

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**

**JOHN M. LIHVARIK**

**on behalf of**

**Aqua Utilities Florida, Inc.**

DOCUMENT NUMBER-DATE

10804 NOV 19 08

FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**AQUA UTILITIES FLORIDA, INC.**

**REBUTTAL TESTIMONY OF JOHN M. LIHVARCHIK**

**DOCKET NO. 080121-WS**

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

2 A. My name is John M. Lihvarck. My business address is 1100 Thomas Avenue,  
3 Leesburg, Florida, 34749.

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

5 A. Yes. I filed direct testimony as part of the Company's initial filing in this rate  
6 case, and sponsored Composite Exhibit JML-1, which consisted of Exhibits JML-  
7 1 and JML-2.

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

9 A. The purpose of my rebuttal testimony is to address issues raised by Kimberly  
10 Dismukes, who filed testimony on behalf of the Office of Public Counsel  
11 ("OPC"). I also address issues addressed by several Staff witnesses from the  
12 Department of Environmental Protection ("DEP"), Department of Health  
13 ("DOH"), and Water Management Districts.

14 **Q. Are you sponsoring any exhibits with your rebuttal testimony?**

15 A. Yes. I am sponsoring Exhibits JML-3 and JML-4.

16 **Q. Have you reviewed the direct testimony of Ms. Dismukes in this docket?**

17 A. Yes.

18 **Q. Do you have any concerns with respect to Ms. Dismukes' testimony?**

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1 A. Yes. These concerns are addressed below by heading.

2 **AQUA CONNECTS**

3 **Q. Do you agree with the reasoning behind Ms. Dismukes' adjustment for Aqua**  
4 **Connects?**

5 A. No, I do not. Aqua Connects is an important educational forum with numerous  
6 benefits. First, our customers have been through a series of owners whose  
7 presence has been short-lived. We hope to operate in Florida for a long time and  
8 want to build a positive relationship with our customers. Second, after the last  
9 rate case, we heard directly from the Attorney General's Office that we needed to  
10 do a better job of reaching out, educating, and having a dialogue with our  
11 customers. This is precisely what Aqua Connects is designed to do. It provides  
12 an opportunity for the customers to get to know more about the Company, its  
13 management team, how water and wastewater systems operate, answer billing  
14 questions, explain how meters operate, offer conservation tips, and answer  
15 general questions. I believe it is important for the Commission to encourage these  
16 types of meetings, especially in the water industry because of the increasing need  
17 for conservation awareness.

18 **Q. Please expand on the educational benefits of Aqua Connects.**

19 A. The education component of Aqua Connects should not be underestimated. One  
20 of the most frequent complaints from customers is that they do not believe that  
21 they used the amount of water indicated on their bill. We know from history of  
22 investigating these complaints that often customers are unaware of how much  
23 water they consume with activities such as irrigation. Aqua Connects provides a

1 forum to discuss with customers and to disseminate written materials to assist  
2 customers to better manage their consumption.

3 **Q. Are rate cases or rate increases discussed at these meetings?**

4 A. Members of the OPC and Commission Staff have attended these town-hall style  
5 meetings and are familiar with the dialogue that takes place. Many customers ask  
6 questions about their bills, as well as the need for rate increase request. We have  
7 done our best to offer clear responses to these questions.

8 **Q. Have AUF employees been paid overtime for the Aqua Connects meetings  
9 they have attended?**

10 A. No, they have not. Because the events are held after normal operating hours, the  
11 management team is essentially donating its time for these important events.

12 **Q. Are the Aqua Connects meetings ongoing and, if so, will their frequency  
13 change?**

14 A. These town hall meetings will continue on an annual basis. They are not “non  
15 recurring” in nature, and AUF has budgeted an amount of \$80,000 for year 2009.  
16 In 2008, the Company employed a global approach to these meetings to reach all  
17 systems on a county-by-county basis. The approach for future years will be to  
18 target specific systems that continue to benefit from these meetings. This will  
19 allow the Company to increase the number of meetings held in targeted areas, as  
20 often as monthly. Where specific system issues or projects are identified,  
21 frequent meetings will be held in those areas to assist affected customers by  
22 addressing and responding directly to their problems, issues and concerns. Under

1 this approach, we expect that these meetings will increase in number and  
2 frequency from what is included in the pro forma adjustment.

3 **FUEL EXPENSES**

4 **Q. Turning to another issue, on page 125 of Ms. Dismukes' testimony, she**  
5 **recommends that adjustments be made to several systems to amortize fuel**  
6 **purchases for generators. Do you agree with these adjustments?**

7 A. No, I do not. Ms. Dismukes overlooks several important facts. Many customers  
8 who came to the service hearings expressed concerns regarding the need for a  
9 hurricane preparedness program. As part of the Company's program, the  
10 Company purchased and installed a number of generators. These generators  
11 cannot merely be stored, unused, but must be started and tested. This includes  
12 testing performed as part of the inspections required by DEP and DOH. Florida  
13 also has numerous thunderstorms which produce lightning throughout the year,  
14 which may trigger use of these generators throughout the year. The generators  
15 cannot operate without fuel; accordingly, fuel has to be purchased. Fuel  
16 purchases are necessary not only to continue to utilize these generators as needed,  
17 but also to test them throughout the year.

18 **Q. Are there any Department of Environmental Protection rules in Florida that**  
19 **address generators?**

20 A. Yes. There are several DEP rules in Florida that address generators. The first  
21 Rule is 62-555.320(14)(a), F.A.C., which states:

22 (14) Standby Power.

23 (a) By no later than December 31, 2005, each community water  
24 system (CWS) serving, or designed to serve, 350 or more persons or  
25 150 or more service connections shall provide standby power for

1 operation of that portion of the system's water source, treatment, and  
2 pumping facilities necessary to deliver drinking water meeting all  
3 applicable primary or secondary standards at a rate at least equal to the  
4 average daily water demand for the system. If a CWS interconnects  
5 with another CWS to meet this requirement, the portion of the  
6 combined systems' components provided with standby power shall be  
7 sufficient to deliver water at a rate at least equal to the average daily  
8 water demand for the combined systems.

9 Further, Rule 62-555.350(2), F.A.C. (emphasis added), states:

10 (2) Suppliers of water shall keep all necessary public water system  
11 components in operation and shall maintain such components in good  
12 operating condition so the components function as intended.  
13 Preventive maintenance on electrical or mechanical equipment –  
14 including **exercising of auxiliary power sources**, checking the  
15 calibration of finished-drinking-water meters at treatment plants,  
16 testing of air or pressure relief valves for hydropneumatic tanks, and  
17 exercising of isolation valves – shall be performed in accordance with  
18 the equipment manufacturer's recommendations or in accordance with  
19 a written preventive maintenance program established by the supplier  
20 of water; however, **in no case shall auxiliary power sources be run**  
21 **under load less frequently than monthly.**

22 Finally, Rule 62-555.350(15)(d), F.A.C., states:

23 (15) Suppliers of water who own or operate a community water system  
24 serving, or designed to serve, 350 or more persons or 150 or more  
25 service connections shall develop a written emergency  
26 preparedness/response plan in accordance with Emergency Planning  
27 for Water Utilities, AWWA Manual M19, as adopted in Rule 62-  
28 555.335, F.A.C., by no later than December 31, 2004, and shall update  
29 and implement the plan as necessary thereafter. Said suppliers of  
30 water shall coordinate with their Local Emergency Planning  
31 Committee and their Florida Department of Law Enforcement  
32 Regional Security Task Force when developing their emergency plan  
33 and shall include in their plan all of the information in paragraphs (a)  
34 through (e) below.

35 . . . .

36 (d) Details about how the water system meets the standby power  
37 requirements under subsection 62-555.320(14), F.A.C., and, if  
38 applicable, recommendations regarding the amount of fuel to maintain  
39 on site, and the amount of fuel to hold in reserve under contracts with  
40 fuel suppliers, for operation of auxiliary power sources.

1 While DEP had a previous requirement for exercising the generator 4 hours per  
2 month, as shown above, now the rule simply requires that the generator be  
3 exercised monthly. Therefore, AUF's current company policy is to exercise each  
4 generator for 1 hour per week under load. The continued monthly testing of  
5 auxiliary generators is required by DEP rule.

6 Further, as addressed by DEP witness Jeff Greenwell on page 3 of his  
7 prefiled direct testimony, filed on behalf of Commission Staff, AUF was required  
8 to install an auxiliary power supply at Zephyr Shores. Therefore, this generator  
9 was required by DEP rule, and the fuel to power the generator was also required.  
10 To disallow the fuel expense would unnecessarily penalize AUF's efforts to  
11 comply with DEP standards and rules.

#### 12 **FLUSHING EXPENSES**

13 **Q. On page 126 of her testimony, Ms. Dismukes' makes adjustments for line**  
14 **flushing. Do you agree with her adjustments?**

15 A. No. Ms. Dismukes states that flushing for certain systems in the test year  
16 appeared to be abnormally high. I disagree. Flushing is required to operate a well  
17 run water system and is particularly important for older systems. See Section: 62-  
18 555.350 Operation and Maintenance of Public Water Systems. For most of the  
19 systems that she has picked, the service lines are in an aged condition and prone  
20 to breaks. These systems require routine flushing to maintain water quality and  
21 chlorine residuals throughout the system and I would not characterize the flushing  
22 as high. In addition, some of the systems have dead end lines which require  
23 routine flushing to maintain chlorine residuals and water quality.

1 **MARKET BASED SALARY ADJUSTMENT**

2 **Q. On pages 100 and 101 of her testimony, Ms. Dismukes takes exception to**  
3 **AUF's proposed market based salary adjustment. Do you agree?**

4 A. No, I do not. AUF has issues attracting and retaining qualified Facility Operators  
5 and Utility Technical personnel. AUF's main competition is municipally-owned  
6 systems which typically offer salaries at a higher pay grade. Further, these  
7 municipality operators are not required to operate satellite systems and mainly  
8 work at a centrally located Water Treatment or Wastewater Treatment Plant.

9 As demonstrated on attached **Exhibit JML-3, Average Time to Fill Vacancy's**  
10 **from 2006 to 2008, the time to fill vacancies varied from 141.83 days in 2006 to**  
11 **68.14 days in 2008. These numbers do not reflect the time to fill the Facility**  
12 **Operators positions that require a DEP License to operate water and wastewater**  
13 **facilities. These positions also have additional geographical challenges for**  
14 **systems located where it is difficult to find an operator living within the area, or to**  
15 **find an operator willing to relocate. The time to fill these positions range from 34**  
16 **days to 363 days.**

17 **Q. What actions has AUF undertaken to address these staffing issues?**

18 A. The Company decided to contract for a Market Base Study to evaluate AUF's  
19 salary structure and benchmark our Company against other utilities and the  
20 industry generally. To prepare for the study, we reviewed our job descriptions to  
21 evaluate whether they truly reflect the work performed by Facility Operators and  
22 Utility Technicians, and the appropriate required licensing, education and job  
23 experience. Subsequently, Saje Consulting Group, Inc. was hired to conduct the



1 Market Base Study. In its final report, Saje Consulting Group was asked to  
2 benchmark our Company against the industry standards, evaluate our current  
3 salaries, and make recommendations in areas where salaries should be increased.

4 I have attached the documents related to this study, **Exhibit JML-4**.

5 **Q. What decision did AUF make in response to this Study?**

6 A. AUF believes that Saje Consulting Group's recommendations should be  
7 implemented so that the Company may continue to attract, retain and maintain a  
8 stable workforce. In Order No. PSC-02-0787-FOF-EI, the Commission approved  
9 a similar adjustment for Gulf Power Company. In doing so, the Commission  
10 stated:

11 An analysis of Gulf's pay policy to the market was conducted in  
12 August of 2001. The report confirmed Gulf's total compensation pay  
13 policy was within +/-5% for all job groups, on average, to the actual  
14 market pay levels.

15 Gulf's philosophy is to pay employees at the 75th percentile. To only  
16 receive a base salary would mean Gulf employees would be  
17 compensated at a lower level than employees at other companies.  
18 Therefore, an incentive pay plan is necessary for Gulf salaries to be  
19 competitive in the market. Another benefit of the plan is that 25% of  
20 an individual employee's salary must be re-earned each year.  
21 Therefore, each employee must excel to achieve a higher salary.  
22 When the employees excel, we believe that the customers benefit from  
23 a higher quality of service.

24 The Commission continued by stating:

25 We also believe that to analyze each individual's compensation for  
26 whether the base salary and incentive compensation, within each job  
27 group, is appropriate would be beyond the scope of the data collected  
28 from the individual utilities in the industry. Lastly, the utility is within  
29 +/- 5% of the market values for their overall compensation policy. As  
30 a result, its employees will be paid based on market value and the  
31 customers will receive quality service and low rates.

1 I believe it is not only reasonable, but also necessary to implement this  
2 market based increase. It is extremely important to attract and retain qualified  
3 operators for our water and wastewater systems throughout Florida. This is  
4 imperative to continue to meet the environmental standards in this industry. It is  
5 also consistent with the Commission's decision in Order No. PSC-08-0327-FOF-  
6 EI, where the Commission stated: "We find that the Company has taken  
7 appropriate action to assure that its employee salaries are on the same level as  
8 other utility employees so that the Company will be competitive in hiring and  
9 retaining well trained and effective employees."

10 **REBUTTAL TO DEP AND DOH WITNESSES**

11 **Q. Mr. Lihvarcik, have you reviewed the testimony of the witnesses from the**  
12 **DEP and DOH?**

13 A. Yes, I have.

14 **Q. Is there anything in that testimony with which you agree and that you would**  
15 **like to comment on?**

16 A. Yes. I appreciate the positive statements made by the witnesses regarding the  
17 Company's operation performance.

18 **Q. Are there any specific issues with which you do not agree that you would like**  
19 **to address?**

20 A. Yes, there are. The specific issues with which I do not agree, including those that  
21 are factually incorrect, are stated below, by witness:

22 1. **Jeff Greenwell**

1           On page 3, lines 12-25 of the prefiled direct testimony of Staff witness Jeff  
2 Greenwell, he discusses the enforcement actions for the Zephyr Shores system.  
3 The Company notes that prior to the warning letter being issued, Aqua had an  
4 interconnect with the city that met the requirements associated with increased  
5 reliability needed for a community (greater than 350 connections) water system.  
6 The city changed its disinfection to chloramines because of its TTHM problems.  
7 Once the city converted to chloramines, the valve between the city and Aqua had  
8 to be closed. Aqua was left without the required reliability for Zephyr Shores,  
9 and the new well and generator was installed.

10           Regarding the Village Water wastewater system, Mr. Greenwell states on  
11 page 4, line 9 of his testimony that AUF sold a sprayfield property in this system  
12 to the Southwest Florida Water Management District. This is not correct. The  
13 sprayfield was on leased property and the previous management was unable to  
14 renew the lease. Also, on page 4, line 13, Mr. Greenwell claims that the effluent  
15 disposal ponds are not properly operated and maintained. AUF contends that it is  
16 operating as the system was designed and permitted.

17           On page 4, lines 18-19 of his testimony, Mr. Greenwell mentions a pond  
18 overflow in September 2008. There are several reasonable factors which led to  
19 the overflow. First, it occurred after Tropical Storm Faye dumped 10.9 inches of  
20 rain. Second, our operators reported that under the direction of DEP the two  
21 ponds were to be interconnected and DEP requested a crossover pipe be installed.  
22 There was not a permit modification required or issued by DEP, and the invert  
23 elevation of the crossover pipe was too low. On October 24, 2008, Aqua received

1 authorization from DEP to raise the invert elevation of the cross-over pipe. This  
2 change in invert elevation will provide an additional 2.6 million gallons of  
3 storage.

4 Mr. Greenwell also indicates on page 4, lines 19-21 of his testimony that  
5 Aqua has not provided reasonable assurance the ponds are adequate. He fails to  
6 mention, however, that the Company has acted under DEP's direction. The  
7 Company sought and retained a professional engineering firm that is specifically  
8 experienced in phosphate mining to provide a geotechnical report and hydrology  
9 report. Both studies submitted were favorable, and DEP had issued a draft permit  
10 just before Tropical Storm Faye. Nonetheless, the pond had an overflow because  
11 overflows are common during large rain events. DEP has proposed, and AUF is  
12 installing, additional peizometers to monitor the ground water elevation for at  
13 least a year to determine if the ponds are adequate.

14 For Jasmine Lakes, Mr. Greenwell states on page 5 of his testimony that  
15 the ponds are required to be rested and rotated. It is unclear if DEP has the  
16 authority to require ponds constructed prior to April 1989 to be rested and rotated.  
17 Aqua is working with the DEP's Office of General Counsel to resolve this  
18 question. AUF has entered into a contract to address the wastewater ponds.  
19 These items are included in the pro forma plant and will be completed prior to the  
20 end of December 2008.

21 Both Chapter 17-610, and its successor Chapter 62-610, of the Florida  
22 rules contain "grandfathering" provisions: Rule 17-610.110 (2) F.A.C., states:

23 (2) Unless specifically provided otherwise, requirements in this rule  
24 shall apply to all new reuse and land application systems for which

1 construction permit applications are approved by the Department after  
2 April 5, 1989. This rule also shall apply to all existing facilities when  
3 such facilities are to be modified or expanded, but such applicability  
4 shall apply only to the expansion or modification thereof, or if  
5 treatment processes are altered such that the quality of reclaimed water  
6 or effluent or reliability of such processes is adversely affected.  
7 Where violations of permit conditions or water quality standards have  
8 occurred, appropriate requirements in this rule may be deemed  
9 applicable to existing facilities by the Secretary or designee.

10 Chapter 62-610 has a very similar grandfather clause—Rule 62-610.100(9)(b)

11 states:

12 Unless specifically provided otherwise in this chapter, requirements in  
13 this Chapter shall apply to all new reuse and land application systems  
14 for which construction permit applications or initial permits which  
15 authorize construction are approved by the Department after April 5,  
16 1989. This chapter also shall apply to all existing facilities when such  
17 facilities are to be modified or expanded, but this chapter shall apply  
18 only to the expansion or modification thereof, or if treatment processes  
19 are altered such that the quality of reclaimed water or effluent or  
20 reliability of such processes is adversely affected. Re-rating of an  
21 existing reuse or land application system or site such that the permitted  
22 capacity of the system or site is increased shall be considered an  
23 expansion, even if there is no increase in physical size of the system or  
24 site.

25 It is also unclear on what basis Mr. Greenwell is sighting AUF for not  
26 meeting Secondary Standards for Groundwater monitoring. The location of this  
27 facility is near the coast and, like many other places, is most likely experiencing  
28 salt water intrusion. Moreover, this facility is grandfathered by Chapter 62-520:

29 62-520.520 Exemptions from Secondary Drinking Water Standards  
30 Outside a Zone of Discharge in Class G-II Ground Water.

31 (1) An existing installation discharging to Class G-II ground water is  
32 exempt from compliance with secondary drinking water standards  
33 unless the Department determines that compliance with one or more  
34 secondary standards by such installation is necessary to protect ground  
35 water used or reasonably likely to be used as a potable water source.

36 Rule 62-555.200 provides the definition of “existing”:

37 62-522.200 Definitions for Ground Water Permitting and Monitoring.

1 (1) For the purposes of Chapters 62-520 and 62-522, F.A.C., "Existing  
2 Installation" means any installation which had filed a complete  
3 application for a water discharge permit on or before January 1, 1983,  
4 or which submitted a ground water monitoring plan no later than six  
5 months after the date required for that type of installation as listed in  
6 Rule 62-528.700, F.A.C., (1983) and a plan was subsequently  
7 approved by the Department, or which was in fact an installation  
8 reasonably expected to release contaminants into the ground water on  
9 or before July 1, 1982, and operated consistently with statutes and  
10 rules relating to ground water discharge in effect at the time of the  
11 operation.

12 Finally, Palm Terrace is another system in which it is unclear if DEP has  
13 the authority to require ponds that were constructed prior to April 1989 to be  
14 rested and rotated. The same grandfathering applies to monitoring of secondary  
15 standards with Palm Terrace, as is applied to Jasmine Lakes.

16 **2. John Davis**

17 Staff witness John Davis, in his prefiled direct testimony on page 2, line  
18 13, suggests that the Company has failed to provide all of the information to  
19 respond to his Exhibit JD-1. It should be noted that the Company is currently  
20 working on gathering all of the requested data for this new well. Regarding Mr.  
21 Davis's assessment on page 2, line 16-18, that minor maintenance issues such as  
22 undersized or missing well pads were noted during inspections in 2007 and 2008,  
23 the mandatory requirements for well pads and well vents for these wells are  
24 "grandfathered in." The Company has increased the well pad size as reasonably  
25 as possible. However, some older wells simply cannot meet more recently  
26 adopted requirements due to obstacles beyond AUF's control; for example,  
27 property boundaries and buildings cannot be moved to accommodate these well  
28 pads.

29 **3. Richard Lott**

1           In Staff witness Richard Lott's testimony, on page 2, line 11, he indicates  
2           that the only Water Construction permit that is still active is for the Valencia  
3           Terrace Plant. The Company notes that a contractor has been assigned to  
4           complete this job, which was held up because the pump to be installed at the well  
5           was not an item that was available and had to be built.

6           In Mr. Lott's testimony on page 2, lines 17 – 25, he indicates that the  
7           Bellair and Ocala Oaks water treatment plants had maximum daily flows that  
8           exceeded the permitted capacity of the plants during the previous three years.  
9           After receiving notice in October 2008, the Company began working on the letter  
10          to submit to DEP informing DEP that these systems are built out. Regarding Mr.  
11          Lott's testimony on page 3, lines 4-8, regarding Summit Chase having unmetered,  
12          unbilled irrigation use, AUF intends to meet with the Summit Chase Home  
13          Owners' Association to discuss this issue. The data currently indicates that they  
14          are being irresponsible in their irrigation usage, which the Association needs to  
15          correct.

16          4.       **Michael Hambor**

17          In Staff witness Michael Hambor's prefiled direct testimony, on page 2,  
18          lines 12 -16, he states that a warning letter was issued for late receipt of a  
19          Monthly Operating Report (MOR), which late results were due to a change in  
20          personnel and the closing of the local office. It should be noted that the MOR  
21          was late due to AUF's previous contract operator, not in-house personnel, and  
22          there was no local office for AUF.





1 the District on March 13, 2008. The District submitted a request for additional  
2 information (RAI) for the renewal on April 10, 2008.

3 **b. Friendly Center and East Lake Harris**

4 To the extent that Ms. Walker suggests on page 8, lines 12-16, that one is solely  
5 connected to the other, while these two systems are interconnected with each  
6 other, both have treatment systems with their own wells.

7 **c. St. Johns Highlands - Hermits Cove**

8 On page 8, lines 17-18, Ms. Walker states that St. Johns Highlands is connected to  
9 Hermits Cove. It should be noted that Hermits Cove has the wells and treatment  
10 facility; St. Johns Highlands gets all its water from Hermit's Cove. Also, on page  
11 9, lines 2-4 of her testimony, Ms. Walker mentions late meter test results. AUF is  
12 organizing the dates of the meter calibrations for all its water facilities. These  
13 calibrations will be sent to the appropriate district office on time in the future.

14 **d. Ravenswood**

15 On page 8, line 8, Ms. Walker mentions that Ravenswood requires District  
16 permitting. AUF notes that it has retained CPH Engineers, and they have  
17 completed the permit application.

18 **e. Tomoka**

19 On page 8, line 9, Ms. Walker that Tomoka requires District permitting. AUF  
20 notes that District staff met with the Company on October 30, 2008 at the site to  
21 determine if a permit was required or not. Phil Fairbank of SJRMD emailed Aqua  
22 on October 31, 2008, to present options for the Company to discuss. AUF has

1 decided file an application for a consumptive use permit and is responding to Mr.  
2 Fairbank accordingly.

3 **f. 48 Estates**

4 It appears from page 8, line 21 of Ms. Walker's testimony that she could not  
5 determine whether 48 Estates needs a permit. Upon research in the field, AUF  
6 determined that this system has a 4-inch well casing and believes that it does not  
7 require permit coverage.

8 **g. Kings Cove**

9 On page 8, line 21, Ms. Walker states that Kings Cove requires permit coverage.  
10 AUF has already committed to contracting with an engineering firm by January  
11 15, 2009 to start the application process needed to obtain a consumptive use  
12 permit.

13 **2. Staff witness Jay Yingling**

14 On page 12, lines 7-9 of the prefiled direct testimony of Staff witness Jay  
15 Yingling, Mr. Yingling states that the Annual Report for 2007 has not been  
16 submitted for Lake Josephine. This Annual Report was submitted by the operator  
17 in the past. This has been discussed with the operator, and he has agreed to  
18 complete this report as soon as possible.

19 **Q. Does this conclude your testimony?**

20 **A.** Yes, it does.

21

22

11/14/2008

Average time to fill 2006  
 Operators and Utility Workers

<u>Company</u>	<u>Descrip</u>	<u>RequisitionCo</u>	<u>JobTitle</u>	<u>Location Description</u>	<u>Days Open</u>	<u>FullName</u>	<u>GradeCode</u>
<b>Aqua Utilities Florida, Inc.</b>							
<b>Filled</b>							
Aqua Utilities Flori		458FL05	Sr. Facility Operator	Lakeland, FL (Polk County)	55.00	Bonebrake, Kelly J.	0106
Aqua Utilities Flori		460FL05	Facility Operator II	Leesburg, FL (Lake County)	239.00	Bonebrake, Kelly J.	0105
Aqua Utilities Flori		461FL05	Facility Operator I	Captiva, FL (Lee County)	363.00	Bonebrake, Kelly J.	0104
Aqua Utilities Flori		FL06331	Sr. Facility Operator	Jasmine Lake, FL (Pasco County)	36.00	Sciarretta, Lauren M.	0106
Aqua Utilities Flori		FL06378	Utility Tech II	Jasmine Lake, FL (Pasco County)	18.00	Sciarretta, Lauren M.	0104
Aqua Utilities Flori		FL06390	Utility Technician II	Leesburg, FL (Lake County)	140.00	Sciarretta, Lauren M.	0104
<b>Aqua Utilities Florida, Inc.</b>							<b>6</b>
<b>Grand Total:</b>					Average time to fill		<b>6</b> 141.83

11/14/2008

Average time to fill 2007  
 Operators and Utility Workers

<u>CompanyDescrip</u>	<u>RequisitionCo</u>	<u>JobTitle</u>	<u>Location Description</u>	<u>Days Open</u>	<u>FullName</u>	<u>GradeCode</u>
<b>Aqua Utilities Florida, Inc.</b>						
<b>Filed</b>						
Aqua Utilities Flori	02FL05-2	Utility Tech III	Sarasota, FL (Sarasota County)	39.00	Sciarretta, Lauren M.	0105
Aqua Utilities Flori	FL06377-3	Utility Tech I	Sarasota, FL (Sarasota County)	179.00	Bonebrake, Kelly J.	0103
Aqua Utilities Flori	FL07051	Sr. Facility Operator	Sarasota, FL (Sarasota County)	0.00	Bonebrake, Kelly J.	0106
Aqua Utilities Flori	FL07054	Facility Operator II	Seminole County, FL	181.00	Sciarretta, Lauren M.	0105
Aqua Utilities Flori	FL07119	Utility Tech II	Palatka, FL (Putnam County)	27.00	Sciarretta, Lauren M.	0104
Aqua Utilities Flori	FL07159	Utility Tech II	Sarasota, FL (Sarasota County)	63.00	Sciarretta, Lauren M.	0104
Aqua Utilities Flori	FL07292	Utility Tech I	Sarasota, FL (Sarasota County)	138.00	Bonebrake, Kelly J.	0103
Aqua Utilities Flori	FL07351	Utility Technician II	Leesburg, FL (Lake County)	41.00	Sciarretta, Lauren M.	0104
Aqua Utilities Flori	FL07377-4	Utility Tech I	Sarasota, FL (Sarasota County)	127.00	Bonebrake, Kelly J.	0103
Aqua Utilities Flori	FL07474	Utility Tech I	Jasmine Lake, FL (Pasco County)	55.00	Sciarretta, Lauren M.	0103
Aqua Utilities Flori	FL07507	Facility Operator II	Leesburg, FL (Lake County)	202.00	Bonebrake, Kelly J.	0105
Aqua Utilities Flori	FL07546	Facility Operator II	Sarasota, FL (Sarasota County)	34.00	Bonebrake, Kelly J.	0105
Aqua Utilities Flori	FL07562	Facility Operator II	Seminole County, FL	50.00	Bonebrake, Kelly J.	0105
<b>Aqua Utilities Florida, Inc.</b>				<b>13</b>		
<b>Grand Total:</b>				<b>13</b>	Average time to fill	87.38

11/14/2008

Average time to fill 2008  
 Operators and Utility Workers

<u>Company</u>	<u>Descrip</u>	<u>RequisitionCo</u>	<u>JobTitle</u>	<u>Location Description</u>	<u>Days Open</u>	<u>FullName</u>	<u>GradeCode</u>
<b>Aqua Utilities Florida, Inc.</b>							
<b>Filled</b>							
Aqua Utilities Flori		FL07158	Senior Facility Operator	Lake Suzy, FL (De Soto County)	6.00	Bonebrake, Kelly J.	0106
Aqua Utilities Flori		FL07562-2	Facility Operator II	Seminole County, FL	150.00	Brammer, Nancy C.	0105
Aqua Utilities Flori		FL08031	Utility Tech I	Sarasota, FL (Sarasota County)	38.00	Bonebrake, Kelly J.	0103
Aqua Utilities Flori		FL08031-2	Utility Tech I	Sarasota, FL (Sarasota County)	53.00	Bonebrake, Kelly J.	0103
Aqua Utilities Flori		FL08061	Facility Operator II	Sebring, FL (Highlands County)	136.00	Bonebrake, Kelly J.	0105
Aqua Utilities Flori		FL08353	Operator-In-Training	Sarasota, FL (Sarasota County)	53.00	Bonebrake, Kelly J.	0104
Aqua Utilities Flori		FL08434	Facility Operator II	Lakeland, FL (Polk County)	41.00	Bonebrake, Kelly J.	0105
<b>Aqua Utilities Florida, Inc.</b>		<b>7</b>					
<b>Grand Total:</b>		<b>7</b>	<b>Average time to fill</b>		<b>68.14</b>		

*Saje Consulting  
Group Inc.*

July 14, 2008

Larissa S. Berkowitz, PHR  
Senior Human Resources Generalist  
Aqua America  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010

Dear Larissa:

As a follow-up to our conference call earlier today, I have attached the North Carolina and Florida salary market evaluations and grade recommendations for the Facility Operators and Utility Techs.

Following is a brief description of the attached documents for both Florida and North Carolina:

1<sup>st</sup> Tab: "Exhibit 1 Summary Grade Assign" – This shows the current and recommended salary grade assignments for the positions.

2<sup>nd</sup> Tab: "Exhibit 2 Summary Data Analysis" – This Exhibit presents the summary utility and general industry data from the 3<sup>rd</sup> and 4<sup>th</sup> tabs

3<sup>rd</sup> Tab: "Exhibit 3 General Industry Data" – This Exhibit presents the detailed general industry survey data for facility operators and utility techs.

4<sup>th</sup> Tab: "Exhibit 4 Utility Industry Data" – This Exhibit presents the detailed utility industry survey data for facility operators and utility techs.

Larissa, please e-mail or call if you would like to discuss.

Sincerely,



Gerry Stoffel  
Managing Principal

Attachment

**ENCLOSURE**

**Gerry Stoffel, President and Managing Principal**

Gerry Stoffel is The President and Managing Principal of Saje Consulting Group, Inc., providing compensation consulting services to a wide range of organizations representing diverse industry sectors. He has extensive experience within the regulated utility industry in developing compensation systems, which support the utility's overall strategy.

Gerry brings with him over 30 years experience in both consulting and business management. He has conducted and managed major projects in the areas of salary management including broad banding, job evaluation and job design, performance management, incentive program design, gainsharing, organization development, and total reward program design and implementation. He has spoken before various personnel and management groups, including the Society for Human Resource Management. He has been a compensation instructor for World @ Work and the international Foundation of Employee Benefits.

Following are some recent clients Gerry has worked with on a wide variety of compensation consulting assignments: American Water Works, Aqua America, B&G Foods, California Water, Des Moines Water, Elizabethtown Water, Fairfax County Water Authority, Lee County Electric Cooperative, McCormick Company, MCT Telecom, The Biltmore, The National Association of Water Companies, Pennichuck Water, Transtechnology and United Water Resources.

Prior to his role at Saje, Gerry was a Vice President at Aon Consulting and a Managing Consultant in Coopers & Lybrand's Human Resource Advisory Group. Gerry also worked at Sibson & Company for 12 years and left as a Principal. Prior to joining Sibson, Gerry held various administrative, human resource and marketing/sales positions with Frontier Corporation and Eastman Kodak Company.

Gerry received his MBA in Marketing from the Rochester Institute of Technology and his BA from St. John Fisher College. He is a member of World @ Work and Associate member of the NAWC and the American Water Works Association.

Exhibit 1

**Salary Grade Assignments- Florida**

<b>Grade</b>	<b>National 2007 Midpoint</b>	<b>Current</b>	<b>Recommended</b>
106	\$47.5	Senior Facilities Operator; Utility Tech Coord.	Senior Facilities Operator; Utility Tech Coord.
105	\$37.9	Facility Operator II; Utility Tech III	Facility Operator II; Facility Operator I (+1); Utility Tech III; Utility Tech II (+1); Administrative Assistant (+1)
104	\$30.3	Facility Operator I; Utility Tech II; Administrative Assistant	Utility Tech I (+1)
103	\$24.2	Utility Tech I	



Exhibit 2

**Aqua America Florida Salary Revised Evaluations**  
 -Summary Analysis-

Aqua America Position	Aqua America Incumbant	Current 2007 Grade	Current 2007 Midpoint	Summary Position Comparison	General Industry Cons	Utility Industry Cons	Summary Cons	Recom. 2007 Grade	Recom. 2007 Midpoint	Recom. Grade or Change
Senior Facilities Operator	Haring, March, Trendel, Hostetler, Fuller, Chamberlain, Wornell, Farrington	106	\$47,500.00	Senior /Lead Water Treatment Plt Op. # 42 (Employee Wtd. All)	#DIV/0!	\$51,148	\$51,148	106	\$47,500	0
Facility Operator II	Christmas, Aldrich, Kissick, Mamott, Hahn, Paver, Pitzer	105	\$37,900.00	Water Treatment Plt Op. # 41 (Employee Wtd. All)	#DIV/0!	\$42,705	\$42,705	105	\$37,900	0
Facility Operator I	Stanfield, Hennessy, Michaelson, McCarthy	104	\$30,300.00	Water Treatment Plt Op. # 41 (Employee Wtd. All)	#DIV/0!	\$40,885	\$40,885	106	\$37,900	1
Utility Tech Coordinator	Jay McKee	106	\$47,500.00	General Maint. Rep. Worker #5960 Lev 3	\$43,638	\$47,809	\$45,823	106	\$47,500	0
Utility Tech III	Hens, Girau-Ortiz, Evans, Sweat	105	\$37,900.00	General Maint. Rep. Worker #5960 Lev 3	\$39,671	\$43,281	\$41,476	105	\$37,900	0
Utility Tech II	Weaver, Link, Boyce, Brown, Davis, Westrick	104	\$30,300.00	General Maint. Rep. Worker #5960 Lev 2	\$35,107	\$37,262	\$36,185	105	\$37,900	1
Utility Tech I	DeMarco, Bergers, Bursey, Desmarais, McNair, Grisham, Furlow, Ledbetter	103	\$24,200.00	General Maint. Rep. Worker #5960 Lev 1	\$29,545	\$30,472	\$30,008	104	\$30,300	1

Exhibit 3

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 Summary by Saje  
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### General Industry Survey Data - Florida

Aqua America Position	Position Incumbent	Survey Position	Current 2007 Grade	Current 2007 Midpoint	General Industry Consensus
Senior Facilities Operator	Haring, March, Trendel, Hostetter, Fuller, Chamberlain, Worrell, Farrington	No Match	106	\$47,500.00	#DIV/0!
Facility Operator II	Christmas, Aldrich, Kissick, Marriott, Hahn, Paver, Pitzer	No Match	105	\$37,900.00	#DIV/0!
Facility Operator I	Stanfield, Hennessy, Michaelsen, McCarthy	No Match	104	\$30,300.00	#DIV/0!
Utility Tech Coordinator	Jay McKee	General Maint. Rep. Worker #5960 Lev 3	106	\$47,500.00	\$43,637.6
Utility Tech III	Hens, Girau-Ortiz, Evans, Sweat	General Maint. Rep. Worker #5960 Lev 3	105	\$37,900.00	\$39,670.5
Utility Tech II	Weaver, Link, Boyce, Brown, Davis, Westrick	General Maint. Rep. Worker #5960 Lev 2	104	\$30,300.00	\$35,107.0
Utility Tech I	DeMarco, Bergers, Bursey, Desmarais, McNair, Grisham, Furlow, Ledbetter	General Maint. Rep. Worker #5960 Lev 1	103	\$24,200.00	\$29,544.5

Exhibit 4

Docket No. 080121-WS  
 Summary by Saje  
 Exhibit JML-4, Page 6 of 8

### Utility Industry Survey Data - Florida

Aqua America Position	Position Incumbent	Survey Position	Current 2007 Grade	Current 2007 Midpoint	Utility Consensus
Senior Facilities Operator	Haring, March, Trendel, Hostetler, Fuller, Chamberlain, Worrell, Farrington	Senior /Lead Water Treatment Plt Op. # 42 (Employee Wtd. All)	106	\$47,500.00	\$51,148.2
Facility Operator II	Christmas, Aldrich, Kissick, Marriott, Hahn, Paver, Pitzer	Water Treatment Plt Op. # 41 (Employee Wtd. All)	105	\$37,900.00	\$42,705.2
Facility Operator I	Stanfield, Hennessy, Michaelsen, McCarthy	Water Treatment Plt Op. # 41 (Employee Wtd. All)	104	\$30,300.00	\$40,985.1
Utility Tech Coordinator	Jay McKee	General Maint. Rep. Worker #5960 Lev 3	106	\$47,500.00	\$47,609.1
Utility Tech III	Hens, Girau-Ortiz, Evans, Sweat	General Maint. Rep. Worker #5960 Lev 3	105	\$37,900.00	\$43,281.0
Utility Tech II	Weaver, Link, Boyce, Brown, Davis, Westrick	General Maint. Rep. Worker #5960 Lev 2	104	\$30,300.00	\$37,262.0
Utility Tech I	DeMarco, Bergers, Bursey, Desmarais, McNair, Grisham, Furlow, Ledbetter	General Maint. Rep. Worker #5960 Lev 1	103	\$24,200.00	\$30,471.5

Rate Case Structure for FO UT

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Final Summary Consensus for NC and FL - per Saje Consulting*						
Position	NC	FL				
Sr. Facility Operator	\$ 23.41	\$ 24.59				
Facility Operator II	\$ 20.53	\$ 20.53				
Facility Operator I	\$ 18.22	\$ 19.70				
Utility Tech III	\$ 19.94	\$ 19.94				
Utility Tech II	\$ 17.40	\$ 17.40				
Utility Tech I	\$ 14.43	\$ 14.43				
*fully competent employee at approx 5 years						
Position	Grade	Requirements	licenses*	experience (years)	Recommended Hiring Range - FL	Recommended Hiring Range - NC
Sr. Facility Operator	106	FL - minimum of 3 years; NC - minimum of 5 years	FL - minimum of dual C licenses; NC - Minimum Water B Well Cert AND/OR WW Grade III Cert	5+ 3-5	\$22.00 - \$24.00 \$18.00 - \$21.00	\$22.00 - \$23.00 \$18.00-\$21.00
Facility Operator II	105	minimum of 3 years of experience at a utility or related industry which provided mechanical experience or training	minimum of a C license	5+ 3-5	\$19.00 - \$20.00 \$17.00 - \$19.00	\$19.00 - \$20.00 \$17.00 - \$19.00
Facility Operator I	105	minimum of 2 years of experience at a utility or related industry which provided mechanical experience or training	NC- minimum of a C license (Wtr or WW) (NC - if WW - within 12 months must obtain a Coll. I	3-5+ 0-2	\$17.00 - \$20.00 \$15.00 - \$17.00	\$17.00 - \$19.00 \$15.00 - \$17.00

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Rate Case Structure for FO UT

Facility Operator Trainee	104	Minimum 2 years of experience at a utility or related industry which provided mechanical experience or training.	Within 18 months must obtain: Water C-Well License and/or within 18 months must obtain Coll I	3-5+	N/A	\$13.00 - \$15.00
				0-2	N/A	\$12.00 - \$14.00
Utility Tech III	105	minimum of 3 years of experience at a utility or related industry which provided mechanical experience or training	FL - Must have a Class C Water Distribution or Wastewater Collection certificate.	5+	\$19.00 - \$20.00	\$19.00 - \$20.00
				3-5	\$18.00 - \$19.00	\$18.00 - \$19.00
Utility Tech II	105	Minimum 2 years of experience at a utility or related industry which provided mechanical experience or training.	Within 18 months (FL - Wtr Dist Cert - Class C or WW Collections Cert - Class D) (NC - Water Dist C - WW I)	5+	\$17.00 - \$18.00	\$17.00 - \$18.00
				3-5	\$16.00 - \$17.00	\$16.00 - \$17.00
				0-2	\$15.00 - \$16.00	\$15.00 - \$16.00
Utility Tech I	104	Minimum - no previous experience necessary; valid drivers license; NC - CDL 60 days within date of hire	N/A	5+	\$14.00 - \$15.00	\$14.00 - \$15.00
				3-5	\$13.00 - \$14.00	\$13.00 - \$14.00
				0-2	\$12.00 - \$13.00	\$12.00 - \$13.00

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