

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

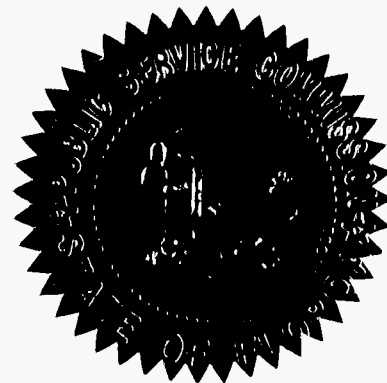
DOCKET NO. 080121-WS

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In the Matter of:

APPLICATION FOR INCREASE IN WATER AND  
WASTEWATER RATES IN ALACHUA, BREVARD,  
DESOTO, HIGHLANDS, LAKE, LEE, MARION,  
ORANGE, PALM BEACH, PASCO, POLK, PUTNAM,  
SEMINOLE, SUMTER, VOLUSIA, AND WASHINGTON  
COUNTIES BY AQUA UTILITIES FLORIDA, INC.

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PROCEEDINGS: GREENACRES SERVICE HEARING  
BEFORE: CHAIRMAN MATTHEW M. CARTER, II  
COMMISSIONER LISA POLAK EDGAR  
DATE: Thursday, August 7, 2008  
TIME: Commenced at 6:00 p.m.  
Concluded at 7:48 p.m.  
PLACE: Greenacres City Hall  
City Commission Chambers  
5800 Melaleuca Lane  
Greenacres, Florida  
REPORTED BY: LINDA BOLES, RPR, CRR  
Official FPSC Reporter  
(850) 413-6734

REGISTRY NUMBER-DATE  
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1 PARTICIPATING:

2 BRUCE MAY, ESQUIRE, and GIGI ROLLINI, ESQUIRE,  
3 Holland & Knight Law Firm Post Office Drawer 810, Tallahassee,  
4 Florida 32302-0810, representing Aqua Utilities Florida, Inc.

5 TRICIA MERCHANT, Office of Public Counsel, c/o The  
6 Florida Legislature, 111 W Madison St, Room 812, Tallahassee,  
7 Florida 32399-1400 representing the Citizens of the State of  
8 Florida.

9 RALPH JAEGER, ESQUIRE, FPSC General Counsel's Office,  
10 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850,  
11 representing the Florida Public Service Commission Staff.

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## P R O C E E D I N G S

1  
2 CHAIRMAN CARTER: Good evening. Call this hearing to  
3 order.

4 First of all, I want to welcome everyone for being  
5 here this evening. I want to also thank the City of Greenacres  
6 for allowing us to use this wonderful facility here. I don't  
7 think it was here last year when we were here, but it's a very  
8 nice facility, so we're quite thankful to be here. And thank  
9 you to all of you for coming out. We understand that some of  
10 your friends and neighbors are on their way here, and hopefully  
11 we'll, you know, be here when they get here. And so we'll go  
12 on.

13 First of all, let me just do this by having staff to  
14 read the notice. Staff, you're recognized.

15 MR. JAEGER: Yes, Chairman Carter. By notice, this  
16 time and place has been set for a customer service hearing in  
17 Docket Number 080121-WS, application for increase in water and  
18 wastewater rates in Alachua, Brevard, DeSoto, Highlands, Lake,  
19 Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole,  
20 Sumter, Volusia and Washington Counties by Aqua Utilities  
21 Florida, Incorporated.

22 CHAIRMAN CARTER: Thank you. Let me just take a  
23 moment to introduce my colleague with me tonight, Commissioner  
24 Edgar. And Matthew Carter, Chairman of the Public Service  
25 Commission. Thank you all for coming out tonight.

1           Let me just kind of, by way of a commercial  
2 announcement, those of you that are wishing to speak tonight,  
3 out front at the table there's a white form here that you can  
4 complete and just check, check whether or not you wish to speak  
5 or not on that. And those of you that are shy about speaking,  
6 shy about speaking and those of you that have some friends and  
7 neighbors that were unable to be here tonight, this blue form,  
8 the last page on this blue form in my opinion is the most  
9 important one because you can take notes on this. And, please,  
10 our staff has some extra copies out there, take as many as you  
11 want and have people to complete those and send them in, just  
12 fold it and mail it in to us.

13           Because the purpose of our meeting tonight is we want  
14 to hear from you, get some feedback from you in terms of this  
15 petition before us and in the context of, of listening to see,  
16 first of all, about the quality of service provided to you by  
17 Aqua; secondly, about the utility's interaction with you as  
18 customers; and then your opinion on the proposed rate increase.  
19 So we want to kind of focus on those things. But before we do,  
20 let's do this. Let me take the appearances of the parties.

21           MR. MAY: Mr. Chairman, Commissioners, I'm Bruce May  
22 with the Law Firm of Holland & Knight appearing on behalf of  
23 Aqua Utilities Florida. With me tonight is the Regional  
24 President, Mr. Chris Franklin. At the appropriate time he will  
25 make very brief remarks and opening statement for the hearing.

1 I do have one housekeeping item. We have an exhibit  
2 that I've provided to Ms. Christian (sic.) and also to your  
3 counsel. It's a publication of notice exhibit.

4 CHAIRMAN CARTER: That would be Exhibit Number 47,  
5 Commissioners.

6 MR. MAY: Thank you.

7 CHAIRMAN CARTER: Proof of publication. It's notice,  
8 but I call it proof of publication to be consistent.

9 (Exhibit 47 marked for identification.)

10 Ms. Merchant.

11 MS. MERCHANT: Good evening. My name is Tricia  
12 Merchant. I'm a CPA with the Office of Public Counsel.

13 MR. JAEGER: And I'm Ralph Jaeger, staff counsel with  
14 the Public Service Commission.

15 CHAIRMAN CARTER: Thank you. As I said, is that we  
16 wanted to hear from you, the reason that we're here tonight, to  
17 get your feedback and input from us on this proposed rate  
18 increase before it's final.

19 Let me just -- I'm going to talk about this until I'm  
20 blue in the face, is that those of you wishing to speak, please  
21 complete the form here, and Ms. Merchant will be calling your  
22 name. Those of you that are -- even if you're speaking, you  
23 know some of your friends and neighbors that are not here, this  
24 blue form, please take some of these. Even if you, even if  
25 you've spoken, take some of these with you because there may be

1 some of your neighbors that didn't get a chance to come who  
2 would like to be heard. Or you may forget something tonight.  
3 If you do, we'll hear from you and put it into the record.

4           We have a court reporter here tonight and she's  
5 transcribing everything because this will be part of the  
6 official record. And so as we make our deliberations, what you  
7 have to say will be entered into the record so we can look at  
8 that before we make a final decision. And as we go through the  
9 process tonight, we'll swear you all in as a group, those  
10 wishing to speak, and you'll come over to the podium here.  
11 She's transcribing it. So when you do come to speak, a lot of  
12 you I see from last year, so you remember the routine. So  
13 please state your name and address so she can put it on the  
14 report for us here.

15           And what we'll do before we allow the parties to make  
16 their opening statements, we'll have our staff -- we'll go off  
17 the record and then we'll have staff to give an overview of  
18 this proposed rate increase.

19           Staff, you're recognized.

20           (Presentation given off the record.)

21           We're back on the record. I'll give you an  
22 opportunity to kind of join us up here.

23           As I said, to those who just came in as Cheryl was  
24 doing her presentation, Ms. Banks was doing her presentation,  
25 after the parties get the opportunity for some brief opening



1 statement, then we'll swear you all in as a group. And then  
2 when your name is called, Ms. Merchant will call your name,  
3 come up to the podium, please state your name and address and  
4 then we'll go from there. And at that, I think that a lot of  
5 people that were here last year pretty much know the routine.  
6 We'll go, we'll go through it together.

7 With that, we'll recognize the parties for their  
8 opening statement.

9 MR. FRANKLIN: Thank you, Chairman, and good evening.  
10 My name is Chris Franklin, as Mr. May had mentioned a moment  
11 ago, and I'm the Regional President for our southern region at  
12 Aqua.

13 I thought I might take just a couple of moments to  
14 address you and give you some thoughts as to what I've heard  
15 over the last year and a half since I've been in the job I have  
16 now with Aqua.

17 First though let me just mention two things. In the  
18 back of the room we have two young ladies, if you'll stand up,  
19 Michelle and Debbie, who are here that can, that are live on  
20 our customer information system, on our billing system. So if  
21 you have billing issues or customer service type issues, we can  
22 resolve whatever it might be tonight. And if not, if there's  
23 further investigation, certainly they can get it rolling. So  
24 if you need to see, see them, they'll be available right after  
25 the meeting.

1           Secondly, out in front we also have a demonstration  
2 of the new meters and the radio frequency device that we just  
3 installed in the Lake Osborne area, and so we can walk you  
4 through how that, how that works and how those meters will  
5 operate. By the end of this year we'll have replaced all of  
6 the meters across the state, within the state, within the  
7 company.

8           I'd like to just start by giving you a little bit of  
9 background on Aqua. We're over a hundred-year-old company. We  
10 have been a water utility the entire time. We just purchased  
11 waste, we began purchasing wastewater in the last decade, but  
12 we've been a company based in Pennsylvania that entire time as  
13 well. We entered Florida in 2003 and 2004 when we bought two  
14 utilities from electric companies. Those companies were  
15 exiting the business and were wanting to do it fairly rapidly,  
16 and so we bought both of those companies at what we call a rate  
17 base or without a premium. We didn't pay a premium for the  
18 companies.

19           Now despite the fact that we didn't pay a premium for  
20 these companies, we also bought companies that were for the  
21 large part in pretty big disrepair. I'm not speaking  
22 specifically about Lake Osborne, but certainly many of the  
23 companies that we purchased at that time were undercapitalized  
24 and needed a lot of work. And so we had to focus immediately  
25 in a triage manner. We thought let's, let's talk, let's work

1 on environmental compliance and water quality standards first  
2 and then look at operational upgrades, which is where we went  
3 after that.

4           Now in your area we purchase all of our water from  
5 Palm Beach County, so we depend on the county to provide us  
6 with good quality water that meets the state and federal  
7 standards. Last year some of you raised an issue about, that  
8 you, about how you were notified when we have a water quality  
9 issue, and so since that time -- and when I say a water quality  
10 issue, that's mainly like a main break that would cause us to  
11 put a boil water notice out. And I think we've addressed that.  
12 If there are further enhancements we can, we can work on to  
13 better notify you, we'd certainly be open to that, but I think  
14 we've addressed at least the initial concerns that were raised.

15           Now we spent a lot of capital dollars across the  
16 State of Florida and even in your area here. We've added a  
17 second feeder main, most of you are probably aware, for added  
18 fire flow and fire protection in Lake Osborne. We've also  
19 inspected, painted, replaced or repaired all of the hydrants  
20 within the development to address the concerns of the Palm  
21 Beach County Health Department. Additionally, as I mentioned,  
22 over the, over the last couple of months we've replaced all of  
23 the meters. There may be a couple of stragglers left over if  
24 there were, if there were particular issues, but I believe  
25 we've completed all of the meters in your area and equipped

1 them with a radio frequency device so we can read our meters  
2 much more efficiently and do it electronically.

3           Now we replaced those meters so that we could have  
4 precise, routine meter readings that produce accurate billing,  
5 and that's the name of the game. We, we also in terms of  
6 spending capital in the last year have added ten people to our  
7 call centers. We had some issues with people that couldn't get  
8 through to our call center, so we've also added people in our  
9 call center to improve our wait times in the call center.  
10 We've also added a training component to better equip our  
11 customer service representatives to answer questions from the  
12 13 different states where we do business.

13           Now despite all the capital we've spent here in Palm  
14 Beach County and across the State of Florida, let's call it in  
15 the range of \$30 million, we continue to operate using rates  
16 that were established about 12 years ago. With the exception  
17 of some small index filings that we've, that we've filed for,  
18 we haven't had a base rate increase in the period of time that  
19 we've owned the company and even before that.

20           We don't have, we don't have to be financial experts  
21 to understand that when you go for that period of time without  
22 raising rates, you don't see, you're not able to cover many of  
23 your increasing costs. Just look at gasoline in the last year  
24 alone, chemicals, those costs continue to climb, and it's  
25 certainly not at a 1 or 2 percent clip.

1           Now let me address the rate case specifically. As  
2 the Commission staff indicated today, we, we are requesting  
3 that all of our customers across the State of Florida pay what  
4 we call a standard tariff, the same price for water. The  
5 concept is that over time all of our customers will need new  
6 meters, new water mains, and deserve to receive the same level  
7 of service no matter what the size of the system is, so a small  
8 system like this or some of our larger systems. This concept  
9 has been used by electric utilities forever. You would never  
10 expect to pay more for your electric service because you live  
11 100 miles from the nuclear generating plant as opposed to two  
12 miles from the nuclear generating plant.

13           Now I was asked to prepare an analysis some time ago  
14 that demonstrated what our true cost to serve customers would  
15 be by system, and we have 82 different systems across the State  
16 of Florida, one of those being Lake Osborne. In Lake Osborne,  
17 the average monthly cost on a stand-alone basis, that's if we  
18 took only the costs associated with Lake Osborne and put it on  
19 only the customers in the same location, the cost would be  
20 about \$39.48 based on 5,000 gallons a month. That's our  
21 average usage across the State of Florida. Most customers use  
22 about 5,000 gallons in a month. However, your current rates  
23 for 5,000 gallons a month would be about \$14.60. So as you've  
24 read, our proposed rate for our customers is based on that  
25 5,000 gallons and it's proposed at \$40.92. So it's within

1 about a dollar of what our true cost of service, if you will,  
2 is in, in Lake Osborne.

3           One of the things our customers told us last year is  
4 that you didn't know us very well. And so we initiated a  
5 program we call Aqua Connects, which we held one of those in  
6 the area here, and it was a way to informally get to know our  
7 customers. We brought our management team out and a lot of  
8 information on the company, on water usage and about  
9 conservation and we opened a dialogue with customers. And  
10 that's going to continue. If you haven't had a chance to visit  
11 us at that session, we will have more in the future.

12           Also a year ago customers expressed concerns about  
13 estimated bills and varying days of service. I read the  
14 testimony from last year even though I wasn't here at the  
15 hearings last year. Much of this variation was caused by the  
16 failure of our meter readers to read every 30 days. You have  
17 to read the meter every 30 days. You can't read it in 20 days  
18 and then in 40 days and then in 20 days. You've got to read it  
19 every 30 days. Certainly in the last year we have addressed  
20 that issue. We've made our meter reading on a, on a, on a  
21 stringent routine, and we've also then installed the radio  
22 frequency meters to make sure that we actually never miss.

23           Now when you compare Aqua to our peer companies, that  
24 would be, you know, like American Water, the other, the other  
25 water utilities in our industry, we have the lowest operating

1 ratio. That's our operating and maintenance expense to our  
2 revenue. So our expenses are not out of line when compared to  
3 similar companies.

4 And so in summary, let me just say that if our  
5 expenses aren't out of line -- I don't think they are, that  
6 will ultimately be decided by the Commissioners -- why are we  
7 losing money in Florida? We last year lost about \$3 million in  
8 Florida. This year we're slated to lose about \$2 million in  
9 the State of Florida. And the reason is frankly we haven't  
10 been in for rates, we haven't had a price increase to cover the  
11 cost of increased expenses and all the capital that we've, that  
12 we've spent in the State of Florida.

13 So I realize that no customer likes to see rates  
14 increase, especially when rates have been particularly low for  
15 a long period of time. But I hope that my comments this  
16 evening at least shed some light on what our thinking is and  
17 why we're in and proposing a rate increase. So I look forward  
18 to hearing your comments tonight, and I'll certainly wait  
19 around tonight too if anyone has particular issues that they'd  
20 like to take up with me. Thank you.

21 CHAIRMAN CARTER: Thank you.

22 Ms. Merchant.

23 MS. MERCHANT: Good evening. Again, I'm Tricia  
24 Merchant and I'm a CPA with the Office of Public Counsel.  
25 Public Counsel is an arm of the Legislature and we're charged

1 with representing the customers before the Public Service  
2 Commission. We are a completely separate entity and we are  
3 here to represent your interests and the customers alone.

4           We were very involved in the last rate case. We had  
5 several witnesses that did a lot of discovery. We listened to  
6 the customers in the last case, we found a lot of complaints  
7 that were out there the company had, and we recommended to the  
8 Public Service Commission that the company's case be dismissed.  
9 The staff agreed with us and they issued a recommendation that  
10 it should be dismissed, but the company, prior to the  
11 Commission voting on it, withdrew their case. Now at the same  
12 time they also agreed to donate \$50,000 back to the investment  
13 so that that would be a credit to their investment.

14           But here we are again today with another rate  
15 increase. The last one was a \$7.3 million rate increase. The  
16 current request is an \$8.4 million rate increase.

17           We have several witnesses that we've hired. We have  
18 cost of capital witnesses, excuse me, a witness, and he's going  
19 to look at the level of profit that the company should be able  
20 to collect. There have been several recent cases where the  
21 Commission has allowed an 11 percent rate of return, and we  
22 think that that is high given the current cost of capital and  
23 debt out, you know, with debt costs going down. So we would  
24 like to persuade the Commission to lower that cost of capital  
25 for Aqua Utilities.



1           We also consulted with an engineer, and he's going to  
2 look at all of the systems in the state. He's looking at the  
3 pro forma plant additions that they're proposing that they're  
4 going to put into place, the meters, he's looking at the  
5 quality of the plant. And he also looks at an issue called  
6 used and useful, which is determining how much of the plant is  
7 used for current customers as opposed to plant for growth. Now  
8 in this case you don't have a water treatment plant. You  
9 purchase the water or the company purchases water. There's not  
10 a water treatment plant, so there wouldn't be a plant used and  
11 useful adjustment for your system. But there are a lot of  
12 other systems out there that we would be looking at that  
13 adjustment for.

14           The third consultant that we've hired is a general  
15 rate case expert. She's an accountant and a rate analyst, and  
16 she is looking at the allocations from the corporate  
17 headquarters in Pennsylvania as well as the allocations from  
18 the office in Florida. We're looking at the dollar amounts  
19 that they are asking to be spread down to the individual  
20 Florida systems and we're also looking at how they spread those  
21 costs. So is it -- do they have the right number of companies  
22 to spread those costs between? Are there some companies that  
23 they've purchased that need to be added into the picture? So  
24 those are some of the issues that we're looking at to make sure  
25 they've requested the correct level of expenses to be flowed

1 through to your rates. We're looking at salaries, we're  
2 looking at the number of employees, we're looking at their  
3 programs that they've requested, we're looking at rate case  
4 expense to make sure that the rate case expense is prudent and  
5 reasonable for this case. And certainly our testimony is going  
6 to cover only those expenses that we believe are reasonable and  
7 prudent that should be recovered through rates.

8           The most important reason that we're here is to hear  
9 from you, to hear your concerns about the quality of service  
10 and the way that the company treats you, the way -- do they  
11 respond to you? You've heard a lot of this earlier from the  
12 Chairman and staff, but we want to hear your concerns because  
13 that's how the Commission gets your input and it's very crucial  
14 to the process to hear your concerns. Are they returning your  
15 phone calls? Are they, are -- if there's billing errors, do  
16 they fix them in a timely manner? Is the water quality  
17 sufficient and those types of things? So, you know, we want to  
18 hear your concerns. We're going to take them all in and  
19 consider them, and hopefully the Commission can consider those  
20 before they decide to allow a revenue increase.

21           We're a small staff. We have 12 people here with the  
22 Office of Public Counsel, mostly lawyers, two analysts and  
23 several administrative people, but we are here to represent  
24 your interests. And we do consult out, so that's how we can  
25 represent you. But we certainly appreciate you coming tonight

1 and look forward to hearing your comments. Thank you very  
2 much.

3 CHAIRMAN CARTER: Thank you so kindly, Ms. Merchant.

4 Again, there were a few people that came in after I  
5 said it, but let me just kind of say it again, is that those of  
6 you wishing to speak tonight, there's some white forms out on  
7 the table out front there. Please complete one of those  
8 because this, this testimony is being transcribed and will be  
9 part of the official record when we make the ruling and  
10 determine that. We want to hear from you, but we also want to  
11 have it be part of the record. Also, when you do come up to  
12 speak to the, to the microphone, please state your name and  
13 address.

14 Additionally, I'll say it again, is that we have  
15 these blue forms here, and that's in case you decide that  
16 there's something that you forgot, in case, you know, maybe you  
17 had an over 50 moment like I do from time to time and you  
18 forgot, you can still write what you forgot to say on these  
19 forms and send it back us to. If you have some neighbors that  
20 you know couldn't get off from work or couldn't get childcare  
21 or for whatever reason couldn't be here tonight and you know  
22 this is an important issue to them and they have that, please  
23 take some of these with you and pass them out so they can get  
24 those and send them in to us, and we'll put them in as part of  
25 the record so it will be part of our deliberation.



1           One of the things that I wanted to bring up was that  
2 I think that the reason that the company might not have brought  
3 in as much money over the last few years is that we've been on  
4 water restrictions. And so because we've been on water  
5 restrictions, I would think that that would be a pretty, it's  
6 not brain surgery, that you would not have as much income over  
7 the last few years as you would the years prior to the water  
8 restrictions. So I would, I would think that's awful odd that  
9 we're on water restrictions and now Aqua Utilities is coming to  
10 us and now asking for a rate increase, a rate increase because  
11 they don't have enough money. And so I think that's a very  
12 important issue and a very important reason that, that needs to  
13 be brought out by this company and hasn't been explained to us  
14 fully about why they want this increase, and they haven't,  
15 haven't talked about the water restrictions at all.

16           And I would like to know if there is available to the  
17 consumers the way that the company spends their money by  
18 categories, a list of their expenses, a list of their capital  
19 and everything, how, how their, how their money is brought in  
20 and how it's, how it's spent by category. And if that's  
21 available to the general public and if it's sent out to us, if  
22 it's available online, so we can look and see how the money is  
23 spent and how it's brought in. And if, if it's available to  
24 us, are we, do we have any input as to how the money is spent  
25 and if we have any say-so in that? That's one of the things

1 that I would like to know as a consumer and as a person that  
2 pays the bill.

3 And as you --

4 CHAIRMAN CARTER: Would you like, Ms. Davis, would  
5 you like to have our staff address that now for you?

6 MS. DAVIS: If you have the answer, sure.

7 CHAIRMAN CARTER: Ms. Banks, you're recognized.

8 MS. BANKS: Thank you. Thank you, Chairman.

9 Yes, that information is available and it is online.  
10 I can meet with you afterwards and show you how you can get to  
11 the site because there's -- every single document that's been  
12 filed in this case is online on the Commission's website.  
13 Finding it, because there are so many documents filed in this  
14 case, let me go through that with you and I'll show you where  
15 you can get those documents.

16 MS. DAVIS: What about us having a say-so on how the  
17 company spends their money?

18 MS. BANKS: I think we should hear that from you on  
19 certain issues if there's something that you feel strongly  
20 about that you think should be looked upon. And if you, after  
21 looking through those records, you can certainly write that in  
22 a comment to us or call us and let us know the things that you  
23 see when you go through these documents.

24 There also is a hard copy of the MFRs available in  
25 this area. That's what they're called, the minimum filing

1 requirements. But it may be easier for you to get them online  
2 rather than drive to where the location is. But I can help you  
3 with that.

4 MS. DAVIS: And I also wanted to know with all of the  
5 things that you are doing in the future, one of the issues that  
6 I'm concerned about is I've heard that other counties,  
7 communities, cities are requiring all of the consumers to  
8 install backflow preventers. Is that something that Aqua  
9 Utilities is going to require of all of, all of us in our  
10 individual homes?

11 MS. BANKS: I believe that is a DEP requirement that  
12 has been coming out. I can get with you on who you can contact  
13 with them. But that is a requirement by DEP that the, that  
14 those be installed on every system.

15 MS. DAVIS: Is that something that the water company  
16 is going to advise us about?

17 MR. BERG: If I could just for one second. DEP, the  
18 local southeast district and Mr. Jack Snow, they just had a  
19 meeting about that today. So there is a local contact that you  
20 can get that information about that from.

21 MS. DAVIS: But that would be going through the water  
22 company?

23 MR. BERG: That I don't know.

24 MS. BANKS: Typically what I have seen, because I had  
25 to install one myself for my water company which is a

1 cooperative, that is a requirement that's imposed that the  
2 homeowner has to do themselves. Sometimes utilities offer that  
3 service if it's in the tariff, but you must pay for it to go  
4 out there, and you will also have to pay for yearly inspections  
5 of that backflow preventer. That's not something that the  
6 company is imposing on its own.

7 MS. DAVIS: All right. And I wanted to also know has  
8 there been any preventative, I'm not quite sure what the word  
9 is, but preventative actions being done so what has happened in  
10 West Palm Beach with the infiltration of bacteria in the water  
11 system doesn't happen in our water system in Lake Osborne?

12 CHAIRMAN CARTER: A lot of that is going to be within  
13 the confines of DEP. They have water quality. We are more of  
14 an economic regulator. A lot of that is, that is the exclusive  
15 domain of DEP, the Department of Environmental Protection. And  
16 when they do impose concerns or notices about that, then the  
17 company is required to pass that information on to the  
18 consumers.

19 MS. DAVIS: My final question.

20 CHAIRMAN CARTER: Yes, ma'am.

21 MS. DAVIS: Last year you were turned down, and what  
22 was the reason that you were, the rate increase was turned  
23 down?

24 CHAIRMAN CARTER: Last year the recommendation from,  
25 of our staff and the Office of Public Counsel was to deny the



1 rate increase. But before we had an opportunity to vote on it,  
2 the company withdrew it, they withdrew their application.

3 MS. DAVIS: Okay. Thank you.

4 CHAIRMAN CARTER: Thank you, Ms. Davis.

5 Ms. Merchant.

6 MS. MERCHANT: Mr. Richard Kramer.

7 Whereupon,

8 RICHARD KRAMER

9 was called as a witness on behalf of the Citizens of the State  
10 of Florida and, having been duly sworn, testified as follows:

11 DIRECT STATEMENT

12 MR. KRAMER: My name is Richard Kramer and I live at  
13 1514 Shirley Court, Lake Worth, Florida 33461. I'm one of  
14 those few people that do not have any quality or complaints  
15 about the company's service and, but I do object to any  
16 increase in the rates on a general statewide rate increase.

17 The water to Lake Osborne is furnished through Lake  
18 Worth Utilities for which Aqua Utilities pays Lake Worth for  
19 the water or Palm Beach County and they're entitled to a fair  
20 rate of return for their cost of obtaining the water. They get  
21 the water wholesale and they retail it to us. But, and they're  
22 entitled to a fair rate of return on their capital investment.

23 Our situation is unique in that we don't have a water  
24 plant, we don't have a wastewater treatment plant and therefore  
25 the rates that would be considered applicable to those

1 situations should not be imposed upon us. Thank you very much.

2 CHAIRMAN CARTER: Thank you, Mr. Kramer.

3 Ms. Merchant.

4 MS. MERCHANT: Bob Pouncey.

5 Whereupon,

6 BOB POUNCEY

7 was called as a witness on behalf of the Citizens of the State  
8 of Florida and, having been duly sworn, testified as follows:

9 DIRECT STATEMENT

10 MR. POUNCEY: Okay. My name is Bob Pouncey. I live  
11 at 1513 Shirley Court, Lake Worth 33461. I'm the President of  
12 Lake Osborne Estates Civic Association. Okay.

13 Good evening, everybody. Welcome, Chairman Carter  
14 and Commissioner.

15 CHAIRMAN CARTER: Good to see you again.

16 MR. POUNCEY: Tonight I wanted to take a few moments  
17 just to go over some issues that have occurred in Lake Osborne  
18 Estates since last year, and I might even bring up a couple of  
19 things that happened last year, if that's okay.

20 Firstly, I would like to start with the fire hydrant  
21 issues in Lake Osborne Estates. I heard, you made the  
22 statement a while ago about you painted the fire hydrants per  
23 code.

24 CHAIRMAN CARTER: Mr. Pouncey, she's trying to, she's  
25 trying to, she's trying to transcribe what you say.

1 MR. POUNCEY: Okay. And I'm not speaking into the --  
2 okay.

3 Anyway, the painting of the fire hydrants in most  
4 cases is a requirement for the health department to designate  
5 which fire hydrants have X number of psi or pressure for in  
6 case the fire department gets called out.

7 According to Mr. Steven Garcia, a local  
8 representative with the Palm Beach County Health Department,  
9 they don't enforce that here in this area. It was not  
10 required. And when Aqua Florida came out and did paint the  
11 fire hydrants, they only did it on half the community. It  
12 wasn't done throughout the community. So I just wanted to make  
13 sure that's, that's clear. So that's not an upgrade or  
14 improvement. Okay.

15 The second thing I wanted to talk about here is about  
16 the water outage problem that we have in Lake Osborne Estates.  
17 We haven't had one that we were notified of as far as boil  
18 water notification, but there are several things that have  
19 occurred that I question things on.

20 Firstly, there was a public notification from the  
21 City of Lake Worth that they were going to alter their water  
22 process, they were going to overchlorinate it, they call it  
23 chlorine free, and I guess that's to offset any bacteria that  
24 may be in the lines. Well, overchlorination is a health hazard  
25 in itself, and I believe it's an oxidizer as well and will

1 speed up the process of some pipes that we have in our aging  
2 community. We didn't get notification of this and we have some  
3 sensitive people that live in our community that I was  
4 concerned of.

5 Now this was forwarded to me not from Aqua Florida  
6 Utilities, and I didn't get it off the news channel, it didn't  
7 come via mail. I own a local business and someone that works  
8 for the City of Lake Worth Utilities knew that I'm the  
9 president and brought this over to me two days before they  
10 started the chlorination process. And according to this, that  
11 started on April 13th and finished up on April 27th. So we  
12 were in overchlorinated water for 14 days, two weeks.

13 I didn't hear of any health problems. I heard a lot  
14 of people calling in wanting to know what's going on with our  
15 water, why does it smell so bad? And I tried to tell them, if  
16 you're sensitive, get some bottled water for right now.  
17 They're just trying to -- that's the City of Lake Worth doing  
18 that, not Aqua Florida Utilities. But once again we weren't  
19 notified. So that's on that matter.

20 I appreciate Aqua Florida trying to develop a  
21 customer service connection with our community called Aqua  
22 Connects as they spoke about just briefly a little while ago.  
23 But I need to advise this meeting that there was an original  
24 attempt a little over a month, maybe six weeks ago for them to  
25 provide this nice meeting for our community to come out and see

1 the new meters they're trying to put in and I guess had  
2 customer service reps there like they do here, and they were  
3 probably exhibiting the new meter like they are here, and but  
4 that meeting really didn't go over too well because the address  
5 they told us that the meeting was at didn't work, they weren't  
6 there. Somehow they had moved to an alternate location. And I  
7 never found the alternate location, but I believe -- if Christy  
8 Foley is here tonight -- yes, Christy, you found the meeting.  
9 You were the only one at the meeting. But thank you very much.  
10 She did tell me she found it.

11           They did reschedule that, apologized. I understand  
12 measures like this do happen, especially since they have  
13 offsite offices, they don't actually have an office in this  
14 area. I don't believe they -- I don't think they still do.

15           I attended the second meeting with the help of  
16 Commissioner Kanjian's office. They informed us of a nice  
17 meeting location closer to our community so our community  
18 residents could find it. We showed up. There wasn't a big  
19 turnout. I don't know why. It might have been the short  
20 notification. Since the first one didn't go over too well,  
21 they tried to speed the process up to get that meeting off  
22 prior to this meeting here. So I did show up and there were  
23 some people there but not as many as we're seeing here tonight.  
24 I was impressed at least they made a good effort.

25           But what I found during the meeting -- and although I

1 know most of the gentlemen that work for Aqua Florida Utilities  
2 and they know that I'm the president, so I get a nice cordial  
3 welcome usually when I show up, but most of the community, they  
4 don't, they don't know who they are. But I didn't think it was  
5 well thought out as far as a customer service meeting. It was  
6 more of -- they just had signage up and they were just talking  
7 to people. There wasn't any information sharing unless they  
8 had to ask for it. So I'm kind of glad that we didn't have a  
9 large show up because that way there was more Aqua Florida  
10 Utility employees to work with each person that got there. So  
11 they were handled in that, in that manner. So their attempt to  
12 improve customer service, that was their attempt. So I'm sure  
13 it will improve over time.

14           The next thing I would like to talk about is -- I'm  
15 going to go back to water outages again. During that service  
16 meeting that they held last month, they talked about they have  
17 been replacing some water meters in our community and they  
18 expect to have more done by the end of the year. I don't know  
19 if that means 100 percent or 70 percent. I would hope it would  
20 mean 100 percent.

21           My water meter got replaced that day and here's my  
22 story. The gentleman showed up the night before to replace it  
23 at dinnertime. I said, "Listen, please do not interrupt my  
24 water when we're, you know, it's after, you know, we're home."  
25 So they came back the next day. I was working, my fiancée was

1 home. They had a problem with the 50-plus-year-old pipes,  
2 broke the valve off, not at my meter, on the main supply line,  
3 and was unable to repair that for almost five hours. We had  
4 water flowing freely from under the ground. And although my  
5 neighbor that received the bulk of my dirt that flowed over his  
6 property didn't complain too much, which I've confirmed that  
7 with the gentleman behind me, so that's satisfactory to me, but  
8 I was a little concerned about no such notification for boil  
9 water in that event. The gentleman that did the repairs told  
10 me to run my water hose for ten minutes and that would clear  
11 anything that would be in my lines. I did get slightly sick  
12 thereafter, but I don't know if it was from the water. So I  
13 don't know. It's just a question.

14           After the repairs and before he had filled in the  
15 ground, which the fill-in happened two days later, I noticed a  
16 slight leak on my side of the water meter, the new water meter.  
17 So I asked the gentleman -- and unfortunately I had to tell him  
18 who I was and that I was going to their customer service  
19 meeting right afterwards, and I asked him if he would please  
20 fix that correctly, that I didn't appreciate -- you know, it  
21 was small drips but over time that could accumulate to a lot.  
22 And he told me that there's enough sediment in the pipe that  
23 over time it would clog the hole and everything would be okay.  
24 And I said, "No. That's not acceptable. There's an Ace  
25 Hardware down Lantana Road. I'm sure they have all the parts."

1 He did correct it and I'm happy with that correction. But I'm  
2 only one of 456 residents in our community, and I wonder how  
3 many people were standing there during their repairs and what  
4 might have happened that we don't know about yet. And I'm  
5 assuming that this is a qualified person that did the repairs;  
6 however, he had a couple of people that didn't speak any  
7 English with him, he had a real hard time trying to give them  
8 direction just to fix my problem. Mine had something to do  
9 with the water line being open for so long.

10           Moving right along, speaking about the fire hydrant  
11 issues in Lake Osborne Estates, I've been the president now  
12 going on my second year and I've been in direct communication  
13 with Steven Garcia with our health department here in Palm  
14 Beach County through e-mail, not too much phone conversation.  
15 If I have a question, I send him an e-mail. If he has  
16 something he needs to fire off to the state or to the fire  
17 stations in my area, he copies them to me. So I see a lot of  
18 communication. I did receive communication less than a month  
19 ago, I think, that he had sent something to state, somebody up  
20 in state saying that our fire hydrant issue has finally been  
21 cleared up and they were lifting that status, whatever status  
22 it was for the Lake Osborne Estates area.

23           And let me explain. There was several fire hydrants  
24 in our area, the psi pressure on those were below standards.  
25 If there was a fire on those areas, the fire department needed



1 to know what fire hydrants did work so they didn't go to the  
2 ones that didn't work. And, and during that time is when I  
3 found out that they were painting the fire hydrants. And I  
4 asked Mr. Garcia, "What's going on?" He said, "Well, that's  
5 what they do when they want to know what the psi is, but we  
6 don't, we don't do that here."

7           Recently there's been, I think, an attempt to  
8 upgrade, maybe fix some of our system, the fire hydrant issues,  
9 as I've seen some repair people digging up ground areas usually  
10 on High Ridge Road. And I've often wondered to what degree  
11 they were disrupting the water source, although I never noticed  
12 any water pressure drop. The holes were quite large on both  
13 sides of High Ridge Road close to Bob Dovey's house, I believe.  
14 Bob, are you here? Yeah. Wasn't that real close to your  
15 house? Maybe you can talk a little bit about that when you get  
16 up here. But we never got notification of anything and nor did  
17 I see any signs. And I hear rumors that the permitting, there  
18 was some question about that as well.

19           But I know they try and, Aqua Florida tries to hire  
20 people the best they can to take care of the issues there. I'm  
21 real happy to see that our fire hydrant issues are at an  
22 acceptable level according to the health department. It means,  
23 that, you know, should an emergency happen, at least now we'll  
24 be covered. But this has been going on for a while. This just  
25 didn't start and then get fixed. It's been a continued process

1 that I have to constantly stay on top of. There are other  
2 issues in our community that need to be dealt with other than  
3 water. Having a competent water company to take care of that  
4 is a blessing. We're just waiting to see when that's going to  
5 be taken care of. Aqua Florida has not been our utility  
6 company for many years, just a handful of years. So they've  
7 taken over a system that's pretty well aged and probably needs  
8 some modification and upgrades to it, but at this time we're  
9 not seeing very many of those, if at all.

10 So that, I believe, does conclude my speaking. Thank  
11 you very much for your time.

12 CHAIRMAN CARTER: Thank you so kindly.

13 Ms. Merchant.

14 MS. MERCHANT: Ken Berg.

15 Whereupon,

16 KEN BERG

17 was called as a witness on behalf of the Citizens of the State  
18 of Florida and, having been duly sworn, testified as follows:

19 DIRECT STATEMENT

20 MR. BERG: I'll introduce myself, then give these  
21 documents. My name is Ken Berg. I live at 1515 Shirley Court,  
22 Lake Worth, Florida 33461.

23 I'd like to enter these documents into the record.  
24 Basically what it is, they are letters sent to the  
25 Commissioners, which I'm going to provide them another copy of

1 because they probably didn't remember to bring it, but that's  
2 my fault. Last time I did not bring extra copies. And also  
3 the backup documentation that I'll be citing as I give you some  
4 facts so that you in turn can see, well, this is where he got  
5 this information.

6 CHAIRMAN CARTER: This will be, Commissioner, Exhibit  
7 48. Just give one for staff so they can have it. This will be  
8 Exhibit 48.

9 (Exhibit 48 marked for identification.)

10 MR. BERG: There's just enough. Okay.

11 It seems like we were just here last year. I want to  
12 start out with the notification process. If you go to the  
13 website, Public Service Commission, you can look up the docket  
14 and get detailed information about what's happening. If you  
15 rely on the service provided by Aqua Utilities, you don't get  
16 the full picture. I do have a problem with that. For example,  
17 and this is what we need to address, I believe, you stated on  
18 the front here that the purpose is why is AUF requesting a rate  
19 increase? That's one issue. The second, what are the rates  
20 that Aqua is proposing? That's two. They want a uniform  
21 billing rate. That can't happen.

22 Then what about the rate increase? If you do the  
23 math, their numbers are not basic math like, excuse me, like I  
24 learned in school. Their math shows you -- I'm looking at 145,  
25 I can't remember all the specifics there, but if you look at

1 the rates as they are now, the interim rates and the proposed  
2 final rates, 280 some percent. That's the real math of it.  
3 Then they give an example down at the bottom of a 5,000 gallon  
4 usage per month scenario. It works out to be the same. So you  
5 can look at what's in your document and do the math or rely on  
6 what they've presented up here.

7           So the notification is important. I think everyone  
8 should have got this. I don't know whose responsibility it is,  
9 but without this I would have not really known how to address  
10 some of the issues here.

11           Just to go beyond the scope of Aqua Utilities Florida  
12 for just a minute, and I'm going to do that again during the  
13 presentation, I have a few interesting statements made. One is  
14 from Investment Blog dated July 2008. This refers to Aqua  
15 America. "The company began aggressively making acquisitions  
16 of smaller regional water utilities. The important part of  
17 this is," and this is a quote, "Aqua is in essence a turnaround  
18 specialist. It involves small, poorly run utilities, injects  
19 capital and provides professional management. Many times Aqua  
20 can increase rates shortly after purchasing a small utility  
21 because regulators actually welcome their business approach."  
22 This is the way investors are looking at Aqua.

23           Another quote they have, "Aqua doesn't pay much for  
24 the water because it owns much of the water resources and  
25 treatment facilities." So they're getting bargain rate water

1 because they own the facilities.

2 Now in the case of Lake Osborne Utilities or what  
3 used to be Lake Osborne Utilities, now Aqua Florida Utilities,  
4 we have no water treatment plants. The infrastructure is  
5 minimal. As was stated before and incorrectly by Aqua, Aqua  
6 buys their water from Lake Worth Utilities, and to add to that  
7 mess, in May of 2008 Palm Beach County now sells water to Lake  
8 Worth Utilities. So here we are at the end of the line, Palm  
9 Beach County gets a chunk, Lake Worth Utilities gets a chunk,  
10 Aqua gets a chunk and we get the shaft. That's basically where  
11 it's at. So them wanting this large rate increase is  
12 ridiculous, it really is.

13 This is, this from Reuters business magazine. It's  
14 talking about, "S&P affirms Aqua Pennsylvania, Inc. Aqua  
15 America's regulated subsidiaries are each regulated by a state  
16 commission," and this is what gets me, "which supports revenue  
17 and cash flow stability." I hope that the Public Service  
18 Commission is listening to us and not insuring that they have  
19 revenue and cash flow. That's not the purpose, I don't  
20 believe, of the regulatory commission. From your statement of  
21 purpose, you're to provide the citizens of Palm Beach County  
22 with affordable water, that's one of the phrases that's used in  
23 there, reliable service, that's another phrase in there, and it  
24 goes on like that. I believe your mission is to deny their  
25 increases. I really do. Not just for us in Lake Osborne

1 Estates, but take a good look at what's happening throughout  
2 the rest of the state.

3 As was stated earlier, last year, \$7 million request,  
4 this year, 8.4, I believe. They already have received an index  
5 increase, if I'm not mistaken, of 1.66 percent as mandated in  
6 the statute. They applied for that and it was effective  
7 April 15th of this year.

8 Now if you look -- and this is a matter of public  
9 record. Again, you can find it on the Internet. According to  
10 Aqua America's 2008 first quarter earnings report Aqua dividend  
11 holder shares will be 9 percent higher than in 2007 and, in  
12 effect, revenues rose 13 percent in 2007 from \$533.5 million to  
13 \$602.5 million. Profits are very good for Aqua. So judging by  
14 the fact that they are gaining profits every year -- and,  
15 again, it's an established fact. Over 60 years this company  
16 has not failed to provide a dividend to their shareholders. It  
17 must be the new management team's goals to keep it up, keep it  
18 up whatever way they need to.

19 With regards to the proposed water rate increases, I  
20 took the time, I probably shouldn't have, but I wanted to see  
21 what else was happening in the State of Florida with the amount  
22 or percent of increase that would be happening. In the  
23 document that I gave you, you can see that Tampa would be a  
24 10 percent increase; Collier County, 3.5; Jacksonville, 4.1;  
25 Glen Ridge, a small community here in Palm Beach County, 7

1 percent; Boca Raton, a very affluent community here in Palm  
2 Beach County, 12 percent; Jupiter, 27 percent. Again, they  
3 had, they're a very small utility and they had to raise the  
4 rates because of the drought, they weren't selling enough  
5 water. Palm Beach County at 8 percent maximum. Here comes  
6 Aqua Utilities. Let's raise it by 200 and some percent.

7           Now if you look at the other states that Aqua is in  
8 and look at their proposed rates, Pennsylvania, for example,  
9 13.6 percent increase they wanted; Columbus, Ohio, 8.6;  
10 Danville, Illinois, 19 percent; Phillipsburg, New Jersey, they  
11 wanted 31 percent, but the Commission said, "No. You're only  
12 getting 16.4 percent."

13           So there's a big disparity between these single-digit  
14 budget requests or rate increases that they're asking in other  
15 states, and here it comes down to Florida, bang, well, let's  
16 hit them for all we can, and that's what it looks like to me.  
17 Hopefully it'll look like that to you too.

18           They've already documented, and I can find in several  
19 places last year they purported or alleged to have spent  
20 \$21 million since 2003. Since 2004 it's \$30 million. It's  
21 their numbers. If that's what it is, that's what it is for  
22 them. But capital improvements in Lake Osborne Estates do not  
23 exist.

24           They mentioned, "Well, we put in these new meters."  
25 You know the reason why they put in the new meters: They

1 couldn't get accurate readings with the old ones. It wasn't at  
2 the request of the customers of Aqua Utilities in Lake Osborne  
3 Estates. They replaced the meters because they realized, hey,  
4 we're getting so many screwups because we never have the same  
5 meter readers. You see guys walking around the neighborhood,  
6 no IDs, no T-shirts, "Where's the water meter? Where's the  
7 water meter?" This happens day in, day out. It would be nice  
8 if I knew the name or even recognized the guy that read the  
9 meter.

10           So in my case I had a discrepancy with water usage.  
11 We asked them for a written explanation. We asked them to  
12 check the pump, excuse me, the meter, and "Would you give us a  
13 report about the meter?" The response we got back, it was in  
14 writing, "Your meter checked out 97 percent accurate." They  
15 didn't provide any of the testing documentation. It was just  
16 stated that, yeah, it tested and it was okay. Why did you  
17 replace it? Because the PS -- Public Service Commission  
18 requested them to replace it, I guess just to get me out of  
19 their hair.

20           I've already mentioned that Lake Worth is buying  
21 water from Palm Beach County. Lake Worth is selling water to  
22 Aqua Utilities. Aqua Utilities is selling water to us. This,  
23 it really needs to, you know, something needs to be done about  
24 that. We're getting, you know, penny-ante'd to death here.

25           One of the -- this goes part and parcel with the



1 capital improvements. Trying to keep up with this in the  
2 newspaper is part of my goal. I believe it's Chuluota. Is  
3 that how you pronounce the city; is that correct?

4 CHAIRMAN CARTER: It's, Oviedo is the city.

5 MR. BERG: Oviedo. Okay. But the --

6 MR. JAEGER: Chuluota water system.

7 CHAIRMAN CARTER: Chuluota is the, is the system.

8 MR. BERG: Chuluota Water System.

9 CHAIRMAN CARTER: Chuluota is the system.

10 MR. BERG: They, it appears that they are spending a  
11 lot of money on that system just from what the record is and  
12 they haven't come up with favorable results. They're in  
13 violation of several primary drinking water standards in that,  
14 in that utility. They're being sued in Pasco County because  
15 water from perk ponds, that's wastewater, is getting into  
16 people's water supply. They aren't going to comment on it  
17 because it's in litigation.

18 Now how much did they spend on that wastewater  
19 utility? They have experts onboard. They should have known  
20 what it was going to take and write it off and say, hey, this  
21 is not going to be a money pit for us. Let's just get rid of  
22 this. No. They're dumping money into it, dumping money into  
23 it, they're going to be penalized because of it, and they  
24 expect us in Lake Osborne Estates, who have no connection  
25 whatsoever to any other Aqua Utilities in the State of Florida,

1 to help pay for that. That's ludicrous. We are going to  
2 subsidize for the construction or maintenance or repair of an  
3 out-of-county facility. It makes no sense.

4           You've already heard about the short notice. It's  
5 very difficult for us to prepare and get information together  
6 as a group on such short notice. Like two weeks from the time  
7 of the notice that we received -- I received my notice of the  
8 hearing July 24th. Then you get information together, you get  
9 people together to communicate. Again, it's summertime.  
10 Something needs to be done about that, if you can, as a  
11 Commission. The notification period needs to be a little bit  
12 longer. If you can do something in that regard, that would be  
13 appreciated.

14           The fire line issue I know is going to be addressed  
15 later. I won't get into that. Aqua is not recognized in Palm  
16 Beach County because Lake Worth -- or Lake Osborne is the only  
17 place that has to deal with Aqua. And even then when they come  
18 around, they don't have placarded vehicles, they don't have  
19 shirts like I see some of the white shirts that say Aqua on  
20 them, they don't wear that. There are guys in shorts walking  
21 around and you have to ask them. Or they'll ask you, "Where  
22 are the meters?" I mean, that's no way to get recognition. Or  
23 it is a way to get recognition, but that's negative.

24           Another thing that upsets a lot of us, evidently  
25 Attorney General Bill McCollum has been intervening in this

1 process on several fronts. He had thought in 2007 that -- and  
2 I can pretty much tell you exactly what he said if you'll just  
3 give me one second here. I'll get to that. I'm sorry.

4           But upon withdrawal of their request for the funds  
5 Aqua chose to go on a hiring spree. I'm sure you're familiar  
6 with Troy Rendell, a former PSC member. He's now onboard. I  
7 would believe his job is over \$100,000. They also hired two  
8 former Department of Environmental Protection regulators  
9 figuring that we have got to get an in with the Public Service  
10 Commission and we can probably best do that by getting one of  
11 their former members and also get some people, DEP staff that  
12 are used to dealing with issues like this. So instead of  
13 saying, look, we're going to improve the system, try and  
14 address the complaints, no, what do they do? Let's just go  
15 hire more people. We're not talking peons. We're talking  
16 high-priced people. That's the way they seem to solve  
17 problems.

18           Just like the open house. All the guys are coming  
19 there in all their nice white shirts and their displays and  
20 their koozies and little water bottles and all that, that did  
21 nothing for me. I was the first one there. And I asked them,  
22 "Well, do you know that your company is buying water from, or  
23 Lake Worth is buying water from Palm Beach County?" They knew  
24 nothing of it. And they also did not say one thing about the  
25 upcoming rate increase. They wait until the notices come out.

1 So, yeah, there would have been a lot more people at the open  
2 house if a rate increase notice would have been there. But  
3 they took it upon themselves, no, let's just do it this way.

4 They have asked for a fair return on their  
5 investment. Fair has a lot of different meanings to a lot of  
6 different people. A 280 some percent increase is not fair to  
7 me or the other citizens of Lake Osborne Estates. A fair  
8 return on their money, 1 percent, 2 percent, 5 percent,  
9 10 percent, not 200 percent.

10 It's a select group of us in Florida being affected  
11 by this. Did you notice that? It's the poor communities, it's  
12 the small communities. Why? They can't afford to go buy a big  
13 utility. That costs too much to repair and it costs too much  
14 if they screw up. The public outcry would just drive them out  
15 of town and they know it.

16 I do agree that Aqua is entitled by Florida Statutes  
17 to seek, and I emphasize, to seek adequate return on its  
18 investment. They can seek that and they can seek something  
19 that's adequate. You do not have to grant them anything that  
20 is not adequate or fair, and we ask you, do not do that.

21 The uniform rate thing, and then I'm finishing up  
22 here, I do not see, and, again, I work in government, how I  
23 could take a utility system like Lake Osborne Estates and go  
24 across or go up the state to some other situation, to another  
25 utility owned by Aqua and I am going to have the same needs,

1 the same population, the same water quality, the required same  
2 treatment methods, the same permitting issues, the same  
3 compliance issues, the same government grants that are issued,  
4 the same taxing districts, the same impact fees as Lake Osborne  
5 Estates has. You can't grant them a uniform rate. It just  
6 doesn't exist. You can't apply what we need and what they  
7 supply and what we pay for to that same situation in another  
8 county. Thank you very much for your time.

9 CHAIRMAN CARTER: Thank you so kindly.

10 MS. MERCHANT: Next we have Linda Berg.

11 Whereupon,

12 LINDA BERG

13 was called as a witness on behalf of the Citizens of the State  
14 of Florida and, having been duly sworn, testified as follows:

15 DIRECT STATEMENT

16 MS. BERG: Hi. My name is Linda Berg and I live at  
17 1515 Shirley Court, Lake Worth, Florida 33461.

18 I was here last year. Thanks to you, you required  
19 Aqua to replace my meter. And I came with my little four-year  
20 graph that we had done where we had averaged anywhere from  
21 5,000 to 9,000 gallons of water monthly. When Aqua took over,  
22 the first month we were billed 17,000 and we were complaining  
23 about that. And thank goodness to the Public Service  
24 Commission who asked them to replace our meter. When it was  
25 replaced, it went back down to normal. We did not receive any

1 explanation from Aqua as to why we had a double amount on the  
2 first month. They just said that they had Mars Company to come  
3 out and evaluate our meter and it was okay, there was nothing  
4 wrong with it. And they were supposed to send us notification  
5 or documentation of their evaluation of the meter. We never  
6 received that. I never received any explanation on why we had  
7 double the usage that one month.

8           Then the next month it was like 15,000 gallons, but  
9 then when they replaced the meter it went back to normal. So  
10 nothing was ever said to us about when, why, what the  
11 possibilities was. They mentioned in the letter that they  
12 billed one month 31 days or they read the meter 39 days or 29  
13 days and it's going to be higher one month than the other.  
14 Well, I can understand -- if that's the fact, then the next  
15 month it should have been lower; right? There's three people  
16 in our household. And when you look at our bills for four  
17 years and it goes up double in one month, you know that there's  
18 some billing error there. But no one ever got back to us on  
19 that.

20           And you don't have to be a financial expert to figure  
21 out those little figures, to know that you are being ripped off  
22 for some reason. And if someone, when we call, if someone just  
23 said, well, maybe we've made a mistake here or let's see what  
24 could possibly be wrong -- nothing. They did come out and  
25 replace the meter, the water went back down to our normal

1 usage, but no one has ever contacted us and said we're going to  
2 give you your money back for overcharging you. No one's ever  
3 contacted us on that.

4           And I would like to address too the fact that the  
5 notifications of the hearings, because we're never notified in  
6 enough time to get a civic group together and explain to a lot  
7 of the people in the neighborhood, because amazingly you will  
8 talk to people and they don't know what's going on with Aqua  
9 Utilities or they don't know the water is going up that much.  
10 But when you have like two weeks to do this, it's hard to get  
11 anything done.

12           And they had said that they were going to get us the  
13 documentation on our own meter, which if that would be possible  
14 to get that documentation, I would really appreciate it.

15           And we had complaints about calling in and the  
16 response we got when we called in last year, and I haven't  
17 noticed anything that has changed in the past year. I didn't  
18 get any response any differently when I've called in with any  
19 problem. So it's nice to see that they have people here that  
20 if we had bill issues -- I would still like to know, you know,  
21 why I had 17,000 gallons that one month, if they could address  
22 that.

23           And a lot of the other issues I have have been  
24 addressed, so I'll make my speech short. But I just wanted to  
25 say I haven't seen any changes in our neighborhood in the past

1 year. It is very scary to look out and see people wandering  
2 around the streets and you don't know who they are, or coming  
3 up the sidewalk and you think, okay, is this guy or is this  
4 person casing out the neighborhood? Because I'm home during  
5 the day and they park, they look very confused and, you know,  
6 they will, they don't identify themselves and their automobiles  
7 aren't marked. So you don't know who this strange person is  
8 walking up and down the streets there. Thank you.

9 CHAIRMAN CARTER: So their, their, their automobiles  
10 are not marked and they're not wearing any identification that  
11 would identify them as being part of Aqua, no shirts or  
12 anything like that?

13 MS. BERG: Never. No shirt. They have on shorts.  
14 And some of them, I think one of the men that I spoke with  
15 worked part-time for Lake Worth Utilities and he was doing --  
16 they hire -- Aqua hires them and they do it after hours or  
17 something. Because it's never like during the weekdays. It  
18 can be on Saturday, it can be 7:00 at night. You know, there's  
19 no set hours. And you can tell that, you know, by the hours  
20 that they come that they're working part-time because Aqua  
21 doesn't have any offices here in Palm Beach County. There's no  
22 place you can go to to their office and discuss anything with  
23 them.

24 CHAIRMAN CARTER: One second.

25 COMMISSIONER EDGAR: I have a question whenever.



1 CHAIRMAN CARTER: You're recognized.

2 COMMISSIONER EDGAR: Thank you, Ms. Berg. And I do  
3 have a question. I just want to make sure I understand. The  
4 month or the two months that you were charged or were billed  
5 for the 17,000 gallons and then I think you said 15,000 the  
6 next month, when was that?

7 MS. BERG: That was November 2006 and December 2007.  
8 And they replaced our meter July or August of 2007.

9 COMMISSIONER EDGAR: Okay. I'm not sure -- I'm just  
10 looking at Mr. Franklin. I mean, if indeed their -- I mean,  
11 clearly she has a concern that she was overbilled and that  
12 there was a problem with the meter. Is there a way to see if  
13 the meter was replaced and there was an error, I mean, when you  
14 go back and look at the records? I mean, I'll just raise that  
15 as something that maybe you could follow up on.

16 CHAIRMAN CARTER: Ms. Merchant.

17 CROSS EXAMINATION

18 BY MS. MERCHANT:

19 Q I have a question about the meter readers. Are those  
20 meter readers coming around now or was that before they changed  
21 the meters out? Do you know -- do you still see the folks  
22 unmarked, the cars are not marked or they don't have any shirts  
23 or whatever, is that still occurring today?

24 A The last time I saw them last month it was the same;  
25 right?

1 MR. BERG: I believe so.

2 MS. BERG: Yeah. The last ones I saw were like in a  
3 red, small truck and they parked on the side of our house and  
4 got out and they had shorts on.

5 BY MS. MERCHANT:

6 Q And that was recently?

7 A That could have been like six weeks ago, I mean, two  
8 months ago. I couldn't say that was this past month.

9 MS. MERCHANT: Thank you.

10 CHAIRMAN CARTER: Thank you. One second, Ms. Berg.  
11 Mr. Jaeger.

12 MR. JAEGER: Commissioner Edgar asked my question.

13 CHAIRMAN CARTER: Okay. Thank you so kindly.

14 Ms. Merchant.

15 MS. MERCHANT: Jim Adamski. Adamski.

16 Whereupon,

17 JIM ADAMSKI

18 was called as a witness on behalf of the Citizens of the State  
19 of Florida and, having been duly sworn, testified as follows:

20 DIRECT STATEMENT

21 MR. ADAMSKI: Hi. My name is Jim Adamski, 1511 Crest  
22 Drive, Lake Worth, Florida 33461. I don't have a prepared  
23 statement. I'm just kind of working off notes that I --

24 CHAIRMAN CARTER: That works for us, too.

25 MR. ADAMSKI: Yeah, over there. So let me backtrack

1 a little bit over here. I moved into Lake Osborne Estates in  
2 1987 when I got married over here. And from the history over  
3 here, this has always been like a monopoly-ship waterworks.  
4 Waterworks was owned back then by an attorney in West Palm, I  
5 believe his name was Farris (phonetic), and he used to just  
6 like take our money and give us water and never do any  
7 maintenance or anything at all. In that aspect I want to thank  
8 you people for actually doing something for my billing. We'll  
9 get to your rate increase in the future over here.

10 But the maintenance that we've had here in the past  
11 20 years that I've been here has been nonexistent. They came  
12 through and they did do some fire, fire hydrant maintenance and  
13 what not like that, and I truly appreciate that, having that on  
14 that.

15 This 83 percent increase over here is -- you know,  
16 shame on you if you're going to go ahead and let them slide  
17 that by. That's, you know, a lot of money for what they're  
18 doing. They're buying their money from, their water from Lake  
19 Worth. Lake Worth is buying it from Palm Beach County over  
20 here. Everybody is taking a skim on it and we're taking it in  
21 the short hairs over here. It's not fair to us.

22 As far as when they had this Aqua Concepts --  
23 Connects over here, I addressed the issue with some of these  
24 gentlemen over here with the workers that they had come through  
25 installing them. They must have had a subcontractor come

1 through and actually do their work. The people from Aqua over  
2 here obviously are in white shirts and what not over there.  
3 They're not going to -- maybe one or two of them were there as  
4 supervisors. My question to them at that time over there, did  
5 they go down to downtown Lake Worth and get illegals off of the  
6 street or did they actually have people that were there?  
7 That's a question that I have for them.

8           One of the things over here, we're dealing with a  
9 50-year-old system over here. I think he said that we had  
10 approximately 456 residents. At any one time there's probably  
11 only half of the residences that are occupied at one time. We  
12 have a lot, a lot of people that are snowbirds, they only come  
13 down seasonally. A lot of houses are for sale, for rent at  
14 this time over here. So if they're looking to make a lot of  
15 money on usage over here, it's not going to be with Lake  
16 Osborne Utilities. Okay. They bought a 50-year-old system  
17 over here. They have to know what's going on with their, their  
18 thing over here.

19           One thing that they might want to consider over here  
20 is how much is being lost in ground leakage. If they replaced  
21 all their meters over here, they know how much they're using if  
22 they're having accurate meter readings for usage. Now I'm sure  
23 that where they're buying their water from, Lake Worth  
24 Utilities, which Lake Worth is buying it from Palm Beach, they  
25 have accurate numbers on that. So I don't know how much is

1 being lost in groundwater. There has been in 20 years that  
2 I've known two blowouts from where the water meter connects to  
3 the meters themselves. I have two residences: 1509 Crest and  
4 1511. 1509 years ago blew out and we had, the man that owned  
5 the house at that time had to punch 911 because nobody knew how  
6 to shut the water off. Then finally they were able to get  
7 somebody from Lake Worth and they called the fire department.  
8 It was a big fiasco. It happened at 2:00 in the morning when  
9 they were changing out a meter years ago. So maybe they need  
10 to mark where the cutoffs are for when they have problems like  
11 that.

12 They seem to be better at addressing the issues with  
13 the low pressure over here. I think they've gone and they've  
14 beat that horse dead as far as notification of the, of the  
15 community over here. We've had problems with that in the past.

16 And I guess what I beg of you is, yeah, I don't have  
17 any problem with these people making money for doing what they  
18 do. They seem to be taking it on and doing, doing something  
19 for us over here. But, you know, vast increases over here  
20 aren't fair to the general public as well. Thank you for your  
21 time.

22 CHAIRMAN CARTER: Thank you.

23 MS. MERCHANT: The next person I have is Vaughn  
24 Simon.

25 Whereupon,

1 VAUGHN SIMON

2 was called as a witness on behalf of the Citizens of the State  
3 of Florida and, having been duly sworn, testified as follows:

4 DIRECT STATEMENT

5 MR. SIMON: Thank you. My name is Vaughn Simon. I  
6 live at 1325 Lake Victoria Drive, Lake Worth, Florida 33461.  
7 For what it's worth, we, my wife and I and probably a very  
8 large percentage of our neighborhood is, is fixed income. And  
9 I don't know how they got 83 percent. It's 300 and some  
10 percent -- excuse me. A 280 percent utility increase is a  
11 blow, let me tell you.

12 Let me start out with some positives. The water is  
13 excellent I think. Reasonable people might disagree, but I've  
14 been there 20 years, pretty doggone good water. It comes from  
15 a system with a really good reputation; it ought to be good  
16 water. When I get up in the morning and I turn on the faucet  
17 there's water there. So service is fairly reliable.

18 Negatives, I don't know where they say that the boil  
19 water notification issue has been fixed. We've gotten no boil  
20 water notifications at all. The last time I noticed our water  
21 pressure gone was as recently as 7 July. I think it was a  
22 fairly brief outage, but I think that should have been enough  
23 to trigger a notification. It wasn't. I wonder if they even  
24 have some way of monitoring the pressure and even knowing if it  
25 goes down. Because that's the other thing, there's no local

1 office, there's no local presence. How would they even know if  
2 there's something wrong?

3 All the other utilities that I deal with around here,  
4 gas, phone, electricity, if I need to talk to somebody bad  
5 enough, I can go -- there is a local office somewhere I can go  
6 and I can actually talk to a person.

7 The rate structure they've proposed, forgetting the  
8 amount for a moment, just the structure itself, seems kind of  
9 odd in a time when we should be encouraging water conservation  
10 and our lake just about dried up and our aquifer just about  
11 dried up. It seems odd to come up with this rate structure  
12 that has the huge fixed and the smaller gallonage charge. It  
13 seems it should be the other way around.

14 I'm going to shorten it up a little bit because we've  
15 already had some really good comments here. But the idea of  
16 these 57 unconnected, disparate water systems that are totally  
17 different that are in different counties being one system, all  
18 in one, one price is just crazy. You know, our system is, it's  
19 simple, but there's no sewers, no pumps, no water plant, no  
20 tanks, no chemicals. And to say that that should be, get the  
21 same charge as some other system which may have more or even  
22 less expenses, you know, just, I don't understand. The  
23 expenses that have to do with this system are very easily  
24 knowable. They, they buy water at wholesale, they sell it at  
25 retail. The capital is knowable. I don't understand why, why

1 we can't have rates that are based on our system.

2 In college they taught me that extraordinary claims  
3 require extraordinary evidence. Requesting nearly a 300  
4 percent increase and calling it an 83 percent increase, by the  
5 way, is certainly extraordinary and it should require  
6 extraordinary proof of, of necessity.

7 Now with 57 systems, it would be great if the users  
8 could hire 57 attorneys, 57 CPAs. We can't. We depend on you  
9 folks to really do your job here. And, please, this is  
10 definitely not a routine rate filing. Nearly 300 percent is,  
11 certainly should raise some eyebrows, and we need you to, to  
12 please give it some really extraordinary scrutiny. Thank you  
13 very much.

14 CHAIRMAN CARTER: Thank you.

15 MS. MERCHANT: Next we have Bob Dovey.

16 Whereupon,

17 BOB DOVEY

18 was called as a witness on behalf of the Citizens of the State  
19 of Florida and, having been duly sworn, testified as follows:

20 DIRECT STATEMENT

21 MR. DOVEY: Good evening, Mr. Chairman, Commissioner,  
22 staff. How is everybody tonight?

23 CHAIRMAN CARTER: Doing great.

24 MR. DOVEY: My name is Bob Dovey. I live at  
25 1711 High Ridge Road in Lake Worth, Florida. I have a letter I



1 prepared for the Office of Commission Clerk. Can I submit that  
2 here or do I need to send that to Tallahassee?

3 CHAIRMAN CARTER: Absolutely. That'll be,  
4 Commissioner, that will be Exhibit Number -- staff?

5 MR. JAEGER: 49.

6 MR. DOVEY: Who would get that?

7 COMMISSIONER EDGAR: Cheryl. Cheryl, can you take  
8 that?

9 MR. DOVEY: It also includes photographs. It would  
10 be nice if you could see them.

11 CHAIRMAN CARTER: Exhibit 49. That will be a part of  
12 the official record.

13 (Exhibit 49 marked for identification.)

14 MR. DOVEY: Thank you. In deference, Mr. Chairman,  
15 I'm going to read that letter simply because I want to stay on  
16 point and respect your time. You picked a good day. There's  
17 no rain out here today.

18 CHAIRMAN CARTER: You're recognized.

19 MR. DOVEY: What I -- one of the exhibits I included  
20 was the four-page letter sent by the residents of Lake Osborne  
21 Estates and that's how I address this.

22 To all interested parties, I am a resident of Lake  
23 Osborne Estates. I have reviewed the document submitted by the  
24 undersigned residents of Lake Osborne Estates, attached Exhibit  
25 1, and completely concur with the information, argument and

1 solicitation of denial contained within. I submit this  
2 additional information to provide a partial case study of real  
3 experience with Aqua Utilities Florida.

4           On Thursday, January 22nd, 2004, Lake Osborne Estates  
5 experienced a water main break. We were not notified of any  
6 boil water notice and found out about the break when we lost  
7 water service for repairs on Friday, the next day. When I  
8 contacted the company, they insisted they posted signs about  
9 the boil water notice and notified the media. I talked to  
10 several people who were surprised to hear there was a boil  
11 water notice since they did not see it in any media or any  
12 signs. I decided to drive the entrances to Lake Osborne  
13 Estates and see if there were any such signs. There's three  
14 entrances. Attached are three photos of what Aqua Utilities  
15 Florida considers adequate boil water notice signs, Exhibits A,  
16 B and C, which you're in possession of now. These are close-up  
17 photos of the signs, one for each of the three entrances, High  
18 Ridge Road at Lantana Road, Lake Osborne Drive at Lantana Road,  
19 Lake Osborne Drive at High Ridge Road -- I hope you get a  
20 chance to see those, by the way -- and were not clearly  
21 discernible from a motor vehicle. Further, they appeared to be  
22 much like typical snipe signs for a garage sale, not official  
23 boil water notices.

24           Further, we experienced another such break in 2007  
25 with the same set of circumstances and results. Only when the

1 local county commissioner insisted on improvements did Aqua  
2 Utilities Florida agree to provide standard signage. They have  
3 done that now.

4 In April 2008, the City of Lake Worth, who provides  
5 bulk water to Aqua Utilities Florida, notified them that the  
6 City was to conduct a chlorination process of all their water.  
7 That's Exhibit 2. The residents of Lake Osborne Estates were  
8 never notified of this.

9 Earlier this year Palm Beach County Water Utilities  
10 Department agreed to sell bulk water to the City of Lake Worth  
11 to supplement their volume. Palm Beach County fluoridates  
12 their water, Lake Worth does not. Regardless of your thoughts  
13 on whether this is a good idea or not, there are some people  
14 who are sensitive to this chemical. Aqua Utilities Florida  
15 never notified its customers that part or all of the water they  
16 are providing is fluoridated.

17 On Tuesday, May 20th, 2008, I returned home to find a  
18 large pile of dirt in my front yard surrounded by yellow  
19 caution tape. Next to the pile was a hole in my yard  
20 approximately four foot by five foot by three foot deep. The  
21 next morning I spoke with an onsite (independent contractor)  
22 supervisor who was surprised I didn't know about the dig in my  
23 yard, as he indicated that a representative of Aqua Utilities  
24 Florida said it was okay and they didn't need to notify me  
25 because they knew me.

1           At that time the supervisor of the crew also advised  
2 me that in a couple of days they intended to conduct a jack and  
3 bore under High Ridge Road on the other side of my property to  
4 install piping to link the water systems on either side of the  
5 roadway to equalize water pressure for area fire hydrants. I  
6 asked if they had a permit from Palm Beach County to do so, and  
7 he indicated they probably did but did not have a copy. That  
8 day I contacted Palm Beach County, who advised that they had no  
9 such permit and they would be making arrangements to inspect  
10 the job. However, the contractor had conducted the jack and  
11 bore that same day, making it too late to have an inspection.  
12 Palm Beach County has since contacted Aqua Utilities Florida  
13 and advised them they are in violation and are now requiring  
14 Aqua Utilities Florida to post-permit the project.

15           Regarding the fire hydrant piping, this was done as a  
16 requirement by Palm Beach County Fire Rescue Department as they  
17 notified Aqua Utilities Florida in early 2007 that some of the  
18 hydrants had water pressure too low to effectively fight fires.  
19 I need to amend that, by the way. That wasn't a code  
20 regulation of the fire -- it wasn't a fire code regulation. It  
21 was a rating regulation. In other words, when you go to apply  
22 for homeowners insurance and they ask for your fire rating,  
23 this lowers the fire rating. It does one of two things. It  
24 could eliminate you from homeowners insurance altogether, force  
25 you into Citizens or severely increase your rates. That's an

1 addendum.

2           Shortly after the installation of the equalizer pipe,  
3 Aqua Utilities Florida then began to replace residential water  
4 meters that they could read remotely. That's your radio  
5 frequency.

6           Please note, the pipe installation was a requirement  
7 and the new meters make it convenient for Aqua Utilities  
8 Florida to read the meters that were very rarely read before  
9 their attempt at a rate increase in 2007. In both cases these  
10 items should not be considered as any type of upgrade or  
11 capital improvements to the system. Water delivery and  
12 pressure have not increased, nor has customer service improved  
13 or been made more user-friendly as a result of these actions.  
14 Whenever I need to call their customer service, I usually find  
15 that their representatives are curt or treat me with some  
16 disdain. With one exception that benefited Aqua Utilities  
17 Florida I have never had a call returned.

18           Bottom line, Aqua Utilities Florida has not  
19 demonstrated a desire to conduct their business to the benefit  
20 of the consumers they contracted to provide for. Their "profit  
21 only" method of business will financially injure the residents  
22 of Lake Osborne Estates. Further, a rate increase in excess of  
23 200 percent is absolutely unconscionable at any time, much more  
24 during the difficult financial time that we find ourselves in.  
25 As such, I earnestly request that you deny the adoption of

1 statewide uniform rates and water increase to Aqua Utilities  
2 Florida, Incorporated, for water supplied to Lake Osborne  
3 Estates. Your consideration on our behalf is greatly  
4 appreciated. Thank you for your time.

5 CHAIRMAN CARTER: Thank you.

6 Okay. Ms. Merchant. Thank you.

7 MS. MERCHANT: B.J. McCormick.

8 Whereupon,

9 B. J. McCORMICK

10 was called as a witness on behalf of the Citizens of the State  
11 of Florida and, having been duly sworn, testified as follows:

12 DIRECT STATEMENT

13 MR. McCORMICK: Good evening.

14 CHAIRMAN CARTER: Good evening.

15 MR. McCORMICK: How is everybody doing tonight?

16 Basically the poor notification has hindered us from  
17 getting out to our community. I would think that a 280 rate  
18 increase, 280 percent, there would be more attendees. We had a  
19 lack of notification.

20 I just want to submit something in for the record.  
21 It's our neighborhood.

22 CHAIRMAN CARTER: Okay. That will be Exhibit,  
23 Commissioners, Exhibit 50. Exhibit 50. And it's --

24 (Exhibit 50 marked for identification.)

25 MR. JAEGER: It appears to be a map.

1           MR. McCORMICK: That's a map -- the people that will  
2 be affected by this 280 rate increase in Palm Beach County. It  
3 fits on an 8-½ x 11, so.

4           CHAIRMAN CARTER: Okay. That will be, for a title --

5           MR. JAEGER: Map of Lake Osborne Estates.

6           CHAIRMAN CARTER: Show it done.

7           MR. McCORMICK: When I attended the Aqua Connects,  
8 that's what it's called, I walked in and it was Jack remembered  
9 our face from the last time we met at the meeting before. And  
10 my first comment was, "What's our rate increase going to be?"  
11 And his comment was, "Well, let me go to my car." He went to  
12 his car, came back in and never discussed it with me. So  
13 customer service, President of Aqua Utilities, enough said.

14           MS. MERCHANT: Next we have Lawrence Silver.

15 Whereupon,

16   LAWRENCE SILVER

17 was called as a witness on behalf of the Citizens of the State  
18 of Florida and, having been duly sworn, testified as follows:

19   DIRECT STATEMENT

20           MR. SILVER: Good evening.

21           CHAIRMAN CARTER: Good evening.

22           MR. SILVER: My name is Lawrence Silver and I'm from  
23 5356 Lake Osborne Drive, Lake Worth, Florida 33461. And I'm  
24 here speaking at this point after all that's been said to  
25 really just reaffirm the comments of my neighbors. I'm as

1 adamant as my neighbors on all of, all of what they've had to  
2 say and on their various points, and most of all what Jim had  
3 to say about if this type of rate increase is issued, I am, I  
4 have no other opinion except shame on you. This is outrageous.

5 MS. MERCHANT: Thank you. We have Robert Madden.  
6 Whereupon,

7 ROBERT MADDEN

8 was called as a witness on behalf of the Citizens of the State  
9 of Florida and, having been duly sworn, testified as follows:

10 DIRECT STATEMENT

11 MR. MADDEN: Hi. I'm Robert Madden. I live at 1417  
12 Shirley Court. And I'd like to also point out that I'm one of  
13 the few people that probably hasn't had any problems with Aqua  
14 service or maintenance regards at all.

15 What I do have a problem with is the rate structure  
16 that they're proposing, which basically lumps us with a bunch  
17 of separate systems that are both physically separate,  
18 financially separate, have different permitting issues, you  
19 know, different water sources, treatment issues, and I'm  
20 basically opposed to that whole structure. I don't see how it  
21 makes any sense to apply to basically have another system  
22 subsidize our system or, vice versa, for us to subsidize  
23 improvements to another system.

24 I'd like to also comment on a couple of things I  
25 heard earlier. A lot of this has been already heard, but the



1 hydrant upgrades or hydrant maintenance, again, should not be  
2 viewed as an, as an upgrade. It's simply maintenance. The new  
3 meters that have been installed, again, not an upgrade. I  
4 don't think they would put them in unless there was some sort  
5 of operating efficiency that's designed to increase their  
6 bottom line or else they probably wouldn't do it.

7 I also want to comment on an electrical analogy that  
8 was made earlier about this being the same as an electric  
9 service and it's not. An electric grid, we're all connected,  
10 the rates are the same. This is completely different. We're  
11 in a system that's not connected to any of the others that  
12 we're being lumped in with.

13 So I'd just like to request that the Commission deny  
14 this rate structure. I'm not opposed to a rate increase that  
15 would be necessary for, you know, reliable quality service,  
16 maintenance or upgrades to the system, but I am opposed to the  
17 structure that they're proposing. Thank you.

18 CHAIRMAN CARTER: Thank you.

19 MS. MERCHANT: Next we have Mary Holt.

20 CHAIRMAN CARTER: Mary Holt.

21 MS. MERCHANT: Is she signed up to speak? Actually  
22 she wasn't signed up to speak, so that's all I have. Is there  
23 anybody else?

24 CHAIRMAN CARTER: Anyone that didn't get a chance to  
25 speak that would like to speak? We want -- we came down

1 because we want to hear from you. Was there anyone that was  
2 not here when I swore everyone in?

3 Have you been sworn in, sir?

4 MR. KOVACH: No, I haven't.

5 CHAIRMAN CARTER: Well, come on up, we'll swear you  
6 in, let you speak, and then we'll have you fill out the form  
7 afterwards.

8 MR. KOVACH: All right.

9 CHAIRMAN CARTER: Let's have -- Stan, would you get  
10 with Dick to get a form for us? Okay.

11 (Witness sworn.)

12 Thank you. You are recognized. Please state your  
13 name and address for the record.

14 Whereupon,

15 JOHN KOVACH

16 was called as a witness on behalf of the Citizens of the State  
17 of Florida and, having been duly sworn, testified as follows:

18 DIRECT STATEMENT

19 MR. KOVACH: John Kovach, 1429 Crest Drive, Lake  
20 Worth, Florida 33461.

21 CHAIRMAN CARTER: Okay.

22 MR. KOVACH: I also don't have -- I haven't had any  
23 problems with the utilities, good water service and so on and  
24 so forth. But, and I certainly appreciate all my neighbors  
25 coming out here to stand up for the community. I only found

1 out about this meeting less than a week ago. So, I mean, I  
2 didn't even really get a chance to get a good grip on it. So I  
3 know that a lot of my -- in fact, some of my neighbors across  
4 the street wanted to come down here but they've just got home  
5 from work. You know, so I know that there would be more people  
6 here had we been better prepared. So I'd like to thank my  
7 neighbors for coming down here and speaking for the community.

8 My concern after hearing -- I agree with everything  
9 that's going on here, but my concern is if these people that  
10 were installing the meters were not as qualified as they should  
11 be, and say everyone has leaking meters now on, on our side,  
12 that would mean our water bills are going to continue to  
13 increase and we're going to be wasting water. What's our  
14 recourse there? Because we're not going to -- do I have to go  
15 and dig up my meter to find out if it's leaking? I mean, I'm  
16 concerned about that now and everybody should be concerned  
17 about that. Were they qualified to install the meters and did  
18 they do it correctly?

19 Basically that's all I have to say. And if -- you  
20 know, I'd like that to be on the record so that if there are  
21 problems in the future, we can address it. Thank you.

22 CHAIRMAN CARTER: Thank you so kindly.

23 Stan, make sure you get that because we're doing this  
24 for the, for the record. As you know, those of you that  
25 appeared with us last year, you know all of this is going to be

1 on the record. We'll have this, all of us, the entire  
2 Commission as well as staff and all the parties will have an  
3 opportunity to deliberate on these documents that you've  
4 gotten, read the testimony that you presented to us before any  
5 final decision is made.

6           So now, again, is there anyone that would like to  
7 speak that did not get an opportunity to speak? We came down  
8 here because we want to hear from you. And it's very important  
9 to us to hear from you because a lot of times, excuse me, is  
10 that we want you to understand, and I know that those of you  
11 that work in government or have ever served in government know  
12 that people in government are human beings too. We pay rates,  
13 we go through the same concerns. Our insurance goes through  
14 the roof, our, you know -- anyway, I don't want to give you a  
15 list of horrors. But we want to make sure that you  
16 understand that this is just not just some kind of rubber stamp  
17 or anything like that. We're going to deliberate just as if it  
18 happened to us. When we became Commissioners we didn't leave  
19 our common sense outside the door. So it's important to us to  
20 hear from you.

21           Again, is there anyone that wanted to speak that did  
22 not get a chance to speak tonight? I want to make sure that  
23 you -- I know that Mr. Pouncey will do so, but the rest of you,  
24 please get copies of the blue forms out there and take them to  
25 your neighbors and all. This process, Ms. Banks gave you the

1 presentation to let you know about the time frame that we're  
2 on. Before -- I think it's -- Ralph, could you give us those  
3 hearings date on this so that they'll know kind of a chronology  
4 of when things happen so that -- because I want you to know  
5 about these dates so that if you get these forms, get them to  
6 your neighbors or some things that you may have forgotten, get  
7 them to us. You can make copies of that last page, if you  
8 want. It doesn't have to be blue. Just make copies and get  
9 them to us. Ralph.

10 MR. JAEGER: We have one more service hearing on  
11 August 22nd, and then we have the technical hearing that starts  
12 on December 8th and is scheduled to go through December 11th up  
13 in Tallahassee. That's where the expert witnesses testify,  
14 engineers, accountants, et cetera. And then we file, staff is  
15 scheduled to file their recommendation on January 30th to be  
16 considered at the Commission on February 11th, and that's for  
17 what we call the revenue requirement where we sort of put  
18 together these expenses, their investments and try to figure  
19 out what revenues do they need to get this opportunity to earn  
20 a fair rate of return.

21 Then after we do the revenue requirement, get all of  
22 that thrashed out, we go back for a recommendation on rates to  
23 give that revenue requirement, and that recommendation is  
24 scheduled to be filed February the 19th for an agenda on  
25 March 3rd, which would be the vote on the final rates and rate

1 structure, with the order due out approximately 20 days after  
2 that.

3 UNIDENTIFIED SPEAKER: Can I ask a question?

4 CHAIRMAN CARTER: Yes, sir. You're recognized.

5 UNIDENTIFIED SPEAKER: Is there any possible way that

6 --

7 CHAIRMAN CARTER: Come, please come to the mike.

8 She's transcribing everything. We want it on there. It's a  
9 little bit unorthodox, but I figured, you know, I've got you  
10 guys here, we may as well get what you have to say on the  
11 record. Yes, sir.

12 UNIDENTIFIED SPEAKER: The question is is there any  
13 way to exclude somebody like ourselves that they're not,  
14 they're not providing a water utility, they're buying the  
15 utility from Lake Worth and Palm Beach County on this rate  
16 increase?

17 CHAIRMAN CARTER: I'm not sure I understand.

18 UNIDENTIFIED SPEAKER: Can we be excluded from this  
19 rate increase because they do not have, they're not buying the  
20 water -- they don't have a water utility, they're buying their  
21 water from Lake Worth and Palm Beach County?

22 UNIDENTIFIED SPEAKER: They're reselling it.

23 UNIDENTIFIED SPEAKER: They're reselling it.

24 CHAIRMAN CARTER: If I understand your question, if  
25 you are a customer of this utility company --

1 UNIDENTIFIED SPEAKER: Uh-huh.

2 CHAIRMAN CARTER: -- you have, you are part of this  
3 case.

4 UNIDENTIFIED SPEAKER: Okay. So there's no excluding  
5 Palm Beach County, the thing that's going on right here?

6 CHAIRMAN CARTER: You buy your water from Aqua,  
7 you're part of this case.

8 UNIDENTIFIED SPEAKER: Okay. Thank you.

9 CHAIRMAN CARTER: I'm, you know, from South Georgia,  
10 so I have to make it country. That's the way we understand it.  
11 Yes, indeed.

12 So, again, is there anyone here that wanted to speak  
13 that did not get a chance to speak?

14 And before we have our closing comments, Commissioner  
15 Edgar and myself, let me just say this to you, Mr. Pouncey,  
16 again, as you did last year, you came and spoke on behalf of  
17 your neighbors, some of the other people here who's faces are  
18 more familiar to me from last year, we had you here and you  
19 came and you talked to us and all. We want you to understand  
20 that your words are not falling on deaf ears. We understand  
21 the concerns because we're facing the same concerns. I know  
22 Commissioner Edgar was talking just the other day in a major  
23 issue before the Commission, and she was talking about, she  
24 said, "Hey, I'm a mom. I've got kids in school and I know  
25 about expenses and things like that." And that kind of brought

1 everybody back down to reality, saying, you know, these  
2 decisions that we make, they have an impact on real people out  
3 there. So I want you to know how important it is to us to hear  
4 from you. Is that we -- the lawyers and the accountants and  
5 the doctors and the lawyers and the Indian chiefs, they're  
6 going to figure all that out. But we wanted to come hear from  
7 you, the people on the street, where, and say, look, I don't  
8 understand about meters or anything like that. All I know is  
9 that my bill went up and nobody explained it to me. I don't  
10 know about what they've done with this and that, but I do know  
11 that I called four times and nobody called me back. In fact,  
12 somebody hung up. We want to hear from you and that's why  
13 we're here. So I thank you for your time, and we'll make our  
14 closing comments before we adjourn.

15 Commissioner Edgar, you're recognized.

16 COMMISSIONER EDGAR: Thank you, Mr. Chairman. And  
17 just to say thank you as well for coming out this evening. I  
18 know that you probably would rather be home. I know our staff  
19 and Chairman Carter and I are away from our families too and  
20 that's because we do want to hear from you. We've had meetings  
21 similar to this across the state over the past few weeks. As  
22 we've said, we have one more. It's a very important part of  
23 our process. And I assure you that we take it very seriously  
24 and all of the information will be carefully considered. So  
25 thank you for your time.



1           CHAIRMAN CARTER: Thank you. And I'd like to say to  
2 our staff and to Ms. Merchant from the Office of Public, to the  
3 company and to their representative, to Linda, who's our  
4 true-blue court reporter, we usually take a break, but she kind  
5 of hangs in there with us and I thank you for your efforts.  
6 And I thank you, those of you who were here speaking on behalf  
7 of yourself, those of you that are speaking on behalf of your  
8 neighbors, and those of you just trying to figure out what's  
9 going on, we thank you for that.

10           And just, just remember this, this is a proposed rate  
11 increase, a requested rate increase. And we will give it every  
12 amount of consideration, the things that you had to say have  
13 tremendous impact on our decision-making process. As I said,  
14 is that when we get the experts and all that like -- you know,  
15 in South Georgia we say an expert is somebody from out of town  
16 with a business card. So we give them whatever, you know,  
17 deference there may be, but we really want to hear from you.  
18 Because really the bottom line is that it's moms and dads, it's  
19 aunts and uncles, it's brothers and sisters that are paying  
20 those bills on a monthly basis. And I know one of the  
21 gentlemen in the rear was talking about he's on a fixed income.  
22 If we all keep living, we're all going to be on a fixed income  
23 one day as retirees. And in this kind of process that we're  
24 in, just sometimes you've just got to step back and use some  
25 common sense. So, again, we thank you for your time. Please

1 take the handouts with you and share them with your neighbors.  
2 And if there's some things that you forget, add them in that.

3           Commissioners, anything further? With that, we are  
4 adjourned.

5           (Service hearing adjourned at 7:48 p.m.)

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1 STATE OF FLORIDA )  
2 COUNTY OF LEON )

CERTIFICATE OF REPORTER


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I, LINDA BOLES, RPR, CRR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 28th day of August, 2008.

  
LINDA BOLES, RPR, CRR  
FPSC Official Commission Reporter  
(850) 413-6734

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for increase in water and )  
wastewater rates in Alachua, Brevard, DeSoto, ) DOCKET NO. 080121-WS  
Highlands, Lake, Lee, Marion, Orange, )  
Palm Beach, Pasco, Polk, Putnam, )  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )  
\_\_\_\_\_)

**AQUA UTILITIES FLORIDA, INC.'S PROOF OF PUBLICATION OF  
NOTICE OF CUSTOMER SERVICE HEARING  
EXHIBIT NO. 47**

**FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO.** 080121-WS **EXHIBIT** 47

**COMPANY** Aqua Utilities FL, Inc. **Proof of**

**WITNESS** Publication of Notice of Customer Service

**DATE** 08/07/08 **Hearing**

THE PALM BEACH POST  
Published Daily and Sunday  
West Palm Beach, Palm Beach County, Florida

PROOF OF PUBLICATION

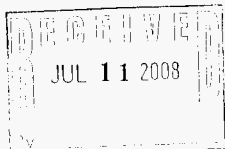
STATE OF FLORIDA  
COUNTY OF PALM BEACH

Before the undersigned authority personally appeared **Marc Kramer**, who on oath says that he is **Inside Sales Supervisor** of The Palm Beach Post, a daily and Sunday newspaper, published at West Palm Beach in Palm Beach County, Florida; that the attached copy of advertising for a **Notice** in the matter of **IO #5133-08074MA0** was published in said newspaper in the issues of **July 10, 2008**. Affiant further says that the said The Post is a newspaper published at West Palm Beach, in said Palm Beach County, Florida, and that the said newspaper has heretofore been continuously published in said Palm Beach County, Florida, daily and Sunday and has been entered as second class mail matter at the post office in West Palm Beach, in said Palm Beach County, Florida, for a period of one year next preceding the first publication of the attached copy of advertisement; and affiant further says that she/he has neither paid nor promised any person, firm or corporation any discount rebate, commission or refund for the purpose of securing this advertisement for publication in the said newspaper. Also published in Martin and St. Lucie Counties.

Sworn to and subscribed before 10<sup>th</sup> day of July, A.D. 2008

*Bette D. Cullen*

Personally known  or Produced Identification \_\_\_\_\_  
Type of Identification Produced \_\_\_\_\_



Before the Florida Public Service Commission  
Notice of Commission Customer Service Hearings

Docket No. 080121-WS

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

Notice is hereby given that the Florida Public Service Commission will hold customer service hearings in the above-referenced docket to consider the Utility's application for an increase in water and wastewater rates in Alachua, Brevard, DeSoto, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia and Washington counties, Florida. The purpose of the customer service hearings is to allow customers the opportunity to comment on the Utility's proposed final rates or service. CUSTOMERS WHO WISH TO PRESENT TESTIMONY ARE URGED TO APPEAR PROMPTLY AT EACH SCHEDULED HEARING TIME BECAUSE THE SERVICE HEARING MAY BE ADJOURNED EARLY IF NO WITNESSES ARE PRESENT TO TESTIFY. The nearest customer service hearing to you will be conducted at the following times and places, and will continue until all witnesses have been heard:

Date and Time: August 7, 2008 at 6:00 p.m.  
Place: Greenacres City Hall  
City Commission Chambers  
5800 Melaleuca Lane  
Greenacres, FL

PURPOSE AND PROCEDURE

At the hearing, customers will be given an opportunity to present testimony and other evidence concerning the Utility's proposed rates, quality of service, and any and all issues in the case relating to the proposed changes in rates and charges. AGAIN, CUSTOMERS WHO WISH TO PRESENT TESTIMONY ARE URGED TO APPEAR PROMPTLY AT EACH SCHEDULED HEARING TIME BECAUSE THE SERVICE HEARING MAY BE ADJOURNED EARLY IF NO WITNESSES ARE PRESENT TO TESTIFY. All witnesses shall be subject to cross-examination at the conclusion of their testimony.

On May 22, 2008, the Utility filed its petition for a rate increase with the Commission. Currently, the Commission is reviewing the application to determine if the minimum filing requirements have been met. Thus an official date of filing has not been established. Once the official date of filing is established, an Initial Customer Notice will be sent pursuant to Rule 25-22.0407, Florida Administrative Code, outlining the Utility's request.

Any person requiring some accommodation at this hearing because of a physical impairment should call the Commission's Division of Regulatory Compliance and Consumer Assistance at 1-800-342-3552 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired, please contact the Florida Public Service Commission using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD).

Copies of the petition and minimum filing requirements are available for inspection during normal office hours at the Utility's office and the Palm Beach County and Lee County libraries as follows:

Aqua Utilities Florida, Inc. 1100 Thomas Avenue Leesburg, Florida 34748 Business Hours: 8:00 a.m. - 5:00 p.m. Monday Friday Phone: 352.435.4027	Palm Beach County Library 3650 Summit Boulevard West Palm Beach, FL 33406 Phone: 561.233.2600
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Ft. Myers -- Lee County Library  
2050 Central Avenue  
Fort Myers, FL 33901

In addition, customer service representatives from Aqua Utilities Florida, Inc. will be available one hour before and after the Commission's service hearing to assist any customer with their concerns.

EMERGENCY CANCELLATION OF HEARINGS

If settlement of the case or a named storm or other disaster requires cancellation(s) of the hearing(s), Commission staff will attempt to give timely direct notice to the parties. Notice of cancellation(s) of the hearing(s) will also be provided on the Commission's website (<http://www.psc.state.fl.us/>) under the Hot Topics link found on the home page. Cancellation(s) can also be confirmed by calling the Office of the General Counsel at 850-413-6199.

JURISDICTION

The Commission is vested with jurisdiction over the subject matter of this proceeding by the provisions of Chapter 367, Florida Statutes. Sections 367.081, 367.0816, 367.101, and 367.171, Florida Statutes, and any other relevant sections of Chapter 367, Florida Statutes, are applicable to this proceeding, as well as Chapter 120, Florida Statutes, and Rules 25-9, 25-22, 25-30, and 28-106, Florida Administrative Code.

THE PALM BEACH POST  
Published Daily and Sunday  
West Palm Beach, Palm Beach County, Florida

PROOF OF PUBLICATION

STATE OF FLORIDA  
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Sworn to and subscribed before 10<sup>th</sup> day of July, A.D. 2008



Personally known XX or Produced Identification  
Type of Identification Produced \_\_\_\_\_



Before the Florida Public Service Commission  
Notice of Commission Customer Service Hearings

Docket No. 080121-W5

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**NEWS-PRESS**

Published every morning - Daily and Sunday

Fort Myers, Florida

**Affidavit of Publication**

STATE OF FLORIDA  
COUNTY OF LEE

Before the undersigned authority, personally appeared

**Kathy Allebach**

who on oath says that he/she is the

**Legal Assistant** of the News-Press, a

daily newspaper, published at Fort Myers, in Lee County, Florida; that the attached copy of advertisement, being a

**Display**

In the matter of

**Notice of Commission Customer Service Hearings**

In the court was published in said newspaper in the issues of

**July 14, 2008**

Affiant further says that the said News-Press is a paper of general circulation daily in Lee, Charlotte, Collier, Glades and Hendry Counties and published at Fort Myers, in said Lee County, Florida and that said newspaper has heretofore been continuously published in said Lee County, Florida, each day, and has been entered as a second class mail matter at the post office in Fort Myers in said Lee County, Florida, for a period of one year next preceding the first publication of the attached copy of the advertisement; and affiant further says that he/she has neither paid nor promised any person, firm or corporation any discount, rebate, commission or refund for the purpose of securing this advertisement for publication in the said newspaper.

Sworn to and subscribed before me this

14th day of July 2008 by

**Kathy Allebach**

personally known to me or who has produced

as identification, and who did or did not take an oath.

Notary Public

Print Name

My commission

**Gladys D. Vangerneck**  
Commission # DD378967  
Expires December 13, 2008

JUL 16 2008  
By \_\_\_\_\_

**Before the Florida Public Service Commission  
Notice of Commission Customer Service Hearings**

Docket No. 080121-WS

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

Notice is hereby given that the Florida Public Service Commission will hold customer service hearings in the above-referenced docket to consider the Utility's application for an increase in water and wastewater rates in Alachua, Brevard, DeSoto, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia and Washington counties, Florida. The purpose of the customer service hearings is to allow customers the opportunity to comment on the Utility's proposed final rates or service. CUSTOMERS WHO WISH TO PRESENT TESTIMONY ARE URGED TO APPEAR PROMPTLY AT EACH SCHEDULED HEARING TIME BECAUSE THE SERVICE HEARING MAY BE ADJOURNED EARLY IF NO WITNESSES ARE PRESENT TO TESTIFY. The nearest customer service hearing to you will be conducted at the following times and places, and will continue until all witnesses have been heard:

Date and Time: August 7, 2008 at 6:00 p.m.  
Place: Greenacres City Hall  
City Commission Chambers  
5800 Melaleuca Lane  
Greenacres, FL

**PURPOSE AND PROCEDURE**

At the hearing, customers will be given an opportunity to present testimony and other evidence concerning the Utility's proposed rates, quality of service, and any and all issues in the case relating to the proposed changes in rates and charges. AGAIN, CUSTOMERS WHO WISH TO PRESENT TESTIMONY ARE URGED TO APPEAR PROMPTLY AT EACH SCHEDULED HEARING TIME BECAUSE THE SERVICE HEARING MAY BE ADJOURNED EARLY IF NO WITNESSES ARE PRESENT TO TESTIFY. All witnesses shall be subject to cross-examination at the conclusion of their testimony.

On May 22, 2008, the Utility filed its petition for a rate increase with the Commission. Currently, the Commission is reviewing the application to determine if the minimum filing requirements have been met. Thus an official date of filing has not been established. Once the official date of filing is established, an Initial Customer Notice will be sent pursuant to Rule 25-27.0407, Florida Administrative Code, outlining the Utility's request.

Any person requiring some accommodation at this hearing because of a physical impairment should call the Commission's Division of Regulatory Compliance and Consumer Assistance at 1-800-342-3552 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired, please contact the Florida Public Service Commission using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD).

Copies of the petition and minimum filing requirements are available for inspection during normal office hours at the Utility's office and the Palm Beach County and Lee County libraries as follows:

Aqua Utilities Florida, Inc. 1100 Thomas Avenue  
Leesburg, Florida 34748  
Business Hours: 8:00 a.m. - 5:00 p.m. Monday-Friday  
Phone: 352-435-4027

Palm Beach County Library  
3650 Summit Boulevard  
West Palm Beach, FL 33406  
Phone: 561-233-2600

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

In addition, customer service representatives from Aqua Utilities Florida, Inc. will be available one hour before and after the Commission's service hearing to assist any customer with their concerns.

**EMERGENCY CANCELLATION OF HEARINGS**

If settlement of the case or a named storm or other disaster requires cancellation(s) of the hearing(s), Commission staff will attempt to give timely direct notice to the parties. Notice of cancellation(s) of the hearing(s) will also be provided on the Commission's website (<http://www.psc.state.fl.us/>) under the Hot Topics link found on the home page. Cancellation(s) can also be confirmed by calling the Office of the General Counsel at 850-413-6199.

**JURISDICTION**

The Commission is vested with jurisdiction over the subject matter of this proceeding by the provisions of Chapter 367, Florida Statutes. Sections 367.081, 367.0816, 367.101, and 367.171, Florida Statutes, and any other relevant sections of Chapter 367, Florida Statutes, are applicable to this proceeding, as well as Chapter 120, Florida Statutes, and Rule 25.9, 25-22, 25-30, and 28-106, Florida Administrative Code.

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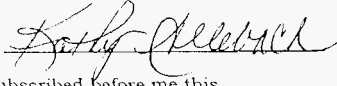
**NEWS-PRESS**  
Published every morning - Daily and  
Sunday  
Fort Myers, Florida  
**Affidavit of Publication**

STATE OF FLORIDA  
COUNTY OF LEE

Before the undersigned authority, personally appeared  
**Kathy Allebach**  
who on oath says that he/she is the  
**Legal Assistant** of the News-Press, a  
daily newspaper, published at Fort Myers, in Lee County,  
Florida; that the attached copy of advertisement, being a  
**Display**

In the matter of  
**Notice of Commission Customer Service Hearings**  
In the court was published in said newspaper in the  
issues of

**July 14, 2008**  
Affiant further says that the said News-Press is a paper of  
general circulation daily in Lee, Charlotte, Collier, Glades  
and Hendry Counties and published at Fort Myers, in said Lee  
County, Florida and that said newspaper has heretofore been  
continuously published in said Lee County, Florida, each day,  
and has been entered as a second class mail matter at the post  
office in Fort Myers in said Lee County, Florida, for a period of  
one year next preceding the first publication of the attached copy  
of the advertisement, and affiant further says that he/she has  
neither paid nor promised any person, firm or corporation any  
discount, rebate, commission or refund for the purpose of  
securing this advertisement for publication in the said  
newspaper.



Sworn to and subscribed before me this

14<sup>th</sup> day of July 2008 by

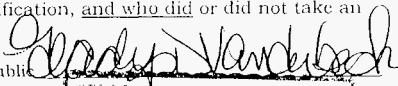
**Kathy Allebach**  
personally known to me or who has produced

as identification, and who did or did not take an  
oath.

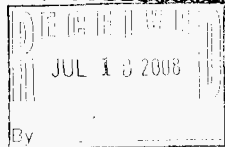
Notary Public

Print Name

My commission



**Gladys D. Vanderbeck**  
Commission # DD378987  
Expires December 13, 2008



**Before the Florida Public Service Commission**  
**Notice of Commission Customer Service Hearings**

Docket No. 080121-WS

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

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Date and Time: August 7, 2008 at 6:00 p.m.  
Place: Greenacres City Hall  
City Commission Chambers  
5800 Melaleuca Lane  
Greenacres, FL

**PURPOSE AND PROCEDURE**

At the hearing, customers will be given an opportunity to present testimony and other evidence concerning the Utility's proposed rates, quality of service, and any and all issues in the case relating to the proposed changes in rates and charges. **AGAIN, CUSTOMERS WHO WISH TO PRESENT TESTIMONY ARE URGED TO APPEAR PROMPTLY AT EACH SCHEDULED HEARING TIME BECAUSE THE SERVICE HEARING MAY BE ADJOURNED EARLY IF NO WITNESSES ARE PRESENT TO TESTIFY.** All witnesses shall be subject to cross-examination at the conclusion of their testimony.

On May 22, 2008, the Utility filed its petition for a rate increase with the Commission. Currently, the Commission is reviewing the application to determine if the minimum filing requirements have been met. Thus an official date of filing has not been established. Once the official date of filing is established, an Initial Customer Notice will be sent pursuant to Rule 25-22.0407, Florida Administrative Code, outlining the Utility's request.

Any person requiring some accommodation at this hearing because of a physical impairment should call the Commission's Division of Regulatory Compliance and Consumer Assistance at 1-800-342-3552 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired, please contact the Florida Public Service Commission using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD).

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Aqua Utilities Florida, Inc. 1100 Thomas Avenue Leesburg, Florida 34748 Business Hours: 8:00 a.m. - 5:00 p.m. Monday-Friday Phone: 352.435.4027	Palm Beach County Library 3650 Summit Boulevard West Palm Beach, FL 33406 Phone: 561.233.2600
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FL Myers - Lee County Library  
2050 Central Avenue  
Fort Myers, FL 33901

In addition, customer service representatives from Aqua Utilities Florida, Inc. will be available one hour before and after the Commission's service hearing to assist any customer with their concerns.

**EMERGENCY CANCELLATION OF HEARINGS**

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**JURISDICTION**

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**FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 080121-ws EXHIBIT 48

COMPANY Fake Osborne Estates

WITNESS Petition to Deny

DATE 08/07/08

August 7, 2008

Chairman

Division of the Commission Clerk and Administrative Services Florida Public Service Commission  
Capital Circle Office Center  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Subject: PETITION TO DENY adoption of statewide uniform rates and water rate increase to Aqua Utilities Florida, Inc. (AUF) for water supplied to Lake Osborne Estates, Palm Beach County, FL  
PSC Docket No. 080121- WS

The water customers of Aqua Utilities Florida, Inc. (AUF) living in Lake Osborne Estates do formally protest the approval of a statewide uniform water rates and the water rate increases proposed by AUF as contained in PSC Docket 080121- WS. The citizens of Lake Osborne Estates ask the PSC to review the following information. Based on this information, and comments received by the PSC from other LOE residents, we the residents of Lake Osborne Estates (LOE) beseech the PSC Commission to deny the statewide uniform water rate and water rate increases proposed by AUF.

As stated to the PSC in May 2007, Lake Osborne Estates is a small residential community comprised on about 450 modest single family homes located in unincorporated Palm Beach County abutting the western boundary of the City of Lake Worth. Constructed between 1954 -1964 this non-gated community is home for retirees on fixed incomes and middle class working families. AUF is a bulk purchaser of treated potable water from the City of Lake Worth Utilities that distributes the water to the residents of Lake Osborne Estates.

Aqua Utilities Florida, Inc. ( AUF ) a subsidiary of Aqua America, Inc. is a publicly traded for profit water utility based in the U.S.. Since 2003 AUF has been acquiring small independent water, wastewater, and water distribution systems throughout Florida. As of April 2007 AQUA had purchased 63 of these systems. Many of these systems are in need of significant repairs and upgrades. Since April 2007 AUF has purchased addition water and waste water systems in the State of Florida, profits derived from AUFs Florida customers. It appears that the AUF saga of purchasing small water utilities and then increasing water rates time after time continues. Last year AUF sought a rate increase totally approximately \$ 7 million based on projections. This year AUF is seeking an \$ 8.3 million rate increase based on actual figures. What figures? In March of 2008 AUF notified the residents of LOE that the LOE water rate would increase by approximately 1.66% effective April 15, 2008. Rates were increased as per the AUF Notice.

According to Aqua America's 2008 First Quarter Earnings Report, Aqua's June 2008 dividend to shareholders will be 9% higher than the June 2007 dividend. Profit, Profit, Profit. The June 18th

2008 issue of Blogging Stocks reports that ,“ The company has \$65million in pending rate increases, including a \$42 million effort in its home state” State after state, rate increase upon rate increase, profit on top of profit.

A July internet search for 2008 Proposed Water Rate Increases in the State of Florida produced the following results: Tampa 10%

Collier County 3.5%

Jacksonville 4.1%^

Glen Ridge 7%

Boca Raton 12%

Jupiter 27% drought induced reduced water use

Palm Beach County 18% ^ max.

The residents of LOE and the rest of the AUF customers are relying on the FL- PSC to deny the preposterous AUF 200% to 400+% rate increase proposals and put an end to AUF's continual profiteering at the expense of the citizens of the State of Florida serviced by this out-of state water utility.

AUF's May 22, 2008 filing with the FL- PSC indicates that 82 water and wastewater service areas in Florida will be impacted by the rate increases requested by AUF. AUF has allegedly spent millions in capital investments to improve water and wastewater service in Florida. All long time residents of LOE know that no capital investments have been made in LOE other than normal repairs and replacement of inaccurate or faulty water meters and several hydrant lines. No utility activities that would justify such an absurd and unreasonable water rate increase.

AUF's filing also states that another AUF proposal is to equalize rates among the 80+ AUF service areas scattered throughout the State of Florida. Lake Osborne Estates is the only residential area in Palm Beach County that receives potable water from Lake Worth Utilities through AUF which purchases potable water from Lake Worth Utilities at a bulk rate. In May of 2008 the City of Lake Worth began buying 2 million of water daily from Palm Beach County. We were told at the July 15, 2008 AUF Town Meeting that LOE residents water bills would not be affected by this purchase. Three entities are making a profit at the expense of LOE residents, namely Palm Beach County, City of Lake Worth and AUF. No mention was made of the AUF FL-PSC filing for a rate increase at this July 15<sup>th</sup> Town Meeting. A week later on July 21, 2008 the residents of LOE received the AUF notice of proposed rate increases in the mail. Good timing on the part of AUF.

AUF proposes to equalize the water and wastewater service rates by establishing a statewide uniform rate for all 80+ AUF service areas. Each AUF water utility is geographically separated from another in different counties, cities or taxing districts Each facility comes with its own set of geological, hydrological, topographical, planning, zoning, environmental restrictions, engineering requirements, service area size, population, water needs, water problems, permits, government grants, taxing issues, etc.. Different utility operating systems require different rates. The FL-PSC should prohibit AUF from forcing LOE residents to subsidize or to pay for the purchase, construction operation, repair, or maintenance of out-of county water facilities that do not provide any water utility service or economic benefit to the residents of LOC.

Once again, the PSC is reminded that AUF does not supply wastewater collection, treatment or disposal services to the residents of Lake Osborne Estates. All residences in LOE are on septic tanks. It is impossible for AUF to have spent or to spend any future monies on capital investments to improve a non-existent LOE - AUF wastewater collection/treatment/disposal system.

The residents of LOE believe that no AUF water user in Florida should have to bear a financial responsibility to AUF in its attempt to purchase, repair, upgrade, or improve water or wastewater service systems that are not connected to or a part of their local AUF water utility. There are no physical connections between the AUF-LOE water distribution system with any other out-of- county AUF water utility.

AUF owns no well field, no water supply wells, no water treatment plant, nor water storage tanks used to supply LOE with water. Lake Worth Utilities is responsible for the maintenance, repair and improvements to the components of the Lake Worth Utilities water distribution system that supplies potable water to the AUF -LOE water distribution system. AUF cannot justify any proposed LOE water rate increase based on non- existent capital expenditures or planned improvements to the water system components owned and maintained by the City of Lake Worth nor should AUF be granted any water rate increase for monies spent on other non-LOE water distribution system or other out of county AUF water utilities.

In August of 2007 after AUF withdrew its rate increase request, Attorney General of Florida Bill McCollum made the following statement, “ I am pleased that this company decided to address the need of its consumers rather than capitalize on their circumstances”.

Unfortunately, AUF does not address the needs of its consumers and continues to capitalize on their needs.

- In 2007 AUF proposed a \$7 million rate increase. In 2008 the proposed rate increase has risen to over an outrageous \$8 million.
- AUF has a disregard for the health of its customers. AUF and its sub-contractors did not notify LOE residents of water outages before any repairs or meter replacements occurred. During a 2 week period beginning April 13, 2008 Lake Worth Utilities performed a chlorine burn of the water lines that LOE lines are connected to for the purpose of killing off any end of the line bacteria. LOE was not advised. People with weakened immune systems, chemical sensitivities and those using home dialysis in LOE were again placed at risk. Prior to 2008 LOE were poorly notified or not notified at all of boil water orders. The problems in Chuluota and Sebring, Florida appear even more severe.
- Like last year AUF's Notice of PSC Hearing were received by LOE residents 2 ½ weeks before the PSC hearing in Palm Springs. Notice of this year's hearing was received the week of July 21, 2008. The PSC hearing is on August 7, 2008. It is difficult to call and organize a civic association or neighborhood response in such a short period of time.
- For several years AUF failed to repair fire fighting supply lines to 4 different hydrants in LOE resulting in the Palm Beach County Fire Rescue unable to adequately provide fire protection for several dozen LOE residences. Finally in July 2008 the lines were repaired.

- Because AUF has no office or personnel in Palm Beach County all work is contracted out. The City of Lake Worth supplies some of the meter readers. It seems like every other month a new set of meter readers is out in LOE trying to locate and read the water meters. These sub-contractors do not have AUF ID or vehicles with AUF logos. People casing out the neighborhood and AUF sub-contractors with no IDs appear no different from one another.
- Money is no object. AUF wasted little time by announcing to the public and their investors that AUF had hired Troy Rendell, long time FL-PSC Commissioner as its chief liaison to the FL\_PSC to provide the PSC with the proper and timely information they need to regulate Aqua's/AUF's operations in Florida. AUF also hired two former Department of Environmental Protection regulators to assist the company in regulatory matters. AUF also has a lobbyist in Tallahassee promoting their cause. The small communities serviced by AUF do not have such funds available to hire lawyers or other trained professionals of promote their cause. LOE and the dozens of other communities scattered throughout the State of Florida have faith that the FL-PSC will listen to their voices and deny AUF all of the astronomical rate increases that AUF is proposing.
- In July of 2008 State Farm Insurance proposed a 47% increase in windstorm insurance rates. The Florida community was outraged. The State Insurance Commission is responding. AUF has the audacity to request a 200% to 400+ % increase in water rates for its LOE consumers and other communities through the state. The affected consumers are outraged. In 2007 the FL-PSC responded appropriately to AUF's requests with a resounding denial.
- Who in AUF is to be believed? In 2007 one company official says AUF has spent \$10 million since 2003 improving utility systems in Florida. In 2008 another official says that since 2004 \$30 million was spent by AUF on these improvements. And yet AUF continues to post a profit year after year, including 2007 and 2008 to date according to the Business postings.
- If water rates continue to increase the way that AUF proposes and if AUF continues to operate the way it has operated since 2007, and the FL-PSC does not put a stop to AUF's absurd water rate increase requests, AUF consumers will be paying bottled water prices for tap water.

We, the taxpayers in Lake Osborne Estates continue to suffer financially due to escalating property taxes, excessive wind storm insurance rates, increasing fuel prices, increasing food costs, collapse of the real estate market and construction industry in Palm Beach County, and additional taxes for out-of-city electric service from the City of Lake Worth. The working families and retirees living on fixed incomes again request the State of Florida Public Service Commission to deny the AUF proposal for statewide uniform rates for AUF customers and all AUF requests for what we deem to be unreasonable, unjust, unjustifiable, and punitive water rate increases proposed for Lake Osborne Estates.

Very truly yours,  
The residents of Lake Osborne Estates

Xc: Palm Beach County Commissioner Bob Kanjian  
: Florida Governor Charlie Crist  
: Bill McCollum Attorney General State of Florida  
: Florida Senator Ted Deutch  
: Florida Representative Mary Brandenburg  
: Mathew Mark Carter II - FLPSC Chairman  
: Lisa Polak Edgar – FLPSC Commissioner  
: Katherine J. McMurrian – FLPSC Commissioner  
: Nancy Argenziano – FLPSC Commissioner  
: Nathan A. Skop – FLPSC Commissioner





Office of the  
**Attorney General of Florida**  
**Bill McCollum**



**Attorney General Bill McCollum News Release**

August 28, 2007

[en Español](#)

Media Contact: Sandi Copes

Phone: (850) 245-0150

**Water Utilities Company Withdraws Rate Increase Request, Agrees to Provide Refunds**

*~ Company originally requested increases from more than 110,000 Florida customers ~*

TALLAHASSEE, FL - Attorney General Bill McCollum today praised a decision by the Public Service Commission (PSC) to accept an agreement offered by Aqua Utilities Florida, Inc., a subsidiary of Aqua American, Inc., the nation's largest publicly traded utility. The agreement withdraws the company's proposed rate increase, originally opposed by the Attorney General's Office and the Office of Public Counsel on behalf of more than 110,000 Aqua Utilities Florida consumers after numerous complaints surfaced about inappropriate billing, water quality and associated health concerns. The agreement also provides consumer refunds to customers who had already been billed at the increased rate and will require the company to improve water quality and customer service.

"This is an example of how companies should spend more time improving the quality of service to their consumers," said Attorney General McCollum. "I am pleased that this company decided to address the needs of its consumers rather than capitalize on their circumstances."

In June, Aqua Utilities Florida petitioned for an 80 percent increase in water rates and a 105 percent increase in wastewater rates. In response to the requested increase, public hearings were held in a number of service areas and consumers came forward to voice their concerns about the company's service, casting doubt on the propriety of such exorbitant rate increases. Consumers stated they were afraid to drink the water, that it smelled bad and that they couldn't use it to wash laundry because it only further soiled the clothes.

After learning of the high complaint volume, the Attorney General's Office filed a motion to intervene, joining the Public Counsel's fight against the increased rates. Following the motion to intervene, the Attorney General's Office and the Office of Public Counsel filed a joint motion to dismiss the rate petition filed by the company.

"On behalf of Florida's consumers, I am extremely gratified to see this request dismissed and refunds make their way back to the customers," said Charlie Beck, Interim Public Counsel. "The proposed increases were almost double the current rates and I am certain consumers are relieved to have this burden taken off their shoulders."

Prior to today's agreement, the PSC staff had recommended to the Commission that the motion to dismiss the rate increase be granted and that the increased interim rates be refunded to customers. In response, the company filed the proposed agreement with the Commission, voluntarily withdrawing the requested rate increase and developing policy to address consumers' concerns. Among the company's efforts to improve customer service will be a series of town meetings for consumers to air their concerns and speak directly with company representatives regarding service issues.

### Aqua America's Florida Operating Subsidiary Reaches Settlement Agreement on Proposed Rate Increase

September 5, 2007

Aqua America Inc. recently announced that its Florida subsidiary, Aqua Utilities Florida Inc., has reached a settlement agreement with Florida's Office of the Public Counsel and its Attorney General concerning the company's proposed rate increase. In a 5-0 vote, the Florida Public Service Commission (PSC) approved a settlement agreement.

Aqua Utilities Florida (Aqua), which is the company's ninth largest subsidiary serving less than 38,000 customers, comprises approximately 4 percent of Aqua America's total customer base. Nearly one third of Aqua's Florida customers are regulated by individual counties and as such are not affected by the settlement.

Also as part of the agreement, Aqua has voluntarily withdrawn its revenue increase request of \$7.3 million and its proposed regionalization plan to consolidate the 80 small, spread-out water systems into 15 county-based systems. Aqua will refund, in accordance with Florida PSC guidelines, the interim rates the company has been charging since mid-April.

Among the settlement terms, an agreement was reached to hold a collaborative work session later this year with the parties involved to discuss regionalization of rates. Rate consolidation was one of the key issues in the case because of the expense and inefficiency associated with filing a rate case in Florida where Aqua operates – in addition to its larger county regulated divisions - 80 separate, PSC regulated rate divisions.

"Although I am disappointed with the ultimate outcome of this case, we remain encouraged about our future in Florida. The company plans to continue its commitment to customers through a sustained capital program, which will be openly discussed in local Florida town meetings as agreed in the settlement," said Christopher Franklin, Aqua's President – Southern Operations.

Franklin added, "Many of these customers have not had a rate increase since the early 90s. We have invested more than \$10 million to improve the systems since entering the state in 2003."

Aqua America expanded into Florida when it acquired the water and wastewater systems owned by AquaSource, Inc., a subsidiary of Duquesne Light Holdings, Inc. in 2003, and the water systems owned by Florida Water Services Corporation, a subsidiary of Allete, Inc., in 2004. The company did not pay a premium over net asset value for any of the systems, most of which required significant capital additions to upgrade facilities and address environmental issues. By 2006, the majority of the systems were brought into compliance with Aqua's internal requirements as well as applicable federal and state standards, therefore permitting the filing of the rate proceeding.

"The parties have agreed that an inclusive workshop held with the Commissioners and Staff by the end of the year is the most appropriate venue to discuss the various rate consolidation options. The company looks forward to a productive workshop that will provide clear direction on the process of regionalization of rates in Florida," said Franklin.

## **Aqua America Subsidiaries Acquire Utilities in Florida and New Jersey**

BRYN MAWR, Pa. -- Aqua America, Inc. (NYSE:WTR) announced today that its subsidiaries in New Jersey and Florida have recently completed the purchase of one water system and two wastewater systems.

Aqua Utilities Florida, Inc. paid \$100,000 to acquire the assets of Jumper Creek Manor water and wastewater systems. Jumper Creek currently provides water and wastewater service to about 100 residents in Bushnell, Sumter County in central Florida where Aqua Utilities Florida operates other systems. The development, which is still under construction, is expected to serve approximately 500 residents once its three-year build out is complete.

Aqua New Jersey, Inc. has completed the purchase of Stanton Ridge wastewater system which serves 500 residents in an upscale golf course community in Whitehouse Township, Hunterdon County, NJ for \$50,000. Built in 1992, the assets are relatively new and well maintained.

"These purchases represent the typical, yet continuous stream of acquisitions we've been able to maintain over the past several years," said Aqua America Chairman and CEO Nicholas DeBenedictis. "We're proud that our professional management and technological expertise continues to make Aqua America the provider of choice for so many private owners looking to sell their assets."

Aqua America, Inc. is a publicly traded water utility holding company, with operating subsidiaries serving approximately three million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, New York, Indiana, Virginia, Florida, Maine, Missouri, and South Carolina. Aqua America is listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol WTR.

This release contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995 that address, among other things, potential additional growth opportunities, the effect of the acquisition of the described business, possible benefits from the acquired operations and the company's ability to attract additional acquisitions. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: the risk that the acquired company's business will not be successfully integrated; the costs related to the transaction; and other key factors that we have indicated could adversely affect our business and financial performance contained in our past and future filings and reports, including those filed with the Securities and Exchange Commission. Aqua America is not under any obligation--and expressly disclaims any such obligation--to update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

WTRF

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## Aqua America Reports Fourth Quarter and Year-End Earnings

### Revenues Grew Significantly from Acquisitions and Rate Increase Awards

BRYN MAWR, Pa. -- Aqua America, Inc. (NYSE:WTR) today reported results for the year and quarter ending December 31, 2007. Revenues for the full year 2007 rose 13 percent to \$602.5 million from \$533.5 million in 2006. Net income in 2007 grew 3 percent to \$95.0 million versus \$92.0 million in 2006. Revenues for the quarter ending December 31, 2007 grew to \$149.1 million compared to \$136.8 million from the same period of 2006. Net income during the quarter was \$24.9 million versus \$25.7 million in 2006. Diluted earnings per share in the fourth quarter were \$0.19 versus \$0.19 in the same period of 2006. For the year, basic and diluted earnings per share were \$0.72 and \$0.71, respectively, compared to \$0.70 and \$0.70 in 2006 on 1.5 percent more shares outstanding.

"Revenues for the year and fourth quarter were up significantly due to acquisitions and increased customer rates," said Aqua America Chairman and CEO Nicholas DeBenedictis. "The fourth quarter's earnings per share of \$0.19 matched the prior year, however the fourth quarter of 2006 benefited from approximately \$0.01 from the recognition of additional revenue in Texas in connection with a pending rate case and another \$0.01 from a larger-than-normal change in the insurance accrual. While there were no corresponding adjustments for these items in the quarter ending December 31, 2007, earnings per share in the fourth quarter of 2007 included a \$0.01 gain from the sale of a securities investment."

DeBenedictis continued, "Results in 2007 versus 2006 showed a steady improvement when considering the housing slowdown, the one-time benefits in 2006, a \$0.02 earnings per share write-off from our withdrawal of the Florida rate case, higher interest expense from rising interest rates, higher depreciation due to the major capital invested and increased chemical and power costs. In addition to the growth in earnings per share we recorded in 2007, I look forward to a positive impact on future results from the \$67 million of rate requests Aqua currently has pending."

In 2007, Aqua completed 26 acquisitions. When combined with organic growth, net customer growth for the year came in at 2.6 percent or approximately 24,000 net additional customers. Aqua's acquisition of Sea Cliff in New York (4,300 customers) complemented our previous acquisition of New York Water Service, while two municipal acquisitions in Illinois added nearly 4,000 customers and the Lake Holiday water and sewer acquisitions in Virginia added more than 1,500 customers. "Net customer growth for the year would have been higher had the company not sold 16 systems in Virginia as part of its previously announced pruning strategy," said DeBenedictis. "The sale of these systems to the County of Henrico, Virginia was the first transaction under this strategy. Although growth through acquisitions remains the key component of the company's growth strategy, voluntarily disposing of lower performing assets is also part of our strategy to add shareholder value."

In 2008 Aqua's customer count will be impacted by the City of Ft. Wayne, Indiana's condemnation of nearly 11,000 customers in what Aqua Indiana referred to as its "North System." DeBenedictis said, "On February 12, 2008 the City paid \$16.9 million to Aqua in accordance with the City's own valuation as part of the 'quick-take' proceeding. The parties are still involved in a legal proceeding to determine the final value for the system."

In addition to acquisitions, new revenues from rate increase awards also had a positive effect on results in 2007. Aqua Pennsylvania, the company's largest operating subsidiary in terms of customers and sales, experienced revenue growth of nearly \$23 million in 2007 compared to 2006. Increased revenues from successful rate proceedings in New Jersey, Illinois, Ohio, and Virginia were also significant contributors.

The company filed numerous rate applications that are currently in progress in 9 of its 13 states requesting collectively more than \$67 million in new, annualized revenues including significant cases in Pennsylvania, New Jersey, Indiana, Ohio, North Carolina and Florida. The corresponding state utility agency decisions for these cases are anticipated at various times throughout 2008.

In the first half of 2008, Aqua plans to file additional rate cases in Florida, Illinois, Maine, North Carolina, Ohio, Pennsylvania (wastewater) and Virginia totaling approximately \$16 million. DeBenedictis noted, "Already in 2008 we have been awarded a rate increase in North Carolina plus cases and surcharges in other states designed to increase annual operating revenues by more than \$3 million."

Aqua continued its major capital program in 2007 spending \$238 million on infrastructure improvements such as pipe replacement and utility

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This story was printed from **Seminole Chronicle**.

Site URL: <http://www.seminolechronicle.com>.

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## Utility seeks water rate hike

By Michelle Yoffee-Beard  
April 30, 2008

CHULUOTA - As the city of Oviedo is in the midst of trying to figure out how to buy a troubled Chuluota water utility, high placed officials revealed Tuesday that the utility is once again going before the Public Service Commission looking for a brand new rate increase.

"The reason we filed for rates is because they were needed," said Donna Alston of Aqua Utilities.

Now, not only are people in Chuluota paying three times as much as Oviedo residents for their water, they are paying for water that hadn't been meeting state or federal standards.

Chris Franklin, the regional president for the south for Aqua America, said that the company has just spent \$600,000 and the most recent water sample is now meeting standards.

But one quarter of the utility testing itself isn't good enough for some residents. They want to be able to control the destiny.

Chuluota resident and water activist Kelly Sullivan said she and Seminole County Commissioner Bob Dallari spoke with the president of Aqua Utilities Florida a few weeks ago to discuss options for getting the water utility under local control.

"In Florida, water is a scarce commodity," Sullivan said. "You need to have access to water to live. We want to bring it back to local control because we believe we would be the better stewards of the water. It's our health, it's our pocketbook.

"Residents are concerned about what it is going to do to our health. People use bottled water. People even give bottled to pets."

Dallari is frustrated by the recent development and said something needs to be done.

"It's one thing to be concerned about the price of the water but it's another to be concerned about the safety of the water. It's inexcusable," Dallari said.

That prompted him to consider working with the Chuluota community to create a municipal bond agency, or a taxing district, where Chuluota residents would tax themselves and then buy it.

"I'm looking into it," Dallari said. "I'm looking into any idea they've got. If somebody has an idea to help, believe me, I'll chase it down."

However, Oviedo Deputy Mayor Dominic Persampiere was surprised to hear Dallari was looking at alternatives.

"It would be nice if Commissioner Dallari had informed us of that, considering we sat down and worked out an agreement with him where the city of Oviedo would pursue it," Persampiere said. "I would be very, very disappointed if he were indeed working with another entity as would the citizens of Oviedo after [Dallari] approached us and we have expended city taxpayers' money to complete this purchase."

In February, Persampiere told his fellow council members he had been working with Dallari to purchase a utility in Chuluota. It was later revealed that the utility under discussion was Aqua Utilities.

Persampiere said that buying the utility would be a win-win for both Oviedo and the long-suffering Chuluota residents.

But now there is a lull in the negotiations and both Dallari and Persampiere said Aqua Utilities isn't returning phone calls to Oviedo representatives.

Franklin, though, said his company isn't in a place to negotiate.

"When we're being offered half of the rate base, which is what they offered us ...," Franklin said.

There's no word on the current value of the utility but in 2007, Dallari was working with Aqua officials, they were far apart on the value. Dallari thought it was worth about \$2 million while Aqua Utility valued it at \$8 million.

"As with any negotiation of this type, there are highs and lows and currently, we are in a little bit of a standstill on the value of the utility," Persampieresaid. "With any deal of this magnitude, that's to be expected. Both sides are in a due diligence state as we're working on trying to come to an agreement on price."

**Note:** Most newer browsers don't need a print-friendly version of this article. Just click **File**, then **Print** from your browser's menu at the previous page.

## **Aqua America Expands Florida Operations with \$1.6 Million Acquisition**

BRYN MAWR, Pa., May 05, 2008 (BUSINESS WIRE) -- Aqua America, Inc. (Aqua) announced today that its Florida subsidiaries have purchased a regulated wastewater and a local irrigation system valued at approximately \$1.6 million.

The newly acquired wastewater system, which will be operated as a regulated utility, serves approximately 3,000 residents in the Fountain Lakes development in Estero, Lee County, Florida. The company also purchased the community's independent irrigation system, which is supplied by on-site wells and ponds and is used by nearly 1,000 residents.

Aqua said it plans to invest approximately \$400,000 over the next several years in capital improvements to the system.

"This acquisition is a win-win for Florida: It shows Aqua's commitment to improving the operations of the systems we buy -- making them better for customers and the environment. It also complements our acquisition strategy, allowing us to further expand our customer base and gain economies of scale in the state's growth areas," said Aqua America Chairman and Chief Executive Officer Nicholas DeBenedictis.

Aqua already provides water and wastewater services to about 110,000 Florida residents.

In other recent developments, the company renewed a five-year contract to manage and operate a water system that serves nearly 22,000 residents in Horsham, Montgomery County, Pennsylvania. Aqua Ohio signed an 18-month agreement to operate the water system that serves the Atwood Lake resort and conference center in Carroll and Tuscarawas counties. Collectively, those contracts are expected to generate total revenues in excess of \$1.8 million.

Aqua America is a publicly traded water and wastewater utility holding company with operating subsidiaries serving approximately three million people in Pennsylvania, New York, Ohio, North Carolina, Illinois, Texas, Florida, New Jersey, Indiana, Virginia, Maine, Missouri and South Carolina. Aqua America is listed on both the New York and Philadelphia Stock Exchanges under the ticker symbol WTR.

This release contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995 that address, among other things, the projected investment in and improvements to the acquired systems, the expected timing and extent of improvements to systems, the company's strategy to acquire and improve systems and the estimated value of the operating contracts. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: the risk that the proposed improvements will not be made as projected or have the indicated costs for benefits; the costs related to the transaction; and other key factors that we have indicated could adversely affect our business and financial performance contained in our past and future filings and reports, including those filed with the Securities and Exchange Commission. Aqua America is not under any obligation--and expressly disclaims any such obligation--to update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

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SOURCE: Aqua America, Inc.

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## County OKs selling water to Lake Worth

By PAUL QUINLAN

Palm Beach Post Staff Writer

Tuesday, May 06, 2008

WEST PALM BEACH — Palm Beach County commissioners signed off this morning on a deal to allow the City of Lake Worth to buy millions of gallons of drinking water daily from the county.

Lake Worth Mayor Jeff Clemens said buying county water to supplement the city's own production would save city taxpayers an estimated \$12 million to \$14 million, the additional cost to the city had it chosen to expand its own utility.



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City residents should see little change in their water bills in coming years as a result, he said.

"This gives us a sure price on water for the next five to 10 years," Clemens said.

Under the agreement, the city will make a one-time payment of about \$6 million for at least 2 million gallons of daily capacity. The city may buy up to 6 million gallons daily.

Before water can begin to flow, the city and county must build \$5.6 million worth of connecting pipelines whose construction could take until at least 2009, Clemens said.

The county will chip in \$2.5 million for a portion of the pipe, which will also be used to serve other county utility customers.

Clemens also said any future increase in city residents' water bills will be slow, citing a provision that says the county may raise the rate it charges the city only after October 2010, and only based on 75 percent of the Consumer Price Index.

Lake Worth consumed about 7.9 million gallons of water per day prior to water restrictions, Clemens said. Under the restrictions, consumption has fallen to just less than 6 million.

The city had put more than \$15 million toward a new reverse-osmosis plant when the state denied permission to discharge the briny desalination leftovers into the ocean through an old pipeline.



The alternative - injecting the waste deep underground - added a projected \$7 million to the project, prompting city commissioners to take a second look at buying water from the county.

For weeks, city water plant workers picketed outside city hall, saying their jobs and the quality of local drinking water were at stake.

Five cities in Palm Beach County now purchase drinking water from the county utility, said its spokesman, Robert Nelton.

Lake Worth's is a 40-year deal, with an option to renew in successive five-year increments.

Lake Worth may cancel the agreement after 10 years with five years' notice. The city could then be eligible for a refund of capacity fees at the then-current rate, but only if the county has the ability to use or resell the reserved capacity.

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Check the box to include the list of links referenced in the article.

## **Aqua Utilities Florida Hires Regulator to Join Management Team**

Troy Rendell to Head Regulatory Team

LEESBURG, Fla. -- Aqua Utilities Florida, Inc. (Aqua) announced today that Troy Rendell will join the company as its chief liaison to the Florida Public Service Commission (PSC). Rendell comes to Aqua from the PSC where he spent more than 20 years, 14 of which he served as public utilities supervisor. Rendell's hire is the third made by the company from a state regulatory agency.

In his new position, Rendell will be the regulatory face of the company in Tallahassee on PSC related matters and will manage all regulatory filings associated with the company's growth and rates structure. Rendell's primary responsibility is to provide the PSC with the proper and timely information they need to regulate Aqua's operations in Florida.

"Troy's financial background combined with his 20 years of regulatory experience will bring our regulatory effort to a new level in Florida," said Christopher Franklin, president of Aqua's southern operations. "I have great confidence in Troy's ability to represent Aqua in Tallahassee."

Aqua's announcement follows the hiring, in 2007, of two former Florida Department of Environmental Protection regulators. Patrick Farris joined the company as manager of environmental compliance and Tricia Williams was hired as manager, engineering. The hiring of these former regulators underscores the company's commitment to make regulatory and environmental compliance its top priority.

Aqua has owned and operated water and wastewater utilities in Florida since 2003 when its parent company purchased the investor-owned water and wastewater systems previously owned by Aqua Source. The company expanded its operations in 2004 when it purchased additional water and wastewater systems from Florida Water Services Corporation. Aqua currently serves approximately 117,000 residents in Florida.

"We have spent the second half of 2007 building a strong leadership team and improving environmental compliance and operations throughout the many small water and wastewater systems we've purchased," explained Franklin. "Additionally, we've invested more than \$30 million in capital improvements for things like pipes, plants and associated assets across the state since 2003. While there remains much to be done, our capital investment along with an experienced management team better positions us to resolve many of the issues we face in Florida," said Franklin.

Aqua Utilities Florida, Inc. is a subsidiary of Aqua America, Inc., one of the nation's largest U.S.-based publicly traded water and wastewater utility holding companies. Based in Leesburg, Lake County, Aqua Utilities Florida serves nearly 117,000 residents across the state. The company operates more than 100 water and wastewater systems in 19 counties, including highly populated areas of Brevard, Desoto, Citrus, Lake, Orange, Pasco, Putnam, Palm Beach, Sarasota and Volusia counties.

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Rec'd March  
2008

**NOTICE TO CUSTOMERS OF LAKE OSBORNE  
IN PALM BEACH COUNTY, FLORIDA**

Pursuant to Section 367.081 (4) (a), Florida Statutes, water and wastewater utilities are permitted to adjust the rates and charges to its customers without those customers bearing the additional expense of a public hearing. These adjustments in rates would depend on increases or decreases in noncontrollable expenses subject to inflationary pressures such as chemicals, and other general operation and maintenance costs.

On February 15, 2008, Aqua Utilities Florida, Inc., filed its Notice of Intention with the Florida Public Service Commission to increase water and wastewater rates pursuant to this Statute. The filing is subject to review by the Commission Staff for accuracy and completeness. Water rates for the Lake Osborne system will increase by approximately 1.66%. These rates should be reflected on your bill for service rendered on and after April 15, 2008.

If you should have any questions, you may call the utility at 1-800-250-7532. Be sure to have your account number handy for quick reference.

**AQUA UTILITIES FLORIDA, INC.**



Tuesday, July 01, 2008

## **Aqua Utilities seeks hike rates**

**Kevin J. Shutt**

Staff writer

Tuesday, July 01, 2008

SEBRING - On a scale of one to 10, Aqua Utilities customer Roy Carr could only give the water company a perfect score on a single question.

Carr won't even drink the water that flows from his taps, and now Aqua Utilities wants to nearly double his rate.

"The only time I hear from Aqua Source is when they say, 'Don't drink the water,' or, 'Here's your bill,'" Carr said.

When the tele-surveyor called a few weeks ago, the only "10" Carr awarded during the 20-question session was for his monthly bill's timeliness in arriving.

During a public hearing at 6 p.m. July 7 at the Government Center, Carr and other Aqua Utilities customers (sprinkled throughout 16 other Florida counties) will have an opportunity to question the company and petition the Florida Public Service Commission.

Carr said it's not the first time the rates were raised.

Up until about a year ago, water bills were exceeding \$100 per month. The Carrs managed a \$300 bill once in 2003.

"The water rates really got out of hand," he said. "They said they were going to give us a refund. What they did was give us a credit."

Recent bills in May and June have hovered around \$17-18, but that includes the credit pay down.

A letter from Aqua Source informing its customers about the public hear indicates the company is seeking to increase monthly rates to about \$40.92 per month.

That rate would include the first 5,000 gallons.

"My wife and I only use 3,000 gallons a month," he said, explaining the couldn't come close to 5,000 unless they pressure washed their home, which, coincidentally, the wife has been pressuring him to do.

The main reason they don't use more water, Carr explained, is that it's foul.

"One day it smells like dirty laundry, another day it smells like fish," Carr said.

They don't dare use their water for cooking or drinking, he said.

About the same time the hearing notice arrived, Aqua Utilities sent a letter informing customers that it had failed to collect lead and copper samples. The "health affects of this violation are unknown," it stated.

**Rates could be higher in Highlands**

"With everything else the way it is today, this is like adding one more insult," Carr said.

Chris Franklin, Aqua Utilities' Florida region president said the rate increase request proposes a shift to single-tariff pricing.

He said gas and electric utilities have enjoyed single-tariff pricing for years, charging customers the same unit price in one area as another.

Franklin will be at the July hearing to better explain what is on the table.

The Carrs can rest assured they won't have to pay for what they don't use.

The \$40.92 monthly rate is to illustrate what an average Highlands customer would pay if the rate increase were approved.

That's based on a \$21.92 base facility charge to cover fixed costs.

On top of that, Aqua customers would pay \$3.80 per 1,000 gallons.

The Carrs' bill would be closer to \$33.32.

"They're not going to have to pay for 5,000 gallons," Franklin said.

Aqua purchased the water systems in Florida in 2003 and 2004 and invested \$30 million in capital improvements.

Aqua last raised rates 10 years ago, he said.

"We've built a new plant at Lake Josephine," Franklin said. "We've spent a lot of money to improve the systems we've bought."

If the Public Service Commission approves the rate request, Franklin said capital improvement expenses throughout the company's Florida region would be shared equally among its customers.

## **Related Links**

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Rec'd July 21, 2008

**Before the Florida Public Service Commission  
Notice of Commission Customer Service Hearings**

**Docket No. 080121-WS**

**Application for increase in water and wastewater rates in Alachua, Brevard, DeSoto, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia and Washington counties, Florida by Aqua Utilities Florida, Inc. (Utility)**

Date Issued: July 8, 2008

Notice is hereby given that the Florida Public Service Commission will hold customer service hearings in the above-referenced docket to consider the Utility's application for an increase in water and wastewater rates in Alachua, Brevard, DeSoto, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia and Washington counties, Florida. The purpose of the customer service hearings is to allow customers the opportunity to comment on the Utility's proposed final rates or service. CUSTOMERS WHO WISH TO PRESENT TESTIMONY ARE URGED TO APPEAR PROMPTLY AT EACH SCHEDULED HEARING TIME BECAUSE THE SERVICE HEARING MAY BE ADJOURNED EARLY IF NO WITNESSES ARE PRESENT TO TESTIFY. The nearest customer service hearing to you will be conducted at the following times and places, and will continue until all witnesses have been heard:

Date and Time: August 7, 2008 at 6:00 p.m.

Place: Greenacres City Hall  
City Commission Chambers  
5800 Melaleuca Lane  
Greenacres, FL

PURPOSE AND PROCEDURE

At the hearing, customers will be given an opportunity to present testimony and other evidence concerning the Utility's proposed rates, quality of service, and any and all issues in the case relating to the proposed changes in rates and charges. AGAIN, CUSTOMERS WHO WISH TO PRESENT TESTIMONY ARE URGED TO APPEAR PROMPTLY AT EACH SCHEDULED HEARING TIME BECAUSE THE SERVICE HEARING MAY BE ADJOURNED EARLY IF NO WITNESSES ARE PRESENT TO TESTIFY. All witnesses shall be subject to cross-examination at the conclusion of their testimony.

On May 22, 2008, the Utility filed its petition for a rate increase with the Commission. Currently, the Commission is reviewing the application to determine if the minimum filing requirements have been met. Thus an official date of filing has not been established. Once the official date of filing is established, an Initial Customer Notice will be sent pursuant to Rule 25-22.0407, Florida Administrative Code, outlining the Utility's request.

Any person requiring some accommodation at this hearing because of a physical impairment should call the Commission's Division of Regulatory Compliance and Consumer Assistance at 1-800-342-3552 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired, please contact the Florida Public Service Commission using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD).

Copies of the petition and minimum filing requirements are available for inspection during normal office hours at the Utility's office and the Palm Beach County Library as follows:

Aqua Utilities Florida, Inc.  
1100 Thomas Avenue  
Leesburg, Florida 34748  
Business Hours: 8:00 a.m. - 5:00 p.m. Monday-Friday  
Phone: 352.435.4027

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

## Aqua America Reports First Quarter Earnings

BRYN MAWR, Pa., May 06, 2008 (BUSINESS WIRE) -- Aqua America, Inc. (NYSE:WTR) today reported results for the quarter ending March 31, 2008. Revenues for the quarter rose to \$139.3 million from \$137.3 million in the first quarter of 2007. Net income in the first quarter was \$14.3 million versus \$16.9 million in the first quarter of 2007. Diluted earnings per share in the first quarter were \$0.11 versus \$0.13 in the same period of 2007 on approximately 1 percent more shares outstanding.

Revenues rose 1.4 percent for the quarter compared to the same quarter of 2007. Revenues were positively affected by infrastructure surcharges in Pennsylvania and Illinois, rate increases for two divisions in North Carolina and Ohio, and acquisitions since the first quarter of 2007, primarily in New York, Illinois and Texas. However, quarterly revenue growth was adversely affected by the slowing economy, which caused decreases in customer usage, a slowing in customer growth (the soft housing market led to a decrease in new connections), and regulatory lag. The loss of customers and revenues associated with the condemnation of a portion of our Fort Wayne, Indiana franchise on February 12, 2008 also hurt comparisons. Aqua America Chairman and CEO Nicholas DeBenedictis said, "Of course, the significant issue affecting revenue growth is the regulatory lag we are currently experiencing. We have numerous rate cases already underway and more planned for filing."

"We would anticipate improved revenue growth as rate relief is awarded, coupled with a turnaround in the economy and increased customer growth," added DeBenedictis. The company has 17 rate increase requests pending totaling approximately \$65 million in annualized revenues. The extent to which these rate increase requests will be granted by the applicable regulatory agencies will vary. Thus far in 2008 the company has received rate increase awards, infrastructure surcharges and various price indexes designed to increase annual revenues by approximately \$5 million. The company's Florida and North Carolina subsidiaries are expected to file rate cases in the second quarter, which are intended to recover the major capital investments made in those states since Aqua acquired the systems.

As previously announced, during the quarter the company transferred the northern portion of its Fort Wayne, Indiana operations (11,000 customers) to the City of Fort Wayne in connection with the City's condemnation of the system, which affects customer growth comparisons. However, in and around the same area, the company still serves approximately 22,000 customers, which were not subject to the condemnation. The company received an initial payment of \$16.9 million from the City in connection with the condemnation and the company has challenged the City's valuation through an ongoing legal proceeding.

"Although the Fort Wayne condemnation will have a slight effect on our revenues throughout the year, the transition of customers - which has been smooth - has not hurt our other ongoing operations in Indiana," said DeBenedictis. A rate case is proceeding in Indiana regarding our remaining operations and we anticipate a decision later this year.

Operations and maintenance expenses for the quarter rose 6.6 percent relative to the same quarter of 2007. DeBenedictis added, "Less than half of the increase in operations and maintenance expenses resulted from ongoing operating expenses where we were heavily impacted by the sharp increase in fuel costs and an increase in our reserve for bad debt. Bad debt has increased to approximately 1 percent of revenues due to general economic conditions and a delay in collection activity from our implementation of a new customer information system. Now that the customer information system is up and running, collection activities have been accelerated." An equal amount of the increase (compared to the same quarter of 2007) was due to new expenses associated with last year's acquisitions and non-cash adjustments due to regulatory proceedings.

"Depreciation expense rose 6.7 percent and interest expense rose 3.5 percent (chiefly due to increased borrowings) in response to the company's significant capital investment to improve its infrastructure facilities," said DeBenedictis. In the first quarter Aqua invested \$56.5 million on infrastructure improvements such as pipe replacement and utility plant rehabilitation. In 2008, Aqua plans to spend more than \$260 million on its capital investment program for which it intends to seek recovery through surcharges or timely rate increases.

I am pleased with the positive effects of our capital investment program, which has been directed

toward environmental compliance enhancements at our treatment facilities and infrastructure improvements. Further, we have managed to maintain our approximately one-quarter-billion-dollars-per-year capital investment program while lowering our imbedded average cost of debt and maintaining our targeted capital structure," said DeBenedictis.

The company continues to seek low interest rate financing and as a result, the average interest rate on its fixed rate long-term debt declined from 5.65 percent at March 31, 2007 to 5.60 percent at March 31, 2008. DeBenedictis added, "Despite the publicized 'credit crunch', our financial strength and track record have enabled us to have good access to the debt market without having to pay higher borrowing rates."

"Managing expenses remains a top priority, and our cash generation will continue to grow in 2008 with the help of additional deferred taxes associated with the Economic Stimulus Act of 2008. Our increasing internally generated cash will help support our capital program and shareholder dividends this year and equally important, reduce the need for new equity," said DeBenedictis.

On May 1, 2008, the board declared a quarterly cash dividend of \$0.125 per share to shareholders of record on May 16, 2008. This dividend payable on June 1, 2008 represents a 9 percent increase over the June 2007 dividend. Aqua has increased its dividend rate 17 times in the last 16 years, and the company has paid a consecutive dividend for more than 60 years.

"In spite of the uncertain economic times, I am confident that our company is financially sound and that our business strategy is intact. We continue to generate more cash and have no major unplanned capital needs that would prevent us from requesting timely rate relief, which should lessen future regulatory lag," said DeBenedictis.

Aqua's conference call with financial analysts will take place on Tuesday, May 6, 2008 at 11:00 a.m. Eastern Time. The call will be web cast live so that interested parties may listen over the Internet by logging on to [www.aquaamerica.com](http://www.aquaamerica.com). The conference call will be archived in the investor relations section of the company's Web site for 90 days following the call. Additionally, the call will be recorded and made available for replay at 3:00 p.m. on May 6, 2008 for 10 business days following the call. To access the audio replay in the U.S., dial 888.203.1112 (pass code 5124898). For international callers, dial 719.457.0820 (pass code 5124898).

Aqua America, Inc. is a publicly traded water and wastewater utility holding company with operating subsidiaries serving approximately three million people in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, New York, Indiana, Florida, Virginia, Maine, Missouri and South Carolina. Aqua America is listed on the New York and Philadelphia Stock Exchanges under the ticker symbol WTR.

This release contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, projected revenue growth, our challenge to the City's valuation of the portion of our Ft. Wayne system, the effect of the condemnation of this system, our plans for capital investment, the effects of our capital investments, the anticipated revenue from completed and planned rate cases, the filing of additional rate requests to recover capital expenditures, increased collection activities, our plans to seek low interest rate financing, our access to debt markets, our expense management, our growth in cash generation, the effects of internally generated cash, our financial condition and continuation of our business strategy. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions; housing and customer growth trends; unfavorable weather conditions; the success of certain cost containment initiatives; the extent to which rate increase requests are granted and the timing of rate awards; changes in regulations or regulatory treatment; availability and the cost of capital; the success of growth initiatives; and other factors discussed in our Annual Report on Form 10-K which is on file with the SEC. We undertake no obligation to publicly update or revise any forward-looking statement.

WTRF

The following table shows selected operating data for the quarters ended March 31, 2008 and 2007 (in thousands, except per share data) for Aqua America, Inc.



## Tap into water utility stocks

Posted Jun 18th 2008 2:03PM by Steven Halpern

Filed under: Newsletters. Commodities. Agriculture. Stocks to Buy, Green Stocks

"Wealth building is about buying quality on the cheap; and you're not going to find the best water industry stocks at better prices than they sell for now," says utility sector specialist Roger Conrad.

In his *The Utility Forecaster*, the advisor reviews the three water stocks that earn a place among the core holdings in his growth portfolio: Aqua America (NYSE: WTR), Consolidated Water (NASDAQ: CWCO) and Southwest Water (NASDAQ: SWWC).

"All three of these water stocks posted disappointing first quarter earnings for very different reasons. However, all remain tapped into long-run, wealth-building opportunities.

"Aqua's first quarter results were by no means a disaster. But they lagged both last year's total and Wall Street estimates.

"Management blamed the slowing economy's impact on housing starts in what had been fast-growing systems, rising bad debt, lower commercial sales, delays in fully digesting acquisitions in the South and longer-than-expected timetables needed to win rate increases.

"But Aqua has reached an important milestone this year: the scale to make meaningful acquisitions of larger systems, which will eventually take growth to new heights. And all of the above challenges are temporary in nature.

"The company has \$65 million in pending rate increases, including a \$42 million effort in its home state of Pennsylvania, slated for completion in August. An extensive system upgrade is largely finished, meaning costs will decline.

"In short, the long-term picture is still intact at Aqua. It may still be some months before earnings turn up enough to bring back the buyers, but the risks aren't high.

"Southwest Water has also grown rapidly over the past two decades by acquiring small water utilities. And it's tapped into the water management business as well, inking contracts to run systems of municipalities that politically wanted to keep control of their water.

"Rapid five-year compound annual growth of assets (14%), revenue (12%) and operating income (14%) came at the price of diminished profitability.

"Now under new CEO Mark Swatek, the company is pruning underperforming assets, lowering the cost structure and boosting financial strength to return to high-growth mode. It's also attained scale to make more targeted acquisitions, such as the \$23.3 million purchase of an Alabama wastewater system earlier this year.

"First quarter earnings were a step in the right direction, as both the utility and services business posted solid results. A loss because of restructuring costs shows there's still a ways to go. But again, risks are also low.

"Shares of sea-to-freshwater producer Consolidated Water have been all over the map during the past 12 months. Investors hyper-bullish on its technology and unique position serving parched Caribbean islands shifted to hyper-bearish on the threat of impairment of its investment in the British Virgin Islands (BVI).

"Uncertainty surrounding the BVI dispute continues to drag on the shares. Fortunately, it's increasingly insignificant to Consolidated's assets and earnings, as the company brings new projects online.

"Weak first quarter earnings-mainly because of a loss taken for BVI-have knocked the premium out of the stock, but most of the risk has been eliminated as well."

# Lake Worth to purchase drinking water from Palm Beach County

By BLANCHE HARDY, PG

**F**lorida's third largest water supplier, Palm Beach County, recently negotiated an inter-local agreement with the city of Lake Worth to provide the city with a minimum of two and up to six million gallons a day of potable water.

Lake Worth will initially receive 2 mgd at a rate of \$2.99 a gallon, or roughly \$6 million.

According to city staff, Lake Worth residents should see little change in their monthly water bill. The city and county agreed upon a fixed commodity rate that provides stable

price for water supplied until 2010.

The city may exercise an option to purchase additional capacity in 100,000 gallon increments at the agreed upon initial rate for the first five years of the agreement. Exercising this option will allow them to reserve capacity for future growth.

Lake Worth officials see the 40-year agreement as a cost savings of between \$12M and \$14M, the cost of expanding the city's existing utility, for local residents.

**PBC**

Continued on Page 15

**PBC**

From Page 13

Lake Worth had to cut its existing groundwater production rate by approximately 1.5 mgd to protect the aquifer from saltwater intrusion threatening their coastal wells.

Plans for a reverse osmosis plant also hit a snag when proposed ocean-based discharge of desalination produced brine met with environmental protest and regulatory disapproval.

Subsequent plans for deep well injection of the brine added sufficient cost to the proposed RO project and prompted city officials to look at county-supplied bulk water as an alternative solution.

The county anticipates potential revenues of \$228M over the term of the contract if the city purchases the full anticipated 6 mgd in the first five years and in each year thereafter of the contract.

In addition to long term revenues, the county wishes to receive a transfer of water withdrawal rights from the city for 1.6 mgd of potable water production not renewed by the South Florida Water Management District during their consideration of the city's 2006 Consumptive Use Permit.

The inter-local agreement requires Lake Worth to make its "best efforts" to assist the county in receiving a transfer of the non-

renewed water withdrawal rights, which the city no longer requires as a result of the agreement.

In addition to the water supply fees, Lake Worth will reimburse Palm Beach County approximately \$2.2M for the construction of a 24" pipeline along Lantana Road from Military Trail to Congress Ave. to facilitate distribution of the initially agreed upon flows.

Should the city exercise the option to purchase additional water, a second pipeline will be constructed from Jog Road to Military Trail. The estimated cost of the second pipeline is \$3.4M. The county will assume \$2.5M of the cost of the second pipeline.

Both the city and county will use the second pipeline to serve their respective customers. The city will also incur additional expense for the construction and maintenance of a bulk water storage facility to accept delivery of the purchased water during off-peak hours.

The agreement between Lake Worth and Palm Beach County is consistent with SFWMD's recommendation that water suppliers take a regional approach to addressing water shortages.

District estimates indicate an additional 100 mgd may be needed to address shortages within Palm Beach and Broward counties alone.

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## Aqua Utilities Florida wants to raise rates

Eloisa Ruano Gonzalez

Sentinel Staff Writer

July 9, 2008

Aqua Utilities Florida, which withdrew a request for a massive rate increase last year after Chuluota residents challenged it, faced angry customers in Polk County on Tuesday after proposing another increase.

About 30 residents attended Tuesday's Public Service Commission hearing -- one of 10 required before commissioners can make a decision. A dozen residents publicly complained, said spokesman Todd Brown. The PSC hopes to make a decision by early next year.

Aqua has 47,000 customers statewide, including more than 6,000 in Lake, Orange, Polk, Seminole and Volusia counties. Aqua filed the request for an increase in water and sewer rates in May, although consumer advocates strongly opposed a similar proposal last year.

Aqua customer Charles Bass, 76, who owns a second home in Lakes Wales, is against the increase. "They're asking for too much," Bass said. "They haven't improved the quality."



Why the increase?

To cover its increasing operational costs, Christopher Franklin, Aqua regional president, said the company needs to raise rates, something customers haven't seen in at least a decade.

"We spent a lot of money when we bought the company [in 2003 and 2004] just to meet environmental and water-quality standards," he said.

New vs. old request

The company withdrew its request for a nearly \$7 million total increase last year, fearing the state would turn it down because it was based on projected numbers. This year's petition, which seeks an \$8.3 million increase, is based on actual figures, Franklin said.

How will it affect your bill?

Currently, a family that uses 5,000 gallons of water a month will pay \$16.44, Franklin said. Under the proposed rate, they would pay \$40.92, more than double the cost.



July 22, 2008  
9:18:12 AM

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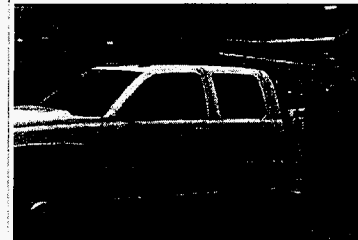
**Neighbors Fight Near-\$1000 Water Bills**

Tuesday, July 15, 2008 12:21:24 AM

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**CHULUOTA** -- It almost seems unbelievable -- a water bill that's more than a car payment.

Shannon Armstrong, a customer of Aqua Utilities, said her monthly water bill runs \$200 to \$400 on average.



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Video

Water War

Armstrong told News 13 her latest utility bill was over \$500, which is why she and other residents in the Chuluota community are petitioning the Public Service Commission to stop Aqua Utility from almost doubling their current water and sewage rate.

Armstrong said in hard economic times, residents have to take drastic measures.

"We are going to be petitioning the Seminole County commissioners to investigate what it would take to create a special district to be able to buy the Aqua Utility Service to Tuchilio, and work with Seminole County," Armstrong said.

It may sound like a bold move, but residents in the community have experience on their side. In 2007, they stopped an attempted rate increase by Aqua Utility, and are hoping for a similar outcome this time.

There is also a petition to the Public Service Commission about the quality of water. Armstrong said some residents have actually gotten sick.

News 13 has made several attempts to contact Aqua Utilities, but got no response.

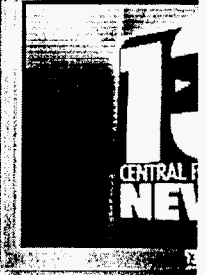
An informational meeting on the proposed water rate hike was held Monday evening by the group "Friends of Locally Owned Water."

The Public Service Commission's public hearing is scheduled for Thursday at 10 a.m. and 6 p.m. at the Canterbury Retreat, on Alafaya Trail.

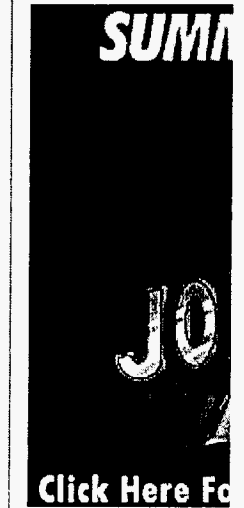
The commission has postponed the rate increase until after the public hearing.

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## Residents grumble about Aqua Utilities' proposed rate increase

Martin E. Comas

Sentinel Staff Writer

July 22, 2008

TAVARES

With the rising costs of gas and food, Madalyn Martin finds it hard to understand how Aqua Utilities Florida can propose raising its water rates.

"At a time when everything else is going up, some people are not going to be able to make it," said Martin, whose son lives in her home in Skycrest mobile-home park, which gets its water from Aqua Utilities. "This could be the straw that breaks the camel's back."

The higher costs for potable water would mean residents may "just have to go dirty," Martin said.

Aqua, which provides water and sewer services to 47,000 customers statewide, including more than 3,500 in Lake, Orange and Sumter counties, is asking the state's Public Service Commission to raise its rates to a uniform level.

The new uniform rate -- \$40.92 for the first 5,000 gallons of water used each month -- would almost triple what residents are now charged in some Lake neighborhoods.

It would raise \$8.3 million from Aqua's water and wastewater systems.

The PSC hopes to decide on the rate increase by early next year.

Gretchen Tower, an Aqua spokeswoman, said the rate increase is necessary to pay for \$30 million in improvements -- including adding new water mains, pipes and water-treatment facilities -- that the Pennsylvania-based company has made in Florida since 2004.

"This is the situation that we're in: We understand that no one wants higher bills. But this is a necessity for us," she said. "We're paying higher bills for everything, too."

During a PSC hearing in Mount Dora last week, Aqua regional president Christopher Franklin said many of the current rates are "10 and 15 years old" and a rate increase is "overdue."

But Martin says the jump is too high and too sudden.

The Skycrest development in Fruitland Park, according to Martin, is filled with elderly residents, many of whom are disabled.

"Financially, it would be devastating to these people," she said. Her son would see his monthly bill jump by more than



\$24.

Last year, Aqua withdrew a request for a nearly \$7 million rate increase. Strong opposition from residents, combined with questionable data to support the rate hike, doomed the request before the PSC's final hearing in January.

Regarding the current proposal, John Barzyk, who lives in the Scottish Highlands neighborhood in Leesburg, would see his bill jump by 182 percent.

"I'm not opposed to a company trying to make money for itself and its stockholders, but I find this to be ridiculous and an embarrassment," he said. "I can't help but wonder what kind of mind-set they have."

*Martin E. Comas can be reached at [mcomas@orlandosentinel.com](mailto:mcomas@orlandosentinel.com) or 352-742-5927.*

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## Officials, residents speak up against Aqua Utilities

By Nikki Walters

July 23, 2008

CHULUOTA - Aqua Utilities southern regional president Chris Franklin sat stoically in front of the Public Service Commission last Thursday as he listened to city, county and state officials, and several Chuluota residents justify their disapproval of Aqua's proposed water rate increase.

During the hearing, the PSC was looking for three things: Aqua Utilities' interaction with customers, its quality of service, and any thoughts on the proposed increase, said PSC Chairman Matthew M. Carter.

One of the first people to speak on behalf of Chuluota residents was State Representative Sandy Adams. After hearing numerous complaints regarding exorbitant water gallon usage and an unresponsive customer service team, Adams decided to step in.

She recalled one resident who was charged more than 400 times the amount of water she actually used and how it took three months for the issue to be resolved.

Robert Murray also attested to the inaccurate readings of Aqua Utilities.

"I'm a new customer to Aqua Utilities," Murray said. "I just received my bill two weeks ago and it was for more than \$1,000. My wife contacted the utility and they said they would check into it and get back to her."

Unlike many other Aqua customers, Murray's wife was called back, yet they told her that after re-reading the meter they found it to be correct. The Murrays had used 224,000 gallons of water.

"So yesterday I went out and read the meter myself," Murray said. "I have experience in utilities, it's not a hard thing to do. What I observed was they had transposed an extra zero onto the reading from day one. But they told my wife that we had a water leak and needed to call a plumber. We asked to have a supervisor return our call and that was about six days ago."

Murray never heard from a supervisor.

Seminole County Commissioner Bob Dallari also addressed the PSC to let them know that neither the quality of water, nor Aqua's customer service has improved.

"I've called them myself several times and I stopped calling because I don't even get return phone calls," Dallari said. "If I can't get return phone calls, how are the citizens going to get return phone calls?"

The second strike against Aqua Utilities is the poor water quality. Not only are Chuluota residents paying several hundred dollars or more each month for water, but they're paying for black water, which is water

containing animal, human or food waste.

Marlene Hass, another Chuluota resident, brought in a water sample from her home's tap to show the PSC what is supposed to be her life's sustenance.

"You turn the faucet on and the first thing that comes out is what it would look like if you took a salt and pepper shaker, or Mrs. Dash, and poured it all over the basin of the sink," Hass said. "All this crap comes out of here constantly."

And with the cheers of approval from fellow residents behind her, Hass listed a few of the added costs and sacrifices she has to take due to having substandard water: bottled water for everything from teeth-brushing to meal preparations, laundry additives that keep the water's foul odor from sticking to the clothes, purchasing more than her fair share of faucet replacements due to corroding and disintegration, and even tossing out light colored clothes that have become so dingy from washing with dirty water.

Franklin attempted to justify Aqua's request for a rate increase by pointing out that the company has been losing money since they acquired the utility in 2003, and in order to get a good return of investment, rates need to increase. He ensured the PSC that although Chuluota's water quality is an ongoing and difficult problem, they haven't stopped trying to solve the problem.

He also said that a new metering system was being put in place, and would take some time to work out the kinks.

Commenting on Franklin's justification for wanting a rate increase, Dallari said, "Well, it's just like everyone of us that invests in our 401K. Sometimes you don't always get that great of a return, especially in today's market. They knew what they were buying when they bought it because they had the experts to research it."

Offers have been extended by the city of Oviedo to purchase the utility. Oviedo Mayor Mary Lou Andrews stood up to extend another offer to try negotiations again for the city to buy the utility.

Andrews acknowledged that previous negotiations "never proved to be fruitful whatsoever, and if Aqua Utilities wanted to negotiate successfully with the city, there may be something we can provide."

At the end of the day, Chuluota residents and the public officials had given the PSC plenty to think about before they decide whether Aqua Utilities will get its rate increase or not. But the final decision is still a ways off. A technical hearing is set for Dec. 8 through 11 and the final decision is set to be made Feb. 11, 2009.

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Office of the  
**Attorney General of Florida**  
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**Attorney General Bill McCollum News Release**

July 25, 2008

en Español

Media Contact: Sandi Copes

Phone: (850) 245-0150

**Attorney General Intervenes Before Public Service Commission to Block Revenue Increase for Water Company**

*~ Customers have testified that the water is causing serious medical conditions ~*

TALLAHASSEE, FL - Attorney General Bill McCollum today moved to intervene before the Public Service Commission (PSC) and will ask the PSC to deny a revenue increase requested by Aqua Florida. Depending on the system, the increase could be as high as 355 percent for water and 320 percent for wastewater service. Customers have complained that the increase is unconscionable not only because of the sharp increase, but also because of the poor quality of water being provided by the company.

"Companies should spend more time serving their customers and less time trying to turn an undeserved profit," said Attorney General McCollum. "These allegations are deeply troubling and I would want to see the water quality addressed before any increase is granted."

In June of last year, Aqua Florida petitioned for an 80 percent increase in water revenues and a 105 percent increase in wastewater revenues. The company subsequently agreed to withdraw its petition, make refunds to customers and improve customer service and water quality. However, testimony taken by the PSC in response to Aqua's recent request has revealed allegations that numerous customers are still being overcharged, customer service is substandard and the water quality remains poor.

"I have been fighting for quality water at reasonable rates for the people of my community, and I appreciate the intervention of Attorney General McCollum on their behalf," said Representative Sandy Adams, whose district encompasses the area serviced by Aqua Florida. "This situation illustrates how important it is to protect our citizens."

Of significant concern was the testimony regarding the community's health problems, which reportedly ranged from a number of miscarriages to birth defects and also included thyroid problems, skin diseases, and gastrointestinal ailments. Several residents testified their medical conditions seemed to improve when they quit drinking tap water and started using bottled water. Some parents also testified that their children's pediatricians had warned them not to let their children drink or even bathe in the water. Numerous persons also testified about losing family pets which died of excessive liver toxins and cancer. Tests conducted by the Department of Environmental Protection have also shown the water has extremely high levels of total trihalomethane, which is a by-product of chlorinated water and is considered by some to have seriously adverse health effects. Bacteria has also been reported in the water.

The PSC will consider Aqua's request for interim rate increase at its agenda conference on Tuesday, July 29. The Attorney General joins the Office of Public Counsel in opposing these rate increases while the water quality for these customers remains so poor and many customers continue to be overbilled.

The Attorney General's Office has a sample of water provided by an Aqua customer, who claimed that the water was collected, unfiltered. Reporters may contact the Attorney General's Communications Office if they wish to see -- and smell -- the sample. A photograph of the water, again allegedly collected, unfiltered, by an Aqua customer, is available online at: [http://myfloridalegal.com/webfiles.nsf/WF/JFAO-7GUT4K/\\$file/Aquawater.jpg](http://myfloridalegal.com/webfiles.nsf/WF/JFAO-7GUT4K/$file/Aquawater.jpg)

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## McCullum steps in as Aqua seeks major utility-rate increases

Sandra Pedicini

Sentinel Staff Writer

July 26, 2008

Attorney General Bill McCollum moved Friday to intervene in the request of Aqua Utilities Florida for a rate increase, in hopes the Public Service Commission will reject it.

McCollum's intervention means that officials from his office can cross-examine witnesses and otherwise participate in the case, PSC officials said. The Attorney General's Office often intervenes in major rate cases.

"Aqua is obviously a big case because of the sheer volume of the systems that they have," PSC spokeswoman Bev DeMello said.

Aqua has 47,000 customers statewide, including more than 6,000 in Lake, Orange, Polk, Seminole and Volusia counties.

The company is asking for substantial increases -- as high as 355 percent for water and 320 percent for wastewater service, depending on the system.

The PSC is set to consider an interim rate increase Tuesday. A decision on a more permanent rate is expected next year.

Aqua filed the request in May -- less than a year after withdrawing a similar request and agreeing to improve customer service and water quality. Last year the Attorney General's Office also argued that the request should be rejected.

A statement by McCollum's office Friday said, "Customer service is substandard and the water quality remains poor." It noted testimony regarding health problems that for some people seemed to improve when they quit drinking tap water and began using bottled. Most of those complaints stemmed from the Chuluota area in Seminole County, officials with McCollum's office said.

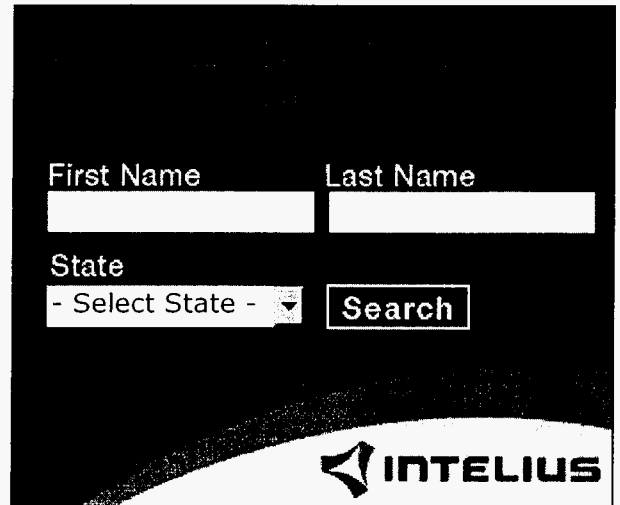
"There is something seriously wrong with the water being supplied," Chuluota resident Kelly Sullivan said.

Aqua has talked with the city of Oviedo about the possibility of having the city take over its Chuluota water system. On Friday, Christopher Franklin, Aqua America Inc. regional president, sent a letter to Oviedo Mayor Mary Lou Andrews suggesting an alternative: piping city water to Chuluota.

Tests of Chuluota water also have shown high levels of trihalomethanes, a class of chemicals linked, in some studies, to lower birth weights, stillbirths and some forms of cancer. They are a byproduct of chlorine used to treat the water.

Franklin said there is no proven link between water quality and health problems in Chuluota. He described the Chuluota water-quality issue as an isolated one that existed before his company took over that system in 2004. Officials shouldn't let it overshadow Aqua's need for a rate increase at its systems across the state, he said, which is necessary to keep up with escalating costs.

Aqua has been trying a new disinfecting system to deal with the trihalomethane problem. Department of Environmental



The image shows a search interface for Intelius. It features a dark background with white text and input fields. At the top, there are two input fields labeled "First Name" and "Last Name". Below these is a "State" dropdown menu with the text "- Select State -" and a "Search" button. At the bottom right, the Intelius logo is visible, consisting of a stylized 'I' icon followed by the word "INTELIUS" in a bold, sans-serif font.

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## Aqua Utilities to withdraw request for interim rate increase in Chuluota

Eloisa Ruano Gonzalez

Sentinel Staff Writer

July 29, 2008

Chuluota residents won a small victory Monday in their ongoing battle with Aqua Utilities Florida over the cost and quality of their water.

Aqua is asking the state Public Service Commission to withdraw its 1,500 Chuluota customers from a request for an interim rate increase, scheduled to go in front of the commission today.

Aqua is dealing with complaints of poor water quality in the rural Seminole County community. The company also has been talking with Oviedo about the possibility of providing Chuluota with city water.

"We're pursuing other options in Chuluota," said Aqua spokeswoman Gretchen Toner. "It [increased interim rates] might result in confusion."

Aqua's requested increase would raise water rates by as much as 355 percent and wastewater by 320 percent, depending on the system involved. The company has 47,000 customers statewide, including more than 6,000 in Lake, Orange, Polk, Seminole and Volusia counties.

If the Public Service Commission decides to remove Chuluota, Toner said it doesn't mean residents will be immune from a permanent rate increase. A decision on that is expected early next year.

The rate-increase request came less than a year after Aqua withdrew a similar request that sparked anger and criticism from Chuluota customers.

Rep. Sandy Adams, R-Oviedo, said she is optimistic that residents will have long-term relief.

"We are, in my eyes, going in the right direction," she said.



Eloisa Ruano Gonzalez can be reached at [egonzalez@orlandosentinel.com](mailto:egonzalez@orlandosentinel.com) or 407-931-5940.

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## Chuluota exempted from water-rate hike

Eloisa Ruano Gonzalez

Sentinel Staff Writer

July 30, 2008

Chuluota residents will find some relief in their water and wastewater bills, but thousands of other Aqua Utilities Florida customers will see higher bills, at least temporarily.

The Public Service Commission unanimously approved Aqua's request Tuesday for an interim rate hike. It also accepted a motion to exempt all 1,500 Chuluota residents from the hike until commissioners accept or deny the water company's final rate request, which could come early next year.

Aqua asked the commission to remove Chuluota residents from the interim request as they deal with complaints of poor water quality in the rural Seminole County community. It is also trying to work with Oviedo on providing Chuluota homes with city water, said the company's regional president, Chris Franklin.

Although the temporary increase, in most cases, is lower than the final request, customers might see an increase as high as 300 percent, depending on what system they're using, said Todd Brown, commission spokesman. As long as Aqua officials justified the increase, he said, commissioners were bound by law to approve the interim rate.

"If they justify the numbers, and they [have] the final data to back up what they're saying, more often than not, they [commissioners] will approve the request," Brown said. "It's laid out by statute."

Franklin said customers who use 5,000 gallons of water a month will pay no more than \$40 a month. They will pay no more \$89 a month for wastewater, up to 6,000 gallons, he said.

"We kept it to a reasonable level," Franklin said. "The company has agreed to cap the interim rate to what the final rate would be."

Aqua filed a rate-increase request less than a year after it withdrew a similar request that caused uproar among Chuluota residents. The recent request would boost water rates by 355 percent and wastewater by 320 percent, depending on the system involved. The company has 47,000 customers statewide, including more than 6,000 in Lake, Orange, Polk, Seminole and Volusia counties.

Residents will be left with little to no relief, Brown said. He said they can file complaints with the Public Service Commission and testify during the public hearings. Three meetings are left -- in Chipley, Greenacres and New Port Richey. A final decision could be reached by March, Brown said.

"We still have several hearings left to go. This docket is a lengthy process," he said. "Unless we hear from them [residents], we don't know what's going on."



## Aqua Utilities Florida Gets Interim Rate Boost

By CHRISTIAN M. WADE

The Tampa Tribune

Published: July 30, 2008

A year ago, Aqua Utilities Florida appeared before the Florida Public Service Commission with a request to raise rates for customers across the state, saying the move was needed to recoup an estimated \$7.3 million in investments and upgrades.

State regulators didn't buy it.

The PSC staff recommended against the increases, and Attorney General Bill McCollum and the Office of Public Counsel filed a rare motion to dismiss Aqua's rate proposal.

In response, Aqua withdrew its request at a PSC meeting in Tallahassee in August.

At the time, company executives acknowledged they had problems with customer service and pledged to resolve those issues before requesting another rate increase.

On Tuesday, the regional utility, which serves about 3,200 customers in Pasco County, was before the commission in Tallahassee with a request to increase rates on an interim basis.

This time, however, the PSC board unanimously approved the increases, despite continued opposition to the proposal from utility customers, the attorney general's office and the Office of Public Counsel.

PSC commissioners argued that despite the complaints, Aqua was entitled by state law to seek an adequate rate-of-return on its investments in its water distribution system.

"It's not a perfect solution," said Commissioner Lisa Polk Edgar. "But the statute affords protection to customers in the form of refunds should the final rates not be granted."

In Jasmine Lakes, where Aqua serves about 1,500 households, the rates for customers who use an average of 5,000 gallons a month will rise from \$25.19 to \$40.92 for water, and \$25.77 to \$88.91 for wastewater, according to figures provided by the PSC.

Customers in the Palm Terrace and Zephyr Shores subdivisions will also see increases.

### Aqua Customers Dissatisfied

As with the previous request, tales of customer dissatisfaction took center stage.

Charlie Beck, with the Office of Public Counsel, said complaints over poor service from the utility's customers are being heard in public hearings throughout the state.

"For whatever reason, they have been unable to correct these problems, and it appears to be a corporate

policy for how they deal with customers," he said.

He urged the commission not to approve the interim rates, which for some customers could be as high as 350 percent for drinking water and 320 percent for wastewater.

"These increases are a real hardship on the customers," Beck said. "We think it's wrong."

Bruce May, an attorney for Aqua Florida, did not address the complaints, but argued that, on procedural grounds, his client was entitled to a rate increase.

"The commissioners are absurd to suggest that we are not entitled to interim rate relief," he said. "The law of this law, the law of this state is clear ... and we're entitled to that."

Cecilia Bradley of the attorney general's office also argued against the rate increases and said the elderly and those on fixed incomes would be most affected by higher utility bills.

"We're not talking about a luxury. We're talking about water," she said. "We all need it."

In a request to intervene in the proceedings, the attorney general's office also cited concerns about the safety of the water provided by Aqua, claiming customers had complained about ailments from miscarriages to skin diseases and gastrointestinal illnesses.

"Many customers testified that they cannot afford to buy bottled water to use for cooking, drinking and bathing, and that they live in fear that they are poisoning their families by letting them bathe in or drink the water," McCollum wrote in the intervention request.

Aqua's attorney didn't address those claims, but said his client is prepared to rebut them at upcoming PSC hearings.

"Those are serious allegations, and my client takes them seriously," May said Tuesday.

In the previous round of proposed rate increases, Aqua, which hadn't had increased rates since 1995, had wanted to send higher water bills to the more than 100,000 customers across the state. The publicly traded utility hoped the rates would generate \$7.3 million.

But Aqua withdrew its request amid a litany of criticism from state regulators.

The PSC also ordered the utility to refund customers more than \$1 million in interim increases, including interest, which had previously been approved by regulators.

### Recouping Operating Losses

This time around, Aqua said it needs to recoup more than \$5.9 million, a 40 percent increase systemwide, to offset losses from its rising operating costs and upgrades.

The rates would remain in place until the PSC votes on a final increase early next year. If the board denies that request, customers will be refunded what they paid in interim rates.

The PSC staff had recommended approval of the interim increases, but whittled down the company's request to a 26.4 percent rate increase, an estimated \$2.8 million.

The utility has invested more than \$10 million statewide to improve its aging water and wastewater systems. More than \$675,000 of that was spent in Pasco County, where Aqua services the Jasmine Lakes, Palm Terrace and Zephyr Shores subdivisions.

About three years ago, Aqua America, the nation's largest publicly traded utility, entered the Florida market, acquiring more than 60 water and wastewater systems from Water Services Corp. Based in Bryn Mawr, Pa., Aqua now serves 18 counties in Florida.

PSC Commissioner Nancy Argenziano acknowledged Tuesday that the company had invested millions on upgrades, but said many problems have not been fixed.

"I hope that people will be able to drink water they're paying for in the future," she said.

Reporter Christian M. Wade can be reached at (727) 815-1082 or [cwade@tampatrib.com](mailto:cwade@tampatrib.com).

**Find this article at:**

<http://www2.tbo.com/content/2008/jul/30/pa-utility-gets-interim-rate-boost>

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## No rate hike for Aqua Utilities

By Michelle Yoffee-Beard  
July 30, 2008

SEMINOLE COUNTY - Aqua Utilities, the provider of water to Chuluota residents, might be coaxed back into negotiations to sell their facility to Oviedo now that Florida's attorney general says they can't raise water rates.

At a meeting last week with residents and the Public Utilities Commission, the troubled utility laid out their plans to ask for an increase in rates, even though they had just had a rate hike last year and their customers are already paying three times more for water than their Oviedo neighbors.

The utility has not consistently met state and federal quality standards.

Last Friday, Florida Attorney General Bill McCollum issued a news release that said that the increase Aqua Utilities wants could be "as high as 355 percent for water and 320 percent for wastewater service."

On Tuesday, Aqua Utilities withdrew a request to the PUC for an interim rate hike so they can discuss options.

Chuluota residents have complained of high bills already and say water quality causes health concerns.

"Companies should spend more time serving their customers and less time trying to turn an undeserved profit," McCollum said in the press release. "These allegations are deeply troubling and I would want to see the water quality addressed before any increase is granted."

The statement from the Attorney General might be the catalyst to restart negotiations between Aqua Utilities and the city of Oviedo.

Early 2008, Oviedo hired an attorney to investigate the worth of the water plant and whether it would be a sound purchase for the city.

"We started to negotiate and it stalled quickly over finances - the price of the utility," Deputy Mayor Dominic Persampiere said.

Then, Oviedo said they didn't want to pay more than \$4 million, but Aqua Utilities said they thought it was valued closer to \$10 million.

"But if it doesn't pay for itself and turn a small profit, in my opinion, it would not be beneficial to buy it," Persampiere said. "There's sewer for us and fresh water for them. But we cannot overpay for it."

The regional president for Aqua Utilities, Chris Franklin, said he's looking for creative options to solve the problem in Chuluota.

"Maybe we can run a pipeline and bring Oviedo water into Chuluota," Franklin said.

"Is that what he said," a surprised Persampiere said. "That's news to me. We've been talking a straight purchase since day one."

Because Oviedo and Aqua Utilities use two different treatment systems, the water can't be mixed, Persampiere said.

A purchase would allow Oviedo to access more sewer lines while providing quality water to Chuluota residents at a better rate.

Buying the water plant wouldn't cost Oviedo taxpayers more because Oviedo's utilities are set up as enterprise funds, meaning they operate independently.

**Note:** Most newer browsers don't need a print-friendly version of this article. Just click **File**, then **Print** from your browser's menu at the previous page.

# Increase on tap for Aqua Utilities bills

By [Jodie Tillman](#), Times Staff Writer

Published Wednesday, July 30, 2008 7:38 PM

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PORT RICHEY — Customers of Aqua Utilities can expect to see higher bills, with the Public Service Commission's approval this week of temporary rate increases.

The new rates affect residents in Jasmine Lakes, Palm Terrace and Zephyr Shores.

Regulators continue to hold customer service meetings, including one next month in New Port Richey, on whether to approve Aqua's requested final rates, which are even higher than the temporary ones approved Tuesday. The hearing on the final rate requests has not been set.

On an interim basis, Jasmine Lakes customers in Port Richey who use about 5,000 gallons of water a month will see their wastewater bill go from \$24.61 to \$44.92. But their water bills will drop from \$25.20 to \$14.23, according to PSC estimates.

Both water and wastewater bills will go up for Palm Terrace customers in Port Richey and Zephyr Shores customers in Zephyrhills. In Palm Terrace, that means typical monthly water bills for customers who use 5,000 gallons go from \$25.38 to \$33.88, and wastewater bills go from \$39.95 to \$75.80.

Customers in Zephyr Shores who use 5,000 gallons will see their water bills rise from \$31.45 to \$33.46 and their wastewater bills jump from \$59.09 to \$88.89.

Aqua Utilities, which covers a 16-county area, asked in May for rate increases worth \$4.5-million for its water systems and \$3.8-million for its wastewater systems. The utility says the hikes are necessary to earn a fair rate of return on its investments.

A hearing on the final rates will be held at 4 p.m. Aug. 22 at the West Pasco Government Center on Little Road.

## Residents Sue Over Wastewater Ponds

By CHRISTIAN M. WADE

The Tampa Tribune

Published: July 31, 2008

PORT RICHEY - Homeowners in the Jasmine Lakes subdivision have filed a class-action lawsuit against one of the state's largest utilities, claiming that percolation ponds for the company's wastewater treatment plant are polluting their neighborhood.

The lawsuit, filed on behalf of 17 people in Pasco-Pinellas Circuit Court, alleges that wastewater from Aqua Florida's percolation ponds, used to treat raw sewage from the west Pasco County community, has been infiltrating nearby houses and properties.

Their attorney, Maria D. Tejedor of Orlando, is requesting a jury trial and unspecified compensation for the property damages.

"The defendants negligently constructed, maintained and operated said ponds so as to allow repeated and continuous drainage and infiltration of its contaminated, dangerous and non-natural materials and water onto the plaintiffs' land," Tejedor alleges in the lawsuit.

Aqua Florida representatives declined to comment, citing the pending litigation.

The Florida Department of Environmental Protection has been investigating problems with the utility's Jasmine Lakes wastewater treatment system for the past year.

DEP officials cited higher-than-normal levels of chloride and sodium in the groundwater near one of the ponds, indicating that the percolation system wasn't operating properly.

The state regulatory body is currently negotiating a settlement with the utility. A draft of the agreement recommends a \$41,160 fine against the utility and a requirement that it submit a plan for resolving the violations and more frequent testing of the groundwater.

"They are addressing these violations," said Pamala Vazquez, a DEP spokeswoman.

Aqua Florida, one of several regional utilities in the local market, took over water and wastewater service in the subdivision from Mad Hatter Utility several years ago.

Like most of west Pasco's small private utilities, the water system had been neglected for years, company executives have said, and was desperately in need of upgrades.

Company executives have said they have spent more than \$675,000 on upgrades in Jasmine Lakes and the Palm Terrace and Zephyr Shores subdivisions.

While the lawsuit plays out, customers will be paying for the upgrades in the form of higher monthly water and wastewater bills.

On Tuesday, the Florida Public Service Commission approved an interim rate increase for Aqua, allowing it to recoup more than \$5 million in improvements statewide.

The rates will remain in place until the PSC votes on a final increase early next year. If Aqua's request is denied, customers will be refunded what they paid in interim rates.

In Jasmine Lakes, where Aqua serves about 1,500 households, the rates for customers who use an average of 5,000 gallons a month will rise from \$25.19 to \$40.92 for water and \$25.77 to \$88.91 for wastewater, according to figures provided by state regulators.

One year ago, Aqua withdrew a rate increase request amid complaints from customers and the state Attorney General's Office over poor service and water quality issues.

The utility, which hasn't seen an increase since 1995, is one of several water providers in Pasco seeking to boost rates to offset the cost of improving distribution systems.

About three years ago, Aqua America, the nation's largest publicly traded utility, entered the Florida market, acquiring more than 60 water and wastewater systems from Water Services Corp. Based in Bryn Mawr, Pa., Aqua now serves 18 counties across Florida.

Statewide, the utility has invested more than \$30 million to improve its water systems.

Reporter Christian M. Wade can be reached at (727) 815-1082 or [cwade@tampatrib.com](mailto:cwade@tampatrib.com).

**Find this article at:**

<http://www2.tbo.com/content/2008/jul/31/pa-residents-sue-over-wastewater-ponds>

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Printed on page D1

## Florida Farm's rate increase denied

*By John Hielscher*

*Published: Wednesday, August 6, 2008 at 1:00 a.m.*

For the second time in five weeks, state regulators have shot down a double-digit homeowners insurance rate hike for Florida Farm Bureau.

The Florida Office of Insurance Regulation issued a notice of intent Tuesday to disapprove a statewide average 28.4 percent rate increase for about 80,000 policyholders, including 3,362 in this area.

The rate hike would have averaged 54.7 percent in Charlotte, 28.2 percent in Sarasota and 20.4 percent in Manatee counties.

The company has 21 days to decide whether to appeal through an administrative hearing, refile the request or take other actions.

"All options are still on the table," said Bert Gindy, Farm Bureau's government affairs director.

But he said that without a rate increase, the Gainesville-based insurer may have to reduce exposure by non-renewing policies.

The company has lost \$113 million, after investment income, over the past four years, Gindy said. About a third of those losses came in the past two years, when no hurricanes struck Florida, he said.

"We can't continue to keep losing money," he said.

OIR held a public hearing July 30 on the proposed increase.

"Farm Bureau failed to provide necessary support for the rate increase it requested," said OIR Deputy Commissioner Belinda Miller.

The company and the OIR argued over how much the company was spending to buy reinsurance, the extra coverage insurers carry for catastrophes.

Under the 2007 insurance reform law, Florida Farm Bureau reduced rates by nearly 25 percent last year.

It then requested a 30.3 percent increase, which dragged through appeals and was finally rejected on July 1.

The company then filed for the 28.4 percent boost.

Next up for the OIR is an Aug. 12 public hearing on a proposed 47.1 percent statewide average rate increase for State Farm Florida, the state's second-largest property insurer with 950,000 policies.

If approved, that increase would average 72 percent in Sarasota, 79.4 percent in Manatee and 82.1 percent in Charlotte counties.

This story appeared in print on page D1

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*Bob & Val Dovey*

*1711 High Ridge Road  
Lake Worth, Florida 33461  
Bob@pondovey.com*

EXH #49  
080121-WS

August 7, 2008

Florida Public Service Commission  
Office of Commission Clerk  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: PETITION TO DENY adoption of statewide uniform rates and water increase to Aqua Utilities Florida, Inc. (AUF) for water supplied to Lake Osborne Estates, Palm Beach County, Florida PSC Docket No. 080121- WS

To All Interested Parties:

I am a resident of Lake Osborne Estates (LOE). I have reviewed the document submitted by the (undersigned) 'Residents of Lake Osborne Estates' (attached-Exhibit I), and completely concur with the information, argument and solicitation of denial contained within. I submit this additional information to provide a partial case study of real experience with AUF.

On Thursday, January 22, 2004 LOE experienced a water main break. We were not notified of any boil water notice (BWN) and found out about the break when we lost water service for repairs on Friday. When I contacted the company, they insisted that they posted signs about the BWN and notified the media. I talked to several people who were surprised to hear that there was a BWN since they did not see it in any media or any signs. I decided to drive the entrances to LOE to see if there were any such signs. Attached are three photos of what AUF considers adequate BWN signs (Exhibits A,B,C). These are close-up photos of the signs, one for each of the three entrances (High Ridge Road at Lantana Road; Lake Osborne Drive at Lantana Road; Lake Osborne Drive at High Ridge Road) and were not clearly discernable from a motor vehicle. Further, they appeared to be much like a typical "snipe" sign for a garage sale, not an official BWN. Further, we experienced another such break in 2007 in with the same set of circumstances and results. Only when the local County Commissioner insisted on improvements did AUF agree to provide standard signage.

In April, 2008 the City of Lake Worth, who provides bulk water to AUF, notified them that the City was to conduct a chlorination process on the all their water (Exhibit 2). The residents of LOE were never notified of this.

**FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 080121-WS EXHIBIT 49

COMPANY Letter from Bob Dovey

WITNESS w/ attachments dated 8/7/08

DATE 08/07/08



# *Bob & Val Dovey*

*1711 High Ridge Road  
Lake Worth, Florida 33461  
Bob@bobdovey.com*

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Earlier this year, the Palm Beach County Water Utilities Department agreed to sell bulk water to the City of Lake Worth to supplement their volume. Palm Beach County fluoridates their water, Lake Worth does not. Regardless of your thoughts on whether this is a good idea or not, there are some people who are sensitive to this chemical. AUF never notified its customers that part or all of the water they are providing is fluoridated.

On Tuesday, May 20, 2008 I returned home to find a large pile of dirt in my front yard surrounded by yellow 'caution' tape. Next to the pile was a hole in my yard approximately 4' x 5' x 3' deep. The next morning a spoke with an onsite (independent contractor) supervisor who was surprised that I didn't know about the dig in my yard as he indicated that a representative of AUF said it was ok, and that they didn't need to notify me because they knew me. At that time the supervisor of the crew also advised me that in a couple of days, they intended to conduct a "Jack & Bore" under High Ridge Road on the other side of my property to install piping to link the water systems on either side of the roadway to equalize water pressure for the area fire hydrants. I asked if had a permit from Palm Beach County to do so, and he indicated that they probably did but did not have a copy. That day I contacted Palm Beach County who advised that they had no such permit and they would be making arrangements to inspect the job. However, the contractor had conducted the "Jack & Bore" that same day making it too late to have an inspection. Palm Beach County has since contacted AUF and advised them that there are in violation and are now requiring AUF to post-permit the project.

Regarding the fire hydrant piping, this was done as requirement by the Palm Beach County Fire Rescue Department as they notified AUF in early 2007 that some of the hydrants had water pressure too low to effectively fight fires. Shortly after the installation of the equalizer pipe, AUF then began to replace residential water meters that they could read remotely.

Please note: The pipe installation was a requirement and the new meters make it convenient for AUF to read the meters that were very rarely read before their attempt at rate increase in 2007. In both cases, these items should not be considered as any type of upgrade or capital improvements to the system. Water delivery and pressure have not increased nor has customer service improved or been made more user-friendly as a result of these actions. Whenever, I need to call their customer service I usually find that their representatives are "curt" or treat me with some disdain. With one exception (that directly benefitted AUF), I have never had a call returned.

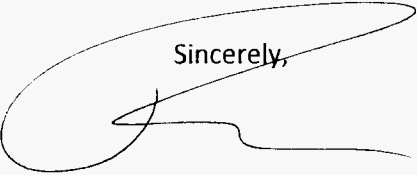
# *Bob & Val Dovey*

*1711 High Ridge Road  
Lake Worth, Florida 33461  
Bob@bobdovey.com*

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**Bottom Line:** AUF has not demonstrated a desire to conduct their business to the benefit of the consumers that they contracted to provide for. Their "profit only" method of business will financially injure the residents of Lake Osborne Estates. Further, a rate increase in excess of 200% is absolutely unconscionable at anytime, much more during the difficult financial time that we find ourselves in. As such, I earnestly request that you deny the adoption of statewide uniform rates and water increase to Aqua Utilities Florida, Inc. (AUF) for water supplied to Lake Osborne Estates. Your consideration on our behalf is greatly appreciated.

Sincerely,



Bob Dovey,  
For the Dovey Family

Attachments(s)

c: Bill McCollum, Attorney General, State of Florida  
Mathew Mark Carter II, Chairman, FLPSC  
Lisa Polak Edgar, Commissioner, FLPSC  
Katherine J. McMurrin, Commissioner, FLPSC  
Nancy Argenziano, Commissioner, FLPSC  
Nathan A. Skop, Commissioner, FLPSC

August 7, 2008

Chairman

Division of the Commission Clerk and Administrative Services Florida Public Service Commission  
Capital Circle Office Center  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Subject: PETITION TO DENY adoption of statewide uniform rates and water rate increase to Aqua Utilities Florida, Inc. (AUF) for water supplied to Lake Osborne Estates, Palm Beach County, FL  
PSC Docket No. 080121- WS

The water customers of Aqua Utilities Florida, Inc. (AUF) living in Lake Osborne Estates do formally protest the approval of a statewide uniform water rates and the water rate increases proposed by AUF as contained in PSC Docket 080121- WS. The citizens of Lake Osborne Estates ask the PSC to review the following information. Based on this information, and comments received by the PSC from other LOE residents, we the residents of Lake Osborne Estates (LOE) beseech the PSC Commission to deny the statewide uniform water rate and water rate increases proposed by AUF.

As stated to the PSC in May 2007, Lake Osborne Estates is a small residential community comprised on about 450 modest single family homes located in unincorporated Palm Beach County abutting the western boundary of the City of Lake Worth. Constructed between 1954 -1964 this non-gated community is home for retirees on fixed incomes and middle class working families. AUF is a bulk purchaser of treated potable water from the City of Lake Worth Utilities that distributes the water to the residents of Lake Osborne Estates.

Aqua Utilities Florida, Inc. ( AUF ) a subsidiary of Aqua America, Inc. is a publicly traded for profit water utility based in the U.S.. Since 2003 AUF has been acquiring small independent water, wastewater, and water distribution systems throughout Florida. As of April 2007 AQUA had purchased 63 of these systems. Many of these systems are in need of significant repairs and upgrades. Since April 2007 AUF has purchased addition water and waste water systems in the State of Florida, profits derived from AUFs Florida customers. It appears that the AUF saga of purchasing small water utilities and then increasing water rates time after time continues. Last year AUF sought a rate increase totally approximately \$ 7 million based on projections. This year AUF is seeking an \$ 8.3 million rate increase based on actual figures. What figures? In March of 2008 AUF notified the residents of LOE that the LOE water rate would increase by approximately 1.66% effective April 15, 2008. Rates were increased as per the AUF Notice.

According to Aqua America's 2008 First Quarter Earnings Report, Aqua's June 2008 dividend to shareholders will be 9% higher than the June 2007 dividend. Profit, Profit, Profit. The June 18th

2008 issue of Blogging Stocks reports that ,“ The company has \$65million in pending rate increases, including a \$42 million effort in its home state” State after state, rate increase upon rate increase, profit on top of profit.

A July internet search for 2008 Proposed Water Rate Increases in the State of Florida produced the following results: Tampa 10%

Collier County 3.5%

Jacksonville 4.1%^

Glen Ridge 7%

Boca Raton 12%

Jupiter 27% drought induced reduced water use

Palm Beach County 18% ^ max.

The residents of LOE and the rest of the AUF customers are relying on the FL- PSC to deny the preposterous AUF 200% to 400+% rate increase proposals and put an end to AUF's continual profiteering at the expense of the citizens of the State of Florida serviced by this out-of state water utility.

AUF's May 22, 2008 filing with the FL- PSC indicates that 82 water and wastewater service areas in Florida will be impacted by the rate increases requested by AUF. AUF has allegedly spent millions in capital investments to improve water and wastewater service in Florida. All long time residents of LOE know that no capital investments have been made in LOE other than normal repairs and replacement of inaccurate or faulty water meters and several hydrant lines. No utility activities that would justify such an absurd and unreasonable water rate increase.

AUF's filing also states that another AUF proposal is to equalize rates among the 80+ AUF service areas scattered throughout the State of Florida. Lake Osborne Estates is the only residential area in Palm Beach County that receives potable water from Lake Worth Utilities through AUF which purchases potable water from Lake Worth Utilities at a bulk rate. In May of 2008 the City of Lake Worth began buying 2 million of water daily from Palm Beach County. We were told at the July 15, 2008 AUF Town Meeting that LOE residents water bills would not be affected by this purchase.

Three entities are making a profit at the expense of LOE residents, namely Palm Beach County, City of Lake Worth and AUF. No mention was made of the AUF FL-PSC filing for a rate increase at this July 15<sup>th</sup> Town Meeting. A week later on July 21, 2008 the residents of LOE received the AUF notice of proposed rate increases in the mail. Good timing on the part of AUF.

AUF proposes to equalize the water and wastewater service rates by establishing a statewide uniform rate for all 80+ AUF service areas. Each AUF water utility is geographically separated from another in different counties, cities or taxing districts Each facility comes with its own set of geological, hydrological, topographical, planning, zoning, environmental restrictions, engineering requirements, service area size, population, water needs, water problems, permits, government grants, taxing issues, etc.. Different utility operating systems require different rates. The FL-PSC should prohibit AUF from forcing LOE residents to subsidize or to pay for the purchase, construction operation, repair, or maintenance of out-of county water facilities that do not provide any water utility service or economic benefit to the residents of LOC.

Once again, the PSC is reminded that AUF does not supply wastewater collection, treatment or disposal services to the residents of Lake Osborne Estates. All residences in LOE are on septic tanks. It is impossible for AUF to have spent or to spend any future monies on capital investments to improve a non-existent LOE - AUF wastewater collection/treatment/disposal system.

The residents of LOE believe that no AUF water user in Florida should have to bear a financial responsibility to AUF in its attempt to purchase, repair, upgrade, or improve water or wastewater service systems that are not connected to or a part of their local AUF water utility. There are no physical connections between the AUF-LOE water distribution system with any other out-of- county AUF water utility.

AUF owns no well field, no water supply wells, no water treatment plant, nor water storage tanks used to supply LOE with water. Lake Worth Utilities is responsible for the maintenance, repair and improvements to the components of the Lake Worth Utilities water distribution system that supplies potable water to the AUF –LOE water distribution system. AUF cannot justify any proposed LOE water rate increase based on non- existent capital expenditures or planned improvements to the water system components owned and maintained by the City of Lake Worth nor should AUF be granted any water rate increase for monies spent on other non-LOE water distribution system or other out of county AUF water utilities.

In August of 2007 after AUF withdrew its rate increase request, Attorney General of Florida Bill McCollum made the following statement, “ I am pleased that this company decided to address the need of its consumers rather than capitalize on their circumstances”.

Unfortunately, AUF does not address the needs of its consumers and continues to capitalize on their needs.

- In 2007 AUF proposed a \$7 million rate increase. In 2008 the proposed rate increase has risen to over an outrageous \$8 million.
- AUF has a disregard for the health of its customers. AUF and its sub-contractors did not notify LOE residents of water outages before any repairs or meter replacements occurred. During a 2 week period beginning April 13, 2008 Lake Worth Utilities performed a chlorine burn of the water lines that LOE lines are connected to for the purpose of killing off any end of the line bacteria. LOE was not advised. People with weakened immune systems, chemical sensitivities and those using home dialysis in LOE were again placed at risk. Prior to 2008 LOE were poorly notified or not notified at all of boil water orders. The problems in Chuluota and Sebring, Florida appear even more severe.
- Like last year AUF’s Notice of PSC Hearing were received by LOE residents 2 ½ weeks before the PSC hearing in Palm Springs. Notice of this year’s hearing was received the week of July 21, 2008. The PSC hearing is on August 7, 2008. It is difficult to call and organize a civic association or neighborhood response in such a short period of time.
- For several years AUF failed to repair fire fighting supply lines to 4 different hydrants in LOE resulting in the Palm Beach County Fire Rescue unable to adequately provide fire protection for several dozen LOE residences. Finally in July 2008 the lines were repaired.

- Because AUF has no office or personnel in Palm Beach County all work is contracted out. The City of Lake Worth supplies some of the meter readers. It seems like every other month a new set of meter readers is out in LOE trying to locate and read the water meters. These sub-contractors do not have AUF ID or vehicles with AUF logos. People casing out the neighborhood and AUF sub-contractors with no IDs appear no different from one another.
- Money is no object. AUF wasted little time by announcing to the public and their investors that AUF had hired Troy Rendell, long time FL-PSC Commissioner as its chief liaison to the FL\_PSC to provide the PSC with the proper and timely information they need to regulate Aqua's/AUF's operations in Florida. AUF also hired two former Department of Environmental Protection regulators to assist the company in regulatory matters. AUF also has a lobbyist in Tallahassee promoting their cause. The small communities serviced by AUF do not have such funds available to hire lawyers or other trained professionals of promote their cause. LOE and the dozens of other communities scattered throughout the State of Florida have faith that the FL-PSC will listen to their voices and deny AUF all of the astronomical rate increases that AUF is proposing.
- In July of 2008 State Farm Insurance proposed a 47% increase in windstorm insurance rates. The Florida community was outraged. The State Insurance Commission is responding. AUF has the audacity to request a 200% to 400+ % increase in water rates for its LOE consumers and other communities through the state. The affected consumers are outraged. In 2007 the FL-PSC responded appropriately to AUF's requests with a resounding denial.
- Who in AUF is to be believed? In 2007 one company official says AUF has spent \$10 million since 2003 improving utility systems in Florida. In 2008 another official says that since 2004 \$30 million was spent by AUF on these improvements. And yet AUF continues to post a profit year after year, including 2007 and 2008 to date according to the Business postings.
- If water rates continue to increase the way that AUF proposes and if AUF continues to operate the way it has operated since 2007, and the FL-PSC does not put a stop to AUF's absurd water rate increase requests, AUF consumers will be paying bottled water prices for tap water.

We, the taxpayers in Lake Osborne Estates continue to suffer financially due to escalating property taxes, excessive wind storm insurance rates, increasing fuel prices, increasing food costs, collapse of the real estate market and construction industry in Palm Beach County, and additional taxes for out-of-city electric service from the City of Lake Worth. The working families and retirees living on fixed incomes again request the State of Florida Public Service Commission to deny the AUF proposal for statewide uniform rates for AUF customers and all AUF requests for what we deem to be unreasonable, unjust, unjustifiable, and punitive water rate increases proposed for Lake Osborne Estates.

Very truly yours,  
The residents of Lake Osborne Estates

Xc: Palm Beach County Commissioner Bob Kanjian  
: Florida Governor Charlie Crist  
: Bill McCollum Attorney General State of Florida  
: Florida Senator Ted Deutch  
: Florida Representative Mary Brandenburg  
: Mathew Mark Carter II - FLPSC Chairman  
: Lisa Polak Edgar – FLPSC Commissioner  
: Katherine J. McMurrian – FLPSC Commissioner  
: Nancy Argenziano – FLPSC Commissioner  
: Nathan A. Skop – FLPSC Commissioner

EXHIBIT A

LAKE OSBORNES

BOIL  
WATER

TRAIL - 1-26-04  
AT 4:00 AM

LAKE OSBORNES



EXHIBIT B

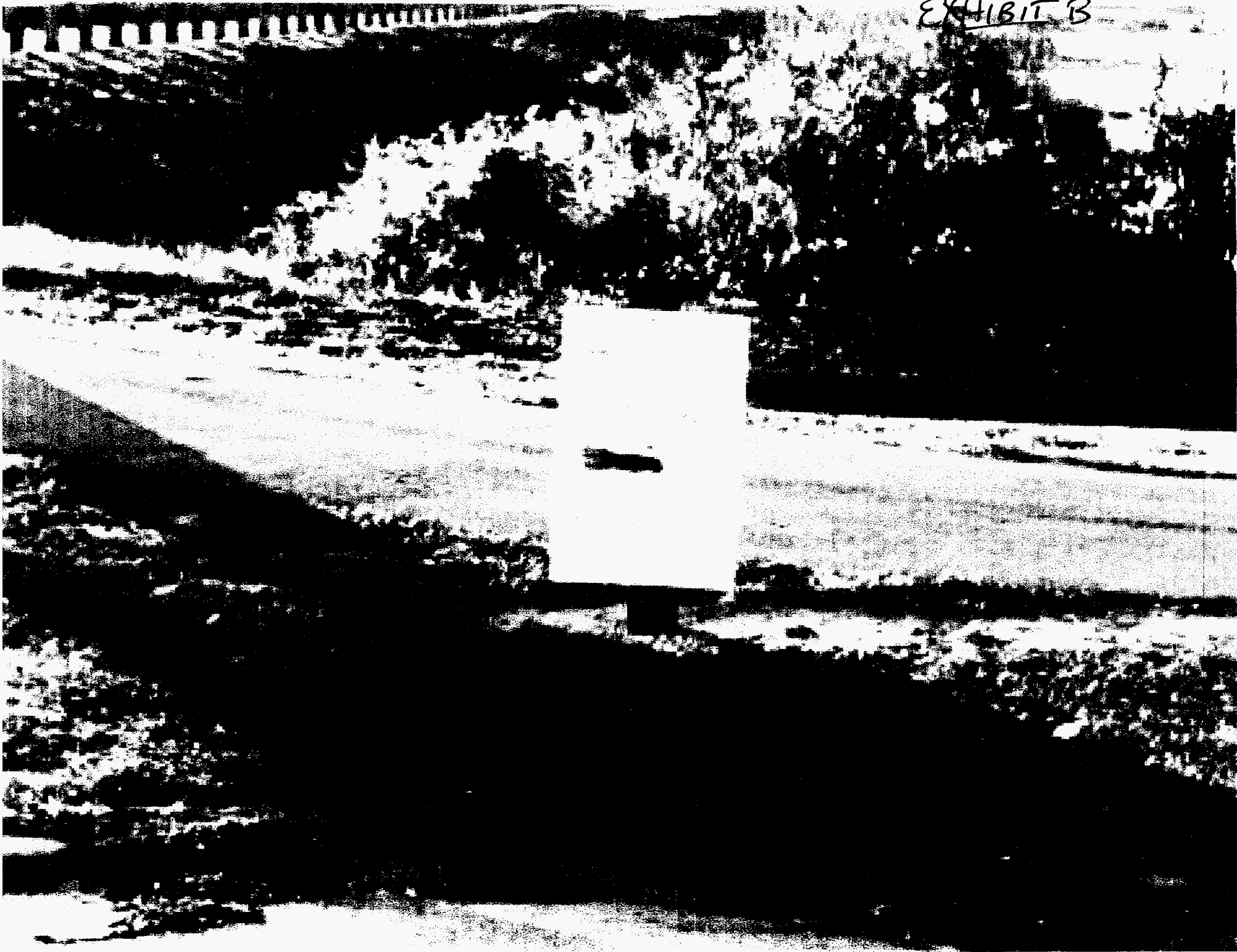
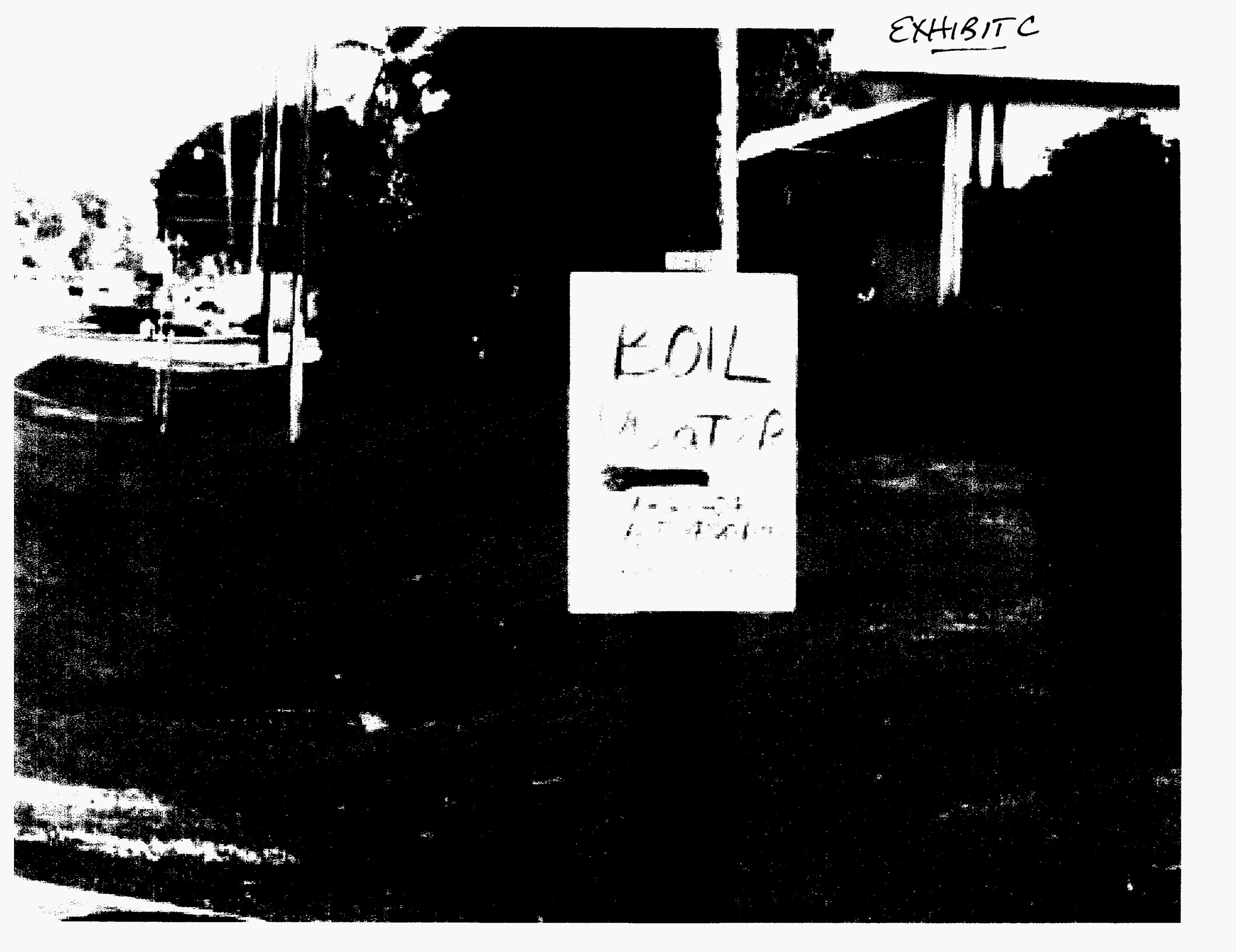


EXHIBIT C

KOIL  
WATER  
[REDACTED]  
[REDACTED]



**FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 080121-WS EXHIBIT 50

COMPANY Map of Lake

WITNESS Osborne Estates

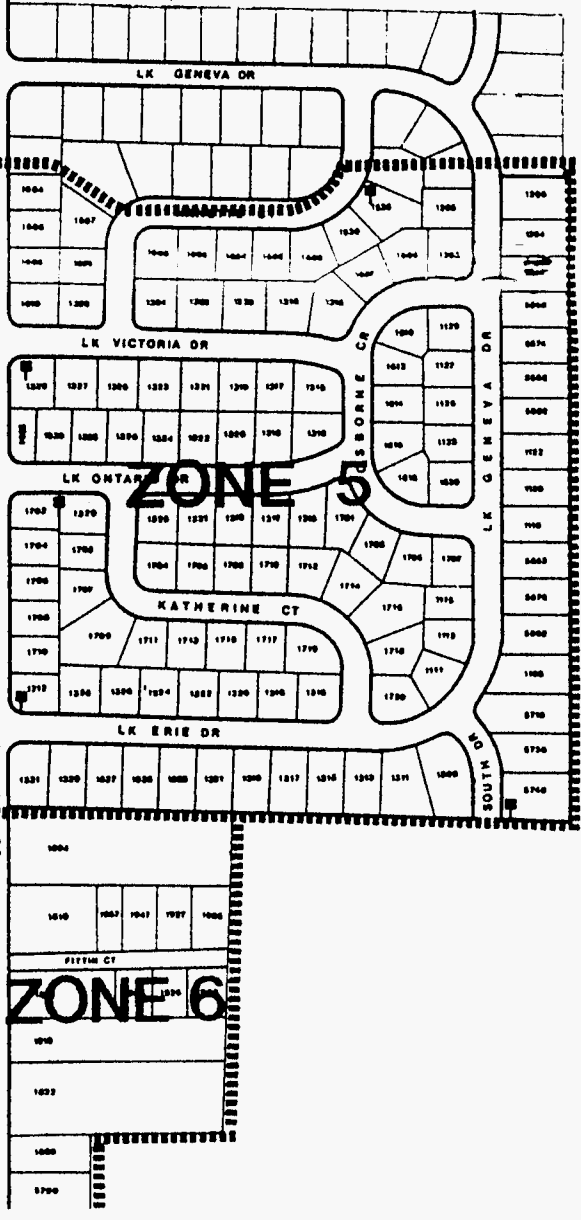
DATE 08/07/08

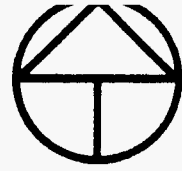
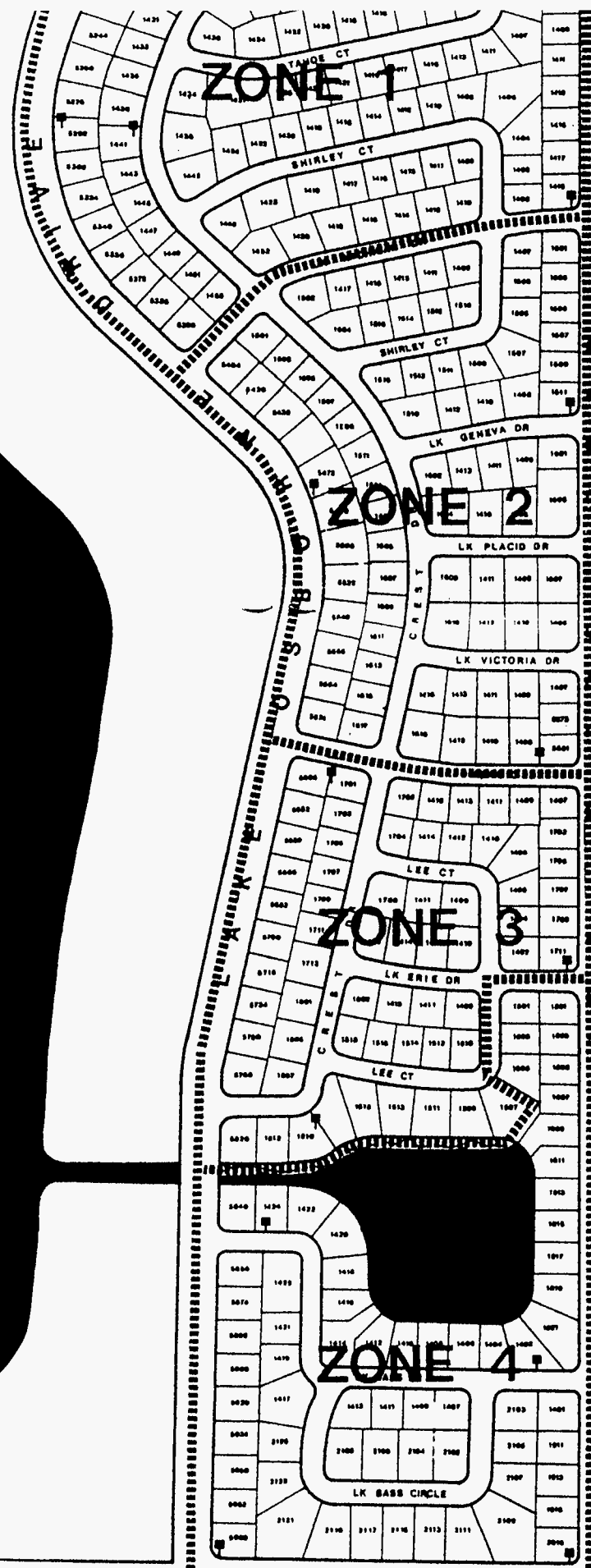
Plan No. 15 10 100

# Lake Osborne Estates



■ = CRIME WATCH WARNING SIGN





■ = CRIME WATCH WARNING SIGN

**ZONE 1**

**ZONE 2**

**ZONE 3**

**ZONE 4**

**ZONE 5**

**ZONE 6**

**LAKE OSBORNE ESTATES  
CIVIC ASSOCIATION, INC.**

DRAWN BY  
DICK OWENS

A D