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June 2, 2000

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Blanca Bayó
Director, Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Nocatee Utility Corporation
Docket Nos. 990696-WS and 992040-WS

Dear Ms. Bayó:

Enclosed for filing on behalf of Nocatee Utility Corporation are the original and fifteen copies of the following:

1) Rebuttal testimony of Douglas C. Miller. 06761-00

2) Rebuttal testimony of Deborah D. Swain. 06762-00

By copy of this letter, these documents have been furnished to the parties on the attached service list. If you have any questions regarding this filing, please call.

Very truly yours,

Richard D. Melson

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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing was served on the following persons by Hand Delivery(*) or U. S. Mail this 2nd day of June, 2000.

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ORIGINA

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

REBUTTAL TESTIMONY OF

DOUGLAS C. MILLER

ON BEHALF OF

NOCATEE UTILITY CORPORATION AND DDI, INC.

DOCKET NOS. 990696-WS AND 992040-WS

June 2, 2000

Q. Please state your name and business address.

A. My name is Douglas C. Miller. My business address is 14775 St. Augustine Road, Jacksonville, Florida 32258.

Q. By whom are you employed and in what capacity?

A. I am President of England-Thims & Miller, a full service civil engineering firm. I am Engineer of Record for the Nocatee development and have performed the master planning for Nocatee Utility Corporation (NUC).

Q. Have you previously filed direct and intervenor testimony these consolidated dockets?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. My rebuttal testimony responds to some statements or positions in the prefiled testimony of Intercoastal's witnesses M.L. Forrester and Jim Miller.

Q. Mr. Jim Miller states at page 7 of his intervenor

testimony that Intercoastal can meet and/or comply with all environmental concerns expressed by Nocatee's Application for Development Approval. Do you agree?

A. No. Although Intercoastal continues to modify its Conceptual Master Plan in an attempt to make it look more like NUC's proposal, there are still at least three areas in which Intercoastal's plan of service does not comply with the requirements that are expected to be imposed by the Development Order for the project.

- First, no potable water wells will be allowed in Nocatee and a water treatment plant is not proposed.
- Second, no wastewater treatment plant will be allowed in Nocatee and no wet weather discharge into the Intracoastal Waterway will be allowed.
- Third, no ground water as a primary source of irrigation water will be allowed in Nocatee. Reuse and stormwater are the only primary irrigation sources allowed.

The Intercoastal Utility Plan violates all three of these project covenants.

Q. **Mr. Jim Miller's Conceptual Master Plan (Exhibit JM-2 at page 3-14 to 3-15) proposes to provide reuse to Nocatee at least in part through a reclaimed water main to be constructed across the Intracoastal Waterway. Do**

you believe that this is an appropriate plan of service?

A. No. We believe the cost and the environmental impacts of this pipeline have been understated. In addition, Intercoastal does not own or control the proposed pipeline route from Nocatee to the proposed Intercoastal Waterway crossing.

Q. Mr. Forrester concludes at pages 3 to 5 of his intervenor testimony it is more beneficial to the public for Intercoastal, as an existing utility, to serve the Nocatee development than for the Commission to certify NUC as a new utility to serve that territory. Do you agree?

A. No. My prior testimony and that of other NUC witnesses gives a number of reasons why it is in the public interest for the Commission to grant certificates to NUC, rather than to Intercoastal, to serve the Nocatee development. Mr. Forrester's view that service by an existing utility is preferable to service by a new utility does not change my conclusion.

In this regard, I would like to make two observations. First, given the size of the Nocatee development, a separate utility to serve just that project will be of sufficient size to enjoy economies of scale. In fact, NUC will be approximately three

times as large as Intercoastal's existing customer base. Therefore, any public policy against the establishment of small systems is not violated by granting a certificate to NUC. Second, because Intercoastal's plan of service calls for entirely new treatment facilities to serve Nocatee, Intercoastal is essentially proposing to operate two separate utility systems -- its existing system to the East of the Intracoastal Waterway and a new system to the West of the waterway. In these circumstances, the normal arguments in favor of a single utility cease to apply.

Q. Please summarize your testimony.

A. Although Intercoastal continues to modify its plan of service, I believe that NUC's plan of service is still superior to Intercoastal's. Even with the most recent changes, Intercoastal's plan is still infeasible in light of the expected conditions that will be placed on Nocatee in its final development order. The Commission should therefore award NUC its requested service territory and should deny Intercoastal's application to serve that territory.

Q. Does that conclude your rebuttal testimony?

A. Yes it does.