

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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COMMISSION
CLERK

In re: 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. DOCKET NO. 080121-WS FILED: October 27, 2008

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Direct Testimony of Ms. Josie Penton on behalf of the Florida Public Service Commission, has been furnished by ~~U.S. Mail~~ *Hand Delivery* on this 27th day of October, 2008, to the following.

Aqua Utilities Florida, Inc.
Ms. Kimberly A. Joyce
762 West Lancaster Avenue
Bryn Mawr, PA 19010-3402

Holland & Knight Law Firm
Bruce May/Gigi Rollini
P.O. Drawer 810
Tallahassee, FL 32302-0810

Office of Public Counsel
J.R. Kelly/Charlie Beck/S. C. Reilly
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400

Office of the Attorney General
Bill McCollum/Cecilia Bradley
The Capitol - PL01
Tallahassee, FL 32399-1050

Ralph R. Jaeger
RALPH R. JAEGER, SENIOR ATTORNEY
FLORIDA PUBLIC SERVICE COMMISSION
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
Telephone: (850) 413-6234

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DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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 by Aqua Utilities Florida, Inc.

WITNESS: Direct Testimony of Josie Penton, Florida Department of Environmental Protection, Northwest District
Appearing on Behalf of the Staff of the Florida Public Service Commission.

DATE FILED: October 27, 2008

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COMMISSION CLERK

DIRECT TESTIMONY OF JOSIE PENTON

1
2 Q. Please state your name and business address.

3 A. Josie Penton, Florida Department of Environmental Protection, 2353 Jenks Avenue,
4 Panama City, Florida 32405.

5 Q. Please provide a brief description of your educational background and experience.

6 A. I have a B.S. Degree in Chemistry and two years of analytical laboratory experience
7 analyzing drinking water, wastewater and environmental samples. I have 15 years of
8 environmental regulatory experience working for the Florida Department of
9 Environmental Protection (FDEP) in the Northwest District, including three years as a
10 Wastewater Inspector, eight years as a Drinking Water Inspector, and four years as a
11 Supervisor of the Drinking Water and Wastewater Programs.

12 Q. What are your general responsibilities at the FDEP?

13 A. My general responsibilities involve supervising the Water and Wastewater (Domestic
14 and Industrial) Programs. I also review wastewater collection/transmission system
15 permit applications. Our office covers Bay, Calhoun, Gulf, Jackson, and Washington
16 Counties.

17 Q. Are you familiar with the Aqua Utilities Florida, Inc. (Aqua) Sunny Hills water and
18 wastewater systems in Washington County?

19 A. Yes.

20 Q. Does the utility have any current construction permits from the FDEP?

21 A. Yes. We permitted a tablet calcium hypochlorite system for Plant No. 1 on
22 December 28, 2006; however the proposed project was not constructed. Aqua decided
23 to continue using sodium hypochlorite treatment at Plant No.1, but has not yet
24 withdrawn the construction permit. A domestic wastewater collection system permit
25 was issued for Sunny Hills Unit 25, a 302 residential lot subdivision, on November 16,

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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2007.

Q. Has the utility been the subject of any FDEP enforcement action within the past three years?

A. Yes. FDEP issued a Warning Letter on November 5, 2006, for failure to submit analyses for disinfectants/disinfection-by-products for 2006. The required samples were to be collected between July 1 and September 30, 2006. Aqua signed a Short Form Consent Order to resolve the violation and paid \$900 in penalties and FDEP expenses.

Q. Are the water and wastewater facilities otherwise in compliance with all other FDEP regulations?

A. No. An inspection compliance letter was sent to Aqua on October 8, 2008, indicating five deficiencies, including wells not properly sealed, a flow meter that was not operational, the annual testing of the existing backflow prevention devices was not being fully implemented, use of a polyphosphate treatment without a permanent permit, and a main extension projects placed into service without clearances. Aqua was given 15 days to respond. (EX JP-1)

Q. Do you have anything further to add?

A. No, I do not.



Florida Department of
Environmental Protection

Northwest District – Panama City Branch Office
2353 Jenks Avenue
Panama City, Florida 32405

Charlie Crist
Governor

Jeff Kottkamp
Lt. Governor

Michael W. Sole
Secretary

October 8, 2008

SENT VIA EMAIL
(EIPellenz@aquaaamerica.com)

Mr. Edward Pellenz, P.E.
Operations Manager
Aqua Utilities Florida, Inc.
1100 Thomas Avenue
Leesburg, Florida 34748

Dear Mr. Pellenz:

Josie Penton, Environmental Manager, Haley Duncan, and Amanda Friction, Environmental Specialists with the Department of Environmental Protection, conducted a Compliance Inspection of the Sunny Hills Utilities water system (PWS ID # 1670647) on September 26, 2008. The assistance provided by Ms. Jean Pitzer during the inspection was most helpful.

The purpose of this survey was to evaluate the capability of the water system to produce safe drinking water. The Department under the Florida Safe Drinking Water Act as promulgated by Florida Administrative Code Chapters 62-550, 555 and 560, regulates public water systems in this state. The Department determines compliance with these regulations.

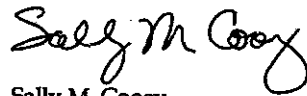
Five deficiencies were identified during the survey as described in the enclosed *Compliance Inspection Report*. We would appreciate a written response within 15 days of receipt of this letter advising us of the actions and time frames for correcting these deficiencies. I would also like to draw your attention to the recommendations made on the report, as implementing them will help to insure the water system does not have problems in the future. Please address the response to Ms. Amanda Friction, Department of Environmental Protection, 2353 Jenks Avenue, Panama City, FL 32405.

"More Protection, Less Process"
www.dep.state.fl.us

Mr. Edward Pellenz
Page 2 of 2
October 8, 2008

If you have any questions, please contact Ms. Amanda Friction at (850) 872-4375 extension 123 or e-mail at Amanda.Friction@dep.state.fl.us.

Sincerely,



Sally M. Cooley
Panama City Branch Administrator

SMC:af
Attachment: [9/26/2008 CI Report]

cc: John Pope - DEP Pensacola (john.pope@dep.state.fl.us)
Angela Chelette - NFWFMD (Angela.Chelette@nfwfwmmd.state.fl.us)
Jean Pitzer - Operator (jpitzer@aquaaamerica.com)
Josie Penton- Environmental Manager (josie.penton@dep.state.fl.us)
Amanda Friction- Environmental Specialist I (amanda.friction@dep.state.fl.us)

Compliance Inspection Form

Page 1

Water system: SUNNY HILLS UTILITIES System PWS #: 1670647 Date of Inspection: 9/26/2008
 System address: 3810 GARLES BLVD. City SUNNY HILLS State FL Zip 32428
 System phone: 850-773-2802 Cell: _____
 Fax number: 850-773-2626 Email: jpitzer@aquamerica.com
 Owner name: AQUA UTILITIES FLORIDA (EDWARD PELLENZ, OPERATIONS MANAGER) Owner title: _____
 Owner address: 1100 THOMAS AVENUE City: LEESBURG State FL Zip 34748
 Owner phone: 352-435-4033 Cell: _____
 Fax number: 352-787-6333 Email: EPellenz@aquamerica.com
 Operator required? Yes No (if No, Operator sections not applicable) Operator name: JEAN FITZER
 Operator Email JFITZER@AQUAMERICA.COM Phone 850-258-8155 Fax: 850-773-2626
 S=Satisfactory U=Unsatisfactory --Not Applicable *=See comment below

Well Number	1	4	5						
Well head sealed? (Pack/cond/uth/openings)	U	S	U						
Well casing 12" above grade?	S	S	S						
Casing vent compliant? (2003)	S	S	S						
Check valve compliant?	S	S	S						
Tap Compliant? (Smooth/12" high/pre-check)	S	S	S						
Flow measurable?	S	U	S						
Security measures compliant?	S	S	S						
O & M manual compliant?	S	S	S						
Cl storage compliant (no organics/acid/sun)	S	S	S						
Spare chlorinator compliant?	S	S	S						
Loss of chlorine alarm compliant?	--	--	--						
Treated sample tap provided?	S	S	S						
Security measures compliant?	S	S	S						
Cl solution NSF approved?	S	S	S						
Solution vat compliant? (covered/etc)	S	S	S						
Safety: (Gloves/Apron/Eyewash/etc)	S	U	S						
Cl room compliant? (separate/ventilation)	--	--	--						
Scales compliant?	--	--	--						
Auto switchover provided?	--	--	--						
Safety: (SCBA/Gloves/Apron/etc/Peric HW)	--	--	--						
Aeration	--	--	--						
pH adjustment	--	--	--						
Orthophosphate	--	--	--						
Other: IRON REMOVAL	*	--	--						
Tank Number	1	2	3	4	5				
Inspections compliant? (annual/5yr)	*	*	*	S	*				
Overflow/Vents compliant? (ground)	S	S	--	--	--				
Pressure relief valve provided? (hydro)	--	--	S	S	S				
Security measures compliant?	S	S	S	S	S				

Water system map compliant?	No
Flushing of dead ends compliant?	Yes
Valve maintenance compliant?	See Recommendation
Chlorine residual > 0.2 mg/L	Yes
Number of high service pumps?	3
High service pumps functional?	Yes
CCC devices tested annually?	No
Flow meter accuracy checked?	See comments
ERP, PbCu, DBP, and CCC Plans?	Yes
In use permits have clearance?	No
Operator visits compliant?	Yes
Plant checked 5 times per week?	Yes
MORs submittal compliant?	Yes

Last inspection fully compliant? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (see below)	
Number of deficiencies last cited?	1
Were any of the deficiencies "repeat"?	No
Response from system submitted?	Yes
Have deficiencies been addressed?	Yes

CHEMICAL	ANALYSIS DATE	NEXT DUE
Nitrate/Nitrite	9-07	2008
Inorganics	3-06	2009
Secondaries	6-06	2009
VOCs	6-06	2009
Rads	7-03	2009
SOCs	5-03/waiver	2009
UOCs	3-00	susup
Asbestos	7-03	2012
TSEM/HAA5 annual	8,9-07	2009**
Pb/Cu	2005	2008

**Did not sample for DBPs in 2006 must do in 2007
 *di (2-ethylhexyl) phthalate due annually thru 2007
 at wells 1, 4, & 5 - 2008

FIELD SAMPLING RESULTS	S	S	S					0.64/77	0.94/77
	S	S	S					0.52/77	2.2/77

-THE STORAGE TANKS HAVE BEEN RECENTLY INSPECTED EXCEPT FOR TANK 4 WHICH WAS NEWLY INSTALLED IN 2007; HOWEVER COPY OF THE REPORTS WERE NOT AVAILABLE DURING THE INSPECTION.
 -THE FLOW METER ON WELL #5 IS NEW AND THE FLOW METER ON WELL #1 WAS TO BE TESTED BY PWSA BUT THERE WAS NOT ENOUGH PIPE AVAILABLE TO GET AN ACCURATE TEST.

DEFICIENCIES

DEFICIENCY #1: WELLS #1 AND #5 WERE NOT PROPERLY SEALED.

REGULATION REFERENCE: FAC Rule 62-555.320 (3), 62-555.320 (8), and 62-532.500(3)(b)2.

RECOMMENDED ACTION:

In order to protect the well against the possibility of contamination the wellhead must be properly sealed to prevent surface water contamination of the well. Seal the well heads within 30 days.

DEFICIENCY #2: THE FLOW METER AT WELL #4 WAS NOT OPERATIONAL.

REGULATION REFERENCE: FAC 62-555.350 (2)

Suppliers of water shall keep all necessary public water system components in operation and shall maintain such components in good operating condition so the components function as intended.

RECOMMENDED ACTION:

Replace or repair the flow meter at Well #4 within 30 days.

DEFICIENCY #3: ANNUAL TESTING OF EXISTING CROSS CONNECTION CONTROL DEVICES WAS NOT BEING FULLY IMPLEMENTED.

RULE REFERENCE: F.A.C. 62-555.360

Community water systems, and all public water systems that have service areas also served by reclaimed water systems regulated under Part III of Chapter 62-610, F.A.C., shall establish and implement a routine cross-connection control program to detect and control Cross-connections and prevent backflow of contaminants into the water system.

RECOMMENDED ACTION:

Arrange to have the existing backflow prevention devices (RPZ, double-check valve) tested by December 31, 2008 by a certified backflow tester. Retain for at least 10 years accurate records of all backflow installation and testing and have them available for review during routine inspections and sanitary surveys.

DEFICIENCY #4: IT WAS NOTED DURING THE INSPECTION THAT THE POLYPHOSPHATE TREATMENT WAS BEING UTILIZED WHEN WELL #1 IS BEING USED. ON MARCH 19, 2007, THE DEPARTMENT APPROVED THE PILOT TEST USING A POLYPHOSPHATE FOR THE SEQUESTERING OF IRON FOR A PERIOD OF THREE MONTHS, HOWEVER THE DEPARTMENT NEVER RECEIVED A PERMIT APPLICATION TO PERMANENTLY INSTALL THIS TREATMENT.

REGULATION REFERENCE: FAC Rules 62-555.520(2) and 62-555.401(a)

The water system may be in violation for failure to obtain a construction permit for the polyphosphate treatment; therefore this case will be referred to our Enforcement Section.

DEFICIENCY #5: PERMITTED WATER MAIN EXTENSION PROJECTS WERE PLACED INTO SERVICE WITHOUT PRIOR CLEARANCE FROM THE DEPARTMENT.

REGULATION REFERENCE: FAC Rules 62-555.

RECOMMENDED ACTION:

Submit the Certification of Completion of Construction form (enclosed), associated as-built record drawings (if any), and the required bacteriological clearance samples for the in use projects by November 14, 2008. In the future, please verify that the project has been cleared by the Department before placing the project into use.

Failure to obtain clearance from the District DEP office before placing a permitted project into use is a violation of Florida Administrative Code 62-555, therefore this case will be referred to our Enforcement Section.

REMARKS AND RECOMMENDATIONS

RECOMMENDATION #1: PROPER SAFETY EQUIPMENT.

While it was noted that an emergency eyewash station is available at each chlorination facility, proper safety equipment when industrial strength sodium hypochlorite is used must include not only an ANSI approved eye wash station, but also some form of emergency shower, such as a drench hose, as well as rubber gloves, apron and eye protection.

REGULATION REFERENCE: FAC Rule 62-555.320(13)

Proper safety equipment, i.e., rubber gloves, apron, goggles, ANSI-approved eyewash and safety shower must be provided at the location where industrial-strength hypochlorite solution is used except in cases where there are only non-bulk containers (i.e., containers having a maximum capacity of 119 gallons or less) of industrial-strength sodium hypochlorite. In those cases where there are no bulk containers, emergency eyewash must be provided, but a drench hose or a hose bib and garden hose may be substituted for an emergency shower.

RECOMMENDED ACTION:

In addition to the existing emergency eyewash stations, please provide rubber gloves, an apron, and goggles at each chlorination facility.

RECOMMENDATION #2: THE TURBINE PUMP AT WELL NO. 5 WAS RECENTLY REPLACED WITH A SUBMERSIBLE PUMP WITHOUT NOTIFYING THE DEPARTMENT.

REGULATION REFERENCE: FAC Rule 62-555.350(9)

RECOMMENDED ACTION:

In the future, please notify the Department prior to construction or alterations of public water system components.

RECOMMENDATION #3: AN UP-TO-DATE MAP OF THE DISTRIBUTION SYSTEM WAS NOT AVAILABLE.

REGULATION REFERENCE: F.A.C. 62-555.350 (14)

By December 31, 2005, suppliers of water who own or operate a community water system serving, or designed to serve, 350 or more persons or 150 or more service connections shall have, and thereafter maintain, an up-to-date map of their drinking water distribution system. Such a map shall show the location and size of water mains if known; the location of valves and fire hydrants; and the location of any pressure zone boundaries, pumping facilities, storage tanks, and interconnections with other public water systems.

RECOMMENDED ACTION:

Create a map of the water distribution system that shows:

- 1) The location and size of water mains
- 2) The location of valves and fire hydrants
- 3) The location of any pressure zone boundaries
- 4) Pumping facilities (if applicable)
- 5) Storage tanks (if applicable)
- 6) Interconnections with other public water systems.

In the event of an emergency, it is important to have accurate information available regarding the water distribution system. Creating a map of the water system, which utilizes a GPS information system to mark the location of valves and other components of the water system, could prove invaluable in the event of an emergency.

Please have an updated map available for review during your next inspection.

RECOMMENDATION #4: INCLUDE A VALVE EXERCISING PROGRAM IN YOUR OPERATION AND MAINTENANCE PLAN

REGULATORY REFERENCE: 62-555.350 (2)

Suppliers of water shall keep all necessary public water system components in operation and shall maintain such components in good operating condition so the components function as intended. Preventive maintenance on electrical or mechanical equipment - including exercising of auxiliary power sources, checking the calibration of finished-drinking-

Compliance Inspection Form

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water meters at treatment plants, testing of air or pressure relief valves for hydropneumatic tanks, and exercising of isolation valves -shall be performed in accordance with the equipment manufacturer's recommendations or in accordance with a written preventive maintenance program established by the supplier of water.

RECOMMENDED ACTION:

It is important that the systems isolation valves are maintained in good working order so that in the event of a water main break, the areas affected can be confined as much as possible. Therefore, it is important that a valve-exercising program be implemented. Please have a copy of the valve maintenance plan and records of valves that have been exercised available for the next inspection.

As of October 7, 2008

Our records indicate that the enclosed list of permits have not been cleared by this office. Please submit a status report for the permits listed with your response to this report.

The 'status' would fall into one of the following categories, A, B, C, D, or E:

- A) not started
- B) started, but not completed
- C) completed, but not in use
- D) completed, and in use
- E) project abandoned (will not be built)

Outstanding Permits

Permit # 0080182-004DSGP/01, Sunny Hills Firwood/Finder Ext
Permit # 0080182-003DSGP/01, Sunny Hills Voyager Court Ext
Permit # 0080182-011-WC/MI, Sunny Hills Plant PWS # 1 (Calcium Hypochlorite Equipment)
Permit # 0080182-014-DSGP/01, Washington Blvd Waterline Extension
Permit # 0080182-015-DSGP/01, Flywheel Lane Water Extension
Permit # 0080182-012-DSGP/01, Sunny Hills Unit 25
Permit # 0275961-002-DSGP/01, Blue Springs Subdivision
Permit # 0080182-016-DSGP/01, Sunny Hills Six Inch WM Extension - Deadening Road
Permit # 0080182-018-DSGP/01, Sunny Hills Water System - Deadening Rd 470 Lf 6" WM Extension

Effective July 1, 2008, Chapter 2008-150, Laws of Florida, sets the minimum drinking water construction permit fee at \$500. This increases all drinking water general permits and other permit fees previously listed as being between \$100 to \$400 in Chapter 62-4, Florida Administrative Code. The law also establishes a new annual \$50 operating license fee on each Safe Drinking Water Act public water system, starting July 1, 2008. Billing for this fee will be delayed until FDEP establishes a billing protocol and mails invoices to water systems later this year. The law also requires the Department to increase the annual operating license fee and increase all other construction permit fees based upon system type and size through rulemaking scheduled for later this year.

Please note FAC 62-550.730(1)(d) requires the supplier of water to submit monthly operation reports (MORs) within 10 days after the month of operation. The MORs are to be submitted the Florida Department of Environmental Protection, Northwest District Office, 160 Governmental Center, Pensacola, Florida 32502-5794. For your convenience, the Department will accept receipt of Monthly Operation Reports (MORs) submitted electronically. Please contact Kevin Holler at (850) 595-8300 x1200 or email at kevin.holler@dep.state.fl.us.

Email:

- must be emailed on or before the 10th
- format accepted: Excel, Microsoft Word, PDF
- send as an attachment
- subject line: PWS# and the month

Compliance Inspection Form

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- send to epostnwdwfpws@dep.state.fl.us
- a confirmation email will be sent upon receipt of the email
-

TECHNICAL ASSISTANCE PROVIDERS

Technical Assistance Program

The Drinking Water Section Technical Assistance Program provides free technical assistance to drinking water systems. The assistance may involve technical, financial, and/or managerial aspects of system operations. Examples of technical assistance that have been and may be provided include, but are not limited to:

- Calibration of flow meters,
- Rate studies,
- Sampling/monitoring training,
- Operations and maintenance troubleshooting,
- Development of groundwater protection plans,
- Leak detection,
- Line location,
- Business operations evaluation,
- Valve location,
- Treatment, troubleshooting, and Board member training.

The Department identifies systems to be offered technical assistance through Department database records, sanitary survey records, self-referral by systems, and other means. The Department encourages self-referral by systems.

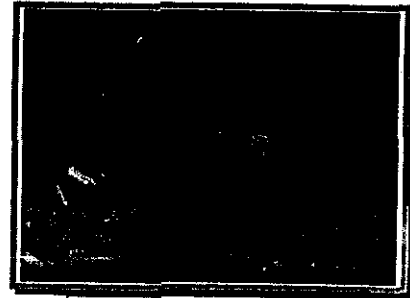
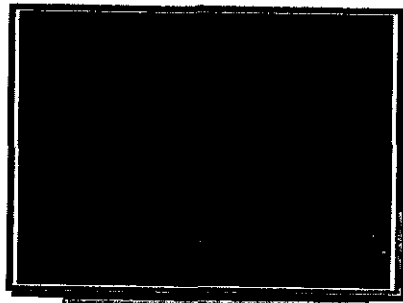
The Florida Rural Water Association (FRWA), (web address: www.frwa.net) and Southeast Rural Community Assistance Project (Southeast RCAP), (web address: www.seracap.org) provides the technical assistance. The technical assistance is provided at no cost to water systems.

Systems may decline to participate or cancel the technical assistance services without penalty at any time.

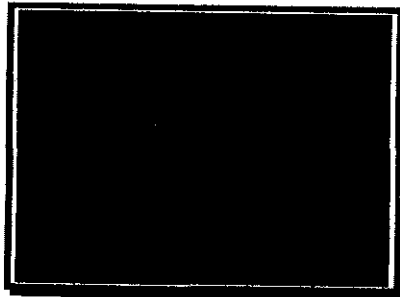
For more information or to request to participate, contact

Capacity Development Coordinator
Drinking Water Section
Florida Department of Environmental Protection
2600 Blair Stone Road, M.S. 3520
Tallahassee, FL 32399-2400
(850) 245-8630

DIGITAL PHOTOS



Weld #1: concrete pipe



INSPECTOR'S SIGNATURE Amanda F. Fols TITLE ES-I DATE: October 7, 2008

REVIEWED BY Jane Folsom TITLE EM DATE: October 7, 2008