

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Dated: November 19, 2008

**REBUTTAL TESTIMONY**

**OF**

**ROBERT M. GRIFFIN**

**on behalf of**

**Aqua Utilities Florida, Inc.**

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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**AQUA UTILITIES FLORIDA, INC.**

**REBUTTAL TESTIMONY OF ROBERT M. GRIFFIN**

**DOCKET NO. 080121-WS**

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

2 A. My name is Robert M. Griffin. My business address is 762 W. Lancaster  
3 Avenue, Bryn Mawr, Pennsylvania 19010.

4 **Q. Have you previously submitted testimony in this proceeding?**

5 A. Yes, I submitted prefiled direct testimony and have sponsored or co-sponsored  
6 the following MFR pages: A-1, A-2, A-3, A-4, A-5, A-6, A-8, A-9, A-10, A-11,  
7 A-12, A-13, A-14, A-15, A-16, A-17, B-13, B-14, G-2, and G-3.

8 **Q. What is the purpose of your rebuttal testimony?**

9 A. The purpose of my testimony is three-fold. First, I address the Commission  
10 Staff Audit Findings. In so doing, I respond to the direct testimony of  
11 Commission Witness Dobiac and identify areas where AUF agrees with certain  
12 Audit Findings or portions thereof. Second, I address and respond to the  
13 testimony of OPC Witness Kimberly Dismukes concerning AUF's pro forma  
14 plant and test year pro forma plant adjustments. In so doing, I provide an update  
15 to the actual capital additions, based upon a review of AUF's September 30,  
16 2008 capital budget to actual report. Third, I address and respond to portions  
17 of the direct testimony presented by OPC Witness Tricia Merchant.

18 **Q. Are you sponsoring any exhibits to your rebuttal testimony?**

19 A. Yes, I'm sponsoring the following exhibits: **RMG-6** consisting of AUF's  
20 October 14, 2008 Response to Staff Audit Report dated September 18, 2008;

1 RMG-7 depicting Order No. PSC-97-0540-FOF-WS; RMG-8 consisting of  
 2 copies of the AUF RF meter contract and bid; RMG-9 consisting of a copy of  
 3 the Jasmine Lakes treatment plant contracts; and RMG-10 providing the  
 4 schedule on updated capital additions.

5 **Q. Mr. Griffin do you agree with the rate base adjustments contained in the**  
 6 **Florida Public Service Commission, Division of Regulatory Compliance,**  
 7 **Auditor's Report, dated September 18, 2008, sponsored by Commission**  
 8 **Witnesses Terkawi, Vedula, Dobiac and Brown?**

9 A. No I do not. On October 14, 2008 and October 17, 2008, AUF filed its  
 10 responses to the Audit Findings, which I have attached as **Exhibit RMG-6.**  
 11 Certain of those responses indicated that there should be a change made to one  
 12 or more rate base items. Based on those responses to the Audit Findings, set  
 13 forth below is a schedule of the rate base adjustments that AUF believes should  
 14 be made to the instant rate filing at this time.

Audit Finding No.	System Name	Rate Base Elements			
		UPIS	A/D	CIAC	Amort. CIAC
1	Lake Suzy Water	(190,351)	36,122	189,596	(14,595)
2	Lake Suzy WW	(504,909)	46,122	733,536	(52,113)
4	Lake Josephine Water	203	17,395	(1,801)	-
4	Sebring Lakes Water	(13,892)	4,005	-	-
4	Lake Osbourne Water	(3,289)	941	-	-
4	Arrendondo Water	-	16,992	-	-
4	Jasmine Lakes Water	-	35,249	-	-
5	Ocala Oaks Water	-	-	-	(11,418)
5	Tangerine Water	-	-	-	2,830
18	Lake Suzy WW	(171,677)	-	-	-

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18 **REBUTTAL OF COMMISSION AUDITOR TESTIMONY**

19 **Q. Please outline those areas of the Commission Auditors' testimony that you**  
 20 **wish to address?**

1 A. My primary concern is with the Audit Findings sponsored by Commission  
 2 Witness Dobiac. The schedule of Audit Findings related to rate base is shown  
 3 below. I will respond to Audit Findings 1, 2 and 18.  
 4

Audit Finding No.	System Name	As Drafted			
		Rate Base Elements			
		UPIS	A/D	CIAC	Amort. CIAC
1	Lake Suzy Water	(534,219)	108,901	137,077	(8,891)
2	Lake Suzy WW	(1,119,520)	359,506	-	-
3	Rosalie Oaks & Village	(151,075)	-	-	-
4	Lake Josephine Water	-	17,395	-	-
4	Sebring Lakes Water	(20,122)	4,005	-	-
4	Lake Osborne Water	(3,289)	941	-	-
4	Arredondo Water	-	16,992	-	-
4	Jasmine Lakes Water	-	35,249	-	-
5	Ocala Oaks Water	-	-	-	(11,418)
5	Tangerine Water	-	-	-	2,830
11		1,247	-		
18	Lake Suzy WW	(229,259)			-

5  
6

7 **Q. Please explain the basis for rate base eliminations in Audit Finding Nos. 1**  
 8 **and 2.**

9 A. Ms. Dobiac recommends that a total of \$1,653,739 be removed from UPIS for  
 10 the Lake Suzy water and wastewater systems. As a basis for this finding, Ms.  
 11 Dobiac claims that she requested supporting documentation for a sample of  
 12 plant additions and that AUF did not provide the requested supporting  
 13 documentation.

14 **Q. Do you have concerns over these findings?**

15 A. Yes. Prior to AUF acquiring the Lake Suzy system, the Commission by Order  
 16 No. PSC-97-0540-FOF-WS approved water and wastewater plant for Lake  
 17 Suzy in the amount of \$1,239,799. I've included that order in **Exhibit RMG-7**.  
 18 From 1997 through 2003, AUF's predecessor had accounted for most of the  
 19 Commission-approved plant for Lake Suzy under one identifying work order

1 (W0049). As part of her audit, Ms. Dobiac had requested supporting  
2 documentation for Lake Suzy land in the amount of \$1,150 in her audit sample.  
3 The Company had erred in indicating in its response that it had no support for  
4 this audit sample. In fact, the \$1,150 Lake Suzy Water land is included in the  
5 FPSC 1997 Order that has been provided as **Exhibit RMG-7**. None of the  
6 remaining \$1,652,589 Lake Suzy Water and Wastewater plant was included in  
7 the audit sample. Thus, the Company was not asked during the discovery  
8 period for supporting documentation for the assets that comprise the  
9 \$1,652,589. Ms. Dobiac had eliminated those dollars based on the fact that  
10 they had the same work order number (W0049) in common with the audit  
11 sample of \$1,150.

12 **Q. Mr. Griffin, what is your recommendation with regard to Audit Finding**  
13 **No. 1?**

14 A. At the very least, the Lake Suzy plant which the Commission has approved in  
15 Order No. PSC-97-0540-FOF-WS, which amounts to \$1,239,799 should not be  
16 removed from AUF rate base. I believe that the auditor did not realize that this  
17 amount was included in the W0049 balance. Next, the remaining \$413,940 of  
18 plant eliminations from Audit Finding Nos. 1 and 2 should be denied for two  
19 reasons. First, the Company never was asked to provide supporting  
20 documentation for these assets. The first time that the Company was aware of  
21 the Findings was in mid-September 2008 after they were filed. My staff and I  
22 have been in contact with the auditor's supervisor ever since then, but have not  
23 made progress toward the auditor's recapitulation of all or part of her Finding  
24 Nos. 1 and 2. Second, the great majority of the Lake Suzy Water and  
25 Wastewater plant additions are developer dedicated or contributed property,

1 where there is a rate base counter-weight in the CIAC that has been booked.  
2 For example, 80% of the Lake Suzy Water plant shown on page A-1 of the  
3 MFR and 77% of the Lake Suzy Wastewater plant shown on page A-2 of the  
4 MFR is contributed property. In making her adjustments in Finding No. 2, Ms.  
5 Dobiac only looked at the plant side of rate base and failed to balance her  
6 recommendation with a total rate base outlook. For these reasons, I believe that  
7 the Audit Finding Nos. 1 and 2 should be denied in their entirety.

8 **Q. What is the basis for Audit Finding No. 18?**

9 A. The Audit Staff removed (\$229,259) of Lake Suzy Wastewater land, which is  
10 the difference between the FPSC-approved land value in 1997 and the \$442,800  
11 land value reflected on the AUF books.

12 **Q. Does the Company agree with this finding?**

13 A. The Company agrees in principle with Audit Finding No. 18. However, the  
14 Company believes that the land value to eliminate from the Lake Suzy  
15 Wastewater MFR is (\$171,677). This is the thirteen month average of land  
16 value based on the December 31, 2007 land sale. In Finding No. 18 under the  
17 heading "Land Value", the Staff had improperly adjusted the thirteen month  
18 average calculation by reducing land as though the sale occurred in December  
19 2006.

20 **REBUTTAL OF OPC DIRECT TESTIMONY**

21 **Q. Please outline the areas of the direct testimony of Ms. Dismukes that you**  
22 **will address.**

23 A. I will respond to rate base adjustments which Ms. Dismukes has proposed in  
24 the following areas:

- 1           •     Rate Base – Ms. Dismukes’ Cost Savings Recommendation regarding  
2                     the switch to RF Metering
- 3           •     Rate Base – Ms. Dismukes’ Schedule 18, Budget vs. Actual  
4                     Expenditures
- 5           •     Rate Base – Ms. Dismukes’ Reliance on AUF’s 2006 and 2007 Capital  
6                     Budget Shortfalls to Predict Whether the Company’s Pro-Forma  
7                     Additions Will Be Closed to Plant by Year-End 2008
- 8           •     Rate Base – Ms. Dismukes’ use of the “constant rate methodology” in  
9                     her Schedule 18
- 10          •     Rate Base – Ms. Dismukes’ use of 13 month average methodology on  
11                     pro-forma additions
- 12          •     Rate Base – Ms. Dismukes’ suggestion to eliminate \$1.7 million of rate  
13                     base based upon the July 2008 capital budget report
- 14          •     Rate Base – Ms. Dismukes’ recommendation to include a negative  
15                     acquisition adjustment in rate base
- 16          •     Rate Base – Ms. Dismukes’ capture of Audit Findings relating to rate  
17                     base in Schedule 27
- 18          •     Rate Base – Errors found in Ms. Dismukes’ Schedules 27 and 28

19                     **RATE BASE – MS. DISMUKES’ RECOMMENDATION**

20                     **REGARDING AUF’S CONVERSION TO RF METERING**

21           **Q. Ms. Dismukes questions AUF’s decision to purchase and install RF meters**  
22                     **throughout Florida. Do you agree?**

23           A. No, I do not. It comes as a surprise that the OPC’s witness is now questioning  
24                     the replacement of meters throughout Florida. At the service hearings held in  
25                     AUF’s last rate case, there were numerous customers who expressed concerns

1 over the accuracy of the meters, the accuracy of the meter readings, and  
2 whether the meters were being read. Throughout these service hearings, the  
3 Commissioners, Commission staff, and the OPC also expressed concerns over  
4 these meters. In response to these concerns, AUF made a decision to  
5 aggressively replace all of these aging meters with new RF meters. This  
6 decision was made not only to address its customers' concerns, but to ensure  
7 efficient and accurate meter readings. There was also concern over the length  
8 of time in the meter readings. With the installation of RF meters throughout the  
9 jurisdictional counties in Florida, AUF has addressed these concerns. We have  
10 made adjustments to eliminate the contracted meter reading expenses, to  
11 recognize these services will no longer be necessary after the replacements.  
12 The OPC propounded extensive discovery on the meter replacement program.  
13 In response to Interrogatories Nos. 137 and 392, AUF responded that it  
14 currently had 7 meter readers throughout the state. With the RF meter  
15 conversion, the number of meter readers will be reduced to 2. The other 5  
16 employees will be able to spend more time performing maintenance work,  
17 answering customer service calls, and responding to daily calls. This will make  
18 it possible to address any maintenance issues that may not have been previously  
19 addressed. It will further reduce operating costs since these issues will now be  
20 able to be performed by AUF employees instead of by outside contractors.  
21 Additional savings cannot be quantified at this time, since they will be  
22 prospective savings related to avoided costs, not replaced costs. Thus, the  
23 intent to convert from conventional meter reading to RF meters was based on  
24 achieving resource efficiencies and addressing customer concerns.

25 **Q. Were the OPC and Commission staff informed about the RF meter**



1           **conversion program?**

2           A.    Yes. The issue of meter replacements was thoroughly discussed in each of the  
3           six monthly conference call meetings held as a condition of AUF's withdrawal  
4           of the last rate case. The customers and Commissioners were also briefed at  
5           each service hearing in the utility's opening remarks.

6                           **RATE BASE – MS. DISMUKES' SCHEDULE 18 –**

7                                   **BUDGET VS. ACTUAL EXPENDITURES**

8           **Q.    Have you reviewed Schedule 18 which OPC Witness Dismukes has**  
9           **prepared and attached her testimony?**

10          A.    Yes. I have several serious concerns with respect to that schedule. First, Ms.  
11          Dismukes claims on page 80 of her testimony that her Schedule 18 duplicates  
12          the 2008 pro-forma budget provided by the Company. That simply is not true.  
13          The following systems were included by the Company as pro-forma additions  
14          but were not included in Schedule 18: 48 Estates Water; E Lake Harris Water;  
15          Fern Terrace Water; Friendly Center Water; Grand Terrace Water; Haines  
16          Creek Water; Hermits Cove Water; Hobby Hills Water; Imperial Terrace  
17          Water; Kings Cove Water; Lake Josephine Water; Lake Osborne Water;  
18          Morningview Water; Palm Port Water; Skycrest Water; St. Johns Highlands  
19          Water; Stone Mountain Water; Summit Chase Water; Tangerine Water; The  
20          Woods Water; Valencia Terrace Water; Venetian Village Water; Wooten  
21          Water.

22          **Q.    Do you have any other concerns with Schedule 18?**

23          A.    Yes. Upon review of files supporting Schedule 18, the Company has  
24          discovered numerous calculation errors:

- 1 • 'Total Florida Systems' row for columns '7 Months Expenditures'  
2 contains a calculation error in the amount of (\$437,500).
- 3 • 'Remaining Budget' contain a calculation error in the amount of (\$40,146).
- 4 • '7 Mos. Expenditures' contains a calculation error of (\$7,503).
- 5 • 'Remaining Budget' contains a calculation error of \$11,368.
- 6 • 'Adjusted Pro-Forma Additions' contain a calculation error of (\$28,778).
- 7 • 'Adjustment to Pro-Forma' contains a calculation error of (\$28,778).

8 In addition, it should be noted that Ms. Dismukes' Schedule 18  
9 contained only those systems that had negative differences between her  
10 constant rate of expenditure and the 7 month actuals. She failed to recognize  
11 the systems, which I listed in response to the previous question where the 7  
12 month actual spending exceeded her constant rate of expenditure.

13 **Q. Have you been able to reconcile Schedule 18 with Ms. Dismukes' direct**  
14 **testimony?**

15 A. Not entirely. On page 86 of Ms. Dismukes' testimony she states that her  
16 recommended adjustments from Schedule 18 reduce the Company's pro-forma  
17 rate base adjustments by \$1,727,488. The adjustment total from Schedule 18 is  
18 \$1,703,747. I cannot reconcile this difference.

19 **Q. What is your recommendation with regard to Schedule 18?**

20 A. The Commission should reject Schedule 18 and the recommended rate base  
21 reductions associated therewith. As I explain below the schedule is  
22 fundamentally flawed because Ms. Dismukes improperly relies on a constant  
23 rate methodology to project whether pro-forma additions will close as  
24 projected.

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**RATE BASE - MS. DISMUKES' RELIANCE ON**  
**AUF'S 2006 AND 2007 CAPITAL BUDGET SHORTFALLS TO PREDICT**  
**WHETHER THE COMPANY'S PRO-FORMA ADDITIONS WILL BE CLOSED**  
**TO PLANT BY YEAR-END 2008**

**Q. Beginning with the 2006 AUF capital budget, do you agree with the budgeted, actual spent, shortage, and shortage percentages set forth in Ms. Dismukes' testimony on page 85?**

A. No. The 2006 AUF capital budget report was provided to the OPC in response to OPC Request for Production of Documents No. 5 Attachment 7 of 12 as an excel file, with all formulas and links intact. The AUF original approved 2006 capital budget was \$10.4 million. During 2006, the Aqua America, Inc. board approved a supplemental amount of \$7.2 million, which increased the revised AUF 2006 capital budget to \$17.6 million. AUF spent \$15.1 million of capital during 2006, net of CIAC. The capital budget to actual shortfall was \$2.5 million or 14.2%, not 24% as claimed by Ms. Dismukes.

**Q. Why was there a \$2.5 million (14.2%) shortfall in the AUF 2006 capital budget?**

A. There were two capital jobs that were budgeted for 2006 and not completed until 2007. Those jobs were the Lake Josephine water treatment plant (\$393,837 shortfall) and the Chuluota wastewater plant expansion (\$350,164 shortfall). The 2006 shortfall on those two jobs were caused by contractual reasons and were carried over into future year capital budgets. The remaining shortfall is due to the Company not spending \$1.8 million of the \$7.2 million supplemental budget. This \$1.8 million shortfall was not carried over into future years' capital budgets.

1           **Q. Continuing with the 2007 AUF capital budget, do you agree with the**  
2           **budgeted, actual spent, shortage, and shortage percentages as set forth in**  
3           **Ms. Dismukes' testimony on page 85?**

4           A. No. The 2007 AUF capital budget report was provided to the OPC in response  
5           to OPC's Request for Production No. 5, Attachment 8 of 12 as an excel file,  
6           with all formulas and links intact. The approved AUF 2007 capital budget was  
7           \$7.0 million. AUF spent \$7.0 million, net of CIAC. There is no variance,  
8           rounded to millions of dollars. Without rounding, the shortage was 0.6%.  
9           Simply stated, Ms. Dismukes' statements on page 85, lines 11 through 14 are  
10          incorrect.

11          **Q. Do you know of specific information that would clearly show that AUF will**  
12          **be close to target with the 2008 capital spending on pro-forma additions?**

13          A. Yes. First, in the fourth quarter 2008, as a result of recent meter installations,  
14          AUF will close approximately \$500,000 of meter installations from CWIP to  
15          UPIS and will transfer another \$200,000 of meter installations that resided in  
16          the meter inventory account to CWIP. The Company still believes that it will  
17          achieve the level of meter installation spending and closing in 2008 that is  
18          reflected in the pro-forma additions. I have attached the RF meter contract and  
19          awarded bid as **Exhibit RMG-8**.

20                        Second, the Jasmine Lakes Wastewater treatment plant contracts, which  
21                        are signed and ready for construction, are attached as **Exhibit RMG-9**.

22                        Third, the Village Water Wastewater land appraisal and fencing of the  
23                        effluent disposal site has been completed and will be closed from CWIP to  
24                        UPIS in the amount of \$180,000 before year-end.

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1 **RATE BASE – MS. DISMUKES’ USE OF THE “CONSTANT RATE**

2 **METHODOLOGY” IN HER SCHEDULE 18**

3 **Q. Does the 2006 and 2007 budget vs. actual variances that were inaccurately**  
4 **reflected in Ms. Dismukes’ testimony to make any difference in her**  
5 **Schedule 18?**

6 A. Yes. Ms. Dismukes utilized her “constant rate methodology”, which she  
7 describes as taking the remaining budget and multiplying it by five twelfths to  
8 estimate the amount that will be expended by year-end 2008, to bifurcate her  
9 allowable rate base from her (\$1,703,747) disallowable rate base. Although it  
10 is not clearly stated, Ms. Dismukes’ testimony implies that this approach is  
11 needed based on the faulty premise that the Company won’t spend and close  
12 the amount of plant in the rate filing due to past capital budget shortfalls. As  
13 I’ve shown above, that simply is not the case.

14 **Q. What is your recommendation with respect to Ms. Dismukes’ Schedule 18?**

15 A. It is important to note that in this testimony, I’ve provided contracts and  
16 updates to the pro-forma additions that will close on time. Many of these  
17 projects that will close on time have been cut dramatically in Ms. Dismukes’  
18 Schedule 18. I recommend that Schedule 18 and her recommended rate base  
19 eliminations be denied in their entirety.

20 **RATE BASE – MS. DISMUKES’ USE OF 13 MONTH AVERAGE**

21 **ON PRO-FORMA ADDITIONS**

22 **Q. In Ms. Dismukes testimony, she recommends that an adjustment be made**  
23 **to pro forma plant in order to make an averaging adjustment, do you**  
24 **agree?**

25

1 A. No. Ms. Dismukes' recommendation conveniently ignores standard practice  
 2 and a long line of Commission cases. The Commission's practice is to include  
 3 pro-forma items at the full amount and not apply an average to the requested  
 4 amount. Over the recent past, the Commission has issued the following orders  
 5 approving the inclusion of various utilities' requested pro forma plant items, at  
 6 full cost with no averaging adjustment.

7

<u>Order No.</u>	<u>Issued Date</u>	<u>Docket No.</u>
PSC-07-0609-PAA-WS	July 30, 2007	060246-WS
PSC-07-0082-PAA-SU	January 29, 2007	060246-WS
PSC-07-0505-SC-WS	June 13, 2007	060253-WS
PSC-07-0134-PAA-SU	February 16, 2007	060254-SU
PSC-07-0130-SC-SU	February 15, 2007	060256-SU
PSC-07-0205-PAA-WS	March 6, 2007	060258-WS
PSC-07-0287-PAA-WS	April 3, 2007	060260-WS
PSC-03-0699-PM-SU	June 9, 2003	020331-SU

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9 In each of the rate cases cited above, the OPC was involved and did not oppose  
 10 the inclusion of the pro forma plant at full value. Disallowing pro forma plant  
 11 at the actual cost would be contrary to past Commission practice and would  
 12 also place AUF at an unfair disadvantage in the water and wastewater industry  
 13 compared to other regulated utilities which have been afforded recovery  
 14 through rates. The Commission practice is straight forward and fairly  
 15 recognizes that the pro forma plant will be in service at the time the prospective  
 16 rates are placed into effect. Disallowance of the full amount of the plant would  
 17 not afford an opportunity for utilities to recover the prudent cost of the plant  
 18 and would likely result in the utility filing for a subsequent rate increase sooner  
 19 than would be required under the current Commission practice.

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**RATE BASE – MS. DISMUKES’ SUGGESTION**  
**TO ELIMINATE \$1.7 MILLION OF RATE BASE**

**BASED UPON THE JULY 2008 CAPITAL BUDGET REPORT**

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3  
4 **Q. Mr. Griffin, what is your recommendation with regard to the elimination**  
5 **of \$1.7 million of rate base from the Company’s claims?**

6 A. I recommend that the Commission deny Ms. Dismukes \$1.7 million rate base  
7 reduction in its entirety because it is based on the faulty assumption that AUF  
8 will not spend and close CWIP to UPIS the amount proposed in the instant rate  
9 filings.

10 **Q. Have you provided an update on AUF’s actual capital additions in 2008 to**  
11 **address Ms. Dismukes’ recommendations?**

12 A. Yes. I’ve attached to my testimony **Exhibit RMG-10**, which is a schedule on  
13 updated capital additions based on a review of AUF’s September 30, 2008  
14 capital budget to actual report.

15 **Q. Mr. Griffin, in response to Ms. Dismukes’ testimony have you evaluated**  
16 **AUF’s pro forma plant for the test year and made adjustments based on**  
17 **updated information?**

18 A. Yes. I have thoroughly analyzed AUF’s pro-forma additions and have reduced  
19 or eliminated those projects where there is a question concerning their timely  
20 completion. In summary, AUF agrees that the following plant will not be  
21 placed into service by year-end 2008: Customer service renovations; Chuluota  
22 WW effluent disposal project; South Seas WW effluent disposal project; and  
23 Valencia Terrace SCADA project. In addition, there are two pro-forma  
24 additions where the actual amount spent differs from the amount included in the  
25 MFRS. They are: Village Water WW effluent disposal site project; and, Lake

1 Josephine new water treatment plant.

2 **Q. Have you prepared a schedule depicting those adjustments to pro forma**  
3 **plant?**

4 A. Yes. That schedule is attached as **Exhibit RMG-10**. Updates to the pro-forma  
5 plant are shown in the last column of that exhibit.

6 **Q. What updated adjustments are proposed to the customer service**  
7 **renovations that were estimated at \$12,862?**

8 A. The \$12,862 customer service renovation will not be finalized in time for this  
9 rate case. There were no retirements planned with this pro forma item. The  
10 impact on the Company's rate base is (\$8,470), as 65.85% of the  
11 Administrative pro forma capital additions are allocated to all AUF water and  
12 wastewater systems.

13 **Q. What updated adjustments were made to the Chuluota WW and South**  
14 **Seas WW effluent disposal projects?**

15 A. Both projects, which were included at \$50,000 each, won't be finalized in time  
16 for this rate case. There were no retirements planned with these projects. The  
17 impact on the Chuluota WW and South Seas WW rate base would result in a  
18 reduction of (\$50,000) in this case for each of the systems.

19 **Q. What updated adjustments are proposed to the Valencia Terrace Water**  
20 **SCADA project?**

21 A. The Valencia Terrace SCADA project, which was estimated at \$25,000, won't  
22 be finalized in time for this rate case. There were no retirements planned with  
23 this project. The impact on the Valencia Terrace Water rate base would result  
24 in a reduction in rate base of (\$25,000).

25 **Q. What updated adjustment are proposed to the Village Water WW effluent**



1           **disposal site project in the amount of \$350,000?**

2           A.   AUF is bifurcating this project into a land survey and fence installation project  
3           in the amount of \$180,000 that will be spent and closed to UPIS before  
4           December 31, 2008 and the remaining \$170,000 of the effluent disposal project  
5           will be deferred at a future time and amortized over the life of the permit.  
6           There were no retirements planned with this project.

7           **Q.   What updated adjustments are proposed to the Lake Josephine new water**  
8           **treatment plant?**

9           A.   AUF has revised the cost of the Lake Josephine water treatment plant from  
10          \$350,000 to \$694,000, based on the initial engineering estimate and dollars  
11          spent in 2007 and 2008 on the project. The water plant consists of the package  
12          water plant \$172,000 and construction and engineering \$522,000. On Tuesday,  
13          November 18, 2008, the Company will file its response to Staff's Request for  
14          Production No. 23, which includes copies of invoices supporting the entire  
15          2007 and 2008 cost of this project. All of the Company's engineering plans and  
16          bids for both the package plant and the construction work are available upon  
17          request.

18           **RATE BASE – MS. DISMUKES' RECOMMENDATION TO INCLUDE A**

19           **NEGATIVE ACQUISITION ADJUSTMENT IN RATE BASE**

20          **Q.   On page 94, lines 1-2, of Ms. Dismukes' prefiled direct testimony, she**  
21          **recommends that the Commission make a negative acquisition adjustment**  
22          **to AUF's rate base. Do you agree?**

23          A.   No, I do not. Ms. Dismukes claims that AUF's rate base should be reduced  
24          because AUF purchased utility facilities from Florida Water in 2004 at a price  
25          that was below the book value of those facilities. Ms. Dismukes' claim

1 conveniently overlooks the fact that the Commission expressly considered  
2 whether a negative acquisition adjustment was appropriate when AUF sought  
3 Commission approval of its proposed acquisition of the Florida Water systems  
4 in Docket Nos. 040951-WS & 040952-WS. In addition, Ms. Dismukes has  
5 chosen to ignore the facts that (1) the Commission unanimously determined it  
6 was not appropriate to impose a negative acquisition adjustment, and (2) AUF  
7 relied on the Commission's decision when it acquired the facilities from Florida  
8 Water.

9 The ordering paragraphs of the Commission's decisions approving the  
10 transfer of the Florida Water systems to AUF, specifically state that an  
11 "acquisition adjustment shall not be included in rate base." See Orders Nos.  
12 PSC-05-1242-PAA-WS and PSC-05-1242A-PAA-WS. Having elected to  
13 ignore this clear finding by the Commission, Ms. Dismukes then presents a  
14 glaring factual inaccuracy that "the Commission f[ou]nd in the transfer docket  
15 that a negative acquisition adjustment was necessary." This erroneous  
16 conclusion forms the foundation for her recommendation regarding the negative  
17 acquisition adjustment, and in my opinion invalidates that testimony.

18 **Q. Did the OPC participate in the above transfer docket?**

19 A. Yes, it did. Ms. Dismukes' testimony on page 90, lines 1 thru 3, is misleading  
20 on this point. Her testimony states: "Apparently, because it was a transfer case  
21 no other party presented evidence about the need for a negative acquisition  
22 adjustment." However, the public record shows that the OPC was an active  
23 participant in the transfer docket and that the OPC presented positions on a  
24 number of contentious issues.

25 **Q. Was an acquisition adjustment a specific issue in the docket involving the**

1           **transfer of the Florida Water facilities to AUF?**

2           A. Yes. The following issue was squarely before the Commission when it  
3           considered the transfer: “Issue 8: Should an acquisition adjustment be  
4           included in the calculation of rate base?” As I previously stated, the  
5           Commission ultimately concluded in its final order that an “acquisition  
6           adjustment shall not be included in rate base.” See Order No. PSC-05-1242-  
7           PAA-WS.

8           **Q. Did the OPC challenge the Commission’s order approving the transfer  
9           without a negative acquisition adjustment?**

10          A. No, although it had ample opportunity to do so. For example, after the order in  
11          the transfer docket was issued, Aqua filed a protest and the OPC filed a Notice  
12          of Intervention. The Consummating Order in Docket No. 040951-WS reflects:  
13          “On February 17, 2006, Aqua filed a Notice of Withdrawal of its Amended  
14          Protest. Staff counsel has confirmed the OPC agrees that its intervention in this  
15          matter may likewise be deemed moot.” As a result, Order No. PSC-05-1242-  
16          PAA-WS became effective and final, and the docket was closed.

17          **Q. Did OPC seek reconsideration or appeal of the Commission’s final order in  
18          the transfer docket?**

19          A. No, it did not. The final order in the transfer docket was neither challenged nor  
20          appealed. Absent timely challenge, the order became final and no longer  
21          subject to review. Thus, the final order in the transfer docket should stand as  
22          written, with an acquisition adjustment of zero.

23          **Q. Has the OPC previously challenged other commission orders approving a  
24          transfer of utility facilities without a negative acquisition adjustment?**

25          A. Yes, it has. Two examples demonstrate the OPC’s acute awareness of the need

1 to file timely petitions to protest Commission orders in which no acquisition  
2 adjustments are included in rate base include: Docket No. 971220-WS, in  
3 which the OPC filed a timely petition on August 10, 1998 to Order No. PSC-  
4 98-0993-FOF-WS (Order Approving Transfer); and Docket No. 960235-WS, in  
5 which the OPC filed a timely petition on October 28, 1996 to Order No. PSC-  
6 96-1241-FOF-WS (Order Approving Transfer).

7 **Q. Did AUF rely on the Commission's decision to include a negative**  
8 **acquisition adjustment in rate base when it acquired the facilities from**  
9 **Florida Water?**

10 A. Yes. In fact, AUF would not have acquired those facilities if the Commission  
11 had made a negative acquisition to rate base.

12 **Q. Ms. Dismukes asserts that the Commission has imposed a negative**  
13 **acquisition adjustment in a case similar to this involving Jasmine Lakes**  
14 **Utility. Do you agree?**

15 A. No, I do not. Ms. Dismukes cites a case involving Jasmine Lakes Utility in  
16 Docket No. 920148-WS as support for her recommendation of a \$2,702,963.00  
17 negative acquisition adjustment to AUF's rate base. See Order No. PSC-93-  
18 1675-FOF-WS. In that order, the Commission recognized a \$17,753 negative  
19 acquisition adjustment based on a series of extraordinary circumstances that do  
20 not exist in this case.

21 In *Jasmine Lakes*, the Commission noted that at the time the utility was  
22 transferred (1) the utility had not been maintained in 7 years; (2) the previous  
23 owner had "neglected the utility for a long time"; and (3) the utility had earned  
24 a return on water plant components for 2 years when, in fact, it was purchasing  
25 "80% of its water" from another governmental utility. Furthermore, in *Jasmine*

1           *Lakes* there was little dispute regarding the need for major repairs to the system  
2 as a result of the prior owner's negligence, or that the purchase of the utility for  
3 less than book value was directly tied to the prior owner's negligence. As OPC  
4 argued in that case, the adjustment was necessary to "insulate the ratepayers  
5 from failures or negligence by the prior utility management."

6           Those facts simply are not present in AUF's case, nor are any cited in  
7 Ms. Dismukes' testimony. Unlike in *Jasmine Lakes*, Aqua America purchased  
8 a total of 58 water and wastewater systems from Florida Water, not one  
9 negligently run-down system. The fact that some of those systems Aqua  
10 purchased were older and needed some repair does not demonstrate that the  
11 prior owner had neglected the utility systems for years and had been negligent  
12 in the operation of those utilities. The vintage and repair schedules for the  
13 systems that Aqua acquired from Florida Water were not extraordinary; instead  
14 they reflect operational issues encountered in operating any water and  
15 wastewater utility. Ms. Dismukes attempts to correlate the factors in *Jasmine*  
16 *Lakes* to the facts of this rate case are simply unfounded and are insufficient to  
17 justify a \$2,702,963.00 negative acquisition adjustment.

18           I would also point out that OPC did not participate in the earlier  
19 proceeding involving the transfer of Jasmine Lakes Utility. This is in marked  
20 contrast to this case where OPC actively participated in the docket involving  
21 the transfer of Florida Water facilities to Aqua, and had ample opportunity to  
22 challenge the Commission's decision not to make negative acquisition, but  
23 chose not to do so.

24           Finally, it is important to note that the Commission's decision in  
25 *Jasmine Lakes* was rendered in 1993, and the Commission's acquisition

1 adjustment rules have changed since then. Rule 25-30.0371, Florida  
2 Administrative Code, was adopted in August of 2002, replacing the  
3 Commission's former case-by-case acquisition adjustment policy. The current  
4 rules must be applied in this proceeding, not the policy applicable to the 1993  
5 Jasmine Lakes case. It is noteworthy that Ms. Dismukes fails to cite one post-  
6 2002 case in which the Commission found a negative acquisition adjustment to  
7 be appropriate in conditions truly similar to these.

8 In my opinion, the after-the-fact claims and insinuations set forth in Ms.  
9 Dismukes' testimony do not provide "proof of extraordinary circumstances"  
10 that would warrant a \$2,702,963 negative acquisition adjustment to AUF's rate  
11 base.

12 **RATE BASE – MS. DISMUKES' CAPTURE OF**

13 **AUDIT FINDINGS RELATING TO RATE BASE IN SCHEDULE 27**

14 **Q. Has the Company filed responses to the Commission Staff's Audit**  
15 **Findings?**

16 A. Yes. In addition, I have taken issue with Audit Finding Nos. 1, 2 & 18 earlier  
17 in my rebuttal testimony.

18 **Q. Are there any rate base differences between the Audit Findings and the**  
19 **Company responses?**

20 A. Yes, there are major differences with respect to Findings 1, 2, 3, & 18. The  
21 impact on rate base from the Company's responses to the Audit Findings and  
22 the Audit Findings are presented in two schedules on page two and three of my  
23 rebuttal testimony.

24 **Q. Because Ms. Dismukes accepted the Audit Findings in her own testimony**  
25 **and schedules, can you explain what the differences are between the Audit**

1 **Findings and the Company's responses and the reasons why the Company**  
2 **believes that some of the Audit Findings are excessive?**

3 A. Yes. I have attached the Company's reply to the draft Audit Findings, which  
4 enumerate the differences between the Company's and Audit Bureau's  
5 positions as **Exhibit RMG-6**. It should be noted that Ms. Dismukes has  
6 recorded the plant eliminations from the Audit Findings in her Schedules 27  
7 and 28.

8 **Q. What is your recommendation with regard to the Audit Findings related to**  
9 **rate base as they appear in Ms. Dismukes' Schedule 28?**

10 A. I believe that the majority of Audit Finding Nos. 1, 2, & 18 should be denied  
11 consistent with my rebuttal testimony of Commission Witness Dobiac.

12 **RATE BASE – ERRORS FOUND IN MS. DISMUKES' SCHEDULES 27 AND 28**

13 **Q. Please describe the errors that you found in Schedules 27 from Ms.**  
14 **Dismukes' testimony.**

15 A. The calculation errors are shown below:

- 16 • Schedule 27 erroneously excluded the rate base from the Tomoka/Twin  
17 Rivers Water System. This error caused every number on Schedule 27,  
18 page 1 of 3, 2 of 3 and 3 of 3, to be understated in terms of rate base  
19 recovery. The Tomoka/Twin Rivers rate base is \$141,944.
- 20 • Schedule 27 erroneously excludes the revenue, expenses, and rate base  
21 from South Seas WW and Village Water WW. As a result, Ms.  
22 Dismukes' recommendation understates rate base by (\$2,388,943) and her  
23 recommendation understates revenue requirement by (\$661,013). This  
24 can be quite easily seen in the comparison of the "As Filed" column from  
25 her Schedule 1 and Schedule 27.

- 1           • The rate of return calculated on Schedule 27, page 1 of 3, shows 12.35%  
2           which I believe is an incorrect calculation. While this error doesn't  
3           impact actual recovery, it gives the mistaken appearance of an  
4           inordinately high rate of return being earned.
- 5           • There is an unexplained \$209,000 difference in Schedule 27, page 1 of 3,  
6           on line number 7 'Operating Expenses'. The Company cannot determine  
7           the impact of this error on rate of return.
- 8           • There is an unexplained \$609,000 difference in Schedule 27, page 1 of 3,  
9           on line number 8 'Net Operating Income'. The Company cannot  
10          determine the impact of this error on rate of return.
- 11          • There is an unexplained \$11,000 difference in Schedule 27, page 2 of 3,  
12          on line 7 'Operating Expenses'. The Company cannot determine the  
13          impact of this error on rate of return.
- 14          • There is an unexplained \$198,000 difference in Schedule 27, page 3 of 3,  
15          on line 7 'Operating Expenses'. The Company cannot determine the  
16          impact of this error on rate of return.
- 17          • There is an unexplained \$609,000 difference in Schedule 27, page 3 of 3,  
18          on line 8 'Net Operating Income'. The Company cannot determine the  
19          impact of this error on rate of return.

20          **Q. Ms. Dismukes' Schedule 27, page 3 of 3, contains a note that "the revenue**  
21          **requirement excludes Tomoka/Twin Rivers due to a link failure in Aqua's**  
22          **MFR model." Do you agree with that statement?**

23          A. No. The Company provided the MFR model to the OPC, including a detailed  
24          set of instructions. In addition, the Company took the time to demonstrate the  
25          model to the OPC. At that time, the Company informed the OPC that the MFR



1 process was necessarily complex since it contained logic to effectively produce  
2 timely and accurate MFR statements for all 82 systems in this filing. The  
3 Company has determined that the MFR model provided to the OPC runs  
4 properly, with no link failures. I don't believe that the note contained in Ms.  
5 Dismukes' Schedule 27 on page 3 of 3 absolves the OPC from their own  
6 operator failures in utilizing the Company's model to support their flawed  
7 claim.

8 **Q. Please describe the errors that you found in Schedules 28 from Ms.**  
9 **Dismukes' testimony.**

10 A. The calculation errors are shown below:

- 11 • The entire amount of the Chuluota Wastewater alternative effluent  
12 disposal project (\$20,833) was removed in error from Schedule 28, page  
13 9. The impact of this error overstates the adjustment to reduce pro-forma  
14 rate base.
- 15 • There is a \$8,051 working capital adjustment in the water column of  
16 Schedule 28, page 16, since FL Central Commerce Park is a wastewater  
17 system. The Company can't determine the impact of this  
18 misclassification between water and wastewater systems.
- 19 • There is a \$18 non-used and useful positive adjustment in Schedule 28,  
20 page 49. All other non-used and useful adjustments are negative.
- 21 • The (\$1,119,520) Lake Suzy Wastewater plant elimination from Audit  
22 Finding No. 2 is shown on Schedule 28, Page 53, under Leisure Lakes by  
23 mistake.

- 1           • There appears to be a calculation error in the Accumulated Depreciation  
2           in Schedule 28 on page 91 in the amount of \$422. The Company cannot  
3           determine the impact of this error.
- 4           • The \$9,900 adjustment to replace water pump and motor for Well#5 in  
5           Schedule 28 on page 99 does not agree with the pro-forma adjustment  
6           shown in Schedule 18 of Ms. Dismukes' testimony. The impact of this  
7           error overstates the adjustment to reduce pro-forma rate base.

8           **Q. Mr. Griffin, what is your recommendation with regard to the OPC's**  
9           **Schedules 27 and 28?**

10          A. I believe that the schedules are replete with errors and thus should be rejected.  
11          At the very least, to have any use, Schedules 27 and 28 need to be corrected in  
12          terms of bad linkages and erroneous calculations.

13          **Q. Please outline the areas of the direct testimony of OPC Witness Merchant**  
14          **that you will address.**

15          A. I will respond to rate base adjustments which Ms. Merchant has proposed in the  
16          following areas:

- 17           • Rate Base – Ms. Merchant's & Dismukes' Deferred Debit  
18           Recommendations
- 19           • Rate Base – Ms. Merchant's amortization of CIAC adjustments
- 20           • Rate Base – Ms. Merchant's Cash Working Capital allowance

21           **RATE BASE – DEFERRED DEBIT RECOMMENDATIONS**

22          **Q. What does Ms. Merchant say regarding the allocation of deferred debits to**  
23          **AUF systems?**

24          A. Ms. Merchant advocates the allocation of the AUF deferred maintenance  
25          balance in the overall working capital to the entire Company instead of tracking

1 the items system by system.

2 **Q. Is Ms. Merchant's proposed adjustment to change the allocation method of**  
3 **other deferred debits appropriate?**

4 A. No, it is not. The Company's system specific method is far superior because  
5 there are underlying schedules to support it. The Company's accounting  
6 method consistently and properly identifies payments to each individual system  
7 and then records the deferred debit and offsetting expense amortization to the  
8 individual system's accounting unit.

9 The recommended change in how the Company should be able to  
10 collect the balance of other deferred debits as part of the working capital  
11 allowance is described on pages 14 and 15 of Ms. Merchant's testimony. I  
12 believe this recommendation is ill advised because it attempts to replace a  
13 rational and supportable process with one that is flawed. Since the deferred  
14 debit balances are maintained by individual system, it is inappropriate to create  
15 another allocation to "spread to the total company." In addition, the  
16 Company's direct method is in conformance with Ms. Merchant's testimony  
17 shown on page 14, lines 14 through 17, which states, "These deferred debits  
18 relate to maintenance projects which were performed on a plant specific basis  
19 and the amortization, where appropriate, should be specifically assigned to each  
20 individual system." The Company agrees that the deferred debits should be  
21 specifically assigned to each individual system. Therefore, I believe that the  
22 Company's direct method is proper, supportable, efficient, and effective.

23 **Q. Are there other problems with the rationale underlying Ms. Merchant's**  
24 **recommended allocation to deferred debits?**

25 A. Yes. The rationale for her second recommended adjustment to deferred debits

1 appears to be contradictory. Ms. Merchant states, "I believe that it is improper  
2 to specifically add these deferred debits to each system's previously allocated  
3 working capital allowance." Yet, in the very next sentence, her testimony  
4 states, "These deferred debits relate to maintenance projects were performed on  
5 a plant specific basis and the amortization, where appropriate, should be  
6 specifically assigned to each individual system." I agree with the latter  
7 statement. The testimony of Ms. Merchant goes on to state, "However, once  
8 the project is deferred, the deferral is recorded on a total company balance sheet  
9 where the asset is used by the company as a whole. This is no different than  
10 how net income or debt is recorded on the total company balance sheet and  
11 allocated to individual systems." Ms. Merchant's testimony fails to recognize  
12 the significant difference in the way that deferred debits, net income and debt  
13 are recorded. Deferred debits are recorded to system specific accounting units,  
14 while net income and debt are recorded to the total company balance sheet.  
15 That difference, which is omitted from Ms. Merchant's testimony, is the  
16 underlying reason why the deferred debit component of working capital is  
17 directly assigned to individual systems.

18 **Q. Can you summarize the adjustments for deferred maintenance**  
19 **amortizations shown on Ms. Dismukes' Schedule 24?**

20 A. Yes. The \$22,978 adjustment reflected on Schedule 24 can be broken out into  
21 three categories as follows: (1) \$13,215 for six systems for which a five year  
22 amortization period was recommended, instead of the three year period utilized  
23 by the Company in the MFRs; (2) \$8,525 for fourteen systems proposing the  
24 removal of balances that are fully amortized in 2008; and (3) \$1,239 for three  
25 systems where the Company began the amortization late.

1           **Q. Do you agree with the first category of adjustment?**

2           A. No, I do not. The Company practice has consistently deferred and amortized  
3           larger recurring maintenance and repair projects over three years. The  
4           adjustment proposed by Ms. Dismukes is a recommendation to change the  
5           Company's accounting practice on a prospective basis. Further, as testified by  
6           Staff Witness Charleston Winston on page 7 of his testimony, AUF has justified  
7           a shorter amortization period. Mr. Winston refers to his Audit Finding No. 6,  
8           where he addresses the amortization of deferred debits. I believe that the  
9           Company's method of deferring and amortizing types of maintenance and  
10          repair projects over a maximum of three years is appropriate.

11          **Q. Do you agree with Ms. Dismukes' adjustment proposing the removal of**  
12          **fully amortized balances from the MFRs?**

13          A. No. On Schedule 24 in Exhibit KHD-1, Ms. Dismukes identifies deferral of  
14          expense related to tank inspections for 48 Estates Water; Grand Terrace Water;  
15          Jasmine Lakes Water; King Cove Water; Ravenswood Water; and Rosalie Oaks  
16          Water. Although these particular inspection costs may be fully amortized in  
17          2008 for these specific systems, there are numerous other tank inspections that  
18          are required at other systems throughout the state. Attached to Mr. Szczygiel's  
19          testimony is a listing of the systems and specific tanks that either have been or  
20          will be inspected during 2008. AUF did not make specific pro forma expense  
21          adjustments for these required inspections. The reason is simple, some  
22          expenses may be fully amortized in any particular year, but they will be  
23          replaced by like expenses that will also be amortized. These may or may not  
24          occur in the same system, but overall there will be like expenses incurred for  
25          AUF in subsequent years. In addition, the same amount of tank inspections as

1 the attached schedule will occur during 2009.

2 **Q. Do you agree with Ms. Dismukes' third adjustment proposing changes**  
3 **where AUF began the amortization period late?**

4 A. No. On Schedule 24 in Exhibit KHD-1, Ms. Dismukes identifies deferral of  
5 expense related to permit renewals for Rosalie Oaks Wastewater and Summit  
6 Chase Wastewater. The practice is to amortize these costs over the life of the  
7 permit, based on the issuance date. Although these expenses may have been  
8 incurred several months prior to permit issuance, they are not amortized until  
9 the permit is actually issued. The initial costs may include up-front costs,  
10 however, during the review of the permit application from DEP, there may be  
11 additional requests for information (RAI) which may require additional costs.  
12 It is not until the final issuance of the permit by DEP that the full cost of the  
13 permit is not realized and thus can begin amortization. Additionally, it is not  
14 until the permit is issued by DEP that the correct amortization period can be  
15 determined.

16 **RATE BASE – MS. MERCHANT'S AMORTIZATION OF CIAC ADJUSTMENTS**

17 **Q. What adjustments to CIAC amortization does Ms. Merchant recommend?**

18 A. There are two recommendations starting on page 5 of her direct testimony. The  
19 first recommendation reflects the corrections of errors in the MFRs related to  
20 amortization of CIAC and the accumulated amortization of CIAC that the  
21 Company filed in response to OPC's Interrogatory No. 116. The second  
22 recommendation removes any non used and useful amortization of CIAC set  
23 forth in the MFRs in Schedule B-3 (See Exhibit PWM-2, Schedule 2, Page 1 of  
24 1).

25 **Q. Regarding the first recommendation, do you agree with Ms. Merchant?**

1 A. Yes. The schedule provided in response to OPC's Interrogatory No. 116 (also  
2 reflected as Exhibit PWM-2, Schedule 1, Page 1 of 1) clearly shows that the  
3 amortization of CIAC and accumulated amortization of CIAC should be  
4 increased by (\$176,454) and \$95,580, respectively, in the instant rate filings.

5 **Q. Has Ms. Dismukes adjusted the Amortization of CIAC (p&l) and the**  
6 **Accumulated Amortization of CIAC (rate base) from Ms. Merchant's first**  
7 **recommendation?**

8 A. No. Ms. Dismukes has reduced the amortization expense in her Schedule 29,  
9 but failed to include the accumulated amortization of CIAC in her Schedule 27.  
10 This oversight should be remedied.

11 **Q. Regarding the second recommendation, do you agree with Ms. Merchant?**

12 A. Yes, I do. The amortization of CIAC should be increased by (\$12,368) and  
13 (\$126) for water and wastewater systems, respectively, due to the Company  
14 inadvertently reducing the amortization by the used and useful percentages in  
15 the systems shown in the aforementioned schedule. However, I would like to  
16 comment on the allegation of a "cloaked adjustment" on page 5. AUF  
17 disagrees that this was an intentional act to not disclose any adjustment as  
18 further alleged on page 8. This was a simple inadvertent error that AUF admits  
19 and agrees to. Although in error, this inadvertent adjustment is very evident on  
20 the specific Schedule B-13 and B-14 that Ms. Merchant references on page 8.

21 **RATE BASE – MS. MERCHANT'S CASH WORKING CAPITAL ALLOWANCE**

22 **Q. Have you reviewed Ms. Merchant's recommendations concerning cash**  
23 **working capital?**

24 A. Yes, and I take issue with two of those recommendations. The first item relates  
25 to Deferred Taxes. In his rebuttal testimony, Mr. Anzaldo disagrees with the

1           Deferred Tax recommendation on pages 24 and 25 of her testimony based on  
2           the fact that (1) Ms. Merchant failed to allocate only 65.85% of the deferred tax  
3           on IT equipment, (2) Ms. Merchant failed to utilize a thirteen month average in  
4           calculating her Deferred Tax recommendation, and (3) Ms. Merchant's  
5           recommended adjustment for Corporate IT and Corporate Capital Structures  
6           and Improvements is duplicative. As a result, the \$852,382 figure should be  
7           \$395,098.

8           **Q. Does Ms. Merchant's Deferred Tax capitalization recommendation have**  
9           **an impact on the cash working capital claim?**

10          A. Yes. This increase in deferred taxes payable will be offset by a decrease in  
11          current taxes payable. Because current taxes payable are a component of cash  
12          working capital, change to the cash working capital value is required. Ms.  
13          Merchant failed to recognize this in her testimony.

14          **Q. What is the second cash working capital recommendation presented by**  
15          **Ms. Merchant that you disagree with?**

16          A. On pages 16 through 20 of her testimony, Ms. Merchant recommends an  
17          Accrued Taxes adjustment of \$1,812,682 to recognize that the Company will be  
18          given a fully compensatory income tax expense through its revenue  
19          requirement. However, her \$1,812,682 adjustment is a full year affect, but is  
20          applied dollar for dollar against the Company's average accrued tax balance of  
21          (\$1,155,342), which is based on a thirteen month methodology. Had Ms.  
22          Merchant's recommended adjustment been based on a thirteen month method,  
23          approximately one half of the adjustment, or \$906,341 would be applied against  
24          the Company's average accrued tax balance.

25          **Q. Does this conclude your rebuttal testimony at this time?**



1

A. Yes.

**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, ) FILED: October 14, 2008  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )  
\_\_\_\_\_ )

**AQUA UTILITIES FLORIDA, INC.'S  
RESPONSE TO STAFF AUDIT REPORT**

Aqua Utilities Florida, Inc. ("AUF"), files its Response to Staff's Audit Report dated September 18, 2008.

**RESPONSE**

**Audit Findings Nos. 1, 2 and 3**

Responses to Audit Findings Nos. 1, 2 and 3 will be provided in a subsequent filing not later than Friday, October 17, 2008.

**Audit Finding No. 4 - Plant in Service and Accumulated Depreciation**

**Response:**

**LAKE JOSEPHINE - WATER**

AUF disagrees with the plant in service amounts shown in this finding. The Lake Josephine – Water plant in service balances have been properly adjusted in MFR Schedule A-5 in compliance with FPSC Order No. PSC-001389-PAA-WU, issued July 30, 2000. The plant in service amounts included in the finding are primarily comprised of the beginning utility balances shown in the June 30, 1999 audit. The June 30, 1999 beginning balances plus the Commission ordered adjustments results in the last established rate base amounts. Therefore, it is inappropriate to write off the June 30, 1999 beginning balances. Additionally, the audit work papers revealed a plant in service difference of \$203 in account 331 and a CIAC difference of \$1,801.

There are two attachments in support of the response to this finding. Attachment A is a detailed reconciliation of plant in service and Attachment B contains the remaining supporting documentation for the plant in service additions that were included in the audit sample

080121-WS

AUF accepts the \$17,395 accumulated depreciation portion of this finding, which is supported by FPSC Order No. PSC-00-1389-PAA-WU.

**EFFECT OF FINDING ON THE GENERAL LEDGER:** The following general ledger entries are needed to correct the utility general ledger balances as of December 31, 2007.

NARUC

Acct. No	Account Description	Debit	Credit
108	Accumulated Depreciation	\$ 17,395	
331	Transmission and Distribution Mains	\$ 203	
271	CIAC		\$ 1,801
439	Adjustments to Retained Earnings		\$ 15,797

**EFFECT OF FINDING ON THE FILING:** The Account 101 Plant in Service year end balance should be increased by \$203, Account 108 Accumulated Depreciation year end balance should be reduced by \$17,395, and Account 271 CIAC should be increased by \$1,801. A related adjustment should be made to the 13-month averages.

**SEBRING LAKES — WATER**

AUF accepts this finding, except for the proposed reduction of \$6,230 to the Meters and Meter Install Account. This reduction was recorded in December 2007

**EFFECT OF FINDING ON THE GENERAL LEDGER:** The following general ledger entries are needed to correct the utility general ledger balances as of December 31, 2007.

NARUC

Acct. No	Account Description	Debit	Credit
108	Accumulated Depreciation	\$ 4,005	
439	Adjustments to Retained Earnings	\$ 10,527	
331	Transmission and Distribution Mains		\$ 10,670
333	Services		\$ 3,222
403	Depreciation Expense		\$ 640

**EFFECT OF FINDING ON THE FILING:** The Account 101 Plant in Service year end balance should be decreased by \$13,892, Account 108 Accumulated Depreciation year end balance should be reduced by \$4,005 and Account 403 Depreciation Expense should be decreased by \$640. A related adjustment should be made to the 13-month averages.

**LAKE OSBORNE ESTATES -WATER**

AUF accepts this finding.

**EFFECT ON THE GENERAL LEDGER IF THE FINDING IS ACCEPTED:** The

080121-WS

following general ledger entries are needed to correct the utility general ledger balances as of December 31, 2007.

NARUC			
Acct. No	Account Description	Debit	Credit
108	Accumulated Depreciation	\$ 941	
439	Adjustments to Retained Earnings	\$ 2,432	
301	Organization	\$ 870	
309	Supply Mains	\$ 1,700	
339	Other Plant & Misc Equip Intangible	\$ 4,787	
302	Franchises		\$ 750
331	Transmission and Distribution Mains		\$ 3,925
334	Meters & Meter. Installations		\$ 5,245
340	Office Furniture & Equipment		\$ 726
403	Depreciation Expense		\$ 84

**EFFECT OF FINDING ON THE FILING:** The Account 101 Plant in Service year end balance should be decreased by \$3,289, Account 108 Accumulated Depreciation year end balance should be reduced by \$941 and Account 403 Depreciation Expense should be decreased by \$84. A related adjustment should be made to the 13-month averages. Additionally, the UPIS and Accumulated Depreciation Pro Forma Adjustments for Retirement of existing meters should be revised to (23,127) to appropriately reflect the \$5,245 audit reduction to the meters account.

**ARRENDONDO ESTATES/FARMS — WATER**

AUF accepts this finding.

**EFFECT ON THE GENERAL LEDGER IF THE FINDING IS ACCEPTED:** The following general ledger entry is needed to correct the utility general ledger balances as of December 31,2007.

NARUC			
Acct. No	Account Description	Debit	Credit
108	Accumulated Depreciation	\$16,992	
439	Adjustments to Retained Earnings		\$16,992

**EFFECT OF FINDING ON THE FILING:** The Account 108 Accumulated Depreciation year end balance should be reduced by \$16,992. A related adjustment should be made to the 13-month averages.

**JASMINE LAKES –WATER**

AUF accepts this finding.

080121-WS

**EFFECT ON THE GENERAL LEDGER IF THE FINDING IS ACCEPTED:** The following general ledger entry is needed to correct the utility general ledger balances as of December 31,2007.

NARUC

Acct. No	Account Description	Debit	Credit
108	Accumulated Depreciation	\$35,249	
439	Adjustments to Retained Earnings		\$35,249

**EFFECT OF FINDING ON THE FILING:** The Account 108 Accumulated Depreciation year end balance should be reduced by \$35,249. A related adjustment should be made to the 13-month averages.

**Audit Finding No. 5 – Accumulated Amortization of CIAC**

**Response:**

AUF agrees with this audit finding.

**Audit Finding No. 6 - Deferred Debits – Amortization**

**Response:**

These non-recurring expense items are recorded in a deferred debit account and amortized monthly. The practice of recording expenses over the period of benefit is a basic accounting concept.

Permit costs are amortized over the life of the permit. If a permit is renewed every 3 years, then the amortization period is 36 months. If a permit is renewed every 5 years, then the amortization period is 60 months. The same practice is used for DEP related inspections. If the DEP requires inspection every 3 years, then the amortization period is 36 months. The remaining deferred debits are for repairs. O&M type costs are amortized over a maximum of 3 years, since repairs or replacements generally recur beyond that length of time.

Grand Terrace – This item was an amount of \$1,090.27 paid in April, 2005 for a tank inspection. Pursuant to DEP Rule 62-555.350(2) Operation and Maintenance of Public Water Systems, Suppliers of water shall be inspected for structural and coating integrity at least once every five years by personnel under the responsible charge of a professional engineer licensed in Florida. Therefore, AUF is amortizing this expense over the 5 year period since these tank inspections are required every 5 years.

Picciola Island – This item was a generator repair in the amount of \$2,491.44 which was paid in October, 2005. AUF is amortizing this item over a period of 3 years. As stated above, O&M type costs are amortized over a maximum of 3 years.

080121-WS

Jungle Den – The majority of this amount was for a wastewater permit renewal in the amount of \$6,000 which occurred in February, 2005. This permit is renewed every 5 years, thus the expense is amortized over the life of the permit.

For the reasons stated above, AUF believes that the incurred expenses and the amortization periods are appropriate, and that the expenses should be allowed in the test year as recorded and filed.

**Audit Finding No. 7 - Accrued Taxes**

**Response:**

The accrued tax amount of \$2,860,234 (debit) predominantly represents amounts owed to Aqua Utilities Florida, Inc. from the parent company Aqua America, Inc. for the tax benefit of the losses that were included in the 2006 and 2007 Federal Income Tax returns. The amounts will be paid by Aqua America, Inc. to Aqua Utilities Florida, Inc. when the 2007 Federal Income returns are finalized and trued up in the 4<sup>th</sup> Quarter, 2008. The Company does reconcile the accrued taxes on the balance sheet which represents the receivable and payable for each type of tax. The \$2,860,234 (debit) is the total of all of the accrued tax accounts. Please see Attachment C for the reconciliation.

**Audit Finding No. 8 - Capital Structure**

**Response:**

AUF disagrees with the Capital Structure, Cost Rates, and Weighted Cost Rate displayed in the audit finding. AUF presents the following response, which results in a corrected weighted average cost rate of 8.25%.

***Capital Structure/Cost Rates per Audit Finding***

Capital Component	Per Company	Percent of Total	Cost Rate (1)	Weighted Cost Rate
Common Stock	67,049,620	3.03%		
Paid In Capital	572,050,832	25.82%		
Treasury Stock	(13,166,313)	-0.59%		
Retained Earnings	50,363,635	15.82%		
Total Common Equity	976,297,774	44.07%	11.55%	5.09%
Long Term Debt	1,238,980,341	55.93%	5.10%	2.85%
Total Capital	2,215,278,115	100.00%		<b>7.94%</b>

080121-WS

The cost rate of long-term debt for Aqua America, Inc. and Subsidiaries as of December 31, 2007 is 5.58%. The cost rate of 5.10% represents only Aqua Utilities Florida, Inc. With the corrected cost of long term debt, the weighted cost rate is as follows:

***Capital Structure Per Audit Finding with Corrected Debt Cost***

Capital Component	Per Company	Percent of Total	Cost Rate (1)	Weighted Cost Rate
Common Stock	67,049,620	3.03%		
Paid In Capital	572,050,832	25.82%		
Treasury Stock	(13,166,313)	-0.59%		
Retained Earnings	350,363,635	15.82%		
Total Common Equity	976,297,774	44.07%	11.55%	5.09%
Long Term Debt	1,238,980,341	55.93%	5.58%	3.12%
Total Capital	2,215,278,115	100.00%		<b>8.21%</b>

In addition, the long term debt balance as of December 31, 2007 includes \$65,000,000 drawn from the company's short term credit facilities, which is used to fund working capital. These short term loans renew monthly at the company's option, and are based on a 1-month LIBOR rate. This credit facility matures on May 23, 2012. The long term debt classification is a requirement of Generally Accepted Accounting Principles.

If the long term debt balance shown above is appropriately reduced by this short term debt, the cost of long term debt is 5.61% and the weighted cost rate would be as follows:

***AUF Corrected Capital Structure and Cost Rates***

Capital Component	Per Company	Percent of Total	Cost Rate (1)	Weighted Cost Rate
Common Stock	67,049,620	3.12%		
Paid In Capital	572,050,832	26.60%		
Treasury Stock	(13,166,313)	-0.61%		
Retained Earnings	350,363,635	16.29%		
Total Common Equity	976,297,774	45.40%	11.42%	5.19%
Long Term Debt	1,173,980,341	54.60%	5.61%	3.06%
Total Capital	2,150,278,115	100.00%		<b>8.25%</b>

(1)- Common Equity cost rate is 7.1% + 1.961/Equity Percentage, per Commission Order.

080121-WS

**Audit Finding No. 9 – Customer Deposits**

**Response:**

AUF agrees that the customer deposits should be adjusted. However, the total adjustment should be \$62,455.07 instead of \$62,377.73 listed in the Audit Report.

The correct 13 month average is as follows for three individual systems:

<b>AU #</b>	<b>System</b>	<b>13-month Average Per Audit</b>	<b>Corrected 13-month Average</b>
6561	Ravenswood	\$45.00	\$42.00
6562	Rosalie Oaks	\$186.67	\$172.00
6596	Summit Chase	\$771.67	\$712.00

**Audit Finding No. 10 – Prior Period Expenses**

**Response:**

AUF agrees with this audit finding, which includes amounts allocated to all Aqua Utilities Florida systems.

**Audit Finding No. 11 – Capitalization**

**Response:**

AUF agrees with this audit finding.

**Audit Finding No. 12 – Shareholder Services Expenses**

**Response:**

AUF agrees with the amount of shareholder services expenses included in the audit finding. However, AUF notes that in FPSC Order No. PSC-96-1320-FOF-WS, the Commission stated that the ROE leverage formula recognizes an "additional 25 bases points to the otherwise determined cost of equity to provide for these [shareholder services] costs." Therefore, if there is a determination in this or any other proceedings regarding ROE that does not include a 25 basis point allowance for shareholder services expenses, AUF submits that these expenses must be included in the final approved revenue requirement.



080121-WS

**Audit Finding No. 13 - Fines and Penalties**

**Response:**

AUF agrees with this audit finding.

**Audit Finding No. 14 - Letter of Credit Expense**

**Response:**

The company disagrees with the audit analysis that states that the standby letters of credit expenses were used to obtain various loans for the company.

The letters of credit are issued to various insurance companies as collateral for the beneficiary in the event that the claims made against various insurance policies cannot be paid by the company. The fees are charged to the company quarterly by the issuing banks, based on the outstanding amount of the issued letters of credit.

The letters of credit are not debt and the fees charged on them should not be classified as debt issuance costs. They are appropriately recorded by the company in account 675, Miscellaneous Expenses.

**Audit Finding No. 15 - Preliminary Study**

**Response:**

AUF accepts the finding's effect on the filing; however, AUF disagrees with the necessity for a general ledger entry. Since all income statement accounts, including the expense accounts in this finding, have been closed to retained earnings in 2007 there is no reason to record a reclassification entry in the current year.

**Audit Finding No. 16 - Out of Period expenses**

**Response:**

AUF agrees with this audit finding. However, it should be noted that the top part of the table shows \$20,531 recorded to Account 610 – Purchased Water for Lake Suzy. The second portion of the table indicates that a credit should be made to Account 610 Contractual Services – Testing for this amount. AUF agrees with the summary that the appropriate account to be reduced would be Account 610- Purchased Water.

080121-WS

**Audit Finding No. 17 – Preliminary Survey Expenses**

**Response:**

AUF agrees with this audit finding.

**Audit Finding No. 18 – Lake Suzy Wastewater Land Transfer**

**Response:**

**Land Value**

AUF agrees that an adjustment should be made to reflect the Commission's previously established land value of \$262,581. However, AUF disagrees with the audit recommended 13-month average balance of \$200,200. The MFR 13 month average calculation requires the use of the Commission approved land value of \$262,581 for the 12 months from December 2006 through November 2007 and the post-sale land value of \$200,200 in the month of December 2007, which reflects the proper timing of the land sale. Therefore, the resulting 13-month average balance is \$257,782.

**Gain/Loss on Sale of Land**

AUF is in agreement with the audit treatment of the gain on sale of land.

**Rental of Building/Real Property**

AUF is in basic agreement with this finding, with the following noted exceptions:

- AUF disagrees with removal of rental effect on the general ledger and on the filing. The rental should remain on the general ledger, since the expense is properly associated with a prior period. Additionally, there is no effect on the filing, since AUF adjusted rental expense in the MFR to remove the prior period rental expense of \$15,833.
- AUF disagrees with the audit amount for removal of amortization effect on the filing. AUF adjusted rental expense in the MFR to remove \$6,782 of prior period amortization.

**Land Lease**

AUF disagrees with the assertion that there is a violation of Commission Rule 25-30.433 (10), Florida Administrative Code. AUF possesses the right to continued use of the land until the lease expiration date of June 1, 2025. Additionally, AUF currently owns 19.55 acres, which is .35 acres more land than the 19.20 acres required for the existing treatment facilities, as outlined in Commission Order No. PSC-97-0540-FOF-WS, issued May 12, 1997, in Docket No. 960799-WS.

**AUF Proposed Adjustments and their Effects on the General Ledger and on the Filing:**

080121-WS

<u>Account</u>	<u>Account Description</u>	<u>Debit (Credit)</u>
Adjustment #1	To record Commission Adj's to land in Docket No. 960799-WS. Reflect adjustment in December 2006.	
101	Land (Acct 353)	\$ (180,219)
103	Property held for Future Use	\$ 94,656
439	Adjustments to Retained Earnings	\$ 85,563
Adjustment #2	To reverse land sale recorded in December 2007	
101	Land (Acct 353)	\$ 173,434
131	Cash (Net proceeds )	\$ (66,352)
186.210	Deferred loss on sale of land	\$ (107,083)
Adjustment #3	To properly record sale of land	
101	Land (Acct 353)	\$ (62,381)
131	Cash (Net proceeds )	\$ 66,352
414	(Gain) loss from disp of Utility prop.	\$ (3,971)
Adjustment #4	To reverse amortization of loss in 2007	
186	Deferred loss on sale of land	\$ 11,066
741.5	Rental of Building/Real Property	\$ (11,066)
<b>Effect of Adjustments on General Ledger:</b>		
101	Land (Acct 353)	\$ (69,166)
103	Property held for Future Use	\$ 94,656
186.210	Deferred loss on sale of land	\$ (96,017)
741.5	Rental of Building/Real Property	\$ (11,066)
414	(Gain) loss from disp of Utility prop.	\$ (3,971)
439	Adjustments to Retained Earnings	\$ 85,563
		\$ -
<b>Effect of Adjustments on Filing:</b>		
101	Land (Acct 353)	\$ (171,677)
103	Property held for Future Use	\$ 94,656
186.210	Deferred loss on sale of land	\$ (96,017)
741.5	Rental of Building/Real Property	\$ (4,283)
414	(Gain) loss from disp of Utility prop.	\$ (3,971)
439	Adjustments to Retained Earnings	\$ 181,291

080121-WS

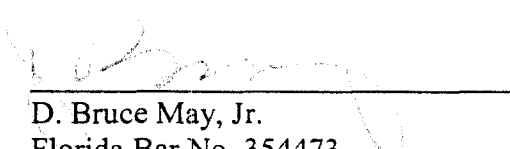
**Audit Finding No. 19 – Depreciation Expense**

**Response:**

AUF disagrees with the audit finding amount of depreciation expense allocated to Aqua Utilities Florida. The depreciation expense included in response to audit request #35 represents the budgeted amount of depreciation expense to be allocated. The actual amount of depreciation expense allocated by Aqua Services, Inc, to Aqua Utilities Florida in 2007 is \$383,087.38, and the actual amount charged to all Aqua Utilities Florida systems is \$15,939.24. These amounts are shown on Attachment D.

Respectfully submitted this 14th day of October, 2008.

**HOLLAND & KNIGHT LLP**



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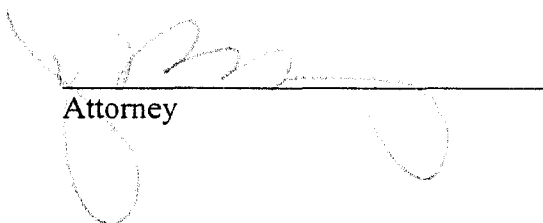
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080121-WS

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was furnished by hand delivery to **Charles Beck, Esq., Office of Public Counsel**, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400; **Ralph Jaeger, Katherine Fleming, Caroline Klancke and Erik Sayler, Esq., Office of General Counsel, Florida Public Service Commission**, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, and to **Cecilia Bradley, Esq., Office of the Attorney General**, The Capitol-PL01, Tallahassee, FL 32399-1050, this 14th day of October, 2008.



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Attorney

# 5695212\_v2

Aqua Florida, Inc. Asset Detail - Utility Plant In Service As of 12/31/07													
n Service	Utility Account	Asset Long Description	Work Order Number	Quantity	12/31/2007 Amount	Comm Audit Adj 02/08	MFR 12/31/2007 Adjusted	12/31/2003 Amount per Utility	Included in Audit finding	6/30/99 Per Utility	Aquasource changes (6/30/99 to 12/31/2003)	6/30/99 Per Commission	6/30/99 Comm. Audit adj
	30330 - Land & Land Rghts - Treat Total				20,100.00		20,100.00	25,000.00		25,000		20,100	(4,900)
	30430 - Struct and Imp - Treat Total				334,215.34	(280,667.27)	53,548.07	48,194.33	48,194	46,258	1,936	13,105	(33,153)
	30720 - Wells and Springs Total				37,146.75	65,314.61	102,461.36	30,455.30	27,279	27,279		92,594	65,315
	30920 - Supply Mains Total				50,431.18	11,909.07	62,340.25	49,415.22	47,319	47,319		59,228	11,909
	31020 - Power Generation Equipment Total				41,570.02	7,368.26	48,938.28					7,368	7,368
	31120 - Pumping Equip - Source Total				7,361.04	20,021.65	27,382.69	7,361.04	3,467	3,467		23,489	20,022
	31130 - Pumping Equip - Treatment Total				1,314.80		1,314.80						
1/1/2001 0:00	32030 - Water Treatment Equipment	Retirement due to replacement by 33658903323 per Joan Miller	33696499999		(206.89)				(207)				
1/1/2001 0:00	32030 - Water Treatment Equipment	Press Rec 4" Pollard Model PW454 7/Day 200 PSI	CX000432320	1	553.31			553.31					
1/1/2001 0:00	32030 - Water Treatment Equipment	Water Treatment Equipment (add to)	CX000432320		2,250.98			2,250.98					
1/1/2001 0:00	32030 - Water Treatment Equipment	Asset Original Cost	W0048	1	67,703.00			67,703.00	67,703				
1/1/2006 0:00	32030 - Water Treatment Equipment	1 - Oakton Chlorine Colorimeter	33658903323	1	391.65								
	32030 - Water Treatment Equipment Total				70,692.05	(53,433.09)	17,258.96	70,507.29	67,496	67,703		14,270	(53,433)
	33040 - Distr Reserv and Standpipes Total				1,150.68	12,135.52	13,286.20					12,136	12,136
1/1/2001 0:00	33140 - Mains	Equipment : Gate Valve 3"	CX000346331	1	502.94			502.94					
1/1/2001 0:00	33140 - Mains	Piping : Diameter 3, Type PVC,	CX000346331	520	5,837.44			5,837.44					
1/1/2001 0:00	33140 - Mains	Retirement due to replacement by 33658905601 per Joan Miller.	33696499999		(24,562.72)				(24,563)				
1/1/2001 0:00	33140 - Mains	Retirement due to replacement by 33658938266 per J. Miller CWIP as of 11-06	33696499999		(1,638.28)				(1,638)				
1/1/2001 0:00	33140 - Mains	Asset Original Cost	W0048	1	140,992.21			140,992.21	140,992				
1/1/2004 0:00	33140 - Mains	2" VALVES LAKE JOSEPHINE	33658900693	4	3,058.28								
1/1/2005 0:00	33140 - Mains	1" WATER MAIN LAKE JOSEPHINE	33658923068	100	1,231.72								
1/1/2005 0:00	33140 - Mains	REPLACE 3" PRODUCTION METER LAKE JOESPHINE	33658933065	1	772.82								
1/1/2006 0:00	33140 - Mains	12' of 2" water main	33658938266	12	3,424.59								
	33140 - Mains Total				129,619.00	211,420.25	341,039.25	147,332.59	114,791	13,500	101,291	224,717	211,217
	33340 - Services Total				16,999.15	(646.69)	16,352.46	13,940.40	11,100	11,100		10,453	(647)
	33440 - Meters and Installations Total				101,460.49	9,926.17	111,386.66	53,903.79		48,145		58,070	9,925
	34350 - Tools, Shop and Garage Equip Total				4,037.25	(1,943.00)	2,094.25	3,190.95	3,191	3,191			
	34550 - Power Operated Equipment Total							1,943.00		1,943			(1,943)
	34750 - Miscellaneous Equipment Total				7,399.51	(1,405.48)	5,994.03	6,834.00	6,834	6,834		5,429	(1,405)
	Grand Total				823,497.26	(0.00)	823,497.26	458,077.91	329,672	298,548	106,418	540,959	242,411
	Unknown Difference							(212.91)		(203)			203
	12/31/2003 Amount						34,173.00						
	34051 Allocations (not in CPR details)						3,384.00						
	30450 Allocations (not in CPR details)												
	Total				823,497.26	(0.00)	861,054.26	457,865.00	329,672	298,345	106,418	540,959	242,614

**AQUA UTILITIES FLORIDA, INC**  
**LAKE JOSEPHINE**  
**Rate Case**  
**Dkt 080121-WS ACN 08-093-1-1**  
**Certificate 422-W**  
**Plant Additions & Retirements - Water**

Description	Test Period 6/30/1999	Additions	Retirements	12/31/1999	Additions	Retirements	12/31/2000	Additions	Retirements	12/31/2001	Additions	Retirements	12/31/2002	Additions	Retirements	12/31/2003
301 Organization	-	19,297	-	19,297	9,135	-	28,432	-	-	28,432	-	-	28,432	-	-	28,432
302 Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
303 Land	20,100	-	-	20,100	-	-	20,100	-	-	20,100	-	-	20,100	-	-	20,100
304 Structures & Improvements	13,105	-	-	13,105	-	-	13,105	1,936	-	15,041	-	-	15,041	-	-	15,041
305 Collecting & Impounding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
306 Lake, River & Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
307 Wells & Springs	92,594	-	-	92,594	3,176	-	95,770	-	-	95,770	-	-	95,770	-	-	95,770
308 Infiltration Galleries and Tunnels	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
309 Supply Mains	59,228	-	-	59,228	-	-	59,228	-	-	59,228	-	-	59,228	-	-	59,228
310 Power Generation Equip	7,368	-	-	7,368	-	-	7,368	-	-	7,368	-	-	7,368	-	-	7,368
311 Pumping Equip	23,489	-	-	23,489	-	-	23,489	3,894	-	27,383	-	-	27,383	-	-	27,383
320 Water Treatment Equip	14,270	-	-	14,270	-	-	14,270	2,251	-	16,521	-	-	16,521	553	-	17,074
330 Distribution Reservoirs	12,136	-	-	12,136	-	-	12,136	-	-	12,136	-	-	12,136	-	-	12,136
331 Transmission and Distribution Mains	224,717	-	-	224,717	5,577	-	230,294	8,437	-	238,731	-	-	238,731	7,673	-	246,404
333 Services	10,453	-	-	10,453	-	-	10,453	-	-	10,453	-	-	10,453	2,810	-	13,263
334 Meters and Meter Install	58,070	-	-	58,070	-	-	58,070	5,759	-	63,829	-	-	63,829	-	-	69,588
335 Hydrants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
336 Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
339 Other Plant And Misc	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
340 Office Furniture & Equip	-	-	-	-	3,364	-	3,364	-	-	-	-	-	-	-	-	-
341 Trans Equip	-	-	-	-	27,875	-	27,875	-	-	-	-	-	-	-	-	-
342 Stores Equip	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
343 Tools, Shop and Garage Equip	-	-	-	-	35,235	-	35,235	-	-	-	3,191	-	3,191	-	-	3,191
344 Lab Equip	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
345 Power Operated Equip	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
346 Communication Equip	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
347 Misc Equip	5,429	-	-	5,429	-	-	5,429	-	-	5,429	-	-	5,429	-	-	5,429
348 Other Tamable Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Water Plant</b>	<b>340,950</b>	<b>19,297</b>	<b>-</b>	<b>360,256</b>	<b>84,362</b>	<b>-</b>	<b>444,618</b>	<b>22,277</b>	<b>-</b>	<b>466,895</b>	<b>3,191</b>	<b>-</b>	<b>470,086</b>	<b>130,875</b>	<b>-</b>	<b>600,961</b>

Source: Docket 991001-W1, PSC 001309-PA-4-W1  
 Issued 11/12/03

ok

17,588

Reclassification (52,096) & Correction  
 of meter base balance (55,575)

as per utility 317,845  
 Variance 242,411

- 3031 and
- 304 Structures & Improvements
- 307 Wells & Springs
- 309 Supply Mains
- 310 Power Generation Equip
- 311 Pumping Equip
- 320 Water Treatment Equip
- 330 Distribution Reservoirs
- 331 Transmission and Distribution Mains
- 333 Services
- 334 Meters and Meter Install
- 334 Meters and Meter Install
- 343 Tools, Shop and Garage Equip
- 347 Misc Equip





QUA UTILITIES FLORIDA, INC  
 LAKE JOSEPHINE  
 Rate Case  
 Docket 080121-WS ACN 08-093-1-1  
 Certificate 422-W  
 Plant Additions & Retirements - Water

Description	Docket 991001-WU		Per Utility	Retirements		12/31/1999		12/31/2000		Retirements		12/31/2001		12/31/2002		12/31/2003	
	Comm.	Aud Adj		Commission	Additions	Retirements	Additions	Retirements	Additions	Retirements	Additions	Retirements	Additions	Retirements	Additions	Retirements	
1 Organization			6/30/1999	19,297		19,297	9,135	28,432		28,432		28,432		28,432			
2 Franchises																	
3 Land	(4,900)		20,100	25,000		25,000		25,000		25,000		25,000		25,000			25,000
4 Structures & Improvements	(33,153)		13,105	46,258		46,258		46,258	1,936	48,194		48,194		48,194			48,194
5 Collecting & Impounding																	
6 Lake, River & Other																	
7 Wells & Springs	65,315		92,594	27,279		27,279	3,476	30,455		30,455		30,455		30,455			30,455
8 Infiltration Galleries and Tunnels																	
9 Supply Mains	11,909		59,228	17,319		17,319		47,319		47,319			(2,196)	49,415			49,415
0 Power Generation Equip	7,368		7,368														
1 Pumping Equip	20,022		23,489	3,467		3,467		3,467	3,894	7,361				7,361			7,361
0 Water Treatment Equip	(53,433)		14,270	67,703		67,703		67,703	2,251	69,954				69,954	553		70,507
0 Distribution Reservoirs			12,136														
1 Transmission and Distribution Mains	211,217		224,717	13,500		13,500	5,577	19,077	8,437	27,514			7,673	19,841	127,482		147,323
3 Services	(6,471)		10,453	11,100		11,100		11,100		11,100				11,100	2,840		13,940
4 Meters and Meter Install	9,925		58,070	48,145		48,145		48,145	5,759	53,904				53,904			53,904
5 Hydrants																	
6 Backflow Prevention Devices																	
9 Other Plant And Misc																	
0 Office Furniture & Equip.							3,364		3,364								
1 Trans. Equip							27,875		27,875								
2 Stores Equip																	
3 Tools, Shop and Garage Equip							35,235		35,235				3,191		3,191		3,191
4 Lab Equip																	
5 Power Operated Equip	(1,943)			1,943		1,943		1,943		1,943				1,943			1,943
6 Communication Equip																	
7 Misc. Equip	(1,405)		5,429	6,834		6,834		6,834		6,834				6,834			6,834
8 Other Tangible Plant	203			(203)		(203)		(203)		(203)				(203)			(203)
<b>Water Plant</b>	<b>242,644</b>		<b>540,959</b>	<b>298,445</b>	<b>19,297</b>	<b>317,642</b>	<b>84,362</b>	<b>60,474</b>	<b>335,530</b>	<b>22,277</b>	<b>357,807</b>	<b>3,191</b>	<b>5,577</b>	<b>355,421</b>	<b>130,876</b>	<b>28,432</b>	<b>457,865</b>

ok ok 17,888  
 as per utility 317,845  
 Variance (203)

Reclassification (52,090) & Correction  
 of prior year balance (55,577)

Source: Docket 991001-WU, PSC 001389-PAA-BU  
 dated 7/31/2000

Aqua Florida, Inc.  
Lake Josephine Water - Asset Detail - Utility Plant In Service  
As of 12/31/07

-AJU	Business Segment	In Service	Utility Account	Asset Long Description	Work Order Number	Quantity	Finding Amount	12/31/2003	Diff
589	Lake Josephine Water	12/1/2001 0:00	30430 - Struct and Imp - Treat	Asset Original Cost	W0048	1	48,194.33		
			<b>30430 - Struct and Imp - Treat Total</b>				48,194.33	48,194	(0.33)
589	Lake Josephine Water	12/1/2001 0:00	30720 - Wells and Springs	Asset Original Cost	W0048	1	27,279.00		
			<b>30720 - Wells and Springs Total</b>				27,279.00	30,455	3,176.00
589	Lake Josephine Water	12/1/2001 0:00	30920 - Supply Mains	Asset Original Cost	W0048	1	47,319.00		
			<b>30920 - Supply Mains Total</b>				47,319.00	49,415	2,096.00
589	Lake Josephine Water	12/1/2001 0:00	31120 - Pumping Equip - Source	Asset Original Cost	W0048	1	3,467.00		
			<b>31120 - Pumping Equip - Source Total</b>				3,467.00	7,361	3,894.00
589	Lake Josephine Water	12/1/2001 0:00	32030 - Water Treatment Equipment	Retirement due to replacement by 33658903323 per Joan Miller.	33696499999	0	(206.89)		
589	Lake Josephine Water	12/1/2001 0:00	32030 - Water Treatment Equipment	Asset Original Cost	W0048	1	67,703.00		
			<b>32030 - Water Treatment Equipment Total</b>				67,496.11	70,507	3,010.89
589	Lake Josephine Water	12/1/2001 0:00	33140 - Mains	Retirement due to replacement by 33658905601 per Joan Miller.	33696499999	0	(24,562.72)		
589	Lake Josephine Water	12/1/2001 0:00	33140 - Mains	Retirement due to replacement by 33658938266 per J. Miller CWIP as of 11-06.	33696499999	0	(1,638.28)		
589	Lake Josephine Water	12/1/2001 0:00	33140 - Mains	Asset Original Cost	W0048	1	140,992.21		
			<b>33140 - Mains Total</b>				114,791.21	147,323	32,531.79
589	Lake Josephine Water	12/1/2001 0:00	33340 - Services	Asset Original Cost	W0048	1	11,100.00		
			<b>33340 - Services Total</b>				11,100.00	13,940	2,840.00
589	Lake Josephine Water	12/1/2001 0:00	34350 -Tools, Shop and Garage Equip	Asset Original Cost	W0048	0	(32,044.05)		
589	Lake Josephine Water	12/1/2001 0:00	34350 -Tools, Shop and Garage Equip	Asset Original Cost	W0048	1	35,235.00		
			<b>34350 -Tools, Shop and Garage Equip Total</b>				3,190.95	3,191	0.05
589	Lake Josephine Water	12/1/2001 0:00	34750 - Miscellaneous Equipment	Asset Original Cost	W0048	1	6,834.00		
			<b>34750 - Miscellaneous Equipment Total</b>				6,834.00	6,834	-
			<b>Grand Total</b>				329,671.60	377,220	47,548.40



Schedule A-9											
Retirements	Additions	Retirements	Additions	Retirements	Additions	Retirements	Additions	MFR	Variance	CPR	Variance
(2/31/2004)	(2/31/2004)	(2/31/2005)	(2/31/2005)	(2/31/2006)	(2/31/2006)	(2/31/2007)	(2/31/2007)	(2/31/2007)	(2/31/2007)	(2/31/2007)	(2/31/2007)
(2,259)	2,259	2,259	2,259	2,259	2,259	2,259	2,259	2,259	2,259	2,259	2,259
(40,901)	(2,955)	(13,386)	(3,027)	(16,353)	(2,608)	(18,993)	(3,807)	(31,807)	(2,801)	(51,807)	(2,811)
(41,531)	(1,123)	(42,661)	(1,211)	(43,872)	(3,412)	(47,284)	(11,115)	(36,469)	(36,469)	(11,115)	(36,469)
(18,126)	(1,579)	(19,707)	(1,576)	(21,285)	(1,765)	(23,056)	(6,436)	(16,440)	(16,440)	(16,440)	(6,628)
(3,531)	(253)	(3,784)	(253)	(4,037)	(247)	(4,284)	(1,793)	(1,793)	(1,793)	(1,793)	(4,169)
(13,121)	(491)	(13,612)	(491)	(14,103)	(1,427)	(14,575)	(3,014)	(11,913)	(11,913)	(11,913)	(11,913)
(18,972)	(392)	(19,364)	(392)	(19,756)	(785)	(20,121)	(70,692)	(3,759)	(3,759)	(70,692)	(3,759)
(4,369)	(396)	(4,765)	(396)	(5,161)	(207)	(5,557)	(3,711)	(3,711)	(3,711)	(3,711)	(4,711)
(84,681)	(3,966)	(88,647)	(3,963)	(92,610)	(23,562)	(96,573)	(5,128)	(73,992)	(73,992)	(5,128)	(73,992)
(6,998)	(780)	(7,778)	(780)	(8,558)	(499)	(9,337)	(8,817)	(6,453)	(6,453)	(8,817)	(6,453)
(13,161)	(3,946)	(17,107)	(4,173)	(21,053)	(1,936)	(24,989)	(2,417)	(23,698)	(23,698)	(2,417)	(23,698)
1,184	4,184	4,184	4,184	4,184	4,184	4,184	4,184	4,184	4,184	4,184	4,184
19,752	49,752	49,752	49,752	49,752	49,752	49,752	49,752	20,000	20,000	20,000	20,000
58,076	(213)	57,863	(2,699)	55,164	(131)	54,465	21,266	36,199	21,266	21,266	36,197
(284)	(193)	(477)	(178)	(655)	(1,943)	(1,396)	168	1,128	1,128	168	1,128
(3,508)	(463)	(3,971)	(494)	(4,465)	(399)	(4,864)	(7,330)	2,464	(7,330)	2,464	(7,330)
(2,259)	(133,100)	(135,359)	(16,513)	(151,872)	(28,025)	(178,385)	(26,286)	(98,010)	(12,600)	(98,010)	(12,600)

Original variance dates back to the 01/01/09 audit. The variance may be caused by using the annual report additions & retirement for the full year in this schedule while the audit was completed in mid year which could potentially cause overlap.

2,259 2004 Annual Report contains adjustments to retirement  
 19,654 Variance sub-total

2007	Schedule A-8
Annual Rpt	MFR
19,654	(111,957)
19,654	(6,917)
Allocations	
CPR	GL
(6,917)	(6,917)
12,661	12,661
Adjustments	
(6,917)	
12,661	
Variance	

2006	Schedule A-8
Annual Rpt	MFR
(153,212)	(111,957)
19,654	(6,917)
CPR	GL
(6,917)	(6,917)
12,661	12,661
Adjustments	
(6,917)	
12,661	
Variance	

Adjusted year Apr to be in compliance with PSC AUP rates. Cf. AUP (6,917) adjustments are processed in 2008.



AQUA UTILITIES FLORIDA, INC  
 LAKE JOSEPHINE  
 Rate Case  
 Dkt 080121-WS ACN 08-093-1-1  
 Certificate 422-W  
 CIAC/Amortization of CIAC-Water

Description	12/31/2004	Additions	Retirements	12/31/2005	Additions	Retirements	12/31/2006	Additions	Retirements	12/31/2007	MFR	Variance	CPR	Variance	GL	Variance
Account 271 CIAC	636,985	(5,690)		(631,295)	(3,600)		(634,895)	(5,982)		(640,877)	(339,616)	(1,891)	(339,615)	(1,203)	(339,616)	(1,801)
						as per utility variance:	(223,605)	(5,982)	110,129	(339,616)						
							(111,900)			(1,901)						

Source: Docket 99/001-RTT, PNC-001289-P44-  
 Issued 7/31/2008

Prior Period rate order adjustments

3/31/2003

Page 1 of 1

CAPITAL PROJECT									
COMPANY: Lake Josephine		SYSTEM: Lake Josephine		CO#: 60		PROJECT: Interconnect into Sebring Lakes WTP			
Line Item #	C-S-01-0009	Complete Date	11/30/2002	Status	CLOSED	CAPITAL NUMBER: CX002306-309		PROJECT MANAGER: Hugh Sumrall	
						ACCOUNTING UNIT: 6591			
CATEGORY	BUDGET COST	INVOICE/E AMT	BALANCE	VENDOR	INVOICE/E #	Invoice Date	GL #	PLANT	ACCT. CATEGORY
CHARGES:	122,475.00	300.00	122,175.00	Highlands Co. BOC	Permit	04/10/02	12030	309	945
		500.00	(500.00)	FLDEP	Permit	04/10/02	12030	309	945
		104,747.48	(104,747.48)	PughUtilities	62102	11/01/02	12030	309	946
SUB-TOTAL:	122,475.00	105,547.48	16,927.52						
ENG SUPPORT:	8,172.50	(8,172.50)		Polston Engineering	4806	04/02/02	12030	309	919
		532.50	(532.50)	Polston Engineering	4314	05/01/02	12030	309	919
		1,235.00	(1,235.00)	Polston Engineering	5146	10/04/02	12030	309	919
		2,551.60	(2,551.60)	Eckert Seamans Ch	310884	08/14/03	12030	309	919
No Invoice copy in local files - Pitts									
(15% OF SUB-TOTAL IF NEEDED)									
TOTALS:	122,475.00	118,039.08	4,435.92						
AFUDC									
SUB-TOTAL									
OVERHEAD	717.80	(717.80)		PAAM	Apr-02	4/1/2002	12030	309	961
	42.60	(42.60)		PAAM	May-02	5/1/2002	12030	309	961
	302.93	(302.93)		PAAM	Oct-02	10/1/2002	12030	309	961
	8,379.80	(8,379.80)		PAAM	Nov-02	11/1/2002	12030	309	961
SUB-TOTAL	9,443.13	(9,443.13)							
CIAC									
SUB-TOTAL									
GRAND TOTAL:	122,475.00	127,482.21	(5,007.21)						

Activity Group: CAPITALPROJECTS Capital Projects

Acct	Cat	Sys	Src	Description	Vendor	Invoice #	Post Dt	Trx Dt	Trx Amt
-----									
Area:	CAPAREA-321			Cap-Florida					
System:	CAP-6589			LAKE JOSEPHINE					
Project:	CX002306			Interconnect Lake Josephine					
Task	CX002306309			Engineering, Piping/Pipe/Trench					
919	AP	AD	6597	Polston	POLSTON	4806	04/10/02	04/02/02	8,172.50
919	AP	AD	6597	Polston	POLSTON	4314	05/16/02	05/01/02	532.50
919	AP	AD	1208	Eckert Seaman's Cherin	ECKERT SEAMANS CHERIN-MELLOT	310884	10/15/02	08/14/02	2,551.60
919	AP	AD	6597	Polston	POLSTON	5146	10/15/02	10/04/02	1,235.00
TOTAL ACCT CAT 919 Engineering									12,491.60
945	AP	AD	2885	Florida Department of	FLORIDA DEPARTMENT OF ENVIR	LAKE JO/S	04/11/02	04/10/02	500.00
945	AP	AD	10412	Highlands County Boar	HIGHLANDS COUNTY BOARD OF	LAKE JO/S	04/11/02	04/10/02	300.00
TOTAL ACCT CAT 945 Permits									800.00
946	AP	AD	4769	Pugh Utilities Servic	PUGH UTILITIES SERVICE	062102	11/18/02	11/01/02	104,747.48
TOTAL ACCT CAT 946 Piping/Pipe/Trench									104,747.48
961	PM	OH	PAAM	GL OH Trans		062102	04/01/02	04/01/02	717.80
961	PM	OH	PAAM	GL OH Trans		062102	05/01/02	05/01/02	42.60
961	PM	OH	PAAM	GL OH Trans		062102	10/01/02	10/01/02	302.93
961	PM	OH	PAAM	GL OH Trans		062102	11/01/02	11/01/02	8,379.80
TOTAL ACCT CAT 961 Overhead									9,443.13
TOTAL TASK CX002306309 Engineering, Piping/Pipe/Trench									127,482.21
TOTAL PROJECT CX002306 Interconnect Lake Josephine									127,482.21

\*\*\* TOTAL FOR REPORT

~~127,482.21~~

Audit Finding #4  
Attachment B  
Page 2 of 21



Aquasource

Detail Charge Report

3/31/2003

Work Order Number: CX002306309		In Service Date:	Status: Open	
Charge Month	Charge Description	Vendor Information	Total Amount	Total Quantity
<b>Additions</b>				
Apr-02	10412Highlands County Boar	10412Highlands County Boar	\$300.00	0.00
Apr-02	2885Florida Department of	2885Florida Department of	\$500.00	0.00
Apr-02	6597Polston	6597Polston	\$8,172.50	0.00
May-02	6597Polston	6597Polston	\$532.50	0.00
Oct-02	1208Eckert Seamans Cherin	1208Eckert Seamans Cherin	\$2,551.60	0.00
Oct-02	6597Polston	6597Polston	\$1,235.00	0.00
Nov-02	4769Pugh Utilities Servic	4769Pugh Utilities Servic	\$104,747.48	0.00
		Total for Outside Services :	\$118,039.08	0.00
Apr-02	Aquasource Clearing		\$717.80	0.00
May-02	Aquasource Clearing		\$42.60	0.00
Oct-02	Aquasource Clearing		\$302.93	0.00
Nov-02	Aquasource Clearing		\$8,379.80	0.00
		Total for Overheads-T&D :	\$9,443.13	0.00
		Total for Exp Type :	\$127,482.21	0.00
		Total for Work Order :	\$127,482.21	0.00
		Total for Report :	\$127,482.21	0.00

Audit Finding #4  
 Attachment B  
 Page 3 of 21

# POLSTON ENGINEERING, INC.

P.O. BOX 588  
SEBRING, FLORIDA 33871-588  
863-385-5564 / 385-2462FAX  
FEDERAL IDENTIFICATION NO. 59-2949994

## INVOICE

GLENN LABRECQUE  
AQUASOURCE  
6960 PROFESSIONAL PARKWAY EAST,  
SARASOTA, FL 34240

Invoice#: 4806  
Job#: 2014.  
SEBRING LAKES TO LAKE JOSEPHINE  
SEBRING

April 02, 2002

WORK TO DATE: FDEP PERMIT APPLICATIONS FOR THE TWO WATER SYSTEMS  
CONNECTION

Description of Labor	Hours	Rate	Fee
***SEE ATTACHED*** GERMAINE SURVEYING, INC. INVOICE	0.00	0.	\$3,000.00
CLERICAL	1.75	30.	\$52.50
DRAFTSMAN	54.50	70.	\$3,815.00
DATA PROCESSOR	25.50	40.	\$1,020.00
CIVIL ENGINEER	3.00	95.	\$285.00
		Sub-Total:	\$8,172.50
		Credit for Retainer:	\$0.00
			\$0.00
		Amount Due:	\$8,172.50

A service charge will be applied to all bills 30 days past due. The rate is 1.5% per month based upon an annual percentage rate of 18%

*Engineering  
Capital  
The Sebring Lakes to  
Lake Josephine*  
*JKL*  
*2 2306309 6597  
909  
6935*

Audit Finding #4  
 Attachment B  
 Page 5 of 21

**AquaSource Inc.**  
 200 Corporate Center Drive  
 Suite 300  
 Coraopolis, PA 15108

Accounts Payable Check Request  
 Support Documentation must be attached to all check requests.

Date needed at destination: 4/15/02

Note: Express mail requires a street address and a phone number.

<b>Vendor Remit Address:</b>		<b>Recipient address (if other than vendor address):</b>		<b>Mailing Instructions</b>
<b>Vendor Name:</b>	Highlands County Board of County Commissioners	<b>Recipient Name:</b>	Julie Avins	<b>Is a separate check per invoice needed?</b>
<b>Address 1:</b>		<b>Address 1:</b>	6960 Professional Parkway East	YES _____ NO _____
<b>Address 2:</b>		<b>Address 2:</b>	Suite 400	<b>Is overnight mail needed?</b>
<b>Address 3:</b>		<b>Address 3:</b>		YES <u>X</u> NO _____
<b>City:</b>		<b>City:</b>	Sarasota	<b>Co# &amp; Acct unit for postage</b>
<b>State/Zip:</b>		<b>State/Zip:</b>	FL 34240	
<b>Phone:</b>		<b>Phone:</b>	941-907-7400	

Coding (You may leave vendor # blank)

Vendor Name	Vendor #	Discount Due Date	Invoice Date	Invoice Number		Discount	Invoice Total Amount
Highlands County Board of County Commissioners	10412		4/10/02	Lake Jo/Sebring Interconnect Permit			\$ 300.00
Company (XX)	Accounting Unit (XXXX)	Account (XXXXX)	SA (not used)	User Analysis (X,X)	Dollar Amount	Activity	Account Category (XXXXX)
60	6591	12030		0,2	\$ 300.00	CX002306309	945

Reason for Request: Permit to begin interconnect

<b>Completed by:</b> Julie Avins	<b>Approved by:</b>
<b>Phone:</b> 941-907-7450	<b>Phone:</b> 941-907-7450
<b>Date:</b> 04/10/02	<b>Date:</b> 04/10/02

... of the County Engineer, Highlands County, Florida for a general utility permit which authorizes utility construction and maintenance within the named public right-of-way(s) as described in this application and detailed on accompanying drawings. Any permit issued pursuant to this application will be issued to and in the name of the applicant. In accepting this permit, the applicant agrees to be bound by the Highlands County Land Development Regulations including, but not limited to the following conditions:

AND 3 30 29  
 SEC. NO. 24, T. 35S, R. 29E

DATE: \_\_\_\_\_

Permission is hereby granted to: AQUA SOURCE  
 of \_\_\_\_\_ for the construction and

(mailing address)  
 maintenance of EXTENSION OF AN 8" WATERLINE, LOOPING LAKE JOSEPHINE WATER SYSTEM AND SPRING LAKE WATER SYSTEM. THE WATER LINE WILL BE LOCATED FROM TWILY RD. SOUTHWEST ALONG THE NORTHWEST R/W OF U.S. 2715. P. 25 TO SPRING LAKE Blvd. WESTERN CROSSING U.S. 27 ALONG SPRING LAKE Blvd. TO TANGALO STREET.

- Subject to the following conditions:
- a. The construction and maintenance of the utility improvements shown on the attached drawings shall not interfere with the property and rights of anyone else.
  - b. All work shall comply with standards of the County Engineering Department and shall be subject to the approval of the County Engineer.
  - c. All materials and equipment shall be subject to inspection by the County Engineer, or its representative, located in Sebring, Florida.
  - d. All County property shall be restored to its original condition as far as practical, in the opinion of the County Engineer.
  - e. All construction shall comply with the standards and requirements of Article Six, Section Four of the Highlands County Land Development Regulations. If at any time during the utility installation/construction, the County Engineer finds that the permit conditions have been violated the County Engineer may issue an immediate Stop Work Order. The Stop Work Order shall be in effect until the operation is brought into compliance with the permit. Failure to perform satisfactory construction may also result in the County's not issuing additional permits to the applicant until deficiencies are corrected.
  - f. All overhead installations shall conform to clearance standards of the Florida Department of Transportation, and all underground crossing installations shall be laid at a minimum depth of thirty-six (36) inches below pavement and at least thirty (30) inches below ditch grade. Exceptions may be made in special cases by authority from the County Engineer.
  - g. The attached sketch covering the details of this installation shall be made a part of this permit.
  - h. The applicant expressly acknowledges and agrees that the permit is a license for permissive use only and that the placing of facilities upon public property pursuant to this permit shall not operate to create or to vest any property right in the holder of the permit.
  - i. The permit may be granted in perpetuity but whether or not issued in perpetuity the permit shall be subject to termination by the Board of County Commissioners without compensation in the event the road or highway is closed, abandoned, vacated, discontinued, or reconstructed.
  - j. Whenever necessary for the construction, repair, improvement, alteration, or relocation of all, or any portion of a road or street as determined by the County Engineer, any or all of the poles, wires, cables or other facilities and appurtenances authorized hereunder, shall be immediately removed from that road or street, or reset or relocated thereon, as required by the County Engineer, at the expense of the holder of the permit.
  - k. The permittee shall commence actual construction in good faith within sixty (60) days from the date of the permit and shall complete permitted construction within \_\_\_\_\_ working days.
  - l. Applicant declares that prior to filing this application the applicant has ascertained the location of all existing utilities, both aerial and underground. Applicant also declares that due notice of work under this application/permit was furnished to each utility involved and that copies of letters addressed to each such utility are attached.
  - m. The applicant understands and agrees that the rights and privileges herein set out are granted only to extent of the County's right, title and interest in the land to be entered upon and used by the permit holder.
  - n. The applicant further agrees that the applicant will at all times assume all risk of damage and loss and does hereby indemnify, defend, and save harmless Highlands County from and against any and all damages, cost or expense arising in any manner on account of the exercise or attempted exercise of the aforesaid rights and privileges by the holder of any permit issued pursuant to this application. The permittee shall maintain adequate insurance and provide proof of insurance during the term of this permit to protect Highlands County. Failure to maintain adequate insurance will result in revocation of this permit.
  - o. During construction of the permit, the holder of the permit shall comply with all safety regulations of the Florida Department of Transportation and the Manual of Uniform Traffic Control Devices current edition. The permit holder must take such measures, including placing and display of safety devices, as may be necessary in order to safely conduct the public through the project area.
  - p. The office of the County Engineer shall be notified 24 hours prior to the start of any work.
  - q. The applicant hereby accepts responsibility for maintenance of any road cut or subterranean crossing for a period of 36 months after the County Engineer's office is notified of completion of construction.
  - r. The undersigned certifies that he has complied with the provisions of Section 553.851 (2) (a), Florida Statutes, as amended, concerning requesting gas pipeline location information and will comply with the provisions of Section 553.851 (2) (c) and (f), Florida Statutes, by notifying pipeline owners 48 hours prior to any excavation.

\* Hugh Sumrell  
 (Witness Signature)  
Hugh Sumrell  
 (Print Name)  
 \* Linda A. Moody  
 (Witness Signature)  
Linda A. Moody  
 (Print Name)

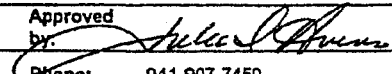
Submitted by: Glen Labrecque, V.P.  
 (Applicant's Name - Type or Print)  
[Signature]  
 (Signature of Applicant or Officer)  
6940 Professional Pkwy E.  
 (Applicant's Mailing Address)  
 (Seal) Seasata, FL 34240  
 (City, State, Zip)  
(941) 907-7420  
 (Telephone Number)

Permit Approved by: \_\_\_\_\_  
 (For County Engineer)

Polster  
 P.E. Engineer  
 Check request for  
 to obtain permit.  
 @ 302

Attest: Nancy J. Guth  
 (Signature of Print Name)  
 Commission # CC #438  
 Expires June 9, 2003  
[Signature]  
 (Signature & Title)  
 Atlantic Bonding Co., Inc.

600 South Commerce Ave  
 Sebring, FL 33870

<b>AquaSource Inc.</b> 200 Corporate Center Drive Suite 300 Coraopolis, PA 15108  <b>Accounts Payable Check Request</b> Support Documentation must be attached to all check requests.						
<b>Date needed at destination:</b>				4/15/02		
<b>Note: Express mail requires a street address and a phone number.</b>						
<b>Vendor Remit Address:</b>			<b>Recipient address (if other than vendor address):</b>		<b>Mailing Instructions</b>	
<b>Vendor Name:</b>	Florida Department of Environmental Protection	<b>Recipient Name:</b>	Julie Avins	<b>Is a separate check per invoice needed?</b>		
<b>Address 1:</b>		<b>Address 1:</b>	6960 Professional Parkway East	YES	NO	
<b>Address 2:</b>		<b>Address 2:</b>	Suite 400	<b>Is overnight mail needed?</b>		
<b>Address 3:</b>		<b>Address 3:</b>		YES	X NO	
<b>City:</b>		<b>City:</b>	Sarasota	<b>Co# &amp; Acct unit for postage</b>		
<b>State/Zip:</b>		<b>State/Zip:</b>	FL 34240			
<b>Phone:</b>		<b>Phone:</b>	941-907-7400			
<b>Coding (You may leave vendor # blank)</b>						
<b>Vendor Name</b>	<b>Vendor #</b>	<b>Discount Due Date</b>	<b>Invoice Date</b>	<b>Invoice Number</b>		<b>Invoice Total Amount</b>
Florida Department of Environmental Protection	2885		4/10/02	Lake Jo/Sebring Interconnect Permit		\$ 500.00
<b>Company (XX)</b>	<b>Accounting Unit (XXXX)</b>	<b>Account (XXXXXX)</b>	<b>SA (not used)</b>	<b>User Analysis (X,X)</b>	<b>Dollar Amount</b>	<b>Activity</b>
60	6591	12030		0,2	\$ 500.00	CX002308309
<b>Reason for Request:</b>			Permit to begin Interconnect			
<b>Completed by:</b> Julie Avins			<b>Approved by:</b> 			
<b>Phone:</b> 941-907-7450			<b>Phone:</b> 941-907-7450			
<b>Date:</b> 04/10/02			<b>Date:</b> 04/10/02			



Department of  
 Environmental Protection

Application for a Public Drinking Water Facility Construction Permit

INSTRUCTIONS: This form shall be completed and submitted by persons proposing to construct new, or alter existing, public drinking water facilities unless such proposed construction or alteration is permitted under the "General Permit for Construction of an Extension to a Public Drinking Water Distribution System," in which case Form 62-555.900(7) is to be completed and submitted. Complete this form and submit it in quadruplicate to the appropriate district office of the Department or the appropriate Approved County Public Health Unit (ACPHU) along with a check for the proper application processing fee and the following supporting documents: a signed and sealed engineering report (including design data); signed and sealed engineering plans and specifications; a certificate that the project has been approved by the governing body of the applicant (city commissioners, corporation, board, etc.); and, for each project involving the construction of a new drinking water treatment plant in a county regulated by the Florida Public Service Commission (PSC), a copy of the PSC certificate authorizing the applicant to provide service or a copy of the PSC order exempting the applicant from PSC regulation. All supporting documents, as well as this form, shall be submitted in quadruplicate. All information provided on this form shall be typed or printed in ink. Complete Parts I, II, IV, V, and VI.A of this form for all projects, and complete Parts III and VI.B through VI.E of this form when applicable. A signature page or cover letter for engineering reports, each sheet of engineering plans, and a cover or index sheet for engineering specifications shall be signed, dated, and sealed with an impression-type metal seal by the professional engineer(s) in responsible charge of the documents. Also, engineering plans and specifications shall be those intended for construction and shall not be stamped otherwise (e.g., "For Permitting Only," "For Review Only," etc.). Application processing fees are listed in Rule 62-4.050, Florida Administrative Code (F.A.C.). Checks for application processing fees shall be made payable to the Department of Environmental Protection or to the appropriate ACPHU. NOTE THAT A SEPARATE APPLICATION AND A SEPARATE PROCESSING FEE ARE REQUIRED FOR EACH NON-CONTIGUOUS PUBLIC DRINKING WATER DISTRIBUTION SYSTEM PROJECT.

**I. NAME, DESCRIPTION, AND LOCATION OF PROJECT; APPLICANT; ETC.**

• Project Name: Lake Josephine Water System and Sebring Lakes Water System Connection.

• Project Description: Extension of an 8" water line looping Lake Josephine Water System and Sebring Lakes Water System. An 8" water line will be installed from Twitty Road southerly along the northeast right of way of U.S. 27/S.R. 25 to Sebring Lakes Boulevard, westerly crossing Highway 27 along Sebring Lakes Boulevard to Tangelo Street as shown on the plans. This is tying two existing 6" water lines together (looping).

• Project Location and 3 36 South 29 East  
 County: Highlands Section: 24 Township: 35 South Range: 29 East  
 Latitude and Longitude of Each New Treatment Plant and Each New Raw Water Source (attach additional sheets if necessary):

<u>Not Applicable</u>	o	'	"N	o	'	"W
	o	'	"N	o	'	"W
	o	'	"N	o	'	"W

• Applicant  
 Utility/Company Name: AquaSource Telephone No.: 941-907-7400

Address: 6960 Professional Parkway East Suite 400  
 City: Sarasota State: FL Zip Code: 34240

• Public Water System Supplying Water for Project (complete for distribution system projects)

System Name: Sebring Lakes and Lake Josephine Water Systems PWS Id No.: Sebring Lakes 5284137

System Owner: AquaSource Telephone No.: 941-907-7400

Address: 6960 Professional Parkway East Suite 400

City: Sarasota State: FL Zip Code: 34240

**Application for a Public Drinking Water Facility Construction Permit**

Project Name: Lake Josephine Water System and Sebring Lakes Water System Connection  
 Applicant: AquaSource

• **Owner/Operator of Project After It is Placed into Service**

Utility/Company Name: AquaSource Telephone No.: 941-907-7400  
 Address: 6960 Professional Parkway East Suite 400  
 City: Sarasota State: FL Zip Code: 34240

• **Professional Engineer in Responsible Charge of Designing Project**

Name of Engineer: Roger Dale Polston Telephone No.: 863-385-5564  
 Firm Name: Polston Engineering, Inc.  
 Address: P.O. Box 588  
 City: Sebring State: FL Zip Code: 33871-0588

**II. STATEMENT BY APPLICANT**

I, the undersigned owner or authorized representative of AquaSource certify that all components that will be installed under this project and that will come into contact with drinking water or drinking water treatment chemicals (except components that will come into contact with raw water prior to its treatment by reverse osmosis) conform, or will conform, with American National Standards Institute/NSF International (ANSI/NSF) Standard 61. Also, I certify that all drinking water treatment chemicals that will be supplied under this project except fluoridation chemicals conform, or will conform, with ANSI/NSF Standard 60 and that all fluoridation chemicals that will be supplied under this project conform, or will conform, with ANSI and American Water Works Association Standard B701, B702, or B703 as applicable.

I agree that we will require the contractor to furnish us with record drawings for this project. Also, I agree that we will retain a professional engineer registered in Florida to inspect construction of this project for the purpose of determining if work proceeds in compliance with the construction permit and approved engineering plans and specifications.

I am fully aware that we must obtain a letter of clearance from the Department before we place this project into service for any purpose other than disinfection, testing for leaks, or testing equipment operation. Also, I am fully aware that, if we sell or legally transfer ownership of this project before obtaining a letter of clearance from the Department, we must submit to the Department an "Application for Transfer of a Public Water System Construction Permit" within 30 days after such sale or legal transfer of ownership.

[Signature] 4/5/02  
 Signature and Date  
Glen LaBrecque, Vice President  
 Name and Title (please type or print)

\* Attach a letter of authorization.

**III. STATEMENT BY PUBLIC WATER SYSTEM SUPPLYING WATER FOR PROJECT (complete for distribution system projects)**

I, the undersigned owner or authorized representative of AquaSource certify that we will provide the potable water supply required by this project. As indicated below, the water treatment plant to which this project will be connected has the capacity to provide the potable water supply required by this project, and I certify that said plant is in compliance with the standards and criteria set forth in Chapters 62-550, 62-555, and 62-560, F.A.C. Also, said plant was constructed under one or more valid Department construction permits as indicated below, and I certify that connection of this project to said plant will not be a violation of any condition of this(these) construction permit(s).

- Name of Water Treatment Plant to Which this Project Will Be Connected: AquaSource owns both of the plants that will be connected, Sebring Lakes (S.L.) and Lake Josephine (L.J.).
- Construction Permit Number(s) for Plant and Date(s) Permit(s) Issued: Sebring Lakes 5284137 and Lake Josephine 5280162

- Permitted Maximum Day Capacity of Plant: Sebring Lakes 280,000 gpd and Lake Josephine 300,000 gpd
- Maximum Day Flow at Plant as Recorded on Monthly Operating Reports During Past 12 Months: S.L. - 429,000 gal 01/09/02  
L.J. - 45,000 gal 10/04/01

[Signature] 4/5/02  
 Signature and Date  
Glen LaBrecque, Vice President  
 Name and Title (please type or print)

\* Attach a letter of authorization.

Application for a Public Drinking Water Facility Construction Permit  
Project Name: Lake Josephine Water System and Sebring Lakes Water System Connection.  
Applicant: AquaSource

**IV. STATEMENT BY OWNER/OPERATOR OF PROJECT AFTER IT IS PLACED INTO SERVICE**

I, the undersigned owner or authorized representative\* of AquaSource certify that we will be the owner/operator of this project after it is placed into service. I agree that we will operate and maintain this project in a manner that will comply with Chapters 62-550, 62-555, 62-560, and 62-699, F.A.C.; and I certify that all drinking water treatment chemicals that we will use except fluoridation chemicals conform, or will conform, with American National Standards Institute/NSF International (ANSI/NSF) Standard 60 and that all fluoridation chemicals that we will use conform, or will conform, with ANSI and American Water Works Association Standard B701, B702, or B703 as applicable. Also, I agree that we will promptly notify the Department if we sell or legally transfer ownership of this project.

Signature and Date

 4/5/02

Glen LaBrecque, Vice President  
Name and Title (please type or print)

\* Attach a letter of authorization.

**V. STATEMENT BY PROFESSIONAL ENGINEER IN RESPONSIBLE CHARGE OF DESIGNING PROJECT**

I, the undersigned professional engineer registered in Florida, certify that I am in responsible charge of the preparation and production of engineering documents for this project; that I have expertise in the design of water treatment, storage, and distribution facilities; and that, to the best of my knowledge and belief, the engineering design for this project complies with Chapter 62-555, F.A.C., and provides reasonable assurance of compliance with Chapter 62-550, F.A.C.

The plans and specifications for this project require that all new and relocated project components that will come into contact with drinking water or drinking water treatment chemicals (except components that will come into contact with raw water prior to its treatment by reverse osmosis) be in conformance with American National Standards Institute/NSF International (ANSI/NSF) Standard 61. Also, the plans and specifications for this project require that all drinking water treatment chemicals supplied under this project except fluoridation chemicals be in conformance with ANSI/NSF Standard 60 and that all fluoridation chemicals supplied under this project be in conformance with ANSI and American Water Works Association Standard B701, B702, or B703 as applicable.

Signature, Date, and Seal

Roger Dale Polston, P.E. #33222  
Name and License Number (please type or print)

**VI. SUMMARY OF DESIGN DATA FOR PROJECT**

**A. General**

System PWS Identification Number, Name, Owner, and Type

1. System PWS Identification Number (if existing system): Sebring Lakes 5284137 and Lake Josephine 5280162
2. System Name: Sebring Lakes Water System and Lake Josephine Water System
3. System Owner: AquaSource
4. System Type:  community;  non-transient non-community;  non-community;  consecutive

System Service Area

5. Nature and Extent of Existing Service Area and Design/Projected Service Area:

Currently Sebring Lakes Water System is serving 46 Residential connections.

Currently Lake Josephine Water System is serving 508 Residential connections, 6 Commercial connections and one Church. No new connections will be added due to this permit.



Application for a Public Drinking Water Facility Construction Permit  
 Project Name: Lake Josephine Water System and Sebring Lakes Water System Connection.  
 Applicant: AquaSource

6. Number of Existing Service Connections: Sebring Lakes has 46 and Lake Josephine has 515 existing connections.  
 7. Existing Significant Industrial Water Users (industries with an average or maximum daily water demand that is  $\geq 1\%$  of the total average or maximum daily water demand on the system) (attach additional sheets if necessary):

<i>None</i>			

8. Regulated Consecutive Public Water Systems Presently Connected to this System (attach additional sheets if necessary):

<i>None</i>			

\* IF YES, PROVIDE ON AN ATTACHMENT THE NAMES OF THE USERS AND THEIR PRESENT AVERAGE AND MAXIMUM DAILY WATER DEMANDS.

- Present Population Served by System and Present Water Demand & Sebring Lakes 109  
 9. Present Population Served Directly (excluding all regulated consecutive public water systems): Lake Josephine 1,211  
 10. Present Total Population Served (including all consecutive public water systems): Lake Josephine 1,211 & Sebring Lakes 109  
 11. Present Annual Average Day Water Demand: Lake Josephine 148,646 gallons & Sebring Lakes 12,158 gallons  
 12. Present Per Capita Annual Average Day Water Demand: Lake Josephine 123 gallons & Sebring Lakes 112 gallons  
 13. Present Maximum Day Water Demand: Lake Josephine 194,800 gallons on 02/02/02 & Sebring Lakes 15,400 gallons 02/22/02  
 14. Present Maximum Hour Water Demand: Lake Josephine 8,084 gallons & Sebring Lakes 642 gallons

Design Population and Water Demand for System

15. Design Year and Estimated Total Population to Be Served in Design Year: 1,550 an estimated 4% increase for 2003  
 16. Projected Annual Average Day Water Demand in Design Year and Basis of Projection: 195,700 in year 2007 based on estimated annual 4% increase.  
 17. Projected Maximum Day Water Demand in Design Year and Basis of Projection: 253,000 based on estimated annual 4% increase.  
 18. Projected Maximum Hour Water Demand in Design Year and Basis of Projection: 10,700 gallons per hour based on estimated annual 4% increase.  
 19. Design Fire Demand (flow rate and duration) and Basis of Design: Not designed for fire flow.

System Raw Water Sources and Collection Facilities

20. Existing Ground Water Sources and Wells (attach additional sheets if necessary):

<i>Not Applicable</i>	<i>No Change</i>		

Application for a Public Drinking Water Facility Construction Permit  
 Project Name: Lake Josephine Water System and Sebring Lakes Water System Connection.  
 Applicant: AquaSource

21. Existing Surface Water Sources and Raw Surface Water Pumps (attach additional sheets if necessary):

Source	Capacity	Existing Pump	Capacity of Existing Pump When Largest Pump
<i>Not Applicable</i>			

22. Existing Purchased Water Sources (attach additional sheets if necessary):

<i>Not Applicable</i>			
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23. Will existing raw water sources and collection facilities (including raw water pumping facilities) be altered under this project, or are new raw water sources or collection facilities (including raw water pumping facilities) proposed under this project? No IF YES, COMPLETE PART VI.B BELOW.

System Treatment Facilities

24. Existing Treatment Plants (attach additional sheets if necessary):

Plant Name	Capacity	Existing Pump	Capacity of Existing Pump	Existing Type of Treatment at Plant
<i>Lake Josephine</i>	<i>300,000</i>	<i>*</i>	<i>pump size</i>	<i>Aeration and Chlorination</i>
<i>Sebring Lakes</i>	<i>280,000</i>	<i>*</i>	<i>pump size</i>	<i>Aeration and Chlorination</i>

\* Provide this only when increased treatment and/or finished water pumping capacity is provided in lieu of sufficient downstream distribution storage volume to meet peak water demands.

25. Will existing treatment facilities (including in-plant and finished water pumping facilities) be altered under this project, or are new treatment facilities (including in-plant and finished water pumping facilities) proposed under this project? No IF YES, COMPLETE PART VI.C BELOW.

System Finished Water Storage Facilities

26. Existing Plant and Distribution System Finished Water Storage Facilities (attach additional sheets if necessary):

Plant Name	Storage Type	Capacity
<i>Sebring Lakes</i>	<i>ground</i>	<i>15,000</i>
<i>Sebring Lakes</i>	<i>hydropneumatic</i>	<i>9,500</i>
<i>Lake Josephine</i>	<i>ground</i>	<i>15,960</i>

27. Will existing plant or distribution system finished water storage facilities be altered under this project, or are new plant or distribution system finished water storage facilities proposed under this project? Yes IF YES, COMPLETE PART VI.D BELOW.

System Distribution Facilities

28. Will existing distribution facilities (including booster pumping facilities) be altered or extended under this project, or are new distribution facilities (including booster pumping facilities) proposed under this project? Yes IF YES, COMPLETE PART VI.E BELOW.

Interconnections with Other Public Water Systems that Have Separate Water Supply Sources

29. Names of Existing Interconnected Public Water Systems and Purpose of Each Existing Interconnection: None Existing

Application for a Public Drinking Water Facility Construction Permit  
 Project Name: Lake Josephine Water System and Sebring Lakes Water System Connection.  
 Applicant: AquaSource

B. Proposed Altered/New Raw Water Sources and Collection Facilities (including raw water pumping facilities)

Ground Water Sources *Not Applicable*

1. Name of Treatment Plant to Be Supplied with Raw Water from Proposed Altered/New Wells: \_\_\_\_\_
2. Name of Aquifer from Which Raw Water Will Be Withdrawn by Proposed Altered/New Wells: \_\_\_\_\_
3. Existing and Proposed Altered/New Wells Supplying Raw Water to the Treatment Plant Named in Part VI.B.1 Above (attach additional sheets if necessary):

Well No.	Well Name	Well Type	Well Depth (ft)	Well Diameter (in)	Well Status

Total Capacity of Existing and Proposed Altered/New Wells (all wells in service): \_\_\_\_\_  
 Total Capacity of Existing and Proposed Altered/New Wells When Largest Well is Out of Service: \_\_\_\_\_

\* Provide this only for proposed altered/new wells.  
 † ATTACH PUMP AND SYSTEM HEAD CURVES FOR PROPOSED ALTERED/NEW WELLS.

4. Water Management District Construction Permit Number(s) (if applicable) for Proposed Altered/New Well(s) and Date(s) Permit(s) Issued: \_\_\_\_\_
5. ATTACH A COPY OF THE LOG COMPLETION REPORT (if applicable) FOR EACH PROPOSED ALTERED/NEW WELL.
6. ATTACH A MAP OF THE AREA WITHIN 500 FEET OF EACH PROPOSED ALTERED/NEW WELL INDICATING SANITARY HAZARDS.
7. ATTACH RESULTS OF LABORATORY ANALYSES OF RAW WATER FROM NEW GROUND WATER SOURCES (analyses shall be conducted for each applicable water quality standard in Part III of Chapter 62-550, F.A.C., and for new sources in delineated areas, analyses shall be conducted pursuant to Rule 62-524.600, F.A.C.)
8. Standby Power Source for Well Pumps: \_\_\_\_\_; Well Pumps Connected, or Proposed to Be Connected, to Standby Power: \_\_\_\_\_
9. 100-Year, or Highest Known, Flood Elevation in Area of Wells: \_\_\_\_\_

Surface Water Sources *Not Applicable*

10. Name of Treatment Plant to Be Supplied with Raw Water from Proposed Altered/New Facilities: \_\_\_\_\_
11. Name of Surface Water from Which Raw Water Will Be Withdrawn by Proposed Altered/New Facilities: \_\_\_\_\_
12. Estimated Dry-Weather Flow at Surface Water Intake and Basis of Estimate: \_\_\_\_\_
13. Description of Existing and Proposed Altered/New Diverting Dams, Impounding Reservoirs, Intake Structures, and/or Infiltration Galleries (attach additional sheets if necessary): \_\_\_\_\_
14. FOR A PROPOSED NEW OR RELOCATED SURFACE WATER INTAKE, ATTACH A DESCRIPTION AND MAP OF THE WATERSHED AREA ABOVE THE INTAKE INDICATING SANITARY HAZARDS.

Audit Finding #4  
 Attachment B  
 Page 13 of 21

Application for a Public Drinking Water Facility Construction Permit  
 Project Name: Lake Josephine Water System and Sebring Lakes Water System Connection.  
 Applicant: AquaSource

- 15. ATTACH RESULTS OF LABORATORY ANALYSES OF RAW WATER FROM NEW SURFACE WATER SOURCES (analyses shall be conducted for each applicable water quality standard in Part III of Chapter 62-550, F.A.C.).
- 16. Existing and Proposed Altered/New Raw Surface Water Pumps for the Treatment Plant Named in Part VI.B.9 Above (attach additional sheets if necessary):

Pump Process/Model	Capacity (GPM)	Head (ft)	Notes

Total Capacity of Existing and Proposed Altered/New Pumps When Largest Pump is Out of Service:

ATTACH PUMP AND SYSTEM HEAD CURVES FOR PROPOSED ALTERED/NEW PUMPS.

- 17. Standby Power Source for Raw Surface Water Pumps: \_\_\_\_\_;  
 Raw Surface Water Pumps Connected, or Proposed to Be Connected, to Standby Power: \_\_\_\_\_

- 18. 100-Year, or Highest Known, Flood Elevation in Area of Intake: \_\_\_\_\_

C. Proposed Altered/New Treatment Facilities (including in-plant and finished water pumping facilities) *Not Applicable*

- 1. Name of Proposed Altered/New Treatment Plant: \_\_\_\_\_
- 2. Previous Construction Permit Number(s) for Plant and Date(s) Permit(s) Issued: \_\_\_\_\_

- 3. Design/Projected Annual Average Day Water Demand for Plant and Basis of Design/Projection: \_\_\_\_\_

- 4. Design/Projected Maximum Day Water Demand for Plant and Basis of Design/Projection: \_\_\_\_\_

- 5. Design/Projected Maximum Hour Water Demand and Design/Projected Fire Demand Plus Coincident Draft for Plant and Basis of Design/Projections (provide this only when increased treatment and/or finished water pumping capacity will be provided in lieu of sufficient downstream/distribution storage volume to meet peak water demands): \_\_\_\_\_

- 6. Design Daily Operating Period for Plant: \_\_\_\_\_

- Design Daily Operating Period for Finished Water Pumping Facilities: \_\_\_\_\_

- 7. Design Peak Sustained Operating Flow Rate Through Plant: \_\_\_\_\_

- 8. ATTACH RESULTS OF LABORATORY ANALYSES OF RAW WATER FOR THE PLANT (analyses shall be conducted for each applicable water quality standard in Part III of Chapter 62-550, F.A.C.).

- 9. ATTACH A FLOW DIAGRAM SHOWING ALL EXISTING AND PROPOSED ALTERED/NEW TREATMENT PROCESSES (including waste handling processes), CHEMICAL APPLICATION POINTS, PUMPING FACILITIES, AND TREATMENT BYPASS ARRANGEMENTS FOR THE PLANT.

- 10. ATTACH A SUMMARY OF DESIGN CRITERIA FOR EACH EXISTING OR PROPOSED ALTERED/NEW TREATMENT PROCESS (including waste handling processes) AND FOR EACH EXISTING OR PROPOSED ALTERED/NEW CHEMICAL TO BE APPLIED AT THE PLANT (design criteria should include basin capacities, retention times, unit loadings, surface loading rates, backwash rates, feeder capacities and ranges, etc.).

Application for a Public Drinking Water Facility Construction Permit  
 Project Name: Lake Josephine Water System and Sebring Lakes Water System Connection.  
 Applicant: AguaSource

11. Existing and Proposed Altered/New In-Plant and Finished Water Pumps (attach additional sheets if necessary):

Pump Function/Flow Stream Pumped:

		Capacity of Pump	Capacity and Total Dynamic Head for Each Pump
Total Capacity of Existing and Proposed Altered/New Pumps When Largest Pump is Out of Service: <u>300 gpm</u>			

Pump Function/Flow Stream Pumped:

		Capacity of Pump	Capacity and Total Dynamic Head for Each Pump
Total Capacity of Existing and Proposed Altered/New Pumps When Largest Pump is Out of Service:			

Pump Function/Flow Stream Pumped:

		Capacity of Pump	Capacity and Total Dynamic Head for Each Pump
Total Capacity of Existing and Proposed Altered/New Pumps When Largest Pump is Out of Service:			

\* ATTACH PUMP AND SYSTEM HEAD CURVES FOR PROPOSED ALTERED/NEW PUMPS.

12. Method of Disposal of Plant Wastes (Aluminum/Iron Coagulant or Lime Softening Sludge from Clarification, Waste Backwash Water from Filtration, and/or Waste Brine from Ion Exchange or Membrane Processes):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

13. Standby Power Source for Plant: \_\_\_\_\_;  
 Plant Equipment Connected, or Proposed to Be Connected, to Standby Power: \_\_\_\_\_

14. 100-Year, or Highest Known, Flood Elevation in Area of Plant: \_\_\_\_\_

D. Proposed Altered/New Plant and Distribution System Finished Water Storage Facilities *Not Applicable*

1. Existing and Proposed Altered/New Plant and Distribution System Finished Water Storage Facilities (attach additional sheets if necessary):

		Capacity of Storage Facility	Capacity Volume of Storage Facility

Application for a Public Drinking Water Facility Construction Permit  
 Project Name: Lake Josephine Water System and Sebring Lakes Water System Connection.  
 Applicant: AquaSource

E. Proposed Altered/New Distribution Facilities (including booster pumping facilities)

Distribution Facilities

1. Design/Projected Annual Average and Maximum Day Water Demands for Proposed Altered/New Distribution Facilities (i.e., water mains) Under this Project:

	Annual Average	Maximum Day
Single Family - Phase 1		
Single Family - Phase 2		
Single Family - Phase 3		
Single Family - Phase 4		
<b>Total</b>	<b>160,804</b>	<b>209,400</b>

*Description of Commercial, Institutional, and Industrial Facilities and Explanation of Method Used to Estimate Average Day Water Demand for These Facilities:*

From Monthly Operating Reports

*Explanation of Method Used to Estimate Maximum Day Water Demand:*

From Monthly Operating Reports

2. Design/Projected Maximum Hour Water Demand for Proposed Altered/New Distribution Facilities Under this Project and Basis of Design/Projection:

10,000 gallons per hour based on estimated 4% increase annually

Design/Projected Fire Demand Plus Coincident Draft (usually maximum day water demand) for Proposed Altered/New Distribution Facilities Under this Project and Basis of Design/Projection:

Not designed for fire flow.

3. Operating Pressure Range for Proposed Altered/New Distribution Facilities Under this Project: 30 to 60 psi

4. Will any proposed altered/new distribution facilities under this project be installed in areas of ground water for which there is existing documentation of the presence of low-molecular-weight petroleum products or organic solvents at concentrations exceeding ground water standards? See below. If yes, describe the nature and extent of such areas: Unknown, but it may be possible.

5. Will any proposed altered/new distribution facilities under this project connect previously separate public water systems that have separate water supply sources? Yes. If yes, provide the names of the systems proposed to be interconnected and explain the purpose of each proposed interconnection: Lake Josephine Water System and Sebring Lakes Water System

Application for a Public Drinking Water Facility Construction Permit  
 Project Name: Lake Josephine Water System and Sebring Lakes Water System Connection.  
 Applicant: AguaSource

6. Will the proposed altered/new distribution facilities under this project be part of a community water system or a public water system that has a service area also served by a reclaimed water system? No If yes, document that the system has a routine cross-connection control plan, including a written plan, in accordance with Rule 62-555.360, F.A.C.:

**Booster Pumping Facilities** Not Applicable

7. Name/Location of Proposed Altered/New Booster Pumping Station:

8. Design/Projected Annual Average and Maximum Day Water Demands for Booster Pumping Station:

	Annual Average Demand	Maximum Day Demand
Single-Family Home		
Mobile Home		
Apartment		
Commercial, Institutional, or Industrial Facility		
<b>Total</b>		

\* Description of Commercial, Institutional, and Industrial Facilities and Explanation of Method Used to Estimate Average Day Water Demand for These Facilities:

\* Explanation of Method Used to Estimate Maximum Day Water Demand:

9. Design/Projected Maximum Hour Water Demand and Design/Projected Fire Demand Plus Coincident Draft (usually maximum day water demand) for Booster Pumping Station and Basis of Design/Projections (provide this only when increased pumping capacity will be provided in lieu of sufficient downstream/distribution storage volume to meet peak water demands):

10. Existing and Proposed Altered/New Pumps at Booster Pumping Station (attach additional sheets if necessary):

Pump	Capacity	Head

Total Capacity of Existing and Proposed Altered/New Pumps When Largest Pump is Out of Service:

\* ATTACH PUMP AND SYSTEM HEAD CURVES FOR PROPOSED ALTERED/NEW PUMPS.

11. Standby Power Source for Booster Pumping Station:  
 Pumps Connected, or Proposed to Be Connected, to Standby Power:

12. 100-Year, or Highest Known, Flood Elevation in Area of Booster Pumping Station:

# POLSTON ENGINEERING, INC.

P.O. BOX 588  
SEBRING, FLORIDA 33871-588  
863-385-5564 / 385-2462FAX  
FEDERAL IDENTIFICATION NO. 59-2949994

## INVOICE

GLENN LABRECQUE  
AQUASOURCE  
6960 PROFESSIONAL PARKWAY EAST,  
SARASOTA, FL 34240

Invoice#: 4314  
Job#: 2014.  
SEBRING LAKES TO LAKE JOSEPHINE  
SEBRING

May 01, 2002

### WORK TO DATE ON WATER LINE PERMITTING

Description of Labor	Hours	Rate	Fee
CLERICAL	0.50	30.	\$15.00
DRAFTSMAN	4.00	70.	\$280.00
CIVIL ENGINEER	2.50	95.	\$237.50
		Sub-Total:	\$532.50
		Credit for Retainer:	\$0.00
			\$0.00
		Amount Due:	\$532.50

A service charge will be applied to all bills 30 days past due. The rate is 1.5% per month based upon an annual percentage rate of 18%

MAY 03 2002

*Capital*  
*cash*

*6.1.02*



# POLSTON ENGINEERING, INC.

P.O. BOX 588  
SEBRING, FLORIDA 33871-588  
863-385-5564 / 385-2462FAX  
FEDERAL IDENTIFICATION NO. 59-2949994

*Sebring Joseph  
Interconnect*

## INVOICE

GLENN LABRECQUE  
AQUASOURCE  
6960 PROFESSIONAL PARKWAY EAST,  
SARASOTA, FL 34240

Invoice#: 5146  
Job#: 2014.  
**SEBRING LAKES TO LAKE JOSEPHINE**  
SEBRING

October 04, 2002

INSPECTIONS AND AS-BUILT PLANS, FINAL DRAW ON PROJECT PER PROPOSAL

Description of Labor	Hours	Rate	Fee
CIVIL ENGINEER	0.00	95.	\$1,235.00
		Sub-Total:	\$1,235.00
		Credit for Retainer:	\$0.00
			\$0.00
		Amount Due:	\$1,235.00

*96*

A service charge will be applied to all bills 30 days past due. The rate is 1.5% per month based upon an annual percentage rate of 18%

Pugh Utilities Service, Inc.  
760 Henscratch Road  
Lake Placid, Florida 33852  
(863) 465-6911

June 21, 2002

AquaSource  
6960 Professional Parkway East  
Suite 400  
Sarasota, Florida 34240  
Attention: Hugh Sumrall

Dear Mr. Sumrall:

The following is a price quote for looping Lake Josephine and Sebring Lakes water systems.

Parts:

7960' - 8" PVC pipe  
8 - 8" DR11 stiffeners  
6 - 8" MJ sleeves w/ megalugs  
5 - 8" MJ gate valves w/ megalugs  
2 - 8" x 8" MJ tees w/ megalugs  
5 - 8" 45 MJ w/ megalugs  
2 - 6" x 6" MJ tee w/ megalugs  
2 - 8" x 6" PE x PE reducers  
2 - 6" MJ sleeves w/ megalugs  
1 - 8" x 2" tapped plug  
1 - 8" x 4" MJ reducer w/ megalugs  
1 - 2" R & W gate valve  
2 - 2" x 4" galvanized nipples  
1 - 2" 90 elbow  
1 - 2" x 6" galvanized nipple  
1 - 4" MJ gate valve w/ megalugs

4 - Directional Bores, Estimated 350'

Seed & Sod Allowance

Labor & Tractor time

This price Includes excavation and installation of all parts and materials.

Total using DR 25 C-900 PVC Pipe **\$104,747.48**

This quote is only good for 30 days. If you have any questions, please feel free to contact this office at the number above.

Sincerely,

  
Daniel M. Holmes, as President  
Pugh Utilities Service, Inc.

NOVEMBER 1, 2002

THIS WORK IS NOW COMPLETE AND THE TOTAL BALANCE IS DUE.

) = Credit balance

Account	FY07	FY07	FY07	FY07	FY07	FY07	FY07	FY07	FY07	FY07	FY07	FY07	Total
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	12/31/07	
Accrued Property Tax Total	\$ (70,619)	\$ (141,237)	\$ (211,856)	\$ (282,475)	\$ (353,093)	\$ (423,712)	\$ (494,330)	\$ (586,264)	\$ (678,198)	\$ (770,132)	\$ 92,817	\$ -	
Accrued - PUC Assessment Total	\$ (31,682)	\$ (66,091)	\$ (100,010)	\$ (141,387)	\$ (191,919)	\$ (236,811)	\$ (46,938)	\$ (90,720)	\$ (125,643)	\$ (158,319)	\$ (187,441)	\$ (180,707)	
Accrued- ST-CN Income Total	\$ 185,994	\$ 185,994	\$ 355,094	\$ 355,094	\$ 355,094	\$ 360,094	\$ 360,094	\$ 360,094	\$ 360,694	\$ 272,480	\$ 272,480	\$ 264,246	
Accrued Federal Tax Total	\$ 784,873	\$ 888,210	\$ 933,727	\$ 882,504	\$ 851,477	\$ 870,947	\$ 1,010,508	\$ 1,185,807	\$ 2,221,489	\$ 2,342,542	\$ 2,497,633	\$ 2,884,818	
Accrued Federal Tax-Options Total	\$ 16,648	\$ 16,648	\$ 16,648	\$ 16,648	\$ 16,648	\$ 16,648	\$ 16,648	\$ 16,648	\$ 18,424	\$ 18,424	\$ 18,424	\$ 18,424	
Accrued Tax - OTHER Total	\$ (90,309)	\$ (99,490)	\$ (107,610)	\$ (99,998)	\$ (114,877)	\$ (120,285)	\$ (111,477)	\$ (121,347)	\$ (128,123)	\$ (118,991)	\$ (115,049)	\$ (126,546)	
Grand Total (1)	\$ 794,905	\$ 784,033	\$ 885,992	\$ 730,385	\$ 563,329	\$ 466,880	\$ 734,504	\$ 764,217	\$ 1,668,644	\$ 1,586,005	\$ 2,578,865	\$ 2,860,236	

(1)- Minor differences in totals from "Totals Per MFR schedule A-19" provided in response to rate base audit request 29 dated July 11, 2008 are due to rounding.

Company - Aqua Services Inc  
 I/S - Sundry cost billings by GL account  
 For Period 12 Ending December 31,2007

Docket 080121-WS  
 Attachment D  
 PSC Staff Audit Finding #19

AU#	Expense detail	Date	GL Account - GL account description	FY07		Amount Charged To Florida
				Total		
422	Depreciation Accrual	2/6/2007	403010.0000 - Deprec Exp-IS	28,345.10	Depreciation January	4.24% 1,201.83
422	Depreciation Adjustment	2/6/2007	403010.0000 - Deprec Exp-IS	(340.14)	Depreciation January	4.24% (14.42)
422	Correct Deprec entry from	3/1/2007	403010.0000 - Deprec Exp-IS	7,117.67	Depreciation February	4.26% 303.21
422	Depreciation Accrual	3/1/2007	403010.0000 - Deprec Exp-IS	35,462.77	Depreciation February	4.26% 1,510.71
422	Depreciation Accrual	4/3/2007	403010.0000 - Deprec Exp-IS	35,462.77	Depreciation March	4.26% 1,510.71
422	Depreciation Adjustment	3/22/2007	403010.0000 - Deprec Exp-IS	340.14	Depreciation March	4.26% 14.49
422	Depreciation Accrual	5/2/2007	403010.0000 - Deprec Exp-IS	35,462.77	Depreciation April	4.26% 1,510.71
422	Depreciation Accrual	6/11/2007	403010.0000 - Deprec Exp-IS	35,462.77	Depreciation June	4.26% 1,510.71
422	Depreciation Accrual	6/11/2007	403010.0000 - Deprec Exp-IS	35,462.77	Depreciation June	4.26% 1,510.71
422	Depreciation Accrual	11/1/2007	403010.0000 - Deprec Exp-IS	35,462.77	Depreciation October	4.04% 1,432.70
422	Depreciation Accrual	8/9/2007	403010.0000 - Deprec Exp-IS	35,462.77	Depreciation July	4.04% 1,432.70
422	Depreciation Accrual	8/31/2007	403010.0000 - Deprec Exp-IS	35,462.77	Depreciation August	4.04% 1,432.70
422	Depreciation Accrual	9/26/2007	403010.0000 - Deprec Exp-IS	35,462.77	Depreciation September	4.04% 1,432.70
422	Depreciation Accrual	12/4/2007	403010.0000 - Deprec Exp-IS	35,462.77	Depreciation November	4.04% 1,432.70
422	Depreciation Accrual	12/22/2007	403010.0000 - Deprec Exp-IS	35,462.77	Depreciation December	4.04% 1,432.70
422	Corr for Activity	1/7/2008	403010.0000 - Deprec Exp-IS	(7,003.09)	Depreciation December	4.04% (282.92)
422	Corr for Activity	1/7/2008	403010.0000 - Deprec Exp-IS	(35,462.77)	Depreciation December	4.04% (1,432.70)
<b>Total Depreciation</b>				<b>383,087.38</b>		<b>15,939.24</b>

**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, ) FILED: October 17, 2008  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )  
\_\_\_\_\_ )

**AQUA UTILITIES FLORIDA, INC.'S**  
**SUPPLEMENTAL RESPONSE TO STAFF AUDIT REPORT**  
(Findings 1, 2 and 3)

Aqua Utilities Florida, Inc. ("AUF"), files its Supplemental Response to Findings 1 through 3 of Staff's Audit Report dated September 18, 2008.<sup>1</sup>

**RESPONSE**

**Audit Finding No. 1**

**Response:**

**LAKE SUZY - WATER**

AUF acquired the Lake Suzy system in 2003, and does not possess detailed supporting documentation of investments for periods prior to its ownership, which includes years 1997 and 1998. Lake Suzy was regulated by Desoto County during 1997 and 1998, and there were no annual report filing requirements during that period. Annual Reports would have shown details of rate base activity during 1997 and 1998.

AUF disagrees with the wholesale exclusion of investments made in 1997 and 1998, and furthermore disagrees with the adjustment amounts proposed in this finding for the following reasons:

The proposed reduction to UPIS in the amount of \$534,219 is incorrect because it represents UPIS balances since the last established rate base (June 30, 1999) plus additions through the acquisition in 2003, not just from years 1997 and 1998. Although AUF believes that it previously provided the auditors with all documents responsive to their specific requests, AUF is now supplying the auditors with additional information for all relevant periods. The actual UPIS additions for years 1997 and 1998 were \$190,351. Therefore, AUF believes the maximum UPIS reduction that should appear in this finding is \$190,351.

---

<sup>1</sup> AUF filed its Response to Findings 4 – 19 on October 14, 2008.

The proposed reduction to Accumulated Depreciation in the amount of \$108,901 is incorrect because it also represents Accumulated Depreciation balances since the last established rate base (June 30, 1999) plus additions through the acquisition in 2003, not just from years 1997 and 1998. The actual Accumulated Depreciation reduction for years 1997 and 1998 was \$36,122. Therefore, AUF believes the maximum Accumulated Depreciation reduction in this finding should be \$36,122.

The Depreciation Expense reduction in the finding is also incorrectly stated as \$10,229, since it is based upon the incorrect reduction to UPIS balances. Depreciation expense needs to be adjusted downward to reflect the revised UPIS reduction. Based on the Company's response to the proposed reduction in UPIS, the Depreciation Expense reduction should be approximately \$3,650.

The proposed reduction to CIAC in the amount of \$137,077 is incorrect because it represents CIAC balances since the last established rate base (June 30, 1999) plus additions through the acquisition in 2003, not just from years 1997 and 1998. The actual CIAC reduction for years 1997 and 1998 was \$189,596. Therefore, AUF believes the maximum CIAC reduction in this finding should be \$189,596.

The proposed reduction to Accumulated Amortization of CIAC in the amount of \$8,891 is incorrect because it also represents Accumulated Amortization of CIAC balances since the last established rate base (June 30, 1999) plus additions through the acquisition in 2003, not just from years 1997 and 1998. The actual Accumulated Amortization of CIAC reduction for years 1997 and 1998 was \$14,595. Therefore, AUF believes the maximum Accumulated Amortization of CIAC reduction in this finding should be \$14,595.

**EFFECT ON THE GENERAL LEDGER IF THE FINDING IS ACCEPTED:** While AUF disagrees with the proposed adjustments, based on the revised data presented above, the following journal entries would be needed to adjust the utility general ledger balances as of December 31, 2007.

NARUC			
Acct. No	Account Description	Debit	Credit
108	Accumulated Depreciation	\$ 36,122	
271	CIAC	\$189,596	
439	Adjustments to Retained Earnings		\$ 20,772
272	Accumulated Amortization of CIAC		\$ 14,595
101	UPIS		\$190,351

**EFFECT ON THE FILING IF THE FINDING IS ACCEPTED:** The Account 101 Plant in Service year end balance would be reduced by \$190,351, Account 108 Accumulated Depreciation year end balance would be reduced by \$36,122, Account 271 Contributions in Aid of Construction year end balance would be reduced by \$189,596, Account 272 Accumulated Amortization of CIAC year end balance would be reduced by \$14,595. A related adjustment would also be made to the 13-month averages.

## **Audit Finding No. 2**

### **Response:**

#### **LAKE SUZY - WASTEWATER**

AUF acquired the Lake Suzy system in 2003, and does not possess detailed supporting documentation of investments for periods prior to its ownership, which includes years 1997 and 1998. Lake Suzy was regulated by Desoto County during 1997 and 1998, and there were no annual report filing requirements during that period. Annual reports would have shown details of rate base activity during 1997 and 1998.

AUF disagrees with the wholesale exclusion of investments made in 1997 and 1998, and furthermore disagrees with the adjustment amounts proposed in this finding for the following reasons:

The proposed reduction to UPIS in the amount of \$1,119,520 is incorrect because it represents UPIS balances since the last established rate base (June 30, 1999) plus additions through the acquisition in 2003, not just from years 1997 and 1998. The actual UPIS additions for years 1997 and 1998 were \$504,909. Therefore, AUF believes the maximum UPIS reduction that should appear in this finding is \$504,909.

The proposed reduction to Accumulated Depreciation in the amount of \$359,506 is incorrect because it also represents Accumulated Depreciation balances since the last established rate base (June 30, 1999) plus additions through the acquisition in 2003, not just from years 1997 and 1998. Although AUF believes that it previously provided the auditors with all documents responsive to their specific requests, AUF is now supplying the auditors with additional information for all relevant periods. The actual Accumulated Depreciation reduction for years 1997 and 1998 was \$46,122. Therefore, AUF believes the maximum Accumulated Depreciation reduction in this finding should be \$46,122.

The Depreciation Expense reduction in the finding is also incorrectly stated as \$36,147, since it is based upon the incorrect reduction to UPIS balances. Depreciation Expense needs to be adjusted downward to reflect the revised UPIS reduction. Based on the Company's response to the proposed reduction in UPIS, the Depreciation Expense reduction should be approximately \$16,300.

The finding did not include a proposed reduction to CIAC. A significant portion of the proposed reduction in plant additions resulted from contributed property. Therefore, any adjustment to plant additions must be accompanied by an adjustment to CIAC. For the reasons stated above, AUF does not possess supporting documentation for CIAC activity in years 1997 and 1998. The actual increase in CIAC for years 1997 and 1998 was \$733,536. Therefore, AUF believes the maximum CIAC reduction in this finding should be \$733,536.



The finding did not include a proposed reduction to Accumulated Amortization of CIAC. For the reasons stated above, AUF does not possess supporting documentation for CIAC activity in years 1997 and 1998. The actual reduction in Accumulated Amortization of CIAC for years 1997 and 1998 was \$52,113. Therefore, AUF believes the maximum Accumulated Amortization of CIAC reduction in this finding should be \$52,113.

**EFFECT ON THE GENERAL LEDGER IF THE FINDING IS ACCEPTED:**

While AUF disagrees with the proposed adjustments, based on the revised data presented above, the following journal entries would be needed to adjust the utility general ledger balances as of December 31, 2007.

NARUC

<u>Acct. No</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
108	Accumulated Depreciation	\$ 46,122	
271	CIAC	\$733,536	
272	Accumulated Amortization of CIAC		\$ 52,113
439	Adjustments to Retained Earnings		\$222,636
101	UPIS		\$504,909

**EFFECT ON THE FILING IF THE FINDING IS ACCEPTED:** The account 101 Plant in Service year end balance would be reduced by \$504,909, Account 108 Accumulated Depreciation year end balance would be reduced by \$46,122, Account 271 CIAC would be reduced by \$733,536 and Account 272 Accumulated Amortization of CIAC would be reduced by \$52,113. A related adjustment would also be made to the 13-month averages.

**Audit Finding No. 3 - ROSALIE OAKS – WATER/WASTEWATER & VILLAGE WATER – WATER/WASTEWATER**

**Response:**

**Summary**

The Company acknowledges filing Original Cost Studies for the Rosalie Oaks Water and Wastewater and Village Water- Water and Wastewater systems. The Original Cost Studies were requested by the Florida Public Service Commission Auditors during 2006, at the time of the previous rate case. The four Original Cost Studies were filed with the Auditors in 2006 as a reply to the Audit report and also in 2008 as a reply to discovery questions in the present rate case. In both cases, the Company clearly communicated that variances between the Original Cost Study balances and AUF general ledger balances for these systems were not recorded by AUF on the books and records of the Company. Instead, AUF maintained the “as booked” general ledger amounts, which in all cases were lower than the balances included in the Original Cost Studies (Studies).

The schedule included in the audit report compares the 12/31/07 as booked UPIS balances (excluding allocations) to the 12/31/04 (Rosalie Oaks) and 12/31/05 (Village Water) Original Cost Study balances. It appears the audit assumed that the higher balances from the Studies were recorded on the books and records of the Company. Since the higher balances from the Original Cost Studies were not recorded, the audit finding schedule is based on an incorrect starting balance for UPIS, and compares year end balances at two different points in time, both of which are invalid for purposes of evaluating the Company's filing.

#### **Rosalie Oaks – Water & Wastewater**

See Attachment 1 for supporting documentation for the Rosalie Oaks – Water and Wastewater Original Cost Studies. Note again that AUF did not record these balances in the AUF general ledgers. (AUF also notes that there is a difference between the “Booked Cost” amounts as of December 31, 2005 on page 1 of Attachment 2 for Water (\$79,987) and Wastewater (\$52,360), and the 12/31/05 balances for Water (\$78,904) and Wastewater (\$51,278) on page A-4, 2 of 2 in the MFR (Attachment 2, page 5). The differences represent allocated plant balances of \$1,083 and \$1,082, respectively, that are included in the original cost study amount but are not included in the MFR; and are therefore not pertinent to the evaluation of the Company's filing

#### **Village Water – Water**

Attachment 2, Pages 1, 3 and 4 of 5 are provided as a response to the statement in this finding that, “there was no available source documentation”. (AUF also notes that there is a \$758 difference between the “As booked” amount of \$101,628 as of December 2004 on page 1 of Attachment 2 and the 12/31/04 balance of \$102,386 on page A-4, 2 of 2 in the MFR (Attachment 2, page 5), representing the amount of land included in the MFR and excluded in the Study.)

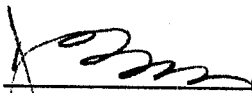
#### **Village Water - Wastewater**

Attachment 2, pages 2, 3, and 4 of 5 are provided as a response to the statement in this finding that, “there was no available source documentation.” (AUF also notes that the “As booked” amount as of December 2004 on Attachment 2 page 2 agree within \$1 rounding to the 12/31/04 balance on page A-4, 2 of 2 in the MFR (Attachment 2 page 5.)

**EFFECT ON THE GENERAL LEDGER IF THE FINDING IS ACCEPTED:** This finding is inaccurate. As previously stated, AUF did not record the higher plant values from the Original Cost Studies. The “Booked Cost” and “As booked” values as of December 31, 2004 shown on Attachment 1, page 1 and Attachment 2, pages 1 and 2, agree to the applicable MFR schedules for these systems, with minor exceptions as noted above.

**EFFECT ON THE FILING IF THE FINDING IS ACCEPTED:** This finding is not applicable to the AUF filing, and should not affect the “as filed” values presented by AUF. Respectfully submitted this 17th day of October, 2008.

**HOLLAND & KNIGHT LLP**



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D. Bruce May, Jr.  
Florida Bar No. 354473  
Gigi Rollini  
Florida Bar No. 684491  
Holland & Knight, LLP  
Post Office Drawer 810  
Tallahassee, Florida 32302-0810  
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-and-

Kimberly A. Joyce, Esquire  
Aqua America, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010  
(610) 645-1077 (Telephone)  
(610) 519-0989 (Facsimile)

**Attorneys for Aqua Utilities Florida, Inc.**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was furnished by hand delivery to **Charles Beck, Esq., Office of Public Counsel**, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400; **Ralph Jaeger, Katherine Fleming, Caroline Klancke and Erik Sayler, Esq., Office of General Counsel, Florida Public Service Commission**, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, and to **Cecilia Bradley, Esq., Office of the Attorney General**, The Capitol-PL01, Tallahassee, FL 32399-1050, this 17th day of October, 2008.



---

Attorney

Aqua Utilities Florida, Inc.  
 Rosalie Oaks Water & Sewer - Original Cost Calculations

Water

Account Number	Account Description	Asset Description	Installation Date	Pricing	Pricing Unit	Quantity	Pricing Year	Cost	Pricing Index 2005	Pricing Index Original	Index Ratio	Original Cost 2005
302.1	Franchises and consents	Franchises and consents	1999	\$ 251	EA	1	1999	\$ 251			1.00	\$ 251
303.3	Land and Land Rights	Treatment	1999	\$ 4,022	EA	1	1999	\$ 4,022			1.00	\$ 4,022
309.2	Supply Mains	Plant Piping	2003	\$ 4,500	EA	1	2003	\$ 4,500			1.00	\$ 4,500
304.3	Structures & Improvements Treat	Facility	2003	\$ 11,060	EA	1	2004	\$ 11,060			1.00	\$ 11,060
311.2	Pump Equipment	Pump CL2, Stenner P1000, 85MHP17	2003	\$ 3,873	EA	1	2003	\$ 3,873			1.00	\$ 3,873
311.4	Pump Equipment	Motors: 25 hp	1999	\$ 5,014	EA	1	1999	\$ 5,014			1.00	\$ 5,014
320.3	Water Treatment Equipment	Pump, Chemical Feed Stenner, 85MH-I	2002	\$ 1,018	EA	1	2002	\$ 1,018			1.00	\$ 1,018
330.4	Dist. Reservoirs and Standpipes	Hydropneumatic Tank	2002	\$ 12,500	EA	1	2005	\$ 12,500			1.00	\$ 12,500
331.4	T&D Mains	2" PVC	2003	\$ 22	LF	600	2005	\$ 13,200	270	242	0.90	\$ 11,831
331.4	T&D Mains	4" PVC	2003	\$ 28	LF	850	2005	\$ 23,800	270	242	0.90	\$ 21,332
331.4	T&D Mains	6" PVC	2003	\$ 36	LF	220	2005	\$ 7,920	270	242	0.90	\$ 7,099
331.4	T&D Mains	8" PVC	2003	\$ 45	LF	1,000	2005	\$ 45,000	270	242	0.90	\$ 40,333
333.4	Services	1" Service	2003	\$ 950	EA	92	2005	\$ 87,400	412	360	0.87	\$ 76,369
334.4	Meters	3/4" Residential	2003	\$ 285	EA	92	2005	\$ 28,220	328	310	0.95	\$ 24,781
335.4	Hydrants	Hydrants	2003	\$ 2,800	EA	4	2005	\$ 11,200	584	553	0.95	\$ 10,605
Total								\$ 257,078				\$ 234,688
Booked Cost as of 12/31/05												\$ 79,967
Difference												\$ 154,701

Sewer

Account Number	Account Description	Asset Description	Installation Date	Pricing	Pricing Unit	Quantity	Pricing Year	Cost	Pricing Index 2005	Pricing Index Original	Index Ratio	Original Cost 2005
352.1	Franchises and consents	Franchises and consents	2003	\$ 251	EA	1		\$ 251			1.00	\$ 251
354.2	Structures & Improvements	Site Improvements & Electric Service	2001	\$ 5,500	EA	1		\$ 5,500			1.00	\$ 5,500
361.2	Collection Sewers - Gravity	8" Gravity Main	2003	\$ 56	LF	4,300		\$ 240,800	430	375	0.87	\$ 210,000
361.2	Collection Sewers - Gravity	Manholes	2003	\$ 2,200	EA	13		\$ 28,600	430	375	0.87	\$ 24,942
363.2	Services	Services	2003	\$ 1,800	EA	92		\$ 165,600	412	360	0.87	\$ 144,889
371.3	Pumping Equipment	Starter, Motor Square "D", Size 1, 3 Ft	2002	\$ 8,963	EA	1		\$ 8,963			1.00	\$ 8,963
380.4	Treatment & Disposal Equipment	Blower and Blower Motor	1999	\$ 7,842	EA	1		\$ 7,842			1.00	\$ 7,842
389.4	Other Plant & Misc Equipment	Aeration Blowers & Switches	2004	\$ 8,963	EA	1		\$ 8,963			1.00	\$ 8,963
Total								\$ 466,519				\$ 411,160
Booked Cost as of 12/31/05												\$ 52,360
Difference												\$ 358,800

Aqua America  
 Detailed Asset Listing of Aqua Florida Assets (excluding Sarasota and Ft Water and Sewer)  
 As of 12/31/04

Acct#	Utility Account	Major location	quant	Property Group	long description	year	Retirement Unit	accum co	work order number
302.1	30210 - Franchises and consents	Rosalie Oaks - Water	1	Unclassified	1999 Opening Balance	2003	Unclassified	251.00	
303.3	30330 - Land & Land Rights - Treat	Rosalie Oaks - Water	1	Unclassified	1999 Opening Balance	2003	Unclassified	4,022.00	
304.3	30430 - Struct and Imp - Treat	Rosalie Oaks - Water	1	Unclassified	1999 Opening Balance	2003	Unclassified	11,061.00	
309.2	30920 - Supply Mains	Rosalie Oaks - Water	1	Unclassified	1999 Opening Balance	2003	Unclassified	4,500.00	
311.2	31120 - Pumping Equip - Source	Rosalie Oaks - Water	1	Unclassified	1999 Opening Balance	2003	Unclassified	9,757.00	
320.3	32030 - Water Treatment Equipment	Rosalie Oaks - Water	1	Unclassified	1999 Opening Balance	2003	Unclassified	778.00	
333.4	33340 - Services	Rosalie Oaks - Water	1	Unclassified	1999 Opening Balance	2003	Unclassified	860.00	
340.6	34050 - Office Furniture and Equip	Rosalie Oaks - Water	1	Unclassified	1999 Opening Balance	2003	Unclassified	129.00	
304.3	30430 - Struct and Imp - Treat	Rosalie Oaks - Water	1	Site improvements	FENCE AT PLANT ROSALIE OAKS	2004	Fence or Well system	14,862.64	33655690802
334.4	33440 - Meters and Installations	Rosalie Oaks - Water	1	Unclassified	Meters CIAC	2003	Unclassified	-800.00	
333.4	33340 - Services	Rosalie Oaks - Water	1	Unclassified	Services CIAC	1999	Unclassified	-1,400.00	
333.4	33340 - Services	Rosalie Oaks - Water	1	Unclassified	Services CIAC	2001	Unclassified	-1,000.00	
333.4	33340 - Services	Rosalie Oaks - Water	1	Unclassified	Services CIAC	2003	Unclassified	-50.00	
311.2	31120 - Pumping Equip - Source	Rosalie Oaks - Water	1	Water Treatment Equipment	Pump CL2, Stenner P1000, 85MHP17,s/r	2001	Water Treatment Equipment	216.37	CX001730311
311.4	31140 - Pumping Equip - T & D	Rosalie Oaks - Water	1	Pumping Equipment	Motors: 25 hp	1999	Motors:	5,014.24	Z3211WT8
320.3	32030 - Water Treatment Equipment	Rosalie Oaks - Water	1	Water Treatment Equipment	Pump, Chemical Feed Stenner, 85MHP17	2002	Water Treatment Equipment	240.41	CX003009320
330.4	33040 - Distr Reserv and Standpipes	Rosalie Oaks - Water	1	Collect / Impound Reservoirs	Repipe from Well to Hydrotank	2002	Equipment :	4,860.00	CX001882309
333.4	33340 - Services	Rosalie Oaks - Water	2	Services - Water	Services .	2001	Services :	2,027.02	CX000942353
334.4	33440 - Meters and Installations	Rosalie Oaks - Water	1	Meters and Installations - Water	Meters, customer consumption: Size 3/4 i	1999	Meters, customer consumption: S	86.39	Z3211WT8
335.4	33540 - Hydrants	Rosalie Oaks - Water	2	Hydrants	Hydrants .	2001	Hydrants :	6,454.19	CX000627335
352.1	35210 - Franchise	Rosalie Oaks - Sewer	1	Unclassified	1999 Opening Balance	2003	Unclassified	251.00	
371.3	37130 - Pumping Equip - Pumping	Rosalie Oaks - Sewer	1	Unclassified	1999 Opening Balance	2003	Unclassified	2,379.00	
380.4	38040 - Treat & Disp Equip - Disp	Rosalie Oaks - Sewer	1	Unclassified	1999 Opening Balance	2003	Unclassified	1,839.00	
390.7	39070 - Office Furn and Equip	Rosalie Oaks - Sewer	1	Unclassified	1999 Opening Balance	2003	Unclassified	31.00	
389.5	38950 - Other Misc Plant - Treat	Rosalie Oaks - Sewer	2	Miscellaneous power plant equipm	AERATION BLOWERS & SWITCHES RC	2004	Other Miscellaneous Plant :	12,391.77	33639814507
388.7	38870 - Other Tangible Property	Rosalie Oaks - Sewer	1	General equipment	PREPARE O&M MANUAL ROSALIE OAKS	2004	Other Tangible Property :	2,644.41	33656226002
361.2	36120 - Collection Sewers - Gravity	Rosalie Oaks - Sewer	1	Outfall Sewer Lines	Sewer lateral	2003	Piping (general)	1,769.78	99123407561
354.2	35420 - Struct & Improv - Collect	Rosalie Oaks - Sewer	1	Site improvements	Site Improvement;	1999	Site Improvement	3,567.39	Z3211WMB
354.2	35420 - Struct & Improv - Collect	Rosalie Oaks - Sewer	1	Structures	Electric Service	2002	Site Improvement	1,832.47	CX003256354
354.2	35420 - Struct & Improv - Collect	Rosalie Oaks - Sewer	1	Structures	Electric Service	1999	Site Improvement	-1,800.00	
354.2	35420 - Struct & Improv - Collect	Rosalie Oaks - Sewer	1	Structures	Electric Service	2003	Site Improvement	-900.00	
361.2	36120 - Collection Sewers - Gravity	Rosalie Oaks - Sewer	60	Collections Sewers - Gravity	Piping (By Size). Diameter 06;	2001	Piping (By Size): Diameter 06;	7,484.40	CX001666361
361.2	36120 - Collection Sewers - Gravity	Rosalie Oaks - Sewer	5	Collections Sewers - Force	Pipe, PVC 6"	2002	Piping (By Size): Diameter 06;	1,066.94	CX003010381
361.2	36120 - Collection Sewers - Gravity	Rosalie Oaks - Sewer	0	Collections Sewers - Force	Pipe, PVC 6"	1999	Piping (By Size): Diameter 06;	-1,200.00	
361.2	36120 - Collection Sewers - Gravity	Rosalie Oaks - Sewer	0	Collections Sewers - Force	Pipe, PVC 6"	2001	Piping (By Size): Diameter 06;	-3,600.00	
361.2	36120 - Collection Sewers - Gravity	Rosalie Oaks - Sewer	0	Collections Sewers - Force	Pipe, PVC 6"	2003	Piping (By Size): Diameter 06;	-1,200.00	
369.2	36320 - Services to Customer	Rosalie Oaks - Sewer	2	Services - Wastewater	Services .	2001	Services :	1,599.91	CX001044363
371.3	37130 - Pumping Equip - Pumping	Rosalie Oaks - Sewer	100	Pumping Equipment	Piping (general); 8" PVC	1999	Piping (general)	6,589.94	Z3211WMB
380.4	38040 - Treat & Disp Equip - Disp	Rosalie Oaks - Sewer	1	Treatment and Disposal Equipment	Equipment . Blower and Blower Motor	1999	Equipment :	4,196.70	Z3211WMB
380.4	38040 - Treat & Disp Equip - Disp	Rosalie Oaks - Sewer	1	Treatment and Disposal Equipment	Roots Blower Model 36URAJ	2002	Equipment :	1,047.49	CX003497380
380.4	38040 - Treat & Disp Equip - Diso	Rosalie Oaks - Sewer	1	Treatment and Disposal Equipment	Starter, Motor Square "D", Size 1, 3 PH	2002	System Complete	758.46	CX003499380

**Schedule of Water and Sewer Plant in Service  
 Annual Balances Subsequent to Last Established Rate Base**

**Florida Public Service Commission**

Rosalie Oaks  
 Docket No. 080121-WS  
 Projected Test Year Ending 12/31/07

Schedule: A-4  
 Page: 2 of 2  
 Preparer: R Griffin

Explanation: Schedule A-4 continued

Line No.	(1) Description	(2) Water Year End Balance	(3) Sewer Year End Balance
2002			
26	Additions	10,201	16,174
27	Retirements	0	0
28	Adjustments	0	0
29	12/31/02 Balance	<u>58,382</u>	<u>33,704</u>
2003			
30	Additions	(2)	2,980
31	Retirements	(14,135)	(3,947)
32	Adjustments	0	0
33	12/31/03 Balance	<u>44,245</u>	<u>32,737</u>
2004			
34	Additions	14,893	16,806
35	Retirements	0	0
36	Adjustments	0	0
37	12/31/04 Balance	<u>59,138</u>	<u>49,543</u>
2005			
38	Additions	20,006	1,735
39	Retirements	(240)	0
40	Adjustments	0	0
41	12/31/05 Balance	<u>78,904</u>	<u>51,278</u>
2006			
42	Additions	2,100	204,449
43	Retirements	0	0
44	Adjustments	0	(0)
45	12/31/06 Balance	<u>81,004</u>	<u>255,727</u>
2007			
46	Additions	7,647	45,409
47	Retirements	(4,059)	(3,011)
48	Adjustments	0	0
49	Allocations	6,358	6,358
50	12/31/07 Balance	<u>90,950</u>	<u>304,483</u>

Supporting Schedules: A-5, A-6

Audit Finding #3

Attachment 1

Page 3 of 3

Aqua Utilities Florida, Inc.  
 Village Water - Water Original Cost Comparison  
 2004

Utility Account	Work Order Number	Detail	Year	As Booked	Per Original Cost Analysis	Difference
30210 - Franchises and consents	W0051	Aquasource Conversion	1972	\$ 1,583	\$ 1,583	\$ -
30720 - Wells and Springs	W0081	Well-28"7700' casing 1300' depth 1LS	1979	\$ 3,000	\$ 59,300	\$ 56,300
33140 - Mains	99123408025	4" valve in distribution system	2003	\$ 2,719	\$ 2,719	\$ -
33140 - Mains	99123408158	10' poly 3/4" svc. from main to meter	2003	\$ 781	\$ 781	\$ -
33140 - Mains	99123407956	5' of 2" water main & driveway	2003	\$ 4,502	\$ 4,502	\$ -
33140 - Mains	W0081	Piping : Diameter 2; Type PVC;	1979	\$ 28,576	\$ 317,300	\$ 288,724
33140 - Mains	33657100158	WATER LINE BLANKET VILLAGE WATER	2004	\$ 6,230	\$ 6,230	\$ -
33140 - Mains	99123407954	Water main & valve at hydrant (5' of 2")	2003	\$ 803	\$ 803	\$ -
33340 - Services	W0081	Services :	1979	\$ 4,236	\$ 22,600	\$ 18,364
33440 - Meters and Installations	33657100060	METER BLANKET VILLAGE WATER	2004	\$ 2,745	\$ 2,745	\$ -
33440 - Meters and Installations	99123407631	Meters, customer consumption: Type Unknown; Size Unkn	2001	\$ 7,216	\$ 7,216	\$ -
33540 - Hydrants	CX001874335	Hydrants :	2001	\$ 6,264	\$ 6,264	\$ -
33540 - Hydrants	99123407955	Water main & valve at hydrant	2003	\$ 2,082	\$ 2,082	\$ -
33940 - Other Misc Plant - T & D	CX001428339	Metal Detector	2002	\$ 760	\$ 760	\$ -
34550 - Power Operated Equipment	33657125955	PURCHASE 1 TON TRUCK VILLAGE WATER	2004	\$ 30,890	\$ 30,890	\$ -
33440 - Meters and Installations	99123407631	CX000545334(old wo) : Meters and Installations	2002	\$ 342	\$ 342	\$ -
33140 - Mains	99123408124	New Detail	2001	\$ (400)	\$ (400)	\$ -
33440 - Meters and Installations	99123408124	Aquasource Conversion	1979	\$ (700)	\$ (700)	\$ -
<b>Total</b>				\$ 101,628	\$ 465,016	\$ 363,388

Conversion Amounts, See Village Water - Water & Sewer Original Cost Calculations Workpaper For Detail.

Aqua Utilities Florida, Inc.  
 Village Water - Sewer Original Cost Comparison  
 2004

Utility Account	Work Order Number	Detail	Year	As Booked	Per Original Cost Analysis	Difference
35110 - Organization		Aquasource Conversion	1997	\$ 1,417	\$ 1,417	\$ -
35340 - Land & Land Rights - Dispose	W0051	Sewer Plant Site	1979	\$ 19,000	\$ 19,000	\$ -
35420 - Struct & Improv - Collect	33639017393	10' FENCE VILLAGE WATER	2004	\$ 2,117	\$ 2,117	\$ -
35420 - Struct & Improv - Collect	Z3201WW8	IMPROVEMENTS VILLAGE WATER	2000	\$ 251	\$ 251	\$ -
35440 - Struct & Improv - Dispose	CX002993354	Roadways, Driveways, Parking sys	2002	\$ 13,932	\$ 13,932	\$ -
35470 - Struct & Improv - Gen	99123408124	Rehab to WWTP	2003	\$ 7,189	\$ 7,189	\$ -
36020 - Collection Sewers - Force	33657100158	FORCE SEWER BLANKET VILLAGE WATER	2004	\$ 7,757	\$ 7,757	\$ -
36020 - Collection Sewers - Force	W0051	Piping (By Size): Diameter 03;	1979	\$ 18,332	\$ 91,900	\$ 73,568
36120 - Collection Sewers - Gravity	CX002002361	Cleanouts	2002	\$ 12,768	\$ 12,768	\$ -
36120 - Collection Sewers - Gravity	W0051	MANHOLE, distribution:	1979	\$ 24,508	\$ 271,600	\$ 247,092
36120 - Collection Sewers - Gravity	33657100003	REPLACE MANHOLE RINGS & COVER VILLAGE WATER	2004	\$ 688	\$ 688	\$ -
36320 - Services to Customer	W0051	Services :	1979	\$ 1,188	\$ 11,200	\$ 10,012
37030 - Receiving Wells	99123408170	Lift station maintenance	2003	\$ 1,922	\$ 1,922	\$ -
37130 - Pumping Equip - Pumping	33639017392	HYDROMATIC PUMP VILLAGE WATER	2004	\$ 1,166	\$ 1,166	\$ -
37130 - Pumping Equip - Pumping	W0051	Lift Station	1992	\$ 13,828	\$ 48,100	\$ 34,272
37130 - Pumping Equip - Pumping	99123408088	Lift station pump	2003	\$ 1,611	\$ 1,611	\$ -
37130 - Pumping Equip - Pumping	33639025703	REBUILD LIFT STATION PUMP VILLAGE WATER	2004	\$ 835	\$ 835	\$ -
37130 - Pumping Equip - Pumping	33657100755	REPLACE PARTS & PIECES TO MAIN LIFT STATION PUMP VILLAGE W/	2004	\$ 36,092	\$ 36,092	\$ -
37130 - Pumping Equip - Pumping	33657100754	REPLACE PARTS IN LIFT STATION VILLAGE WASTE WATER	2004	\$ 42,362	\$ 42,362	\$ -
37150 - Pumping Equip - Treat	CX001021371	Pumps : Barney, 40HP, Model #B2EPBLS	2001	\$ 3,171	\$ 3,171	\$ -
38040 - Treat & Disp Equip - Disp	CX000929371	Blower	2001	\$ 2,813	\$ 2,813	\$ -
38140 - Plant Sewers		Aquasource Conversion	1997	\$ 33,367	\$ 201,800	\$ 168,233
38240 - Outfall Sewer Lines	CX002991382	Connection Spray Irrigation	2002	\$ 282	\$ 282	\$ -
38240 - Outfall Sewer Lines	CX002340382	Piping (general) Effluent Spray Pump Line	2001	\$ 437	\$ 437	\$ -
39870 - Other Tangible Property	99123406770	1 & 1 STUDY VILLAGE WATER	2004	\$ 35	\$ 35	\$ -
39870 - Other Tangible Property	Z3201WW8	OTHER TANGIBLE PROPERTY VILLAGE WATER	2000	\$ 34,064	\$ 34,064	\$ -
<b>Total</b>				<b>\$ 281,132</b>	<b>\$ 814,309</b>	<b>\$ 533,176</b>

Conversion Amounts, See Village Water - Water & Sewer Original Cost Calculations Workpaper For Detail.



Workpaper

Aqua Utilities Florida, Inc.  
Village Water - Water & Sewer Original Cost Calculations

Account Number	Account Description	Asset Description	Unit Cost	Pricing Unit	Quantity	Pricing Year	Cost	Pricing Index	Original Index	Index Ratio	Original Cost
307.2	Wells & Springs	Well-26"7700' casing 1300' depth 1LS	\$ 84,900.00	LS	1	1990	\$ 84,900	234.75	184	0.70	\$ 59,300
331.4	Mains	3/4" PVC	\$ 6.50	LF	1,150	1990	\$ 7,475	197.75	122	0.62	\$ 4,600
331.4	Mains	2" PVC	\$ 8.50	LF	19,800	1990	\$ 168,300	197.75	122	0.62	\$ 103,800
331.4	Mains	4" PVC	\$ 10.00	LF	12,050	1990	\$ 120,500	197.75	122	0.62	\$ 74,300
331.4	Mains	8" PVC	\$ 15.00	LF	14,550	1990	\$ 218,250	197.75	122	0.62	\$ 134,600
333.4	Services	1" Service	\$ 225.00	EA	120	1990	\$ 27,000	228.50	156	0.69	\$ 18,600
333.4	Services	2" Service	\$ 575.00	EA	10	1990	\$ 5,750	228.50	156	0.69	\$ 4,000
360.2	Collection Sewers - Force	3" Force Main	\$ 9.00	EA	1,750	1990	\$ 15,750	197.75	122	0.62	\$ 9,700
360.2	Collection Sewers - Force	4" Force Main	\$ 11.00	EA	7,600	1990	\$ 83,600	197.75	122	0.62	\$ 51,600
360.2	Collection Sewers - Force	6" Force Main	\$ 15.50	EA	3,200	1990	\$ 49,600	197.75	122	0.62	\$ 30,600
361.2	Collection Sewers - Gravity	8" Gravity Main	\$ 20.00	EA	18,700	1990	\$ 394,000	197.75	122	0.62	\$ 243,100
361.2	Collection Sewers - Gravity	Manholes	\$ 1,400.00	EA	33	1990	\$ 46,200	197.75	122	0.62	\$ 28,500
363.2	Services	Services	\$ 405.00	EA	40	1990	\$ 16,200	228.50	156	0.69	\$ 11,200
371.3	Pumping Equipment	Lift Station	\$ 38,000.00	EA	2	1990	\$ 76,000	281.75	184.5	0.63	\$ 48,100
381.4	Plant Sewer	Treatment	\$ 5.00	GPD	75,000	1994	\$ 375,000	343.25	184.5	0.54	\$ 201,600

399,200

624,400

Aqua America - Village Water  
 Detailed Asset Listing of Aqua Florida Assets (excluding Sarasota and Ft Water and Sewer)  
 As of 12/31/04

Utility Account	Asset Location	Description	quantity	Retirement Unit	W/S	Detail	Year
30210 - Franchises and consents	Village Water	Aquasource Conversion	1	Land In Fee:	Water	Aquasource Conversion	1972
30720 - Wells and Springs	Village Water	Aquasource Conversion	1	Wells - Water	Water	Well-26"/700' Casing 1300' Depth 1Ls	1979
33140 - Mains	Village Water	Aquasource Conversion	20210	Piping : Diameter 2;	Water	Piping : Diameter 2; Type Pvc;	1979
33140 - Mains	Village Water	Water Main & Valve	1	Equipment :	Water	Water Main & Valve At Hydrant (5' Of 2')	2003
33140 - Mains	Village Water	5' Of 2" Water Main & Driveway	1	Equipment :	Water	5' Of 2" Water Main & Driveway	2003
33140 - Mains	Village Water	4" Valve In Distribution System	1	Equipment :	Water	4" Valve In Distribution System	2003
33140 - Mains	Village Water	10' Poly 3/4" Svc. From Main To Met	1	Equipment :	Water	10' Poly 3/4" Svc. From Main To Meter	2003
33140 - Mains	Village Water	Water Line Blanket Village Water	1	Equipment :	Water	Water Line Blanket Village Water	2004
33340 - Services	Village Water	Aquasource Conversion	130	Services :	Water	Services :	1978
33440 - Meters and Installations	Village Water	Work Order Addition	2	Meters, customer cons	Water	Meters, Customer Consumption: Type Unknown; Size	2001
33440 - Meters and Installations	Village Water	Meter Blanket Village Water	1	Meters, customer cons	Water	Meter Blanket Village Water	2004
33540 - Hydrants	Village Water	Work Order Addition	1	Hydrants :	Water	Hydrants :	2001
33540 - Hydrants	Village Water	Water Main & Valve At Hydrant	1	Hydrants :	Water	Water Main & Valve At Hydrant	2003
33840 - Other Misc Plant - T & D	Village Water	Work Order Addition	0	Other Miscellaneous PI	Water	Metal Detector	2002
34650 - Power Operated Equipment	Village Water	Purchase 1 Ton Truck Village Water	1	Power operated equip	Water	Purchase 1 Ton Truck Village Water	2004
35110 - Organization	Village Water	Aquasource Conversion	1	Land In Fee:	Sewer	Aquasource Conversion	1997
35340 - Land & Land Rights - Dispose	Village Water	Improvements Village Water	13.5	Land In Fee:	Sewer	Sewer Plant Site	1978
35420 - Struct & Improv - Collect	Village Water	Work Order Addition	1	Site Improvement	Sewer	Improvements Village Water	2000
35440 - Struct & Improv - Dispose	Village Water	Rehab To Wwtp	1	Roadways, Driveways, Sewer	Sewer	Roadways, Driveways, Parking Sys	2002
35470 - Struct & Improv - Gen	Village Water	10' Fence Village Water	1	Machinery and Equipm	Sewer	Rehab To Wwtp	2003
35420 - Struct & Improv - Collect	Village Water	Aquasource Conversion	1910	Piping (By Size): Dian	Sewer	10' Fence Village Water	2004
36020 - Collection Sewers - Force	Village Water	Force Sewer Blanket Village Water	1	Piping (By Size): Dian	Sewer	Piping (By Size): Diameter 03;	1979
36020 - Collection Sewers - Force	Village Water	Aquasource Conversion	38	MANHOLE, distributk	Sewer	Force Sewer Blanket Village Water	2004
36120 - Collection Sewers - Gravity	Village Water	Work Order Addition	1	Cleanouts	Sewer	Manhole, Distribution:	1979
36120 - Collection Sewers - Gravity	Village Water	Replace Manhole Rings & Cover Vila	2	MANHOLE:	Sewer	Cleanouts	2002
36320 - Services to Customer	Village Water	Aquasource Conversion	46	Services :	Sewer	Replace Manhole Rings & Cover Village Water	2004
37030 - Receiving Wells	Village Water	Lift Station Maintenance	1	Wells - Water	Sewer	Services :	1979
37130 - Pumping Equip - Pumping	Village Water	New Addition	2	Piping (general)	Sewer	Lift Station Maintenance	2003
37150 - Pumping Equip - Treat	Village Water	Spray Irrigation System	1	Pumps : Type Unknow	Sewer	Lift Station	1992
37130 - Pumping Equip - Pumping	Village Water	Lift Station Pump	1	Pumps : Horsepower L	Sewer	Pumps : Barney, 40Hp, Model #B2Eplis	2001
37130 - Pumping Equip - Pumping	Village Water	Hydromatic Pump Village Water	1	Pumps : Horsepower L	Sewer	Lift Station Pump	2003
37130 - Pumping Equip - Pumping	Village Water	Rebuild Lift Station Pump Village W	1	Pumps : Horsepower L	Sewer	Hydromatic Pump Village Water	2004
37130 - Pumping Equip - Pumping	Village Water	Replace Parts In Lift Station Vila	28	Pumps : Type Accesso	Sewer	Rebuild Lift Station Pump Village Water	2004
37130 - Pumping Equip - Pumping	Village Water	Replace Parts & Pieces To Main Lift	18	Pumps : Horsepower L	Sewer	Replace Parts In Lift Station Village Waste Water	2004
37130 - Pumping Equip - Pumping	Village Water	Work Order Addition	1	Equipment :	Sewer	Replace Parts & Pieces To Main Lift Station Pump Vila	2004
38040 - Treat & Disp Equip - Disp	Village Water	Aquasource Conversion	1	Land In Fee:	Sewer	Blower	2001
38140 - Plant Sewers	Village Water	Work Order Addition	1	Piping (general)	Sewer	Aquasource Conversion	1997
38240 - Outfall Sewer Lines	Village Water	Work Order Addition	1	Piping (general)	Sewer	Piping (General) Effluent Spray Pump Line	2001
38240 - Outfall Sewer Lines	Village Water	Other Tangible Property Village Wat	1	Piping (general)	Sewer	Connection Spray Irrigation	2002
38670 - Other Tangible Property	Village Water	Other Tangible Property Village Wat	1	Other Tangible Propert	Sewer	Other Tangible Property Village Water	2000
38670 - Other Tangible Property	Village Water	I & I Study Village Water	1	Other Tangible Propert	Sewer	I & I Study Village Water	2004

**Schedule of Water and Sewer Plant In Service  
 Annual Balances Subsequent to Last Established Rate Base**

**Florida Public Service Commission**

**Village Water**  
**Docket No. 080121-WS**  
 Projected Test Year Ending 12/31/07

Schedule: A-4  
 Page: 2 of 2  
 Preparer: R Griffin

Explanation: Schedule A-4 continued

Line No.	(1) Description	(2) Water Year End Balance	(3) Sewer Year End Balance
2002			
26	Additions	11,805	37,186
27	Retirements	(28,268)	(26,760)
28	Adjustments	0	0
29	12/31/02 Balance	58,016	162,668
2003			
30	Additions	0	0
31	Retirements	(6,723)	(17,625)
32	Adjustments	0	0
33	12/31/03 Balance	51,293	145,043
2004			
34	Additions	51,093	136,090
35	Retirements	0	0
36	Adjustments	0	0
37	12/31/04 Balance	102,386	281,133
2005			
38	Additions	105,631	3,740
39	Retirements	0	0
40	Adjustments	0	0
41	12/31/05 Balance	208,017	284,873
2006			
42	Additions	43,765	505
43	Retirements	(6)	0
44	Adjustments	0	(0)
45	12/31/06 Balance	251,776	285,378
2007			
46	Additions	51,784	819,515
47	Retirements	(286)	(16,786)
48	Adjustments	0	0
49	Allocations	12,060	2,294
50	12/31/07 Balance	315,335	1,090,400

Supporting Schedules: A-5, A-6

Audit Finding #3  
Attachment 2

Page 5 of 5

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for staff- ) DOCKET NO. 960799-WS  
assisted rate case in DeSoto ) ORDER NO. PSC-97-0540-FOF-WS  
County by Lake Suzy Utilities, ) ISSUED: May 12, 1997  
Inc. )  
\_\_\_\_\_)

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman  
J. TERRY DEASON  
JOE GARCIA  
DIANE K. KIESLING

ORDER GRANTING TEMPORARY RATES FOR WASTEWATER  
IN THE EVENT OF A PROTEST AND  
NOTICE OF PROPOSED AGENCY ACTION ORDER  
GRANTING INCREASE IN RATES AND CHARGES FOR WASTEWATER AND  
REQUIRING DECREASE IN RATES AND CHARGES FOR WATER

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that our action discussed herein regarding the increase of rates and charges for wastewater and the decrease of rates and charges for water is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

Lake Suzy Utilities, Inc. ("Lake Suzy" or "utility") is a Class C water and wastewater utility located in DeSoto County. The Commission granted the utility's Certificate Nos. 480-W and 416-S in Docket No. 850790-WS, by Order No. 16935, issued December 9, 1986.

ORDER NO. PSC-97-0540-FOF-WS  
 DOCKET NO. 960799-WS  
 PAGE 36

LAKE SUZY UTILITIES, INC.  
 TEST YEAR ENDING JUNE 30, 1996  
 SCHEDULE OF WATER RATE BASE

SCHEDULE NO. 1  
 DOCKET NO. 960799-WS

	BALANCE PER UTILITY	COMM. ADJUST. TO UTIL. BAL.	BALANCE PER COMM.
UTILITY PLANT IN SERVICE	\$ 276,824	\$ (450) A	\$ 276,374
LAND/NON-DEPRECIABLE ASSETS	1,150	0 B	1,150
NON USED AND USEFUL PLANT	0	(63,188) C	<u>2,77,524</u> (63,188)
CWIP	0	0 D	0
CIAC	(332,772)	32,156 E	(300,616)
REFUNDABLE ADVANCES	0	0 F	0
ACCUMULATED DEPRECIATION	(67,942)	(772) G	(68,714)
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0	0
AMORTIZATION OF CIAC	0	67,006 H	67,006
WORKING CAPITAL ALLOWANCE	<u>20,611</u>	<u>(4,748) I</u>	<u>15,863</u>
WATER RATE BASE	\$ (102,129)	\$ 30,004	\$ <span style="border: 1px solid black; padding: 2px;">(72,125)</span>

ORDER NO. PSC-97-0540-FOF-WS  
 DOCKET NO. 960799-WS  
 PAGE 37

LAKE SUZY UTILITIES, INC.  
 TEST YEAR ENDING JUNE 30, 1996  
 SCHEDULE OF WASTEWATER RATE BASE

SCHEDULE NO. 1A  
 DOCKET NO. 960799--WS

	<u>BALANCE PER UTILITY</u>	<u>COMM. ADJUST. TO UTIL BAL</u>	<u>BALANCE PER COMM.</u>
UTILITY PLANT IN SERVICE	\$ 324,361	\$ 624,578 A	\$ 948,939
LAND/NON-DEPRECIABLE ASSETS	150,000	112,581 B	<u>262,581</u>
NON USED AND USEFUL PLANT	0	(186,057)C	(186,057) ✓
CWIP	127,837	(127,837)D	0
✓ CIAC	(212,756)	19,001 E	(193,755) ✓
REFUNDABLE ADVANCES	0	(321,988)F	(321,988)
✓ ACCUMULATED DEPRECIATION	(62,058)	(46,622)G ✓	(108,680) ✓
AMORTIZATION OF ACQUISITION ADJUSTMENT	0	0	0
✓ AMORTIZATION OF CIAC	0	28,961 H ✓	28,961 ✓
WORKING CAPITAL ALLOWANCE	<u>5,500</u>	<u>282 I</u>	<u>5,782</u>
WASTEWATER RATE BASE	\$ 332,884	\$ 102,899	\$ <span style="border: 1px solid black; padding: 2px;">435,783</span>

ORDER NO. PSC-97-0540-FOF-WS  
 DOCKET NO. 960799-WS  
 PAGE 38

LAKE SUZ/STRUBBER INC.  
 TEST YEAR ENDING JUNE 30, 1996  
 ADJUSTMENTS TO RATE BASE

SCHEDULE NO. 18  
 DOCKET NO. 960799-WS

**A. UTILITY PLANT IN SERVICE**

	WATER	WASTEWATER
1. Reclassification from O&M expense	\$ 511	\$ 511
2. To reflect plant at 6/30/96	0	(20,560)
3. Reclassification from GWP	0	127,837
4. To reflect additional proforma plant	0	517,085
5. To reflect averaging adjustment	(851)	(255)
	<u>\$ (340)</u>	<u>\$ 624,578</u>

Post test yr invoice provided to Comm.

**B. LAND**

1. To reflect value for 19.95 acres of land	\$ 0	\$ 282,800
2. To reflect recording and documentary stamp cost	0	2,056
3. To reflect value for 2.97 acres of land	0	(57,519)
4. To reflect land held for future use	0	(24,936)
	<u>\$ 0</u>	<u>\$ 112,361</u>

292,800  
 (112,581)  
 180,219  
 504,889  
 685,108

**C. NON USED AND USEFUL PLANT**

1. To reflect average non used and useful plant	\$ (26,665)	\$ (128,297)
2. Average non used and accum. depre. on plant @ 6/30/96	23,481	88,825
3. Non used and useful post test year util. plant investment	0	(82,840)
4. Non used and useful post test year depreciation	0	6,195
	<u>\$ (3,184)</u>	<u>\$ (116,057)</u>

**D. CONSTRUCTION WORK IN PROGRESS (CWIP)**

1. To reflect a reclassification to plant	\$ 0	\$ (127,837)
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**E. CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)**

1. To reflect the accumulated balance at 6/30/96	\$ (26,656)	\$ (31,855)
2. non used and useful CIAC	88,888	101,138
3. CIAC for margin reserve	0	(80,173)
4. To reflect averaging adjustment	2,143	0
	<u>\$ 64,375</u>	<u>\$ 19,010</u>

**F. REFUNDABLE ADVANCES**

1. To reflect refundable cash advances	\$ 0	\$ (345,000)
2. Amortization on cash advances	0	23,012
	<u>\$ 0</u>	<u>\$ (321,988)</u>

**G. ACCUMULATED DEPRECIATION**

1. To reflect the accumulated balance at 6/30/96	\$ (5,841)	\$ (11,841)
2. Depr. on post test year plant	0	(43,019)
3. To reflect averaging adjustment	4,788	8,034
	<u>\$ (1,053)</u>	<u>\$ (46,826)</u>

**H. AMORTIZATION OF CIAC**

1. To reflect accumulated balance at 6/30/96	\$ 87,145	\$ 82,013
2. Non. used and useful amortization of CIAC	(23,481)	(18,150)
3. Amortization of CIAC for margin reserve	0	1,225
4. To reflect averaging adjustment	(8,955)	(8,227)
	<u>\$ 54,709</u>	<u>\$ 56,861</u>

28,251  
 18,150  
 4,711  
 51,112

**I. WORKING CAPITAL ALLOWANCE**

1. To reflect 1/8 of test year O & M expense	\$ (4,745)	\$ 292
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## 1.0 INTRODUCTION

### 1.1 Overview

Aqua America (AQUA) (NYSE:WTR) is an investor-owned water utility providing service to 2.5 million residents in fourteen states; Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, Maine, North Carolina, Missouri, South Carolina, Kentucky and New York.

We are requesting your proposal for the automating of 13,753 End Points (EP) over a 12-month period (January through December 2008) with the following installation schedule:

- 13,753 points (5/8" x 3/4" meters) in Aqua Florida Divisions.
- The installation will be performed in a quality, cost-effective manner.
- Each End Point will require the installation of an Itron End Point Module.
- Depending on the situation, the installation of a valve on the street side of the meter assembly.
- Depending on the situation, the installation of meter spuds on the service line.
- Contractor will provide turnkey administration of entire installation process.
- Installation scheduled mile stone is as follows:

1st Quarter ending March 31	25% complete
2 <sup>nd</sup> Quarter ending June 30	60% complete
3 <sup>rd</sup> Quarter ending September 30	80% complete
4 <sup>th</sup> Quarter ending December 31	100% Complete

This RFP requests your proposal for one or more of the following options as is necessary:

- Removal and replacement of existing water meter and installation of module as per Aqua specifications
- Maintain Information Data Base on installation and contact information and supply Aqua with weekly updates.
- Initialize meter modules upon installation and notify AQUA's Operations Support Coordinator of pertinent meter and module data.



## **1.2 Bidder Responsibilities**

Responses to this Request for Proposal shall be received by AQUA no later than November 26, 2007.

- 1.2.1** Contractors unable to submit a bid in response to this Request for Proposal shall so advise in writing to preclude exclusion of future bid requests.
- 1.2.2** All quotations are to be firm offers for no less than ninety-(90) days and will be regarded by AQUA as bidder's best and final offer.
- 1.2.3** AQUA reserves the right to refuse any or all proposals and to provide each participating bidder their award status only, without further explanation of evaluation.

## **1.3 General Instruction**

- 1.3.1** This Request for Proposal outlines the requirements for field installation services for AMR meters and modules to AQUA.
- 1.3.2** Contractor will provide a listing of clients who have utilized their services as specified within this request. A minimum of three (3) references are required and shall include the name and phone number of the utility contact.

## **1.4 Contacts**

### **1.4.1 All technical questions shall be directed to:**

Jeffrey Pfeffer  
352-435-4043

### **1.4.2 All other questions shall be directed to:**

Edward Pellenz  
352-435-4033

**All conference calls needed, will be set up by Edward Pellenz of Aqua Florida.**

## **2.0 Instructions to Contractors**

### **2.1 Proposal Preparation**

AQUA does not pay for any cost of expense in the preparation or submission of your proposal or for any other reason in response to the RFP.

#### **2.1.1 Proposal Submission**

**2.1.1.1** Two (2) copies of the proposal and other information are to be submitted to:

Jeffrey Pfeffer  
Operations Support Coordinator  
1100 Thomas Avenue  
Leesburg, Florida 34748

**2.1.1.2** All copies shall be received no later than November 26, 2007. No proposals will be accepted after that date.

**2.1.1.3** Proposals shall be in effect for 90 days from the submission date.

**APPENDIX A**

NOW THEREFORE the parties agree as follows:

**1. INDEPENDENT CONTRACTOR**

Work shall be performed under this Agreement by individuals as employees of the Contractor, who is an independent Contractor, and not as employees of the Client or Owner (if applicable). The Contractor and its employees shall remain independent Contractors and not the agents, employees or servants of the Client or Owner (if applicable). The Contractor understands and agrees that, as an independent contractor, its employees will receive no benefits of any type from the Client or Owner (if applicable).

Contractor shall satisfy all governmental imposed responsibilities, including but not limited to, withholding and payment of local, state and federal income, earning, property, social security taxes, unemployment taxes, and workers' compensation and self-employment taxes. The Contractor shall comply, at its own expense, with all applicable provision of all Federal, State, and Local laws and regulation, which may be applicable to the Contractor.

**2. GENERAL SCOPE AND PRICE**

During the Term of this Agreement and any extensions thereof, Contractor shall provide the Client with the services ("Work") and the pricing therefore, more specifically described in the "Scope of Work" documentation. If not otherwise specified in the Scope of Work, prior to the commencement of any Work, Client will submit to Contractor, for its prior written acceptance, a specific description of the Work to be performed along with the pricing therefore ("Work Order"). In the event that an increase in funding is required as a result of changes in the Scope of Work or as specified in the Work Order, an amendment to the Scope of Work or Work Order shall be agreed to by both parties.

Contractor shall submit one (1) invoice every month for the work performed under the Scope of Work documentation.

Each invoice shall include service performed for the prior month, the number of installations during the period covered by the invoice and any deletions for such things as errors. Each invoice shall be sent to the address as listed herein for payment unless otherwise designated. Payment terms are net thirty (30) days.

**3. TERMINATION**

Client or Contractor may terminate this Agreement by providing sixty (60) days prior written notice to the non-terminating party. If this Agreement is terminated by Client, then Client shall pay Contractor the price for the Work completed

through the effective date of termination in addition to the costs of unamortized mobilization and demobilization costs and leases or commitments that cannot be terminated or used readily within the Contractors organization. If this Agreement is terminated by Contractor, Contractor shall complete the Scope of Work as well as any change orders in effect prior to the date of notice of termination.

**4. NON-COMPETE, CON-SOLICITATION AGREEMENT**

During the term of this Agreement, and any renewals thereof, and for a period of eighteen months from the voluntary or involuntary termination of this Agreement for any reason whatsoever, Client shall not, either on her or his own account or for any person, firm, partnership, corporation, or other entity (a) solicit, interfere, with, or endeavor to cause any employee of the Contractor to leave his or her employment; or (b) induce or attempt to induce any employee or breach her or his employment agreement with the Contractor.

**5. ACCESS TO PREMISES WHERE THE WORK IS TO BE PERFORMED**

The performance of this Agreement will take place at sites specified in the Scope of Work. Contractor must comply with the Owner's (if applicable) and the Client's security procedures, where applicable, on these premises. Such compliance may include the submission of personal information with respect to Contractor's employees for approval by the Owner (if applicable). Client is responsible for providing Contractor with access to the Work site at all reasonable times to as to facilitate the scheduled completion date.

**6. GOVERNING LAW**

The parties hereto agree that this Agreement, and its acceptance thereof, shall be an Agreement made in the State of Florida, United States of America and shall be governed by and construed according to the laws thereof.

**7. DISPUTES**

If disputes arise under this Agreement, an attempt shall first be made to resolve such dispute between the parties through negotiations based upon the principles of equity and good faith dealings. If the parties cannot resolve the dispute, it shall be referred to arbitration under the rules of the American Arbitration Association at a location to be agreed upon by the parties. If no location can be mutually agreed upon, then Lake County, Florida, United States of America shall serve as the arbitration site. The cost of the arbitrators shall be shared equally by the parties. Any award at arbitration may be enforced in any court having competent jurisdiction. Parties covenant and agree that in the event that either party seeks litigation relating to the terms of this Agreement, the prevailing party shall be entitled, in addition to other allowable relief, to reasonable attorney fees and costs, at trial and upon appeal.

**8. NON-WAIVER OF RIGHTS**

The failure of either party to insist upon strict performance of any of the terms and conditions of this Agreement or to exercise any rights or remedies shall not be construed as a waiver of its rights to assert any of the same or to rely on any such terms or conditions at any time thereafter. The invalidity, in whole or in part of any term or condition of this Agreement, shall no affect the validity of other parts hereof.

**9. INDEMNIFICATION AND LIMITATION OF LIABILITIES**

Contractor shall indemnify and hold harmless the Client, its owners, officers, employees affiliated companies, agents and representatives against any and all liabilities, claims, judgments, losses, orders, awards, damages, costs, fines, penalties, costs of defense, and attorney fees ("Liabilities") to the extent they arise from or in connection with the willful misconduct or gross negligence of the Contractor, its officers, employees, agents and/or representatives. Except as expressly provided for herein, **NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING BUT NOT LIMITED TO ANY LOSS OF USE, LOSS OF BUSINESS OR LOSS OF PROFIT**; provided, however, there shall be no limitations on a party's liability to the other for any fines or penalties imposed on the other party by any court of competent jurisdiction or Federal, State or Local administrative agency resulting from the failure of the party to comply with any term or condition of this Contract or any valid and applicable law, rule or regulation.

**10. INSURANCE**

Contractor represents that it now carries, and agrees it will continue during the term of this Agreement to carry, as a minimum, Workers' Compensation General Liability, and Comprehensive Automobile Liability Insurance in the following amounts:

• Workers Compensation	Statutory
• Comprehensive General Liability	
General Aggregate	\$2,000,000
Products-Comp/OP AGG	\$2,000,000
Personal & ADV Injury	\$1,000,000
Each Occurrence	\$1,000,000
Fire Damage (Any One Fire)	\$ 500,000
ME EXP (Any One Person)	\$ 10,000
• Comprehensive Automobile Liability	
Any Auto, Combined Single Unit	\$1,000,000
• Excess Liability, Umbrella	\$5,000,000

Prior to the commencement of any Work, certificates of all insurance provided by Contractor shall be furnished to Client. Such copies of certificates shall include the following:

- a) Name of insurance company, policy number and expiration date;
- b) The coverage required and the limits on each, including the amount of deductibles or self-insured retentions (which shall be for the amount of the Contractor);
- c) A statement indicating that Client shall receive thirty(30) days' notice of cancellation or significant modification of any of the policies which may affect Client's interest; and
- d) A statement confirming that Client has been named an additional insured (except for Workers' Compensation) on all policies.

#### **11. EXCUSABLE DELAYS**

Notwithstanding anything to the contrary contained herein, Contractor shall not be responsible for any delays in performance hereunder caused by force majeure events, including but not limited to, fires, strikes, embargo, and acts of inaction of government, civil or military authorities, acts of God, or of the public enemy or other like causes which are beyond Contractor's reasonable control.

#### **12. CLEAN AND ORDERLY WORK SITE**

Work sites in which Contractor is actively in the performance of this Agreement or subsequent Agreements shall be maintained in a clean and orderly manner. Debris and unused materials shall be maintained and/or disposed of in an orderly manner as not to cause public nuisance and/or threat to the health, safety and well being of employees and/or the general public. Unless specifically stated otherwise in the Work Order, Contractor is responsible for the restoration of the Work site within limits of the price and schedule set forth therein.

#### **13. OCCUPATIONAL SAFETY AND HEALTH ACT**

The Contractor shall be responsible for its safety, the safety of its employees, the public, and the Work site in general and shall comply with all applicable provisions of Local, State and Federal laws, regulations and orders affecting safety and health, including but not limited to the Occupational Safety and Health Act of 1970 (OSH Act).

**14. NOTICES**

All notices, requests, demands and other communications under this Contract or in connection herewith, shall be in writing transmitted by facsimile, overnight delivery or registered mail to:

If to Contractor:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/State: \_\_\_\_\_

If to Client:

**Jeffrey Pfeffer**  
Aqua Utilities Florida, Inc.  
1100 Thomas Avenue  
Leesburg, Florida 34748

**15. ENTIRE AGREEMENT**

This Agreement contains the entire Agreement between the parties hereto concerning the subject matter hereof and supersedes and cancels all previous agreements, commitments and writings in respect thereto, whether oral or otherwise.

## **WORK CONDITIONS AND PROCEDURES**

### **1. DOCUMENT OVERVIEW**

The purpose of this document is to define the requirements of the Implementation of an Automatic Meter Reading (AMR) System within Aqua Utilities Florida (hereinafter known as AUF) service Territory in support of the AMR System Services Agreement (the Contract) between AUF and the Contractor. This document defines the roles of AUF and contractor and delineates the agreed upon areas of responsibility, providing a clear understanding of the systems and service procedures to be implemented for contractual purposes. This Statement of Work is an exhibit to and a part of the Contract between Contractor and AUF. Specific commercial terms relating to the Contract are detailed in the Contract. The Contract is the precedent document and controls over any conflicting statement or term in this Statement of Work.

This Statement of Work is a living document and will be updated, throughout the life of the project, as provided by the Change Control Procedures.

### **2. INSTALLATION**

Meter data is critical to the successful implementation of the AMR system. For the project, the Contractor shall work closely with the Operations Support Coordinator to coordinate and track the removal and installation of water meters and Itron RF units. The contractor shall be required to keep track on a form provided by AUF the required information. Such information as current meter reading, meter serial number, size of meter, etc.

#### **ALL METER ARE LOCATED IN OUTSIDE METER PITS.**

It is the responsibility of the Contractor to shut the water service off, remove the existing water meter, install the new water meter with the Itron RF Unit mounted in the stake (to be provided by AUF) and make all the necessary wire connections in accordance with manufacturers recommendations.

The Contractor shall take all precautions and care when operating the AUF cub valves and or meter pit valves.

### **3. WATER METERS AND ITRON RF UNITS**

AUF shall supply the contractor with the water meters, Itron RF units and stakes to mount the RF units. Once the Contractor has taken possession of the water meters they shall be his responsibility in the event of a loss or theft. Water Meters that are lost or stolen shall be replaced at the expense of the Contractor.



Existing Water Meters being removed from customer's properties are the property of AUF and shall be returned to AUF on a weekly basis. Any water meters removed from a customer's property that are lost or stolen shall be replaced at the cost of the Contractor.

#### **4. VALVES**

The Contractor shall be responsible to turn off/on water services to change the water meters. There shall be some instances where the existing valve is not operational or does not shut off the water. In some instances the water service line or meter pit does not have a valve. It will be in these instances AUF shall require the Contractor to install valves.

It is unknown the number of valve to be changed and/or installed at this time. AUF is requesting the Contractor provide a price to install and/or replace valves on the water services.

AUF shall be responsible to provide the Contractor the materials to change the valves.

#### **5. METER SPUDS**

When changing meters the Contractor shall be asked to replace or install meter spuds in order to connect the water meter. The Contractor shall replace/install the spuds using care and simple plumbing practices. AUF shall provide the Contractor the meter spuds and any associated materials so the Contractor can do the work.

#### **6. METER PITS**

There shall be instances where a meter pit is damaged, broken, or shall need to be replaced. It shall be the responsibility of the Contractor to notify AUF of any damaged meter pits. It shall be the responsibility of AUF to determine whether to repair or replace the meter pit. If AUF elects to replace the meter pit, the Contractor shall replace it and shall bill AUF the Labor to excavate and replace such. AUF shall provide the Contractor the materials and supplies.

#### **7. METER PIT LIDS**

There shall be instances where the meter pit lid is damaged and provides a safety hazard to pedestrians. It shall be the responsibility of the Contractor to notify AUF of all damaged meter pit lids. AUF shall provide the Contractor with replacement lids.

#### **8. CUSTOMER COMMUNICATIONS**

AUF will work in conjunction with the Contractor to provide communications to the customers. AUF will have bill messages, and letters detailing the AMR program. AUF will have the bill messages to the customers prior to installation explaining the AMR program and requesting the customer's cooperation in the AMR installation.

**9. CUSTOMER COMPLAINTS INCLUDING PLUMBING RELATED ISSUES**

All customer complaints will be communicated as defined in the Contract. The complaint information shall be passed to the Contractor for follow-up with the customer. The Contractor will have the responsibility to track and communicate results such complaints to the Operations Support Coordinator within 24 hours.

In the event the Contractor can not connect to the customer's water service or a leak shall arise from changing the water meter. The Contractor shall immediately inform AUF of the situation so AUF and can have an inspector evaluate the situation. If the Contractor was negligent when changing the water meter is shall be his responsibility to repair the leak at the Contractors expense.

**BID FORM**

Project Identification: Installation of approximately 13,500 Neptune water meters with Iron RF Units.

1. The undersigned Bidder proposes and agrees, if this Bid is accepted, to enter into an agreement with Aquas Utilities Florida (AUF) in the form included in the Contract Documents to perform and furnish all Work as specified or indicated in the Contract Documents for the Contract Documents and within the Contract Time indicated in this Bid and in accordance with the other terms and conditions of the Contract Documents.

2. Bidder accepts all of the terms and conditions of the Notice to Contractors and Instructions to Bidders, including without limitation those dealing with the disposition of Bid Security. This Bid will remain subject to acceptance for ninety (90) days after the day of Bid opening. Bidder will sign and submit the Agreement with the Bonds and other documents required by the Bidding Requirements within five (5) days after the date of AUF's Notice of Award.

3. In submitting this Bid, Bidder represents, as more fully set forth in the Agreement, that:

A. Bidder has examined copies of all the Bidding Documents and of the following Addenda (except of all which is hereby acknowledged): NONE

B. Bidder has familiarized itself with the nature and extent of the Contract Documents, Work, site, locality, and all local conditions and Laws and Regulations that in any manner may affect cost, progress, performance or furnishing of the Work.

C. Bidder has given Manager of Operations written notice of all conflicts, errors or discrepancies that it has discovered in the Contract Documents and the written resolution thereof is acceptable to Bidder.

H. This Bid is genuine and not made in the interest of, or on behalf of, any undisclosed person, firm or corporation and is not submitted in conformity with any agreement or rules of any group, association, organization or corporation, Bidder has not directly or indirectly induced or solicited any other Bidder to submit a false or sham Bid; Bidder has not solicited or induced any person, firm or corporation to refrain from bidding; and Bidder has not sought by collusion to obtain for itself any advantage over any other Bidder or over AUF.

5. The following documents are attached to and made a condition of this Bid:

A. A list of Subcontractors, and other persons and organizations required to be identified in this Bid

6. Communications concerning this Bid shall be addressed to Bidder at the following address:

7. The terms used in this Bid which are defined in the General Conditions of the Construction Contract included as part of the Contract Documents have the meanings assigned to them in the General Conditions except as modified in the Supplementary Conditions.

**BID FORM**

<u>COUNTY</u>	<u>Number of Meters</u>	<u>Unit Cost</u>	<u>Total Cost</u>
LAKE COUNTY	5994	\$ 26 <sup>00</sup>	\$ 155,844 <sup>00</sup>
SUMTER COUNTY	94	\$ 30 <sup>00</sup>	\$ 2,820 <sup>00</sup>
PALM BEACH	464	\$ 40 <sup>00</sup>	\$ 18,560 <sup>00</sup>
POLK COUNTY	1642	\$ 36 <sup>00</sup>	\$ 59,112 <sup>00</sup>
PASCO COUNTY	3031	\$ 32 <sup>00</sup>	\$ 96,992 <sup>00</sup>
PUTNAM COUNTY	1278	\$ 30 <sup>00</sup>	\$ 38,340 <sup>00</sup>
SEMINOLE COUNTY	1430	\$ 32 <sup>00</sup>	\$ 45,760 <sup>00</sup>
ORANGE COUNTY	261	\$ 32 <sup>00</sup>	\$ 8,352 <sup>00</sup>
WASHINGTON COUNTY	559	\$ 40 <sup>00</sup>	\$ 22,360 <sup>00</sup>
	<u>4,753</u>		
	\$ 20.38		
		<u>Grand Total</u>	\$ 448,140 <sup>00</sup>

• note the meter count is an estimate; quantities will change in the field

SUPPLEMENTAL BID WORK

Meter Pit Replacement (Labor Cost per Unit)

\$ 25<sup>00</sup>

Installation of Meter Valves (Labor Cost per Unit)

\$ 40<sup>00</sup>

Installation of Meter Spuds (Labor Cost per Unit)

\$ 19<sup>00</sup>

System Name	County	Customer Count
48 Estates	Lake	81
Carlton Village - W	Lake	231
East Lake Harris Estates	Lake	175
Fairways @ Mt Plymouth	Lake	474
Fern Terrace	Lake	124
Friendly Center	Lake	29
Grand Terrace	Lake	108
Haines Creek	Lake	109
Hobby Hills	Lake	86
Holiday Haven	Lake	121
Imperial Mobile Terrace	Lake	245
Kings Cove	Lake	206
Morningview	Lake	34
Palms Mobile Home Park	Lake	58
Piccola Island	Lake	141
Piney Woods	Lake	173
Quail Ridge	Lake	94
Ravenswood	Lake	45
Silver Lake Estates/Western	Lake	1,800
Skycrest	Lake	119
Stone Mountain	Lake	10
Summit Chase	Lake	215
Valencia Terrace	Lake	348
Venetian Village	Lake	158
Tangerine	Orange	251
Lake Osborne	Palm Beach	464
Jasmine Lakes	Pasco	1,524
Palm Terrace	Pasco	1,129
Zephyr Shores	Pasco	499
Breeze Hill	Polk	136
Gibsonia Estates	Polk	191
Lake Gibson Estates	Polk	824
Orange Hill/Sugar Creek	Polk	232
Rosalie Oaks	Polk	95
Village Water	Polk	164
Beecher's Point	Putnam	49
Hermita Cove	Putnam	172
Interlachen Lake Est/Park M	Putnam	289
Jungle Den	Putnam	114
Palm Port	Putnam	104
Pomona Park	Putnam	159
River Grove	Putnam	107
Silver Lake Oaks	Putnam	37
St Johns Highlands	Putnam	95
Welaka/Saratoga Harbour	Putnam	144
Wootens	Putnam	28
Chuluota	Seminole	1,369
Harmony Homes	Seminole	61
The Woods	Sumter	69
Jumpar Creek	Sumter	25
Sunny Hills	Washington	559

4,994  
 261  
 464  
 3,031  
 1,642  
 1,278  
 1,430  
 94  
 559  
 13753

Submitted on \_\_\_\_\_, 2007.

If BIDDER is:

An Individual

By \_\_\_\_\_ (SEAL)  
(Individual's Name)

doing business as \_\_\_\_\_

Phone No.: \_\_\_\_\_

A Partnership

By \_\_\_\_\_ (SEAL)  
(Firm Name)

(General Partner)

Business address: \_\_\_\_\_

Phone No.: \_\_\_\_\_

A Corporation

By *Craig Banitt*

(Corporation name)

*Oxford Pipeline Inc.*

(State of incorporation)

*Florida*

(Title)

*President*

(Corporate Seal)

Attest:

*Craig Banitt*

(Secretary)

Business Address: *Po. Box 86 Oxford FL 34484*

Phone No.: *352-504-8750*



A Joint Venture: Each joint venturer must sign. The manner of signing for each individual, partnership and corporation that is a party to the joint venture should be in the manner indicated above.

**NOTICE OF AWARD**

**Dated: January 3, 2008**

**TO:** Oxford Pipeline Inc. Bidder

**ADDRESS:** PO Box 86  
 Oxford, Florida 34484

**PROJECT:** 2008 Meter Replacement Program

**CONTRACT FOR:** Removal of existing water meters and the installation of new water meters with RF transmitters.

You are notified that your bid dated December 18, 2007 for the above contract has been considered. You are the apparent successful bidder and have been awarded a contract for 2008 Meter Replacement Program

The Contract Price for your contract is \$448,140  
 Meter pit replacement \$25, Installation of Valves \$40, and Installation of meter spuds \$19.

Three (3) copies of each of the proposed Contract Documents (except Drawings) accompany this Notice of Award. Three (3) sets of the Drawings will be delivered separately or otherwise made available to you immediately.

You must comply with the following conditions precedent within seven (7) days of the date of this Notice of Award that is by January 3, 2008.

1. You must deliver to Aqua Utilities Florida (AUF) three (3) fully-executed counterparts of the Agreement including all the Contract Documents. Each of the Contract Documents must bear your signature on (the cover) (every) page.
2. You must deliver, with the executed Agreement, the Contract Security (Bonds) as specified in the Instructions to Bidders (paragraph 17), General Conditions (paragraph 5.1) and Supplementary Conditions (paragraph SC-5.1).
3. Other Conditions precedent.

Failure to comply with these conditions, within the time specified, will entitle AUF to consider your bid abandoned, to annul this Notice of Award and to declare your Bid Security forfeited.

Within ten (10) days after you comply with these conditions, AUF will return to you one (1) fully-signed counterpart of the Agreement with the Contract Documents attached.

Chris P. Burrette  
(Owner)  
By Chris P. Burrette  
(Authorized Signature)  
President  
(Title)



*A Residuals Management Company*

September 19, 2008

Edward J. Pellenz, P.E.  
Operations Manager  
Aqua Utilities Florida, Inc.  
1100 Thomas Avenue  
Leesburg, FL 34748-0310

RE: Jasmine Lakes WWTP – Percolation Pond Rehabilitation

Dear Mr. Pellenz:

Enclosed please find an original Notice to Proceed and two (2) original sets of documents containing the Agreement, Performance Bond, Payment Bond, Certificate of Insurance, and Form W-9 for the referenced contract. We have retained the other fully-executed Agreement for our records.

Should you have any questions or need further information regarding this agreement, please feel free to contact me at (713) 369-1759 or [sgregory@synagro.com](mailto:sgregory@synagro.com). We thank you for this opportunity and look forward to working with Aqua Utilities on this project.

Sincerely,

SYNAGRO SOUTH, LLC

A handwritten signature in cursive script that reads "Sue A. Gregory".

Sue A. Gregory  
Legal Manager

*Enclosures*



Aqua Utilities Florida, Inc.  
1100 Thomas Avenue  
Leesburg, FL 34748-0310.

T: 352.787.0980  
F: 352.787.6333  
www.aquautilitiesflorida.com

September 17, 2008

Mr. Randy Cordrey  
Area Sales Manager  
Synagro South, LLC  
11280 SW 128<sup>th</sup> Street  
Miami, Florida 33176

**NOTICE TO PROCEED**  
Project: Jasmine Lakes WWTP  
Percolation Pond Rehabilitation

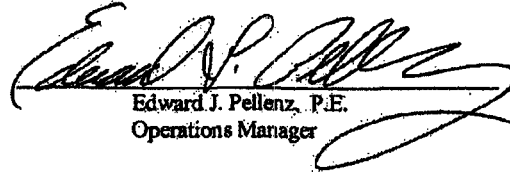
SUBJECT: AQUA Bid No.: FP336391-07 (EP)

Dear Mr. Cordrey:

Pursuant to the provisions of the Request for Bid for the Jasmine Lakes WWTP - Percolation Pond Rehabilitation Project dated July 24, 2008, AQUA UTILITIES FLORIDA, INC. does hereby issues you a Full Notice to Proceed. The effective issue date for this Full Notice to Proceed is Wednesday, September 17, 2008.

DATE: September 17, 2008

BY:



Edward J. Pellenz, P.E.  
Operations Manager

AQUA UTILITIES FLORIDA, INC.  
Engineering and Construction Services Department  
1100 Thomas Avenue  
Leesburg, Florida 34748

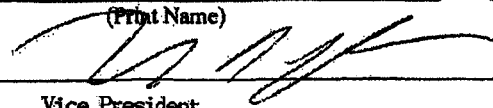
**ACKNOWLEDGEMENT OF NOTICE**

Receipt of the above Full Notice to Proceed is hereby acknowledged by:

Thomas J. Bintz, this 17 day of September, 2008.

(Print Name)

BY:



TITLE: Vice President

cc: Jack Lihvarcik  
Patricia Williams  
Phil Maio  
Preston Luitweiler  
Patrick Farris  
Harry Householder  
Dennis Muldoon  
Project File: Jasmine Lakes WWTP - Percolation Pond Rehabilitation Project

PART D

AGREEMENT

THIS AGREEMENT is made and entered into this 16th day of September, 2008 (bid award date for projects subject thereto) by and between AQUA UTILITIES FLORIDA, INC., hereinafter called AQUA; and Synagro South, LLC. hereinafter called the CONTRACTOR.

WITNESSETH THAT:

In consideration of the mutual covenants and provisions contained herein, the parties hereto agree as follows:

1. The CONTRACTOR shall provide to AQUA, within the Contract Time, all labor, materials, and appurtenances thereto per the requirements set forth in the Contract Documents for: JASMINE LAKES WWTP - PERCOLATION POND REHABILITATION PROJECT

2. The CONTRACTOR shall complete the Work to be performed under this Agreement 113 calendar days from the Written Notice to Proceed date. Time is of the essence for the completion of said work after the issuance of the aforesaid Notice to Proceed.

Failure to complete the Work by the Milestone Date(s) shall entitle AQUA to deduct from the Contract Price "Liquidated Damages" per calendar day of delay as detailed in the Special Conditions. The amounts of Liquidated Damages are additive for each day of delay they are concurrently in effect. Notwithstanding the foregoing, the maximum liquidated damages which shall be assessed per day shall not exceed the amount of \$500.00 and shall not be assessed during any event of force majeure as defined in paragraph 13.1.1 of the General Conditions.

In the event the material to be removed from the ponds and disposed of is not suitable for landfill disposal and/or is rejected by the landfill, CONTRACTOR and AQUA shall renegotiate the services and pricing accordingly in good faith.

3. This Agreement includes and incorporates by reference all Contract Documents, as the term Contract Documents is defined within Article 1 of the General Conditions.

4. The total Contract Price for the full and complete performance by Contractor of all Work required by the Contract Documents, and based upon the contractor's estimated quantities, shall be the total Bid Price stated in the Bid Proposal (Part C), such total sum being \$251,589.00. Payment shall be made not more often than once per month and in accordance with the Contract Documents. Contractor shall not exceed the estimated quantities without authorization from AQUA in the form of a change order. The contractor's estimated quantities and the bid price/pond shall be used as the basis for developing a unit price to be used for any additional quantities that Aqua may desire to have removed from the ponds.

5. During the performance of this Agreement, the CONTRACTOR herein assures AQUA that said CONTRACTOR is in compliance with Title VII of the 1964 Civil Rights Act, as amended, and The Florida Civil Rights Act of 1992 in that the CONTRACTOR does not on the grounds of race, color, national origin, religion, sex, age, handicap or marital status, discriminate in any form or manner against said CONTRACTOR's employees or applicants for employment. The CONTRACTOR understands and agrees that this Agreement is conditioned upon the veracity of this Statement of Assurance. Furthermore, the CONTRACTOR herein assures AQUA that said CONTRACTOR will comply with Title VI of the Civil Rights Act of 1964 when Federal grant(s) is/are involved. Other applicable Federal and State laws, executive orders and regulations prohibiting the type of discrimination as hereinabove delineated are included by this reference thereto. This Statement of Assurance shall be interpreted to include Vietnam Era Veterans and Disabled Veterans within its protective range of applicability.

6. The CONTRACTOR shall furnish to AQUA (when and in the manner required by the Contract Documents) all appropriate Certificates of Insurance, and a Performance Bond and/or Payment Bond for the Contract Price within ten (10) days following Notification of Award.

7. AQUA and the CONTRACTOR acknowledge the acceptance from the Bid Proposal (Part C) that Pond #2 and Pond #3 are alternatives that may or may not be exercised, at the sole discretion of AQUA.

AQUA and the CONTRACTOR acknowledge that the corresponding price as shown in the Bid Proposal (Part C) for each accepted Alternate is incorporated in the amount of compensation specified in paragraph 4 above.

8. AQUA and the CONTRACTOR acknowledge that each addendum specified in this paragraph is made a part of this Agreement.

NO. <u>1</u>	DATED <u>7/28/08</u> ;	NO. _____	DATED _____
NO. <u>2</u>	DATED <u>8/4/08</u> ;	NO. _____	DATED _____
NO. _____	DATED _____ ;	NO. _____	DATED _____
NO. _____	DATED _____ ;	NO. _____	DATED _____
NO. _____	DATED _____ ;	NO. _____	DATED _____

9. This Agreement and any changes thereto constitute the entire agreement between CONTRACTOR and AQUA relating to the Work. There are no previous or contemporary representations or warranties of AQUA or CONTRACTOR not set forth herein.

10. Except as specifically provided herein, no modification, waiver, termination, rescission, discharge, or cancellation of this Agreement, or of any term thereof, shall be binding on AQUA unless in writing and executed by the AQUA UTILITIES FLORIDA, INC.

11. Waiver by AQUA of a breach of any provision of this Agreement by the CONTRACTOR shall not be deemed to be a waiver of any other breach and shall not be construed to be a modification of the terms of this Agreement.

12. No modification, waiver, termination, discharge, or cancellation of the Agreement or of any terms thereof shall impair AQUA's rights with respect to any liabilities, whether or not liquidated, of CONTRACTOR to AQUA therefore accrued.

13. The duties and obligations imposed upon the CONTRACTOR by this Agreement and the rights and remedies available hereunder, shall be in addition to and not limited to any otherwise imposed or available by law or statute or special guarantee.

14. CONTRACTOR shall remain an independent CONTRACTOR and shall have no power, nor shall CONTRACTOR represent that CONTRACTOR has any power, to bind AQUA or to assume or to create any obligation expressed or implied on behalf of AQUA.

15. This Agreement shall be binding upon and its benefits and advantages shall inure to the heirs, personal representatives, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

ATTEST: John M. Livarcik  
 President and COO

OWNER: AQUA UTILITIES FLORIDA, INC.,

BY: \_\_\_\_\_

ATTEST: Thomas J. Bintz  
 WITNESS

CONTRACTOR:  
 BY: Thomas J. Bintz (SEAL)  
 Authorized Corporate Officer or Individual (Sign Before a Notary Public)

Patricia A. Williams  
 WITNESS

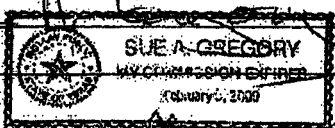
Thomas J. Bintz  
 (Printed name of signer)  
 Vice President  
 (Printed title of signer)  
1800 Bering Drive, Suite 1000, Houston, TX 77057  
 (Business Address of Contractor)  
713-369-1700  
 (Phone number of signer)

(ACKNOWLEDGEMENT OF CONTRACTOR, IF A CORPORATION)

STATE OF Texas )  
COUNTY OF Harris ) SS

On this 12th day of Sept, 2008, before me, the undersigned authority, personally appeared Thomas S. Burtz to me known to be the individual described in and who executed the foregoing instrument as Vice President of Synagro South LLC, a Delaware LLC corporation, and who severally and duly acknowledged the execution of such instrument as such an officer aforesaid, for and on behalf of and as the act and deed of said corporation, pursuant to the powers conferred upon said officer by the corporation's Board of Directors or other appropriate authority of said corporation, and who, having knowledge of the several matters stated in said foregoing instrument, certified the same to be true in all respects.

WITNESS my hand and official seal the date aforesaid.

Sue A. Gregory (Signature of Notary Public)  
 (Print, Type, or Stamp Commissioned Name of Notary Public)  
Personally known X or produced identification \_\_\_\_\_  
Type of identification produced \_\_\_\_\_ (NOTARY'S SEAL)

(ACKNOWLEDGEMENT OF CONTRACTOR, IF A PARTNERSHIP OR INDIVIDUAL)

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, the undersigned authority, personally appeared \_\_\_\_\_ to me known to be the individual described in and who executed the foregoing instrument as a member of the firm of \_\_\_\_\_ (if applicable) and acknowledged the execution of same, for and on behalf of and as the act and deed of said firm, for the uses and purposes therein expressed.

WITNESS my hand and official seal the date aforesaid.

\_\_\_\_\_  
(Signature of Notary Public)  
\_\_\_\_\_  
(Print, Type, or Stamp Commissioned Name of Notary Public)  
Personally known \_\_\_\_\_ or produced identification \_\_\_\_\_  
Type of identification produced \_\_\_\_\_ (NOTARY'S SEAL)



BOND NO. 1032437

**PART B**  
**EXHIBIT I**

**PERFORMANCE BOND**

Contractor Name Synagro South, LLC

Contractor Principal Business Address 1800 Bering Drive, Ste 1000  
Houston, TX 77057

Contractor Telephone No. ( 713 ) 369-1759

Surety Name Lexon Insurance Company

Surety Principal Business Address 10002 Shelbyville Rd., Ste 100  
Louisville, KY 40223

Surety Telephone No. ( 502 ) 253-6563

Owner of Property Being Improved: \_\_\_\_\_

AQUA UTILITIES FLORIDA, INC.  
Attn: Edward J. Pellenz, P.E.  
Operations Manager  
1100 Thomas Avenue  
Leesburg, Florida 34748  
Telephone No. (352) 787-0980

Contracting Entity (if different from Owner): (N/A)

Contract Number Assigned by Entity: FP22639111201  
(Bid No.) FP226391-07(BP)

Description of Project (including if applicable, a legal description and the street address of the property being improved and a general description of the improvement):

See Attachment ("Legal Description")

LOCATION OF PROJECT: The Jasmine Lakes WWTP is located in Pasco County, Florida at:  
7612 Pineapple Lane, Port Richey, Florida 34668.

DESCRIPTION OF WORK: Aqua Utilities Florida, Inc. (Aqua) desires to have one (1) to a maximum of three (3) existing wastewater effluent percolation ponds restored to the profile(s) depicted in the topographic survey provided with the project documents. Restoration will be accomplished by removal and disposal of all settled sludge, sediment, and muck from the ponds via a dredging operation. The three (3) ponds described within this Scope of Services must be worked in the wet and cannot be dried out. The pond bottoms are below the ground water table. Aqua desires that this work will have minimal impact on the plant operations and the surrounding neighborhood as regards, construction noise, construction traffic, disposal truck traffic, and odors. Aqua requires that the work method used be cost effective and that double handling of the material at any point in the work will not occur. Additionally, Aqua will require that the material removed from the pond(s) be dewatered to minimize hauling costs and truck traffic in the neighborhood. Aqua requires that all Federal, State, and local laws be followed as relates to the proper transport and disposal of the dewatered material. Materials will be required to be disposed of in an approved and appropriate manner in conformance with local, state, and federal regulations and ordinances. Liquid overflow or leakage from the transport trucks will need to be minimized and managed so as not to cause a problem for Aqua's customers and neighbors.

THIS BOND DATED THIS 18th day of September, 2008 (the date of issue by the Surety or by the Surety's agent and the date of such agent's power-of-attorney).

ATTEST:

PRINCIPAL: Synagro South, LLC

Catherine J. Elkins  
Witness  
[Signature]  
Witness

BY: [Signature] (SEAL)  
Authorized Signature (Principal)  
Alvin L. Thomas II  
Printed Name  
Vice President  
Title of Person Signing Above

-OR-

Witness

BY: \_\_\_\_\_ (SEAL)  
As Attorney in Fact (Attach Power)

Witness

Printed Name  
1800 Bering Drive, Ste 1000  
Houston, TX 77057  
Business Address  
(713) 369-1759  
Business Telephone

STATE OF Texas  
COUNTY OF Harris SS

On this 18th day of Sept, 2008 before me, the undersigned authority, personally appeared Alvin L. Thomas to me known to be the individual described in and who executed the foregoing instrument as a member of the firm of Synagro South, LLC (if applicable) and acknowledged the execution of same for and on behalf of and as the act and deed of said firm, for the uses and purposes therein expressed.

WITNESS my hand and official seal the date aforesaid.

[Signature] (Signature of Notary Public)  
SECURITY (Print, Type, or Stamp Commissioned Name of Notary Public)

Personally known X or produced identification \_\_\_\_\_

Type of identification produced \_\_\_\_\_ (NOTARY'S SEAL)

BOND NO. 1032437

**PART B**  
**EXHIBIT I**

**PERFORMANCE BOND**

I. KNOW ALL PERSONS BY THESE PRESENTS: That Synagro South, LLC,  
as Principal, and Lexon Insurance Company, as Surety,  
located at 10002 Shelbyville Rd., Ste 100, Louisville, KY 40223  
(Business Address)

are held and firmly bound unto AQUA UTILITIES FLORIDA, INC., as Oblige in the sum of  
\$ 251,589.00\*\*\*\*\* for the payment whereof we bind ourselves, our heirs,  
executors, personal representatives, successors and assigns, jointly and severally,  
firmly by these presents.

II. WHEREAS, Principal has entered into a contract dated the 16th day  
of September, 2008 with Oblige for JASMINE LAKES WWTP - PERCOLATION BOND  
REHABILITATION PROJECT in accordance with drawings and specifications, which  
contract is by reference made a part hereof, and is hereinafter referred to as the  
Contract.

III. THE CONDITION OF THIS BOND is that if Principal:

1. Performs the contract at the times and in the manner prescribed in the contract, and
2. Pays Oblige any and all losses, damages, including delay damages, costs and attorneys fees that Oblige sustains because of any default by Principal under the contract, and
3. Performs the guarantee of all work and materials furnished under the contract applicable to the work and materials, then this bond is void; otherwise it remains in full force.

The Surety, for value received, hereby stipulates and agrees that no changes, extensions of time, alterations or additions to the terms of the Contract or other work to be performed hereunder, or the specifications referred to therein shall in anywise affect its obligation under this bond, and it does hereby waive notice of any such changes, extension of time, alterations or additions to the terms of the Contract or to work or to the specifications.

In no event shall the Surety be liable in the aggregate to Oblige for more than the penalty of its Performance Bond regardless of the number of suits that may be filed by Oblige.

ATTEST:

SURETY: Lexon Insurance Company  
(Printed Name)  
10002 Shelbyville Rd., Ste 100  
Louisville, KY 40223  
Business Address

Witness \_\_\_\_\_

BY: \_\_\_\_\_ (SEAL)  
Authorized Signature

Witness \_\_\_\_\_

Printed Name

*[Handwritten Signature]*

OR \_\_\_\_\_

Witness Florence McClellan

BY: *[Handwritten Signature]* (SEAL)  
As Attorney in Fact (Attach Power)

Witness John Martinez

Angela P. Hyle  
Printed Name

COUNTERSIGNED (if applicable):

1106002  
Agent's License No.

Signed NA

Lockton Companies, LLC  
Agency Name

Agent's License No. \_\_\_\_\_ Phone \_\_\_\_\_

5847 San Felipe, Ste 320  
Houston, TX 77057  
Agency Mailing Address

(713) 458-5200  
Agency Telephone No.

(713) 458-5299  
Agency Fax No.

STATE OF Texas )  
COUNTY OF Harris ) SS

On this 18th day of September, 2008 before me, the undersigned authority, personally appeared Angela P. Hyle, to me known to be the individual described in and who executed the foregoing instrument as a member of the firm of Lexon Insurance Co. (if applicable) and acknowledged the execution of same, for and on behalf of and as the act and deed of said firm, for the uses and purposes therein expressed.

WITNESS my hand and official seal the date aforesaid.

*[Handwritten Signature]* (Signature of Notary Public)

M E Cantu (Print, Type, or Stamp Commissioned Name of Notary Public)

Personally known X or produced identification \_\_\_\_\_

Type of identification produced \_\_\_\_\_ (NOTARY'S SEAL)



BOND NO. 1032437

**PART B**  
**EXHIBIT II**  
**PAYMENT BOND**

Contractor Name Synagro South, LLC

Contractor Principal Business Address 1800 Bering Drive, Suite 1000  
Houston, TX 77057

Contractor Telephone No. ( 713 ) 369-1759

Surety Name Lexon Insurance Company

Surety Principal Business Address 10002 Shelbyville Rd., Ste 100  
Louisville, KY 40223

Surety Telephone No. ( 502 ) 253-6563

Owner of Property Being Improved:

AQUA UTILITIES FLORIDA, INC.  
Attn: Edward J. Pellenz, P.E.  
Operations Manager  
1100 Thomas Avenue  
Leesburg, Florida 34748

Telephone No. (352) 787-0980

Contracting Entity (if different from Owner): (N/A)

Contract Number Assigned by Entity: FP336391-11201  
(Bid No.) FP336391-07(EF)

Description of Project (including if applicable, a legal description and the street address of the property being improved and a general description of the improvement):

See Attachment ("Legal Description")

**LOCATION OF PROJECT:** The Jasmine Lakes WWTP is located in Pasco County, Florida at:  
7612 Pineapple Lane, Port Richey, Florida 34668.

**DESCRIPTION OF WORK:** Aqua Utilities Florida, Inc. (Aqua) desires to have one (1) to a maximum of three (3) existing wastewater effluent percolation ponds restored to the profile(s) depicted in the topographic survey provided with the project documents. Restoration will be accomplished by removal and disposal of all settled sludge, sediment, and muck from the ponds via a dredging operation. The three (3) ponds described within this Scope of Services must be worked in the wet and cannot be dried out. The pond bottoms are below the ground water table. Aqua desires that this work will have minimal impact on the plant operations and the surrounding neighborhood as regards, construction noise, construction traffic, disposal truck traffic, and odors. Aqua requires that the work method used be cost effective and that double handling of the material at any point in the work will not occur. Additionally, Aqua will require that the material removed from the pond(s) be dewatered to minimize hauling costs and truck traffic in the neighborhood. Aqua requires that all Federal, State, and local laws be followed as relates to the proper transport and disposal of the dewatered material. Materials will be required to be disposed of in an approved and appropriate manner in conformance with local, state, and federal regulations and ordinances. Liquid overflow or leakage from the transport trucks will need to be minimized and managed so as not to cause a problem for Aqua's customers and neighbors.

THIS BOND DATED THIS 18th day of September, 2008 (the date of issue by the Surety or by the Surety's agent and the date of such agent's power-of-attorney).

ATTEST:

PRINCIPAL: Synagro South, LLC  
Printed Name

Catherine J. Elkerns  
Witness

BY: [Signature] (SEAL)  
Authorized Signature (Principal)

[Signature]  
Witness

Alvin L. Thomas II  
Printed Name

Vice President  
Title of Person Signing Above

-OR-

\_\_\_\_\_  
Witness

BY: \_\_\_\_\_ (SEAL)  
As Attorney in Fact (Attach Power)

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Printed Name

1800 Baring Drive, Ste 1000  
Houston, TX 77057

\_\_\_\_\_  
Business Address

(713) 369-1759  
Business Telephone

STATE OF Texas

SS

COUNTY OF Harris

On this 19th day of Sept, 2008 before me, the undersigned authority, personally appeared Alvin L. Thomas to me known to be the individual described in and who executed the foregoing instrument as a member of the firm of Synagro South, LLC (if applicable) and acknowledged the execution of same, for and on behalf of and as the act and deed of said firm, for the uses and purposes therein expressed.

WITNESS my hand and official seal the date aforesaid.

[Signature] (Signature of Notary Public)

\_\_\_\_\_  
Print, Type, or Stamp Commissioned Name  
of Notary Public

Personally known  or produced identification \_\_\_\_\_

Type of identification produced \_\_\_\_\_ (NOTARY'S SEAL)

BOND NO. 1032437

**PART B**  
**EXHIBIT II**  
**PAYMENT BOND**

I. BY THIS BOND, We, Synagro South, LLC  
(hereinafter called the "Principal") and Lexon Insurance Company  
(Name of Surety)  
(hereinafter called the "Surety",  
located at, 10002 Shelbyville Rd., Ste 100, Louisville, KY 40223  
(Business Address)

a surety insurer chartered and existing under the laws of the State of Kentucky  
and authorized to do business in the State of Florida, are held and firmly bound unto  
AQUA UTILITIES FLORIDA, INC., hereinafter called the "Owner") in the sum of (\$251,589.00  
) for payment of which we bind ourselves, our heirs, our personal representatives, our  
successors, and our assignees jointly and severally.

II. WHEREAS, the Principal and Owner have reached a mutual agreement (hereinafter  
referred to as the "Contract") as of \_\_\_\_\_ (the bid award date  
for projects subject thereto) for the purpose of JASMINE LAKES WWTP - PERCOLATION POND  
REHABILITATION PROJECT said Contract being made a part of this Bond by this reference.

III. A. NOW THEREFORE, THE CONDITION OF THIS BOND IS THAT IF THE PRINCIPAL:

1. Shall promptly make payments to all claimants as defined in section 255.05(1), Florida Statutes, supplying the Principal with labor, materials, or supplies, as used directly or indirectly by the Principal in the prosecution of the work provided for in the Contract; and
2. Shall pay the Owner for all losses, damages, expenses, costs, and attorney's fees, including those resulting from appellate proceedings, that the Owner sustains because of a default by the Principal in contravention to the Contract in regard to payment for such labor, materials, or supplies furnished to the Principal; then this Bond is void; otherwise, this Bond remains in full force and effect.

B. BE IT FURTHER KNOWN:

1. Any changes in or under the Contract and compliance or noncompliance with any formalities connected with the said Contract or alterations which may be made in the terms of the said Contract, or in the work to be done under it, or the giving by the Owner of any extension of time for the performance of the said Contract, or any other forbearance on the part of the Owner or Principal to the other, shall not in any way release the Principal and the Surety, or either or any of them, their heirs, their personal representatives, their successors or their assigns from liability hereunder, notice to the Surety of any such changes, alterations, extensions or forbearance being hereby waived.
2. Certain claimants seeking the protection of this Bond must timely comply with the strict requirements set forth in section 255.05, Florida Statutes, and as otherwise provided by law.
3. As concerns payment for labor, materials and supplies, as affects certain claimants, no legal action shall be instituted against the Principal or Surety on this Bond after one (1) year from the performance of labor or the completion of delivery of the materials or supplies as is specifically mandated pursuant to section 255.05, Florida Statutes.

ATTEST

SURETY: Lexon Insurance Company  
Printed Name  
10002 Shelbyville Rd., Ste 100  
Louisville, KY 40223  
Business Address

Witness \_\_\_\_\_

BY: \_\_\_\_\_ (SEAL)  
Authorized Signature

Witness \_\_\_\_\_

Printed Name

*[Signature]*  
Witness Florence McClellan

BY: *[Signature]* (SEAL)  
As Attorney in Fact (Attach Power)

Witness John Martinez

Angela P. Hyle  
Printed Name

COUNTERSIGNED (if applicable):  
NA  
Signed

1106002  
Agent's License No.

Agent's License No. \_\_\_\_\_ Phone \_\_\_\_\_

Lorkton Companies, LLC  
Agency Name  
5847 San Felipe, Ste 320  
Houston, TX 77057  
Agency Mailing Address

(713) 458-5200  
Agency Telephone Number

(713) 458-5299  
Agency Fax No.

STATE OF Texas )  
COUNTY OF Harris ) SS

On this 18th day of September, 2008, before me, the undersigned authority, personally appeared Angela P. Hyle, to me known to be the individual described in and who executed the foregoing instrument as a member of the firm of Lexon Insurance Co. (if applicable) and acknowledged the execution of same, for and on behalf of and as the act and deed of said firm, for the uses and purposes therein expressed.

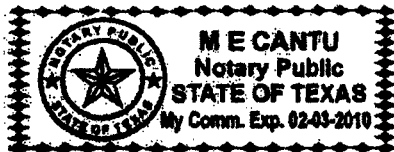
WITNESS my hand and official seal the date aforesaid.

*[Signature]* (Signature of Notary Public)

M. E. Cantu (Print, Type, or Stamp Commissioned Name of Notary Public)

Personally known X or produced identification \_\_\_\_\_

Type of identification produced \_\_\_\_\_ (NOTARY'S SEAL)





POWER OF ATTORNEY

LX - 3875

**Lexon Insurance Company**

KNOW ALL MEN BY THESE PRESENTS, that LEXON INSURANCE COMPANY, a Texas Corporation, with its principal office in Louisville, Kentucky, does hereby constitute and appoint:

Allen Gelwick, Timothy F. Kelly, Angela P. Hyle, Joan Bagnall, \*\*\*\*\*

Robert E. Bobo, Mary Pierson, Maria Cantu \*\*\*\*\*

its true and lawful Attorney(s)-in-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of LEXON INSURANCE COMPANY on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-in-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$2,500,000.00, Two-million five hundred thousand dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-in-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-in-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, LEXON INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 2nd day of July, 2003.

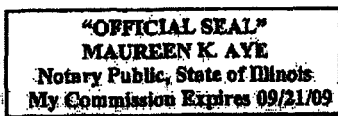
LEXON INSURANCE COMPANY



BY David E. Campbell  
David E. Campbell  
President

ACKNOWLEDGEMENT

On this 2nd day of July, 2003, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of LEXON INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.



Maureen K. Aye  
Maureen K. Aye  
Notary Public

CERTIFICATE

I, the undersigned, Secretary of LEXON INSURANCE COMPANY, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 18th Day of September, 20 08.



Donald D. Buchanan  
Donald D. Buchanan  
Secretary

"WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."

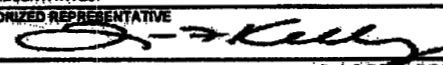
<b>ACORD™ CERTIFICATE OF LIABILITY INSURANCE</b>		5/1/2009	Exhibit RMG-9 Page 982088 R
<b>PRODUCER</b> LOCKTON COMPANIES, LLC 5847 SAN FELIPE, SUITE 320 HOUSTON TX 77057 866-260-3538	<b>THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.</b>		
<b>INSURED</b> 1305901 SYNAGRO SOUTH LLC 1002 VILLAGE SQUARE SUITE C TOMBALL TX 77375	<b>INSURERS AFFORDING COVERAGE</b>		<b>NAIC #</b>
	INSURER A: American Int'l Specialty Lines Ins Co	26883	
	INSURER B: Liberty Mutual Fire Insurance Company	23035	
	INSURER C: Liberty Insurance Corporation	42404	
	INSURER D:		
	INSURER E:		

**COVERAGES** SYN5001 AR THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURERS, AUTHORIZED REPRESENTATIVE OR PRODUCER AND THE CERTIFICATE HOLDER.

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A		<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> XCU NOT EXCLUDED GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	EG 5430756	11/1/2007	5/1/2009	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
B		<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> \$1,000 DED. <input checked="" type="checkbox"/> COMP & COLL	AS2-691-437721-018	5/1/2008	5/1/2009	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ XXXXXX BODILY INJURY (Per accident) \$ XXXXXXXX PROPERTY DAMAGE (Per accident) \$ XXXXXXXX
		<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO	NOT APPLICABLE			AUTO ONLY - EA ACCIDENT \$ XXXXXXXX OTHER THAN EA ACC AGG \$ XXXXXXXX AUTO ONLY: AGG \$ XXXXXXXX
A		<b>EXCESS/UMBRELLA LIABILITY</b> <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> UMBRELLA FORM <input checked="" type="checkbox"/> RETENTION \$ 19,000	BE 885-94-32	11/1/2007	5/1/2009	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$ XXXXXXXX \$ XXXXXXXX \$ XXXXXXXX
C		<b>WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <b>NO</b> If yes, describe under SPECIAL PROVISIONS below.	WA7-69D-437721-028(AOS) WC7-69L-437721-038(WI)	5/1/2008 5/1/2008	5/1/2009 5/1/2009	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A		<b>OTHER</b> PROP/POLLUTION LEGAL-GENERAL CONTRACTOR'S FORM	COPS2334591	5/1/2007	5/1/2009	EACH CLAIM \$10,000,000 AGGREGATE \$10,000,000 RETENTION \$100,000

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS**  
 CANCELLATION: 30 DAYS EXCEPT 10 DAYS FOR NON-PAYMENT. BLANKET WAIVER OF SUBROGATION IS GRANTED IN FAVOR OF CERTIFICATE HOLDER ON ALL POLICIES WHERE REQUIRED BY WRITTEN CONTRACT WHERE PERMISSIBLE BY LAW. CERTIFICATE HOLDER IS NAMED AS AN ADDITIONAL INSURED (EXCEPT FOR WORKERS' COMP/EL) WHERE REQUIRED BY WRITTEN CONTRACT. SEE ATTACHED RE: PROJECT: JASMINE LAKES WWTP - PERCOLATION POND REHABILITATION PROJECT, BID NO. PP34699133 07(RP); LOCATION: PORT KICHEE, FL. ADDITIONAL INSURED IN FAVOR OF AQUA UTILITIES FLORIDA, INC., A COMPANY INCORPORATED IN THE STATE OF FLORIDA, ITS EMPLOYEES AND AGENTS (ON ALL POLICIES EXCEPT WORKERS' COMPENSATION/EL) WHERE REQUIRED BY WRITTEN CONTRACT. THE INSURANCE AFFORDED TO THE ADDITIONAL INSURED AS DESCRIBED IN THIS CERTIFICATE OF INSURANCE FOR WORK PERFORMED BY THE NAMED INSURED IS PRIMARY AND NON-CONTRIBUTORY TO ANY SIMILAR COVERAGE MAINTAINED BY THE ADDITIONAL INSURED WHERE AND TO THE EXTENT REQUIRED BY CONTRACT.

<b>CERTIFICATE HOLDER</b> 3898888 AQUA UTILITIES FLORIDA, INC. OPERATIONS MANAGER 1100 THOMAS AVENUE LEESBURG FL 34748	<b>CANCELLATION</b> [M448994] SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE 
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**INSURED LETTER**

A

**INSURANCE TYPE**

POLLUTION & REMEDIATION LEGAL

**POLICY NUMBER**

EG 5430756

**POLICY TERM**

11/01/2007 - 05/01/2009

**LIMITS**

EACH LOSS	\$10,000,000
TOTAL ALL LOSSES	\$10,000,000
RETENTION - EACH LOSS	\$ 250,000

**AMENDMENT TO AGREEMENT**  
**FOR THE JASMINE LAKES WWTP -**  
**PERCOLATION POND REHABILITATION PROJECT**

This Amendment to Agreement for the Jasmine Lakes WWTP - Percolation Pond Rehabilitation Project ("Amendment") is entered into effective the ~~22<sup>nd</sup>~~<sup>16<sup>th</sup></sup> day of October 2008, between Aqua Utilities Florida, Inc. ("AQUA"), and Synagro South, LLC ("CONTRACTOR"), a Delaware limited liability company and amends that one certain Agreement (Part D) for the Jasmine Lakes WWTP - Percolation Pond Rehabilitation Project ("Agreement") entered into by AQUA and CONTRACTOR effective September 16, 2008.

**RECITALS**

WHEREAS, the quantity of material contained in Pond #1 exceeds the estimate contained in the bid documents for the Jasmine Lakes WWTP - Percolation Pond Rehabilitation Project;

WHEREAS, AQUA desires CONTRACTOR to continue with the removal of material from Pond #1; and

WHEREAS, CONTRACTOR desires to provide such services beyond the estimated quantity of material for Pond #1.

NOW THEREFORE, for good and valuable consideration the sufficiency of which is acknowledged and on the basis of the foregoing facts, AQUA and CONTRACTOR hereby amend the Agreement as follows:

1. AQUA hereby authorizes and directs CONTRACTOR to remove the additional dry tons of material from Pond #1 in excess of the estimated quantity of dry tons.
2. AQUA and CONTRACTOR agree that CONTRACTOR shall be compensated at the rate of \$950.00 per dry ton for all dry tonnage above the estimated 58 dry tons removed from Pond #1.
3. AQUA shall issue a Change Order approving the removal of the additional dry tonnage from Pond #1 above the estimated 58 dry tons and the rate of \$950.00 per dry ton for the additional dry tons removed.
4. CONTRACTOR's shall prepare a revised proposal for the removal of the dry tonnage of material from Ponds #2 and #3 based upon updated estimates of the total dry tonnage of each pond, including proposed payment options. Upon acceptance of such revised proposal, AQUA shall issue a Change Order confirming the allocation of funding for such services related to Ponds #2 and #3, acceptance of

CONTRACTOR's pricing and selection of payment option, and providing any additional instructions as needed.

IN WITNESS HEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized representatives effective as of October 22, 2008.

Aqua Utilities Florida, Inc.

Synagro South, LLC



Name: John M. Lihvarcik  
Title: President and COO  
Date: 10-22-2008

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Aqua Utilities Florida, Inc.

AU	Acct	FP Number	Description	Pro Forma			Actual-September '08	Remaining Budget	Amount Closed to UPIS	Month Closed to UPIS	Remaining Budget To Close By Dec. 31, 2008	Updates in Rebuttal
				Addition	Retirement	MFR A-3						
6597	334.4 48 Est Water Sys	FP33659701023	Meter replacements	17,010	(4,543)	12,467	14,587	2,413	10,827	04/2008	2,413	
	<b>48 Est Water Sys Total</b>			<b>17,010</b>	<b>(4,543)</b>	<b>12,467</b>	<b>14,587</b>	<b>2,413</b>	<b>3,680</b>	<b>07/2008</b>	<b>2,413</b>	
6438	334.4 Beecher's Point Water Sys	FP33643828483	Meter replacement	10,920	(8,623)	2,297	11,881	(961)	1,348	04/2008	(961)	
	<b>Beecher's Point Water Sys Total</b>			<b>10,920</b>	<b>(8,623)</b>	<b>2,297</b>	<b>11,881</b>	<b>(961)</b>	<b>2,022</b>	<b>07/2008</b>	<b>(961)</b>	
6405	334.4 Carlton Village Water Sys	FP33640538467	Meter replacements	51,240	(15,508)	35,732	-	51,240	-		51,240	
	<b>Carlton Village Water Sys Total</b>			<b>51,240</b>	<b>(15,508)</b>	<b>35,732</b>	<b>-</b>	<b>51,240</b>	<b>-</b>		<b>51,240</b>	
6457	354.4 Chuluota Waste Water	FP33645737732	Alternative Effluent Disposal Project	50,000	-	50,000	-	50,000	-		-	(50,000)
	<b>Chuluota Waste Water Total</b>			<b>50,000</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>50,000</b>	<b>-</b>		<b>-</b>	
6456	334.4 Chuluota Water Sys	FP33645637725	Meter replacements	289,590	(80,314)	209,276	-	289,590	-		289,590	
	<b>Chuluota Water Sys Total</b>			<b>289,590</b>	<b>(80,314)</b>	<b>209,276</b>	<b>-</b>	<b>289,590</b>	<b>-</b>		<b>289,590</b>	
6406	334.4 East Lake Harris Estates Water	FP33640638484	Meter replacements	31,170	(8,298)	22,872	34,318	(3,148)	34,240	07/2008	(3,148)	
	<b>East Lake Harris Estates Water Total</b>			<b>31,170</b>	<b>(8,298)</b>	<b>22,872</b>	<b>34,318</b>	<b>(3,148)</b>	<b>75</b>	<b>08/2008</b>	<b>34,316</b>	
6407	334.4 Fern Terrace Water Sys	FP33640738500	Meter replacements	26,290	(5,971)	20,279	24,315	1,935	18,889	04/2008	1,935	
	<b>Fern Terrace Water Sys Total</b>			<b>26,290</b>	<b>(5,971)</b>	<b>20,279</b>	<b>24,315</b>	<b>1,935</b>	<b>5,628</b>	<b>07/2008</b>	<b>24,315</b>	
6408	334.4 Friendly Center Water Sys	FP33640836505	Meter replacements	6,510	(1,708)	4,802	5,821	889	5,821	07/2008	889	
	<b>Friendly Center Water Sys Total</b>			<b>6,510</b>	<b>(1,708)</b>	<b>4,802</b>	<b>5,821</b>	<b>889</b>	<b>5,821</b>		<b>889</b>	
6433	334.4 Gibeonia Estate Water Sys	FP33643337581	Meter replacements	40,110	(14,508)	25,602	484	39,626	484	04/2008	39,626	
	<b>Gibeonia Estate Water Sys Total</b>			<b>40,110</b>	<b>(14,508)</b>	<b>25,602</b>	<b>484</b>	<b>39,626</b>	<b>484</b>		<b>39,626</b>	
6409	334.4 Grand Terrace Water Sys	FP33640936511	Meter replacements	23,310	(5,107)	18,203	18,891	4,419	13,966	04/2008	4,419	
	<b>Grand Terrace Water Sys Total</b>			<b>23,310</b>	<b>(5,107)</b>	<b>18,203</b>	<b>18,891</b>	<b>4,419</b>	<b>4,885</b>	<b>07/2008</b>	<b>18,891</b>	
6556	334.4 Haines Creek (Lake) Water Sys	FP33655638193	Meter replacements	28,480	(8,013)	17,447	18,335	8,125	13,198	04/2008	8,125	
	<b>Haines Creek (Lake) Water Sys Total</b>			<b>28,480</b>	<b>(8,013)</b>	<b>17,447</b>	<b>18,335</b>	<b>8,125</b>	<b>5,137</b>	<b>07/2008</b>	<b>18,335</b>	
6462	334.4 Harmony Homes Water Sys	FP33646237859	Meter replacements	12,810	(3,534)	9,276	11,242	1,568	-		1,568	
	<b>Harmony Homes Water Sys Total</b>			<b>12,810</b>	<b>(3,534)</b>	<b>9,276</b>	<b>11,242</b>	<b>1,568</b>	<b>-</b>		<b>1,568</b>	
6440	334.4 Hermits Cove Water Sys	FP33644028516	Meter replacement	36,750	(11,112)	25,638	37,864	(1,114)	3,382	07/2008	(1,114)	
	<b>Hermits Cove Water Sys Total</b>			<b>36,750</b>	<b>(11,112)</b>	<b>25,638</b>	<b>37,864</b>	<b>(1,114)</b>	<b>3,382</b>		<b>3,382</b>	
6410	334.4 Hobby Hills Water Sys	FP33641037474	Meter replacements	21,000	(5,888)	15,332	19,547	1,453	19,490	07/2008	1,453	
	<b>Hobby Hills Water Sys Total</b>			<b>21,000</b>	<b>(5,888)</b>	<b>15,332</b>	<b>19,547</b>	<b>1,453</b>	<b>19,490</b>		<b>1,453</b>	
6411	334.4 Holiday Haven Water Sys	FP33641128522	Meter replacements	27,930	(17,456)	10,474	27,220	710	-		710	
	<b>Holiday Haven Water Sys Total</b>			<b>27,930</b>	<b>(17,456)</b>	<b>10,474</b>	<b>27,220</b>	<b>710</b>	<b>-</b>		<b>710</b>	
6413	334.4 Imperial Mobile Terrace Water	FP33641336545	Meter replacements	51,870	(11,205)	40,665	56,046	(4,178)	56,039	07/2008	(4,178)	
	<b>Imperial Mobile Terrace Water Total</b>			<b>51,870</b>	<b>(11,205)</b>	<b>40,665</b>	<b>56,046</b>	<b>(4,178)</b>	<b>56,039</b>		<b>(4,178)</b>	
6441	334.4 Interlachen Lake/Park Manor W	FP33644128528	Meter replacement	51,240	(14,818)	36,422	66,939	(15,699)	1,857	04/2008	(15,699)	
6441	334.4 Interlachen Lake/Park Manor W	FP33644111282	Meter replacements - Park Manor	6,300	(1,822)	4,478	-	6,300	-		6,300	
	<b>Interlachen Lake/Park Manor W Total</b>			<b>57,540</b>	<b>(16,640)</b>	<b>40,900</b>	<b>66,939</b>	<b>(9,399)</b>	<b>1,857</b>		<b>(9,399)</b>	
6574	334.4 Jasmine Lakes Uty Water Sys	FP33657438254	Meter replacements	323,400	(119,882)	203,438	7,663	315,837	5,171	04/2008	315,837	
	<b>Jasmine Lakes Uty Water Sys Total</b>			<b>323,400</b>	<b>(119,882)</b>	<b>203,438</b>	<b>7,663</b>	<b>315,837</b>	<b>5,171</b>		<b>315,837</b>	
6391	354.4 Jasmine Lakes Uty WW Sys	FP33639111201	WWTP effluent pond rehabilitation	400,000	-	400,000	317	399,683	-		399,683	
	<b>Jasmine Lakes Uty WW Sys Total</b>			<b>400,000</b>	<b>-</b>	<b>400,000</b>	<b>317</b>	<b>399,683</b>	<b>-</b>		<b>399,683</b>	
6467	334.4 Jungle Den Water Sys	FP33646728532	Meter replacement	23,940	(10,902)	13,038	23,438	502	-		502	
	<b>Jungle Den Water Sys Total</b>			<b>23,940</b>	<b>(10,902)</b>	<b>13,038</b>	<b>23,438</b>	<b>502</b>	<b>-</b>		<b>502</b>	
6595	334.4 Kings Cove Water Sys	FP33659538273	Meter replacements	43,260	(15,511)	27,749	34,516	6,744	33,803	04/2008	6,744	
	<b>Kings Cove Water Sys Total</b>			<b>43,260</b>	<b>(15,511)</b>	<b>27,749</b>	<b>34,516</b>	<b>6,744</b>	<b>33,803</b>		<b>6,744</b>	

Aqua Utilities Florida, Inc.

AU	Acct	FP Number	Pro Forma Addition	Pro Forma Retirement	Pro Forma MFR A-3	Actual-September '08	Remaining Budget	Amount Closed to UPIS	Month Closed to UPIS	Remaining Budget To Close By Dec. 31, 2008	Updates in Rebuttal
6434	334.4 Lake Gibson Estates Water Sys	FP33643437595	173,040	(47,955)	125,085	1,942	171,098	1,928	04/2008	171,098	
	Lake Gibson Estates Water Sys Total		173,040	(47,955)	125,085	1,942	171,098	1,928		171,098	
6589	304.3 Lake Josephine Water Sys	FP33658901920	375,000	(63,548)	321,452	562,431	(187,431)	-		31,589	218,000
	Lake Josephine Water Sys Total		375,000	(63,548)	321,452	562,431	(187,431)	-		31,589	
6558	334.4 Lake Osborne Est Water Sys	FP33655828264	105,300	(28,372)	76,928	95,279	10,021	-		10,021	
	Lake Osborne Est Water Sys Total		105,300	(28,372)	76,928	95,279	10,021	-		10,021	
6414	334.4 Morningview Water Sys	FP33641436547	7,980	(2,325)	5,655	5,189	2,811	3,783	04/2008	2,811	
	Morningview Water Sys Total		7,980	(2,325)	5,655	5,189	2,811	1,279	07/2008	2,811	
6438	334.4 Orange Hill	FP33643637603	49,580	(12,085)	37,472	47,808	1,952	-		1,952	
	Orange Hill Total		49,580	(12,085)	37,472	47,808	1,952	-		1,952	
6444	334.4 Palm Port Water Sys	FP33644428584	22,280	(7,139)	15,121	18,773	3,487	63	04/2008	3,487	
	Palm Port Water Sys Total		22,280	(7,139)	15,121	18,773	3,487	67	07/2008	3,487	
6429	334.4 Palm Terrace Water Sys	FP33642937563	246,330	(61,048)	185,284	3,405	242,925	1,030	04/2008	242,925	
	Palm Terrace Water Sys Total		246,330	(61,048)	185,284	3,405	242,925	745	08/2008	242,925	
6416	334.4 Palms Mobile Home Park Water	FP33641637487	15,330	(2,883)	12,447	13,048	2,284	10,353	04/2008	2,284	
	Palms Mobile Home Park Water Total		15,330	(2,883)	12,447	13,048	2,284	2,990	07/2008	2,284	
6417	334.4 Picciola Island Water Sys	FP33641737504	59,640	(7,749)	51,891	27,170	32,470	20,493	04/2008	32,470	
	Picciola Island Water Sys Total		59,640	(7,749)	51,891	27,170	32,470	6,971	07/2008	32,470	
6446	334.4 Pomona Park Water Sys	FP33644628582	34,440	(13,878)	20,562	40,081	(5,641)	4,487	04/2008	(5,641)	
	Pomona Park Water Sys Total		34,440	(13,878)	20,562	40,081	(5,641)	4,487		(5,641)	
6419	334.4 Quail Ridge Water Sys	FP33641936588	21,000	(4,020)	16,980	18,205	2,795	12,303	04/2008	2,795	
	Quail Ridge Water Sys Total		21,000	(4,020)	16,980	18,205	2,795	5,895	07/2008	2,795	
6581	334.4 Ravenwood (Lake) Water Sys	FP33658138223	9,660	(7,372)	2,288	6,731	2,829	4,675	04/2008	2,829	
	Ravenwood (Lake) Water Sys Total		9,660	(7,372)	2,288	6,731	2,829	1,852	07/2008	2,829	
6447	334.4 River Grove Water Sys	FP33644737681	22,470	(5,030)	17,440	19,432	3,038	63	04/2008	3,038	
	River Grove Water Sys Total		22,470	(5,030)	17,440	19,432	3,038	63		3,038	
6582	334.4 Rosalie Oaks Water Sys	FP33658238227	19,950	(86)	19,864	18,815	3,135	-		3,135	
	Rosalie Oaks Water Sys Total		19,950	(86)	19,864	18,815	3,135	-		3,135	
6420	334.4 Silver Lake	FP33642035668	336,000	(124,276)	211,725	278,828	57,172	202,314	04/2008	57,172	
	Silver Lake Total		336,000	(124,276)	211,725	278,828	57,172	72,734	07/2008	57,172	
6448	334.4 Silver Lake Oaks Water Sys	FP33644828597	9,030	(6,232)	2,798	7,614	1,416	-		1,416	
	Silver Lake Oaks Water Sys Total		9,030	(6,232)	2,798	7,614	1,416	-		1,416	
6421	334.4 Skycrest Water Sys	FP33642136764	24,990	(6,438)	18,552	21,784	3,226	20,875	06/2008	3,226	
	Skycrest Water Sys Total		24,990	(6,438)	18,552	21,784	3,226	889	07/2008	3,226	
6831	354.4 South Seas WW Sys	FP33683112456	80,000	-	80,000	-	80,000	-			(80,000)
6831	393.7 South Seas WW Sys	FP33683138287	40,000	-	40,000	198	39,802	497	03/2008	39,802	
	South Seas WW Sys Total		120,000	-	120,000	198	119,802	497		39,802	
6450	334.4 St. John's Highlands Water Sys	FP33645028603	20,180	(6,942)	13,218	17,610	2,550	-		2,550	
	St. John's Highlands Water Sys Total		20,180	(6,942)	13,218	17,610	2,550	-		2,550	
6422	334.4 Stone Mountain Water Sys	FP33642237538	2,100	(469)	1,631	1,661	439	1,220	04/2008	439	





Aqua Utilities Florida, Inc.

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										185	05/2008		
										51	08/2008		
										1,471	07/2008		
9001	340.51	Admin-Other ALL-Posting	FP33900111332	Desktop PCs	25,500	-	25,500	27,400	(1,900)	10,941	08/2008	(1,900)	
9001	340.51	Admin-Other ALL-Posting	FP33900111333	Laptop PCs	5,200	-	5,200	-	5,200	-		5,200	
9001	340.51	Admin-Other ALL-Posting	FP33900121856	LAPTOP PCs	10,400	-	10,400	6,709	1,691	6,761	04/2008	1,691	
										638	05/2008		
										1,629	08/2008		
										(219)	07/2008		
9001	340.51	Admin-Other ALL-Posting	FP33900103482	NETWORK INFRASTRUCTURE ENH	20,000	-	20,000	-	20,000	-		20,000	
9001	340.51	Admin-Other ALL-Posting	FP33900109751	Telephony; Avaya - Leesburg	50,000	-	50,000	-	50,000	-		50,000	
		<b>TOTAL ADMIN</b>			<b>834,884</b>	<b>(8)</b>	<b>834,884</b>	<b>393,347</b>	<b>241,647</b>	<b>125,935</b>		<b>228,766</b>	(12,862)
		<b>GRAND TOTAL FLORIDA PRO FORMA</b>			<b>4,812,744</b>	<b>(1,010,414)</b>	<b>3,802,330</b>	<b>2,250,280</b>	<b>2,562,484</b>	<b>841,888</b>		<b>2,443,622</b>	(118,882)
		<b>All meters</b>			<b>2,817,750</b>	<b>(928,866)</b>	<b>1,888,884</b>	<b>1,260,397</b>	<b>1,557,353</b>	<b>618,958</b>			

Page 4 of 4