 documents that we provided you from the clerk's  
16 office, Rick?

17 MR. MELSON: I believe it was in the first  
18 group of documents that you provided on whatever  
19 the eight day extension was.

20 MS. BROWNLESS: Okay. Thank you.

21 BY MR. MELSON:

22 Q Mr. Forrester, what administrative --  
23 other than this certificate extension case, what  
24 regulatory administrative proceedings is Intercoastal  
25 involved in at the present time?

1 you're aware of?

2 A In all honesty, as I sit here right now, I  
3 cannot remember anything that has been going on within  
4 the past few weeks or month. I'm afraid I've been a  
5 little too engrossed with this case.

6 Q Let me show you a letter dated May 30th,  
7 2000, from Rose, Sundstrom and Bentley to Public  
8 Financial Management and ask you if you've seen that  
9 letter before.

10 A I'm sorry; I don't remember seeing any  
11 such letter.

12 Q In the --

13 A I was trying to look at some of the  
14 figures and see if some of the figures sounded familiar  
15 to me, but the only one that sounds familiar is the  
16 wastewater capacity or maybe the average ERC usage.

17 Q In the first paragraph of the letter, it  
18 refers to a spreadsheet of projected incomes, expenses  
19 and service for Intercoastal Utilities in the hands of  
20 St. Johns County.

21 Are you familiar with any such  
22 spreadsheet?

23 A No, sir.

24 Q That spreadsheet would not be something  
25 that you prepared?

1 A As far as I know, the only other one is  
2 the preparation of a rate application to St. Johns  
3 County.

4 Q What about an audit by St. Johns County?

5 A Oh, yes. I'm sorry; I neglected that.

6 Q Tell me the circumstances surrounding that  
7 audit.

8 A The circumstances surrounding the audit?

9 Q What led to the initiation of the audit?

10 A To the best of my knowledge, it was  
11 continuing complaints from Intercoastal's customers  
12 through -- I'm sorry; I've forgotten the attorney's  
13 name now.

14 Q Mr. Toomey?

15 A Oh, yes, through Mr. Toomey to the Board  
16 of County Commissioners and their continuing belief  
17 that Intercoastal did not need the wastewater rate  
18 increase which it received from the county in the  
19 latter part of 1998.

20 There has already been one audit which  
21 indicated that there was no over earnings, which I  
22 presume is the obvious focus of such audits. And when  
23 they didn't get the indication of over earnings that  
24 they wanted for the 1998 operations of Intercoastal,  
25 they wanted to do it again for 1999. And the County

1 Commission apparently acquiesced to that, so that's why  
2 the audit of 1999 is going on.

3 Q Was there litigation involving that audit?  
4 Did Intercoastal take the County to court at all in  
5 connection with the audit?

6 A Yes, I believe we did. But I don't  
7 remember exactly what the litigation involved at the  
8 moment. I would have to go back and refresh my memory.

9 MR. MELSON: Let's take about a  
10 five-minute break.

11 (Brief break.)

12 MR. MELSON: Are you folks on the phone  
13 ready to start again?

14 MS. BROWNLESS: Yes, we're ready.

15 BY MR. MELSON:

16 Q Mr. Forrester, does Intercoastal today  
17 have on-line the capacity to provide service to 13,392  
18 water ERCs?

19 A We have on-line the capacity to provide up  
20 to nine million gallons per day of maximum daily flow.  
21 I'm not really sure how many thousands of ERCs that  
22 would equate to.

23 Q Well, you do analysis, I believe you told  
24 us, of the number of ERCs that Intercoastal has.

25 How would you translate nine million

1 of Intercoastal's treatment system?

2 A Can I check some other figures here for  
3 just a moment --

4 Q Certainly.

5 A -- because I get a much larger number than  
6 that. The number I get, based on my best recollection  
7 of the per ERC flow that I have calculated recently, is  
8 7,246.

9 Q And how do you calculate that number?

10 A By the ERC, average ERC flow based on our  
11 statistical analysis which comes out to about 200  
12 gallons per day per average ERC.

13 Q And a treatment plant capacity of what?

14 A One million, five hundred thousand.

15 Q Do you know how many connective water ERCs  
16 you have at the current time?

17 A I think it is over 500,000, but I can't  
18 remember exactly what number that is.

19 Q What about wastewater connective ERCs?

20 A Rough terms, about 4,000.

21 Q I would like to talk a little bit about  
22 Intercoastal's rate history with St. Johns County.

23 How many full rate cases has Intercoastal  
24 had before St. Johns County?

25 A When you say full rate cases, are you

1 gallons of ERCs?

2 A Let me see. That's at maximum daily flow.  
3 I'm not really sure what factor has been used in  
4 converting from maximum daily flow to average daily  
5 flow. Let me see if I can test that. 13,392.

6 Excuse me; I have a recalcitrant computer  
7 here. Based on the factors that I have used, it looks  
8 like it comes out to about 12,857.

9 Q And what --

10 A But I'm not really sure what factor has  
11 been used in the calculation of that maximum daily  
12 flow.

13 Q What factor did you use for average daily  
14 flow?

15 A I used 250, I think, or 2.5, pardon me.

16 Q 2.5 what?

17 A In other words --

18 Q What unit of measurement?

19 A In other words, I'm dividing nine million  
20 gallons per day by 2.5, which is normally the factor,  
21 or pardon me, 2.0. That would give me an average daily  
22 flow of 4,500,000, and then dividing that by 350 gives  
23 me 12,857.14.

24 Q All right. Do you recognize the number  
25 5,556 wastewater ERCs as representative of the capacity

1 talking about for both water and wastewater?

2 Q I'm talking about a revenue requirements  
3 rate case in which a rate of return is set or rates are  
4 set, something other than a limited proceeding.

5 A Well, other than a limited proceeding, the  
6 only one I'm aware of is the one that was done in --  
7 well, I think the final order was issued in 1990.

8 Q And is that the rate case in which the  
9 current authorized rate of return of something over 12  
10 percent was set?

11 A To the best of my knowledge, yes.

12 Q What limited proceedings have you had  
13 since that last full rate case?

14 A The one in 1998 on the wastewater rate.

15 Q And what was the purpose of that limited  
16 proceeding?

17 A It was to establish structures that would  
18 compensate Intercoastal for the addition of a  
19 wastewater plant in the way of upgrades and actual  
20 expansion that resulted from that upgrade.

21 Q And did the order in that case contemplate  
22 that there would be another required full rate case  
23 filed at some point in the future?

24 A If I remember correctly, I think that the  
25 final order from the Board of Financial Issuance

1 required that Intercoastal come back with a full rate  
2 case to reexamine that rate.

3 Q Were you present when I took Mr. Burton's  
4 deposition last week?

5 A Yes.

6 Q In his calculations of used and useful, he  
7 made use of what he called imputed ERCs from the 1998  
8 rate case and suggested that I might talk with you  
9 about what imputed ERCs are.

10 Can you enlighten me?

11 A I honestly do not remember all of that  
12 rate case well enough to remember exactly how the  
13 subject of imputed ERCs came into that case. It was  
14 right at the very end of the case, but I can't remember  
15 all of the discussion about that.

16 Q Do you recall whether, as a result of that  
17 case, the Water and Sewer Authority determined that  
18 your wastewater treatment plant was not 100 percent  
19 used and useful?

20 A To the best of my memory, it was 100  
21 percent, or it was decided that it was 100 percent used  
22 and useful.

23 Q Do you know whether the imputed ERCs then  
24 equated to the total capacity of the planned ERCs?

25 A I really don't remember all of that

1 A To the best of my knowledge, they were  
2 designed to cover the cost of the plant. In fact, I  
3 think they were labeled as plant capacity charges.

4 Q Has Intercoastal ever filed for a rate  
5 decrease?

6 A Requested a rate decrease?

7 Q Yes, sir.

8 A No, sir.

9 Q Has any utility that you're aware of  
10 managed by Jax Utilities Management ever filed a  
11 request for a rate decrease?

12 A Not to my recollection. I don't think any  
13 of those utilities ever got large enough to achieve the  
14 economies of scale that a rate decrease would normally  
15 come from.

16 Q Does Intercoastal routinely file for  
17 indexing and pass through rate adjustments?

18 A I know they have in the past filed those.  
19 I can't say that that's routine.

20 Q When was the last one filed, do you know?

21 A I really don't recall.

22 Q Do you know if they typically are filed on  
23 an annual basis?

24 A You mean consistently?

25 Q I mean more often than not.

1 discussion well enough to be able to speak to it  
2 authoritatively.

3 Q Do you expect to treat the wastewater  
4 plant as 100 percent used and useful in your upcoming  
5 rate filing?

6 A Yes.

7 Q Who is doing your used and useful analysis  
8 for that rate filing?

9 A Mr. David Porter.

10 Q And who is Mr. Porter with?

11 A I don't remember the exact name of his  
12 firm. I think he is an independent engineer. He is  
13 not associated with one of the larger engineering  
14 firms. I think he works by himself.

15 Q Has Mr. Porter done used and useful  
16 analysis for Intercoastal in the past?

17 A No.

18 Q When were service availability charges  
19 last set for Intercoastal?

20 A I presume that would have been in our last  
21 full rate proceeding, the Final Order of which was  
22 issued in 1990, to the best of my recollection.

23 Q Do you know whether those service  
24 availability charges were designed to recover only  
25 costs of the plant or the plant and lines?

1 A I really don't know. I know that they  
2 have been filed for, but I can't remember the frequency  
3 or whether it's typical.

4 Q Take the ten year period, 1990 to 2000,  
5 can you estimate for me how many pass through  
6 adjustments were filed during that ten year period?

7 A No, I cannot.

8 Q You would have been involved in any of  
9 those filings, though, wouldn't you?

10 A Not necessarily.

11 Q All right. Who else might have been  
12 involved?

13 A Mrs. Tilley.

14 Do you mean in terms of the preparation  
15 of --

16 Q I mean in terms of responsibility for the  
17 filing.

18 A In terms of the responsibility, that falls  
19 on Mr. James ultimately.

20 Q And you're not typically involved in  
21 those?

22 A No, sir.

23 Q What is the scope of your day-to-day  
24 duties for Intercoastal?

25 A On a general basis, my duties include the

1 management and handling of developer agreements and  
 2 seeing those developer agreements through to  
 3 conclusion. That is, in terms of finishing the  
 4 project, making sure that the project is properly  
 5 documented for Intercoastal's acceptance, approving the  
 6 permits and the certification of the systems for  
 7 service through FDEP, statistical analysis of the  
 8 operations, handling of the management agreements, and  
 9 generally assisting the operations manager in the  
 10 day-to-day management of the systems to comply with  
 11 regulations, and, in particular, the reporting of the  
 12 operations, all of the testing, the submission of  
 13 discharge monitoring reports and monthly operating  
 14 reports. And quite frankly, furnishing information to  
 15 various agencies and other people who ask for that  
 16 information about Intercoastal's operations, and  
 17 assisting Mr. James whenever he asks for my assistance  
 18 in whatever projects he may be involved in. Responding  
 19 to customers, customer complaints that generally  
 20 get past the billing supervisors, responding to  
 21 customer inquiries about Intercoastal's operations or  
 22 generally about water and wastewater operations. I  
 23 have also done some data base management work for the  
 24 utility, designing and keeping those data bases,  
 25 generally circulating around those areas.

1 Q Are you involved in decisions regarding  
 2 filing of rate cases?  
 3 A Yes.  
 4 Q And what is your role in those decisions?  
 5 A You mean the decision to file --  
 6 Q Decision to file, yes, sir.  
 7 A -- a rate case?  
 8 I guess the decision to actually file a  
 9 rate case ultimately comes from Mr. James, and then I  
 10 get to do the work.  
 11 Q Have you ever recommended that you file a  
 12 rate case? Is it your responsibility to make  
 13 recommendations as to the advisability of filing or not  
 14 filing a rate case?  
 15 A Not generally, no.  
 16 Q You mentioned an upcoming rate case. Tell  
 17 me what you know about that.  
 18 A Everything I know about it?  
 19 Q Well, let's start with what you consider  
 20 to be the relevant pieces, and I'll follow up  
 21 accordingly.  
 22 A Well, Intercoastal is presently preparing  
 23 for filing a rate case before St. Johns County, which,  
 24 as I understand it, will be a general rate case filing  
 25 to recover the costs of additional investment in the

1 water treatment plant and the increased operation and  
 2 maintenance expenses associated with that, and also the  
 3 increased operation and maintenance expense associated  
 4 with the wastewater treatment plant expansion which was  
 5 completed in 1999.

6 Q What test year will be used for the  
 7 upcoming rate case?

8 A It is my understanding we're using the  
 9 projected test year that ends as of December 31st,  
 10 2001.

11 Q When is your rate filing due?

12 A I think the rate filing is due May 1st,  
 13 but there was a sentence added to that, to the order  
 14 establishing that date, which Intercoastal may have to  
 15 request an extension in order to be able to file that  
 16 case.

17 Q Was that added to the order, or was that  
 18 something communicated after the order was issued by  
 19 your attorney to the county?

20 A You mean added after the order was issued?

21 Q Yes. I'm asking you do you recall the  
 22 possibility of an extension expressly referred to in  
 23 the order?

24 A Seems like I do, yes.

25 Q Okay. Do you expect the filing to seek a

1 rate increase or a rate decrease?

2 A I really don't know yet because the MFRs  
 3 have not been completed.

4 Q When do you expect the MFRs will be  
 5 completed to the point that you will know whether  
 6 you're going in for an increase or a reduction?

7 A Well, I can't answer that right now  
 8 because that depends on, to a great extent, the  
 9 completion of the engineering investigations, which are  
 10 not yet complete. Unfortunately, I haven't had a great  
 11 deal of contact with that in the past few weeks, so I'm  
 12 not really sure. We're going to be very close to that  
 13 deadline if we make the deadline.

14 Q Have you been a party to any discussions,  
 15 or have you heard about any discussions about the  
 16 relationship in timing between the filing of that rate  
 17 case and the hearing currently scheduled for May 7, 8  
 18 and 9 in the certificate extension docket?

19 A Only to the extent that we're all so busy  
 20 working on this docket here that we have a limited  
 21 amount of time to put in on the rate case

22 Q So if you were going to ask for a  
 23 continuance of one case or the other, you would ask for  
 24 a continuance of the rate filing?

25 A I don't think it's a matter of choosing

1 between the two. I would say that we may be forced to  
2 ask for an extension of the rate filing because we put  
3 in so much time on this case and we haven't had really  
4 enough time to prepare all of the MRFs. But we're  
5 still going to try to make that May 1 date, to the best  
6 of my knowledge.

7 Q When did Intercoastal originally file for  
8 approval of the test year for this rate case?

9 A It seems like it was in December of '99.

10 Q Do you recall what your original proposed  
11 schedule for filing MRFs would have been?

12 A No. I really don't recall right at the  
13 moment.

14 Q Do you recall that the request for test  
15 year approval was referred to the Division of  
16 Administrative Hearing in Tallahassee?

17 A I remember that originally, yes.

18 Q Do you know why Intercoastal requested a  
19 continuance of that test year approval decision?

20 A Not right at the moment, I don't recall  
21 that.

22 MR. WHARTON: Want me to tell you?

23 MR. MELSON: Sure.

24 MR. WHARTON: Because the hearing officer  
25 decided just before it was supposed to go that

used and useful analysis in the rate case?

A To the best of my knowledge, Mr. Porter  
has the responsibility for that.

Q You may have answered this, and I honestly  
don't recall. Are you involved at all in the chain of  
obtaining financing for Jax Utilities Corporation?

A No, sir.

Q That would be Mr. James?

A Yes. Well, Mr. James and/or Mr. Brannen.

Q What is Mr. Brannen's title?

A You mean with Intercoastal Utilities?

Q Well, I guess with Intercoastal Utilities  
and then with Jax Utilities Management.

A He is the Vice President of Jax Utilities  
Management, but I really don't recall his title with  
respect to Intercoastal Utilities. I'm sure it's shown  
on the 1999 Annual Report that you have copies of  
there.

Q Is Mr. Brannen a stockholder of  
Intercoastal Utilities?

A I believe he is a minority stockholder.

Q Have you ever been asked to estimate the  
value that a certificate to serve west of the  
Intracoastal Waterway might have on the sale of  
Intercoastal Utilities?

1 it was procedurally goofy and that we were to  
2 submit some statements to her, which we did.  
3 As I recall it, procedurally, she didn't  
4 understand what kind of proposal it was.

5 BY MR. MELSON:

6 Q Do you know, at this point, what used and  
7 useful methodology or methodologies are going to be  
8 used in the upcoming rate filing?

9 A No, sir, because the engineering  
10 investigations are not complete.

11 Q Do you now whether there is an intent to  
12 use the connected ERC versus ERC capacity methodology  
13 that Mr. Burton employed for his financial analysis?

14 A In the rate case?

15 Q Yes.

16 A No, I really don't.

17 Q Is Mr. Burton participating in the  
18 upcoming rate case?

19 A Mr. Burton is supposed to be involved to  
20 the extent of the rates, of making up the rate  
21 structure. And Mr. Burton is also supposed to contact  
22 the St. Johns River Water Management District and  
23 get their input on the possibility of instituting a  
24 water conservation rate.

25 Q Is Mr. Burton going to be involved in the

1 A No, sir.

2 Q I believe you told me your present water  
3 treatment plant capacity is nine million MDF?

4 A Maximum daily flow.

5 Q Maximum daily flow, okay.

6 And that represents on the order of 12,000  
7 plus ERCs?

8 A Almost 13,000, yes.

9 Q Okay. What --

10 A That's using my calculations, which --

11 Q Sure.

12 A -- may not be the same ones the engineers  
13 used.

14 Q At build out, what do you expect the  
15 demand, the water demand and ERCs, to be in the  
16 territory that you're certificated to serve today?

17 A We expect the water demand to be in the  
18 range of nine million gallons per day maximum daily  
19 flow.

20 Q So the plant is essentially sized for  
21 build out of its present service territory?

22 A That is my understanding, yes.

23 Q Who built the most recent water treatment  
24 plant expansion?

25 A It was built by Jax Utilities Management.



1 Q Does Intercoastal or Jax Utilities  
2 Management get bids for the construction of facilities,  
3 or do they negotiate contracts which Jax Utilities  
4 Management puts in process?

5 A Well, I think in the past, and I'm not  
6 really sure how it's been handled with the water  
7 treatment plant expansion, but I think in the past it  
8 has been pretty much negotiated between Intercoastal  
9 and Jax Utilities.

10 Q Do you know who negotiates on behalf of  
11 Intercoastal?

12 A To the best of my knowledge, that would be  
13 Mr. James.

14 Q Do you know who negotiates on behalf of  
15 Jax Utilities Management?

16 A I think that would be Kelly Mike James.

17 Q And who is that? Is he a relation to --

18 A He is Mr. H. R. James' son. He's  
19 generally in charge of JUM construction projects.

20 Q Does Mr. James hold an office with Jax  
21 Utilities Management; is he an officer of the  
22 corporation?

23 A Which Mr. James?

24 Q Mr. H. R., Buddy James.

25 A Yes.

1 certification of that has not been issued, but we did  
2 gain permission from FDEP to go ahead and put the plant  
3 on-line because of its configuration. There was no  
4 other way to do it, so we have gotten permission from  
5 them to put the plant on-line, but I'm not sure that  
6 the financial certification has been issued.

7 Q What is the capacity of Intercoastal's  
8 wastewater treatment plant?

9 A The average daily capacity of the  
10 wastewater plant is 1,500,000 gallons per day, and  
11 it's permitted for that.

12 Q Is it large enough to serve the build-out  
13 needs of the eastern service territory?

14 A To the best of my knowledge, it is based  
15 on the ERC flows that we are experiencing.

16 Q And when was it recently expanded?

17 A I believe that construction was completed  
18 at the end of 1999.

19 Q Was that plant also constructed by Jax  
20 Utilities Management?

21 A Yes.

22 Q Do you know whether any construction has  
23 ever been performed -- since Intercoastal was acquired  
24 by its present owners, has any construction been  
25 performed for Intercoastal by any party other than Jax

1 Q What is his position with Jax Utilities  
2 Management?

3 A To the best of my knowledge, he is the  
4 President.

5 Q He is the President, okay.

6 And what is his son's position with Jax  
7 Utilities Management?

8 A I think he is a Vice President.

9 Q Is he a direct report to H. R. James?

10 A I'm afraid you would have to talk to Mr.  
11 James about that, H. R. James about that because I'm  
12 not really sure who he really reports to, if indeed he  
13 does.

14 Q Now I'm confused.

15 Do you know to whom the younger James  
16 reports? You're saying he may not report to anyone?

17 A I'm saying that the younger Mr. James has  
18 a tendency to work pretty much on his own.

19 Q Sort of like the senior Mr. James?

20 A Well, they're both very independent  
21 personalities.

22 Q When was the most recent water treatment  
23 plant expansion completed?

24 A I think it was substantially complete at  
25 the end of 2000. To the best of my knowledge, the

1 Utilities Management?

2 A I really don't recall. When you say any  
3 construction, are you including simply plant  
4 construction or any construction?

5 Q Let me ask first: Has any plant  
6 construction been performed by anyone other than Jax  
7 Utilities Management?

8 A I do not recall any plant construction  
9 that has been completed by anyone other than Jax  
10 Utilities Management.

11 Now, there has been construction of  
12 transmission systems that have been constructed by  
13 others, that is other construction companies that were  
14 retained by developers.

15 Q And then donated to or contributed to --

16 A Or purchased by --

17 Q -- or purchased by?

18 A -- Intercoastal Utilities.

19 Q With regard to Intercoastal's Plan of  
20 Service to the western service territory, the area for  
21 which Intercoastal is seeking certification in this  
22 proceeding, is it fair to say that Intercoastal  
23 proposes to provide an on-site water treatment plant in  
24 the western territory?

25 A I believe that's what the Conceptual

1 Master Plan contemplates. When you say on-site, do you  
2 mean within the certificated area?

3 Q Within the certificated area.

4 A That's correct.

5 Q Would the same be true for the wastewater  
6 treatment plant?

7 A Within the certificated area, yes.

8 Q Does Intercoastal propose to use  
9 groundwater to supplement reuse during the early years  
10 of the Nocatee Development?

11 A That has now become a question.  
12 Originally, the Conceptual Master Plan anticipated the  
13 possible use of groundwater to supplement reuse, but  
14 that was based on some rather high projections of reuse  
15 needs for golf courses by Nocatee Utility Corporation.

16 It appears that Mr. Doug Miller in some of  
17 his -- in one of his depositions has sort of backed off  
18 of that very high figure. And I think I put it in my  
19 testimony somewhere that that appears to possibly  
20 negate the necessity for use of groundwater as a  
21 supplement.

22 At any rate, that supplement was supposed  
23 to be a relatively minor need and would decline over  
24 approximately a three year period to zero.

25 Q Does Intercoastal propose wet weather

1 A I have not actually seen the final  
2 Development Order.

3 Q So you don't know?

4 A So I assume, from this, that it probably  
5 has been included in the Development Order. And  
6 according to this same letter, if so, it was included  
7 in the Development Order on that basis and, basically,  
8 because the developer was proposing that those  
9 facilities would be located off-site.

10 Q What is your understanding of the role of  
11 the Department of Community Affairs in the development  
12 of regional impact process?

13 A They are one of the approving agencies.

14 Q What is your understanding of the role of  
15 the Water Management District in the development of  
16 regional impact process?

17 A I think they are one of the commenting  
18 agencies, if you will.

19 Q What is your understanding of the role of  
20 local government in the DRI approval process?

21 A I believe that they are the ones who  
22 recommend or make recommendations, I guess, on a DRI.

23 Q To the Department of Community Affairs?

24 A To the best of my knowledge.

25 Q If the Development Order for Nocatee

1 discharges to the Tolomato River?

2 A No, sir.

3 Q Does Intercoastal propose wet weather  
4 discharges to the Intracoastal Waterway?

5 A Yes, as a wet weather discharge, if it is  
6 necessary.

7 Q Are you familiar with the Development  
8 Order for the Nocatee Development issued by St. Johns  
9 County?

10 A I am not intimately familiar with the  
11 Final Development Order.

12 Q Are you aware of whether the final  
13 Development Order speaks to any requirements related to  
14 on or off-site facilities, treatment facilities?

15 A If I remember correctly, according to a  
16 January 24th, 2001 letter from the Department of  
17 Community Affairs, it indicates that the DCA asked for  
18 a condition stating that facilities would be located  
19 off-site and be included in their Development Order  
20 because if the facilities were going to be located  
21 on-site versus off-site, they would have wanted to  
22 asses what impact, if any, that might have.

23 Q Do you know whether a condition precluding  
24 the use of on-site plans was included in the  
25 Development Order issued by St. Johns County?

1 precludes the location of treatment plants on site,  
2 would you expect that an amendment to that Development  
3 Order would be required in order for Intercoastal to  
4 effectuate its Plan of Service?

5 MR. WHARTON: Objection as to form.

6 THE WITNESS: I would expect the  
7 Department of Community Affairs to ask that an  
8 amendment be submitted. That's the impression I  
9 get from this letter.

10 BY MR. MELSON:

11 Q And what were the circumstances under  
12 which that letter was written?

13 A It was in response to a letter from Mr.  
14 John Wharton to the Department of Community Affairs,  
15 which was apparently written on January 23rd, 2001.

16 Q Do you have a copy of that request letter?

17 A I did not have that attached to my  
18 testimony, and I really don't remember whether I  
19 brought with me a copy of his actual request letter.

20 Q Could you make that available to us as a  
21 late filed exhibit to the deposition?

22 A I'm sure we can.

23 MR. WHARTON: Sure.

24 MR. MELSON: We'll call that Exhibit No.

25 2.

(The instrument last-above referred to was marked as Exhibit No. 2 for Identification.)

BY MR. MELSON:

Q In your Direct Testimony, you talked about the Local Sources First Policy.

Is it your understanding that Intercoastal's Plan of Service will or will not be consistent with that policy?

A It is my understanding that Intercoastal's Plan of Service will be in conformance with that policy.

Q Is it your understanding that Nocatee Utility Corporation's Plan of Service is or is not consistent with that policy?

A It is my understanding that the intent of JEA to provide water from a distant source in order to supply Nocatee Utility Corporation would not be in conformance with that policy.

Q Do you know whether the Water Management District considers the provision of service by JEA to be in conformance with that policy?

A I do not think that that determination has been made because I doubt seriously that a consumptive use permit application addressing that situation has been forwarded to the St. Johns River Water Management

Q Well, I thought I had asked a yes or no question and I didn't hear a yes or no, so let me try one more time.

A All right.

Q Is it your understanding that your interpretation of the Local Sources First Policy is consistent with the St. Johns River Water Management District's interpretation of that policy?

A I believe that it will be, yes.

Q You also make reference in your Direct Testimony to a 1994 St. Johns County Master Plan.

Can you tell me a little bit about what that Master Plan is?

A It was a Master Plan for water and wastewater utilities that was made up by St. Johns County anticipating, you know, what the County's future planning for water and wastewater service would be.

Q As we sit here in April of 2001, do you know whether the 1994 plan still represents the position of St. Johns County regarding the provision of water and wastewater service?

A No. It sounds like they have changed their minds with respect to some portions of that plan.

Q You also refer in your testimony to the St. Johns River Water Management District 2020 Plan; is

District.

Q So you don't know whether your view of the application of that policy does or does not conform with Water Management District's interpretation of the policy?

A From what I read in the District Water Supply Plan, there is considerable doubt in my mind as to whether that JEA plan would conform with the Local Sources First Policy.

Q I guess that wasn't quite my question. My question is: Do you know whether or not your interpretation of the Local Sources First Policy is or is not consistent with the Water Management District's interpretation of that policy?

A I think that my interpretation of the Local Sources First Policy would be the same, that the St. Johns River Water Management District would apply to the submission of that plan by JEA.

Q So you believe that you and the district interpret the policy consistently?

A I believe that the district will interpret the policy consistent with what I have said.

Q Is that a yes?

A Well, I'm not really sure how it comports with your question, but I think I've answered it.

that correct?

A Yes.

Q What do you believe that plan says about service by Intercoastal Utilities, if anything?

A Well, first of all, let's define what the 2020 Plan is. The 2020 Plan started out as a needs and sources of supply assessment. Those assessments went into a document called the Water 2020 Plan. The copy of which I have is for -- basically, I think it's No 5 of the District Water Supply Plan. And that Water 2020 Plan has now become part of the District Water Supply Plan.

Basically, what I remember has been consistently said throughout that plan is that Intercoastal Utilities should continue to use groundwater for its projected needs and that Intercoastal Utilities had a facilities deficit for its maximum daily demand. And we are working towards overcoming that facilities deficit with this recent water treatment plant expansion.

Now, all of that was geared to Intercoastal's 20 year projection of water needs, so obviously Intercoastal cannot completely resolve all of that maximum daily deficit with the current period because if it did that obviously would not be used and

1 useful. It also addresses, that is Intercoastal's  
2 projection of needs, water needs, for the next 20  
3 years, also addresses the need for water outside of its  
4 existing certificate area.

5 Therefore, the total gallonage on which  
6 that decision was made, that it had a facility deficit,  
7 is for service that has not occurred as yet.

8 Q Did the service outside the territory, the  
9 estimates for service outside the territory, include  
10 service to all the territory for which Intercoastal is  
11 seeking a certificate in this case?

12 A Yes. It included a 20-year projection for  
13 that territory.

14 Q Does the inclusion of that projection in  
15 the 2020 Plan confer on Intercoastal any legal rights  
16 to your knowledge?

17 A The legal rights to what?

18 Q Well, does it confer any legal right to  
19 serve a particular territory?

20 A No.

21 Q Does it confer any legal right to obtain a  
22 consumptive use permit to serve a particular territory?

23 A No. It was my understanding that by  
24 participating in the process a future application for a  
25 consumptive use permit would be facilitated.

1 a certificate from the Public Service Commission in  
2 order to be able to apply for a consumptive use permit  
3 for that area or an extension of its existing permit.

4 Q Or a certificate from St. Johns County for  
5 the St. Johns County portion of the territory.

6 A Well, a certificate from some -- whatever  
7 authority can issue that certificate.

8 Q Other than Intercoastal, what other  
9 utilities does Jax Utilities Management manage?

10 A There are a number of smaller water and  
11 wastewater plants that Jax Utilities has managed for  
12 various owners, but I'm not really sure right at the  
13 moment how many of those we have.

14 We have been trying to drop off most of  
15 the various small systems that we've managed for other  
16 people. At the moment, the only other one that we are  
17 fully responsible for the operations and management of  
18 both water and wastewater, billing the customer,  
19 servicing, et cetera, is Fruit Cove Utilities.

20 In the past -- we've got a long list of  
21 companies that we have managed those types of  
22 operations for, including the City of Jacksonville.

23 Q Is Fruit Cove Utilities owned by -- is it  
24 affiliated at all with Jax Utilities Management by  
25 common ownership?

1 Q Was the process a mandatory process?

2 A No, it was a voluntary process.

3 Q I'm going to show you a letter dated  
4 February 16th, 1998, and to the back of it is stapled  
5 another letter dated December 4th, 1996. I believe  
6 this is a document that was used last week during the  
7 deposition of Ms. Silvers.

8 Are you familiar with this document?

9 A Yes.

10 Q Explain to me what you believe the letter  
11 to you from the Water Management District tells the  
12 Public Service Commission that should be of interest to  
13 it in this certificate proceeding.

14 A Well, it tells me that the estimates that  
15 we made, that is Intercoastal made, as to its future  
16 portable water service demands appear to be reasonable  
17 for this service area. That would include all of the  
18 projections that Intercoastal made for service to its  
19 existing certificate area and a 20-year projection for  
20 the area that it has applied for to this commission.

21 It also points out very pointedly that the  
22 district could not review an application for a  
23 consumptive use permit that has not been certificated  
24 to the applicant. In other words, that simply says  
25 that Intercoastal Utilities is going to have to obtain

1 A Fruit Cove Utilities is owned by -- I  
2 think it is called Fruit Cove Properties, Inc., and  
3 Topo, Inc., and I believe that Mr. James is one of the  
4 owners in that, but the other owners are not, to the  
5 best of my knowledge, the same as Intercoastal.

6 Q Now, if I am correct, your application to  
7 the Public Service Commission proposes to continue in  
8 effect the water rates and water service availability  
9 charges for Intercoastal that are in effect today; is  
10 that correct?

11 A Yes.

12 Q Is the same true for wastewater, that you  
13 will continue your existing wastewater rates and  
14 service availability charges?

15 A To the best of my knowledge, yes

16 Q And is it also my understanding that the  
17 application does not propose establishment at this time  
18 of either a rate or service availability charge for  
19 reuse service?

20 A I believe that it projected a reuse or a  
21 reclaimed water rate, but I'm not aware of a service  
22 availability charge that was proposed for it.

23 Q Would you anticipate proposing, at some  
24 point, a service availability charge for reuse service?

25 A I don't think that was a consideration in

1 the projections that were formulated by Mr. Burton.

2 Q I guess my question wasn't what did Mr.  
3 Burton project. My question was: Would you expect  
4 Intercoastal to propose, at some point, a service  
5 availability charge for reuse?

6 A No. Based on Mr. Burton's projections, I  
7 do not anticipate that.

8 Q Are you aware that on the wastewater side  
9 Mr. Burton's projections show, beginning in 2005, rate  
10 decreases in four out of five years?

11 A I am aware that it shows a decrease in  
12 Intercoastal's rates and that decrease continues on  
13 through 2009, if that's what you're referring to.

14 Q Well, are you familiar with the fact that  
15 Mr. Burton put forth a so-called rate plan for water  
16 and a rate plan for wastewater?

17 A Yes.

18 Q And do you recall that Mr. Burton's rate  
19 plan for wastewater involved rates decreasing in four  
20 out of five years beginning with the year 2005?

21 A I'm not really sure why you're saying four  
22 out of five years. The rate decreases, to the best of  
23 my knowledge, began in 2005. And if I remember  
24 correctly, the projection was through the year 2009,  
25 and decreases were projected for each of those years.

1 beyond the boundaries of the Nocatee Development?

2 A I think it covers areas in St. Johns  
3 County, to the best of my memory, but not Duval.

4 Q All right. What is your understanding of  
5 the need for service in those portions of your  
6 requested territory lying outside of the Nocatee  
7 Development?

8 A I would anticipate a need for service in  
9 the coming years for those areas as an adjunct to the  
10 development of the Nocatee Development.

11 Q Were you present during the first  
12 deposition of Mr. Skelton taken last summer?

13 A If you're referring to the one that  
14 occurred on July 25th of the year 2000, yes.

15 Q That must be the one.

16 You were present at a deposition of Mr.  
17 Skelton on July 25th, 2000?

18 A Yes.

19 Q Then that was the one.

20 Do you recall Mr. Skelton testifying that  
21 there is no need for service in the portion of the  
22 territory in St. Johns County that is owned by DDI,  
23 that that is not part of the Nocatee Development?

24 A I remember him referring to that as his  
25 opinion.

1 Q All right. So your recollection would  
2 have been five out of -- 2005, 6, 7, 8 and 9, five out  
3 of five years?

4 A I believe that's true.

5 Q All right. In either event, whether it's  
6 four or five, and the document will ultimately speak  
7 for itself, is it your expectation that if granted the  
8 certificate Intercoastal would file with the Florida  
9 Public Service Commission a rate decrease application  
10 in each of four or five successive years?

11 A I doubt seriously that it would file a  
12 decrease application in each one of those five years.  
13 It would file to decrease its rates, perhaps  
14 respectively, in the year 2005 based on what the rate  
15 plan shows.

16 Q And if Intercoastal were to do that, would  
17 it then earn less and generate less cash flow in each  
18 of the succeeding years that Mr. Burton has projected  
19 in his analysis?

20 A Well, we wouldn't expect it based on that  
21 projection, that is to earn less than what the  
22 projection shows.

23 Q The application Intercoastal has filed in  
24 the case includes, does it not, other property owned by  
25 DDI or related parties in Duval and St. Johns County

1 Q Do you have any basis to disbelieve Mr  
2 Skelton?

3 A I believe that Mr. Skelton is probably  
4 incorrect in his assumption that that land would not be  
5 made available in the future by the Davis family  
6 because I honestly believe that the desirability of  
7 that land for development will increase considerably  
8 once the Nocatee Development gets underway, and I  
9 believe that eventually that land will be made  
10 available for development.

11 Q Is it fair to say that is speculation on  
12 your part?

13 A I think it's fair to say that that's not a  
14 guarantee, but it's a very good possibility because I  
15 believe that the Davis people or the Davis owners will  
16 eventually release that for development, just as they  
17 have now released all of the lands that are now being  
18 developed for Nocatee.

19 Q I believe I asked Mr. Bowen this morning  
20 with regard to the cash subsidies that are projected in  
21 Mr. Burton's financial projections whether he had an  
22 understanding of whether those subsidies would be  
23 provided in the form of debt or equity.

24 Do you have any understanding, one way or  
25 the other, on that question?

1 A I do not.  
 2 Q Would Mr. James, perhaps, know the answer  
 3 to that?  
 4 A I'm not really sure whether he has  
 5 contemplated that or not.  
 6 Q What investment today does Intercoastal  
 7 have in transmission lines and collection systems?  
 8 A Are you asking for a dollar figure?  
 9 Q Let me try again.  
 10 As a matter of policy, does Intercoastal  
 11 require all transmission and collection mains to be  
 12 contributed by developers, or are there some such mains  
 13 in which it makes a utility investment?  
 14 A There are some such mains in which it  
 15 makes the utility investment.  
 16 Q What determines which mains fall into the  
 17 utility investment category?  
 18 A The mains that are generally not or,  
 19 pardon me, the mains that are generally sized in order  
 20 to be able to serve future projects, or the mains which  
 21 have been configured such that they are not generally  
 22 part of the developer's responsibility.  
 23 Q I believe you were present during Mr.  
 24 Skelton's deposition last week.  
 25 Do you recall him indicating that no final

1 A I think to a great extent, the future  
 2 growth will be as a result of in-fill and redevelopment  
 3 probably on existing lines. There are some areas which  
 4 may require some new transmission systems, but they're  
 5 relatively limited, in my opinion.  
 6 MR. MELSON: Could we take about a ten  
 7 minute break?  
 8 MR. WHARTON: Sure. It's a good time to  
 9 take one.  
 10 (Brief break.)  
 11 MR. MELSON: I've gone through my notes,  
 12 M. L. and I don't have anything else at this  
 13 time. Thank you.  
 14 THE WITNESS: You're welcome.  
 15 MR. MENTION: Suzanne, do you have any  
 16 questions?  
 17 MS. BROWNLESS: Yes, I do.  
 18 MR. MENTION: Do you want to go next?  
 19 MS. BROWNLESS: I will be happy to go  
 20 next.  
 21 MR. MENTION: Okay.  
 22 CROSS-EXAMINATION  
 23 BY MS. BROWNLESS:  
 24 Q Hello, Mr. Forrester. How are you? This  
 25 is Suzanne Brownless on behalf of the Utility

1 decision had been made as to whether Nocatee would be  
 2 developed by a single developer or whether there might  
 3 be multiple developers within Nocatee?  
 4 A Well, first of all, I don't remember being  
 5 present at Mr. Skelton's deposition.  
 6 Q Okay. All right. For purposes of Mr.  
 7 Burton's analysis, has Intercoastal treated Nocatee as  
 8 though it would be a single development by a single  
 9 developer?  
 10 A Yes.  
 11 Q To the extent that there were multiple  
 12 developers within Nocatee, would that change the  
 13 assumptions that Intercoastal would make about the mix  
 14 of invested versus contributor wise?  
 15 A It could change Intercoastal's investment  
 16 to the extent that some of those lines may be common to  
 17 various developed sections, and that Intercoastal may  
 18 have a need or a desire to invest in some of those  
 19 lines. So far that hasn't been indicated to me.  
 20 Q Let's focus for a moment on your eastern  
 21 service territory.  
 22 Do you anticipate that all future  
 23 connections within that territory will be only new  
 24 lines, or is there some in-fill on existing lines that  
 25 remains to take place?

1 Department.  
 2 A Hello, Ms. Brownless.  
 3 Q If the connection here is poor and you  
 4 can't hear me, please let me know.  
 5 A All right.  
 6 Q In your original application, my  
 7 understanding is that you applied to serve the Waldon  
 8 Chase service area; is that correct?  
 9 A Yes, in the original application.  
 10 Q In the original application, did you also  
 11 apply to serve Marsh Harbor and Allen Nease High  
 12 School?  
 13 A I remember the Marsh Harbor Development  
 14 being -- or the area that was supposed to be Marsh  
 15 Harbor Development being included, yes.  
 16 Q And Allen Nease would be slightly south of  
 17 Waldon Chase, that's where the Allen Nease High School  
 18 is, right off of 210?  
 19 A Yes, ma'am.  
 20 Q Okay. And was that included in your  
 21 original application?  
 22 A To the best of my knowledge, that entire  
 23 area was a part of Section H of our application, yes.  
 24 Q I saw some interrogatories in which Mr.  
 25 Burton excluded Waldon Chase from certain rate

1 calculations.  
 2 Have you officially excluded Waldon Chase  
 3 service area from your application?  
 4 A Yes. I believe that we confirmed that in  
 5 response to an interrogatory from the commission staff.  
 6 Q What about the Marsh Harbor area?  
 7 A No, ma'am, that is not excluded.  
 8 Q And what about the Allen Nease High School  
 9 area?  
 10 A If the Allen Nease High School is still  
 11 included in that Section H, no, ma'am, we would have  
 12 not excluded that.  
 13 Q Are you aware that the county is currently  
 14 providing water and sewer service to Allen Nease High  
 15 School?  
 16 A No, I was not aware that the county is  
 17 currently providing service to Nease High School.  
 18 Q In light of that fact, would your position  
 19 change regarding the Allen Nease High School area?  
 20 A Probably, it would.  
 21 Q And when I say change, I mean would you  
 22 consider excluding that from the territory requested?  
 23 A Excluding Allen Nease High School would be  
 24 appropriate, I think, if the county is already  
 25 providing service to it.

1 application.  
 2 Q And what would be the rational for  
 3 withdrawing your application?  
 4 A Because our proposed Plan of Service would  
 5 result in economies of scale that would preclude the  
 6 need for any additional rate.  
 7 Q Would it be your position that if granted  
 8 the certificate by the Florida Public Service  
 9 Commission you would no longer be regulated by St.  
 10 Johns County?  
 11 A If our application is approved as  
 12 submitted, we would not be regulated by St. Johns  
 13 County.  
 14 Q And your position would be that you would  
 15 be regulated solely and entirely by the Florida Public  
 16 Service Commission?  
 17 A Yes.  
 18 Q This is the follow-up on some questions  
 19 asked by Mr. Melson. He went over the four pieces of  
 20 testimony you filed and, unfortunately, I couldn't hear  
 21 your answer, so it's my understanding that you filed  
 22 Direct Testimony, Intervener Testimony, Rebuttal  
 23 Testimony and what was the fourth piece?  
 24 A Supplemental Intervener Testimony.  
 25 Q And that testimony was in response to

1 Q Mr. Melson asked you some questions about  
 2 the rate case which you have been asked to file with  
 3 St. Johns Water and Sewer Authority.  
 4 Do you remember those questions?  
 5 A I do not remember the specific questions.  
 6 I remember the line of questioning.  
 7 Q Okay. And I believe you discussed with  
 8 him your involvement in that rate proceeding; is that  
 9 correct?  
 10 A Yes, ma'am, I believe generally --  
 11 Q Okay.  
 12 A -- I did discuss that.  
 13 Q The rates that you are proposing or will  
 14 propose in the St. Johns County case, do those rates  
 15 include or do you anticipate in that filing service to  
 16 areas which are outside your existing authority  
 17 service area?  
 18 A No.  
 19 Q If you are granted in this PSC proceeding  
 20 the right to serve Nocatee, or the area that you have  
 21 requested, what impact will that have on your filing  
 22 before the authority?  
 23 A If we are granted the application that we  
 24 have filed before the Public Service Commission, it is  
 25 entirely possible that we would withdraw that rate

1 what, the Supplemental Intervener?  
 2 A Primarily in response to the Supplemental  
 3 Direct Testimonies of Douglas Miller and Mrs. Deborah  
 4 Swain.  
 5 Q And part of that would have been in  
 6 responses to JEA and its agreement, service agreement?  
 7 A If you will allow me just a moment to  
 8 review that.  
 9 MR. WHARTON: Suzanne, when you say part  
 10 of that, do you mean part of that Supplemental  
 11 Direct Testimony filed by Miller and Swain?  
 12 MS. BROWNLESS: Well, did Mr. Forrester  
 13 respond to Swain and Miller's Supplemental  
 14 Direct Testimony concerning the JEA NUC  
 15 agreement, to be more specific?  
 16 THE WITNESS: I believe that they did, and  
 17 I believe that I did make some comments relative  
 18 to that agreement.  
 19 BY MS. BROWNLESS:  
 20 Q Did you review the JEA NUC agreement?  
 21 A Yes, I did.  
 22 Q And what were the comments that you  
 23 offered with regards to that agreement?  
 24 A Well, I would have to go back through my  
 25 Supplemental Intervener Testimony and try to ferret

1 those out.

2 Q Can you briefly summarize it?

3 MR. WHARTON: Are you asking what comments

4 he made in the prefilled testimony?

5 MS. BROWNLESS: Yes. What were the

6 highlights of his comments? If he knows, that's

7 great; if he doesn't, that's all right, too.

8 THE WITNESS: Well, I think the question

9 that was posed to me was do I have any concerns

10 or comments regarding the new agreement between

11 JEA and NUC. I did make those comments

12 starting on Page 6, and I believe that they were

13 generally surrounding the JEA plan for service.

14 MS. BROWNLESS: Thank you.

15 BY MS. BROWNLESS:

16 Q Do you have any additional comments to

17 make today, other than what you've previously testified

18 to?

19 A I think that would be making additional

20 testimony, and I don't think that's allowed at this

21 point, is it?

22 Q Well, this is just a deposition, Mr.

23 Forrester.

24 A No, I don't have any additional comments

25 that I want to add right at this time.

1 date on that, Mr. Forrester?

2 A If you'll hold on for just a moment, I'll

3 take a look.

4 Q Okay.

5 A Suzanne, it only shows the year, and the

6 year is 2000.

7 Q Would that be the title, 2000 District

8 Water Supply Plan?

9 A No, the title is District Water Supply

10 Plan, and it is Special Publication No. SJ2000-SP1.

11 Q That's S as in Sam and P as in Paul?

12 A That is correct.

13 Q So it's District Water Supply --

14 A Plan.

15 Q -- Plan, SJ2000-SP1?

16 A Yes, ma'am.

17 Q The date on it is 2000?

18 A Yes, ma'am. That's on the inside cover.

19 It just simply says 2000 at the bottom.

20 Q What do you understand the legal import of

21 that document is?

22 MR. WHARTON: Object to the form of the

23 question.

24 THE WITNESS: Well, I'm not really sure of

25 what the legal import is. It is my

1 Q You were asked some questions about the

2 water 2020 study by Mr. Melson.

3 Do you remember those questions?

4 A I remember the line of questioning, yes,

5 ma'am.

6 Q Okay. And I think you referred to a

7 District Water Supply Plan?

8 A Yes, ma'am.

9 Q Is that a document that has been produced

10 in this case, do you know?

11 A That has been produced?

12 Q Yes? In other words --

13 A I have made extensive references to it,

14 but I don't think that it's -- I think we allowed Mr.

15 Melson to look at that plan, but I'm not really sure

16 that he asked for a copy of it.

17 MR. WHARTON: Is it a document that you

18 brought here today?

19 THE WITNESS: Yes.

20 MR. WHARTON: In one of these many boxes

21 that are behind you?

22 THE WITNESS: Yes.

23 BY MS. BROWNLESS:

24 Q Is that -- this is the St. Johns Water

25 Management District Water Supply Plan. What is the

1 understanding that it is a guidance document for

2 the St. Johns River Water Management District

3 and will be used in the district's continuing

4 planning for water supplies within the district.

5 MS. BROWNLESS: Okay. Would you --

6 THE WITNESS: And possibly --

7 BY MS. BROWNLESS:

8 Q Would you consider this to be like any

9 other planning document subject to revisions?

10 A Very definitely. And I expect it to be

11 revised according to its content within the next five

12 years.

13 Q Okay. If, for example, a utility included

14 projections in this document that was subsequently

15 revised, would you consider that to be an impediment to

16 securing a consumptive use permit in the future?

17 A I'm not really sure I understand the

18 question, Suzanne.

19 Q Well, let me break it up into little

20 parts. My understanding is that the water 2020 study

21 data was included in this District Water Supply Plan;

22 is that correct?

23 A That is correct.

24 Q Now, my understanding is that the water

25 2020 supply data was provided by individual utilities



1 within the region; is that correct?  
 2 A Yes, ma'am. And it was reviewed by the  
 3 St. Johns River Water Management District for  
 4 reasonableness.  
 5 Q And that each individual utility provided  
 6 its own estimate of its own projected needs; is that  
 7 right?  
 8 A That is correct.  
 9 Q Now, to the extent that a utility enhances  
 10 its surface territory beyond what it had in place at  
 11 the time it provided data and, therefore, realizing  
 12 that it has an enhanced water need, would you expect  
 13 that to present a problem when it went to get a  
 14 consumptive use permit for that enhanced need?  
 15 A No. I would expect the projections to be  
 16 an advantage to it in going to apply for a consumptive  
 17 use permit as long as the projections held true.  
 18 Q Okay. So to the extent that the utility  
 19 projected or asked for or projected needs associated  
 20 with an area it didn't currently have, that would a  
 21 bonus as far as you're concerned?  
 22 A I'm not really sure what you mean by the  
 23 term bonus.  
 24 Q Well, it would enhance its likelihood of  
 25 getting a consumptive use permit for that demand.

1 A It is my understanding that the  
 2 participation in this District Water Supply Plan would  
 3 be -- would facilitate a utility getting a consumptive  
 4 use permit for its projected volumes.  
 5 Q Okay. But is it your understanding that  
 6 if you failed to make a projection, you would  
 7 necessarily be denied a consumptive use permit?  
 8 A I'm not really sure that that would be a  
 9 true statement. I only know that if a utility has made  
 10 reasonable projections and accurate projections that it  
 11 will facilitate getting a permit. It doesn't  
 12 necessarily mean that if it's made a mistake in those  
 13 projections that it would be penalized for those  
 14 projections.  
 15 Q Okay. Thank you.  
 16 You made reference to the 1994 St. Johns  
 17 County Master Plan.  
 18 A Yes.  
 19 Q Is that the title of that document, the  
 20 complete title?  
 21 A If you will hold on for just a moment, I  
 22 will pull the document. According to the front sheet,  
 23 Suzanne, it reads, Report St. Johns County, Florida  
 24 Water and Wastewater Master Plan, and it is dated  
 25 October 1994.

1 Q I'm writing here, so Report St. Johns  
 2 County, Florida Water and Wastewater?  
 3 A Yes, Water and Wastewater Master Plan.  
 4 Q Do you know whether there has been any  
 5 revisions to this October 1994 document?  
 6 A I would assume that there probably have  
 7 been revisions to that plan.  
 8 Q Do you have a copy of any of those  
 9 revisions if they exist?  
 10 A Do I have a copy?  
 11 Q Yes, sir.  
 12 A I have a copy of a letter from Camp,  
 13 Dresser and McKee, Inc., to Mr. Herbert Vandermark,  
 14 manager of construction. That letter indicates that  
 15 they are changing some of their positions that were  
 16 stated and quoted by me in the Master Plan. More  
 17 particularly --  
 18 Q What is the date of that letter, sir?  
 19 A September 1st, 1998.  
 20 Q Other than whatever changes or revisions  
 21 are included in the September 1st, 1998 letter, are you  
 22 aware of any others?  
 23 A No, I am not.  
 24 MR. BROWNLESS: If you can give me just a  
 25 minute, I think I may be done, but just give me

1 a second.  
 2 Thank you, Mr. Forrester. That's all I  
 3 have.  
 4 THE WITNESS: You're welcome.  
 5 CROSS-EXAMINATION  
 6 BY MR. MENTON:  
 7 Q Good afternoon, Mr. Forrester.  
 8 A Good afternoon.  
 9 Q I'm Stephen Menton on behalf of JEA. Some  
 10 of my areas have already been covered. Mr. Melson has  
 11 taken away some of my thunder. I'll try not to  
 12 duplicate, but there be a little bit of overlap as we  
 13 go through a couple of areas.  
 14 Earlier, you testified in response to some  
 15 questions from Mr. Melson about some conversations that  
 16 you had with JEA, and I believe you referenced a  
 17 memorandum from January of 1998 regarding those  
 18 discussion.  
 19 Do you recall that?  
 20 A Yes.  
 21 Q Do you recall that you were involved in  
 22 subsequent discussions with JEA about the prospect of a  
 23 wholesale arrangement by which JEA would provide  
 24 service to Intercoastal for this area?  
 25 A I'm not sure that I remember precisely any

1 conversations regarding wholesale service to the area  
2 that referred -- are you referring to the area that we  
3 designated as H?

4 Q Well, let me get a little bit more  
5 specific.

6 Do you recall that prior to the time of  
7 the proceeding before the St. Johns County Water and  
8 Sewer Authority that you and Mr. James contacted JEA  
9 and requested whether JEA would be interested in  
10 entering into a wholesale arrangement?

11 A Which would have been a follow-up to this.

12 Q Which would have been in approximately  
13 January of 1999.

14 A I don't remember the exact dates. We did  
15 have some discussions with JEA subsequent to that  
16 relative to service to the entire area, but I don't  
17 remember the substance of all of that.

18 Q And do you recall at that time that JEA  
19 indicated that it was not interested in pursuing a  
20 wholesale arrangement with Intercoastal?

21 A It is my understanding that JEA had or was  
22 contemplating signing the original letter of intent  
23 with DDI, and for that reason that letter of intent  
24 would exclude any further conversation with  
25 Intercoastal relative to providing wholesale service to

1 respect --

2 Q With respect to JEA providing service to  
3 this area.

4 A It might very well come into question with  
5 respect to JEA's plans to develop a new well field  
6 either in the north or the west district, whichever one  
7 JEA decides to eventually bring its water from outside  
8 of St. Johns County.

9 Q Do you know if JEA has any plans to file  
10 an application for a new well field that would bring  
11 that issue into play?

12 A I think JEA was the one who indicated that  
13 they would bring that water either from the north or  
14 from the west. And I would certainly expect that would  
15 require installation of a new well field or new wells.  
16 And in that case, the question of the Local Sources  
17 First Policy, I would expect to it to arise at that  
18 time.

19 Q So the Local Sources First Policy would  
20 arise at such time that JEA might make an application  
21 for a new well field; correct?

22 A I said I suspect that.

23 Q Okay. Any other time that you're aware of  
24 where the Local Sources First Policy would come into  
25 play?

1 this area.

2 Q So if I understand you correctly, then,  
3 you do recall that JEA did tell Intercoastal that it  
4 was not interested in pursuing a wholesale arrangement  
5 with Intercoastal to provide service to this area?

6 A Yes.

7 Q And have there been any subsequent  
8 indications that you're aware of where JEA has  
9 communicated that it's willing to pursue a wholesale  
10 arrangement with Intercoastal?

11 A No, I'm not aware of any.

12 Q You spoke with Mr. Melson regarding the  
13 Local Sources First Policy.

14 Do you recall some of those questions?

15 A I don't recall the questions, I recall the  
16 line of questioning.

17 Q Okay. And I think you indicated that the  
18 Local Sources First Policy come into play in connection  
19 with an application for a new consumptive use permit;  
20 correct?

21 A I said that was where I would expect it to  
22 arise.

23 Q Is there any other circumstances in which  
24 the Local Sources First Policy would come into play?

25 A You mean with respect to JEA or with

1 A No, because the Local Sources First Policy  
2 generally would govern a plan or a proposal to bring  
3 water from a distant area into St. Johns County.

4 Q Have you reviewed JEA's consumptive use  
5 permit?

6 A No, I have not.

7 Q Do you know whether, in fact, JEA's  
8 consumptive use permit includes water designated for  
9 the northern St. Johns County area?

10 A No. Not having reviewed those permits, I  
11 would not have that knowledge.

12 Q If JEA's consumptive use permits include  
13 water allocated for the northern St. Johns County area,  
14 including the Nocatee Development, would that mean that  
15 the Local Sources First Policy would not be brought  
16 into play?

17 A I don't think that is necessarily true.  
18 It might be the case, but I don't think it's  
19 necessarily true.

20 Q If it's not necessarily true, would you  
21 explain to me how it would come into play?

22 A Because I doubt very seriously that those  
23 consumptive use permits extend for the period of time  
24 that is involved in providing service on a long-range  
25 basis to St. Johns County, so I would expect those

1 permits to have to either be revised or for new permits  
2 to be issued.

3 Q Do you know what the current permitted  
4 capacity for JEA's south grid is?

5 A No. I only know that in the District  
6 Water Supply Plan they indicated that the greatest  
7 deficit for the 2020 projections are in JEA's south  
8 grid service area.

9 Q Do you know whether those projections  
10 included areas in northern St. Johns County?

11 A I'm not really sure what they included at  
12 that particular time. It only indicated that JEA's  
13 plan to resolve those deficit problems was to bring  
14 water in from the north or west area.

15 In fact, I think that they specifically  
16 cited the north area of Duval County, and that was one  
17 of the proposals that was being made to resolve their  
18 south grid deficit.

19 Q Okay. So going back to the question  
20 though, if I understand your answer you do not know  
21 what areas were included by JEA in the determination of  
22 what needs would be within the south grid area;  
23 correct?

24 A No.

25 Q And you do not know what the current

1 disagreeing with that, do you?

2 A Only to the extent that the District Water  
3 Supply Plan says that the JEA south grid has some  
4 serious deficiencies in its water 2020 plan  
5 projections.

6 Q Okay. And I believe you talked about in  
7 your prefiled testimony when you talked about JEA's  
8 south grid woes, I think is what you called it. Do you  
9 recall that?

10 A Yes.

11 Q Okay. And explain to me what you mean by  
12 JEA's south grid woes.

13 A If you will hand me back my copy of the  
14 District Water Supply Plan, I'll read it to you.

15 Q Okay.

16 A And I'm referring to Page 109 of the  
17 District Water Supply Plan, under the section entitled  
18 JEA, it says, "The largest percentage of the 2020 needs  
19 and deficits in the Duval County portion of work group  
20 area five occurs within JEA's service area. JEA is  
21 developing a plan to meet this need and issued a Phase  
22 I Water Facilities Plan in August 1998. This plan  
23 recommends the phase out of certain facilities and the  
24 improvement or expansion of others. JEA appears to  
25 have most of the facilities required to meet its

1 permitted capacity for JEA's south grid is, do you?

2 A No. I believe it was mentioned in Mr.  
3 Perkins' testimony, but I don't recall exactly what  
4 that was.

5 Q And do you know whether or not the current  
6 commitment to JEA is with respect to this south grid,  
7 how they compare to what the permitted capacity of the  
8 south grid is?

9 A No, I do not.

10 Q And if Mr. Perkins testifies that the  
11 permitted capacity of JEA's south grid, in and of  
12 itself, has enough excess of capacity to meet the needs  
13 of the Nocatee Development for at least the first two  
14 to three phases, would you have any basis for  
15 disagreeing with that?

16 A I would be surprised that it had that much  
17 capacity --

18 Q Is that --

19 A -- based on what the District Water Supply  
20 Plan said.

21 Q You would be surprised because that would  
22 be a lot of excess capacity; correct?

23 A Not only be a lot of excess -- yes, it  
24 would be a great deal of excess capacity.

25 Q And you don't have any basis for

1 projected 2020 needs. However, the projected needs are  
2 large enough to make the developing alternative sources  
3 potentially attractive both technically and  
4 financially. Options include new well fields in the  
5 north grid portion of the JEA system and  
6 interconnection to the south grid to convey the new  
7 supply, surface water supply from the lower Tolomato  
8 River and sea water desalting."

9 That same type of discussion is continued  
10 again on Page 111.

11 Q Let me see if we can shortcut this a  
12 little bit.

13 Is the entire basis for your determination  
14 that JEA has south grid woes, the District Water Supply  
15 Plan?

16 A Yes, it is.

17 Q And you have no independent basis for  
18 making a determination as to whether or not JEA has  
19 woes in its south grid?

20 A Well, other than the newspaper reports  
21 that I've read about the problems that they've had  
22 supplying water in the Mandarin area.

23 Q And those were related to the purchase of  
24 a utility, a private utility in Mandarin, is that  
25 correct, or do you know?

1 A I'm not aware that they were related to  
2 the purchase of a private utility.

3 Q Were these newspaper articles written by a  
4 hydrogeologist who had information regarding what JEA's  
5 capacity to serve in that area was?

6 A No.

7 Q Okay. So the only basis --

8 A Not to my knowledge.

9 Q The only basis that you have are newspaper  
10 reports written by non-scientists and what's in the  
11 District Water Supply Plan; correct?

12 A That is correct.

13 Q Okay. Now, the District Water Supply Plan  
14 talks about work group five; correct?

15 A Yes.

16 Q And all of the discussion that you just  
17 talked about is in connection with work group five;  
18 correct?

19 A It is all related to work group five.

20 Q And work group five includes Northern St.  
21 Johns County and Southern Duval County; correct?

22 A That is correct.

23 Q And the work group five area in the  
24 District Water Supply Plan is identified as a priority  
25 water use caution area; correct?

1 there is a whole section in the District Water Supply  
2 Plan that discusses that.

3 Q Okay. So in --

4 A And they use the higher projections that  
5 were available from the utilities.

6 Q So the district utilized the projections  
7 that the utilities gave them; correct? They used the  
8 projections that JEA gave them?

9 A I presume that that's what they did.

10 Q Do you know what projections were given to  
11 the district by JEA?

12 A I'm not familiar with the projections that  
13 they made. I'm familiar which -- let me see, well,  
14 that's usual because Table 23 makes a projection of the  
15 needs for the year 2020 and subtotals those needs for  
16 St. Johns County, and JEA apparently did not submit any  
17 needs for St. Johns County.

18 However, JEA's 2020 needs are included in  
19 the subtotal for Duval County, and those needs  
20 indicated that they would have to have 43.3 million  
21 gallons per day in the year 2020, 45.90 and 2020 plus  
22 one in ten year drought. So, apparently, JEA gave no  
23 projections to the St. Johns Water Management District  
24 for St. Johns County.

25 Q Mr. Forrester, you don't know what JEA

1 A To the best of my knowledge, it is.

2 Q So the entire area that you have requested  
3 in this application before the PSC is within a priority  
4 water use caution area; correct?

5 A To the best of my knowledge, it is.

6 Q And what is your understanding of what a  
7 priority water use caution area is?

8 A It simply means that there may not be  
9 enough supply to go around if the projected growth of  
10 that area actually occurs in the future, but it's not a  
11 conclusive statement.

12 Q Okay. Now, the determination of whether  
13 or not there is a deficiency in the projected needs, do  
14 you know how the district makes that determination?

15 A It makes it based on the facilities and,  
16 also, based on the resources that are available.

17 Q And in making their calculation as to what  
18 the projected deficit is with respect to any particular  
19 area, isn't it true that the district takes existing  
20 facilities and compares those to projected population  
21 growth?

22 A I'm not really sure that it uses  
23 population growth exclusively. I think that in the  
24 case of the utilities, the District Water Supply Plan  
25 uses the projected volume by the utilities. I think

1 gave to the Water Management District in connection  
2 with the Water Supply Plan or in connection with any of  
3 its consumptive use permits, do you?

4 A Only to the extent that is reflected in  
5 the District Water Supply Plan.

6 Q And you don't know whether or not JEA's  
7 existing consumptive use permits include allocations  
8 for areas within northern St. Johns County, do you?

9 A No, I do not.

10 Q Now, Mr. Perkins in his prefiled Direct  
11 Testimony states on Page 6, "That JEA has the capacity  
12 to immediately needed water and wastewater treatment  
13 facilities under both agreements through facilities  
14 currently owned and operated by JEA. The existing well  
15 fields which supply JEA's south grid has sufficient  
16 capacity to provide service" -- oh, this is St Johns  
17 County.

18 "JEA's long term plans have amply  
19 anticipated growth in this area and include additional  
20 options as addition demands arise."

21 Do you know what the status is of JEA's  
22 efforts to interconnect its north and south grids?

23 A It is my understanding from Mr. Perkins'  
24 and/or Mr. Kelly's testimony that those plans to  
25 transfer water from the North Duval County or West

1 Duval County are in progress or in planning.  
 2 Q Do you know what the excess capacity that  
 3 is available with JEA's north grid is?  
 4 A No, I do not.  
 5 Q On Page 8 of Mr. Perkins' testimony, he  
 6 talks about the south grid. "JEA's south grid has  
 7 total permitting capacity of 104.4 MGD with the  
 8 commitment to existing and future customers of 43.32  
 9 MGD."  
 10 That would indicate that the south grid  
 11 has an excess capacity between commitments and  
 12 permitting capacity of over 60 million gallons per day;  
 13 is that correct?  
 14 A That's what would be indicated by those  
 15 figures you've given me, yes.  
 16 Q Do you have -- would this indicate that  
 17 JEA has water woes in the south grid, if it has 60  
 18 million excess capacity between what it's permitted for  
 19 and what it's committed to provide?  
 20 A Are we talking about the permitted  
 21 capacity of the existing plants --  
 22 Q Uh-huh.  
 23 A -- or are we talking about the permitted  
 24 capacity of the existing source?  
 25 Q We're talking about JEA's current capacity

1 Q -- whether JEA has reached a determination  
 2 with the Water Management District as to what the  
 3 appropriate safe yield capacity is for the south grid?  
 4 A No. I would -- I do not have that  
 5 knowledge and, quite frankly, I'm surprised that they  
 6 have been able to work that out because the District  
 7 Water Supply Plan indicates that they do not have the  
 8 information available for work group area five to be  
 9 able to determine what a safe yield capacity is in any  
 10 of these areas and expect to be able to have that  
 11 information at their next five year update.  
 12 Q Well, now the work group area five is a  
 13 much larger area than the area that JEA currently has  
 14 well fields; isn't that correct?  
 15 A Well, certainly it is.  
 16 Q Do you know whether JEA has done any  
 17 studies that have determined what the appropriate safe  
 18 yield is for the south grid water plant?  
 19 A I have not been made aware of any such  
 20 statements.  
 21 Q If JEA has conducted a study as to what  
 22 the resource will yield with respect to the south grid,  
 23 and that study indicates that there is -- I'm not even  
 24 going to go there. Let me back up for a second.  
 25 Does Intercoastal have any excess capacity

1 for its existing plants.  
 2 A Well, there is a considerable difference  
 3 between the capacity of the plants to be able to pump  
 4 and treat and the capacity to be able to withdraw that  
 5 resource from the ground.  
 6 Q And what is --  
 7 A So I'm not really sure what you're talking  
 8 about in terms of permitting capacity. I don't know  
 9 whether the mechanics or the mechanical design of the  
 10 plant is what you're referring to or whether the  
 11 resource that they're going to tap for that plant is  
 12 the -- is going to be able to provide that excess 60  
 13 millions gallons per day.  
 14 My impression that I get from the District  
 15 Water Supply Plan is that that resource is not  
 16 sufficient. It said precisely, and I think I read it,  
 17 that JEA has the facilities to be able to meet that  
 18 2020 demand, but having the facilities and having the  
 19 resources is a completely separate matter.  
 20 Q Do you know what JEA has worked out with  
 21 the district in terms of a safe yield for its south  
 22 grid?  
 23 A No, I do not.  
 24 Q Do you know whether, in fact --  
 25 A I do not have that knowledge.

1 available within its water treatment plant to serve the  
 2 Nocatee Development?  
 3 A My answer would have to be no because the  
 4 current water treatment grid, water production grid, I  
 5 should say, for Intercoastal Utilities has been sized  
 6 for its existing service area.  
 7 Q So --  
 8 A But then we are not proposing to utilize  
 9 that particular grid in order to be able to serve  
 10 Nocatee. We're proposing new facilities in that area.  
 11 Q So in order for Intercoastal to serve the  
 12 Nocatee Development, it is going to have to develop new  
 13 sources for the entire project; correct?  
 14 A Yes, I believe that that's a very clear  
 15 understanding that anybody would get from our  
 16 Conceptual Master Plan.  
 17 Q And Mr. Melson discussed with you earlier  
 18 the provisions of the Development Orders that have been  
 19 entered with respect to the Nocatee DRI; do you  
 20 remember that?  
 21 A Yes.  
 22 Q And you're aware that the Development  
 23 Orders that have been entered prohibit new well fields  
 24 within the Nocatee Development; correct?  
 25 A It is my understanding that the

1 Development Orders do. I have not been able to -- I  
2 have not seen those.

3 Q Has Intercoastal made any amendments or  
4 modifications to its Conceptual Master Plan to take  
5 into account the positions of Development Orders?

6 A No.

7 Q Do you intend to do that prior to the  
8 hearing in this case?

9 A No.

10 Q So at this point in time, the Conceptual  
11 Master Plan that has been proposed by Intercoastal in  
12 this proceeding is inconsistent with the Development  
13 Orders that have been issued from the DRI; correct?

14 A That would be your interpretation of it,  
15 yes.

16 Q And what is your interpretation of it?

17 A My interpretation is that Intercoastal  
18 Utilities proposes on-site facilities for the territory  
19 that it has applied for for certification.

20 Q And if, in fact, the development cannot go  
21 forward with on-site utilities, is there a need for  
22 service in your opinion?

23 A Absolutely, there would be a need for  
24 service because I think that the development, the  
25 Nocatee Development, will go forward. And if

1 serve this development other than what your attorney  
2 has told you, in light of the provisions in the  
3 Development Orders that we've talked about?

4 A I'm sorry; would you like to repeat that  
5 question?

6 Q Other than what your attorney has advised  
7 you, do you have any basis for your position that the  
8 Nocatee Development can go forward with on-site  
9 utilities contrary to what's in the Development Orders  
10 that have been considered?

11 A It is my own personal understanding that  
12 the Development Orders can be amended in the event that  
13 Intercoastal Utilities is granted its application to  
14 provide for on-site facilities.

15 Q The question was: Do you have any basis,  
16 other than what you have heard from your attorney, for  
17 that conclusion?

18 A Gee, I thought I answered the question.

19 It is my own understanding that the  
20 Development Order can be amended.

21 Q But you have done no investigation on your  
22 own to determine whether or not this development can go  
23 forward in accordance with the modifications that  
24 you're suggesting, other than talking to your attorney?

25 MS. BROWNLESS: For those of us who are

1 Intercoastal Utilities is granted its application by  
2 the Public Service Commission, there will be a need on  
3 the part of the developer to amend its Developmental  
4 Order.

5 Q Do you know whether or not the developer  
6 will, in fact, be able to amend the Developmental  
7 Order?

8 A I think Development Orders are amended on  
9 a continuous basis all over the state of Florida.

10 Q Do you know whether or not this particular  
11 Development Order could be amended to include on-site  
12 utilities?

13 A It is my understanding that it can be.

14 Q It is your understanding that it can be  
15 based upon what?

16 A Based upon legal advice.

17 Q So your attorney has told you that they  
18 could amend the Development Order, and therefore your  
19 Plan of Service is okay, from what I'm understanding?

20 MR. WHARTON: I'm going to instruct you  
21 not to answer anything your attorney has told  
22 you.

23 BY MR. MENTION:

24 Q Do you have any basis for believing that  
25 Intercoastal's Conceptual Master Plan would be able to

1 not there, was there a nod or are we still  
2 waiting for an answer?

3 THE WITNESS: No, you're waiting for an  
4 answer.

5 MS. BROWNLESS: Thank you.

6 THE WITNESS: Based on the letter that was  
7 written to Mr. John Wharton by Mr. Bob Cambry  
8 from the Department of Community Affairs, it is  
9 my impression from that letter that the  
10 Development Order can be revisited on the basis  
11 of utilities being provided on-site to Nocatee  
12 because the developer was the one who  
13 represented in the ADA, that is the Application  
14 for Development Approval, that the facilities  
15 would be located off-site. The department did  
16 not require the facilities to be located  
17 off-site and does not proffer an opinion  
18 regarding on-site versus off-site.

19 I think that is sufficient for me to  
20 strongly feel that the Development Order can be  
21 amended in order for the utilities to be  
22 on-site.

23 BY MR. MENTION:

24 Q Is Intercoastal Utilities considered a  
25 regional utility?

1 A Yes.

2 Q And how do you define a regional utility?

3 A A regional utility serves an area which is

4 reasonably large. It provides water and wastewater

5 services to all of the requesting parties within its

6 area.

7 Q And what is the current service area for

8 Intercoastal Utilities?

9 A You mean in terms of acres?

10 Q Yes.

11 A Approximately 4,500 acres.

12 Q And, in your mind, what is the breaking

13 point, you know, for a regional utility? How many

14 acres constitutes a regional utility?

15 A I would say that, in my mind, the

16 difference between utilities -- if you want to use a

17 characterization, a regional utility serves a wide and

18 diverse area of development as opposed to a subdivision

19 utility which provides service only to one platted

20 area. Typically, subdivisions tend to run several

21 hundred acres as opposed to several thousand acres, so

22 a regional utility serves an area to a region as

23 opposed to a subdivision.

24 Q In your opinion, are the number of plants

25 that a utility has relative to whether or not a

1 A Well, I thought I made it very clear that

2 our future plans would be to phase out that existing

3 Sawgrass wastewater plant. In fact, I went into a good

4 deal of description about the phasing out of that plant

5 using the facilities that PBS&J has designed for

6 crossing the Intracoastal Waterway.

7 Q Now, if I understand your testimony, the

8 Conceptual Master Plan that you have put forward

9 anticipates that Intercoastal would initially provide

10 reuse service to Nocatee from its existing wastewater

11 plant; is that correct?

12 A I'm sorry; you're going to have to repeat

13 that because I missed something in it.

14 Q How is Intercoastal going to meet the

15 initial reuse needs of the Nocatee Development?

16 A By a combination of reuse water from the

17 east area and the wastewater that is generated within

18 the Nocatee area, with the possibility that that would

19 have to be supplemented initially by groundwater.

20 Q Okay. So the initial plan, the initial

21 Plan of Service would be to take reuse water from

22 Intercoastal's existing plant, transmit it underneath

23 the Intracoastal Waterway to the Nocatee Development to

24 meet the reuse needs or to partially meet the reuse

25 needs of Nocatee; correct?

1 particular utility might be a regional utility or not?

2 A I'm not sure that the number of plants has

3 a particular bearing on it. But in Intercoastal's

4 case, it does happen to have two water treatment

5 plants, water production plants, serving an

6 interconnected grid, so if you could say that a large

7 interconnected grid serving several thousand acres with

8 two plants is typical of regional service, as it is in

9 the case of JEA with multiple plants serving an

10 interconnecting grid, you might be able to make that

11 type of characterization.

12 Q And how many wastewater plants does

13 Intercoastal have?

14 A One. One subaqueous wastewater plant,

15 which we hope sincerely that some day we're going to be

16 able to phase out if we are granted this certificate to

17 serve this area.

18 Q Let's talk about that a little bit because

19 I had a little bit of a hard time following your

20 testimony. I couldn't determine from your testimony

21 whether, in fact, Intercoastal would be phasing out the

22 current wastewater plant or whether it would not.

23 Can you tell me what are Intercoastal's

24 intentions if it obtains the certificate with respect

25 to its existing wastewater plant?

1 A Correct.

2 Q And then, at some point down the line,

3 you're going to phase out your existing wastewater

4 plant?

5 A Those same facilities that would transfer

6 the reclaimed water from the east area, the eastern

7 service area to the west area, would be converted to

8 phase out the existing Sawgrass wastewater treatment

9 plant.

10 Q Okay. And so then you would do another

11 subaqueous connection to transmit the --

12 A No, we -- it would be the same subaqueous

13 crossing.

14 Q So you would use the reuse line that you

15 put in place to transmit the sewer back to the new site

16 on the west?

17 A Yes.

18 Q How are you going to get reuse to Sawgrass

19 at that point?

20 A I'm not really sure that reuse would be a

21 necessity at that point.

22 Q Doesn't Intercoastal have a commitment to

23 provide reuse to Sawgrass Country Club?

24 A Yes, it does.

25 Q Okay. So how are you going to get reuse

1 back to Sawgrass?  
 2 A I'm not really sure that I have a clear  
 3 understanding of the Conceptual Master Plan in that  
 4 respect.  
 5 Q At what point in time is Intercoastal  
 6 going to phase out its current wastewater treatment  
 7 plant?  
 8 A I'm sorry; I really don't remember what  
 9 time frame was indicated in the Conceptual Master Plan  
 10 for that.  
 11 Q You spoke with Mr. Melson about the  
 12 current discharges that Intercoastal makes to the  
 13 Intracoastal Waterway. And that is the current site  
 14 for disposal of the excess effluent that isn't used for  
 15 reuse; is that right?  
 16 A If I understand your question correctly,  
 17 there is a current discharge to the Intracoastal  
 18 Waterway of excess reclaimed water.  
 19 Q Uh-huh.  
 20 A Is that what you're asking me --  
 21 Q Right.  
 22 A -- to confirm that?  
 23 Q Yes.  
 24 A Yes.  
 25 Q And that existing site would be the

1 Q In your prefiled testimony?  
 2 A Try Page 6 of the Rebuttal.  
 3 Q Okay.  
 4 A Of course, I'm not really sure what part  
 5 of that you're concerned with.  
 6 Q I'll just come back to that.  
 7 Does Intercoastal currently provide  
 8 residential reuse to its customers?  
 9 A No.  
 10 Q Has Jax Utilities Management or any of its  
 11 companies, the utility companies that it has run, ever  
 12 provided residential reuse to any development?  
 13 A Not that I recall. But then, neither has  
 14 JEA.  
 15 THE WITNESS: Can we take about a five  
 16 minute break?  
 17 MR. MENTION: Sure, this would be a good  
 18 time.  
 19 (Brief break.)  
 20 BY MR. MENTION:  
 21 Q Has Intercoastal done any studies as to  
 22 the availability of water within the requested  
 23 territory?  
 24 A Intercoastal has not, in and of itself,  
 25 commissioned any studies for that purpose. We have

1 current or, I mean, would be the location for your wet  
 2 weather discharge if the Conceptual Master Plan is  
 3 approved?  
 4 A In that general area, yes.  
 5 Q And is that discharge now to an area that  
 6 is designated as an outstanding flow of water?  
 7 A No, it is not.  
 8 Q So the current excess effluent that is  
 9 generated by your wastewater plant is not being  
 10 discharged in that same flow of water?  
 11 A No, it is not. It is being discharged to  
 12 the Intracoastal Waterway, which north of County Road  
 13 210 Bridge is not designated, to the best of my  
 14 knowledge. And according to the testimony of Mr.  
 15 Cordova, it's not designated as a Florida outstanding  
 16 water.  
 17 Q Now, in your prefiled Direct Testimony,  
 18 you submitted some comments with respect to the  
 19 percentages of reuse that JEA generates at its Mandarin  
 20 plant. Do you recall that?  
 21 A In my Direct Testimony? I don't remember  
 22 that in my Direct Testimony.  
 23 Q It might have been your Intervener  
 24 Testimony.  
 25 A I think it was in my Rebuttal.

1 requested that PBS&J, our engineers, review the Nocatee  
 2 Board of Resources Plan to see if it is a reasonable  
 3 depiction of the availability of water resources in  
 4 that area.  
 5 Q Do you know whether PBS&J has talked with  
 6 the group that performed the study for Nocatee?  
 7 A I'm not really sure who they have talked  
 8 to. They have told us that it is a reasonable picture  
 9 of the water resource availability in that area and  
 10 that they are convinced that Intercoastal's Plan of  
 11 Service can be carried out with respect to water.  
 12 Q Has PBS&J done any analysis of potential  
 13 sites for well fields in the Nocatee Development?  
 14 A I think you would have to talk to Jim  
 15 Miller about that. I'm not really sure as to just  
 16 exactly what they have in mind in terms of well sites.  
 17 They have obviously done some work on that because well  
 18 sites are included in the Conceptual Master Plan  
 19 schedules.  
 20 Q Do you know if there are any water quality  
 21 issues with respect to groundwater in the area that  
 22 you've requested?  
 23 A To the best of my own knowledge, based on  
 24 my own reading of the groundwater resource study, there  
 25 aren't any quality issues with respect to the water



1 that is underneath that area. There is some indication  
2 that water west of US-1 and possibly south of that area  
3 has some sulfate problems, and to the southeast there  
4 are possibly some chloride problems, but the water in  
5 that particular area appears to meet, you know,  
6 virtually all of the standards for drinking water.

7 Q And your conclusion, is that based solely  
8 upon the study that was commissioned by Nocatee?

9 A If I remember correctly, I think the  
10 District Water Supply Plan also discusses the quality  
11 of water in St. Johns County and arrives at somewhat  
12 the same conclusion, that there are sulfate problems to  
13 the west and chloride problems to the southeast.

14 Q Well, isn't it true that the District  
15 Water Supply Plan advised that in order for any well to  
16 be developed in this priority water use caution area  
17 there needs to be strong well monitoring programs in  
18 place?

19 A Yes. I think that we, and I think I put  
20 it in my testimony somewhere, that we intended to do  
21 exactly that same thing.

22 Q Okay. And the reasoning for the well  
23 monitoring program is because the water quality varies  
24 significantly throughout this area; is that right?

25 A I don't think it varies that significantly

1 property that would provide service to areas east of  
2 the Intercoastal?

3 A I'm not really sure that the property  
4 owner would have a voice in what the property was used  
5 for. He would have a voice in what the property would  
6 bring in terms of a sale.

7 Q In your experience, do developers  
8 typically have concerns about the size and the nature  
9 of the wastewater treatment plants that might go on to  
10 property adjoining the areas they're developing?

11 A I think that they would probably be  
12 concerned, you know, if it was the type of plant that  
13 had been built, say, 30 years ago. Today, I doubt  
14 seriously that that would be a consideration because of  
15 the techniques that we can now use to berm around those  
16 plants and literally hide the fact that they even  
17 exist, much less the designs that we can use today to  
18 make them compatible with the surrounding community.

19 Q So do you have -- the current customers of  
20 your Intercoastal plant, have they welcomed you with  
21 open arms in terms of the expansion that you recently  
22 made to your wastewater treatment plant?

23 A Have they welcomed us with open arms?  
24 That plant has been there since, to the best of my  
25 knowledge, 1974, before Intercoastal ever bought it.

1 within the area that we have applied to certificate.  
2 It varies widely over the whole work group area five,  
3 but not in the particular area that we're seeking to  
4 certificate.

5 Q Do you know where you would site well  
6 fields for the Nocatee Development?

7 A No, sir. That would be part of PBS&J's  
8 responsibility to site the well fields.

9 Q And how is Intercoastal going to come into  
10 ownership of the well field sites?

11 A It would purchase those well field sites.

12 Q Okay. And who would it purchase them  
13 from?

14 A From the owner, the land owner.

15 Q Okay. And would that be the same with  
16 respect to the sites for the wastewater plant that you  
17 intend to --

18 A It would be true of any or all of the  
19 sites, water, wastewater and well fields.

20 Q Do you know whether the developer would  
21 agree to siting a well field on its property that would  
22 provide service to areas east of the Intercoastal?

23 A I'm sorry; repeat that again.

24 Q Do you know whether or not the developer  
25 would agree to siting a wastewater plant on his

1 The site was already there.

2 Q Were your existing customers concerned  
3 when they learned about the expansion plans for your  
4 existing site?

5 A Yes.

6 Q And did they, in fact, object to the  
7 expansion plans?

8 A Yes, which is one of the reasons we would  
9 like to eventually phase that plant out.

10 Q On Page 10 of your Intervener Testimony,  
11 you talk about how DDI has agreed to provide JEA with  
12 both water plant and well sites. This is on Line 13  
13 and 16.

14 A Yes, sir.

15 Q And specifically, I guess beginning on  
16 Line 11, you say, "Intercoastal plans for regional  
17 water facilities in the proposed service area present  
18 no reasonably quantifiable disadvantage to its  
19 environmental resources. I believe that same lack of  
20 environmental resource impact is why DDI has agreed to  
21 provide JEA with both water and well sites."

22 A "Water plant and well sites."

23 Q "Water plant and well sites."

24 In fact, now JEA is not going to site  
25 water plants or wastewater plants in the Nocatee

1 Development; correct?  
 2 A That is my understanding of JEA's Plan of  
 3 Service.  
 4 Q So there is a difference in the Plan of  
 5 Service now in terms of whether or not there is a  
 6 quantifiable advantage or disadvantage to the  
 7 environmental resources; isn't that right?  
 8 MR. WHARTON: Object to the form.  
 9 THE WITNESS: I don't think that it's  
 10 saying that there was no reasonably quantifiable  
 11 disadvantage based on those prior plans  
 12 necessarily means that there is a quantifiable  
 13 disadvantage at this point.  
 14 I'm not really sure I said that correctly.  
 15 MR. MENTON: I was trying to figure it  
 16 out.  
 17 BY MR. MENTON:  
 18 Q On that same page on Line 20, you talk  
 19 about state-of-the-art water production facilities in  
 20 the same area which will include a well water quality  
 21 and quantity computer monitoring and control system.  
 22 Do you have such a system on your current  
 23 plant?  
 24 A There is a monitoring system on the wells  
 25 at the present time, but I'm not really sure that I'm

1 water facilities with the old ones, or are you going to  
 2 phase the old ones out?  
 3 A No. We plan to interconnect the water  
 4 facilities.  
 5 Q The water, but not the wastewater?  
 6 A But not the wastewater; the wastewater, we  
 7 hope to phase out.  
 8 Q Okay.  
 9 A It would be far more advantageous to  
 10 maintain the existing production facilities in order to  
 11 be able to spread out the demand for water as it's  
 12 withdrawn from the aquifer.  
 13 Q And then you go on to say that, "The new  
 14 plans will be designed to become an integral part of  
 15 the region's environmental focus accommodating public  
 16 tours to serve as part of the expanded public water  
 17 conservation education program."  
 18 Do you give tours at your current plant?  
 19 A Yes.  
 20 Q You do?  
 21 A Yes.  
 22 Q And --  
 23 A Particularly to the customers who  
 24 regularly visit the plant.  
 25 Q And is this part of the ongoing

1 qualified to discuss exactly what it does. I only know  
 2 that there are more sophisticated systems than we have  
 3 now with the supervisory control and data acquisition  
 4 systems or SCADA systems that would be more appropriate  
 5 to institute in a large area such as this and then to  
 6 expand those systems once they are acquired and in  
 7 operation back to the existing systems in the east  
 8 service area.  
 9 Q Okay. So if I understand your testimony  
 10 then, with respect to the new wells that you will  
 11 provide at the Nocatee Development you're going to use a  
 12 new or different computer monitoring system than what  
 13 you currently have in place at your existing plant?  
 14 A I think that's a fair evaluation, yes.  
 15 Q And then you talk about a system that is  
 16 going to be coupled with an automated reading system.  
 17 Do you have such an automated meter  
 18 reading system in your current service area?  
 19 A No, we do not.  
 20 Q Now, on Page 11 of your testimony on Line  
 21 4, you talk about, "The eventual interconnection of  
 22 these new water facilities with the existing  
 23 Intercoastal water system will increase the flexibility  
 24 of Intercoastal's controls over resource utilization."  
 25 Now, are you going to interconnect the new

1 educational program of the environmental resources?  
 2 A Does it educate our customers, yes.  
 3 Q Okay. So your Sawgrass customers come out  
 4 and get public tours on a regular basis?  
 5 A Let me put it this way, they visit the  
 6 plant on a regular basis, and our policy is to give  
 7 them a tour whenever they come. We have not found it  
 8 necessary to organize such tours because they visit on  
 9 such a regular basis.  
 10 Q Then and Page 13 of your testimony, you  
 11 talk about how your new Plan of Service will promote  
 12 community pride in the utilities efforts.  
 13 Has there been a lot of community pride in  
 14 the Intercoastal facility from the Sawgrass Home  
 15 Owner's Association?  
 16 A There is now with the completed wastewater  
 17 treatment facility. A number of the customers that  
 18 have come by there have commented very positively on  
 19 those facilities.  
 20 Q And isn't it true that you have had a  
 21 continuing battle with the home owner's association  
 22 over the last four or five years regarding odor  
 23 problems at that facility?  
 24 A I don't know that there is a continuing  
 25 battle over odors because there are no significant odor

1 complaints being registered against that plant now.  
2 And, in fact, we have gotten a couple of communications  
3 from FDEP that their odor complaints have dwindled to  
4 almost zero.

5 Q Okay. And the question --

6 A They, themselves, have come by there with  
7 their plant inspectors and verified to us that they do  
8 not consider that to be an odor problem anymore.

9 Q And the question -- anymore is what you  
10 say; the question was related to the period in the last  
11 four to five years. Has that plant been a source --

12 A Yes.

13 Q -- of significant complaints from the  
14 local community?

15 A Yes, it has.

16 Q On Page 15, you indicate that you believe  
17 that the sale of NUC to JEA is a real possibility.

18 What is the basis for your contention?

19 A I'm going to have to stop and ask a  
20 question of my attorney because the basis of my --

21 MR. WHARTON: What was the question,  
22 please?

23 MR. MENTON: His testimony on Page 15  
24 says, "Do you consider the sale of NUC to JEA a  
25 real possibility?" And then he goes on and

1 And then you go on and talk about how there is a no  
2 assurance that the present cost of JEA's wholesale  
3 service can be maintained.

4 What is your understanding as to how  
5 Nocatee will be paid for wholesale services from JEA?

6 A Well, it's my understanding that they're  
7 not actually purchasing service wholesale, per say,  
8 that JEA will essentially be providing service directly  
9 to the customers through NUC lines, and NUC would be  
10 paying JEA a percentage of their revenues or, pardon  
11 me, because JEA is going to handle all of the money and  
12 all of the billings and all of the servicing and  
13 everything else, they would be retaining a certain  
14 percentage.

15 Q Now, I understand that at the time you  
16 filed your initial Intervener Testimony at that time  
17 the details of the agreement between JEA and DDI and  
18 Nocatee or NUC were not fully known at that period.

19 Your prefiled testimony, prefiled  
20 Intervener Testimony raised a number of concerns  
21 regarding the possible fluctuation in the rates that  
22 would be charged to NUC from JEA.

23 In view of the agreement that now has been  
24 reached between JEA and NUC, do you still have those  
25 concerns?

1 answers that essentially he does.

2 He says, "The documents I have reviewed  
3 raised such a sale from a level of possibility  
4 to one of high probability, at least with  
5 respect to the intent of the Nocatee  
6 Development."

7 THE WITNESS: And, of course, what I base  
8 that on is confidential documents and I'm not  
9 really sure how I can discuss those.

10 MR. WHARTON: Steve, I'm going to  
11 instruct him not to answer at this point based  
12 on the fact that the information that he based  
13 that on at that time -- was this the first round  
14 of his testimony?

15 MR. MENTON: Yes.

16 MR. WHARTON: -- were documents that have  
17 not been exchanged in this proceeding or  
18 otherwise come to light.

19 MR. MENTON: Let's go off the record.  
20 (Brief discussion off the record.)

21 BY MR. MENTON:

22 Q On Page 17 of your testimony, you include  
23 in your discussion about the possibility of renewing a  
24 contract with JEA for the purpose of evaluating  
25 wholesale services if your application is approved.

1 A I believe I would continue to have those  
2 concerns because eventually JEA is going to have to  
3 either raise its retail rates or take a bigger bite of  
4 the Nocatee revenues at some point in time in the  
5 future. So no matter how you slice the cake, Nocatee  
6 Utilities costs are going to rise at some point in  
7 future in my opinion.

8 Q In your opinion, having reviewed the  
9 agreement, how would NUC's rates raise? How would the  
10 increase of NUC's rates come about?

11 A Through additional costs in JEA's  
12 provisional services to Nocatee. In other words, NUC's  
13 rates will be affected by its costs and its costs are  
14 controlled by JEA.

15 Q Does the agreement allow for JEA to pass  
16 on those additional costs, or any additional costs  
17 associated with providing service, to this area to NUC?

18 A If I remember correctly, JEA normally  
19 guarantees the cost of its service for, what is it,  
20 three years, if I remember correctly. I would have to  
21 go back and review the agreement and exactly what it  
22 says in that particular area, but my impression was  
23 that Nocatee Utilities costs were effectively only  
24 guaranteed for approximately three years.

25 Q Okay. At this point in time, as we sit

1 here now less than a month away from the hearing, you  
2 have seen the agreement between JEA and NUC and the  
3 concerns that you have regarding the potential rate  
4 increases for NUC customers are based upon the fact  
5 that your understanding is that JEA had only agreed to  
6 hold its rates firm for three years?

7 A I think I tried to point out that NUC's  
8 rates are affected by JEA's costs as they are passed  
9 along to NUC. That is not to say that NUC doesn't have  
10 other costs that will affect its own rates.

11 Q Okay. I just want to focus on that  
12 portion of NUC rates that are based upon service from  
13 JEA. Your initial testimony raised a number of issues  
14 regarding concerns that you have about how JEA might be  
15 able to increase its costs and that would be passed  
16 along to NUC customers. And what I'm trying to  
17 understand is how in view of the agreement that now has  
18 been reached whether or not you still have those  
19 concerns and if so why?

20 A Well, I still have those same concerns for  
21 all of the reasons that any other utility would have  
22 concerns. Let me put Intercoastal in the shoes of NUC.  
23 It's entirely possible that, at some point in time, in  
24 fact, it's almost assured that at some point in time,  
25 JEA is going to have to invest considerably in capital

1 A Are you talking about in terms of water?

2 Q Water or wastewater.

3 A Well, I know that they're going to have to  
4 expand the Mandarin Wastewater Plant if all of that  
5 waste continues to go to Mandarin. I also know that  
6 they're going to have to spend, according to the  
7 District Water Supply Plan, approximately forty million  
8 dollars in order to be able to bring this new line from  
9 either the north or the west in order to be able to  
10 bring all of that water into St. John's County. Even  
11 for JEA, those are fairly sizable investments, and I'm  
12 sure they're going to impact, somehow, their rates. I  
13 doubt very seriously that JEA can continue to absorb  
14 all of that capital in addition to all of the  
15 infrastructure expenditures that it's making now.

16 Q Do you know if those capital outlays,  
17 including the interconnection and the improvements to  
18 the Mandarin plant have been planned to be incurred by  
19 JEA irrespective of whether or not this territory is  
20 certificated to Nocatee?

21 A I do not know that.

22 Q Is it your understanding that JEA, under  
23 its agreement with NUC, will be charging a -- will have  
24 the flexibility to charge rates for Nocatee differently  
25 than it charges its customers in Duval County?

1 improvement both at the Mandarin Wastewater Plant and  
2 its other water production facilities, particularly in  
3 terms of this very large main that they're talking  
4 about running from the north side or from the west  
5 side. And typically, those capital investments have  
6 some upward or exert some upward pressure on rates.

7 Q Have you --

8 A And as you buy new facilities, those new  
9 facilities also increase your operations costs, so all  
10 of those factors combined make me feel that JEA will  
11 have to increase its rates.

12 Q Have you ever done an analysis of JEA's  
13 capital budget?

14 A No, I have not.

15 Q Do you know whether or not the  
16 improvements to the Mandarin plant have already been  
17 factored into JEA's capital budget?

18 A No, I have seen no indication of that.

19 Q Do you know whether or not the  
20 interconnection between the north and south bridge had  
21 already been planned and in JEA's capital budget?

22 A No, I haven't seen any indication of that.

23 Q Do you know what additional facilities JEA  
24 will need to construct in order to provide service to  
25 the northern St. Johns area?

1 Would you like me to rephrase that one?

2 A That sounds like one of my answers. Yes,  
3 let's try rephrasing that.

4 Q Well, under the agreement between JEA and  
5 NUC, does JEA have the ability to charge or increase  
6 rates for NUC without also changing rates to all of its  
7 customers in Duval County?

8 A I have not tried to evaluate that in my  
9 reading of the agreement.

10 Q We spoke a minute ago about the Mandarin  
11 plant. Do you know whether or not the JEA Mandarin  
12 plant was actually designed with expansion in mind?

13 A It is my understanding that it was  
14 designed with expansion in mind.

15 Q And in your experience in the utility  
16 business, does the expansion of an existing plant that  
17 has been designed specifically to be enlarged, is that  
18 less expensive than building a new plant?

19 A If we're talking about a theoretical  
20 situation, the answer would be yes. But, of course,  
21 simply saying that a plant has been designed for future  
22 expansion doesn't necessarily get into the engineering  
23 aspects of the design itself. It may mean that there  
24 is just simply land there for that purpose. But,  
25 typically, I think the answer to your question is yes,

1 most of the time it's much easier and much more  
2 economical to expand the plant than it is to go out and  
3 build a whole new one. That is precisely why we did  
4 that with the Sawgrass plant.

5 Q Okay.

6 A And, in fact, that was particularly  
7 economical to do it that way.

8 Q On Page 20 of your Intervener Testimony,  
9 you state here that from a utility standpoint Nocatee  
10 would become a Duval County plant.

11 Do you know whether or not JEA actually  
12 serves customers retail in St. Johns County at this  
13 point in time?

14 A To the best of my knowledge, they serve  
15 the Julington Creek area.

16 Q So JEA already has retail customers in St.  
17 Johns County?

18 A Yes.

19 Q Do you know what JEA's policy is with  
20 respect to contributing facilities?

21 A To the best of my knowledge, JEA has not  
22 changed its policy with respect to contributing  
23 facilities. I still expect that JEA, like most other  
24 utilities, requires developers to contribute the  
25 facilities that they construct for service to their own

1 acreage that was in excess during the St. Johns County  
2 Water and Sewer Authority proceeding?

3 A No. I think there has been some  
4 amendments to the area. If I remember correctly, when  
5 we applied to the St. Johns County Water and Sewer  
6 Authority we had included a southern part of the area.  
7 And I'm not really sure what that acreage was, but it  
8 covered, I think, part of the Marshall Creek  
9 Development, and then we amended that out.

10 I guess my best guess at this moment is  
11 that it would be the difference between 23,000 acres  
12 and the 15,000 that the Nocatee Development takes up,  
13 so it's in the range of about seven to eight thousand  
14 acres.

15 Q The question I was trying to get to was:  
16 With respect to the property that is owned by DDI, not  
17 Marshall Creek or some of those other areas, but  
18 specifically related to the property owned by DDI, in  
19 the proceeding or the application that you filed with  
20 the St. Johns County Water and Sewer Authority, you've  
21 included significant areas that were owned by DDI that  
22 were not part of the Nocatee DRI; correct?

23 A Well, that's sort of an after the fact  
24 evaluation because at the time we made that  
25 application, as far as we were concerned, Nocatee

1 development.

2 Q Is it your understanding that the  
3 agreement that JEA has entered into with NUC is  
4 different than what JEA's normal policy is with respect  
5 to contributing facilities?

6 A Sure sounds different.

7 Q Okay. And how is it different in your  
8 opinion?

9 A Well, it's different to the extent that  
10 those facilities are not being constructed by the  
11 developer and contributed to JEA for service to the  
12 retail customers.

13 Q What facilities?

14 A Water distribution, sewage collection,  
15 sewage pumping stations, all of the associated  
16 pertinencies that go along with it.

17 Q How much territory is in your application  
18 that is owned by DDI that is not part of Nocatee, do  
19 you know?

20 A In terms of acres?

21 Q Yes.

22 A I'm not really sure I know the answer to  
23 that question. I would have to get PBS&J to calculate  
24 the number of acres for me.

25 Q Would it be the same as the amount of

1 didn't exist. But you might draw that conclusion, you  
2 know, in a sort of ipso facto fashion.

3 Q In the application that you have filed --

4 A I'm willing to admit, Mr. Menton, that  
5 there is a piece up there in northern St. Johns County  
6 that is not part of the Nocatee Development that we do  
7 have in our certificate application.

8 Q Right.

9 A Does that help?

10 Q That helps; we're getting there.

11 And with respect to the application that  
12 you have filed in this docket, in terms of the land  
13 that is owned by DDI, you have requested the same area  
14 that you requested in your application with the St.  
15 Johns County Water and Sewer Authority, correct, in St.  
16 Johns County?

17 A To the best of my knowledge, I think the  
18 answer is yes, understanding that amendment that was  
19 made to the St. Johns County application, and also  
20 understanding that there was some changes in the Phase  
21 I portion of Nocatee, which, if I remember correctly,  
22 primarily affected Duval County.

23 Q Okay. I'm on the last part of my  
24 testimony here.

25 A Your testimony?

1 Q My testimony.  
 2 A Oh, congratulations; I didn't know you  
 3 were submitting testimony.  
 4 Q I've been accused of that in the past on  
 5 more than one occasion. Last set of questions here.  
 6 And what I want to do is just go through a  
 7 couple of issues with you regarding the order that was  
 8 entered by the St. Johns County Water and Sewer  
 9 Authority with respect to the application that you  
 10 filed with them for additional areas including the St.  
 11 Johns County portion of the Nocatee DRI.  
 12 And, more specifically, this is the  
 13 preliminary order that was entered on August 4th, 1999  
 14 by the St. Johns County Water and Sewer Authority which  
 15 was subsequently confirmed in a final order by the St.  
 16 Johns County Board of County Commissioners on September  
 17 21st, 1999, and you're familiar with those procedures;  
 18 correct?  
 19 A Well, reasonably familiar. I didn't  
 20 memorize the order.  
 21 Q And you testified in those proceedings on  
 22 behalf of Intercoastal--  
 23 A Yes, I did.  
 24 Q -- in support of the application that you  
 25 had filed?

1 A Yes, I did.  
 2 Q Okay. And Mr. James testified on behalf  
 3 of Intercoastal in support of the application that  
 4 Intercoastal had filed?  
 5 A To the best of my knowledge, he did.  
 6 Q And Mr. Burton did as well?  
 7 A I'm sorry; I don't remember everybody who  
 8 testified and what they testified to.  
 9 Q Okay.  
 10 A I will be happy to stipulate to that.  
 11 Q Now, the findings of fact in this  
 12 preliminary order indicate that the current service  
 13 territory for Intercoastal Utilities encompasses  
 14 approximately 4,500 acres. And as I understand from  
 15 your testimony earlier today that remains the case;  
 16 correct?  
 17 A To the best of my knowledge, it does, yes.  
 18 Q Okay. And then --  
 19 A We haven't had any territorial amendments  
 20 since then.  
 21 Q And this preliminary order indicates that  
 22 Nocatee will have approximately 14,000 residential  
 23 units and several million square feet of commercial  
 24 properties. Is that still consistent with your  
 25 understanding of the current size of the proposed

1 Nocatee Development?  
 2 A It sounds approximately correct.  
 3 Q And it indicates that the Nocatee  
 4 subdivision is located in two counties, Duval and St.  
 5 Johns County, and consists of approximately 15 thousand  
 6 acres. Is that the size that you're familiar with for  
 7 the Nocatee DRI?  
 8 A That's what I've seen quoted several  
 9 times, yes.  
 10 Q And then, in Finding 16, it indicates that  
 11 Intercoastal's application for expansion of its water  
 12 and wastewater franchises includes substantially all of  
 13 the 25,000 acres owned by DDI in St. Johns County. And  
 14 so that same area that you requested before the St.  
 15 Johns County Water and Sewer Authority in St. Johns  
 16 County is included in your application in this docket;  
 17 right?  
 18 A Yes. I'm not sure I agree with the  
 19 25,000.  
 20 Q Do you have any basis for disputing that?  
 21 A I think I just quoted to you a few minutes  
 22 ago that the number I remembered was about 23,000.  
 23 Q Okay.  
 24 A But I'm not sure that 2,000 acres makes a  
 25 great deal of difference between friends.

1 Q And in its Finding No. 16, the St. Johns  
 2 County Water and Sewer Authority concluded that DDI's  
 3 representatives specifically requested Intercoastal not  
 4 to proceed with the application; do you recall that?  
 5 A I recall it saying in that, but I was not  
 6 the recipient of that and I do not remember that as a  
 7 true fact.  
 8 Q Okay. And then it talks about how DDI is  
 9 planning the 15,000 acres for Nocatee includes 12,800  
 10 acres in St. Johns County which relates to the 25,000  
 11 thousand acres in St. Johns County that you have  
 12 requested in your application with the authority, do  
 13 you recall that?  
 14 A I vaguely remember that.  
 15 Q Okay.  
 16 A I think that whole document has already  
 17 been submitted. Are we getting to some substantial  
 18 questions here?  
 19 Q Well, I am. I'm trying to figure out what  
 20 has changed from Intercoastal's perspective with  
 21 respect to the development, with respect to  
 22 Intercoastal itself, and with respect to the Plan of  
 23 Service between the time of the findings by the St.  
 24 Johns County Water and Sewer Authority and the  
 25 application that you submitted in this docket.

1 And let me ask you: First of all, we  
2 referenced the final order that was entered by the St.  
3 Johns County Commission. Do you know what the status  
4 of that final order is? Was there an appeal filed?

5 A I think there was an appeal filed on that  
6 final order. Was there not?

7 MR. WHARTON: If you know.

8 THE WITNESS: Right at the moment, I  
9 can't recall.

10 BY MR. MENTON:

11 Q Do you know whether or not there is any  
12 pending cases with respect to the application that you  
13 filed with the St. Johns County Water and Sewer  
14 Authority?

15 A I'm sorry; I simply don't recall.

16 Q In Finding No. 24, the St. Johns County  
17 Water and Sewer Authority found that your existing  
18 service area is entirely on the east side of the  
19 Intercoastal, and the proposed territory to be served  
20 is entirely on the west side of the waterway.

21 And that remains true with respect to your  
22 application with the PSC; correct?

23 A That's correct.

24 Q And then in Finding No. 25, in preparing a  
25 Plan of Service for the territory expansion area

1 Service proposed that we could serve the initial phase  
2 of Nocatee from the existing area.

3 Q So the original proposal --

4 A So what I'm trying to put across to you is  
5 that the original engineering Plan of Service did not  
6 address Nocatee at all because Nocatee was unknown to  
7 Intercoastal Utilities and, in fact, most of the world  
8 until after Intercoastal's application was filed.

9 The response to amend that Plan of Service  
10 was done in the midst of that proceeding in order to be  
11 able to show that Intercoastal was flexible enough in  
12 its planning to be able to provide service to the first  
13 phase of Nocatee. Basically, Intercoastal's Plan of  
14 Service hasn't really changed. We said in that  
15 application, and even in the amendment in that Plan of  
16 Service, that Intercoastal was going to have to site  
17 plants on the west side of the Intracoastal Waterway.  
18 That part of our Plan of Service has changed.

19 Q But the details of your Plan of Service  
20 went through several iterations during the course of  
21 the proceedings before the St. Johns County Water and  
22 Sewer Authority; correct?

23 A They went through several iterations  
24 simply because Nocatee showed up as a brand new  
25 surprise to everyone and we were attempting to show

1 Intercoastal was not responding to any requests for  
2 service and did not obtain any information regarding  
3 the needs of the owners of the specific properties or  
4 developments in the area.

5 And that remains true with respect to the  
6 application to the PSC?

7 A That's not entirely true. We were  
8 responding to a request from Gate Service Company or  
9 Gate Petroleum, pardon me.

10 Q But you were not responding to a request  
11 for service from the developer of the DRI, the Nocatee  
12 DRI; correct?

13 A No. We had no idea that Nocatee even  
14 existed until after the application was filed.

15 Q So you didn't know that there was a need  
16 for service at the time you filed the application?

17 A No. I said that was no identification of  
18 the Nocatee Development until after we had filed. That  
19 was a significant difference.

20 Q Now, the Plan of Service that you filed in  
21 the St. Johns County Water and Sewer Authority  
22 proceeding proposed to provide service to the Nocatee  
23 Development by crossing the Intracoastal Waterway; is  
24 that correct?

25 A An amendment to the original Plan of

1 that we could modify the plan in order to be able to  
2 provide adequate fire service, which was another issue  
3 that JEA brought up, saying that a 10-inch main doesn't  
4 provide fire service, which is balderdash, and we were  
5 saying, okay, we'll up that size main to a 12-inch main  
6 and we'll provide the same fire service that you will.  
7 And we made several modifications also in response to  
8 something that someone else brought up.

9 Q The Conceptual Plan that you submitted in  
10 this docket is significantly different from the plans  
11 that you were presenting before the St. Johns County  
12 Water and Sewer Authority?

13 A Because this particular plan contemplates  
14 service to Nocatee.

15 Q Okay. And it contemplates service to  
16 Nocatee with on-site facilities, which are not  
17 consistent with the Development Order?

18 A Which are the same on-site facilities that  
19 we had been planning all along, and which I still  
20 believe can be installed for service to Nocatee and the  
21 development area around it.

22 Q So the basic Conceptual Plan that you  
23 submitted in this case is the same as the plan you  
24 submitted before the St. Johns County Water and Sewer  
25 Authority?

1 A No, I didn't say that. I said, very  
2 clearly, that the plan of service that we submitted  
3 with our application in the St. Johns County case had  
4 no knowledge and did not intend to provide service to  
5 Nocatee. Nocatee was announced thereafter, and we  
6 attempted to modify that Plan of Service so that we  
7 could serve at least the first phase of Nocatee. And  
8 now this Conceptual Plan that has been made up by PBS&J  
9 for Intercoastal Utilities contemplates serving Nocatee  
10 through each and all of its five phases. I hope that  
11 makes it real crystal clear.

12 Q The St. Johns County Water and Sewer  
13 Authority order made a number of findings with respect  
14 to JEA and its capacity and ability to provide service  
15 to the area that you had requested.

16 Do you recall that?

17 A Yes. I was really surprised by that  
18 because JEA was not an applicant.

19 Q And --

20 A They were there for the purpose of  
21 evaluating Intercoastal Utilities, but they instead  
22 evaluated everybody else but Intercoastal.

23 Q Was there testimony that was presented to  
24 the St. Johns County Water and Sewer Authority with  
25 respect to the ability of JEA to provide service to the

1 requested territory.

2 In Finding 46, the Authority included  
3 taking into account this commitment and the limited  
4 size of Intercoastal's wastewater facility, even  
5 including the full amount of the current expansion, and  
6 it does not appear that there will be sufficient  
7 capacity to enable Intercoastal to meet the reuse needs  
8 of Nocatee.

9 Are you aware of any changes or  
10 differences in your Plan of Service that would enable  
11 you to meet the reuse needs of Nocatee at this time?

12 A The Conceptual Master Plan of Service that  
13 we have provided in this particular case, I think,  
14 clearly outlines how we intend to meet the reuse needs  
15 of Nocatee. And, in fact, I think we discussed that  
16 previously, that we intend to bring that reuse water  
17 over from the excess reuse water over from the east  
18 side to the western area. And if necessary, and that's  
19 a big if now, we may end up having to temporarily use a  
20 lower quality of groundwater to be able to supplement  
21 that for about the first three years. I think all of  
22 that is layed out very clearly in our Conceptual Master  
23 Plan. You might want to discuss that a little more  
24 thoroughly with Mr. Miller, Jim Miller.

25 Q We talked a little bit a minute ago about

1 area that Intercoastal had requested?

2 A Oh, yes.

3 Q And the Water and Sewer Authority made  
4 specific findings of fact with respect to JEA's ability  
5 in that regard?

6 A Yes. I was really amazed at that because  
7 JEA really brought forth no specific plans, per say,  
8 for the service of the entire area. And now, of  
9 course, that's what Intercoastal has done.

10 Q And are you saying then that there was no  
11 factual basis for the findings that were made by the  
12 St. Johns County Water and Sewer Authority?

13 A I'm saying basically that the findings  
14 that the Water and Sewer Authority did were convenient  
15 to the purposes of NUC, JEA and the County, who was a  
16 competitor and still is a competitor, and all of the  
17 competitors to Intercoastal Utilities without them  
18 having to file an application.

19 Intercoastal Utilities was subject to a  
20 good deal more examination than any of its competitors  
21 were, including the county, who found against us.

22 Q Okay. In the St. Johns County Water and  
23 Sewer Authority order on Page 14, Findings 46 and 47,  
24 the authority made specific findings of fact regarding  
25 the operating capacity of Intercoastal to serve the

1 JEA's contribution policy with respect to mine, and you  
2 talked about that in your testimony, as well.

3 Isn't it true that if JEA -- I mean if  
4 Intercoastal obtains a certificate in this case that it  
5 will require that the developer contribute significant  
6 assets which will ultimately become part of  
7 Intercoastal that will be put up for sale?

8 A I'm going to answer that no, but I'm going  
9 to have to explain my answer because it's my  
10 understanding that if Intercoastal gains this  
11 certificate that Intercoastal will not be for sale.

12 Q And is that based upon your discussions  
13 with the shareholders of Intercoastal?

14 A It's based on my discussions -- actually,  
15 a direction that I received from Mr. James, I think  
16 because I asked somewhat the same question.

17 Q Now, isn't it true that Intercoastal has  
18 been involved in discussions on a fairly ongoing basis  
19 over the course of the last several years regarding the  
20 sale of these systems to JEA, to St. Johns County, to  
21 other potential buyers as well?

22 A I think you would have to talk to Mr.  
23 James as to what negotiations have taken place. But  
24 from my limited understanding of what has been going  
25 on, yes, over the past three years JEA has been looking



1 at the system. I think Intercoastal has been courted  
2 by at least two other private utilities and St. Johns  
3 County. Seems like everybody wants to get their hands  
4 on Intercoastal Utilities.

5 Q Uh-huh. And in fact, you were involved in  
6 or Intercoastal was involved in discussions with JEA at  
7 one point regarding a potential purchase by JEA of  
8 Intercoastal?

9 A Well, that is my understanding. I haven't  
10 been part of those negotiations. Mr. James takes care  
11 of that.

12 Q Do you know why those discussions were  
13 halted?

14 A It was my understanding that, at least at  
15 one point, JEA sort of deferred from any further  
16 discussions because St. Johns County wanted to buy us.

17 Q Did JEA make a firm offer or set a price  
18 as to what it was willing to pay for Intercoastal  
19 Utilities?

20 A I'm not aware of whether it did or not.  
21 I'm not privy to that information.

22 Q In Conclusion of Law No. 10 in the St.  
23 Johns County preliminary order, the Authority found as  
24 follows: "Intercoastal contends that unless its  
25 certificate expansion application is approved it will

1 Q And would Mr. Burton be the only person  
2 that could respond to those issues that you know of?

3 A I'm not really certain what it is you're  
4 asking to be responded to.

5 Q Well, I'm just trying to figure out if  
6 there is any additional testimony that Intercoastal is  
7 going to present in this proceeding to address that  
8 concern that was noted by the St. Johns County Water  
9 and Sewer Authority.

10 A If I understand what you're saying  
11 correctly, my answer is still the same. Mr. Burton's  
12 financial analysis and projections include not only the  
13 new service area but the rate impact that would result  
14 to all of Intercoastal's customers existing in its  
15 currently certificated area, as well as the one that  
16 he's supplied to this commission.

17 Q And that's the only -- what I'm trying to  
18 figure out is: Is that the only information that you  
19 know of that would address that economies of scale  
20 issue?

21 MR. WHARTON: Well, first of all that's a  
22 total mischaracterization of that. It talks  
23 about economies scale, and then it goes on to  
24 say but since you didn't give us this, these  
25 costs, but you keep saying the problem that they

1 not have the opportunity to continue to expand and to  
2 take advantages of the economies of scale typically  
3 associated with a larger utility system. We give  
4 little weight to this factor in making our public  
5 interest determination given the absence of any  
6 credible projections of the cost of providing service  
7 to the expansion territory or the impact that such  
8 service will have on the rates paid by existing  
9 customers of Intercoastal."

10 In connection with the application you  
11 have filed in this docket, have you developed any  
12 further information that would respond to the critique  
13 that the authority had with respect to your economies  
14 of scale argument?

15 A It's my understanding that Mr. Burton's  
16 financial analysis provides that type of information.  
17 And, in fact, that is why I discussed with Mr.  
18 Burton -- one of the reasons why I discussed with Mr.  
19 Burton the construction of this model.

20 Q Okay. So you would defer, then, to Mr.  
21 Burton on those issues?

22 A I would defer to the information that Mr.  
23 Burton has produced.

24 Q Do you have any knowledge --

25 A But that was the intent of that model.

1 have with the economies of scale. I just think  
2 it's -- I mean, you're reading parts of this  
3 order and our testimony is filed and it speaks  
4 for itself.

5 MR. MENTON: Okay. Well, I'm trying to  
6 see if he -- if there is any other issues that  
7 you know of regarding -- or any other testimony  
8 that is going to be presented regarding the  
9 economies of scale other than Mr. Burton?

10 THE WITNESS: To the best of my knowledge,  
11 Mr. Burton's testimony so far is the only one  
12 which discusses the effects of the economies of  
13 scale.

14 BY MR. MENTON:

15 Q And you haven't done any independent  
16 analysis of those issues?

17 A I have not done a parallel analysis to Mr.  
18 Burton's financial projections, if that's responsive to  
19 your question.

20 MR. MENTON: I don't have any further  
21 questions.

22 (Brief break.)

23 CROSS-EXAMINATION

24 BY MR. KORN:

25 Q Mr. Forrester, as you know, I'm Michael

1 Korn and I represent the Sawgrass Association. I have  
2 a couple of questions for you, and I'll try to be as  
3 brief as I can.

4 A Yes, sir.

5 Q You indicated that the number of odor  
6 complaints stemming from the current wastewater  
7 treatment facility adjacent to Sawgrass has reduced  
8 substantially. That would be your testimony; correct?

9 A Yes, both the number of complaints that  
10 Intercoastal has received and the times that I have  
11 called back to the FDEP they have also indicated that  
12 the number of complaints has considerably reduced, in  
13 fact, it was virtually nil.

14 Q Does Intercoastal Utilities maintain an  
15 odor log which would memorialize when complaints are  
16 made to the Intercoastal Utilities offices about odor?

17 A I don't think we have maintained  
18 specifically an odor log, per say.

19 Q Has Intercoastal Utilities maintained any  
20 written records that would indicate when they had  
21 received calls, whether by phone or any other method,  
22 complaining about odor at its existing wastewater  
23 plant?

24 A I think probably if we have maintained any  
25 records of that type it would be in the operating log

1 to complaints that FDEP has received concerning odor at  
2 that plant?

3 A No, not to the best of my knowledge.  
4 We've simply relied on telephone calls to FDEP to keep  
5 us apprised of any odor complaints that have been  
6 coming in on a regular basis.

7 Q Now, you earlier testified about the plan  
8 of providing reuse recleaned water for irrigation  
9 purposes on the west side of the Intracoastal Waterway.

10 A Yes, sir.

11 Q And you indicated in your prior testimony  
12 that excess reuse generated from the existing plant  
13 would be used, in part, to fulfill any reuse needs, if  
14 you were to receive the certificated area from the PSC;  
15 is that correct?

16 A Yes.

17 Q Do you have an estimate as to how much  
18 excess reuse would be available, at any particular  
19 point in time, that would be eligible for being sent to  
20 the western part of the certificated area should  
21 Intercoastal receive it?

22 A The only way I think I could quantify that  
23 would be by the permit parameters. And the permit  
24 parameters allow us to discharge up to 1.2 million  
25 gallons to the Intracoastal Waterway.

1 of the wastewater plant.

2 Q And you are responsible, in part, for the  
3 maintenance of that log?

4 A No. That log is maintained by the  
5 operators on site at the plant.

6 Q Who is the main operator on site at the  
7 plant at the present time?

8 A I'm sorry; we've got some new operators,  
9 and I'm not familiar with all of their names.

10 Q Do your best.

11 A The operations manager is Mr. Hughey  
12 James, or H. V. James. He's no relation to H. R.  
13 James.

14 Q And my recollection of Mr. Hughey James is  
15 that he has been affiliated with JUM for some period of  
16 time. Would that be a correct statement? More than  
17 three years?

18 A Absolutely.

19 Q Okay. Does Intercoastal Utilities have  
20 access to any written records maintained by FDEP  
21 concerning odor complaints concerning the Sawgrass  
22 Wastewater Plant?

23 A Do we currently have access to those  
24 records?

25 Q Does FDEP provide you information relating

1 Now, realistically, you understand that  
2 Sawgrass Country Club is allowed to withdraw as much of  
3 that reclaimed water as it needs at any given time.  
4 And, in fact, if it doesn't withdraw the water, the  
5 water rises to a point where automatic controls kick in  
6 and simply take that water to the Intracoastal  
7 Waterway, so that's that sort of a permit criteria, or  
8 it is a criteria that was written into the permit to  
9 simply reflect that there should be a limit to what  
10 goes to the Intracoastal Waterway. It doesn't, in any  
11 way, limit how much Sawgrass Country Club can take out  
12 of it.

13 Q The actual mechanism by which the water  
14 that is reclaimed finds its way either to the  
15 irrigation purposes of the club or ultimately to the  
16 waterway, would be a discharge from the plant into an  
17 adjacent body which has been referred to as the green  
18 pond or the green lake; is that correct?

19 A That's the way it finds its way to the  
20 Sawgrass County Club.

21 Q Right.

22 A That reuse.

23 Q Now --

24 A It is not the way that it finds its way to  
25 the Intracoastal Waterway.

1 Q That was going to be my next question.  
2 The water is initially deposited from the plant after  
3 it has been processed to appropriate grade, placed into  
4 the green pond; correct?

5 A On a typical basis, yes.

6 Q And then the Sawgrass Country Club would  
7 withdraw whatever it needed for irrigation purposes  
8 from that green pond, and the balance would be shipped  
9 by pipe to the Intracoastal Waterway; correct?

10 A Yes. The way that it actually works is  
11 the normal flow is into that pond from the plant. At  
12 the point that that pond reaches the preset or  
13 predetermined point, then a valve closes, it no longer  
14 goes into that pond, pumps are then actuated and it  
15 goes directly from the plant to the Intracoastal  
16 Waterway.

17 Q So that process would not require any  
18 human involvement. It would work automatically  
19 depending on the level of the water in the green pond?

20 A It does work automatically. That's why  
21 there is two pumps in that configuration because but it  
22 only takes one to do it and the second pump is there  
23 for redundancy purposes.

24 Q You have personally observed the green  
25 pond, have you not, personally looked at it and you've

1 cause of any of the algae or other reuse water at the  
2 pond is green?

3 A That's correct because, basically, that  
4 algal growth results from nutrients and this is a  
5 nutrient removal process. And, quite frankly, it has  
6 been relatively low in nutrients since we went to a  
7 high level disinfection treatment at the plant.

8 Q When did that occur?

9 A I would say in the early 90s. But, of  
10 course, you understand that the recent upgrading to the  
11 plant was specifically to lower the nutrient levels to  
12 the degree that was necessary for discharge to the  
13 Intracoastal Waterway.

14 Q Now, prior to the change in your disposal  
15 method of the excess effluent, the water that would be  
16 discharged from the green lake would go where? In  
17 other words, the water that was not used for irrigation  
18 purposes, what would happen to that water before the  
19 pipe was connecting the green lake to the Intracoastal  
20 Waterway?

21 A It is my understanding that there was an  
22 opening in the berm. I would like to call it a slew  
23 escape, but I think that is probably overstating it.  
24 But, apparently, there was an opening in the berm of  
25 that lake which is owned either by Sawgrass Country

1 visited the area?

2 A Yes.

3 Q Is it a fair statement that the pond is,  
4 in fact, green in color?

5 A Oh, yes. It's continually green because  
6 of the algae that grows in it from all of the  
7 fertilizers that are spread around that pond and from  
8 the discharge from the Sawgrass Maintenance Facility  
9 that goes into that pond. The water that we put into  
10 the pond is crystal clear. And, in fact, meets all of  
11 the reuse standards. The green lake is green because  
12 Sawgrass makes it green not because the Sawgrass  
13 Wastewater Plant makes it green.

14 Q And is it your testimony that the same  
15 level of quality of discharge has been in place prior  
16 to the sequential batch reactor change that the plant  
17 went through recently?

18 A Are we putting out -- are you asking me if  
19 we're putting out the same quality of effluent as we  
20 did previously?

21 Q Yes, that was my question.

22 A The answer is no, it's better.

23 Q And it is your testimony that, at least as  
24 we sit here today, the effluent that is being  
25 discharged after treatment from the plant is not the

1 Club and/or the Master's Association which allowed that  
2 water to escape into the stormwater lakes of the  
3 Sawgrass Development.

4 And that, in fact, was the impetus for  
5 the direction of the FDEP to provide for a discharge  
6 path to the Intracoastal Waterway.

7 Q Is it the position of Intercoastal  
8 Utilities that FDEP, when it required the change in the  
9 plant to accomplish what you have just described, also  
10 required an expansion of the plant to its current 1.5  
11 million gallon tank capacity?

12 A No. The expansion of the plant was a  
13 by-product of the upgrading of the plant.

14 Q You may have been asked this before, but I  
15 just want to confirm it. You are not a shareholder of  
16 Intercoastal Utilities; is that correct?

17 A No, I am not.

18 Q And you are not a director?

19 A I am not a corporate officer or a director  
20 of Intercoastal Utilities.

21 Q Are you familiar with any discussions that  
22 have been ongoing, say within the last two years,  
23 between Intercoastal Utilities and Sawgrass Country  
24 Club for acquisition of wells within the country club  
25 property?

1 A As far as I know, the acquisition only  
2 included one well.  
3 Q Were you involved -- I'm sorry; go ahead.  
4 A But I am aware that that was ongoing.  
5 Q Who is the person at Intercoastal  
6 Utilities who has been responsible for that negotiation  
7 with the country club regarding the wells?  
8 A To the best of my knowledge, it would  
9 either be Mr. H. R. James or his son K. M. James, Kelly  
10 Mike.  
11 Q K. M.?  
12 A Yes, K. M.  
13 Q Does he go by something other than K. M.,  
14 or is K. M. good enough?  
15 A Most people call him Mike or Kelly Mike.  
16 Q Thank you.  
17 Are you aware of the current status of the  
18 discussions with Sawgrass Country Club concerning the  
19 well in question?  
20 A It was my understanding that that  
21 acquisition of the well was supposed to have been  
22 closed by now.  
23 Q Now, you mentioned that Intercoastal  
24 Utilities has been involved in discussions with the  
25 Plantation Development to provide reuse as a back-up

1 was required as a result of that?  
2 A I think that's a reasonable conclusion.  
3 Q And how far is the Plantation from  
4 Sawgrass?  
5 A From the Sawgrass Wastewater Plant?  
6 Q Well, let's say, yes, from the plant to  
7 the Plantation. Can you give me an estimate as to how  
8 far that is in feet or miles?  
9 A I'm sorry; I really -- as I sit here  
10 today, I could not estimate that with any confidence.  
11 Q Would it be fair to assume that if the  
12 climate condition was such at the Plantation that it  
13 required them to replenish their lake system that the  
14 Sawgrass Country Club might also be required additional  
15 supplies of reuse water for their irrigation needs?  
16 A I think that's a reasonable assumption.  
17 Q And that would, of course, also affect the  
18 amount of eligible reuse that might be available for  
19 other potential users; correct?  
20 A Well, for any other potential user. I  
21 think I explained that the Sawgrass Country Club can  
22 take as much as it possibly can out of that water and  
23 then, of course, whatever is left is what's available  
24 to anyone else.  
25 Q I think this question has probably been

1 supply?  
2 A Yes.  
3 Q When you say a back-up supply, that at  
4 least infers a situation where the Plantation would not  
5 have adequate source of supply within their own lake  
6 system to be able to supply their irrigation needs for  
7 their course; would that be a fair statement?  
8 A It might be more fair to simply say that  
9 the reclaimed water would be used to replenish that  
10 lake or that lake system to prevent an excessive draw  
11 down of the lakes.  
12 Q What are some of the --  
13 A That would be --  
14 Q I'm sorry.  
15 A That would be the back-up supply to it.  
16 Q What are some of the reasons, in your  
17 opinion, that would cause a draw down of the lakes  
18 at the Plantation that would require the replenishment  
19 as a back-up as you describe it?  
20 A Well, a significant increase in the  
21 irrigation water use.  
22 Q Okay. If we assume that the same amount  
23 of territory was being irrigated, would that also  
24 suggest that perhaps the weather was dry and therefore  
25 there was a lack of rain, and therefore the draw down

1 asked, and I know you have answered it a few times, but  
2 I just want to make sure it's clear.  
3 Under the existing Intercoastal Utilities  
4 Plan of Service, can you envision any scenario under  
5 which the proposed west side expansion would be served  
6 by wastewater capacity in any way from the current  
7 Sawgrass plant?  
8 A You mean taking the Nocatee closed or that  
9 area closed back over to the Sawgrass plant?  
10 Q That was the question, yes, sir.  
11 A No.  
12 Q The existing wastewater treatment facility  
13 adjacent to Sawgrass is permitted for 1.5 millions  
14 GPDs. Can you tell me, at least in estimated fashion,  
15 what the current utilization of the plant is today?  
16 A I really don't have those figures in front  
17 of me, but I think it's close to a million gallons.  
18 Q Would the exact amount be --  
19 A Now --  
20 Q -- found in the operating log?  
21 A It would be more appropriate to take that  
22 from the discharge monitoring reports. And you  
23 understand that those flows are reported in several  
24 different ways, as an annual average daily flow, as an  
25 average daily flow for the month and then as a

1 three-month average daily flow.

2 Q I did not want --

3 A So the answer that I'm trying to give you  
4 right at the moment, and when I say a million gallons  
5 per day I'm probably thinking more in terms of the  
6 currently monthly average daily flow that I can  
7 remember seeing on the discharge monitoring report, and  
8 the three months average daily total and annual average  
9 daily total would be proportionately less.

10 Q Okay.

11 A I would say it is no less than 50 percent  
12 utilized by whatever standards.

13 Q And like I said, I don't want to turn this  
14 into a memory contest, but the best evidence, of  
15 course, would be in those reports, would that be  
16 correct?

17 A Yes.

18 Q And would you have a problem in producing  
19 those reports to us after the deposition as a  
20 late-filed exhibit?

21 A Depending on the time that we have  
22 available, they are public records.

23 MR. WHARTON: Rather than as a  
24 late-filed, I mean can we just puts some  
25 parameters on them and we'll send them to you?

1 A No, sir. That's incorrect.

2 Q All right. Tell me what your testimony  
3 was.

4 A The reference to not being certified as  
5 yet was to the water treatment plant improvements.

6 Q All right. Thank you.

7 A The wastewater treatment plant  
8 improvements have long been certified.

9 Q Did those come on-line in approximately  
10 February of last year, February of 2000?

11 A No, sir, they were substantially on-line  
12 at the end of 1999.

13 Q I understand, but --

14 A We had approximately a period of 30 to  
15 60 -- well, actually, more like 60 to 90 days of  
16 start-up operation of the plant, in other words,  
17 getting the plant biologically attuned or tuned up in  
18 order to be able to reach its peak performance. And  
19 that took from roughly January 1st through possibly  
20 March 31st.

21 Q Do you recall whether Intercoastal  
22 Utilities had requested an extension from FDEP until  
23 approximately February 14 of 2000 in order to put the  
24 plant on-line and whether -- and what FDEP's response  
25 to that request was?

1 MR. KORN: If you'll send them to me,  
2 John, I'm sure we can --

3 MR. WHARTON: What do you want, in terms  
4 of parameters?

5 THE WITNESS: Now, understand what you're  
6 asking for, this discharge monitoring reports  
7 for each one are about an inch thick.

8 MR. KORN: I understand.

9 THE WITNESS: And you would have to have  
10 somebody to look at them and interpret them  
11 for you.

12 MR. WHARTON: Do you want this year's?

13 MR. KORN: We can go of the record to  
14 discuss that. After Mr. Forrester finishes maybe  
15 we can discuss that. We don't need to clutter  
16 up the record at this point.

17 I would think at minimum -- well, let me  
18 ask this question, and I think that may pin it  
19 down.

20 BY MR. KORN:

21 Q Mr. Forrester, you indicated in your prior  
22 testimony that you believe the plant has gone on-line  
23 with the new changes -- I'm talking about the  
24 wastewater treatment plant -- but that the final  
25 approval from FDEP has not yet been formally granted?

1 A To the best of my knowledge, they extended  
2 the period of time. And, of course, the reason we  
3 asked for that was because we were getting so much  
4 equipment in at the last minute in the latter part of  
5 1999 and that was -- this is, of course, my best  
6 recollection, but we went ahead and asked for that  
7 extension just to be sure that we didn't come in  
8 violation. But the plant was substantially complete at  
9 the end of 1999 and was being, as I said, operationally  
10 teamed up during the first three months of 2000.

11 Q You referenced Mr. David Porter, who will  
12 be Intercoastal's expert with respect to the used and  
13 useful portion of the analysis of the upcoming rate  
14 case.

15 A Yes.

16 Q Where is Mr. Porter's office located?

17 A Where is his office located?

18 Q Where is he based from?

19 A I haven't got his address with me, but as  
20 I understand it's in Clay County, somewhere around  
21 Orange Park, I think.

22 Q Has Intercoastal Utilities used Mr.  
23 Porter's services before?

24 A No.

25 Q Was he recommended by the current

1 engineers that you're working with?

2 A By our current engineers, no. I doubt  
3 that really seriously. No. I came to know Mr. Porter  
4 by other means, and we decided to talk to Mr. Porter  
5 about doing this work.

6 Q You were asked some questions earlier  
7 about the interrelationship between the Duval portion  
8 of the Nocatee Development and the St. Johns County  
9 portion.

10 As we sit here today, do you have any  
11 estimate as to the number of ERCs that would be within  
12 the Duval portion of the Nocatee DRI?

13 A Not right at the moment.

14 Q Same question as to the St. Johns County  
15 portion.

16 A Are you talking about as -- you mean to  
17 split the entire universe of ERCs between the St. Johns  
18 County portion and the Duval County portion?

19 Q Yes, sir, that was the purpose of the  
20 question. I'm trying to get an understanding as to  
21 your understanding of the difference between those two  
22 portions of the Nocatee DRI.

23 A I don't really believe that I can recall  
24 right at the moment how many of those ERCs are in the  
25 Duval County portion because I don't remember -- I

1 work for Jax Utilities Management in 1984, and I  
2 believe that they have certainly provided those  
3 services since 1984. Prior to that, I have no  
4 knowledge.

5 Q You were asked some questions about your  
6 understanding of the definition of a regional utility.  
7 And as I recall your response was that you would define  
8 it as serving a large area, not necessarily one that  
9 was key to a particular subdivision or one development.

10 A I was trying to explain the two ends of  
11 the spectrum.

12 Q Are you familiar with the customer base in  
13 1983 that was purchased which became Intercoastal  
14 Utilities?

15 That's a bad question. Let me try it  
16 again. You're familiar in 1983 with the fact that  
17 Intercoastal Utilities purchased the wastewater  
18 treatment facility adjacent to the Sawgrass  
19 Development; correct?

20 A Yes.

21 Q And there were a number of customers, both  
22 water and wastewater customers --

23 A Yes.

24 Q -- that were being served by that plant  
25 Are you aware in 1983 whether the plant

1 don't remember whether Phase I actually cuts off all in  
2 Duval County or not.

3 If I remember correctly, there are 2,193  
4 ERCs -- no, strike that, that's a different set of  
5 numbers. I'm sorry; I can't answer your question. I  
6 don't know.

7 Q Okay. That's fine.

8 You were asked some questions about Fruit  
9 Cove Utilities. Do you know approximately how many  
10 customers are served by Fruit Cove Utilities?

11 A If I remember correctly, I think there is  
12 something like 65 that are served wastewater and over  
13 150 ---

14 (Brief interruption and discussion off the  
15 record.)

16 BY MR. KORN:

17 Q I'm sorry; before the interruption I think  
18 you were telling me there were 65 wastewater customers  
19 in Fruit Cove, and I think you said 150 and then we got  
20 interrupted.

21 A Somewhere between 150 and 165 water  
22 customers in Fruit Cove.

23 Q How long has JUM provided management  
24 services for Fruit Cove?

25 A To the best of my knowledge, I came to

1 was serving any customers other than the customers in  
2 the adjacent Sawgrass Country Club community?

3 A In 1983, I doubt it.

4 Q Okay.

5 A The area has grown exponentially since  
6 then.

7 Q And to your knowledge -- I'm sorry; you  
8 said that you joined Intercoastal at what point?

9 A No, I said --

10 Q JUM; I'm sorry.

11 A -- Jax Utilities Management in 1984.

12 Q 1984, okay.

13 Are you aware of any discussion of any  
14 kind between 1984 and the present where Intercoastal  
15 Utilities sought to site and construct another  
16 wastewater treatment facility other than its current  
17 plant adjacent to Sawgrass?

18 A I'm not aware of us -- well, I take that  
19 back. I think that there was a wastewater plant  
20 installation that had been planned for what they call  
21 the Odom's Mill area, but I'm not really sure if -- I'm  
22 not really sure how far that got off the ground. I'm  
23 not aware of that being in operation at the time that I  
24 came to work for JUM.

25 Q Do you know when Odom's Mill was first

1 platted?

2 A No.

3 Q Do you know whether Odom's Mill was owned  
4 prior to its being platted by either Florida Title or  
5 Florida Land?

6 A I suspect that it was because it was my  
7 understanding that Florida Title had held that land for  
8 some 20 years before it began to develop it.

9 Q And for the record, the Odom's Mill  
10 Development is located adjacent to County Road 210 in  
11 St. Johns County?

12 A The Odom's Mill Development is, yes.

13 Q On the east side, within the current  
14 certificated area of Intercoastal?

15 A I'm not sure that the present area that is  
16 platted as Odom's Mill is necessarily the same that  
17 might have been referred to in relationship to that  
18 planned wastewater plant.

19 Q Were you personally involved in any of  
20 those discussions concerning this Odom's Mill  
21 situation?

22 A No.

23 Q Do you know who at either Intercoastal or  
24 JUM was?

25 A The only one that I could reasonably

1 dependent upon the rate of growth in the western area  
2 to the extent that it would call for the next increment  
3 of expansion.

4 Q You were asked some time ago about the  
5 proposed rate case deadline of May 1, 2001 that  
6 Intercoastal Utilities would be required to comply with  
7 if it didn't get an extension; correct?

8 A Yes.

9 Q Can you give us any idea as to when  
10 Intercoastal Utilities will know whether they are going  
11 to either comply with the May 1, 2001 deadline or seek  
12 an extension with respect to the rate case application?

13 A In all honesty, it's probably going to be  
14 the day before. We're going to be working very, very  
15 hard between now and then to try to complete the  
16 filing, and it's probably going to run very, very  
17 close.

18 MR. KORN: Thank you, Mr. Forrester.

19 MR. WHARTON: Samantha?

20 MS. CIBULA: We just have a couple of  
21 questions.

CROSS-EXAMINATION

22 BY MS. CIBULA:

23 Q Hi, Mr. Forrester, this is Samantha Cibula  
24 with the Public Service Commission. How are you today?  
25

1 assure you probably was Mr. H. R. James.

2 Q And Mr. James has been the President of  
3 Intercoastal for as long as you have been affiliated  
4 with JUM?

5 A Yes.

6 Q Same question as to his affiliation with  
7 JUM.

8 A Yes.

9 Q You mentioned that it was Intercoastal  
10 Utilities' goal to someday phase out the wastewater  
11 treatment facility adjacent to Sawgrass.

12 If the PSC were to grant your requested  
13 certificated area, do have any estimate as to when that  
14 might take place?

15 A No, I don't think I could give an estimate  
16 because, obviously, the wastewater plant would have to  
17 be sited and then, of course, constructed. I would  
18 imagine it would probably be its first expansion. My  
19 guess is within the first seven years.

20 Q What other variables, other than the  
21 siting and construction of the plant, would you  
22 consider to be important in determining when -- if and  
23 when the Sawgrass plant might be phased out if  
24 Intercoastal would receive the certificated area?

25 A I think it would be partly at least

1 A I'm fine. How are you?

2 Q Okay. First, just to clarify a response  
3 that I think you gave to one of Mr. Melson's questions,  
4 did I hear you say that Intercoastal is not planning to  
5 request a service availability charge to review?

6 A That was not part of our projections, if I  
7 remember correctly.

8 Q If that is not the case, why are there  
9 amounts projected for CIAC cash on the schedule for  
10 CIAC's reclaimed water found on NB-3, Page 138, Line 7  
11 or Mr. Burton's prefiled testimony?

12 A I can't really answer that unless it's a  
13 prorated portion of the \$620.25 that Intercoastal now  
14 charges. I really don't remember any discussion of  
15 that.

16 Q Okay. Is Intercoastal requesting a reuse  
17 rate in its application?

18 A I don't believe Intercoastal has actually  
19 asked for a reuse rate in its application. The  
20 contemplation was that we would probably have to come  
21 back to the commission assuming that our initial  
22 application was approved and establish a reuse rate.  
23 We do not have an existing reuse rate

24 MS. CIBULA: That is all the questions we  
25 have.

1 MR. MELSON: I just have two questions.

2 REDIRECT EXAMINATION

3 BY MR. MELSON:

4 Q With regard to Mr. Burton's model, does

5 Intercoastal Utilities or Jax Utilities Management have

6 any agreement with Mr. Burton about the use that he can

7 make of that model for other clients?

8 A To the best of my knowledge, he can use

9 that model as a basis for projection for any other

10 utility, but not in a proceeding where Intercoastal is

11 concerned.

12 Q All right. And I understand the primary

13 difference between the territories sought in the St.

14 Johns County certificate case and PSC is the Duval

15 County portion of the Nocatee DRI.

16 Does Intercoastal, at some point in the

17 future, contemplate seeking an extension to serve other

18 DDI owned lands in Duval County?

19 A I think it would probably be fair game to

20 say that if Intercoastal is granted this application

21 and the area which now includes the DDI lands north of

22 Nocatee that we have applied for, I suppose that there

23 may be some time in the future that we would probably

24 ask for additional lands if we thought that those lands

25 were going to develop.

1 further north, which would reach into Duval County.

2 Q Is the potential looping of lines from the

3 northern part of the existing service area shown at all

4 on the Conceptual Master Plan?

5 A I don't think so.

6 MR. MELSON: That's all I've got. Thank

7 you.

8 MR. WHARTON: We'll read.

9 (Witness excused.)

10 (Whereupon, the taking of the deposition was

11 concluded at 6:49 o'clock p.m.)

1 Q I guess what makes you think that the St.

2 Johns County portion of those lands will develop to the

3 point that you would apply for a certificate today but

4 you don't believe the Duval County portion would

5 develop to the point that you would ask for a

6 certificate for the Duval County land?

7 A Would you state that just one more time?

8 Q Focussing on the DDI lands outside of

9 Nocatee, why would you apply for St. Johns County lands

10 and not for Duval County lands?

11 A Well, at the moment, the area that we have

12 applied for would be serviceable from the north section

13 of Intercoastal's existing franchise. And, of course,

14 bringing lines across the Intracoastal Waterway at that

15 particular point to loop those lines down through

16 Nocatee would mean that we would probably want to

17 provide service in that area as well. That's why we

18 picked the area that we did was so that we could bring

19 those lines across from the northern section of the

20 existing certificate area. Now, we honestly believe

21 that that area is going to also develop.

22 Q Is that --

23 A Now, if that area does develop, then I can

24 possibly see us extending the request to -- or

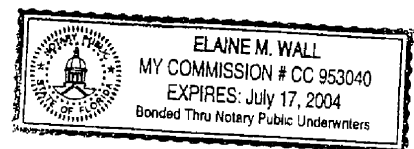
25 extending -- requesting to extend the certificate

C E R T I F I C A T E O F O A T H

STATE OF FLORIDA  
COUNTY OF DUVAL

I, the undersigned authority, do hereby certify  
that M. L. FORRESTER personally appeared before me and  
was first duly sworn to testify to the whole truth.  
WITNESS my hand and official seal this 15th day  
of April, 2001.

*Elaine M. Wall*  
Elaine M. Wall, Notary Public  
State of Florida at Large





C E R T I F I C A T E

STATE OF FLORIDA  
COUNTY OF DUVAL

I, Elaine M. Wall, Court Reporter, do hereby  
certify that I was authorized to and did  
stenographically report the foregoing deposition; and  
that the transcript is a true record of the testimony  
given by the witness.

I further certify that I am not a relative,  
employee, attorney or counsel of any of the parties,  
nor am I a relative or employee of any of the parties'  
attorney or counsel connected with the action, nor am I  
financially interested in the action.

IN WITNESS WHEREOF, I have hereunto affixed my  
hand this 15th day of April, 2001.

*Elaine M. Wall*

Elaine M. Wall, Notary Public  
State of Florida at Large



E R R A T A S H E E T

DO NOT WRITE ON TRANSCRIPT. ENTER CHANGES HERE.

RE: Application by Intercoastal

REPORTER: Elaine M. Wall

PAGE NO	LINE NO	WHERE IT READS	SHOULD READ
	Reason:		
	Reason:		
	Reason:		
	Reason:		
	Reason:		
	Reason:		
	Reason:		
	Reason:		
	Reason:		
	Reason:		

Under penalties of perjury, I declare that I  
have read my deposition and that it is true and correct  
subject to any changes in form or substance entered  
here.

Date M. L. Forrester

ERRATA SHEET

DO NOT WRITE ON TRANSCRIPT. ENTER CHANGES HERE.

RE: Application by NUC for Orig Cert.

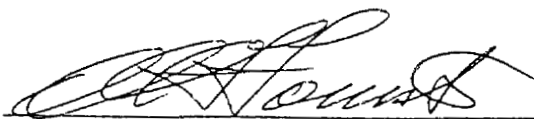
REPORTER: Elaine M. Wall

PAGE\_NO LINE\_NO WHERE\_IT\_READS SHOULD\_READ

24	16	Veiderding	Deterding
Reason: Correction of Phonetic Interpretation			
48	25	Board of Financial Issuance	Board of County Commissioners
Reason: Correction of Phonetic Interpretation			
47	17	500,000	5,000
Reason: Assumed Transcription Error			
57	4	MRF's	MFR's
Reason: Assumed Transcription Error			
63	6	Financial	Final
Reason: Assumed Transcription Error			
66	22	asses	assess
Reason: Misspell			
72	24	with	within
Reason: Correction of Phonetic Interpretation			

Under penalties of perjury, I declare that I have read my deposition and that it is true and correct subject to any changes in form or substance entered here.

4/25/01



Date

M. L. Forrester

ERRATA SHEET

DO NOT WRITE ON TRANSCRIPT. ENTER CHANGES HERE.

RE: Application by NUC for Orig Cert.

REPORTER: Elaine M. Wall

PAGE\_NO LINE\_NO WHERE\_IT\_READS SHOULD\_READ

107	14	usual	unusual
Reason:	Assumed Transcription Error		
118	14	Subaqueous	sequencing Batch Reactor
Reason:	Correction of Phonetic Interpretation		
124	2	Board of Resources	Groundwater Resources
Reason:	Correction of Phonetic Interpretation		
136	12	Provisional Services	Provision of Services
Reason:	Correction of Phonetic Interpretation		
142	16	Pertinencies	Appurtenances
Reason:	Correction of Phonetic Interpretation		
144	2	ipso facto	ex. post facto
Reason:	Assumed Transcription Error		
167	22-23	Slew scape	slice gate
Reason:	Correction of Phonetic Interpretation		

Under penalties of perjury, I declare that I have read my deposition and that it is true and correct subject to any changes in form or substance entered here.

4/25/01

Date



M. L. Forrester

ERRATA SHEET

DO NOT WRITE ON TRANSCRIPT. ENTER CHANGES HERE.

RE: Application by NUC for Orig Cert.

REPORTER: Elaine M. Wall

PAGE\_NO LINE\_NO WHERE IT READS SHOULD READ

172 8 closed flows

Reason: Correction of Phonetic Interpretation

172 9 Area Closed Area flows

Reason: Correction of Phonetic Interpretation

176 10 teamed tuned

Reason: Correction of Phonetic Interpretation

Reason:

Reason:

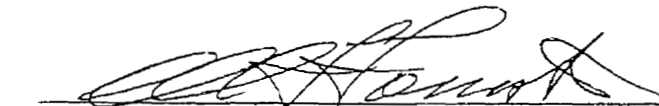
Reason:

Reason:

Under penalties of perjury, I declare that I have read my deposition and that it is true and correct subject to any changes in form or substance entered here.

4/25/01

Date



M. L. Forrester



[DEPOSITION EXHIBIT No. 2]

STATE OF FLORIDA  
**DEPARTMENT OF COMMUNITY AFFAIRS**  
*"Dedicated to making Florida a better place to call home"*

JEB BUSH  
Governor

STEVEN M. SEIBERT  
Secretary

**RECEIVED**

JAN 25 2001

24 January 2001

~~Rose Sundstrom & Bentley, LLP~~

Mr. John L. Wharton  
Rose, Sundstrom & Bentley, LLP  
2548 Blairstone Pines Drive  
Tallahassee, Florida 32301

Dear Mr. Wharton:

This letter is in response to your letter of January 23, 2001, regarding the Application for Development Approval for the proposed Nocatee Development of Regional Impact (DRI). Your letter asked whether the Department required the potable and wastewater facilities to be located offsite as part of our review of the Application for Development Approval (ADA).

The developer represented in the ADA that the facilities would be located offsite. The Department did not require the facilities to be located offsite and does not proffer an opinion regarding onsite versus offsite. The Department's review of the project's overall impacts was based on the developer's representation. Since the developer represented facilities would be located offsite, the Department did not have to assess potential impacts that may result from facilities being onsite. If facilities were to be located onsite versus offsite, as represented in the ADA, the Department would want to assess whether this change would create an impact not previously reviewed. Therefore, we asked that a condition stating facilities would be located offsite be included in the development order.

Your letter also asked whether the Department considered the specific provider for the potable and wastewater facilities as part of its review. The Department did not consider the specific provider as part of its review. The Department's primary concern in this matter is that adequate potable and wastewater service is available when the development receives building permits and that any necessary mitigation to meet those demands are addressed in the development order.

2555 SHUMARD OAK BOULEVARD • TALLAHASSEE, FLORIDA 32399-2100  
Phone: (850) 488-8466/Suncom 278-8466 FAX: (850) 921-0781/Suncom 291-0781  
Internet address: <http://www.dca.state.fl.us>

CRITICAL STATE CONCERN FIELD OFFICE  
2796 Overseas Highway, Suite 212  
Marathon, FL 33050-2227  
(305) 289-2402

COMMUNITY PLANNING  
2555 Shumard Oak Boulevard  
Tallahassee, FL 32399-2100  
(850) 488-7356

EMERGENCY MANAGEMENT  
2555 Shumard Oak Boulevard  
Tallahassee, FL 32399-2100  
(850) 411-9969

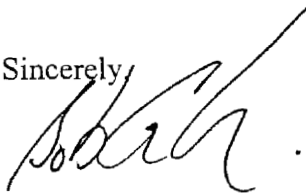
HOUSING & COMMUNITY DEVELOPMENT  
2555 Shumard Oak Boulevard  
Tallahassee, FL 32399-2100  
(850) 488-7956

Mr. John L. Wharton  
24 January 2001  
Page Two

Your final question addressed Mr. Gauthier's earlier testimony to the Public Service Commission which stated, in part, that he did "not anticipate any difficulties as long as there is a utility committed to serving the development." You asked whether any of the above matters change Mr. Gauthier's conclusions in his testimony. Mr. Gauthier has reviewed your correspondence of January 23, 20001, and has stated that the facts as you have represented them do not change the conclusion represented in his testimony. The service provider for the Nocatee development is not our primary concern, as stated earlier, our primary concern is that adequate facilities are available to the development at the time of final permitting.

If you have any questions regarding this matter please call James Stansbury or me at (850) 487-4545.

Sincerely,



Bob Cambric, AICP  
Community and Citizen Liaison

Attachment (Wharton Letter)

cc: Ms. Billie Messer (Public Service Commission)  
Mr. Ed Lehman (Northeast Florida Regional Planning Council)  
Ms. Teresa Bishop (St. Johns County)  
Ms. Jeannie Fewell (City of Jacksonville)  
Ms. Lynn Pappas (Applicant's representative)

LAW OFFICES  
**ROSE, SUNDBSTROM & BENTLEY, LLP**

2548 BLAIRSTONE PINES DRIVE  
TALLAHASSEE, FLORIDA 32301

(850) 877-6555

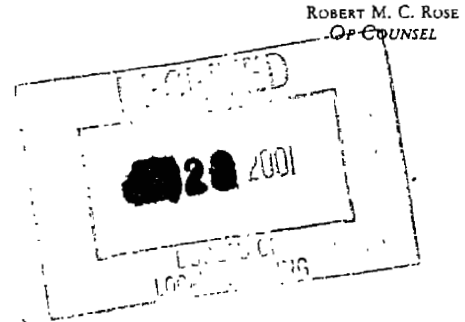
CHRIS H. BENTLEY, P.A.  
F. MARSHALL DETERDING  
MARTIN S. FRIEDMAN, P.A.  
JOHN R. JENKINS, P.A.  
STEVEN T. MINDLIN, P.A.  
JOSEPH P. PATTON  
DAREN L. SHIPPY, LL.M. TAX  
WILLIAM E. SUNDBSTROM, P.A.  
DIANE D. TREMOR, P.A.  
JOHN L. WHARTON

MALING ADDRESS  
POST OFFICE BOX 1567  
TALLAHASSEE, FLORIDA 32302-1567  
TELECOPIER (850) 656-4029

January 23, 2001

VIA HAND DELIVERY

Mr. Bob Cambric, AICP  
Growth Management Administrator  
Department of Community Affairs  
2555 Shumard Oak Boulevard  
Tallahassee, FL 32399-2100



Re: Application for Development Approval  
Sufficiency Response Review for the  
Proposed Nocatee Development of Regional Impact (DRI);  
File No. ADA-0400-014  
Our File No. 26003.13

Dear Mr. Cambric:

Thank you for taking the time to meet with me yesterday at your offices. Please accept what follows as the question which I represented I would put into writing and have delivered to you. Thank you in advance for your expeditious consideration of these matters.

- In the review of the above referenced ADA, did the review process involve consideration of, and/or did DCA consider, the substantive relative merits of the location of water and wastewater facilities either outside the Nocatee development or located within the Nocatee development? In other words, did the DCA seek to make any substantive determination that the location of these facilities outside the development was somehow preferable or superior to the location of these facilities inside the development? Obviously, the Water Management District, the Department of Environmental Protection and the Public Service Commission would all eventually be involved in any ultimate decision on these issues.
- Did this process involve consideration of, or did the DCA consider, the substantive relative merits of service to the Nocatee development (should it be approved and developed as is projected) by either NUC, Intercoastal, or some other utility? In other words, did this process involve, or did the DCA engage in, a comparison of

Mr. Bob Cambric  
January 23, 2001  
Page 2

NUC to Intercoastal in an attempt to decide which would be the preferable or superior provider of services to the Nocatee development?

- As we discussed, Charles Gauthier has filed prefiled testimony on behalf of the Commission Staff in this case which concludes (in response to a question inquiring whether there would be any impact in the DRI process if the Commission denied NUC's application and approved Intercoastal as the utility service provider for the Nocatee DRI) that "I do not anticipate any difficulties as long as there is a utility committed to serving the development". Are we correct in our understanding that nothing about the DRI review process, or the anticipated Development Order, will change Mr. Gauthier's testimony? In other words, is it true that the DRI process and the anticipated Development Order will leave the question of which utility is best to serve the Nocatee development to other agencies having regulatory jurisdiction over the same (primarily, but perhaps not exclusively, the Public Service Commission)?

Please call me if you have any questions regarding the above, or any other facet of this case. I look forward to hearing from you with regard to the above.

Sincerely,

ROSE, SUNDSTROM & BENTLEY



John L. Wharton  
For The Firm

JLW/kll

Intercoa\psc\Cambric012301.ltr