

ORIGINAL

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GOVERNMENTAL CONSULTANTS
JONATHAN M. COSTELLO
MARGARET A. MENDUNI

June 12, 2007

Ms. Ann Cole, Director
Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center
Room 110
Tallahassee, FL 32399-0850

HAND DELIVERY
RECEIVED-FPSC
07 JUN 12 PM 4:25
COMMISSION CLERK
[Signature]

Re: Docket No. 060368-WS

Dear Ms. Cole:

Enclosed for filing on behalf of Aqua Utilities Florida, Inc. ("AUF") are the original and fifteen copies of AUF's Notice of Filing Affidavit Confirming Provision of Minimum Filing Requirements and Rate Case Synopsis.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the copy to me.

Thank you for your assistance with this filing.

- CMP
COM 5
CTR
ECR
GCL 2
OPC 1
RCA 1
SCR
SGA
SEC
OTH

Sincerely,

[Signature]
Kenneth A. Hoffman

KAH/rl
Enclosures
cc: All Parties of Record
F:\USERS\ROXANNE\aquautilities\Cole.june 12 07.wpd

DOCUMENT NUMBER-DATE
04735 JUN 12 07
FPSC-COMMISSION CLERK

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.)
_____)

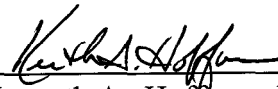
Docket No. 060368-WS

Filed: June 12, 2007

**AQUA UTILITIES FLORIDA, INC.'S
NOTICE OF FILING AFFIDAVIT CONFIRMING
PROVISION OF MINIMUM FILING REQUIREMENTS,
DEFICIENCY RESPONSES, AND RATE CASE SYNOPSIS**

Aqua Utilities Florida, Inc. ("AUF"), by and through its undersigned counsel, hereby files and serves this Notice of filing the Affidavit of John M. Lihvarcik, confirming the provision of AUF's Minimum Filing Requirements, Deficiency Responses, and Rate Case Synopsis, pursuant to and in compliance with Rule 25-22.407(3) and (4), Florida Administrative Code.

Respectfully submitted this 12th day of June, 2007.



Kenneth A. Hoffman, Esquire
Marsha E. Rule, Esquire
Rutledge, Ecenia, Purnell & Hoffman, P.A.
P.O. Box 551
Tallahassee, Florida 32302 -0551
(850) 681- 6788 (Telephone)
(850) 681 - 6515 (Facsimile)

DOCUMENT NUMBER-DATE

04735 JUN 12 07

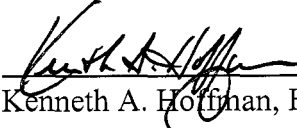
FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished by U. S. Mail this 12th day of June, 2007 to the following:

Stephen C. Reilly, Esq.
Associate Public Counsel
Office of Public Counsel
111 West Madison Street
Room 812
Tallahassee, FL 32399-1400

Rosanne Gervasi, Esq.
Ralph Jaeger, Esq.
Katherine Fleming, Esq.
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850



Kenneth A. Hoffman, Esq.

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 AquaSource Utility, Inc. d/b/a Aqua)
Utilities Florida, Inc., Arredondo Utility)
Company, Inc. d/b/a Aqua Utilities)
Florida, Inc., Jasmine Lakes Utilities)
Corporation d/b/a Aqua Utilities)
Florida, Inc., Crystal River Utilities, Inc.)
d/b/a Aqua Utilities Florida, Inc., Ocala)
Oaks Utilities, Inc. d/b/a Aqua Utilities)
Florida, Inc. and Aqua Utilities Florida, Inc.)

Docket No. 060368-WS
Filed: June 12, 2007

AFFIDAVIT OF JOHN M. LIHVARIK
CONFIRMING PROVISION OF
MFRS AND RATE CASE SYNOPSIS

STATE OF FLORIDA

COUNTY OF LAKE

BEFORE ME, the undersigned authority, authorized to administer oaths and take acknowledgments, personally appeared JOHN M. LIHVARIK, who after being duly sworn on oath, deposes and states as follows:

1. That I am employed by Aqua Utilities Florida, Inc. ("AUF") as Chief Operating Officer. As part of my duties and responsibilities, and under my direction and supervision, AUF provided copies of :1) AUF's Minimum Filing Requirements on April 24, 2007 and 2) responses to deficiency notices sent by Florida Commission staff on April 30, 2007, by United States Mail, to the county libraries in each county included in AUF's Application. Responses to deficiency notices were provided to AUF's headquarters in the State of Florida on May 11, 2007. A list of each county library and AUF headquarters and business offices is attached hereto as **Exhibit A**.

2. In addition, AUF provided copies of the applicable Rate Case Synopsis on May 2, 2007 by United States Mail, to the Chief Executive Officer of the governing body of each municipality, county, and county library within the service areas included in AUF's request. A list of such municipalities and counties is attached hereto as

Exhibit B.

3. The above documents were provided pursuant to and in compliance with Rule 25-22.0407(3) and (4), Florida Administrative Code.

4. Copies of the Rate Case Synopses provide by AUF are attached hereto as Composite **Exhibit C.**

5. Further Affiant sayeth not.




JOHN M. LIHVARCİK

State of Florida
County of Lake

Sworn to and subscribed before me this 7th day of June, 2007, by JOHN M. LIHVARCİK, who is personally known to me.

Personally Known



NOTARY PUBLIC

My Commission Expires:

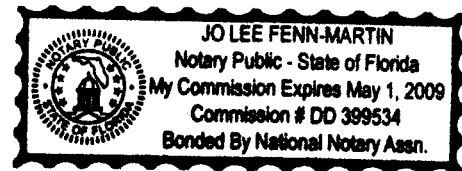


Exhibit A

Docket No. 060368-WS
Aqua Utilities Florida, Inc.
List of Aqua Utilities Florida Corporate and Business Office

Aqua Utilities Florida, Inc.
Accounting Office
6960 Professional Pkwy. E
Sarasota, FL 34240

Aqua Utilities Florida, Inc.
Operations Office
1100 Thomas Avenue
Leesburg, FL 34748

List of County Libraries for each County included in the Docket

ALACHUA COUNTY

Headquarters Library
401 East University Avenue
Gainesville, FL 32601
(352) 334-3900

BREVARD COUNTY

Central Brevard Library and Reference Center
308 Forrest Avenue
Cocoa, FL 32922

CITRUS COUNTY

Central Ridge Library
425 W. Roosevelt Blvd.
Beverly Hills, FL 34465
(352) 746-6622

HIGHLANDS COUNTY

319 W. Center Avenue
Sebring, FL 33870
(863) 402-6716

LAKE COUNTY

Lake County Library
312 W. Main Street
Tavares, FL 32778
(352) 253-6180

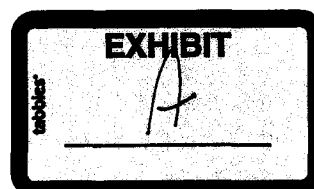


Exhibit A

LEE COUNTY

Ft. Myers – Lee County Library
2050 Central Avenue
Fort Meyers, FL 33901
(239) 479-4633

MARION COUNTY

Marion County Public Library
2720 East Silver Springs Boulevard
Ocala, FL 34470
(352) 671-8551

ORANGE COUNTY

Orange County Library System
101 E. Central Boulevard
Orlando, FL 32801
(407) 835-7323

PALM BEACH COUNTY

Palm Beach County Library
3650 Summit Boulevard
West Palm Beach, FL 33406
(561) 233-2600

PASCO COUNTY

Pasco County Library – Regency Park Branch
9701 Little Road
New Port Richey, FL 34654
(727) 861-3049

POLK COUNTY

Polk County Library
City Hall – 228 South Massachusetts Avenue
Lakeland, FL 33801
(863) 834-6000

PUTNAM COUNTY

Putnam County Library
601 College Road
Palatka, FL 32177
(386) 329-0126

SEMINOLE COUNTY

Seminole County Library
1101 East First Street
Sanford, FL 32771

Exhibit A

(407) 665-0311

SUMTER COUNTY

Clark Maxwell Library

1405 CR 526-A

Sumterville, FL 33585

(352) 568-3074

VOLUSIA COUNTY

Daytona Beach Regional Library

105 E. Magnolia Avenue, Daytona Beach 32114

(386) 257-6036

WASHINGTON COUNTY

Washington County Library

1444 Jackson Avenue

Chipley, FL 32428

Exhibit B

**Docket No. 060368-WS
Aqua Utilities Florida, Inc.**

List of Governmental Agencies

Alachua County

City Manager, City of Gainesville
PO Box 490
Gainesville, FL 32602-0490

Clerk, Board of County Commissioners, Alachua County
PO Box 939
Gainesville, FL 32602-0939

DEP Northeast District
7825 Baymeadows Way, Suite 200B
Jacksonville, FL 32256-7577

Mayor, City of Alachua
PO Box 9
Alachua, FL 32616-0009

Mayor, City of Archer
PO Box 39
Archer, FL 32616-0009

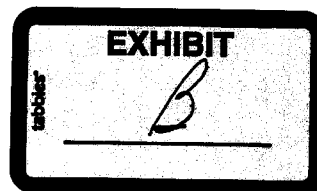
Mayor, City of Hawthorne
PO Box 1270
Hawthorne, FL 32640-1270

Mayor, City of High Springs
110 N.W. 1st Avenue
High Springs, FL 32643

Mayor, City of Newberry
PO Box 369
Newberry FL 32669-0369

Mayor, City of Waldo
PO Drawer B
Waldo, FL 32694-0802

Mayor, Town of Lacrosse
577 North State Road 121
Lacrosse, FL 32658



Mayor, Town of Micanopy
PO Box 137
Micanopy, FL 32667-0137

Brevard County

Clerk, Board of County Commissioners, Brevard County
PO Box 999
Titusville, FL 32781-0999

Mayor, City of Cape Canaveral
PO Box 326
Cape Canaveral, FL 32920-0326

Mayor, City of Cocoa
PO Box 1750
Cocoa, FL 32932-1750

Mayor, City of Cocoa Beach
Utilities Director
PO Box 322430
Cocoa Beach, FL 32932-2430

Mayor, City of Indian Harbour Beach
2055 South Patrick Drive
Indian Harbour Beach, FL 32937-4447

Mayor, City of Melbourne
900 East Strawbridge Avenue
Melbourne, FL 32901-4739

Mayor, City of Palm Bay
120 Malabar Road, S.E.
Palm Bay, FL 32907-3009

Mayor, City of Rockledge
1600 Huntington Lane
Rockledge, FL 32955-2617

Mayor, City of Satellite Beach
565 Cassia Blvd.
Satellite Beach, FL 32937-3197

Mayor of Titusville
PO Box 2806
Titusville, FL 32781-2806

Mayor, City of West Melbourne
2285 Minton Road
West Melbourne, FL 32904-4916

Mayor, Town of Indialantic
216 Fifth Avenue
Indialantic, FL 32903-3199

Mayor, Town of Malabar
2725 Malabar Road
Malabar, FL 32950-1427

Mayor, Town Melbourne Beach
507 Ocean Avenue
Melbourne Beach, FL 32951-2523

Mayor, Town of Melbourne Village
555 Hammock Road
Melbourne Village, FL 32905-2513

Mayor, Town of Palm Shores
5030 Paul Hurt Lane
Palm Shores, FL 32940-7200

Highlands County

Clerk, Board of County Commissioners, Highlands County
590 South Commerce Avenue
Sebring, FL 33870-3867

Mayor, City of Avon Park
110 East Main Street
Avon Park, FL 33825-3945

Mayor, City of Sebring
368 South Commerce Avenue
Sebring, FL 33870-3606

Mayor, Town of Lake Placid
50 Park Drive
Lake Placid, FL 33852-9693

Lake County

Administrator, City of Umatilla
PO Box 2286
Umatilla, FL 32784-2286

Clerk, Board of County Commissioners, Lake County
PO Box 7800
Tavares, FL 32778-7800

Mayor, City of Clermont
PO Box 120219
Clermont, FL 32712-0219

Mayor, City of Eustis
PO Drawer 68
Eustis, FL 32727-0068

Mayor, City of Fruitland Park
506 West Berckman Street
Fruitland Park, FL 34731-3200

Mayor, City of Groveland
156 South Lake Avenue
Fruitland Park, FL 34736-2597

Mayor, City of Leesburg
PO Box 490630
Leesburg, FL 32749-0630

Mayor, City of Mascotte
PO Box 56
Mascotte, FL 34753-0056

Mayor, City of Minneola
PO Box 678
Minneola, FL 43755-0678

Mayor, City Mount Dora
PO Box 176
Mount Dora, FL 32756-0176

Mayor, City of Tavares
PO Box 1068
Tavares, FL 32778-1068

Mayor, Town of Astatula
PO Box 609
Astatula, FL 34705-0609

Mayor, Town of Howey-in-the-Hills
PO Box 67
Howey-in-the-Hills, FL 34737-0067

Mayor, Town of Lady Lake
409 Fennell Blvd.
Lady Lake, FL 32159-3159

Mayor, Town of Montverde
PO Box 560008
Montverde, FL 34729-0008

Lee County

Chairman, Board of County Commissioners, Lee County
PO Box 398
Ft. Myers, FL 33902-0398

Clerk of Circuit Court, Lee County
PO Box 2469
Fort Myers, FL 33902-2469

Mayor, City of Cape Coral
PO Box 150027
Cape Coral, FL 33915-0027

Mayor, City of Ft. Myers
PO Box 2217
Fort Myers, FL 33902-2217

Mayor, City of Sanibel
800 Dunlop Road
Sanibel, FL 33957-4096

Marion County

Clerk, Board of County Commissioners, Marion County
PO Box 1030
Ocala, FL 32678-1030

Mayor, City of Belleview
5343 S.E. Abshier Blvd.
Belleview, FL 34420-3904

Mayor, City of Dunnellon
20750 River Drive
Dunnellon, FL 34431-6744

Mayor, City of Ocala
PO Box 1270
Ocala, FL 32678-1270

Mayor, Town of Reddick
PO Box 203
Reddick, FL 32686-0203

Town Clerk/Manager, Town of McIntosh
PO Box 165
McIntosh, FL 32664-0165

Orange County

Clerk, Board of County Commissioners, Orange County
PO Box 38
Orlando, FL 32802-0038

Mayor, City of Apopka
PO Drawer 1229
Apopka, FL 32704-1229

Mayor, City of Bay Lake
PO Box 22066
Bay Lake, FL 32830-2066

Mayor, City of Belle Isle
1600 Nela Avenue
Belle Isle, FL 32809-6199

Mayor, City of Edgewood
405 La Rue Avenue
Edgewood, FL 32809-3406

Mayor, City of Lake Buena Vista
PO Box 22035
Lake Buena Vista, FL 32830-2035

Mayor, City of Maitland
1776 Independence Lane
Maitland, FL 32751-5639

Mayor City of Ocoee
150 North Lakeshore Drive
Ocoee, FL 34761-2258

Mayor, City of Orlando
400 South Orange Avenue
Orlando, FL 32801-3302

Mayor, City of Winter Garden
251 West Plant Street
Winter Garden, FL 34797-3099

Mayor, City of Winter Park
401 South Park Avenue
Winter Park, FL 32789-4319

Mayor, Town of Eatonville
PO Box 2163
Eatonville, FL 32751-1999

Mayor, Town of Oakland
PO Box 98
Oakland, FL 34786-0098

Mayor, Town of Windermere
PO Drawer 669
Windermere, PA 34786-0669

Palm Beach

Clerk, Board of County Commissioners, Palm Beach County
PO Box 4036
West Palm Beach, FL 33402-4036

Mayor, City of Atlantis
260 Orange Tree Drive
Atlantis, FL 33462-1130

Mayor, City of Belle Glade
Belle Glade Municipal Complex
110 S.W. Avenue E
Belle Glade, FL 33430

Mayor, City of Boca Raton
201 West Palmetto Park Road
Boca Raton, FL 33432-3730

Mayor, City of Boynton Beach
PO Box 310
Boynton Beach, FL 33425-0310

Mayor City of Briny Breezes
5000 North Ocean Blvd.
Boynton Beach, FL 33435-7386

Mayor, City of Delray Beach
100 N.W. 1st Avenue
Delray Beach, FL 33444-2612

Mayor, City of Greenacres City
5985 – 10th Avenue North
Greenacres City, FL 33463

Mayor, City of Jupiter Inlet Colony
1 Colony Road
Jupiter Inlet Colony, FL 33468-3507

Mayor, City of Lake Worth
7 North Dixie Highway
Lake Worth, FL 33460-3725

Mayor, City of Pahokee
171 North Lake Avenue
Pahokee, FL 33476-1896

Mayor, City of Palm Beach Gardens
10500 N. Military Trail
Palm Beach Gardens, FL 33410-4634

Mayor, City of Riviera Beach
PO Drawer 10682
Riviera Beach, FL 33419-0682

Mayor, City of South Bay
335 S.W. 2nd Avenue
South Bay, FL 33493-2299

Mayor, City of West Palm Beach
PO Box 3366
West Palm Beach, FL 33402-3366

Mayor, Town of Cloud Lake
1 Lang Road
West Palm Beach, FL 33406-3222

Mayor, Town of Glen Ridge
1660-C Southern Road
Glen Ridge, FL 33406

Mayor, Town of Gulf Stream
246 Sea Road
Gulfstream, FL 33483-7453

Mayor, Town of Haverhill
4585 Charlotte Street
West Palm Beach, FL 33417-5911

Mayor, Town of Highland Beach
3614 South Ocean Blvd.
Highland Beach, FL 33487-3325

Mayor, Town of Hypoluxo
7580 South Federal Highway
Hypoluxo, FL 33462-6034

Mayor, Town of Juno Beach
340 Ocean Drive
Juno Beach, FL 33408-2099

Mayor, Town of Jupiter
210 Military Trail
Jupiter, FL 33458-5784

Mayor, Town of Lake Clark Shores
1701 Barbados Road
West Palm Beach, FL 33406-6728

Mayor, Town of Lantana
500 Greynolds Circle
Lantana, FL 33462-4594

Mayor, Town of Manalapan
600 South Ocean Blvd.
Manalapan, FL 33462-3398

Mayor, Town of Mangonia Park
1755 East Tiffany Drive
West Palm Beach, FL 33407-3224

Mayor, Town of Ocean Ridge
6450 North Ocean Blvd.
Ocean Ridge, FL 33435-5216

Mayor, Town of Palm Beach Shores
247 Edwards Lane
Palm Beach Shores, FL 33404-5792

Mayor, Town of South Palm Beach
3577 South Ocean Blvd.
South Palm Beach, FL 33480-5706

Mayor, Village of Golf
21 County Road
Golf, FL 33436-5606

Mayor, Village of North Palm Beach
501 U.S. Highway 1
North Palm Beach, FL 33408-4906

Mayor, Village of Palm Springs
226 Cypress Lane
Palm Springs, FL 33461-1604

Mayor, Village of Wellington
14000 Greenbriar Blvd.
Wellington, FL 33414-7699

Town Manager, Town of Lake Park
535 Park Avenue
Lake Park, FL 33403-2603

Town Manager, Town of Palm Beach
PO Box 2029
Palm Beach, FL 33480-2029

Treasure Coast Regional Plan Council
301 East Ocean Blvd., Suite 300
Stuart, FL 34994

Village Manager, Village of Royal Palm Beach
1050 Royal Palm Beach Blvd.
Royal Palm Beach, FL 33411-1605

Village Manager, Village of Tequesta
PO Box 3273
Tequesta, FL 33469-0273

Pasco County

Clerk, Board of County Commissioners, Pasco County
38053 Live Oak Avenue
Dade City, FL 33525

Mayor, City of Dade City
PO Box 1355
Dade City, FL 33526-1355

Mayor, City of New Port Richey
5919 Main Street
New Port Richey, FL 34652

Mayor, City of Port Richey
Attn: City Clerk
6333 Ridge Road
Port Richey, FL 33668-6746

Mayor, City of San Antonio
32819 Pennsylvania Avenue
PO Box 75
San Antonio, FL 33576-0075

Mayor, City of St. Leo
PO Box 2479
St. Leo, FL 33574-2479

Mayor, City of Zephyrhills
5335 8th Street
Zephyrhills, FL 33540-5133

Polk County

City Manager, City of Bartow
450 North Wilson
Bartow, FL 33831-3954

Clerk, Board of County Commissioners, Polk County
PO Box 9000, Drawer CC-1
Bartow, FL 33831-9000

Mayor, City of Auburndale
PO Box 186
Auburndale, FL 33823-0186

Mayor, City of Davenport
PO Box 125
Davenport, FL 33836-0125

Mayor, City of Eagle Lake
PO Box 129
Eagle Lake, FL 33839-0129

Mayor, City of Frostproof
PO Box 308
Frostproof, FL 33843-0308

Mayor, City of Ft. Meade
PO Box 856
Ft. Meade, FL 33841-0856

Mayor, City of Haines City
PO Box 1507
Haines City, FL 33845-1507

Mayor, City of Lake Alfred
120 East Pomelo Street
Lake Alfred, FL 33850-2136

Mayor, City of Lake Wales
PO Box 1320
Lake Wales, FL 33859-1320

Mayor, City of Lakeland
228 South Massachusetts Avenue
Lakeland, FL 33801-5086

Mayor, City of Mulberry
PO Box 707
Mulberry, FL 33860-0707

Mayor, City of Winter Haven
PO Box 2277
Winter Haven, FL 33883-2277

Mayor, Town of Dundee
PO Box 1000
Dundee, FL 33838-1000

Mayor, Town of Hillcrest Heights
151 Scenic Highway, N.
PO Box 129
Babson Park, FL 33827-0127

Mayor, Town of Lake Hamilton
PO Box 126
Lake Hamilton, FL 33851-0126

Mayor, Town of Polk City
PO Box 1139
Polk City, FL 33868-1139

Mayor, Village of Highland Park
1337 North Highland Park
Lake Wales, FL 33853-7422

Putnam County

City Manager, City of Palatka
201 North 2nd Street
Palatka, FL 32177-3735

Clerk, Board of County Commissioners, Putnam County
PO Box 758
Palatka, FL 32178-0758

Mayor, City of Crescent City
115 North Summit Street
Crescent City, FL 32112-2507

Mayor, Town of Interlachen
311 Atlantic Avenue
Interlachen, FL 32148-4414

Mayor, Town of Pomona Park
PO Box 518
Pomona Park, FL 32181-0518

Mayor, Town of Welaka
PO Box 1098
Welaka, FL 32193-1098

Seminole County

City Manager, City of Casselberry
95 Triplet Lake Drive
Casselberry, FL 32707-3399

Clerk, Board of County Commissioners, Seminole County
PO Drawer C
Sanford, FL 32772-0659

Mayor, City of Altamonte Springs
225 Newburyport Avenue
Altamonte Springs, FL 32701-3642

Mayor, City of Lake Mary
PO Box 958445
Lake Mary, FL 32795-8445

Mayor, City of Longwood
175 West Warren Avenue
Longwood, FL 32570-4107

Mayor, City of Oviedo
400 Alexandria Blvd.
Oviedo, FL 32765-6770

Mayor, City of Sanford
PO Box 1788
Sanford, FL 32772-1788

Mayor, City of Winter Springs
1126 East S. R. 434
Winter Springs, FL 32708-2715

Sumter County

Clerk, Board of County Commissioners, Sumter County
Sumter County Courthouse
209 North Florida Street
Bushnell, FL 33513-6127

Mayor, City of Bushnell
PO Box 115
Bushnell, FL 33513-0115

Mayor, City of Center Hill
PO Box 649
Center Hill, FL 33514-0649

Mayor, City of Coleman
West Central Avenue
PO Box 456
Coleman, FL 33521-0456

Mayor, City of Webster
PO Box 28
Webster, FL 33597-0028

Mayor, City of Wildwood
100 North Main Street
Wildwood, FL 34785-4047

Volusia County

County Manager/Clerk, Volusia County
123 West Indiana Avenue
Deland, FL 32720-4612

Mayor, City of Daytona Beach
PO Box 2451
Daytona Beach, FL 32115-2451

Mayor, City of Daytona Beach Shores
3050 South Atlantic Avenue
Daytona Beach Shores, FL 32118-6159

Mayor, City of Deland
City Hall
120 South Florida Avenue
Deland, FL 32725-5422

Mayor, City of Deltona
Deltona Municipal Complex
2345 Providence Blvd.
Deltona, FL 32725-1806

Mayor, City of Edgewater
PO Box 100
Edgewater, FL 32132-0100

Mayor, City of Holly Hill
1065 Ridgewood Avenue
Holly Hill, FL 32117-2898

Mayor, City of Lake Helen
PO Box 39
Lake Helen, FL 32744-0039

Mayor, City of New Smyrna Beach
210 Sams Avenue
New Smyrna Beach, FL 33168-7040

Washington County

Clerk, Board of County Commissioners, Washington County
PO Box 647
Chipley, FL 32428-0647

Mayor, City of Chipley
PO Box 1007
Chipley, FL 32428

Mayor, City of Vernon
PO Box 347
Vernon, FL 32462-0347

Mayor, Town of Caryville
PO Box 206
Caryville, FL 32427-0206

Mayor, Town of Ebro
PO Box 10
Ebro, FL 32427-0010

Mayor, Town of Wausau
PO Box 39
Wausau, FL 324630-0039

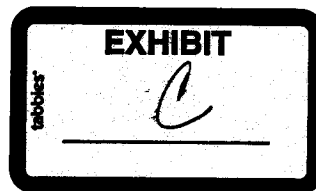
AQUA UTILITIES FLORIDA, INC.

APPLICATION FOR INCREASE IN WATER AND WASTEWATER RATES

DOCKET NO. 060368-WS

RATE CASE SYNOPSIS

ALACHUA COUNTY



I. Purpose

In accordance with the Florida Public Service Commission's ("Commission") Rule 25-22.0407 regarding Notice of and Public Information on General Rate Increase Requests, a synopsis of the rate request must be prepared and distributed by Aqua Utilities Florida, Inc. ("Utility"), in **Alachua County**. The following information provides the background on the rate request and the rate case process in general.

II. Comparison of the Present, Interim and Proposed Final Rates

On December 1, 2006, the Utility filed an application with the Commission for increased water and wastewater rates and charges for its customers. The Application was assigned Docket No. 060368-WS and March 26, 2007 has been established as the official date of filing.

The last water and wastewater base rate increase occurred in October 1995. In July 2004, Aqua America, Inc. acquired the Utility and since then, it will have invested nearly \$600,000 in this community's infrastructure through 2007 to improve the quality and reliability of water and wastewater service. This amount translates to a capital investment of approximately \$600 per customer. The upgrades include structural improvements to the water treatment plant and replacement of deteriorating equipment. For the wastewater system, the Utility is upgrading lift stations that pump waste from collection points in the system to the sewage treatment facility, as well as replacing deteriorating pipe that carries the waste to the plant. A rate increase is necessary for the Utility to be given an opportunity to recover those additional investments.

The utility has requested a permanent revenue increase in Alachua County of \$ 229,581 or 86%. It has also requested and been granted an interim revenue increase of \$91,915 or 35%. The interim rates are subject to refund with interest, if the Commission finds that the utility was not entitled to collect such rates pending the final Commission decision. A schedule of the utility's present, interim, and proposed final rates follows.

ARREDONDO ESTATES/FARMS MONTHLY WATER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Rates	Final Rates
5/8 X 3/4 inch	\$ 13.85	\$ 17.71	\$	22.49
3/4 inch	\$ 20.77	\$ 26.56	\$	33.73
1 inch	\$ 34.64	\$ 44.30	\$	56.22
1 1/2 inch	\$ 69.26	\$ 88.58	\$	112.43
2 inch	\$ 110.82	\$ 141.71	\$	179.89
3 inch	\$ 222.00	\$ 283.90	\$	359.79
4 inch	\$ 346.31	\$ 442.86	\$	562.17
6 inch	\$ 692.64	\$ 885.75	\$	1,124.34
8 inch	\$ -	\$ -	\$	1,798.94
10 inch	\$ -	\$ -	\$	2,585.97
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Rates	Final Rates
Total consumption	\$ 2.35	\$ 3.01		
< 6,001 (Residential)			\$	4.20
Over 6,000 (Residential)			\$	5.25
Non-residential			\$	4.20

ARREDONDO FARMS MONTHLY SEWER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Rates	Final Rates
5/8 X 3/4 inch	\$ 15.30	\$ 21.69	\$	21.12
3/4 inch	\$ 22.94	\$ 32.53	\$	31.68
1 inch	\$ 38.22	\$ 54.19	\$	52.79
1 1/2 inch	\$ 76.44	\$ 108.39	\$	105.59
2 inch	\$ 122.31	\$ 173.42	\$	168.94
3 inch	\$ 244.63	\$ 346.86	\$	337.87
4 inch	\$ 382.23	\$ 541.96	\$	527.93
6 inch	\$ 753.13	\$ 1,067.84	\$	1,055.85
8 inch	\$ -	\$ -	\$	1,689.36
10 inch	\$ -	\$ -	\$	2,428.46
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Rates	Final Rates
Residential Gallonge Cap	7,000	7,000		6,000
Residential use to cap	\$ 3.56	\$ 5.05	\$	10.95
Non-residential	\$ 4.25	\$6.02	\$	13.14

III. General Reasons for Rate Request

The Utility is requesting a rate increase because the existing rates do not provide sufficient revenues to allow the Utility the opportunity to earn a fair return on the Utility's investment in used and useful property for public service and the recovery of the required expenses of operations during the period of time when the rates will be effective.

IV. Major Rate Case Issues

It is difficult to anticipate all of the specific issues that may develop during a rate case. However, the following general issues will likely be addressed by the Commission:

1. What is the test year rate base?
2. What is the test year net operating income?
3. What is the test year cost of capital?
4. What is the test year revenue requirement?
5. What is the proper rate design to recover the test year revenue requirement?

V. Description of the Ratemaking Process

Participants: Many people are involved in a utility rate case. The following is a list of some of the main participants:

1. The Commissioners who hear this case are appointed by the Governor and will make a final decision on all of the issues in the case.
2. The Commissioners are assisted by a Commission Staff. The Staff members involved in the case include engineers, accountants, attorneys, consumer affair specialists, and rate and financial analysts.
3. The Public Counsel is appointed by the Legislature to represent the citizens in rate cases before the Commission. Public Counsel also has a staff of attorneys, accountants, rate and financial analysts. The Public Counsel has intervened as a party in this rate case on behalf of the Utility's customers.
4. The Utility's officers and staff personnel may testify about the utility, its operation, revenue and expenses. The Utility may also employ outside consultants as expert witnesses and an attorney or other specialists to assist them with the rate case. The accountants, rate analysts and engineers compile information in support of the rate increase request and testify at hearings.
5. Intervenors representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervenor is a party who legally intervenes in the rate case through petition to the Commission to represent a specific interest or point of view in the rate case. The intervenor has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

Rate Case Requirements: A test year is requested by a utility, and when approved, is used as a measuring point to determine if a rate increase should be approved. The utility files an application pursuant to Commission rules (minimum filing requirements or MFRs.) This application reflects the amount of money the utility has invested in its facilities to serve its customers. It also includes the utility's requested rate return on its investment and the expenses the utility incurs to provide service for the test year. The data provides information about the operations of the company, supplies and expenses, taxes, construction, depreciation and all of the operating and financial matters that are crucial to a decision. The utility will also be requested to file additional information before the case is over. Among the things the Commission looks for are expenditures that could be considered unnecessary, improper, or imprudent. Expenditures of this kind are disallowed for ratemaking purposes.

The Commission and its staff review the application, and the Commission determines whether interim rates are appropriate to be collected during the pendency of the rate case. If interim rates are authorized and charged, those rates are subject to refund with interest pending the Commission's final decision in the case. The Commission staff performs an audit of the utility's books and records to see if they match the utility's MFRs, and that the utility is in compliance with the Commission's rules and policies. The staff auditors issue a report of their findings which is filed with the Commission. The staff also performs other examinations and document

requests of the utility's personnel and the utility's quality of service. This includes a physical inspection of the utility's facilities by staff engineers and a review of records filed with other regulatory agencies regarding the utility.

Hearings

Aqua Utilities Florida, Inc. has requested the Commission to hold a formal public hearing to decide this case. The formal technical hearing is governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings. These hearings are held in Tallahassee. Customer service hearings are also scheduled in the local service area for the customers' convenience. At this time, customer input is requested regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel usually participates in major rate cases, has access to all the information filed by the utility, assists members of the public who wish to testify and may even provide expert witnesses on various issues in the case.

Witnesses from the utility, the Commission staff, the Public Counsel and intervenors present testimony and are cross-examined. There are official transcripts of all hearings. Court reporters record the hearings, just as they do in a courtroom.

Completing the Rate Case

After the hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues. The Commission staff then makes recommendations to the Commissioners on each issue of the case. When the Commission makes its final decision there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are many issues in a major water and wastewater rate case, and it sometimes takes the Commissioners several hours to complete the final review of the case and to vote on each issue based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission decisions, the basis for the decisions, the new rates, and when they will be effective. After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the Public Counsel, the utility or any other party may appeal the Commission's decision to the courts.

VI. Aqua Utilities Florida Tentative Time Schedule

The following tentative schedule was established by the Commission for the remaining major events in Aqua Utilities Florida rate case:

The following dates have been established to govern the key activities of this case:

- | | |
|--|-------------------------------|
| (1) Utility's testimony and exhibits | December 1, 2006 |
| (2) Intervenors' testimony and exhibits | July 2, 2007 |
| (3) Staff's testimony and exhibits, if any | July 16, 2007 |
| (4) Rebuttal testimony and exhibits | August 13, 2007 |
| (5) Prehearing Statements | August 16, 2007 |
| (6) Prehearing Conference | October 8, 2007 |
| (7) Discovery deadline | October 17, 2007 |
| (8) Hearing | October 24-26 and 29-30, 2007 |
| (9) Briefs | November 19, 2007 |

VII. Location of MFRs for Review

All of the information on file at the Commission is open to the public and is available for review at the Commission offices in Tallahassee. The MFRs filed by the Utility are also available for inspection at the following locations:

Alachua County Headquarters Library
401 East University Avenue
Gainesville, FL 32601
(352) 334-3900

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748
Business Hours: 8:30 - 4:30 p.m. Monday-Friday

Customer comments concerning Aqua Utilities Florida's service and its request for an increase in rates should be addressed to the Office of Commission Clerk at the Florida Public Service Commission:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

and a courtesy copy of written comments and complaints may be mailed to the following:

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748

Complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following phone number 1-800-342-3552.

All comments should include reference to Commission Docket 060368-WS which has been assigned to this case.

AQUA UTILITIES FLORDIA, INC.

APPLICATION FOR INCREASE IN WATER AND WASTEWATER RATES

DOCKET NO. 060368-WS

RATE CASE SYNOPSIS

BREVARD COUNTY

I. Purpose

In accordance with the Florida Public Service Commission's ("Commission") Rule 25-22.0407 regarding Notice of and Public Information on General Rate Increase Requests, a synopsis of the rate request must be prepared and distributed by Aqua Utilities Florida, Inc. ("Utility"), in **Brevard County**. The following information provides the background on the rate request and the rate case process in general.

II. Comparison of the Present, Interim and Proposed Final Rates

On December 1, 2006, the Utility filed an application with the Commission for increased water and wastewater rates and charges for its customers. The Application was assigned Docket No. 060368-WS and March 26, 2007 has been established as the official date of filing.

The last water base rate increase occurred in October 1996, and this is the Utility's first rate request since acquiring this system in July 2004. Since then, the Utility will have invested approximately \$22 million in its Florida infrastructure through 2007 to improve the quality and reliability of water and wastewater services. Specifically in Brevard County, the Utility's capital improvements include water treatment plant upgrades, tank rehabilitation and the replacement of deteriorating pipe to address water quality, water pressure and service reliability issues. A rate increase is necessary for the Utility to be given an opportunity to recover those additional investments.

The utility has requested a permanent revenue increase in Brevard County of \$175,569 or 241%. It has also been requested and been granted an interim revenue increase of \$104,528 and 147%. As part of its request for permanent rates, the Commission permits the Company to collect a portion of the request as interim rates. The interim rates are subject to refund with interest, if the Commission finds that the utility was not entitled to collect such rates pending the final Commission decision. A schedule of the utility's present, interim and proposed final rates follows.

KINGSWOOD MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 10.63	\$ 14.04	\$ 39.30
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 2.95	\$ 3.89	
< 6,001 (Residential)			\$ 8.97
Over 6,000 (Residential)			\$ 11.21
Non-residential			\$ 8.97

OAKWOOD MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 10.63	\$ 14.04	\$ 39.30
3/4 inch	\$ 16.14	\$ 21.31	\$ 58.95
1 inch	\$ 26.60	\$ 35.12	\$ 98.25
1 1/2 inch	\$ 53.17	\$ 70.21	\$ 196.49
2 inch	\$ 85.08	\$ 112.34	\$ 314.38
3 inch	\$ 170.15	\$ 224.67	\$ 628.77
4 inch	\$ 265.87	\$ 351.05	\$ 982.45
6 inch	\$ 531.75	\$ 702.12	\$ 1,964.90
8 inch	\$ 850.79	\$ 1,123.39	\$ 3,143.84
10 inch	\$ 1,223.02	\$ 1,614.87	\$ 4,519.27
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 2.95	\$ 3.89	
< 6,001 (Residential)			\$ 8.97
Over 6,000 (Residential)			\$ 11.21
Non-residential			\$ 8.97

III. General Reasons for Rate Request

The Utility is requesting a rate increase because the existing rates do not provide sufficient revenues to allow the Utility the opportunity to earn a fair return on the Utility's investment in used and useful property for public service and the required expenses of operations during the period of time when the rates will be effective.

cover the required expenses of operations on a going-forward basis and a fair return on the Utility's investment in used and useful property for public use.

IV. Major Rate Case Issues

It is difficult to anticipate all of the specific issues that may develop during a rate case. However, the following general issues will likely be addressed by the Commission:

1. What is the test year rate base?
2. What is the test year net operating income?
3. What is the test year cost of capital?
4. What is the test year revenue requirement?
5. What is the proper rate design to recover the test year revenue requirement?

V. Description of the Ratemaking Process

Participants: Many people are involved in a utility rate case. The following is a list of some of the main participants:

1. The Commissioners who hear this case are appointed by the Governor and will make a final decision on all of the issues in the case.
2. The Commissioners are assisted by a Commission Staff. The Staff members involved in the case include engineers, accountants, attorneys, consumer affair specialists, and rate and financial analysts.
3. The Public Counsel is appointed by the Legislature to represent the citizens in rate cases before the Commission. Public Counsel also has a staff of attorneys, accountants, rate and financial analysts. The Public Counsel has intervened as a party in this rate case on behalf of the Utility's customers.
4. The Utility's officers and staff personnel may testify about the utility, its operation, revenue and expenses. The Utility may also employ outside consultants as expert witnesses and an attorney or other specialists to assist them with the rate case. The accountants, rate analysts and engineers compile information in support of the rate increase request and testify at hearings.
5. Intervenors representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervenor is a party who legally intervenes in the rate case through petition to the Commission to represent a specific interest or point of view in the rate case. The intervenor has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

Rate Case Requirements: A test year is requested by a utility, and when approved, is used as a measuring point to determine if a rate increase should be approved. The utility files an application pursuant to Commission rules (minimum filing requirements or "MFRs".) This application reflects the amount of money the utility has invested in its facilities to serve its customers. It also includes the utility's requested rate return on its investment and the expenses the utility incurs to provide service for the test year. The data provides information about the operations of the company, supplies and expenses, taxes, construction, depreciation and all of the operating and financial matters that are crucial to a decision. The utility will also be requested to file additional information before the case is over. Among the things the Commission looks for are expenditures that could be considered unnecessary, improper, or imprudent. Expenditures of this kind are disallowed for ratemaking purposes.

The Commission and its staff review the application, and the Commission determines whether interim rates are appropriate to be collected during the pendency of the rate case. If interim rates are authorized and charged, those rates are subject to refund with interest pending the Commission's final decision in the case. The Commission staff performs an audit of the utility's books and records to see if they match the utility's MFRs, and that the utility is in compliance with the Commission's rules and policies. The staff auditors issue a report of their findings which is filed with the Commission. The staff also performs other examinations and document requests of the utility's personnel and the utility's quality of service. This includes a physical inspection of the utility's facilities by staff engineers and a review of records filed with other regulatory agencies regarding the utility.

Hearings

Aqua Utilities Florida, Inc. has requested the Commission to hold a formal public hearing to decide this case. The formal technical hearing is governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings. These hearings are held in Tallahassee. Customer service hearings are also scheduled in the local service area for the customers' convenience. At this time, customer input is requested regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel usually participates in major rate cases, has access to all the information filed by the utility, assists members of the public who wish to testify and may even provide expert witnesses on various issues in the case.

Witnesses from the utility, the Commission staff, the Public Counsel and intervenors present testimony and are cross-examined. There are official transcripts of all hearings. Court reports record the hearings, just as they do in a courtroom.

Completing the Rate Case

After the hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues. The Commission staff then makes recommendations to the Commissioners on each issue of the case. When the Commission makes its final decision there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are many issues in a major water and wastewater rate cases, and it sometimes takes the Commissioners several hours to complete the final review of the case and to vote on each issue based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission decisions, the basis for the decisions, the new rates, and when they will be effective. After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the Public Counsel, the utility or any other party may appeal the Commission's decision to the courts.

VI. Aqua Utilities Florida Tentative Time Schedule

The following tentative schedule was established by the Commission for the remaining major events in Aqua Utilities Florida's rate case:

The following dates have been established to govern the key activities of this case:

- | | |
|--|-------------------------------|
| (1) Utility's testimony and exhibits | December 1, 2006 |
| (2) Intervenors' testimony and exhibits | July 2, 2007 |
| (3) Staff's testimony and exhibits, if any | July 16, 2007 |
| (4) Rebuttal testimony and exhibits | August 13, 2007 |
| (5) Prehearing Statements | August 16, 2007 |
| (6) Prehearing Conference | October 8, 2007 |
| (7) Discovery deadline | October 17, 2007 |
| (8) Hearing | October 24-26 and 29-30, 2007 |
| (9) Briefs | November 19, 2007 |

VII. Location of MFRs for Review

All of the information on file at the Commission is open to the public and is available for review at the Commission offices in Tallahassee. The MFRs filed by the Utility are also available for inspection at the following locations:

Central Brevard Library and Reference Center
308 Forrest Avenue
Cocoa, FL 32922

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748
Business Hours: 8:30 - 4:30 p.m. Monday-Friday

Customer comments concerning Aqua Utilities Florida's service and its request for an increase in rates should be addressed to the Office of Commission Clerk at the Florida Public Service Commission:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

and a courtesy copy of written comments and complaints may be mailed to the following:

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748

Complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following phone number 1-800-342-3552.

All comments should include reference to Commission Docket 060368-WS which has been assigned to this case.

AQUA UTILITIES FLORIDA, INC.

APPLICATION FOR INCREASE IN WATER AND WASTEWATER RATES

DOCKET NO. 060368-WS

RATE CASE SYNOPSIS

HIGHLANDS COUNTY

I. Purpose

In accordance with the Florida Public Service Commission's ("Commission's") Rule 25-22.0407 regarding Notice of and Public Information on General Rate Increase Requests, a synopsis of the rate request must be prepared and distributed by Aqua Utilities Florida, Inc. ("Utility"), in **Highlands County**. The following information will provide the background on the rate request and the rate case process in general.

II. Comparison of the Present, Interim and Proposed Final Rates

On December 1, 2006, the Utility filed an application with the Commission for increased water and wastewater rates and charges for its customers. The Application was assigned Docket No. 060368-WS and March 26, 2007 has been established as the official date of filing.

The last water base rate increase occurred in October 2001, and this is the Utility's first rate request since acquiring this system in August 2003. Since then, the Utility will have invested approximately \$22 million in its Florida infrastructure through 2007 to improve the quality and reliability of water and wastewater services. Specifically in Highlands County, the Utility will have spent approximately \$900,000 to upgrade water treatment facilities, replace undersized and deteriorating pipe, rehabilitate storage tanks and for related capital improvements to ensure that its systems meet all environmental standards. This amount translates to a capital investment of approximately \$750 per customer in your county. A rate increase is necessary for the Utility to be given an opportunity to recover those additional investments.

The utility has requested a permanent revenue increase for water and wastewater in Highland County of \$466,220 or 162.25%. It has also requested and granted an interim revenue increase of \$139,970 or 52%. As part of its request for permanent rates, the Commission permits the Company to collect a portion of the request as interim rates. The interim rates are subject to refund with interest, if the Commission finds that the utility was not entitled to collect such rates pending the final Commission decision. A schedule of the utility's present, interim and proposed final rates follows.

LAKE JOSEPHINE MONTHLY WATER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 9.11	\$ 12.44	\$ 28.82	
3/4 inch	\$ 13.68	\$ 18.67	\$ 43.23	
1 inch	\$ 22.76	\$ 31.08	\$ 72.05	
1 1/2 inch	\$ 45.55	\$ 62.20	\$ 144.10	
2 inch	\$ 72.89	\$ 99.51	\$ 230.56	
3 inch	\$ 145.78	\$ 199.04	\$ 461.13	
4 inch	\$ 227.76	\$ 310.99	\$ 720.51	
6 inch	\$ 455.53	\$ 621.97	\$ 1,441.02	
8 inch	\$ -	\$ -	\$ 2,305.63	
10 inch	\$ -	\$ -	\$ 3,314.34	
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Total consumption	\$ 1.74	\$ 2.38		
< 6,001 (Residential)			\$ 5.71	
Over 6,000 (Residential)			\$ 7.14	
Non-residential			\$ 5.71	

LEISURE LAKES MONTHLY WATER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 8.08	\$ 10.67	\$ 28.82	
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Total consumption	\$ 4.89	\$ 6.45		
< 6,001 (Residential)			\$ 5.71	
Over 6,000 (Residential)			\$ 7.14	
Non-residential			\$ 5.71	

LEISURE LAKES MONTHLY SEWER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 16.30	\$ 23.02	\$ 13.86	
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Residential Gallonge Cap	6,000	6,000	6,000	
Residential use to cap	\$ 3.30	\$ 4.66	\$ 11.42	

SEBRING LAKES MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 9.68	\$ 47.37	\$ 28.82
3/4 inch	\$ 14.51	\$ 71.03	\$ 43.23
1 inch	\$ 24.17	\$ 118.34	\$ 72.05
1 1/2 inch	\$ 48.34	\$ 236.69	\$ 144.10
2 inch	\$ 77.36	\$ 378.75	\$ 230.56
3 inch	\$ 154.72	\$ 757.49	\$ 461.13
4 inch	\$ 241.75	\$ 1,183.61	\$ 720.51
6 inch	\$ 483.50	\$ 2,367.17	\$ 1,441.02
8 inch	\$ -	\$ -	\$ 2,305.63
10 inch	\$ -	\$ -	\$ 3,314.34
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 2.19	\$ 10.73	
< 6,001 (Residential)			\$ 5.71
Over 6,000 (Residential)			\$ 7.14
Non-residential			\$ 5.71

III. General Reasons for Rate Request

The Utility is requesting a rate increase because the existing rates do not provide sufficient revenues to allow the Utility the opportunity to earn a fair return on the Utility's investment in used and useful property for public use and the recovery of the required expenses of operations during the period of time when the rates will be effective.

IV. Major Rate Case Issues

It is difficult to anticipate all of the specific issues that may develop during a rate case. However, the following general issues will likely be addressed by the Commission:

1. What is the test year rate base?
2. What is the test year net operating income?
3. What is the test year cost of capital?
4. What is the test year revenue requirement?
5. What is the proper rate design to recover the test year revenue requirement?

V. Description of the Ratemaking Process

Participants: Many people are involved in a utility rate case. The following is a list of some of the main participants:

1. The Commissioners hear this case are appointed by the Governor and will make a final decision on all of the issues in the case.
2. The Commissioners are assisted by a Commission Staff. The Staff members involved in the case include engineers, accountants, attorneys, consumer affair specialists, and rate and financial analysts.
3. The Public Counsel is appointed by the Legislature to represent the citizens in rate cases before the Commission. Public Counsel also has a staff of attorneys, accountants, rate and financial analysts. The Public Counsel has intervened as a party in this rate case on behalf of the Utility's customers.
4. The Utility's officers and staff personnel may testify about the utility, its operation, revenue and expenses. The Utility may also employ outside consultants as expert witnesses and an attorney or other specialists to assist them with the rate case. The accountants, rate analysts and engineers compile information in support of the rate increase request and testify at hearings.
5. Intervenors representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervenor is a party who legally intervenes in the rate case through petition to the Commission to represent a specific interest or point of view in the rate case. The intervenor has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

Rate Case Requirements: A test year is requested at the utility, and when approved, is used as a measuring point to determine if a rate increase should be approved. The utility files an application pursuant to Commission rules (minimum filing requirements or "MFRs".) This application reflects the amount of money the utility has invested in its facilities to serve its customers. It also includes the utility's requested rate return on its investment and the expenses the utility incurs to provide service for the test year. The data provides information about the operations of the company, supplies and expenses, taxes, construction, depreciation and all of the operating and financial matters that are crucial to a decision. The utility will also be requested to file additional information before the case is over. Among the things the Commission looks for are expenditures that could be considered unnecessary, improper, or imprudent. Expenditures of this kind are disallowed for ratemaking purposes.

The Commission and its staff review the application, and the Commission determines whether interim rates are appropriate to be collected during the pendency

of the rate case. If interim rates are authorized and charged, those rates are subject to refund with interest pending the Commission's final decision in the case. The Commission staff performs an audit of the utility's books and records to see if they match the utility's MFRs, and that the utility is in compliance with the Commission's rules and policies. The staff auditors issue a report of their findings which is filed with the Commission. The staff also performs other examinations and document requests of the utility's personnel and the utility's quality of service. This includes a physical inspection of the utility's facilities by staff engineers and a review of records filed with other regulatory agencies regarding the utility.

Hearings

Aqua Utilities Florida, Inc. has requested the Commission to hold a formal public hearing to decide this case. The formal technical hearing is governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings. These hearings are held in Tallahassee. Customer service hearings are also scheduled in the local service area for the customers' convenience. At this time, customer input is requested regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel usually participates in major rate cases, has access to all the information filed by the utility, assists members of the public who wish to testify and may even provide expert witnesses on various issues in the case.

Witnesses from the utility, the Commission staff, the Public Counsel and intervenors present testimony and are cross-examined. There are official transcripts of all hearings. Court reports record the hearings, just as they do in a courtroom.

Completing the Rate Case

After the hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues. The Commission staff then makes recommendations to the Commissioners on each issue of the case. When the Commission makes its final decision there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are many issues in a major water and wastewater rate cases, and it sometimes takes the Commissioners several hours to complete the final review of the case and to vote on each issue based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission decisions, the basis for the decisions, the new rates, and when they will be effective. After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the

Public Counsel, the utility or any other party may appeal the Commission's decision to the courts.

VI. Aqua Utilities Florida Tentative Time Schedule

The following tentative schedule was established by the Commission for the remaining major events in Aqua Utilities Florida's rate case:

The following dates have been established to govern the key activities of this case:

- | | |
|--|-------------------------------|
| (1) Utility's testimony and exhibits | December 1, 2006 |
| (2) Intervenors' testimony and exhibits | July 2, 2007 |
| (3) Staff's testimony and exhibits, if any | July 16, 2007 |
| (4) Rebuttal testimony and exhibits | August 13, 2007 |
| (5) Prehearing Statements | August 16, 2007 |
| (6) Prehearing Conference | October 8, 2007 |
| (7) Discovery deadline | October 17, 2007 |
| (8) Hearing | October 24-26 and 29-30, 2007 |
| (9) Briefs | November 19, 2007 |

VII. Location of MFRs for Review

All of the information on file at the Commission is open to the public and is available for review at the Commission offices in Tallahassee. The MFRs filed by the Utility are also available for inspection at the following locations:

Highlands County
319 W. Center Avenue
Sebring, FL 33870

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748
Business Hours: 8:30 - 4:30 p.m. Monday-Friday

Customer comments concerning Aqua Utilities Florida's service and its request for an increase in rates should be addressed to the Office of Commission Clerk at the Florida Public Service Commission:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

and a courtesy copy of written comments and complaints may be mailed to the following:

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748

Complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following phone number 1-800-342-3552.

All comments should include reference to Commission Docket 060368-WS which has been assigned to this case.

AQUA UTILITIES FLORIDA, INC.

APPLICATION FOR INCREASE IN WATER AND WASTEWATER RATES

DOCKET NO. 060368-WS

RATE CASE SYNOPSIS

LAKE COUNTY

I. Purpose

In accordance with the Florida Public Service Commission's ("Commission") Rule 25-22.0407 regarding Notice of and Public Information on General Rate Increase Requests, a synopsis of the rate request must be prepared and distributed by Aqua Utilities Florida, Inc. ("Utility"), in **Lake County**. The following information provides the background on the rate request and the rate case process in general.

II. Comparison of the Present, Interim and Proposed Final Rates

On December 1, 2006, the Utility filed an application with the Commission for increased water and wastewater rates and charges for its customers. The Application was assigned Docket No. 060368-WS and March 26, 2007 has been established as the official date of filing.

The last water base rate increase occurred in October 1996, and this is the Utility's first rate request since acquiring AquaSource in August 2003 and Florida Water in July 2004. Since then, the Utility will have invested approximately \$22 million in its Florida infrastructure through 2007 to improve the quality and reliability of water and wastewater services. Specifically in Lake County, the Utility will have spent nearly \$3 million on capital improvements, including water treatment plant upgrades, tank rehabilitation, and the replacement of undersized and deteriorating pipe to address water quality, water pressure and service reliability issues. A rate increase is necessary for the Utility to be given an opportunity to recover those additional investments.

The utility has requested a permanent revenue increase for water and wastewater in Lake County of \$1,399,710 and 77%. It has also requested and been granted an interim revenue increase of \$424,382 and 24%. As part of its request for permanent rates, the Commission permits the Company to collect a portion of the request as interim rates. The interim rates are subject to being refunded with interest, provided the Commission finds that the utility was not entitled to collect such rates pending the final Commission decision. A schedule of the utility's present, interim, and proposed final rates follows.

CARLTON VILLAGE MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 18.73	\$ 24.73	\$ 21.38
Gallage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 3.84	\$ 5.06	
< 6,001 (Residential)			\$ 2.27
Over 6,000 (Residential)			\$ 2.84

EAST LAKE HARRIS ESTATES MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 8.53	\$ 11.26	\$ 21.38
3/4 inch	\$ 12.81	\$ 16.92	\$ 32.07
1 inch	\$ 21.36	\$ 28.21	\$ 53.45
1 1/2 inch	\$ 42.69	\$ 56.37	\$ 106.89
2 inch	\$ 68.31	\$ 90.20	\$ 171.02
3 inch	\$ 136.65	\$ 180.44	\$ 342.05
4 inch	\$ 213.51	\$ 281.92	\$ 534.45
6 inch	\$ 427.03	\$ 563.86	\$ 1,068.90
8 inch	\$ 683.25	\$ 902.16	\$ 1,710.24
10 inch	\$ 982.19	\$ 1,296.89	\$ 2,458.47
Gallage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 4.86	\$ 6.41	
< 6,001 (Residential)			\$ 2.27
Over 6,000 (Residential)			\$ 2.84
Non-residential			\$ 2.27

FERN TERRACE MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 10.64	\$ 14.05	\$ 21.38
3/4 inch	\$ 15.96	\$ 21.07	\$ 32.07
1 inch	\$ 26.62	\$ 35.14	\$ 53.45
1 1/2 inch	\$ 53.22	\$ 70.27	\$ 106.89
2 inch	\$ 85.16	\$ 112.45	\$ 171.02
3 inch	\$ 170.33	\$ 224.90	\$ 342.05
4 inch	\$ 266.14	\$ 351.41	\$ 534.45
6 inch	\$ 532.27	\$ 702.80	\$ 1,068.90
8 inch	\$ 851.63	\$ 1,124.49	\$ 1,710.24
10 inch	\$ 1,224.23	\$ 1,616.47	\$ 2,458.47
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 2.95	\$ 3.89	
< 6,001 (Residential)			\$ 2.27
Over 6,000 (Residential)			\$ 2.84
Non-residential			\$ 2.27

FRIENDLY CENTER MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 15.84	\$ 20.92	\$ 21.38
3/4 inch	\$ 23.77	\$ 31.39	\$ 32.07
1 inch	\$ 39.62	\$ 52.32	\$ 53.45
1 1/2 inch	\$ 79.25	\$ 104.64	\$ 106.89
2 inch	\$ 126.79	\$ 167.41	\$ 171.02
3 inch	\$ 253.59	\$ 334.85	\$ 342.05
4 inch	\$ 396.23	\$ 523.18	\$ 534.45
6 inch	\$ 792.45	\$ 1,046.35	\$ 1,068.90
8 inch	\$ 1,267.93	\$ 1,674.18	\$ 1,710.24
10 inch	\$ 1,822.65	\$ 2,406.63	\$ 2,458.47
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 4.09	\$ 5.40	
< 6,001 (Residential)			\$ 2.27
Over 6,000 (Residential)			\$ 2.84
Non-residential			\$ 2.27

GRAND TERRACE MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 9.90	\$ 13.07	\$ 21.38
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 2.14	\$ 2.80	
< 6,001 (Residential)			\$ 2.27
Over 6,000 (Residential)			\$ 2.84
Non-residential			\$ 2.27

HAINES CREEK MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 9.54	\$ 12.90	\$ 21.38
3/4 inch	\$ 14.30	\$ 19.32	\$ 32.07
1 inch	\$ 23.85	\$ 32.22	\$ 53.45
1 1/2 inch	\$ 47.70	\$ 64.45	\$ 106.89
2 inch	\$ 76.32	\$ 103.13	\$ 171.02
3 inch	\$ 152.65	\$ 206.26	\$ 342.05
4 inch	\$ 238.52	\$ 322.28	\$ 534.45
6 inch	\$ 457.13	\$ 617.66	\$ 1,068.90
8 inch	\$ -	\$ -	\$ 1,710.24
10 inch	\$ -	\$ -	\$ 2,458.47
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 1.53	\$ 2.07	
< 6,001 (Residential)			\$ 2.27
Over 6,000 (Residential)			\$ 2.84
Non-residential			\$ 2.27

HOBBY HILLS MONTHLY WATER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 9.90	\$ 13.07	\$	21.38
3/4 inch	\$ 14.86	\$ 19.63	\$	32.07
1 inch	\$ 24.76	\$ 32.69	\$	53.45
1 1/2 inch	\$ 49.49	\$ 65.34	\$	106.89
2 inch	\$ 79.20	\$ 104.57	\$	171.02
3 inch	\$ 158.39	\$ 209.14	\$	342.05
4 inch	\$ 247.48	\$ 326.78	\$	534.45
6 inch	\$ 494.98	\$ 653.57	\$	1,068.90
8 inch	\$ 791.96	\$ 1,045.70	\$	1,710.24
10 inch	\$ 1,138.43	\$ 1,503.18	\$	2,458.47
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Total consumption	\$ 2.14	\$ 2.83		
< 6,001 (Residential)			\$	2.27
Over 6,000 (Residential)			\$	2.84
Non-residential			\$	2.27

HOLIDAY HAVEN MONTHLY WATER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 10.38	\$ 13.70	\$	21.38
3/4 inch	\$ 15.56	\$ 20.54	\$	32.07
1 inch	\$ 25.94	\$ 34.26	\$	53.45
1 1/2 inch	\$ 51.89	\$ 68.51	\$	106.89
2 inch	\$ 83.04	\$ 109.65	\$	171.02
3 inch	\$ 166.05	\$ 219.26	\$	342.05
4 inch	\$ 259.46	\$ 342.59	\$	534.45
6 inch	\$ 518.93	\$ 685.20	\$	1,068.90
8 inch	\$ 830.30	\$ 1,096.33	\$	1,710.24
10 inch	\$ 1,193.54	\$ 1,575.95	\$	2,458.47
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Total consumption	\$ 4.62	\$ 6.10		
< 6,001 (Residential)			\$	2.27
Over 6,000 (Residential)			\$	2.84
Non-residential			\$	2.27

HOLIDAY HAVEN MONTHLY SEWER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 16.43	\$ 23.20	\$	30.03
3/4 inch	\$ 24.61	\$ 34.76	\$	45.05
1 inch	\$ 41.05	\$ 57.98	\$	75.09
1 1/2 inch	\$ 82.09	\$ 115.94	\$	150.17
2 inch	\$ 131.34	\$ 185.50	\$	240.27
3 inch	\$ 262.69	\$ 371.02	\$	480.54
4 inch	\$ 410.45	\$ 579.71	\$	750.85
6 inch	\$ 820.89	\$ 1,159.42	\$	1,501.70
8 inch	\$ 1,313.44	\$ 1,855.08	\$	2,402.72
10 inch	\$ 1,888.07	\$ 2,666.69	\$	3,453.91
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Residential Gallonge Cap	6,000	6,000		6,000
Residential use to cap	\$ 8.79	\$ 12.41	\$	10.97
Non-residential	\$ 10.53	\$ 14.88	\$	13.17

IMPERIAL MOBILE TERRACE MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 10.63	\$ 14.04	\$ 21.38
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 2.95	\$ 3.89	
< 6,001 (Residential)			\$ 2.27
Over 6,000 (Residential)			\$ 2.84

48 ESTATES MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 14.82	\$ 17.48	\$ 21.38
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 2.02	\$ 2.39	
< 6,001 (Residential)			\$ 2.27
Over 6,000 (Residential)			\$ 2.84

KINGS COVE MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 8.12	\$ 11.40	\$ 21.38
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 1.31	\$ 1.83	
< 6,001 (Residential)			\$ 2.27
Over 6,000 (Residential)			\$ 2.84

KINGS COVE MONTHLY SEWER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 9.24	\$ 13.67	\$ 30.03
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Residential Gallonge Cap	10,000	10,000	6,000
Residential use to cap	\$ 3.24	\$ 4.80	\$ 10.97

SUMMIT CHASE MONTHLY WATER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 9.24	\$ 11.92	\$ 21.38	
3/4 inch	\$ -	\$ -	\$ 32.07	
1 inch	\$ 23.10	\$ 29.97	\$ 53.45	
1 1/2 inch	\$ 46.20	\$ 59.58	\$ 106.89	
2 inch	\$ 73.91	\$ 95.30	\$ 171.02	
3 inch	\$ -	\$ -	\$ 342.05	
4 inch	\$ -	\$ -	\$ 534.45	
6 inch	\$ -	\$ -	\$ 1,068.90	
8 inch	\$ -	\$ -	\$ 1,710.24	
10 inch	\$ -	\$ -	\$ 2,458.47	
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Total consumption	\$ 2.64	\$ 3.41		
< 6,001 (Residential)			\$ 2.27	
Over 6,000 (Residential)			\$ 2.84	
Non-residential			\$ 2.27	

SUMMIT CHASE MONTHLY SEWER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 9.45	\$ 16.06	\$ 30.03	
3/4 inch	\$ -	\$ -	\$ 45.05	
1 inch	\$ 22.94	\$ 39.01	\$ 75.09	
1 1/2 inch	\$ 47.27	\$ 80.36	\$ 150.17	
2 inch	\$ 72.90	\$ 123.93	\$ 240.27	
3 inch	\$ -	\$ -	\$ 480.54	
4 inch	\$ -	\$ -	\$ 750.85	
6 inch	\$ -	\$ -	\$ 1,501.70	
8 inch	\$ -	\$ -	\$ 2,402.72	
10 inch	\$ -	\$ -	\$ 3,453.91	
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Residential Gallonge Cap	10,000	10,000	6,000	
Residential use to cap	\$ 2.70	\$ 4.59	\$ 10.97	
Non-residential	\$ 2.70	\$ 4.59	\$ 13.17	

MORNING VIEW MONTHLY WATER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 18.31	\$ 24.18	\$ 21.38	
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Total consumption	\$ 3.88	\$ 5.12		
< 6,001 (Residential)			\$ 2.27	
Over 6,000 (Residential)			\$ 2.84	

MORNING VIEW MONTHLY SEWER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 24.40	\$ 34.46	\$ 30.03	
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Residential Gallonge Cap	6,000	6,000	6,000	
Residential use to cap	\$ 7.57	\$ 10.69	\$ 10.97	

PALMS MOBILE HOME PARK MONTHLY WATER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 7.56	\$ 9.98	\$ 21.38	
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Total consumption	\$ 4.96	\$ 6.55		
< 6,001 (Residential)			\$ 2.27	
Over 6,000 (Residential)			\$ 2.84	

PICCIOLA ISLAND MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 10.63	\$ 14.04	\$ 21.38
Gallage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 2.95	\$ 3.89	
< 6,001 (Residential)			\$ 2.27
Over 6,000 (Residential)			\$ 2.84

PINEY WOODS MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 16.33	\$ 21.57	\$ 21.38
3/4 inch	\$ 24.48	\$ 32.33	\$ 32.07
1 inch	\$ 40.81	\$ 53.88	\$ 53.45
1 1/2 inch	\$ 81.58	\$ 107.72	\$ 106.89
2 inch	\$ 130.54	\$ 172.37	\$ 171.02
3 inch	\$ 261.08	\$ 344.73	\$ 342.05
4 inch	\$ 407.95	\$ 538.65	\$ 534.45
6 inch	\$ 815.90	\$ 1,077.32	\$ 1,068.90
8 inch	\$ 1,305.42	\$ 1,723.68	\$ 1,710.24
10 inch	\$ 1,876.57	\$ 2,477.82	\$ 2,458.47
Gallage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 2.72	\$ 3.60	
< 6,001 (Residential)			\$ 2.27
Over 6,000 (Residential)			\$ 2.84
Non-residential			\$ 2.27

QUAIL RIDGE MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 21.86	\$ 28.87	\$ 21.38
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 3.52	\$ 4.65	
< 6,001 (Residential)			\$ 2.27
Over 6,000 (Residential)			\$ 2.84

RAVENSWOOD MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 13.30	\$ 18.75	\$ 21.38
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 1.88	\$ 2.64	
< 6,001 (Residential)			\$ 2.27
Over 6,000 (Residential)			\$ 2.84

SILVER LAKE/WESTERN SHORES MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 7.64	\$ 10.09	\$ 21.38
3/4 inch	\$ 11.48	\$ 15.15	\$ 32.07
1 inch	\$ 19.12	\$ 25.24	\$ 53.45
1 1/2 inch	\$ 38.24	\$ 50.49	\$ 106.89
2 inch	\$ 61.18	\$ 80.78	\$ 171.02
3 inch	\$ 122.36	\$ 161.56	\$ 342.05
4 inch	\$ 191.19	\$ 252.45	\$ 534.45
6 inch	\$ 382.36	\$ 504.87	\$ 1,068.90
8 inch	\$ 611.78	\$ 807.79	\$ 1,710.24
10 inch	\$ 879.44	\$ 1,161.21	\$ 2,458.47
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 1.31	\$ 1.72	
< 6,001 (Residential)			\$ 2.27
Over 6,000 (Residential)			\$ 2.84
Non-residential			\$ 2.27

SKYCREST MONTHLY WATER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 14.45	\$ 19.07	\$ 21.38	
3/4 inch	\$ 21.69	\$ 28.64	\$ 32.07	
1 inch	\$ 36.13	\$ 47.71	\$ 53.45	
1 1/2 inch	\$ 72.27	\$ 95.42	\$ 106.89	
2 inch	\$ 115.64	\$ 152.69	\$ 171.02	
3 inch	\$ 231.28	\$ 305.39	\$ 342.05	
4 inch	\$ 361.36	\$ 477.13	\$ 534.45	
6 inch	\$ 722.72	\$ 954.28	\$ 1,068.90	
8 inch	\$ 1,156.36	\$ 1,526.85	\$ 1,710.24	
10 inch	\$ 1,662.26	\$ 2,194.85	\$ 2,458.47	
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Total consumption	\$ 4.23	\$ 5.59		
< 6,001 (Residential)			\$ 2.27	
Over 6,000 (Residential)			\$ 2.84	
Non-residential			\$ 2.27	

STONE MOUNTAIN MONTHLY WATER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 27.59	\$ 36.42	\$ 21.38	
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Total consumption	\$ 2.97	\$ 3.92		
< 6,001 (Residential)			\$ 2.27	
Over 6,000 (Residential)			\$ 2.84	

VALENCIA TERRACE MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 9.90	\$ 13.07	\$ 21.38
3/4 inch	\$ 14.86	\$ 19.63	\$ 32.07
1 inch	\$ 24.76	\$ 32.69	\$ 53.45
1 1/2 inch	\$ 49.49	\$ 65.34	\$ 106.89
2 inch	\$ 79.20	\$ 104.57	\$ 171.02
3 inch	\$ 158.39	\$ 209.14	\$ 342.05
4 inch	\$ 247.48	\$ 326.78	\$ 534.45
6 inch	\$ 494.98	\$ 653.57	\$ 1,068.90
8 inch	\$ 791.96	\$ 1,045.70	\$ 1,710.24
10 inch	\$ 1,138.43	\$ 1,503.18	\$ 2,458.47
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 2.14	\$ 2.83	
< 6,001 (Residential)			\$ 2.27
Over 6,000 (Residential)			\$ 2.84
Non-residential			\$ 2.27

VALENCIA TERRACE MONTHLY SEWER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 16.30	\$ 23.02	\$ 30.03
3/4 inch	\$ 24.41	\$ 34.48	\$ 45.05
1 inch	\$ 40.72	\$ 57.51	\$ 75.09
1 1/2 inch	\$ 81.40	\$ 114.97	\$ 150.17
2 inch	\$ 130.23	\$ 183.93	\$ 240.27
3 inch	\$ 260.46	\$ 367.87	\$ 480.54
4 inch	\$ 406.96	\$ 574.78	\$ 750.85
6 inch	\$ 813.92	\$ 1,149.57	\$ 1,501.70
8 inch	\$ 1,302.27	\$ 1,839.31	\$ 2,402.72
10 inch	\$ 1,872.01	\$ 2,644.00	\$ 3,453.91
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Residential Gallonge Cap	6,000	6,000	6,000
Residential use to cap	\$ 3.30	\$ 4.66	\$ 10.97
Non-residential	\$ 3.96	\$ 5.59	\$ 13.17

VENETIAN VILLAGE MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 10.28	\$ 13.58	\$ 21.38
3/4 inch	\$ 15.44	\$ 20.38	\$ 32.07
1 inch	\$ 25.71	\$ 33.95	\$ 53.45
1 1/2 inch	\$ 51.43	\$ 67.90	\$ 106.89
2 inch	\$ 82.28	\$ 108.64	\$ 171.02
3 inch	\$ 164.57	\$ 217.30	\$ 342.05
4 inch	\$ 257.13	\$ 339.52	\$ 534.45
6 inch	\$ 514.27	\$ 679.04	\$ 1,068.90
8 inch	\$ 822.82	\$ 1,086.45	\$ 1,710.24
10 inch	\$ 1,182.82	\$ 1,561.79	\$ 2,458.47
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 3.89	\$ 5.13	
< 6,001 (Residential)			\$ 2.27
Over 6,000 (Residential)			\$ 2.84
Non-residential			\$ 2.27

VENETIAN VILLAGE MONTHLY SEWER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 20.45	\$ 28.89	\$ 30.03
3/4 inch	\$ 30.67	\$ 43.31	\$ 45.05
1 inch	\$ 51.12	\$ 72.20	\$ 75.09
1 1/2 inch	\$ 102.24	\$ 144.40	\$ 150.17
2 inch	\$ 163.55	\$ 230.99	\$ 240.27
3 inch	\$ 327.15	\$ 462.06	\$ 480.54
4 inch	\$ 511.16	\$ 721.96	\$ 750.85
6 inch	\$ 1,022.32	\$ 1,443.92	\$ 1,501.70
8 inch	\$ 1,635.69	\$ 2,310.23	\$ 2,402.72
10 inch	\$ 2,351.31	\$ 3,320.96	\$ 3,453.91
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Residential Gallonge Cap	6,000	6,000	6,000
Residential use to cap	\$ 5.97	\$ 8.44	\$ 10.97
Non-residential	\$ 7.16	\$ 10.12	\$ 13.17

III. General Reasons for Rate Request

The Utility is requesting a rate increase because the existing rates do not provide sufficient revenues to allow the Utility the opportunity to earn a fair return on the Utility's investment in used and useful property for public service and the recovery of the required expenses of operations during the period of time when the rates will be effective.

IV. Major Rate Case Issues

It is difficult to anticipate all of the specific issues that may develop during a rate case. However, the following general issues will likely be addressed by the Commission:

1. What is the test year rate base?
2. What is the test year net operating income?
3. What is the test year cost of capital?
4. What is the test year revenue requirement?
5. What is the proper rate design to recover the test year revenue requirement?

V. Description of the Ratemaking Process

Participants: Many people are involved in a utility rate case. The following is a list of some of the main participants:

1. The Commissioners who hear this case are appointed by the Governor and will make a final decision on all of the issues in the case.
2. The Commissioners are assisted by a Commission Staff. The Staff members involved in the case include engineers, accountants, attorneys, consumer affair specialists, and rate and financial analysts.
3. The Public Counsel is appointed by the Legislature to represent the citizens in rate cases before the Commission. Public Counsel also has a staff of attorneys, accountants, rate and financial analysts. The Public Counsel has intervened as a party in this rate case on behalf of the Utility's customers.
4. The Utility's officers and staff personnel may testify about the utility, its operation, revenue and expenses. The Utility may also employ outside consultants as expert witnesses and an attorney or other specialists to assist them with the rate case. The accountants, rate analysts and engineers compile information in support of the rate increase request and testify at hearings.
5. Intervenors representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervenor is a party who legally intervenes in the rate case through petition to the Commission to represent a

specific interest or point of view in the rate case. The intervenor has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

Rate Case Requirements: A test year is requested by a utility, and when approved, is used as a measuring point to determine if a rate increase should be approved. The utility files an application pursuant to Commission rules (minimum filing requirements or “MFRs”.) This application reflects the amount of money the utility has invested in its facilities to serve its customers. It also includes the utility’s requested rate return on its investment and the expenses the utility incurs to provide service for the test year. The data provides information about the operations of the company, supplies and expenses, taxes, construction, depreciation and all of the operating and financial matters that are crucial to a decision. The utility will also be requested to file additional information before the case is over. Among the things the Commission looks for are expenditures that could be considered unnecessary, improper, or imprudent. Expenditures of this kind are disallowed for ratemaking purposes.

The Commission and its staff review the application, and the Commission determines whether interim rates are appropriate to be collected during the pendency of the rate case. If interim rates are authorized and charged, those rates are subject to refund with interest pending the Commission’s final decision in the case. The Commission staff performs an audit of the utility’s books and records to see if they match the utility’s MFRs, and that the utility is in compliance with the Commission’s rules and policies. The staff auditors issue a report of their findings which is filed with the Commission. The staff also performs other examinations and document requests of the utility’s personnel and the utility’s quality of service. This includes a physical inspection of the utility’s facilities by staff engineers and a review of records filed with other regulatory agencies regarding the utility.

Hearings

Aqua Utilities Florida, Inc. has requested the Commission to hold a formal public hearing to decide this case. The hearings are governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings. These hearings are held in Tallahassee. Customer service hearings are also scheduled in the local service area for the customers’ convenience. At this time, customer input is requested regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel usually participates in major rate cases, has access to all the information filed by the utility, assists members of the public who wish to testify and may even provide expert witnesses on various issues in the case.

Witnesses from the utility, the Commission staff, the Public Counsel and intervenors present testimony and are cross-examined. There are official transcripts of all hearings. Court reports record the hearings, just as they do in a courtroom.

Completing the Rate Case

After the hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues. The Commission staff then makes recommendations to the Commissioners on each issue of the case. When the Commission makes its final decision there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are many issues in a major water and wastewater rate case, and it sometimes takes the Commissioners several hours to complete the final review of the case and to vote on each issue based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission decisions, the basis for the decisions, the new rates, and when they will be effective. After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the Public Counsel, the utility or any other party may appeal the Commission's decision to the courts.

VI. Aqua Utilities Florida Tentative Time Schedule

The following tentative schedule was established by the Commission for the remaining major events in Aqua Utilities Florida rate case:

The following dates have been established to govern the key activities of this case:

- | | |
|--|-------------------------------|
| (1) Utility's testimony and exhibits | December 1, 2006 |
| (2) Intervenors' testimony and exhibits | July 2, 2007 |
| (3) Staff's testimony and exhibits, if any | July 16, 2007 |
| (4) Rebuttal testimony and exhibits | August 13, 2007 |
| (5) Prehearing Statements | August 16, 2007 |
| (6) Prehearing Conference | October 8, 2007 |
| (7) Discovery deadline | October 17, 2007 |
| (8) Hearing | October 24-26 and 29-30, 2007 |
| (9) Briefs | November 19, 2007 |

VII. Location of MFRs for Review

All of the information on file at the Commission is open to the public and is available for review at the Commission offices in Tallahassee. The MFRs filed by the Utility are also available for inspection at the following locations:

Lake County Library
312 W. Main Street
Tavares, FL 32778
(352) 253-6180

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748
Business Hours: 8:30 - 4:30 p.m. Monday-Friday

Customer comments concerning Aqua Utilities Florida's service and its request for an increase in rates should be addressed to the Office of Commission Clerk at the Florida Public Service Commission:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

and a courtesy copy of written comments and complaints may be mailed to the following:

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748

Complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following phone number 1-800-342-3552.

All comments should include reference to Commission Docket 060368-WS which has been assigned to this case.

AQUA UTILITIES FLORDIA, INC.

APPLICATION FOR INCREASE IN WATER AND WASTEWATER RATES

DOCKET NO. 060368-WS

RATE CASE SYNOPSIS

LEE COUNTY

I. Purpose

In accordance with the Florida Public Service Commission’s Rule (“Commission”) 25-22.0407 regarding Notice of and Public Information on General Rate Increase Requests, a synopsis of the rate request must be prepared and distributed by Aqua Utilities Florida, Inc. (“Utility”), in **Lee County**. The following information will provide the background on the rate request and the rate case process in general.

II. Comparison of the Present, Interim, and Proposed Final Rates

On December 1, 2006, the Utility filed an application with the Commission for increased water and wastewater rates and charges for its customers. The Application was assigned Docket No. 060368-WS and March 26, 2007 has been established as the official date of filing.

The last wastewater base rate increase occurred in March 1999, and this is the Utility’s first rate request since acquiring this system in August 2003. Since then, the Utility will have invested more than \$1.1 million in this community’s infrastructure through 2007 to improve the quality and reliability of wastewater service. This amount translates to a capital investment of more than \$17,000 per customer. Specifically, the Utility is upgrading lift stations that pump waste from collection points in the system to the sewage treatment facility, as well as replacing deteriorating pipe that carries waste to the plant. The Utility is also installing new filtering equipment at the wastewater plant to comply with Florida Department of Environmental Protection regulations. A rate increase is necessary for the Utility to be given an opportunity to recover those additional expenses.

The utility has requested a permanent revenue increase in Lee County of \$494,753 or 191.6%. The interim rates are subject to refund with interest, if the Commission finds that the utility was not entitled to collect such rates pending the final Commission decision. A schedule of the utility’s present, interim, and proposed final rates follows.

SOUTH SEAS MONTHLY SEWER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 28.61	\$ 57.78	\$ 108.96
3/4 inch	\$ -		\$ 163.44
1 inch	\$ 71.54	\$ 144.47	\$ 272.40
1 1/2 inch	\$ 143.07	\$ 288.92	\$ 544.80
2 inch	\$ 228.89	\$ 462.25	\$ 871.68
3 inch	\$ 500.77	\$ 1,011.30	\$ 1,743.36
4 inch	\$ 858.45	\$ 1,733.64	\$ 2,723.99
6 inch	\$ 1,789.03	\$ 3,612.95	\$ 5,447.99
8 inch	\$ -	\$ -	\$ 8,716.78
10 inch	\$ -	\$ -	\$ 12,530.37
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Residential Gallonge Cap	10,000	10,000	6,000
Residential use to cap	\$ 3.94	\$ 7.95	\$ 11.72
Non-residential	\$ 4.71	\$ 9.51	\$ 14.07

III. General Reasons for Rate Request

The Utility is requesting a rate increase because the existing rates do not provide sufficient revenues to provide a fair return on the Utility's investment in used and useful property for public use and the recovery of the required expenses of operations during the period of time when the rates will be effective.

IV. Major Rate Case Issues

It is difficult to anticipate all the issues that may develop during a rate case. However, the following issues are anticipated to be the major areas considered:

1. What is the test year rate base?
2. What is the test year net operating income?
3. What is the test year cost of capital?
4. What is the test year revenue requirement?
5. What is the proper rate design to recover the test year revenue requirement?

V. Description of the Ratemaking Process

Participants: Many people are involved in a utility rate case. The following is a list of some of the main participants:

1. The Commission is composed of five Commissioners appointed by the Governor. The Commissioners who hear this case will make a final decision on all of the issues in the case.
2. The Commissioners are assisted by a Commission Staff. The Staff members involved in the case include engineers, accountants, attorneys, consumer affair specialists, and rate and financial analysts.
3. The Public Counsel is appointed by the Legislature to represent the citizens in rate cases before the Commission. Public Counsel also has a staff of attorneys, accountants, rate and financial analysts. The Public Counsel may monitor the case or may participate.
4. The Utility's officers and staff personnel may testify about the utility, its operation, revenue and expenses. The utility may also employ outside consultants as expert witnesses and an attorney or other specialists to assist them with the rate case. The accountants, rate analysts and engineers compile information in support of the rate increase request and testify at hearings.
5. Intervenors representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervenor is a party who legally intervenes in the rate case through petition to the Commission to represent a specific interest or point of view in the rate case. The intervenor has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

Rate Case Requirements: A test year is requested by the utility, and when approved, is used as a measuring point to determine if a rate increase should be approved. The utility files an application pursuant to Commission rules (minimum filing requirements or MFRs.) This application reflects the amount of money the utility has invested in its facilities to serve its customers. It also includes the utility's requested rate return on its investment and the expenses the utility incurs to provide service for the test year. The data provides information about the operations of the company, supplies and expenses, taxes, construction, depreciation and all of the operating and financial matters that are crucial to a decision. The utility will also be requested to file additional information before the case is over. Among the things the Commission looks for are expenditures that could be considered unnecessary, improper, or imprudent. Expenditures of this kind are disallowed for ratemaking purposes.

The Commission and its staff review the application, and the Commission determines whether interim rates are appropriate to be collected during the pendency of the rate case. If interim rates are authorized and charged, those rates are subject to refund with interest pending the Commission's final decision in the case. The Commission staff performs an audit of the utility's books and records to see if they match the utility's MFRs, and that the utility is in compliance with the Commission's rules and policies. The staff auditors issue a report of their findings which is filed with the Commission. The staff also performs other examinations and document requests of the utility's personnel and the utility's quality of service. This includes an engineering physical inspection of the utility's facilities and a review of records filed with other regulatory agencies regarding the utility.

Hearings

Aqua Utilities Florida, Inc. has requested the Commission hold formal public hearings to decide this case. The hearings are governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings. These hearings are scheduled in the local service area for the customers' convenience. At this time, customer testimony is given regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel usually participates in major rate cases, has access to all the information filed by the utility, assists members of the public who wish to testify and may even provide expert witnesses on various issues in the case.

Witnesses from the utility, the Commission staff, the Public Counsel and intervenors present testimony and are cross-examined. There are official transcripts of all hearings. Court reports record the hearings, just as they do in a courtroom.

Completing the Rate Case

After the hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues. The Commission staff then makes recommendations to the Commissioners on each issue of the case. When the Commission makes its final decision there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are many issues in a major water rate case, and it sometimes takes the Commissioners several hours to complete the final review of the case and to vote on each issue based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission decisions, the basis for the decisions, the new rates, and when they will be effective. After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the Public Counsel, the utility or any other party may appeal the Commission's decision to the courts.

VI. Aqua Utilities Florida Tentative Time Schedule

The following tentative schedule was established by the Commission for the remaining major events in Aqua Utilities Florida rate case:

The following dates have been established to govern the key activities of this case:

- | | |
|--|-------------------------------|
| (1) Utility's testimony and exhibits | December 1, 2006 |
| (2) Intervenors' testimony and exhibits | July 2, 2007 |
| (3) Staff's testimony and exhibits, if any | July 16, 2007 |
| (4) Rebuttal testimony and exhibits | August 13, 2007 |
| (5) Prehearing Statements | August 16, 2007 |
| (6) Prehearing Conference | October 8, 2007 |
| (7) Discovery deadline | October 17, 2007 |
| (8) Hearing | October 24-26 and 29-30, 2007 |
| (9) Briefs | November 19, 2007 |

VII. Location of MFRs for Review

All of the information on file at the Commission open to the public and is available for review at the commission offices in Tallahassee. The MFRs filed by the utility are also available for inspection at the following locations:

Ft. Myers – Lee County Library
2050 Central Avenue
Fort Meyers, FL 33901

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748
Business Hours: 8:30 - 4:30 p.m. Monday-Friday

Customer comments concerning Aqua Utilities Florida's service and its request for an increase in rates should be addressed to the Office of Commission Clerk at the Florida Public Service Commission:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

and a courtesy copy of written comments and complaints may be mailed to the following:

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748

Complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following phone number 1-800-342-3552.

All comments should include reference to Commission Docket 060368-WS which has been assigned to this case.

AQUA UTILITIES FLORIDA, INC.

APPLICATION FOR INCREASE IN WATER AND WASTEWATER RATES

DOCKET NO. 060368-WS

RATE CASE SYNOPSIS

MARION COUNTY

I. Purpose

In accordance with the Florida Public Service Commission's ("Commission") Rule 25-22.0407 regarding Notice of and Public Information on General Rate Increase Requests, a synopsis of the rate request must be prepared and distributed by Aqua Utilities Florida, Inc. ("Utility"), in **Marion County**. The following information will provide the background on the rate request and the rate case process in general.

II. Comparison of the Present, Interim, and Proposed Final Rates

On December 1, 2006, the Utility filed an application with the Commission for increased water and wastewater rates and charges for its customers. The Application was assigned Docket No. 060368-WS and March 26, 2007 has been established as the official date of filing.

The last water base rate increase occurred in November 1995, and this is the Utility's first rate request since acquiring this system in August 2003. Since then, the Utility will have invested nearly \$1.3 million in this community's infrastructure through 2007 to improve the quality and reliability of water service. This amount translates to a capital investment of more than \$700 per customer. The upgrades include electrical and structural improvements to water treatment plants, installation of new pressure-stabilizing tanks, and the replacement of undersized and deteriorating pipe to address water quality and water pressure issues. In addition, the Utility is upgrading treatment equipment and piping at its water treatment plants and installing security equipment at water treatment facilities to comply with federal regulations. A rate increase is necessary for the Utility to be given an opportunity to recover those additional investments.

The utility has requested a permanent revenue increase in Marion County of \$425,372 or 82.63%. It has also requested and been granted an interim revenue increase of \$190,933 or 40%. As part of its request for permanent rates, the Commission permits the Company to collect a portion of the request as interim rates. The interim rates are subject to refund with interest, if the Commission finds that the utility was not entitled to collect such rates pending the final Commission decision. A schedule of the utility's present, interim, and proposed final rates follows.

OCALA OAKS MONTHLY WATER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 14.68	\$ 20.21	\$ 24.12	
3/4 inch	\$ -	\$ -	\$ 36.18	
1 inch	\$ 36.63	\$ 50.43	\$ 60.30	
1 1/2 inch	\$ 73.19	\$ 100.77	\$ 120.61	
2 inch	\$ 117.11	\$ 161.24	\$ 192.97	
3 inch	\$ 234.18	\$ 322.42	\$ 385.94	
4 inch	\$ 365.89	\$ 503.76	\$ 603.03	
6 inch	\$ 731.34	\$ 1,006.92	\$ 1,206.06	
8 inch	\$ -	\$ -	\$ 1,929.69	
10 inch	\$ -	\$ -	\$ 2,773.93	
Gallonage Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Total consumption	\$ 1.25	\$ 1.72		
< 6,001 (Residential)			\$ 2.44	
Over 6,000 (Residential)			\$ 3.04	
Non-residential			\$ 2.44	

III. General Reasons for Rate Request

The Utility is requesting a rate increase because the existing rates do not provide sufficient revenues to allow the Utility the opportunity to earn a fair return on the Utility's investment in used and useful property for public service and the recovery of the required expenses of operations during the period of time when the rates will be effective.

IV. Major Rate Case Issues

It is difficult to anticipate all of the specific issues that may develop during a rate case. However, the following general issues will likely be addressed by the Commission:

1. What is the test year rate base?
2. What is the test year net operating income?
3. What is the test year cost of capital?
4. What is the test year revenue requirement?
5. What is the proper rate design to recover the test year revenue requirement?

V. Description of the Ratemaking Process

Participants: Many people are involved in a utility rate case. The following is a list of some of the main participants:

1. The Commissioners who hear this case are appointed by the Governor and will make a final decision on all of the issues in the case.
2. The Commissioners are assisted by a Commission Staff. The Staff members involved in the case include engineers, accountants, attorneys, consumer affair specialists, and rate and financial analysts.
3. The Public Counsel is appointed by the Legislature to represent the citizens in rate cases before the Commission. Public Counsel also has a staff of attorneys, accountants, rate and financial analysts. The Public Counsel has intervened as a party in this rate case on behalf of the Utility's customers.
4. The Utility's officers and staff personnel may testify about the utility, its operation, revenue and expenses. The utility may also employ outside consultants as expert witnesses and an attorney or other specialists to assist them with the rate case. The accountants, rate analysts and engineers compile information in support of the rate increase request and testify at hearings.
5. Intervenors representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervenor is a party who legally intervenes in the rate case through petition to the Commission to represent a specific interest or point of view in the rate case. The intervenor has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

Rate Case Requirements: A test year is requested by a utility, and when approved, is used as a measuring point to determine if a rate increase should be approved. The utility files an application pursuant to Commission rules (minimum filing requirements or "MFRs".) This application reflects the amount of money the utility has invested in its facilities to serve its customers. It also includes the utility's requested rate return on its investment and the expenses the utility incurs to provide service for the test year. The data provides information about the operations of the company, supplies and expenses, taxes, construction, depreciation and all of the operating and financial matters that are crucial to a decision. The utility will also be requested to file additional information before the case is over. Among the things the Commission looks for are expenditures that could be considered unnecessary, improper, or imprudent. Expenditures of this kind are disallowed for ratemaking purposes.

The Commission and its staff review the application, and the Commission determines whether interim rates are appropriate to be collected during the pendency of the rate case. If interim rates are authorized and charged, those rates are subject to refund with interest pending the Commission's final decision in the case. The Commission staff performs an audit of the utility's books and records to see if they match the utility's MFRs, and that the utility is in compliance with the Commission's rules and policies. The staff auditors issue a report of their findings which is filed

with the Commission. The staff also performs other examinations and document requests of the utility's personnel and the utility's quality of service. This includes a physical inspection of the utility's facilities by staff engineers and a review of records filed with other regulatory agencies regarding the utility.

Hearings

Aqua Utilities Florida, Inc. has requested the Commission to hold a formal public hearing to decide this case. The formal technical hearing is governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings. These hearings are held in Tallahassee. Customer service hearings are also scheduled in the local service area for the customers' convenience. At this time, customer input is requested regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel usually participates in major rate cases, has access to all the information filed by the utility, assists members of the public who wish to testify and may even provide expert witnesses on various issues in the case.

Witnesses from the utility, the Commission staff, the Public Counsel and intervenors present testimony and are cross-examined. There are official transcripts of all hearings. Court reports record the hearings, just as they do in a courtroom.

Completing the Rate Case

After the hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues. The Commission staff then makes recommendations to the Commissioners on each issue of the case. When the Commission makes its final decision there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are many issues in a major water and wastewater rate case, and it sometimes takes the Commissioners several hours to complete the final review of the case and to vote on each issue based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission decisions, the basis for the decisions, the new rates, and when they will be effective. After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the Public Counsel, the utility or any other party may appeal the Commission's decision to the courts.

VI. Aqua Utilities Florida Tentative Time Schedule

The following tentative schedule was established by the Commission for the remaining major events in Aqua Utilities Florida's rate case:

The following dates have been established to govern the key activities of this case:

- | | |
|--|-------------------------------|
| (1) Utility's testimony and exhibits | December 1, 2006 |
| (2) Intervenors' testimony and exhibits | July 2, 2007 |
| (3) Staff's testimony and exhibits, if any | July 16, 2007 |
| (4) Rebuttal testimony and exhibits | August 13, 2007 |
| (5) Prehearing Statements | August 16, 2007 |
| (6) Prehearing Conference | October 8, 2007 |
| (7) Discovery deadline | October 17, 2007 |
| (8) Hearing | October 24-26 and 29-30, 2007 |
| (9) Briefs | November 19, 2007 |

VII. Location of MFRs for Review

All of the information on file at the Commission is open to the public and is available for review at the Commission offices in Tallahassee. The MFRs filed by the Utility are also available for inspection at the following locations:

Marion County Public Library
2720 East Silver Springs Boulevard
Ocala, FL 34470

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748
Business Hours: 8:30 - 4:30 p.m. Monday-Friday

Customer comments concerning Aqua Utilities Florida's service and its request for an increase in rates should be addressed to the Office of Commission Clerk at the Florida Public Service Commission:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard

Tallahassee, Florida 32399-0870

and a courtesy copy of written comments and complaints may be mailed to the following:

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748

Complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following phone number 1-800-342-3552.

All comments should include reference to Commission Docket 060368-WS which has been assigned to this case.

AQUA UTILITIES FLORIDA, INC.

APPLICATION FOR INCREASE IN WATER AND WASTEWATER RATES

DOCKET NO. 060368-WS

RATE CASE SYNOPSIS

ORANGE COUNTY

I. Purpose

In accordance with the Florida Public Service Commission's ("Commission") Rule 25-22.0407 regarding Notice of and Public Information on General Rate Increase Requests, a synopsis of the rate request must be prepared and distributed by Aqua Utilities Florida, Inc. ("Utility"), in **Orange County**. The following information will provide the background on the rate request and the rate case process in general.

II. Comparison of the Present, Interim, and Proposed Final Rates

On December 1, 2006, the Utility filed an application with the Commission for increased water and wastewater rates and charges for its customers. The Application was assigned Docket No. 060368-WS and March 26, 2007 has been established as the official date of filing.

The last water base rate increase occurred in October 1996, and this is the Utility's first rate request since acquiring this system in July 2004. Since then, the Utility will have invested more than \$500,000 in this community's infrastructure through 2007 to improve the quality and reliability of water service. This amount translates to a capital investment of more than \$1,800 per customer. The upgrades include the replacement of undersized and deteriorated water main to improve water quality and fire protection, as well as installation of a new emergency generator to run the water system in the event of a power failure. A rate increase is necessary for the Utility to be given an opportunity to recover those additional investments.

The utility has requested a permanent revenue increase in Orange County of \$75,426 or 88%. It has also been requested and been granted an interim revenue increase of \$27,920 or 37%. As part of its request for permanent rates, the Commission permits the Company to collect a portion of the request interim rates. The interim rates are subject to refund with interest, provided the Commission finds that the utility was not entitled to collect such rates pending the final Commission decision. A schedule of the utility's present, interim and proposed final rates follows.

TANGERINE MONTHLY WATER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 8.92	\$ 11.73	\$ 22.62	
3/4 inch	\$ 13.38	\$ 17.61	\$ 33.93	
1 inch	\$ 22.28	\$ 29.32	\$ 56.55	
1 1/2 inch	\$ 44.58	\$ 58.66	\$ 113.10	
2 inch	\$ 71.33	\$ 93.86	\$ 180.95	
3 inch	\$ 142.65	\$ 187.72	\$ 361.91	
4 inch	\$ 222.89	\$ 293.30	\$ 565.48	
6 inch	\$ 445.79	\$ 586.63	\$ 1,130.97	
8 inch	\$ 713.62	\$ 939.07	\$ 1,809.55	
10 inch	\$ 1,025.82	\$ 1,349.91	\$ 2,601.22	
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Total consumption	\$ 1.53	\$ 2.01		
< 6,001 (Residential)			\$ 2.04	
Over 6,000 (Residential)			\$ 2.55	
Non-residential			\$ 2.04	

III. General Reasons for Rate Request

The Utility is requesting a rate increase because the existing rates do not provide sufficient revenues to allow the Utility the opportunity to earn a fair return on the Utility's investment in used and useful property for public service and the recovery of the required expenses of operations during the period of time when the rates will be effective.

IV. Major Rate Case Issues

It is difficult to anticipate all of the specific issues that may develop during a rate case. However, the following general issues will likely be addressed by the Commission:

1. What is the test year rate base?
2. What is the test year net operating income?
3. What is the test year cost of capital?
4. What is the test year revenue requirement?
5. What is the proper rate design to recover the test year revenue requirement?

V. Description of the Ratemaking Process

Participants: Many people are involved in a utility rate case. The following is a list of some of the main participants:

1. The Commissioners who hear this case are appointed by the Governor and will make a final decision on all of the issues in the case.
2. The Commissioners are assisted by a Commission Staff. The Staff members involved in the case include engineers, accountants, attorneys, consumer affair specialists, and rate and financial analysts.
3. The Public Counsel is appointed by the Legislature to represent the citizens in rate cases before the Commission. Public Counsel also has a staff of attorneys, accountants, rate and financial analysts. The Public Counsel has intervened as a party in this rate case on behalf of the Utility's customers.
4. The Utility's officers and staff personnel may testify about the utility, its operation, revenue and expenses. The utility may also employ outside consultants as expert witnesses and an attorney or other specialists to assist them with the rate case. The accountants, rate analysts and engineers compile information in support of the rate increase request and testify at hearings.
5. Intervenors representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervenor is a party who legally intervenes in the rate case through petition to the Commission to represent a specific interest or point of view in the rate case. The intervenor has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

Rate Case Requirements: A test year is requested by a utility, and when approved, is used as a measuring point to determine if a rate increase should be approved. The utility files an application pursuant to Commission rules (minimum filing requirements or "MFRs".) This application reflects the amount of money the utility has invested in its facilities to serve its customers. It also includes the utility's requested rate return on its investment and the expenses the utility incurs to provide service for the test year. The data provides information about the operations of the company, supplies and expenses, taxes, construction, depreciation and all of the operating and financial matters that are crucial to a decision. The utility will also be requested to file additional information before the case is over. Among the things the Commission looks for are expenditures that could be considered unnecessary, improper, or imprudent. Expenditures of this kind are disallowed for ratemaking purposes.

The Commission and its staff review the application, and the Commission determines whether interim rates are appropriate to be collected during the pendency of the rate case. If interim rates are authorized and charged, those rates are subject to refund with interest pending the Commission's final decision in the case. The Commission staff performs an audit of the utility's books and records to see if they match the utility's MFRs, and that the utility is in compliance with the Commission's rules and policies. The staff auditors issue a report of their findings which is filed

with the Commission. The staff also performs other examinations and document requests of the utility's personnel and the utility's quality of service. This includes a physical inspection of the utility's facilities by staff engineers and a review of records filed with other regulatory agencies regarding the utility.

Hearings

Aqua Utilities Florida, Inc. has requested the Commission to hold a formal public hearing to decide this case. The formal technical hearing is governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings. These hearings are held in Tallahassee. Customer service hearings are also scheduled in the local service area for the customers' convenience. At this time, customer input is requested regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel usually participates in major rate cases, has access to all the information filed by the utility, assists members of the public who wish to testify and may even provide expert witnesses on various issues in the case.

Witnesses from the utility, the Commission staff, the Public Counsel and intervenors present testimony and are cross-examined. There are official transcripts of all hearings. Court reporter record the hearings, just as they do in a courtroom.

Completing the Rate Case

After the hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues. The Commission staff then makes recommendations to the Commissioners on each issue of the case. When the Commission makes its final decision there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are many issues in a major water and wastewater rate case, and it sometimes takes the Commissioners several hours to complete the final review of the case and to vote on each issue based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission decisions, the basis for the decisions, the new rates, and when they will be effective. After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the Public Counsel, the utility or any other party may appeal the Commission's decision to the courts.

VI. Aqua Utilities Florida Tentative Time Schedule

The following tentative schedule was established by the Commission for the remaining major events in Aqua Utilities Florida's rate case:

The following dates have been established to govern the key activities of this case:

- | | |
|--|-------------------------------|
| (1) Utility's testimony and exhibits | December 1, 2006 |
| (2) Intervenors' testimony and exhibits | July 2, 2007 |
| (3) Staff's testimony and exhibits, if any | July 16, 2007 |
| (4) Rebuttal testimony and exhibits | August 13, 2007 |
| (5) Prehearing Statements | August 16, 2007 |
| (6) Prehearing Conference | October 8, 2007 |
| (7) Discovery deadline | October 17, 2007 |
| (8) Hearing | October 24-26 and 29-30, 2007 |
| (9) Briefs | November 19, 2007 |

VII. Location of MFRs for Review

All of the information on file at the Commission is open to the public and is available for review at the Commission offices in Tallahassee. The MFRs filed by the Utility are also available for inspection at the following locations:

Orange County Library System
101 E. Central Boulevard
Orlando, FL 32801

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748
Business Hours: 8:30 - 4:30 p.m. Monday-Friday

Customer comments concerning Aqua Utilities Florida's service and its request for an increase in rates should be addressed to the Office of Commission Clerk at the Florida Public Service Commission:

Florida Public Service Commission
Office of Commission Clerk

2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

and a courtesy copy of written comments and complaints may be mailed to the following:

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748

Complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following phone number 1-800-342-3552.

All comments should include reference to Commission Docket 060368-WS which has been assigned to this case.

AQUA UTILITIES FLORIDA, INC.

APPLICATION FOR INCREASE IN WATER AND WASTEWATER RATES

DOCKET NO. 060368-WS

RATE CASE SYNOPSIS

PALM BEACH COUNTY

I. Purpose

In accordance with the Florida Public Service Commission's ("Commission") Rule 25-22.0407 regarding Notice of and Public Information on General Rate Increase Requests, a synopsis of the rate request must be prepared and distributed by Aqua Utilities Florida, Inc. ("Utility"), in **Palm Beach County**. The following information will provide the background on the rate request and the rate case process in general.

II. Comparison of the Present, Interim, and Proposed Final Rates

On December 1, 2006, the Utility filed an application with the Commission for increased water and wastewater rates and charges for its customers. The Application was assigned Docket No. 060368-WS and March 26, 2007 has been established as the official date of filing.

The last water base rate increase occurred in December 1996, and this is the Utility's first rate request since acquiring this system in August 2003. Since then, the Utility will have invested approximately \$22 million in its Florida infrastructure through 2007 to improve the quality and reliability of water and wastewater services. Specifically in Palm Beach County, the Utility's capital improvements include water treatment plant upgrades, tank rehabilitation, and the replacement of undersized and deteriorating pipe to address water quality, water pressure and service reliability issues. A rate increase is necessary for the Utility to be given an opportunity to recover those additional investments.

The utility has requested a permanent revenue increase for Palm Beach County of \$161,289 or 134%. It has also been requested and been granted an interim revenue increase of \$122,650 or 96%. As part of its request for permanent rates, the Commission permits the Company to collect a portion of the request as interim rates. The interim rates are subject to refund with interest, if the Commission finds that the utility was not entitled to collect such rates pending the final Commission decision. A schedule of the utility's present, interim, and proposed final rates follows.

LAKE OSBORNE ESTATES MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 4.23	\$ 8.22	\$ 24.05
3/4 inch	\$ 6.33	\$ 12.32	\$ 36.08
1 inch	\$ 10.58	\$ 20.57	\$ 60.14
1 1/2 inch	\$ 21.14	\$ 41.10	\$ 120.27
2 inch	\$ 33.83	\$ 65.77	\$ 192.44
3 inch	\$ 67.66	\$ 131.54	\$ 384.88
4 inch	\$ 105.71	\$ 205.53	\$ 601.37
6 inch	\$ 211.42	\$ 411.07	\$ 1,202.75
8 inch	\$ -	\$ -	\$ 1,924.40
10 inch	\$ -	\$ -	\$ 2,766.32
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 2.03	\$ 3.94	
< 6,001 (Residential)			\$ 2.68
Over 6,000 (Residential)			\$ 3.35
Non-residential			\$ 2.68

III. General Reasons for Rate Request

The Utility is requesting a rate increase because the existing rates do not provide sufficient revenues to allow the Utility the opportunity to earn a fair return on the Utility's investment in used and useful property for public service and the recovery of the required expenses of operations during the period of time when the rates will be effective.

IV. Major Rate Case Issues

It is difficult to anticipate all of the specific issues that may develop during a rate case. However, the following general issues will likely be addressed by the Commission:

1. What is the test year rate base?
2. What is the test year net operating income?
3. What is the test year cost of capital?
4. What is the test year revenue requirement?
5. What is the proper rate design to recover the test year revenue requirement?

V. Description of the Ratemaking Process

Participants: Many people are involved in a utility rate case. The following is a list of some of the main participants:

1. The Commissioners who hear this case are appointed by the Governor and will make a final decision on all of the issues in the case.
2. The Commissioners are assisted by a Commission Staff. The Staff members involved in the case include engineers, accountants, attorneys, consumer affair specialists, and rate and financial analysts.
3. The Public Counsel is appointed by the Legislature to represent the citizens in rate cases before the Commission. Public Counsel also has a staff of attorneys, accountants, rate and financial analysts. The Public Counsel has intervened as a party in this rate case on behalf of the Utility's customers.
4. The Utility's officers and staff personnel may testify about the utility, its operation, revenue and expenses. The Utility may also employ outside consultants as expert witnesses and an attorney or other specialists to assist them with the rate case. The accountants, rate analysts and engineers compile information in support of the rate increase request and testify at hearings.
5. Intervenors representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervenor is a party who legally intervenes in the rate case through petition to the Commission to represent a specific interest or point of view in the rate case. The intervenor has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

Rate Case Requirements: A test year is requested by a utility, and when approved, is used as a measuring point to determine if a rate increase should be approved. The utility files an application pursuant to Commission rules (minimum filing requirements or "MFRs".) This application reflects the amount of money the utility has invested in its facilities to serve its customers. It also includes the utility's requested rate return on its investment and the expenses the utility incurs to provide service for the test year. The data provides information about the operations of the company, supplies and expenses, taxes, construction, depreciation and all of the operating and financial matters that are crucial to a decision. The utility will also be requested to file additional information before the case is over. Among the things the Commission looks for are expenditures that could be considered unnecessary, improper, or imprudent. Expenditures of this kind are disallowed for ratemaking purposes.

The Commission and its staff review the application, and the Commission determines whether interim rates are appropriate to be collected during the pendency of the rate case. If interim rates are authorized and charged, those rates are subject to refund with interest pending the Commission's final decision in the case. The Commission staff performs an audit of the utility's books and records to see if they match the utility's MFRs, and that the utility is in compliance with the Commission's rules and policies. The staff auditors issue a report of their findings which is filed

with the Commission. The staff also performs other examinations and document requests of the utility's personnel and the utility's quality of service. This includes a physical inspection of the utility's facilities by staff engineers and a review of records filed with other regulatory agencies regarding the utility.

Hearings

Aqua Utilities Florida, Inc. has requested the Commission to hold a formal public hearing to decide this case. The formal technical hearing is governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings. These hearings are held in Tallahassee. Customer service hearings are also scheduled in the local service area for the customers' convenience. At this time, customer input is requested regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel usually participates in major rate cases, has access to all the information filed by the utility, assists members of the public who wish to testify and may even provide expert witnesses on various issues in the case.

Witnesses from the utility, the Commission staff, the Public Counsel and intervenors present testimony and are cross-examined. There are official transcripts of all hearings. Court reporters record the hearings, just as they do in a courtroom.

Completing the Rate Case

After the hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues. The Commission staff then makes recommendations to the Commissioners on each issue of the case. When the Commission makes its final decision there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are many issues in a major water and wastewater rate case, and it sometimes takes the Commissioners several hours to complete the final review of the case and to vote on each issue based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission decisions, the basis for the decisions, the new rates, and when they will be effective. After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the Public Counsel, the utility or any other party may appeal the Commission's decision to the courts.

VI. Aqua Utilities Florida Tentative Time Schedule

The following tentative schedule was established by the Commission for the remaining major events in Aqua Utilities Florida's rate case:

The following dates have been established to govern the key activities of this case:

- | | |
|--|-------------------------------|
| (1) Utility's testimony and exhibits | December 1, 2006 |
| (2) Intervenors' testimony and exhibits | July 2, 2007 |
| (3) Staff's testimony and exhibits, if any | July 16, 2007 |
| (4) Rebuttal testimony and exhibits | August 13, 2007 |
| (5) Prehearing Statements | August 16, 2007 |
| (6) Prehearing Conference | October 8, 2007 |
| (7) Discovery deadline | October 17, 2007 |
| (8) Hearing | October 24-26 and 29-30, 2007 |
| (9) Briefs | November 19, 2007 |

VII. Location of MFRs for Review

All of the information on file at the Commission is open to the public and is available for review at the Commission offices in Tallahassee. The MFRs filed by the Utility are also available for inspection at the following locations:

Palm Beach County Library
3650 Summit Boulevard
West Palm Beach, FL 33406

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748
Business Hours: 8:30 - 4:30 p.m. Monday-Friday

Customer comments concerning Aqua Utilities Florida's service and its request for an increase in rates should be addressed to the Office of Commission Clerk at the Florida Public Service Commission:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

and a courtesy copy of written comments and complaints may be mailed to the following:

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748

Complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following phone number 1-800-342-3552.

All comments should include reference to Commission Docket 060368-WS which has been assigned to this case.

AQUA UTILITIES FLORIDA, INC.

APPLICATION FOR INCREASE IN WATER AND WASTEWATER RATES

DOCKET NO. 060368-WS

RATE CASE SYNOPSIS

PASCO COUNTY

I. Purpose

In accordance with the Florida Public Service Commission's ("Commission") Rule 25-22.0407 regarding Notice of and Public Information on General Rate Increase Requests, a synopsis of the rate request must be prepared and distributed by Aqua Utilities Florida, Inc. ("Utility"), in **Pasco County**. The following information will provide the background on the rate request and the rate case process in general.

II. Comparison of the Present, Interim, and Proposed Final Rates

On December 1, 2006, the Utility filed an application with the Commission for increased water and wastewater rates and charges for its customers. The Application was assigned Docket No. 060368-WS and March 26, 2007 has been established as the official date of filing.

For Zephyr Shores, the last water and wastewater base rate increase occurred in October 1996, and this is the Utility's first rate request since acquiring this system in July 2004. Since then, the Utility will have invested more than \$240,000 in this community's infrastructure through 2007 to improve the quality and reliability of water and wastewater services. The upgrades include installation of a new water supply well, which will eliminate the need to purchase water from Pasco County and reduce the water system's costs.

For Jasmine Lakes, the last water and wastewater base rate increase occurred in December 1991, and this is the Utility's first rate request since acquiring these systems in August 2003. Since then, the Utility will have invested more than \$2.7 million in this community's infrastructure through 2007 to improve the quality and reliability of water and wastewater service. This amount translates to a capital investment of more than \$850 per customer. The upgrades include new pumping and electrical systems at the water treatment facility and a new emergency generator to run the water system in the event of a power failure. The Utility has also installed automated flushing valves to enhance water quality. This improvement was required under a Florida Department of Environmental Protection ("DEP") consent order, which was subsequently lifted in 2006. For your wastewater system, the Utility is upgrading lift stations that pump waste from collection points in the system to the sewage treatment facility, as well as replacing deteriorating pipe that carries the waste to the plant. The Utility is also making wastewater plant improvements and rehabilitating percolation ponds to increase efficiency and performance of sewage treatment. In addition, DEP requirements mandate that the Utility analyze and develop plans to improve the wastewater system's capacity to handle increased flows during heavy rainstorms.

For Palm Terrace, the last water and wastewater base rate increase occurred in October 1996, and this is the Utility's first rate request since acquiring these systems in July 2004. Since then, the Utility will have invested more than \$1.1 million in your community's infrastructure through 2007 to improve the quality and reliability of water and wastewater services. Specifically, the Utility is replacing deteriorating pipe that carries the waste

from collection points in the system to the wastewater treatment plant. The Utility is also making wastewater plant improvements and rehabilitating percolation ponds to increase efficiency and performance of sewage treatment. A rate increase is necessary for the Utility to be given an opportunity to recover those additional investments.

The utility has requested a permanent water and wastewater revenue increase in Pasco County of \$892,627 or 49%. It has also requested and been granted an interim revenue increase of \$341,405 or 19%. As part of its request for permanent rates, the Commission permits the Company to collect a portion of the request as interim rates. The interim rates are subject to refund with interest, if the Commission finds that the utility was not entitled to collect such rates pending the final Commission decision. A schedule of the utility's present, interim, and proposed final rates follows.

ZEPHYR SHORES MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 6.30	\$ 6.53	\$ 18.52
3/4 inch	\$ 9.47	\$ 9.63	\$ 27.78
1 inch	\$ 15.76	\$ 15.80	\$ 46.30
1 1/2 inch	\$ 31.51	\$ 31.24	\$ 92.60
2 inch	\$ 50.43	\$ 49.78	\$ 148.16
3 inch	\$ 100.84	\$ 99.20	\$ 296.33
4 inch	\$ 157.58	\$ 154.81	\$ 463.01
6 inch	\$ 315.14	\$ 309.26	\$ 926.03
8 inch	\$ 504.23	\$ 494.61	\$ 1,481.65
10 inch	\$ 724.83	\$ 710.85	\$ 2,129.87
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 5.03	\$ 5.28	
< 6,001 (Residential)			\$ 3.93
Over 6,000 (Residential)			\$ 4.92
Non-residential			\$ 3.93

ZEPHYR SHORES MONTHLY SEWER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 11.39	\$ 16.09	\$ 16.90
3/4 inch	\$ 17.08	\$ 24.13	\$ 25.35
1 inch	\$ 28.48	\$ 40.22	\$ 42.25
1 1/2 inch	\$ 56.93	\$ 80.41	\$ 84.50
2 inch	\$ 91.11	\$ 128.68	\$ 135.20
3 inch	\$ 182.22	\$ 257.36	\$ 270.40
4 inch	\$ 284.72	\$ 402.13	\$ 422.50
6 inch	\$ 569.41	\$ 804.23	\$ 845.00
8 inch	\$ 911.08	\$ 1,286.80	\$ 1,352.00
10 inch	\$ 1,309.66	\$ 1,849.75	\$ 1,943.49
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Residential Gallonge Cap	6,000	6,000	6,000
Residential use to cap	\$ 9.54	\$ 13.47	\$ 5.84
Non-residential	\$ 11.46	\$ 16.19	\$ 7.01

JASMINE LAKES MONTHLY WATER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 9.30	\$ 10.73	\$ 18.52	
3/4 inch	\$ -	\$ -	\$ 27.78	
1 inch	\$ 23.29	\$ 22.89	\$ 46.30	
1 1/2 inch	\$ 46.54	\$ 45.74	\$ 92.60	
2 inch	\$ 74.47	\$ 73.19	\$ 148.16	
3 inch	\$ 148.93	\$ 146.37	\$ 296.33	
4 inch	\$ 232.74	\$ 228.74	\$ 463.01	
6 inch	\$ 465.46	\$ 457.47	\$ 926.03	
8 inch	\$ 744.73	\$ 731.94	\$ 1,481.65	
10 inch	\$ -	\$ -	\$ 2,129.87	
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Total consumption	\$ 3.18	\$ 3.13		
< 6,001 (Residential)			\$ 3.93	
Over 6,000 (Residential)			\$ 4.92	
Non-residential			\$ 3.93	
Public Fire Protection (Standpipe)**				
	Present Rates	Interim Rates	Proposed Final Rates	
Hydrants**	\$ 146.79	\$ 152.51	\$ 231.51	

JASMINE LAKES MONTHLY SEWER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 10.91	\$ 13.80	\$ 16.90	
3/4 inch	\$ -	\$ -	\$ 25.35	
1 inch	\$ 27.22	\$ 34.44	\$ 42.25	
1 1/2 inch	\$ 54.46	\$ 68.89	\$ 84.50	
2 inch	\$ 87.15	\$ 110.24	\$ 135.20	
3 inch	\$ 174.27	\$ 220.45	\$ 270.40	
4 inch	\$ 272.29	\$ 344.44	\$ 422.50	
6 inch	\$ 544.63	\$ 688.95	\$ 845.00	
8 inch	\$ 871.37	\$ 1,102.27	\$ 1,352.00	
10 inch	\$ -	\$ -	\$ 1,943.49	
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Residential Gallonge Cap	6,000	6,000	6,000	
Residential use to cap	\$ 2.74	\$ 3.47	\$ 5.84	
Non-residential	\$ 3.31	\$ 4.18	\$ 7.01	

PALM TERRACE MONTHLY WATER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 10.63	\$ 14.04	\$ 18.52	
3/4 inch	\$ 15.94	\$ 21.04	\$ 27.78	
1 inch	\$ 26.60	\$ 35.12	\$ 46.30	
1 1/2 inch	\$ 53.17	\$ 70.21	\$ 92.60	
2 inch	\$ 85.08	\$ 112.34	\$ 148.16	
3 inch	\$ 170.15	\$ 224.67	\$ 296.33	
4 inch	\$ 265.87	\$ 351.05	\$ 463.01	
6 inch	\$ 531.75	\$ 702.12	\$ 926.03	
8 inch	\$ 850.79	\$ 1,123.39	\$ 1,481.65	
10 inch	\$ 1,223.02	\$ 1,614.87	\$ 2,129.87	
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Total consumption	\$ 2.95	\$ 3.89		
< 6,001 (Residential)			\$ 3.93	
Over 6,000 (Residential)			\$ 4.92	
Non-residential			\$ 3.93	

PALM TERRACE MONTHLY SEWER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 19.05	\$ 26.91	\$ 16.90	
3/4 inch	\$ 28.58	\$ 40.36	\$ 25.35	
1 inch	\$ 47.62	\$ 67.25	\$ 42.25	
1 1/2 inch	\$ 95.24	\$ 134.51	\$ 84.50	
2 inch	\$ 152.38	\$ 215.22	\$ 135.20	
3 inch	\$ 304.74	\$ 430.41	\$ 270.40	
4 inch	\$ 476.17	\$ 672.53	\$ 422.50	
6 inch	\$ 952.33	\$ 1,345.07	\$ 845.00	
8 inch	\$ 1,523.73	\$ 2,152.09	\$ 1,352.00	
10 inch	\$ 2,190.34	\$ 3,093.62	\$ 1,943.49	
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Residential Gallonge Cap	6,000	6,000	6,000	
Residential use to cap	\$ 4.18	\$ 5.90	\$ 5.84	
Non-residential	\$ 4.99	\$ 7.05	\$ 7.01	

III. General Reasons for Rate Request

The Utility is requesting a rate increase because the existing rates do not provide sufficient revenues to allow the Utility the opportunity to earn a fair return on the Utility's investment in used and useful property for public service and the recovery of the required expenses of operations during the period of time when rates will be effective.

IV. Major Rate Case Issues

It is difficult to anticipate all of the specific issues that may develop during a rate case. However, the following general issues will likely be addressed by the Commission:

1. What is the test year rate base?
2. What is the test year net operating income?
3. What is the test year cost of capital?
4. What is the test year revenue requirement?
5. What is the proper rate design to recover the test year revenue requirement?

V. Description of the Ratemaking Process

Participants: Many people are involved in a utility rate case. The following is a list of some of the main participants:

1. The Commissioners who hear this case are appointed by the Governor and will make a final decision on all of the issues in the case.
2. The Commissioners are assisted by a Commission Staff. The Staff members involved in the case include engineers, accountants, attorneys, consumer affair specialists, and rate and financial analysts.
3. The Public Counsel is appointed by the Legislature to represent the citizens in rate cases before the Commission. Public Counsel also has a staff of attorneys, accountants, rate and financial analysts. The Public Counsel has intervened as a party in this rate case on behalf on the Utility's customers.
4. The Utility's officers and staff personnel may testify about the utility, its operation, revenue and expenses. The Utility may also employ outside consultants as expert witnesses and an attorney or other specialists to assist them with the rate case. The accountants, rate analysts and engineers compile information in support of the rate increase request and testify at hearings.
5. Intervenors representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervenor is a party who legally intervenes in the rate case through petition to the Commission to represent a

specific interest or point of view in the rate case. The intervenor has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

Rate Case Requirements: A test year is requested by a utility, and when approved, is used as a measuring point to determine if a rate increase should be approved. The utility files an application pursuant to Commission rules (minimum filing requirements or “MFRs”.) This application reflects the amount of money the utility has invested in its facilities to serve its customers. It also includes the utility’s requested rate return on its investment and the expenses the utility incurs to provide service for the test year. The data provides information about the operations of the company, supplies and expenses, taxes, construction, depreciation and all of the operating and financial matters that are crucial to a decision. The utility will also be requested to file additional information before the case is over. Among the things the Commission looks for are expenditures that could be considered unnecessary, improper, or imprudent. Expenditures of this kind are disallowed for ratemaking purposes.

The Commission and its staff review the application, and the Commission determines whether interim rates are appropriate to be collected during the pendency of the rate case. If interim rates are authorized and charged, those rates are subject to refund with interest pending the Commission’s final decision in the case. The Commission staff performs an audit of the utility’s books and records to see if they match the utility’s MFRs, and that the utility is in compliance with the Commission’s rules and policies. The staff auditors issue a report of their findings which is filed with the Commission. The staff also performs other examinations and document requests of the utility’s personnel and the utility’s quality of service. This includes an engineering physical inspection of the utility’s facilities by staff engineers and a review of records filed with other regulatory agencies regarding the utility.

Hearings

Aqua Utilities Florida, Inc. has requested the Commission to hold a formal public hearing to decide this case. The formal technical hearing is governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings. These hearings are held in Tallahassee. Customer service hearings are also scheduled in the local service area for the customers’ convenience. At this time, customer input is requested regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel usually participates in major rate cases, has access to all the information filed by the utility, assists members of the public who wish to testify and may even provide expert witnesses on various issues in the case.

Witnesses from the utility, the Commission staff, the Public Counsel and intervenors present testimony and are cross-examined. There are official transcripts of all hearings. Court reporters record the hearings, just as they do in a courtroom.

Completing the Rate Case

After the hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues. The Commission staff then makes recommendations to the Commissioners on each issue of the case. When the Commission makes its final decision there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are many issues in a major water and wastewater rate case, and it sometimes takes the Commissioners several hours to complete the final review of the case and to vote on each issue based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission decisions, the basis for the decisions, the new rates, and when they will be effective. After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the Public Counsel, the utility or any other party may appeal the Commission's decision to the courts.

VI. Aqua Utilities Florida Tentative Time Schedule

The following tentative schedule was established by the Commission for the remaining major events in Aqua Utilities Florida's rate case:

The following dates have been established to govern the key activities of this case:

- | | |
|--|-------------------------------|
| (1) Utility's testimony and exhibits | December 1, 2006 |
| (2) Intervenors' testimony and exhibits | July 2, 2007 |
| (3) Staff's testimony and exhibits, if any | July 16, 2007 |
| (4) Rebuttal testimony and exhibits | August 13, 2007 |
| (5) Prehearing Statements | August 16, 2007 |
| (6) Prehearing Conference | October 8, 2007 |
| (7) Discovery deadline | October 17, 2007 |
| (8) Hearing | October 24-26 and 29-30, 2007 |
| (9) Briefs | November 19, 2007 |

VII. Location of MFRs for Review

All of the information on file at the Commission is open to the public and is available for review at the Commission offices in Tallahassee. The MFRs filed by the Utility are also available for inspection at the following locations:

Pasco County Library – Regency Park Branch
9701 Little Road
New Port Richey, FL 34654
(727) 861-3049

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748
Business Hours: 8:30 - 4:30 p.m. Monday-Friday

Customer comments concerning Aqua Utilities Florida's service and its request for an increase in rates should be addressed to the Office of Commission Clerk at the Florida Public Service Commission:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

and a courtesy copy of written comments and complaints may be mailed to the following:

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748

Complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following phone number 1-800-342-3552.

All comments should include reference to Commission Docket 060368-WS which has been assigned to this case.

AQUA UTILITIES FLORIDA, INC.

APPLICATION FOR INCREASE IN WATER AND WASTEWATER RATES

DOCKET NO. 060368-WS

RATE CASE SYNOPSIS

POLK COUNTY

I. Purpose

In accordance with the Florida Public Service Commission's ("Commission") Rule 25-22.0407 regarding Notice of and Public Information on General Rate Increase Requests, a synopsis of the rate request must be prepared and distributed by Aqua Utilities Florida, Inc. ("Utility"), in **Polk County**. The following information will provide the background on the rate request and the rate case process in general.

II. Comparison of the Present and Proposed Interim and Final Rates

On December 1, 2006, the Utility filed an application with the Commission for increased water and wastewater rates and charges for its customers. The Application was assigned Docket No. 060368-WS and March 26, 2007 has been established as the official date of filing.

The last water base rate increase occurred in October 1996, and this is the Utility's first rate request since acquiring these systems in July 2004. Since then, the Utility will have invested approximately \$22 million in its Florida infrastructure through 2007 to improve the quality and reliability of water and wastewater services. Specifically in Polk County, the Utility will have spent more than \$2.1 million on capital improvements, including water treatment plant upgrades, tank rehabilitation, and the replacement of undersized and deteriorating pipe to address water quality, water pressure and service reliability issues. This amount translates to a capital investment of more than \$1,000 per customer in your county. A rate increase is necessary for the Utility to be given an opportunity to recover those additional investments.

The utility has requested a permanent water and wastewater revenue increase in Polk County of \$1,175,272 or 202%. It has also been requested and been granted an interim revenue increase of \$677,818 or 121%. The interim rates are subject to refund with interest, provided the Commission finds that the utility was not entitled to collect such rates pending the final Commission decision. A schedule of the utility's present, and proposed interim and final rates follows.

GIBSONIA ESTATES MONTHLY WATER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 5.65	\$ 7.25	\$	21.75
3/4 inch	\$ -	\$ 7.25	\$	32.63
1 inch	\$ -	\$ 7.25	\$	54.38
1 1/2 inch	\$ -	\$ 7.25	\$	108.76
2 inch	\$ -	\$ 7.25	\$	174.01
3 inch	\$ -	\$ 7.25	\$	348.02
4 inch	\$ -	\$ 7.25	\$	543.79
6 inch	\$ -	\$ 7.25	\$	1,087.57
8 inch	\$ -	\$ 7.25	\$	1,740.12
10 inch	\$ -	\$ 7.25	\$	2,501.42
Gallonage Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Total consumption	\$ 0.67	\$ 0.86		
< 6,001 (Residential)			\$	2.84
Over 6,000 (Residential)			\$	3.55
Non-residential			\$	2.84

LAKE GIBSON ESTATES MONTHLY WATER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 7.05	\$ 8.15	\$	21.75
3/4 inch	\$ -	\$ 8.15	\$	32.63
1 inch	\$ -	\$ 8.15	\$	54.38
1 1/2 inch	\$ -	\$ 8.15	\$	108.76
2 inch	\$ -	\$ 8.15	\$	174.01
3 inch	\$ -	\$ 8.15	\$	348.02
4 inch	\$ -	\$ 8.15	\$	543.79
6 inch	\$ -	\$ 8.15	\$	1,087.57
8 inch	\$ -	\$ 8.15	\$	1,740.12
10 inch	\$ -	\$ 8.15	\$	2,501.42
Gallonage Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Total consumption	\$ 1.02	\$ 2.33		
< 6,001 (Residential)			\$	2.84
Over 6,000 (Residential)			\$	3.55
Non-residential			\$	2.84

LAKE GIBSON ESTATES MONTHLY SEWER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Final Rates	
5/8 X 3/4 inch	\$ 26.81	\$ 38.10	\$	100.58
3/4 inch	\$ 26.81	\$ 38.10	\$	150.87
1 inch	\$ 26.81	\$ 38.10	\$	251.45
1 1/2 inch	\$ 26.81	\$ 38.10	\$	502.90
2 inch	\$ 26.81	\$ 38.10	\$	804.63
3 inch	\$ 26.81	\$ 38.10	\$	1,609.27
4 inch	\$ 26.81	\$ 38.10	\$	2,514.48
6 inch	\$ 26.81	\$ 38.10	\$	5,028.95
8 inch	\$ 26.81	\$ 38.10	\$	8,046.33
10 inch	\$ 26.81	\$ 38.10	\$	11,566.60
Gallonage Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Final Rates	
Residential Gallonage Cap	-	-		6,000
Residential use to cap	\$ -		\$	7.72
Non-residential	\$ -	-	\$	9.26

ORANGE HILL/SUGAR CREEK MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 9.49	\$ 12.24	\$ 21.75
Gallorage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 1.39	\$ 1.79	
< 6,001 (Residential)			\$ 2.84
Over 6,000 (Residential)			\$ 3.55

ROSALIE OAKS MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 11.38	\$ 25.28	\$ 21.75
Gallorage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption			
< 5,001	\$ 0.95	\$ 2.13	\$ -
5,001 to 10,000	\$ 1.20	\$ 2.68	\$ -
Over 10,000	\$ 1.46	\$ 3.23	\$ -
< 6,001 (Residential)			\$ 2.84
Over 6,000 (Residential)			\$ 3.55

ROSALIE OAKS MONTHLY SEWER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 15.51	\$ 32.75	\$ 100.58
Gallorage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Residential Gallorage Cap	1,000	1,000	6,000
Residential use to cap	\$ 6.67	\$ 14.09	\$ 7.72

VILLAGE WATER MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 12.98	\$ 18.98	\$ 21.75
3/4 inch	\$ 12.98	\$ 18.98	\$ 32.63
1 inch	\$ 32.44	\$ 47.44	\$ 54.38
1 1/2 inch	\$ 64.87	\$ 94.86	\$ 108.76
2 inch	\$ 103.80	\$ 151.78	\$ 174.01
3 inch	\$ 207.61	\$ 303.57	\$ 348.02
4 inch	\$ 324.41	\$ 474.37	\$ 543.79
6 inch	\$ 1,038.02	\$ 1,517.84	\$ 1,087.57
8 inch	\$ -	\$ -	\$ 1,740.12
10 inch	\$ -	\$ -	\$ 2,501.42
Gallorage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 2.51	\$ 3.68	
< 6,001 (Residential)			\$ 2.84
Over 6,000 (Residential)			\$ 3.55
Non-residential			\$ 2.84

VILLAGE WATER MONTHLY SEWER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ -	\$ 40.61	\$ 100.58
3/4 inch	\$ 42.73	\$ 40.61	\$ 150.87
1 inch	\$ 106.81	\$ 101.50	\$ 251.45
1 1/2 inch	\$ 213.61	\$ 203.00	\$ 502.90
2 inch	\$ 341.77	\$ 324.79	\$ 804.63
3 inch	\$ 683.53	\$ 649.60	\$ 1,609.27
4 inch	\$ 1,068.03	\$ 1,014.99	\$ 2,514.48
6 inch	\$ 3,417.63	\$ 3,247.99	\$ 5,028.95
8 inch	\$ -	\$ -	\$ 8,046.33
10 inch	\$ -	\$ -	\$ 11,566.60
Gallorage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Residential Gallorage Cap	-	-	6,000
Residential use to cap	\$ -		\$ 7.72
Non-residential	\$ 3.89	\$ 3.69	\$ 9.26

III. General Reasons for Rate Request

The Utility is requesting a rate increase because the existing rates do not provide sufficient revenues to allow the Utility the opportunity to earn a fair return on the Utility's investment in used and useful property for public service and the recovery of the required expenses of operations during the period of time when the rates will be effective.

IV. Major Rate Case Issues

It is difficult to anticipate all of the specific issues that may develop during a rate case. However, the following general issues will likely be addressed by the Commission:

1. What is the test year rate base?
1. What is the test year net operating income?
2. What is the test year cost of capital?
3. What is the test year revenue requirement?
4. What is the proper rate design to recover the test year revenue requirement?

V. Description of the Ratemaking Process

Participants: Many people are involved in a utility rate case. The following is a list of some of the main participants:

1. The Commissioners who hear this case appointed by the Governor and will make a final decision on all of the issues in this case.
2. The Commissioners are assisted by a Commission Staff. The Staff members involved in the case include engineers, accountants, attorneys, consumer affair specialists, and rate and financial analysts.
3. The Public Counsel is appointed by the Legislature to represent the citizens in rate cases before the Commission. Public Counsel also has a staff of attorneys, accountants, rate and financial analysts. The Public Counsel has intervened as a party in this rate case on behalf of the Utility's customers.
4. The Utility's officers and staff personnel may testify about the utility, its operation, revenue and expenses. The Utility may also employ outside consultants as expert witnesses and an attorney or other specialists to assist them with the rate case. The accountants, rate analysts and engineers compile information in support of the rate increase request and testify at hearings.
5. Intervenors representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervenor is a party who legally intervenes in the rate case through petition to the Commission to represent a specific interest or point of view in the rate case. The intervenor has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

Rate Case Requirements: A test year is requested by a utility, and when approved, is used as a measuring point to determine if a rate increase should be approved. The utility files an application pursuant to Commission rules (minimum filing requirements or “MFRs”.) This application reflects the amount of money the utility has invested in its facilities to serve its customers. It also includes the utility’s requested rate return on its investment and the expenses the utility incurs to provide service for the test year. The data provides information about the operations of the company, supplies and expenses, taxes, construction, depreciation and all of the operating and financial matters that are crucial to a decision. The utility will also be requested to file additional information before the case is over. Among the things the Commission looks for are expenditures that could be considered unnecessary, improper, or imprudent. Expenditures of this kind are disallowed for ratemaking purposes.

The Commission and its staff review the application, and the Commission determines whether interim rates are appropriate to be collected during the pendency of the rate case. If interim rates are authorized and charged, those rates are subject to refund with interest pending the Commission’s final decision in the case. The Commission staff performs an audit of the utility’s books and records to see if they match the utility’s MFRs, and that the utility is in compliance with the Commission’s rules and policies. The staff auditors issue a report of their findings which is filed with the Commission. The staff also performs other examinations and document requests of the utility’s personnel and the utility’s quality of service. This includes a physical inspection of the utility’s facilities by staff engineers and a review of records filed with other regulatory agencies regarding the utility.

Hearings

Aqua Utilities Florida, Inc. has requested the Commission to hold a formal public hearing to decide this case. The formal technical hearing is governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings. These hearings are held in Tallahassee. Customer service hearings are also scheduled in the local service area for the customers’ convenience. At this time, customer input is requested regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel usually participates in major rate cases, has access to all the information filed by the utility, assists members of the public who wish to testify and may even provide expert witnesses on various issues in the case.

Witnesses from the utility, the Commission staff, the Public Counsel and intervenors present testimony and are cross-examined. There are official transcripts of all hearings. Court reporters record the hearings, just as they do in a courtroom.

Completing the Rate Case

After the hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues. The Commission staff then makes recommendations to the Commissioners on each issue of the case. When the Commission makes its final decision there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are many issues in a major water and wastewater rate case, and it sometimes takes the Commissioners several hours to complete the final review of the case and to vote on each issue based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission decisions, the basis for the decisions, the new rates, and when they will be effective. After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the Public Counsel, the utility or any other party may appeal the Commission's decision to the courts.

VI. Aqua Utilities Florida Tentative Time Schedule

The following tentative schedule was established by the Commission for the remaining major events in Aqua Utilities Florida's rate case:

The following dates have been established to govern the key activities of this case:

- | | |
|--|-------------------------------|
| (1) Utility's testimony and exhibits | December 1, 2006 |
| (2) Intervenors' testimony and exhibits | July 2, 2007 |
| (3) Staff's testimony and exhibits, if any | July 16, 2007 |
| (4) Rebuttal testimony and exhibits | August 13, 2007 |
| (5) Prehearing Statements | August 16, 2007 |
| (6) Prehearing Conference | October 8, 2007 |
| (7) Discovery deadline | October 17, 2007 |
| (8) Hearing | October 24-26 and 29-30, 2007 |
| (9) Briefs | November 19, 2007 |

VII. Location of MFRs for Review

All of the information on file at the Commission is open to the public and is available for review at the Commission offices in Tallahassee. The MFRs filed by the Utility are also available for inspection at the following locations:

Polk County Library
City Hall – 228 South Massachusetts Avenue
Lakeland, FL 33801

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748
Business Hours: 8:30 - 4:30 p.m. Monday-Friday

Customer comments concerning Aqua Utilities Florida's service and its request for an increase in rates should be addressed to the Office of Commission Clerk at the Florida Public Service Commission:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

and a courtesy copy of written comments and complaints may be mailed to the following:

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748

Complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following phone number 1-800-342-3552.

All comments should include reference to Commission Docket 060368-WS which has been assigned to this case.

AQUA UTILITIES FLORIDA, INC.

APPLICATION FOR INCREASE IN WATER AND WASTEWATER RATES

DOCKET NO. 060368-WS

RATE CASE SYNOPSIS

PUTNAM COUNTY

I. Purpose

In accordance with the Florida Public Service Commission's ("Commission") Rule 25-22.0407 regarding Notice of and Public Information on General Rate Increase Requests, a synopsis of the rate request must be prepared and distributed by Aqua Utilities Florida, Inc. ("Utility"), in **Putnam County**. The following information provides the background on the rate request and the rate case process in general.

II. Comparison of the Present, Interim, and Proposed Final Rates

On December 1, 2006, the Utility filed an application with the Commission for increased water and wastewater rates and charges for its customers. The Application was assigned Docket No. 060368-WS and March 26, 2007 has been established as the official date of filing.

The last water and wastewater base rate increase occurred in October 1996, and this is the Utility's first rate request since acquiring these systems in July 2004. Since then, the Utility will have invested approximately \$22 million in its Florida infrastructure through 2007 to improve the quality and reliability of water and wastewater services. Specifically in Putnam County, the Utility will have spent approximately \$900,000 to upgrade water and wastewater treatment facilities, replace undersized and deteriorating pipe, rehabilitate storage tanks and for related capital improvements to ensure that its systems meet all environmental standards. This amount translates to a capital investment of more than \$600 per customer in Putnam County. A rate increase is necessary for the Utility to be given an opportunity to recover those additional investments.

The utility has requested a permanent water and wastewater revenue increase in Putnam County of \$745,975 or 141%. It has also requested and been granted an interim revenue increase of \$386,104 or 76%. As part of its request for permanent rates, the Commission permits the Company to collect a portion of the request as interim rates. The interim rates are subject to refund with interest, if the Commission finds that the utility was not entitled to collect such rates pending the final Commission decision. A schedule of the utility's present, interim and proposed final rates follows.

BEECHER'S POINT MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 16.38	\$ 21.63	\$ 34.17
3/4 inch	\$ 24.58	\$ 32.45	\$ 51.25
1 inch	\$ 40.95	\$ 54.07	\$ 85.42
1 1/2 inch	\$ 81.90	\$ 108.14	\$ 170.85
2 inch	\$ 131.03	\$ 173.01	\$ 273.36
3 inch	\$ 262.06	\$ 346.03	\$ 546.71
4 inch	\$ 409.48	\$ 540.67	\$ 854.24
6 inch	\$ 818.93	\$ 1,081.32	\$ 1,708.48
8 inch	\$ 1,310.31	\$ 1,730.13	\$ 2,733.57
10 inch	\$ 1,883.58	\$ 2,487.07	\$ 3,929.50
Gallage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 4.07	\$ 5.37	
< 6,001 (Residential)			\$ 6.97
Over 6,000 (Residential)			\$ 8.71
Non-residential			\$ 6.97

BEECHER'S POINT MONTHLY SEWER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 21.43	\$ 30.27	\$ 66.10
3/4 inch	\$ 32.16	\$ 45.42	\$ 99.15
1 inch	\$ 53.60	\$ 75.71	\$ 165.25
1 1/2 inch	\$ 107.17	\$ 151.37	\$ 330.50
2 inch	\$ 171.50	\$ 242.23	\$ 528.80
3 inch	\$ 342.98	\$ 484.42	\$ 1,057.61
4 inch	\$ 535.93	\$ 756.95	\$ 1,652.51
6 inch	\$ 1,071.86	\$ 1,513.88	\$ 3,305.02
8 inch	\$ 1,714.95	\$ 2,422.18	\$ 5,288.04
10 inch	\$ 2,465.24	\$ 3,481.88	\$ 7,601.55
Gallage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Residential Gallage Cap	6,000	6,000	6,000
Residential use to cap	\$ 7.04	\$ 9.95	\$ 18.71
Non-residential	\$ 8.47	\$ 11.96	\$ 22.45

HERMITS COVE MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 9.52	\$ 12.57	\$ 34.17
3/4 inch	\$ 14.26	\$ 18.83	\$ 51.25
1 inch	\$ 23.78	\$ 31.40	\$ 85.42
1 1/2 inch	\$ 47.57	\$ 62.81	\$ 170.85
2 inch	\$ 76.12	\$ 100.50	\$ 273.36
3 inch	\$ 152.22	\$ 200.99	\$ 546.71
4 inch	\$ 237.84	\$ 314.05	\$ 854.24
6 inch	\$ 475.69	\$ 628.10	\$ 1,708.48
8 inch	\$ 761.10	\$ 1,004.96	\$ 2,733.57
10 inch	\$ 1,094.09	\$ 1,444.63	\$ 3,929.50
Gallage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 4.73	\$ 6.25	
< 6,001 (Residential)			\$ 6.97
Over 6,000 (Residential)			\$ 8.71
Non-residential			\$ 6.97

INTERLACHEN LAKE/PARK MANOR MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 10.25	\$ 13.54	\$ 34.17
3/4 inch	\$ 15.39	\$ 20.33	\$ 51.25
1 inch	\$ 25.64	\$ 33.85	\$ 85.42
1 1/2 inch	\$ 51.29	\$ 67.73	\$ 170.85
2 inch	\$ 82.07	\$ 108.37	\$ 273.36
3 inch	\$ 164.14	\$ 216.72	\$ 546.71
4 inch	\$ 256.46	\$ 338.63	\$ 854.24
6 inch	\$ 512.93	\$ 677.28	\$ 1,708.48
8 inch	\$ 820.69	\$ 1,083.64	\$ 2,733.57
10 inch	\$ 1,179.75	\$ 1,557.74	\$ 3,929.50
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 3.89	\$ 5.13	
< 6,001 (Residential)			\$ 6.97
Over 6,000 (Residential)			\$ 8.71
Non-residential			\$ 6.97

INTERLACHEN LAKE/PARK MANOR MONTHLY SEWER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 29.80	\$ 42.09	\$ 66.10
3/4 inch	\$ 44.68	\$ 63.11	\$ 99.15
1 inch	\$ 74.49	\$ 105.21	\$ 165.25
1 1/2 inch	\$ 148.97	\$ 210.40	\$ 330.50
2 inch	\$ 238.36	\$ 336.66	\$ 528.80
3 inch	\$ 476.72	\$ 673.32	\$ 1,057.61
4 inch	\$ 744.88	\$ 1,052.06	\$ 1,652.51
6 inch	\$ 1,489.73	\$ 2,104.08	\$ 3,305.02
8 inch	\$ 2,383.58	\$ 3,366.54	\$ 5,288.04
10 inch	\$ 3,426.40	\$ 4,839.40	\$ 7,601.55
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Residential Gallonge Cap	6,000	6,000	6,000
Residential use to cap	\$ 5.95	\$ 8.41	\$ 18.71
Non-residential	\$ 7.13	\$ 10.08	\$ 22.45

PALM PORT MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 12.57	\$ 16.60	\$ 34.17
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 4.43	\$ 5.85	
< 6,001 (Residential)			\$ 6.97
Over 6,000 (Residential)			\$ 8.71

PALM PORT MONTHLY SEWER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 20.28	\$ 28.65	\$ 66.10
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Residential Gallonge Cap	6,000	6,000	6,000
Residential use to cap	\$ 8.26	\$ 11.67	\$ 18.71

POMONA PARK MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 16.33	\$ 21.57	\$ 34.17
3/4 inch	\$ 24.48	\$ 32.33	\$ 51.25
1 inch	\$ 40.81	\$ 53.88	\$ 85.42
1 1/2 inch	\$ 81.58	\$ 107.72	\$ 170.85
2 inch	\$ 130.54	\$ 172.37	\$ 273.36
3 inch	\$ 261.08	\$ 344.73	\$ 546.71
4 inch	\$ 407.95	\$ 538.65	\$ 854.24
6 inch	\$ 815.90	\$ 1,077.32	\$ 1,708.48
8 inch	\$ 1,305.42	\$ 1,723.68	\$ 2,733.57
10 inch	\$ 1,876.57	\$ 2,477.82	\$ 3,929.50
Gallage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 2.72	\$ 3.60	
< 6,001 (Residential)			\$ 6.97
Over 6,000 (Residential)			\$ 8.71
Non-residential			\$ 6.97

RIVER GROVE MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 10.25	\$ 13.54	\$ 34.17
Gallage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 3.89	\$ 5.13	
< 6,001 (Residential)			\$ 6.97
Over 6,000 (Residential)			\$ 8.71

SILVER LAKE OAKS MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 15.79	\$ 20.85	\$ 34.17
Gallage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 4.11	\$ 5.43	
< 6,001 (Residential)			\$ 6.97
Over 6,000 (Residential)			\$ 8.71

SILVER LAKE OAKS MONTHLY SEWER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 20.08	\$ 28.36	\$ 66.10
Gallage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Residential Gallage Cap	6,000	6,000	6,000
Residential use to cap	\$ 8.29	\$ 11.72	\$ 18.71

ST. JOHN'S HIGHLANDS MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 9.05	\$ 11.95	\$ 34.17
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 4.76	\$ 6.29	
< 6,001 (Residential)			\$ 6.97
Over 6,000 (Residential)			\$ 8.71

WELEKA/SARATOGA HARBOUR MONTHLY WATER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Rates	Final Rates
5/8 X 3/4 inch	\$ 10.25	\$ 13.54	\$	34.17
3/4 inch	\$ 15.39	\$ 20.33	\$	51.25
1 inch	\$ 25.65	\$ 33.86	\$	85.42
1 1/2 inch	\$ 51.32	\$ 67.77	\$	170.85
2 inch	\$ 82.08	\$ 108.38	\$	273.36
3 inch	\$ 164.15	\$ 216.74	\$	546.71
4 inch	\$ 256.48	\$ 338.66	\$	854.24
6 inch	\$ 512.99	\$ 677.36	\$	1,708.48
8 inch	\$ 820.78	\$ 1,084.30	\$	2,733.57
10 inch	\$ 1,179.86	\$ 1,558.43	\$	3,929.50
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Rates	Final Rates
Total consumption	\$ 4.65	\$ 6.14		
< 6,001 (Residential)			\$	6.97
Over 6,000 (Residential)			\$	8.71
Non-residential			\$	6.97

WOOTENS MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 9.32	\$ 12.31	\$ 34.17
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 4.76	\$ 6.29	
< 6,001 (Residential)			\$ 6.97
Over 6,000 (Residential)			\$ 8.71

III. General Reasons for Rate Request

The Utility is requesting a rate increase because the existing rates do not provide sufficient revenues to allow the Utility the opportunity to earn a fair return on the Utility's investment in used and useful property for public service and the recovery of the required expenses of operations during the period of time when the rates will be effective.

IV. Major Rate Case Issues

It is difficult to anticipate all of the specific issues that may develop during a rate case. However, the following general issues will likely be addressed by the Commissions:

1. What is the test year rate base?
2. What is the test year net operating income?
3. What is the test year cost of capital?
4. What is the test year revenue requirement?
5. What is the proper rate design to recover the test year revenue requirement?

V. Description of the Ratemaking Process

Participants: Many people are involved in a utility rate case. The following is a list of some of the main participants:

1. The Commissioners who hear this case are appointed by the Governor and will make a final decision on all of the issues in the case.
2. The Commissioners are assisted by a Commission Staff. The Staff members involved in the case include engineers, accountants, attorneys, consumer affair specialists, and rate and financial analysts.
3. The Public Counsel is appointed by the Legislature to represent the citizens in rate cases before the Commission. Public Counsel also has a staff of attorneys, accountants, rate and financial analysts. The Public Counsel has intervened as a party in this rate case on behalf of the Utility's customers.
4. The Utility's officers and staff personnel may testify about the utility, its operation, revenue and expenses. The Utility may also employ outside consultants as expert witnesses and an attorney or other specialists to assist them with the rate case. The accountants, rate analysts and engineers compile information in support of the rate increase request and testify at hearings.
5. Intervenors representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervenor is a party who legally intervenes in the rate case through petition to the Commission to represent a specific interest or point of view in the rate case. The intervenor has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

Rate Case Requirements: A test year is requested by a utility, and when approved, is used as a measuring point to determine if a rate increase should be approved. The utility files an application pursuant to Commission rules (minimum filing requirements or “MFRs”.) This application reflects the amount of money the utility has invested in its facilities to serve its customers. It also includes the utility’s requested rate return on its investment and the expenses the utility incurs to provide service for the test year. The data provides information about the operations of the company, supplies and expenses, taxes, construction, depreciation and all of the operating and financial matters that are crucial to a decision. The utility will also be requested to file additional information before the case is over. Among the things the Commission looks for are expenditures that could be considered unnecessary, improper, or imprudent. Expenditures of this kind are disallowed for ratemaking purposes.

The Commission and its staff review the application, and the Commission determines whether interim rates are appropriate to be collected during the pendency of the rate case. If interim rates are authorized and charged, those rates are subject to refund with interest pending the Commission’s final decision in the case. The Commission staff performs an audit of the utility’s books and records to see if they match the utility’s MFRs, and that the utility is in compliance with the Commission’s rules and policies. The staff auditors issue a report of their findings which is filed with the Commission. The staff also performs other examinations and document requests of the utility’s personnel and the utility’s quality of service. This includes a physical inspection of the utility’s facilities by staff engineers and a review of records filed with other regulatory agencies regarding the utility.

Hearings

Aqua Utilities Florida, Inc. has requested the Commission to hold a formal public hearing to decide this case. The formal technical hearing is governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings. These hearings are held in Tallahassee. Customer service hearings are also scheduled in the local service area for the customers’ convenience. At this time, customer input is requested regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel usually participates in major rate cases, has access to all the information filed by the utility, assists members of the public who wish to testify and may even provide expert witnesses on various issues in the case.

Witnesses from the utility, the Commission staff, the Public Counsel and intervenors present testimony and are cross-examined. There are official transcripts of all hearings. Court reporters record the hearings, just as they do in a courtroom.

Completing the Rate Case

After the hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues. The Commission staff then makes recommendations to the Commissioners on each issue of the case. When the Commission makes its final decision there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are many issues in a major water and wastewater rate case, and it sometimes takes the Commissioners several hours to complete the final review of the case and to vote on each issue based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission decisions, the basis for the decisions, the new rates, and when they will be effective. After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the Public Counsel, the utility or any other party may appeal the Commission's decision to the courts.

VI. Aqua Utilities Florida Tentative Time Schedule

The following tentative schedule was established by the Commission for the remaining major events in Aqua Utilities Florida's rate case:

The following dates have been established to govern the key activities of this case:

- | | |
|--|-------------------------------|
| (1) Utility's testimony and exhibits | December 1, 2006 |
| (2) Intervenors' testimony and exhibits | July 2, 2007 |
| (3) Staff's testimony and exhibits, if any | July 16, 2007 |
| (4) Rebuttal testimony and exhibits | August 13, 2007 |
| (5) Prehearing Statements | August 16, 2007 |
| (6) Prehearing Conference | October 8, 2007 |
| (7) Discovery deadline | October 17, 2007 |
| (8) Hearing | October 24-26 and 29-30, 2007 |
| (9) Briefs | November 19, 2007 |

VII. Location of MFRs for Review

All of the information on file at the Commission is open to the public and is available for review at the Commission offices in Tallahassee. The MFRs filed by the Utility are also available for inspection at the following locations:

Pasco County Library – Regency Park Branch
9701 Little Road
New Port Richey, FL 34654
(727) 861-3049

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748
Business Hours: 8:30 - 4:30 p.m. Monday-Friday

Customer comments concerning Aqua Utilities Florida's service and its request for an increase in rates should be addressed to the Office of Commission Clerk at the Florida Public Service Commission:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

and a courtesy copy of written comments and complaints may be mailed to the following:

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748

Complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following phone number 1-800-342-3552.

All comments should include reference to Commission Docket 060368-WS which has been assigned to this case.

AQUA UTILITIES FLORIDA, INC.

APPLICATION FOR INCREASE IN WATER AND WASTEWATER RATES

DOCKET NO. 060368-WS

RATE CASE SYNOPSIS

SEMINOLE COUNTY

I. Purpose

In accordance with the Florida Public Service Commission's ("Commission's") Rule 25-22.0407 regarding Notice of and Public Information on General Rate Increase Requests, a synopsis of the rate request must be prepared and distributed by Aqua Utilities Florida, Inc. ("Utility"), in **Seminole County**. The following information provides the background on the rate request and the rate case process in general.

II. Comparison of the Present, Interim, and Proposed Final Rates

On December 1, 2006, the Utility filed an application with the Commission for increased water and wastewater rates and charges for its customers. The Application was assigned Docket No. 060368-WS and March 26, 2007 has been established as the official date of filing.

The last water base rate increase occurred in October 1996, and this is the Utility's first rate request since acquiring this system in July 2004. Since then, the Utility will have invested approximately \$22 million in its Florida infrastructure through 2007 to improve the quality and reliability of water and wastewater services. Specifically in Seminole County, the Utility will have spent more than \$5.3 million on capital improvements, including water treatment plant upgrades, tank rehabilitation, and the replacement of undersized and deteriorating pipe to address water quality, water pressure and service reliability issues. This amount translates to a capital investment of more than \$2,600 per customer in Seminole County. A rate increase is necessary for the Utility to be given an opportunity to recover those additional investments.

The utility has requested a permanent revenue increase in Seminole County of \$597,651 or 42%. It has also requested and been granted an interim revenue increase of \$134,606 or 11%. The interim rates are subject to refund with interest, if the Commission finds that the utility was not entitled to collect such rates pending the final Commission decision. A schedule of the utility's present, interim, and proposed final rates follows.

CHULUOTA MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 10.25	\$ 13.54	\$ 27.42
3/4 inch	\$ 15.39	\$ 20.33	\$ 41.13
1 inch	\$ 25.64	\$ 33.85	\$ 68.56
1 1/2 inch	\$ 51.29	\$ 67.73	\$ 137.11
2 inch	\$ 82.07	\$ 108.37	\$ 219.38
3 inch	\$ 164.14	\$ 216.72	\$ 438.75
4 inch	\$ 256.46	\$ 338.63	\$ 685.55
6 inch	\$ 512.93	\$ 677.28	\$ 1,371.10
8 inch	\$ 820.69	\$ 1,083.64	\$ 2,193.77
10 inch	\$ 1,179.75	\$ 1,557.74	\$ 3,153.54
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 3.89	\$ 5.13	
< 6,001 (Residential)			\$ 2.42
Over 6,000 (Residential)			\$ 3.02
Non-residential			\$ 2.42

CHULUOTA MONTHLY SEWER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 22.01	\$ 31.08	\$ 67.14
3/4 inch	\$ 33.03	\$ 46.65	\$ 100.71
1 inch	\$ 55.03	\$ 77.73	\$ 167.85
1 1/2 inch	\$ 110.05	\$ 155.43	\$ 335.71
2 inch	\$ 176.09	\$ 248.71	\$ 537.13
3 inch	\$ 352.17	\$ 497.41	\$ 1,074.26
4 inch	\$ 550.28	\$ 777.21	\$ 1,678.53
6 inch	\$ 1,100.56	\$ 1,554.41	\$ 3,357.06
8 inch	\$ 1,760.89	\$ 2,487.06	\$ 5,371.30
10 inch	\$ 2,531.29	\$ 3,575.16	\$ 7,721.24
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Residential Gallonge Cap	6,000	6,000	6,000
Residential use to cap	\$ 8.01	\$ 11.32	\$ 7.81
Non-residential	\$ 9.60	\$ 13.55	\$ 9.38

FL CENTRAL COMMERCE PARK MONTHLY SEWER RATES				
Base Facility Charge				
Meter Size	Present Rates	Interim Rates	Proposed Rates	Final Rates
5/8 X 3/4 inch	\$ 38.72	\$ 54.68	\$	67.14
3/4 inch	\$ 58.08	\$ 82.03	\$	100.71
1 inch	\$ 96.79	\$ 136.70	\$	167.85
1 1/2 inch	\$ 193.58	\$ 273.41	\$	335.71
2 inch	\$ 309.73	\$ 437.46	\$	537.13
3 inch	\$ 619.44	\$ 874.90	\$	1,074.26
4 inch	\$ 967.90	\$ 1,367.06	\$	1,678.53
6 inch	\$ 1,935.82	\$ 2,734.13	\$	3,357.06
8 inch	\$ 3,097.29	\$ 4,374.58	\$	5,371.30
10 inch	\$ 4,452.36	\$ 6,288.46	\$	7,721.24
Gallonge Charge (per thousand gallons)				
	Present Rates	Interim Rates	Proposed Rates	Final Rates
Residential Gallonge Cap	-	-		6,000
Residential use to cap	\$ -	\$ -	\$	7.81
Non-residential	\$ 5.22	\$ 7.37	\$	9.38

HARMONY HOMES MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 21.02	\$ 27.75	\$ 27.42
Gallage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 3.58	\$ 4.73	
< 6,001 (Residential)			\$ 2.42
Over 6,000 (Residential)			\$ 3.02

III. General Reasons for Rate Request

The Utility is requesting a rate increase because the existing rates do not provide sufficient revenues to allow the Utility the opportunity to earn a fair return on the Utility's investment in used and useful property for public service and the recovery of the required expenses of operations during the period of time when the rates will be effective.

IV. Major Rate Case Issues

It is difficult to anticipate all of the specific issues that may develop during a rate case. However, the following general issues will likely be addressed by the Commission:

1. What is the test year rate base?
2. What is the test year net operating income?
3. What is the test year cost of capital?
4. What is the test year revenue requirement?
5. What is the proper rate design to recover the test year revenue requirement?

V. Description of the Ratemaking Process

Participants: Many people are involved in a utility rate case. The following is a list of some of the main participants:

1. The Commissioners who hear this case are appointed by the Governor and will make a final decision on all of the issues in the case.
2. The Commissioners are assisted by a Commission Staff. The Staff members involved in the case include engineers, accountants, attorneys, consumer affair specialists, and rate and financial analysts.

3. The Public Counsel is appointed by the Legislature to represent the citizens in rate cases before the Commission. Public Counsel also has a staff of attorneys, accountants, rate and financial analysts. The Public Counsel has intervened as a party in this rate case on behalf of the Utility's customers.
4. The Utility's officers and staff personnel may testify about the utility, its operation, revenue and expenses. The Utility may also employ outside consultants as expert witnesses and an attorney or other specialists to assist them with the rate case. The accountants, rate analysts and engineers compile information in support of the rate increase request and testify at hearings.
5. Intervenors representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervenor is a party who legally intervenes in the rate case through petition to the Commission to represent a specific interest or point of view in the rate case. The intervenor has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

Rate Case Requirements: A test year is requested by a utility, and when approved, is used as a measuring point to determine if a rate increase should be approved. The utility files an application pursuant to Commission rules (minimum filing requirements or "MFRs".) This application reflects the amount of money the utility has invested in its facilities to serve its customers. It also includes the utility's requested rate return on its investment and the expenses the utility incurs to provide service for the test year. The data provides information about the operations of the company, supplies and expenses, taxes, construction, depreciation and all of the operating and financial matters that are crucial to a decision. The utility will also be requested to file additional information before the case is over. Among the things the Commission looks for are expenditures that could be considered unnecessary, improper, or imprudent. Expenditures of this kind are disallowed for ratemaking purposes.

The Commission and its staff review the application, and the Commission determines whether interim rates are appropriate to be collected during the pendency of the rate case. If interim rates are authorized and charged, those rates are subject to refund with interest pending the Commission's final decision in the case. The Commission staff performs an audit of the utility's books and records to see if they match the utility's MFRs, and that the utility is in compliance with the Commission's rules and policies. The staff auditors issue a report of their findings which is filed with the Commission. The staff also performs other examinations and document requests of the utility's personnel and the utility's quality of service. This includes a physical inspection of the utility's facilities by staff engineers and a review of records filed with other regulatory agencies regarding the utility.

Hearings

Aqua Utilities Florida, Inc. has requested the Commission to hold a formal public hearing to decide this case. The formal technical hearing is governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings. These hearings are held in Tallahassee. Customer service hearings are also scheduled in the local service area for the customers' convenience. At this time, customer input is requested regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel usually participates in major rate cases, has access to all the information filed by the utility, assists members of the public who wish to testify and may even provide expert witnesses on various issues in the case.

Witnesses from the utility, the Commission staff, the Public Counsel and intervenors present testimony and are cross-examined. There are official transcripts of all hearings. Court reporters record the hearings, just as they do in a courtroom.

Completing the Rate Case

After the hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues. The Commission staff then makes recommendations to the Commissioners on each issue of the case. When the Commission makes its final decision there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are many issues in a major water and wastewater rate case, and it sometimes takes the Commissioners several hours to complete the final review of the case and to vote on each issue based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission decisions, the basis for the decisions, the new rates, and when they will be effective. After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the Public Counsel, the utility or any other party may appeal the Commission's decision to the courts.

VI. Aqua Utilities Florida Tentative Time Schedule

The following tentative schedule was established by the Commission for the remaining major events in Aqua Utilities Florida rate case:

The following dates have been established to govern the key activities of this case:

- | | |
|--|-------------------------------|
| (1) Utility's testimony and exhibits | December 1, 2006 |
| (2) Intervenors' testimony and exhibits | July 2, 2007 |
| (3) Staff's testimony and exhibits, if any | July 16, 2007 |
| (4) Rebuttal testimony and exhibits | August 13, 2007 |
| (5) Prehearing Statements | August 16, 2007 |
| (6) Prehearing Conference | October 8, 2007 |
| (7) Discovery deadline | October 17, 2007 |
| (8) Hearing | October 24-26 and 29-30, 2007 |
| (9) Briefs | November 19, 2007 |

VII. Location of MFRs for Review

All of the information on file at the Commission open to the public and is available for review at the Commission offices in Tallahassee. The MFRs filed by the Utility are also available for inspection at the following locations:

Seminole County Library
1101 East First Street
Sanford, FL 32771
(407) 665-0311

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748
Business Hours: 8:30 - 4:30 p.m. Monday-Friday

Customer comments concerning Aqua Utilities Florida's service and its request for an increase in rates should be addressed to the Office of Commission Clerk at the Florida Public Service Commission:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

and a courtesy copy of written comments and complaints may be mailed to the following:

Aqua Utilities Florida, Inc.

1100 Thomas Avenue
Leesburg, Florida 34748

Complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following phone number 1-800-342-3552.

All comments should include reference to Commission Docket 060368-WS which has been assigned to this case.

AQUA UTILITIES FLORIDA, INC.

APPLICATION FOR INCREASE IN WATER AND WASTEWATER RATES

DOCKET NO. 060368-WS

RATE CASE SYNOPSIS

SUMTER COUNTY

I. Purpose

In accordance with the Florida Public Service Commission’s (“Commission”) Rule 25-22.0407 regarding Notice of and Public Information on General Rate Increase Requests, a synopsis of the rate request must be prepared and distributed by Aqua Utilities Florida, Inc. (“Utility”), in **Sumter County**. The following information provides the background on the rate request and the rate case process in general.

II. Comparison of the Present, Interim and Proposed Final Rates

On December 1, 2006, the Utility filed an application with the Commission for increased water and wastewater rates and charges for its customers. The Application was assigned Docket No. 060368-WS and March 26, 2007 has been established as the official date of filing.

The last water and wastewater base rate increase occurred in December 1995, and this is the Utility’s first rate request since acquiring these systems in August 2003. Since then, the Utility will have invested nearly \$150,000 in this community’s infrastructure through 2007 to improve the quality and reliability of water and wastewater services. This amount translates to a capital investment of approximately \$1,000 per customer. The upgrades include rehabilitating sand filters at the water treatment plant to improve water quality. For the wastewater system, the Utility is replacing deteriorating pipe that carries waste from collection points in the system to the sewage treatment plant. A rate increase is necessary for the Utility to be given an opportunity to recover those additional investments.

The utility has requested a permanent water and wastewater revenue increase in Sumter County of \$78,624 or 179%. It has also requested and been granted an interim revenue increase of \$58,243 or 148%. The interim rates are subject to refund with interest, if the Commission finds that the utility was not entitled to collect such rates pending the final Commission decision. A schedule of the utility’s present, interim, and proposed final rates follows.

THE WOODS MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 16.40	\$ 42.97	\$ 32.72
Gallage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 3.09	\$ 8.10	
< 6,001 (Residential)			\$ 8.67
Over 6,000 (Residential)			\$ 10.83

THE WOODS MONTHLY SEWER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 15.74	\$ 38.12	\$ 40.22
Gallage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Residential Gallage Cap	6,000	6,000	6,000
Residential use to cap	\$ 4.10	\$ 9.93	\$ 17.80

III. General Reasons for Rate Request

The Utility is requesting a rate increase because the existing rates do not provide sufficient revenues to allow the Utility the opportunity to earn a fair return on the Utility's investment in used and useful property for public service and the recovery of the required expenses of operations during the period of time when the rates will be effective.

IV. Major Rate Case Issues

It is difficult to anticipate all of the specific issues that may develop during a rate case. However, the following general issues will likely be addressed by the Commission:

1. What is the test year rate base?
2. What is the test year net operating income?
3. What is the test year cost of capital?
4. What is the test year revenue requirement?
5. What is the proper rate design to recover the test year revenue requirement?

V. Description of the Ratemaking Process

Participants: Many people are involved in a utility rate case. The following is a list of some of the main participants:

1. The Commissioners who hear this case are appointed by the Governor and will make a final decision on all of the issues in the case.
2. The Commissioners are assisted by a Commission Staff. The Staff members involved in the case include engineers, accountants, attorneys, consumer affair specialists, and rate and financial analysts.
3. The Public Counsel is appointed by the Legislature to represent the citizens in rate cases before the Commission. Public Counsel also has a staff of attorneys, accountants, rate and financial analysts. The Public Counsel has intervened as a party in this rate case on behalf of the Utility's customers. .
4. The Utility's officers and staff personnel may testify about the utility, its operation, revenue and expenses. The Utility may also employ outside consultants as expert witnesses and an attorney or other specialists to assist them with the rate case. The accountants, rate analysts and engineers compile information in support of the rate increase request and testify at hearings.
5. Intervenors representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervenor is a party who legally

intervenes in the rate case through petition to the Commission to represent a specific interest or point of view in the rate case. The intervenor has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

Rate Case Requirements: A test year is requested by a utility, and when approved, is used as a measuring point to determine if a rate increase should be approved. The utility files an application pursuant to Commission rules (minimum filing requirements or “MFRs”.) This application reflects the amount of money the utility has invested in its facilities to serve its customers. It also includes the utility’s requested rate return on its investment and the expenses the utility incurs to provide service for the test year. The data provides information about the operations of the company, supplies and expenses, taxes, construction, depreciation and all of the operating and financial matters that are crucial to a decision. The utility will also be requested to file additional information before the case is over. Among the things the Commission looks for are expenditures that could be considered unnecessary, improper, or imprudent. Expenditures of this kind are disallowed for ratemaking purposes.

The Commission and its staff review the application, and the Commission determines whether interim rates are appropriate to be collected during the pendency of the rate case. If interim rates are authorized and charged, those rates are subject to refund with interest pending the Commission’s final decision in the case. The Commission staff performs an audit of the utility’s books and records to see if they match the utility’s MFRs, and that the utility is in compliance with the Commission’s rules and policies. The staff auditors issue a report of their findings which is filed with the Commission. The staff also performs other examinations and document requests of the utility’s personnel and the utility’s quality of service. This includes an engineering physical inspection of the utility’s facilities and a review of records filed with other regulatory agencies regarding the utility.

Hearings

Aqua Utilities Florida, Inc. has requested the Commission to hold a formal public hearing to decide this case. The formal technical hearing is governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings. These hearings are held in Tallahassee. Customer service hearings are also scheduled in the local service area for the customers’ convenience. At this time, customer input is requested regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel usually participates in major rate cases, has access

to all the information filed by the utility, assists members of the public who wish to testify and may even provide expert witnesses on various issues in the case.

Witnesses from the utility, the Commission staff, the Public Counsel and intervenors present testimony and are cross-examined. There are official transcripts of all hearings. Court reporters record the hearings, just as they do in a courtroom.

Completing the Rate Case

After the hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues. The Commission staff then makes recommendations to the Commissioners on each issue of the case. When the Commission makes its final decision there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are many issues in a major water and wastewater rate case, and it sometimes takes the Commissioners several hours to complete the final review of the case and to vote on each issue based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission decisions, the basis for the decisions, the new rates, and when they will be effective. After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the Public Counsel, the utility or any other party may appeal the Commission's decision to the courts.

VI. Aqua Utilities Florida Tentative Time Schedule

The following tentative schedule was established by the Commission for the remaining major events in Aqua Utilities Florida's rate case:

The following dates have been established to govern the key activities of this case:

- | | |
|--|-------------------------------|
| (1) Utility's testimony and exhibits | December 1, 2006 |
| (2) Intervenors' testimony and exhibits | July 2, 2007 |
| (3) Staff's testimony and exhibits, if any | July 16, 2007 |
| (4) Rebuttal testimony and exhibits | August 13, 2007 |
| (5) Prehearing Statements | August 16, 2007 |
| (6) Prehearing Conference | October 8, 2007 |
| (7) Discovery deadline | October 17, 2007 |
| (8) Hearing | October 24-26 and 29-30, 2007 |
| (9) Briefs | November 19, 2007 |

VII. Location of MFRs for Review

All of the information on file at the Commission is open to the public and is available for review at the Commission offices in Tallahassee. The MFRs filed by the Utility are also available for inspection at the following locations:

Clark Maxwell Library System
1405 CR 526-A
Sumterville, FL 33585

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748
Business Hours: 8:30 - 4:30 p.m. Monday-Friday

Customer comments concerning Aqua Utilities Florida's service and its request for an increase in rates should be addressed to the Office of Commission Clerk at the Florida Public Service Commission:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

and a courtesy copy of written comments and complaints may be mailed to the following:

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748

Complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following phone number 1-800-342-3552.

All comments should include reference to Commission Docket 060368-WS which has been assigned to this case.

AQUA UTILITIES FLORIDA, INC.

APPLICATION FOR INCREASE IN WATER AND WASTEWATER RATES

DOCKET NO. 060368-WS

RATE CASE SYNOPSIS

VOLUSIA COUNTY

I. Purpose

In accordance with the Florida Public Service Commission's ("Commission") Rule 25-22.0407 regarding Notice of and Public Information on General Rate Increase Requests, a synopsis of the rate request must be prepared and distributed by Aqua Utilities Florida, Inc. ("Utility"), in **Volusia County**. The following information provides background on the rate request and the rate case process in general.

II. Comparison of the Present, Interim, and Proposed Final Rates

On December 1, 2006, the Utility filed an application with the Commission for increased water and wastewater rates and charges for its customers. The Application is assigned Docket No. 060368-WS and March 26, 2007 has been established as the official date of filing.

For Jungle Den, the last water and wastewater base rate increase occurred in October 1996, and this is the Utility's first rate request since acquiring these systems in July 2004. Since then, the Utility will have invested more than \$100,000 in this community's infrastructure through 2007 to improve the quality and reliability of water and wastewater services. The upgrades include equipment rehabilitation and structural improvements at wastewater treatment facility, as well as the replacement of deteriorating pipe that carries waste from collection points in the system to the treatment plant.

For Tomoka/Twin Rivers, the last water base rate increase occurred in October 1996, and this is the Utility's first rate request since acquiring this system in July 2004. Since then, the Utility will have invested approximately \$115,000 in this community's infrastructure through 2007 to improve the quality and reliability of water service. The upgrades include replacing a deteriorating water storage tank to improve water quality and water pressure. A rate increase is necessary for the Utility to be given an opportunity to recover those additional investments.

The utility has requested a permanent water and wastewater revenue increase in Volusia County of \$242,219 or 222%. It has also requested and been granted an interim revenue increase of \$164,942 or 155%. As part of its request for permanent rates, the Commission permits the Company to collect a portion of the request as interim rates, subject to refund. The interim rates are subject to refund with interest, if the Commission finds that the utility was not entitled to collect such rates pending the final Commission decision. A schedule of the utility's present, interim, and proposed final rates follows.

JUNGLE DEN MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 6.51	\$ 8.59	\$ 24.19
3/4 inch	\$ 9.77	\$ 12.90	\$ 36.29
1 inch	\$ 16.31	\$ 21.54	\$ 60.48
1 1/2 inch	\$ 32.59	\$ 43.04	\$ 120.96
2 inch	\$ 52.16	\$ 68.87	\$ 193.54
3 inch	\$ 104.29	\$ 137.71	\$ 387.07
4 inch	\$ 162.97	\$ 215.19	\$ 604.80
6 inch	\$ 325.97	\$ 430.40	\$ 1,209.60
8 inch	\$ 521.52	\$ 688.62	\$ 1,935.36
10 inch	\$ 749.69	\$ 989.88	\$ 2,782.09
Gallonaage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 5.02	\$ 6.63	
< 6,001 (Residential)			\$ 4.64
Over 6,000 (Residential)			\$ 5.80
Non-residential			\$ 4.64

JUNGLE DEN MONTHLY SEWER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 12.35	\$ 17.44	\$ 31.63
3/4 inch	\$ 18.51	\$ 26.14	\$ 47.44
1 inch	\$ 30.83	\$ 43.54	\$ 79.07
1 1/2 inch	\$ 61.67	\$ 87.11	\$ 158.14
2 inch	\$ 98.68	\$ 139.37	\$ 253.02
3 inch	\$ 197.36	\$ 278.75	\$ 506.05
4 inch	\$ 308.35	\$ 435.51	\$ 790.70
6 inch	\$ 616.74	\$ 871.08	\$ 1,581.39
8 inch	\$ 986.79	\$ 1,393.74	\$ 2,530.23
10 inch	\$ 1,418.50	\$ 2,003.47	\$ 3,637.20
Gallonaage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Residential Gallonaage Cap	6,000	6,000	6,000
Residential use to cap	\$ 9.57	\$ 13.51	\$ 29.92
Non-residential	\$ 11.49	\$ 16.23	\$ 35.91

TOMOKA/TWIN RIVERS MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 4.78	\$ 6.25	\$ 24.19
3/4 inch	\$ 11.96	\$ 15.63	\$ 36.29
1 inch	\$ 23.94	\$ 31.29	\$ 60.48
1 1/2 inch	\$ 38.28	\$ 50.03	\$ 120.96
2 inch	\$ 38.28	\$ 50.03	\$ 193.54
3 inch	\$ 38.28	\$ 50.03	\$ 387.07
4 inch	\$ 38.28	\$ 50.03	\$ 604.80
6 inch	\$ 38.28	\$ 50.03	\$ 1,209.60
8 inch	\$ 38.28	\$ 50.03	\$ 1,935.36
10 inch	\$ 38.28	\$ 50.03	\$ 2,782.09
Gallonaage Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 1.40	\$ 1.83	
< 6,001 (Residential)			\$ 4.64
Over 6,000 (Residential)			\$ 5.80
Non-residential			\$ 4.64

III. General Reasons for Rate Request

The Utility is requesting a rate increase because the existing rates do not provide sufficient revenues to allow the Utility the opportunity to earn a fair return on the Utility's investment in used and useful property for public service and the recovery of the required expenses of operations during the period of time when the rates will be effective.

IV. Major Rate Case Issues

It is difficult to anticipate all of the specific issues that may develop during a rate case. However, the following general issues will likely be addressed by the Commission:

1. What is the test year rate base?
2. What is the test year net operating income?
3. What is the test year cost of capital?
4. What is the test year revenue requirement?
5. What is the proper rate design to recover the test year revenue requirement?

V. Description of the Ratemaking Process

Participants: Many people are involved in a utility rate case. The following is a list of some of the main participants:

1. The Commissioners who hear this case are appointed by the Governor and will make a final decision on all of the issues in the case.
2. The Commissioners are assisted by a Commission Staff. The Staff members involved in the case include engineers, accountants, attorneys, consumer affair specialists, and rate and financial analysts.
3. The Public Counsel is appointed by the Legislature to represent the citizens in rate cases before the Commission. Public Counsel also has a staff of attorneys, accountants, rate and financial analysts. The Public Counsel has intervened as a party in this rate case on behalf of the Utility's customers.
4. The Utility's officers and staff personnel may testify about the utility, its operation, revenue and expenses. The Utility may also employ outside consultants as expert witnesses and an attorney or other specialists to assist them with the rate case. The accountants, rate analysts and engineers compile information in support of the rate increase request and testify at hearings.
5. Intervenors representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervenor is a party who legally intervenes in the rate case through petition to the Commission to represent a

specific interest or point of view in the rate case. The intervenor has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

Rate Case Requirements: A test year is requested by a utility, and when approved, is used as a measuring point to determine if a rate increase should be approved. The utility files an application pursuant to Commission rules (minimum filing requirements or “MFRs”). This application reflects the amount of money the utility has invested in its facilities to serve its customers. It also includes the utility’s requested rate return on its investment and the expenses the utility incurs to provide service for the test year. The data provides information about the operations of the company, supplies and expenses, taxes, construction, depreciation and all of the operating and financial matters that are crucial to a decision. The utility will also be requested to file additional information before the case is over. Among the things the Commission looks for are expenditures that could be considered unnecessary, improper, or imprudent. Expenditures of this kind are disallowed for ratemaking purposes.

The Commission and its staff review the application, and the Commission determines whether interim rates are appropriate to be collected during the pendency of the rate case. If interim rates are authorized and charged, those rates are subject to refund with interest pending the Commission’s final decision in the case. The Commission staff performs an audit of the utility’s books and records to see if they match the utility’s MFRs, and that the utility is in compliance with the Commission’s rules and policies. The staff auditors issue a report of their findings which is filed with the Commission. The staff also performs other examinations and document requests of the utility’s personnel and the utility’s quality of service. This includes a physical inspection of the utility’s facilities by staff engineers and a review of records filed with other regulatory agencies regarding the utility.

Hearings

Aqua Utilities Florida, Inc. has requested the Commission to hold a formal public hearing to decide this case. The formal technical hearing is governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings. These hearings are held in Tallahassee. Customer service hearings are also scheduled in the local service area for the customers’ convenience. At this time, customer input is requested regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel usually participates in major rate cases, has access to all the information filed by the utility, assists members of the public who wish to testify and may even provide expert witnesses on various issues in the case.

Witnesses from the utility, the Commission staff, the Public Counsel and intervenors present testimony and are cross-examined. There are official transcripts of all hearings. Court reporters record the hearings, just as they do in a courtroom.

Completing the Rate Case

After the hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues. The Commission staff then makes recommendations to the Commissioners on each issue of the case. When the Commission makes its final decision there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are many issues in a major water and wastewater rate case, and it sometimes takes the Commissioners several hours to complete the final review of the case and to vote on each issue based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission decisions, the basis for the decisions, the new rates, and when they will be effective. After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the Public Counsel, the utility or any other party may appeal the Commission's decision to the courts.

VI. Aqua Utilities Florida Tentative Time Schedule

The following tentative schedule was established by the Commission for the remaining major events in Aqua Utilities Florida's rate case:

The following dates have been established to govern the key activities of this case:

- | | |
|--|-------------------------------|
| (1) Utility's testimony and exhibits | December 1, 2006 |
| (2) Intervenors' testimony and exhibits | July 2, 2007 |
| (3) Staff's testimony and exhibits, if any | July 16, 2007 |
| (4) Rebuttal testimony and exhibits | August 13, 2007 |
| (5) Prehearing Statements | August 16, 2007 |
| (6) Prehearing Conference | October 8, 2007 |
| (7) Discovery deadline | October 17, 2007 |
| (8) Hearing | October 24-26 and 29-30, 2007 |
| (9) Briefs | November 19, 2007 |

VII. Location of MFRs for Review

All of the information on file at the Commission is open to the public and is available for review at the Commission offices in Tallahassee. The MFRs filed by the Utility are also available for inspection at the following locations:

Daytona Beach Regional Library
105 E. Magnolia Avenue
Daytona Beach, 32114

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748
Business Hours: 8:30 - 4:30 p.m. Monday-Friday

Customer comments concerning Aqua Utilities Florida's service and its request for an increase in rates should be addressed to the Office of Commission Clerk at the Florida Public Service Commission:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

and a courtesy copy of written comments and complaints may be mailed to the following:

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748

Complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following phone number 1-800-342-3552.

All comments should include reference to Commission Docket 060368-WS which has been assigned to this case.

AQUA UTILITIES FLORIDA, INC.

APPLICATION FOR INCREASE IN WATER AND WASTEWATER RATES

DOCKET NO. 060368-WS

RATE CASE SYNOPSIS

WASHINGTON COUNTY

I. Purpose

In accordance with the Florida Public Service Commission's Rule 25.22.0407 regarding Notice of and Public Information on General Rate Increase Requests, a synopsis of the rate request must be prepared and distributed by Aqua Utilities Florida, Inc. ("Utility"), in **Washington County**. The following information provides the background on the rate request and the rate case process in general.

II. Comparison of the Present, Interim, and Proposed Final Rates

On December 1, 2006, Aqua Utilities Florida filed an application with the Florida Public Service Commission ("Commission") for increased water and wastewater for its customers. The Application is assigned Docket No. 060368-WS and March 26, 2007 was established as the official date of filing.

The last water and wastewater base rate increase occurred in October 1996, and this is the Utility's first rate request since acquiring these systems in July 2004. Since then, the Utility will have invested more than \$1.5 million in this community's infrastructure through 2007 to improve the quality and reliability of water and wastewater service. This amount translates to a capital investment of more than \$2,100 per customer. The Utility is upgrading the water treatment facilities and replacing aging equipment to improve water quality and fire protection, as well as installing a new emergency generator to run the water system in the event of a power failure. The Utility is also adding treatment to the wells that supply water to address past quality issues and replacing a pressure-stabilizing tank at one of its well sites. For the wastewater system, the Utility has upgraded lift stations that pump waste from collection points in the system to the sewage treatment facility, as well as replaced deteriorating pipe that carries waste to the plant. In addition, Florida Department of Environmental Protection (DEP) requirements mandate that the Utility analyze and develop plans to improve the wastewater system's capacity to handle increased flows during heavy rainstorms. The Utility is also developing a master plan, as required by DEP, which will address future demand for water and wastewater services in the community. A rate increase is necessary for the Utility to be given an opportunity to recover those additional expenses.

The utility has requested a permanent water and wastewater revenue increase in Washington County of \$138,000 or 41%. The interim rates are subject to refund with interest, if the Commission finds that the utility was not entitled to collect such rates pending the final Commission decision. A schedule of the utility's present, interim, and proposed final rates follows.

SUNNY HILLS MONTHLY WATER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 11.70	\$ 15.45	\$ 24.15
3/4 inch	\$ 17.57	\$ 23.20	\$ 36.23
1 inch	\$ 29.27	\$ 38.65	\$ 60.38
1 1/2 inch	\$ 58.54	\$ 77.29	\$ 120.77
2 inch	\$ 93.67	\$ 123.68	\$ 193.23
3 inch	\$ 187.34	\$ 247.37	\$ 386.45
4 inch	\$ 292.72	\$ 386.50	\$ 603.83
6 inch	\$ 585.42	\$ 772.98	\$ 1,207.66
8 inch	\$ 936.68	\$ 1,236.79	\$ 1,932.26
10 inch	\$ 1,346.47	\$ 1,777.87	\$ 2,777.62
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Total consumption	\$ 4.51	\$ 5.95	
< 6,001 (Residential)			\$ 4.34
Over 6,000 (Residential)			\$ 5.43
Non-residential			\$ 4.34

SUNNY HILLS MONTHLY SEWER RATES			
Base Facility Charge			
Meter Size	Present Rates	Interim Rates	Proposed Final Rates
5/8 X 3/4 inch	\$ 19.74	\$ 27.88	\$ 33.97
3/4 inch	\$ 29.60	\$ 41.80	\$ 50.95
1 inch	\$ 49.33	\$ 69.68	\$ 84.92
1 1/2 inch	\$ 98.68	\$ 139.37	\$ 169.84
2 inch	\$ 157.88	\$ 222.99	\$ 271.75
3 inch	\$ 315.78	\$ 446.00	\$ 543.50
4 inch	\$ 493.38	\$ 696.85	\$ 849.22
6 inch	\$ 986.79	\$ 1,393.74	\$ 1,698.44
8 inch	\$ 1,578.85	\$ 2,229.95	\$ 2,717.50
10 inch	\$ 2,269.59	\$ 3,205.54	\$ 3,906.41
Gallonge Charge (per thousand gallons)			
	Present Rates	Interim Rates	Proposed Final Rates
Residential Gallonge Cap	6,000	6,000	6,000
Residential use to cap	\$ 8.31	\$ 11.74	\$ 9.25
Non-residential	\$ 10.01	\$ 14.14	\$ 11.10

III. General Reasons for Rate Request

The Utility is requesting a rate increase because the existing rates do not provide sufficient revenues to allow a fair return on the Utility's investment in used and useful property for public use and the recovery of the required expenses of operations during the period of time when the rates will be effective.

IV. Major Rate Case Issues

It is difficult to anticipate all the issues that may develop during a rate case. However, the following issues are anticipated to be the major areas considered:

1. What is the test year rate base?
2. What is the test year net operating income?
3. What is the test year cost of capital?
4. What is the test year revenue requirement?
5. What is the proper rate design to recover the test year revenue requirement?

V. Description of the Ratemaking Process

Participants: Many people are involved in a utility rate case. The following is a list of some of the main participants:

1. The Commission is composed of five Commissioners appointed by the Governor. The Commissioners who hear this case will make a final decision on all of the issues in the case.
2. The Commissioners are assisted by a Commission Staff. The Staff members involved in the case include engineers, accountants, attorneys, consumer affair specialists, and rate and financial analysts.
3. The Public Counsel is appointed by the Legislature to represent the citizens in rate cases before the Commission. Public Counsel also has a staff of attorneys, accountants, rate and financial analysts. The Public Counsel may monitor the case or may participate.
4. The Utility's officers and staff personnel may testify about the utility, its operation, revenue and expenses. The utility may also employ outside consultants as expert witnesses and an attorney or other specialists to assist them with the rate case. The accountants, rate analysts and engineers compile information in support of the rate increase request and testify at hearings.
5. Intervenors representing organizations, local governments, consumer groups, and commercial organizations may participate. An intervenor is a party who legally intervenes in the rate case through petition to the Commission to represent a specific interest or point of view in the rate case. The intervenor has equal opportunity with other parties in the case to ask questions, present testimony, and cross examine witnesses.

Rate Case Requirements: A test year is requested by the utility, and when approved, is used as a measuring point to determine if a rate increase should be approved. The utility files an application pursuant to Commission rules (minimum filing requirements or MFRs.) This application reflects the amount of money the utility has invested in its facilities to serve its customers. It also includes the utility's requested rate return on its investment and the expenses the utility incurs to provide service for the test year. The data provides information about the operations of the company, supplies and expenses, taxes, construction, depreciation and all of the operating and financial matters that are crucial to a decision. The utility will also be requested to file additional information before the case is over. Among the things the Commission looks for are expenditures that could be considered unnecessary, improper, or imprudent. Expenditures of this kind are disallowed for ratemaking purposes.

The Commission and its staff review the application, and the Commission determines whether interim rates are appropriate to be collected during the pendency of the rate case. If interim rates are authorized and charged, those rates are subject to refund with interest pending the Commission's final decision in the case. The Commission staff performs an audit of the utility's books and records to see if they match the utility's MFRs, and that the utility is in compliance with the Commission's rules and policies. The staff auditors issue a report of their findings which is filed

with the Commission. The staff also performs other examinations and document requests of the utility's personnel and the utility's quality of service. This includes an engineering physical inspection of the utility's facilities and a review of records filed with other regulatory agencies regarding the utility.

Hearings

Aqua Utilities Florida, Inc. has requested the Commission hold formal public hearings to decide this case. The hearings are governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination, and the final decision must be based upon information presented to the Commission during the hearings. These hearings are scheduled in the local service area for the customers' convenience. At this time, customer testimony is give regarding quality of service. The customers also may testify about rates and charges they consider improper or unfairly discriminatory.

The Public Counsel provides legal representation for consumers in matters before the Commission. The Public Counsel usually participates in major rate cases, has access to all the information filed by the utility, assists members of the public who wish to testify and may even provide expert witnesses on various issues in the case.

Witnesses from the utility, the Commission staff, the Public Counsel and intervenors present testimony and are cross-examined. There are official transcripts of all hearings. Court reports record the hearings, just as they do in a courtroom.

Completing the Rate Case

After the hearings are completed, briefs are usually filed by all parties to the case. The briefs summarize each party's position on the issues. The Commission staff then makes recommendations to the Commissioners on each issue of the case. When the Commission makes its final decision there will be a "vote sheet" which is a listing of all the issues requiring a vote by the Commissioners. There are many issues in a major water rate case, and it sometimes takes the Commissioners several hours to complete the final review of the case and to vote on each issue based on the evidence in the record.

Commission attorneys prepare a formal order containing the background of the case, the Commission decisions, the basis for the decisions, the new rates, and when they will be effective. After the Commission's order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, the Public Counsel, the utility or any other party may appeal the Commission's decision to the courts.

VI. Aqua Utilities Florida Tentative Time Schedule

The following tentative schedule was established by the Commission for the remaining major events in Aqua Utilities Florida rate case:

The following dates have been established to govern the key activities of this case:

- | | |
|--|-------------------------------|
| (1) Utility's testimony and exhibits | December 1, 2006 |
| (2) Intervenors' testimony and exhibits | July 2, 2007 |
| (3) Staff's testimony and exhibits, if any | July 16, 2007 |
| (4) Rebuttal testimony and exhibits | August 13, 2007 |
| (5) Prehearing Statements | August 16, 2007 |
| (6) Prehearing Conference | October 8, 2007 |
| (7) Discovery deadline | October 17, 2007 |
| (8) Hearing | October 24-26 and 29-30, 2007 |
| (9) Briefs | November 19, 2007 |

VII. Location of MFRs for Review

All of the information on file at the Commission open to the public and is available for review at the commission offices in Tallahassee. The MFRs filed by thte utility are also available for inspection at the following locations:

Washington County Library
1444 Jackson Avenue
Chipley, FL 32428

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748
Business Hours: 8:30 - 4:30 p.m. Monday-Friday

Customer comments concerning Aqua Utilities Florida's service and its request for an increase in rates should be addressed to the Office of Commission Clerk at the Florida Public Service Commission:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard

Tallahassee, Florida 32399-0870

and a courtesy copy of written comments and complaints may be mailed to the following:

Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748

Complaints regarding service may be made to the Commission's Division of Regulatory Compliance and Consumer Assistance at the following phone number 1-800-342-3552.

All comments should include reference to Commission Docket 060368-WS which has been assigned to this case.