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January 28, 2000

VIA FEDERAL EXPRESS

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
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RECORDS AND
REPORTING

Re: Intercoastal Utilities, Inc. Application for Amendment of
Certificate for Extension of Territory and for Original Water
and Wastewater Certificate - Docket No: 99-2040-WS

Dear Ms. Bayo:

Please find enclosed the original and 15 copies of the Objection
and Notice of Hearing submitted by Sawgrass Association, Inc. in
connection with the above-referenced matter.

It would be appreciated if your office would acknowledge the date
and time of filing by stamping the enclosed copy of this letter and
returning it to us in the postage prepaid envelope provided.

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

Very truly yours,



Michael J. Korn

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/clz/enclosures
cc w/copy enclosure:
John L. Wharton, Esquire
Samantha Cibula

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Applications For An Amendment)
Of Certificate For An Extension Of)
Territory And For An Original Water) Docket No: 992040-WS
And Wastewater Certificate (For a)
utility in existence and charging For)
service))

OBJECTION OF SAWGRASS ASSOCIATION, INC. TO
THE APPLICATION OF INTERCOASTAL UTILITIES, INC.
FOR AMENDMENT OF CERTIFICATE FOR AN EXTENSION OF
TERRITORY AND FOR AN ORIGINAL WATER AND WASTEWATER CERTIFICATE,
AND REQUEST FOR HEARING

Sawgrass Association, Inc. (the Association), by and through its undersigned attorney, and pursuant to Section 367.045(4), Florida Statutes, hereby files this objection to the application of Intercoastal Utilities, Inc. (Intercoastal) filed December 30, 1999, seeking both an extension of its existing service area in St. Johns County, Florida, and for an original water and wastewater certificate for a proposed increased service area in St. Johns County and Duval County, Florida. The Association requests a formal evidentiary hearing, in accordance with Sections 120.569 and 120.57(1), Florida Statutes. In support of its objection, the Association states as follows:

1. The name and business address of the objecting party is Sawgrass Association, Inc., c/o May Management, Inc., 10036 Sawgrass Drive, Suite 1, Ponte Vedra Beach FL 32086.

2. The name and address of the Association's counsel authorized to receive copies of notices, pleadings, orders and other documents in this matter is Michael J. Korn, Esquire, Korn & Zehmer, P.A., 6620 Southpoint Drive South, Suite 200, Jacksonville FL 32216, telephone: (904) 296-2111, Telefax: (904) 296-0384.

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3. On or about December 30, 1999, Intercoastal filed the subject application. The Association and its members (who are all Intercoastal customers) received notice by U.S. Mail and publication on January 3, 2000 of the filing of Intercoastal's Application. The Application seeks to extend Intercoastal's water and wastewater service areas in St. Johns County, Florida beyond the existing territory for which Intercoastal has a franchise from St. Johns County, and Intercoastal further seeks to expand its service territory to provide water and wastewater service areas into additional areas of St. Johns County and Duval County, Florida.

4. The Association's substantial interests will be affected by the Application, and the Commission's action on this Application, because the Association is comprised of Intercoastal customers. The Association is also the successor in interest to that certain Utility Service Agreement dated September 1, 1983, to which Intercoastal is a party. According to that Agreement, Intercoastal is required to operate its water and wastewater treatment facilities (including its sole wastewater treatment facility, located adjacent to the Sawgrass development in Ponte Vedra Beach, Florida) in such a manner as will not "overburden" the Sawgrass property. It is the Association's position that Intercoastal's existing operation is in violation of the Utility Service Agreement. The Association further believes that any expansion of Intercoastal's service area into new areas of St. Johns County and/or Duval County, will further overburden the

Sawgrass property and violate the Utility Services Agreement, especially since Intercoastal has no existing wastewater treatment facility other than its Sawgrass plant.

5. In fact, Sawgrass Association has filed suit in the Circuit Court, in and for St. Johns County, Florida, Case No: CA99-2277, seeking declaratory relief and seeking damages from Intercoastal for breach of contract, trespass and nuisance. If Intercoastal's application is granted, the Association and its members (who are all customers of Intercoastal) will be significantly and adversely affected.

6. The Association's substantial interests are also affected because Intercoastal's request to serve the areas in Duval County and St. Johns County, Florida which are the subject of this Application has already been considered and rejected by the appropriate officials of St. Johns County. Intercoastal had previously applied in 1999 to St. Johns County for approval of an extension of its certificated area, in order to serve the portions of the territory in St. Johns County which are the subject of this Application. Several parties filed objections to the Application. Thereafter, the St. Johns County Water and Sewer Authority conducted a multi-day formal evidentiary hearing, which culminated in its August 4, 1999 Preliminary Order denying Intercoastal's Application to extend its certificated territory in St. Johns County, Florida. The St. Johns County Board of County Commissioners confirmed the Preliminary Order in its September 7, 1999 Final Order. Despite the decision, Intercoastal is now

attempting to again litigate the very same expansion issue before the Public Service Commission. Therefore, any further proceedings before the Commission to re-litigate Intercoastal's ability to serve an area which St. Johns County had already rejected will be a waste of time and resources, which may affect utility rates and the levels of service for Intercoastal's existing customers.

7. The disputed issues of material fact known at this time include, but are not limited to, the following:

a. Whether Intercoastal has the technical ability to provide reliable, high quality service to the disputed territory.

b. Whether Intercoastal has the financial ability to provide reliable, high quality service to the disputed territory.

c. Whether Intercoastal has the managerial ability to provide reliable, high quality service to the disputed territory.

d. Whether Intercoastal's Application is in compliance with all applicable law, rules and policies.

e. Whether Intercoastal's current operations are in accordance with all appropriate permits and contractual obligations, including but not limited to Intercoastal's obligations to the Association under the aforementioned Utility Service Agreement.

f. Whether Intercoastal's Application, and its proposed service to the disputed territory, will have an adverse affect upon rates and charges to existing Intercoastal customers, (who are members of the Association).

g. Whether Intercoastal's current quality of service, including but not limited to numerous complaints about noxious odors coming from Intercoastal's wastewater treatment facility (located immediately adjacent to the Sawgrass residential community), justifies further expansion of Intercoastal's certificated area.

h. Whether it is in the public interest for Intercoastal to serve the disputed territory.

i. Whether Intercoastal is entitled to the relief sought in serving areas of Duval County, since Intercoastal currently has no existing utility operations in Duval County.

The Association reserves the right to supplement these issues, in accordance with Commission procedures, if and when additional issues are identified.

8. The following ultimate facts are currently alleged:

a. Intercoastal is not ready and able to provide all required services to the disputed territory.

b. Intercoastal's existing wastewater treatment facility at Sawgrass is unable to accept and adequately process the levels of wastewater which will be generated, in the event Intercoastal's Application is granted.

c. Intercoastal's level of operation at its existing Sawgrass wastewater treatment facility, and Intercoastal's performance under the Utility Service Agreement, establishes that Intercoastal is not able to provide quality, efficient and affordable water and wastewater services to the disputed territory.

d. Intercoastal's Application is not in compliance with all applicable statutes, rules and policies of the public service commission, department of environmental protection, and the St. Johns River Water Management District.

e. It is not in the public interest for Intercoastal to serve the disputed territory.

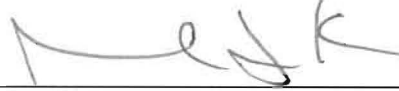
f. Both the St. Johns Water and Sewer Authority and the St. Johns County Board of County Commissioners have previously considered and rejected the exact same effort by Intercoastal to extend its service area and to serve the portions of the disputed territory located in St. Johns County, Florida.

9. Sawgrass Association is entitled to the relief it seeks, pursuant to applicable rules and/or decisions of the Florida Public Service Commission, applicable Florida Statutes, including Chapter 120 and Chapter 367, Chapters 25 and 28, Florida Administrative Code, as well as Florida case law relevant to the disposition of water and wastewater territorial issues.

WHEREFORE, Sawgrass Association, Inc. requests that a) the Florida Public Service Commission conduct a formal administrative hearing on Intercoastal's Application and any objections; b) the Commission deny Intercoastal's application; and c) to grant such additional relief as may be appropriate under the existing facts and applicable law.

Respectfully submitted this 28 day of January 2000,

KORN & ZEHMER, P.A.



Michael J. Korn
Florida Bar No. 296295
6620 Southpoint Drive S, Suite 200
Jacksonville, FL 32216
904/296-2111
Attorney for Sawgrass
Association, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail to John L. Wharton, Esquire, Rose, Sundstrom & Bentley, LLP, 2548 Blainstone Pines Drive, Tallahassee FL 32301 and to Samantha Cibula, Division of Legal Services, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee FL 32399, this 28 day of January 2000.



Attorney

sawgrass/object.pld