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COMMISSION  
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in water and )  
wastewater rates in Alachua, Brevard, )  
Highlands, Lake, Lee, Marion, Orange, Palm )  
Beach, Pasco, Polk, Putnam, Seminole, )  
Sumter, Volusia, and Washington Counties )  
by Aqua Utilities Florida, Inc. )

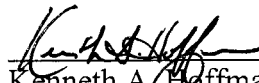
Docket No. 060368-WS

Dated: February 5, 2007

AQUA UTILITIES FLORIDA, INC.'S  
NOTICE OF FILING RESPONSES  
TO ACCOUNTING DEFICIENCIES  
NOS. 25 AND 26

Aqua Utilities Florida, Inc. ("AUF") hereby files and serves Notice that it has filed twenty copies of the attached Responses to Deficiencies Nos. 25 and 26 as set forth in the Deficiency Letter dated January 2, 2007 from Timothy Devlin, Director, Division of Economic Regulation, to Kenneth Hoffman, counsel for AUF.

Respectfully submitted this 5<sup>th</sup> day of February, 2007.



Kenneth A. Hoffman, Esquire  
Marsha E. Rule, Esquire  
Rutledge, Ecenia, Purnell & Hoffman, P.A.  
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ATTORNEYS FOR AQUA UTILITIES  
FLORIDA, INC.

- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR \_\_\_\_\_
- GCL \_\_\_\_\_
- OPC \_\_\_\_\_
- RCA \_\_\_\_\_
- SCR \_\_\_\_\_
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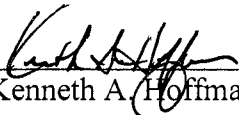
FPSC-COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Notice and attached Responses was served by hand delivery this 5<sup>th</sup> day of February, 2007, to the following:

Florida Public Service Commission  
Rosanne Gervasi, Esq.  
Katherine E. Fleming, Esq.  
2450 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Office of the Public Counsel  
Stephen C. Reilly, Esq.  
c/o The Florida Legislature  
111 West Madison Street, Room 812  
Tallahassee, FL 32399-1400

  
\_\_\_\_\_  
Kenneth A. Hoffman

**Aqua Utilities Florida Inc.  
Docket No. 060368-WS  
Accounting Deficiencies**

**Accounting Deficiency No. 25**

**Schedule B-1 – Schedule of Water Net Operating Income**

**The utility did not provide the reconciliation of the balances in the 2005 Annual Report and these MFR schedules, as required by Rule 25-30, 110, F.A.C.**

**Accounting Deficiency No. 26**

**Schedule B-2 – Schedule of Sewer Net Operating Income**

**The utility did not provide the reconciliation of the balances in the 2005 Annual Report and these MFR schedules, as required by Rule 25-30, 110, F.A.C.**

**Response:**

Please refer to Attachment 1, hereto, which shows the requested reconciliations for the Income Statement. The difference between the Rate Base components per books as shown on Schedules B-1 and B-2 and the amounts shown on the Annual Reports for the same components is caused by the former being a 13-month average and the latter being a year-end number.

Aqua Utilities Florida, Inc.																						
AquaSource Locations																						
	Arredondo Water	Arredondo WW	Jasmine Lakes Water	Jasmine Lakes WW	Kings Cove Water	Kings Cove WW	Summitt Chase Water	Summitt Chase WW	Sebring Lakes Water	Village Water Water	Village Water WW	48 Estates Water	Lake Josephine Water	South Seas WW	Rosalee Oaks Water	Rosalee Oaks WW	The Woods Water	The Woods WW	Ravenswood Water	Haines Creek Water	Lake Osbourne Water	Ocala Oaks Water
<b>Revenue</b>																						
B-1 & 2	152,171	99,837	473,552	379,735	56,051	73,583	50,483	44,218	14,456	116,834	108,219	26,755	125,313	248,243	14,504	21,245	21,620	16,963	13,147	21,485	116,466	480,551
Annual Report	152,171	99,837	473,552	379,736	56,051	73,583	50,483	44,218	14,456	116,834	108,219	26,755	125,313	248,242	14,504	21,245	21,620	16,963	13,147	21,485	116,465	480,551
				(1)										1							1	
<b>O&amp;M Expenses</b>																						
B-1 & 2	127,147	117,342	279,524	338,883	46,518	75,115	44,092	71,209	69,565	131,316	54,416	19,307	125,846	257,083	23,840	36,430	42,169	34,359	13,518	22,021	209,826	421,504
Annual Report	150,088	94,410	279,242	339,162	46,511	75,108	44,078	71,203	69,352	131,310	54,423	19,310	125,544	255,514	23,260	37,007	42,063	34,447	13,509	22,007	209,775	421,127
	(22,941)	22,932	282	(279)	7	7	14	6	213	6	(7)	(3)	302	1,569	580	(577)	106	(88)	9	14	51	377
<b>Other Taxes</b>																						
B-1 & 2	14,789	7,219	33,885	30,961	4,815	6,609	5,063	4,464	5,015	7,241	14,156	2,796	12,098	27,250	1,266	2,369	4,048	1,931	1,161	207	6,834	40,881
Annual Report	10,161	7,827	42,970	17,088	6,339	3,311	5,463	1,990	4,427	13,821	4,870	2,294	11,276	22,543	926	956	2,319	937	774	(455)	6,393	32,698
	4,628	(608)	(9,085)	13,873	(1,524)	3,298	(400)	2,474	588	(6,580)	9,286	502	822	4,707	340	1,413	1,729	994	387	662	441	8,183
<b>Income Taxes</b>																						
B-1 & 2	(2,086)	(12,599)	34,503	(19,509)	(3,138)	(5,665)	(5,520)	(12,577)	(23,231)	(11,038)	9,519	(180)	(6,984)	(64,813)	(5,130)	(7,612)	(10,960)	(7,474)	(1,299)	(1,087)	(38,551)	(83,158)
Annual Report	(28,545)	-	(46,552)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(45,241)	-	100,786
	26,459	(12,599)	81,055	(19,509)	(3,138)	(5,665)	(5,520)	(12,577)	(23,231)	(11,038)	9,519	(180)	(6,984)	(64,813)	(5,130)	(7,612)	(10,960)	(7,474)	(1,299)	44,154	(38,551)	(183,944)
<b>Depreciation Expense</b>																						
B-1 & 2	15,643	7,480	70,699	59,293	12,853	3,443	15,639	16	99	6,891	12,156	5,120	5,474	111,215	2,698	2,087	3,814	(9)	1,836	2,076	(256)	233,742
Annual Report	15,644	8,142	70,699	60,482	12,853	12,304	15,639	1,659	135	6,891	15,265	6,468	5,474	145,666	2,698	2,276	3,844	1	1,836	2,075	(256)	96,768
	(1)	(662)	-	(1,189)	-	(8,861)	-	(1,643)	(36)	-	(3,109)	(1,348)	-	(34,451)	-	(189)	(30)	(10)	-	1	-	136,974

Notes to ASI Locations:

Operating Revenue-There are no variances between the B-1 and B-2 schedules and the 2005 annual reports for the ASI locations shown above.

Operating Expenses-The highlighted variances are water and wastewater allocation differences. The remainder of the variances are de minimis.

Other Taxes & Income Taxes-The Company has discovered that the 2005 Annual Reports to the Commission incorrectly stated the other tax expense and the income tax provision. The other tax expense and income tax expense set forth on the B-1 and B-2 schedules in column 2 agree with the general ledger.

Depreciation Expense-The ASI annual reports contain the correct depreciation expense and amortization of CIAC expense. The variances shown above are corrected in the B-1 and B-2 schedules in the 2005 adjustments column.

Aqua Utilities Florida, Inc. Florida Water Service Locations																						
	Beechers Point Water	Beechers Point WW	Carlton Village Water	Chuluola Water	Chuluola WW	East Lake Harris Water	Fern Terrace Water	FL Central Commerce Water	Friendly Center Water	Gibsonia Water	Grand Terrace Water	Harmony Homes Water	Hermits Cove Water	Hobby Hills Water	Holiday Haven Water	Holiday Haven WW	Imperial Court Water	Interlachen Lake Water	Interlachen Lake WW	Jungle Den Water	Jungle Den WW	Kingswood Water
Revenue																						
B-1 & 2	42,828	30,602	103,319	678,415	397,632	42,004	49,964	142,840	11,844	22,465	32,285	29,910	42,729	26,823	37,814	53,055	51,115	81,717	18,799	18,241	43,424	17,162
Annual Report	42,828	30,602	103,319	678,415	397,632	42,005	49,965	142,840	11,844	22,465	32,285	29,910	42,729	26,823	37,814	53,054	51,115	81,716	18,799	18,241	43,424	17,162
	-	-	-	-	-	(1)	(1)	-	-	-	-	-	-	-	-	1	-	1	-	-	-	-
O&M Expenses																						
B-1 & 2	38,209	40,932	43,433	301,831	190,380	39,219	28,345	171,178	13,666	38,912	25,712	23,682	56,138	24,721	47,735	49,420	45,438	58,896	23,542	37,903	48,524	32,283
Annual Report	38,214	40,925	43,437	301,815	190,376	39,215	28,330	171,166	13,641	38,915	25,705	23,660	56,124	24,730	47,732	49,409	45,451	58,877	23,531	37,897	48,516	32,272
	(5)	7	(4)	16	4	4	15	12	25	(3)	7	22	14	(9)	3	11	(13)	19	11	6	8	11
Other Taxes																						
B-1 & 2	4,647	7,379	11,391	59,693	78,439	9,306	4,178	34,187	1,155	2,129	3,412	3,272	12,253	2,217	7,580	3,956	5,631	6,975	1,450	1,554	10,032	1,239
Annual Report	10,764	1,377	10,282	109,686	17,893	8,346	3,457	28,193	646	1,115	2,713	2,444	11,173	1,654	7,871	2,387	4,454	5,905	934	8,328	1,954	803
	(6,117)	6,002	1,109	(49,993)	60,546	960	721	5,994	509	1,014	699	828	1,080	563	(291)	1,569	1,177	1,070	516	(6,774)	8,078	436
Income Taxes																						
B-1 & 2	(11)	(7,166)	18,707	122,241	47,604	(2,516)	6,728	(24,897)	(1,148)	(7,166)	1,219	1,140	(9,899)	(45)	(6,751)	(592)	17	6,113	(2,411)	(8,184)	(6,192)	(6,311)
Annual Report	(11)	(7,166)	18,707	122,241	47,604	(2,516)	6,728	(24,897)	(1,148)	(7,166)	1,219	1,140	(9,899)	(45)	(6,751)	(592)	17	6,113	(2,411)	(8,184)	(6,192)	(6,311)
Depreciation Expense																						
B-1 & 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Annual Report	2,862	8,053	5,425	47,025	17,645	8,308	1,562	24,217	113	4,240	908	1,336	10,993	690	341	12,344	3,125	1,493	758	380	5,214	71
	(2,862)	(8,053)	(5,425)	(47,025)	(17,645)	(8,308)	(1,562)	(24,217)	(113)	(4,240)	(908)	(1,336)	(10,993)	(690)	(341)	(12,344)	(3,125)	(1,493)	(758)	(380)	(5,214)	(71)
	Lake Gibson Water	Lake Gibson WW	Leisure Lakes Water	Leisure Lakes WW	Morningview Water	Morningview WW	Oakwood Water	Orange Hill Water	Palms MHP Water	Palm Terrace Water	Palm Terrace WW	Palm Port Water	Palm Port WW	Picciola Island Water	Piney Woods Water	Pomona Park Water	Quail Ridge Water	River Grove Water	Silver Lake East Water	Silver Lake Oaks Water	Silver Lake Oaks WW	Skycrest Water
Revenue																						
B-1 & 2	135,771	99,782	59,568	75,453	16,951	20,121	52,935	48,984	10,509	330,839	400,768	36,911	60,487	45,971	72,763	63,115	38,736	36,686	460,233	14,326	21,327	49,519
Annual Report	135,770	99,782	59,568	75,452	16,951	20,121	52,935	48,985	10,509	330,839	400,768	36,911	60,487	45,971	72,763	63,115	38,736	36,686	460,233	14,326	21,327	49,518
	1	-	-	1	-	-	-	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	1
O&M Expenses																						
B-1 & 2	158,852	163,320	58,836	58,575	14,580	26,276	125,738	38,660	17,297	430,122	210,279	35,391	56,810	30,750	40,600	43,095	20,417	26,199	290,372	29,259	35,521	27,467
Annual Report	158,837	163,306	58,843	58,577	14,583	26,279	125,736	38,663	17,299	430,122	210,272	35,378	56,812	30,752	40,588	43,098	20,404	26,184	290,365	29,253	35,517	27,460
	15	14	(7)	(2)	(3)	(3)	2	(3)	(2)	-	7	13	(2)	(2)	12	(3)	13	15	7	6	4	7
Other Taxes																						
B-1 & 2	19,525	41,197	4,069	5,007	2,359	3,723	3,537	5,475	2,131	20,714	33,617	6,610	4,955	3,877	8,273	6,194	4,545	3,053	46,445	2,218	2,492	4,862
Annual Report	51,573	4,490	3,401	4,716	3,937	905	2,552	4,326	1,574	31,865	18,035	5,511	3,742	3,133	7,275	5,252	3,922	2,399	41,403	2,555	960	4,258
	(32,048)	36,707	668	291	(1,578)	2,818	985	1,149	557	(11,151)	15,582	1,099	1,213	744	998	942	623	654	5,042	(337)	1,532	604
Income Taxes																						
B-1 & 2	(16,436)	(42,448)	(1,287)	4,447	4	(3,866)	(29,448)	1,871	(2,441)	(46,289)	60,169	(1,964)	(607)	4,376	9,215	5,334	5,313	2,868	47,608	(6,616)	(6,468)	6,631
Annual Report	(16,436)	(42,448)	(1,287)	4,447	4	(3,866)	(29,448)	1,871	(2,441)	(46,289)	60,169	(1,964)	(607)	4,376	9,215	5,334	5,313	2,868	47,608	(6,616)	(6,468)	6,631
Depreciation Expense																						
B-1 & 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Annual Report	8,229	53,480	4,096	2,869	1,138	4,317	179	2,826	2,052	2,705	5,851	1,307	6,716	1,388	5,529	5,673	982	1,717	25,535	1,599	1,993	2,622
	(8,229)	(53,480)	(4,096)	(2,869)	(1,138)	(4,317)	(179)	(2,826)	(2,052)	(2,705)	(5,851)	(1,307)	(6,716)	(1,388)	(5,529)	(5,673)	(982)	(1,717)	(25,535)	(1,599)	(1,993)	(2,622)

		Aqua Utilities Florida, Inc. Florida Water Service Locations												
		St Johns Highlands Water	Stone Mountain Water	Sunny Hills Water	Sunny Hills WW	Tangerine Water	Tomoka Water	Valencia Terrace Water	Valencia Terrace WW	Venetian Village Water	Venetian Village WW	Weiaka Water	Wootens Water	Zephyr Shores Water
<b>Revenue</b>														
B-1 & 2		23,481	4,739	189,612	89,525	79,063	44,840	86,458	119,379	54,001	50,021	45,624	6,600	139,382
Annual Report		23,481	4,739	189,612	89,526	79,064	44,840	86,458	119,379	54,001	50,021	45,623	6,600	139,382
		-	-	-	(1)	(1)	-	-	-	-	-	1	-	-
<b>O&amp;M Expenses</b>														
B-1 & 2		15,065	9,475	140,650	77,007	77,834	96,303	69,910	103,523	47,232	42,600	46,246	13,345	107,112
Annual Report		15,066	9,462	140,638	77,005	77,820	96,300	69,903	103,525	47,229	42,598	46,235	13,326	107,116
		(1)	13	12	2	14	3	7	(2)	3	2	11	19	(4)
<b>Other Taxes</b>														
B-1 & 2		1,552	766	27,068	10,887	8,716	7,151	8,027	10,645	5,320	5,122	6,125	1,819	10,820
Annual Report		1,305	404	27,098	4,029	6,742	4,640	10,214	5,372	5,710	2,251	4,781	1,369	6,272
		247	362	(30)	6,858	1,974	2,511	(2,187)	5,273	(390)	2,871	1,344	450	4,548
<b>Income Taxes</b>														
B-1 & 2		2,648	(2,122)	8,446	466	(2,888)	(22,610)	3,287	1,778	559	740	(2,603)	(3,304)	8,058
Annual Report		-	-	-	-	-	-	-	-	-	-	-	-	-
		2,648	(2,122)	8,446	466	(2,888)	(22,610)	3,287	1,778	559	740	(2,603)	(3,304)	8,058
<b>Depreciation Expense</b>														
B-1 & 2		-	-	-	-	-	-	-	-	-	-	-	-	-
Annual Report		195	208	26,952	7,294	3,182	3,156	2,836	8,480	8,480	4,473	2,874	1,356	5,522
		(195)	(208)	(26,952)	(7,294)	(3,182)	(3,156)	(2,836)	(8,480)	(8,480)	(4,473)	(2,874)	(1,356)	(5,522)

Notes to FWS Locations:

Operating Revenue-There are no variances between the B-1 and B-2 schedules and the 2005 annual reports for the FWS locations shown above.

Operating Expenses-The variances in operating expenses are de minimis.

Other Taxes & Income Taxes-The Company has discovered that the 2005 Annual Reports to the Commission incorrectly stated the other tax expense and the income tax provision. The other tax expense and income tax expense set forth on the B-1 and B-2 schedules in column 2 agree with the general ledger.

Depreciation Expense-The depreciation expense reflected in the B-1 and B-2 reports show zero balances because the depreciation expense for the Florida Water Service locations were captured in total in an administrative location until after the amendatory Order at Docket No. 040952-WS, entered February 27, 2006.