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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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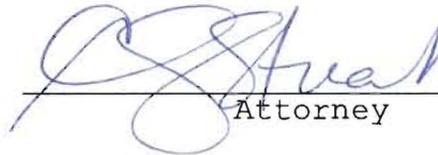
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ORIGINAL

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2 REBUTTAL TESTIMONY OF
3 DOUGLAS C. MILLER
4 ON BEHALF OF
5 NOCATEE UTILITY CORPORATION AND DDI, INC.
6 DOCKET NOS. 990696-WS AND 992040-WS
7 June 2, 2000
8

9 **Q. Please state your name and business address.**
10 A. My name is Douglas C. Miller. My business address is
11 14775 St. Augustine Road, Jacksonville, Florida 32258.

12 **Q. By whom are you employed and in what capacity?**
13 A. I am President of England-Thims & Miller, a full
14 service civil engineering firm. I am Engineer of
15 Record for the Nocatee development and have performed
16 the master planning for Nocatee Utility Corporation
17 (NUC).

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

20 A. Yes.

21 **Q. What is the purpose of your rebuttal testimony?**

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

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

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06761-00
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1 testimony that Intercoastal can meet and/or comply with
2 all environmental concerns expressed by Nocatee's
3 Application for Development Approval. Do you agree?

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

10 • First, no potable water wells will be allowed in
11 Nocatee and a water treatment plant is not
12 proposed.

13 • Second, no wastewater treatment plant will be
14 allowed in Nocatee and no wet weather discharge
15 into the Intracoastal Waterway will be allowed.

16 • Third, no ground water as a primary source of
17 irrigation water will be allowed in Nocatee.

18 Reuse and stormwater are the only primary
19 irrigation sources allowed.

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

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

1 you believe that this is an appropriate plan of
2 service?

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

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

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

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

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

12 **Q. Please summarize your testimony.**

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

22 **Q. Does that conclude your rebuttal testimony?**

23 A. Yes it does.