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November 22, 2005

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RE: Docket No. 040951-WS - Joint Application for Approval of Sale of Florida Water Services Corporation's Land, Facilities, and Certificates in Brevard, Highlands, Lake, Orange, Pasco, Polk, Putnam, a Portion of Seminole, Volusia, and Washington Counties to Aqua Utilities Florida, Inc.

Docket No. 040952-WS - Joint Application for Approval of Sale of Florida Water Services Corporation's Land, Facilities, and Certificates for Chuluota Systems in Seminole County to Aqua Utilities Florida, Inc.

Dear Jennifer:

The purpose of this letter is to bring to your attention certain issues that Florida Water Services Corporation ("Florida Water") believes may need to be clarified in the Recommendation filed in the above-referenced dockets on Thursday, November 17, 2005, and to also make you aware of an error contained in Schedule 5 to the Recommendation.

CMP _____ In Issue 2 of the Staff Recommendation, in addition to recommending that the transfer of
COM _____ Florida Water's land, facilities, and certificates to Aqua Utilities Florida, Inc. ("Aqua Utilities") be
CTR _____ approved, Staff is recommending that the transfer be effective on the day of the Commission's vote.
ECR _____ As noted on page 4 of the Recommendation, the actual closing of the transfer of Florida Water's
GCL _____ land, facilities, and certificates to Aqua Utilities took place on June 30, 2004. Pursuant to Section
OPC _____ 367.071(1), Florida Statutes, the Asset Purchase Agreement included a clause specifying that the
RCA _____ transfer was contingent upon Commission approval, but as of the closing, Florida Water ceased to
SCR _____ be the owner of these systems. As of July 1, 2004, Aqua Utilities has been the owner and operator
SGA _____ of these systems. This is further evidenced by the fact that Aqua Utilities was responsible for paying
SEC _____ regulatory assessment fees ("RAFs") for the period of July 1 through December 31, 2004, as well
OTH _____ as for 2005, and for filing the 2005 annual reports. Thus, Florida Water believes that the "effective

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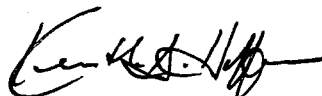
date of the transfer” should be June 30, 2004, rather than the day of the Commission’s vote. This is consistent with past Commission-approved transfers where the transfer took place prior to obtaining Commission approval, but included a contingency clause in the sales contract. (See, PSC Order No. 020484-WS, issued May 27, 2003, in Docket No. 020484-WS and PSC Order No. PSC-03-1333-PAA-WU, issued November 24, 2003, in Docket No. 030340-WS.)

Second, in Issue 9 of the Staff Recommendation, Staff is recommending that Aqua Utilities should continue to charge Florida Water’s existing water and wastewater rates. However, subsequent to the June 30, 2004 transfer of Florida Water’s land, facilities and certificates to Aqua Utilities, in February 2005, Aqua Utilities filed its Notice of Intent to Increase its Water and Wastewater Rates for the systems acquired from Florida Water pursuant to the 2004 Price Index. Those rates became effective as of April 15, 2005, and are the rates listed in Schedule 4 to the Staff Recommendation. Thus, due to the 2004 Price Index increase, the rates currently being charged by Aqua Utilities are technically not Florida Water’s “existing” water and wastewater rates. Florida Water wanted Staff to be aware of this distinction since the Recommendation states that Aqua Utilities should continue charging Florida Water’s “existing” water and wastewater rates.

Finally, Footnotes “1” and “2” on page 2 of Schedule 5 to the Recommendation appear to reflect numbers associated with the water service availability charges instead of wastewater service availability charges. The per foot equivalent in Footnote “1” should be based upon 65 feet per lot rather than 83 feet per lot, and in Footnote “2,” the per gallon equivalent is based upon an average of 175 gallons per day, rather than 255 gallons per day.

Should you have any questions regarding these issues, please do not hesitate to give me a call.

Sincerely,



Kenneth A. Hoffman

cc: Kathy L. Pape, Esq.
Mr. Forrest L. Ludsen
Mr. Tony Isaacs
Ms. Patti Daniel
Ms. Blanca Bayo, Division of The Commission Clerk and
Administrative Services