

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.

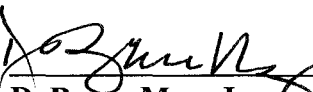
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**AQUA UTILITIES FLORIDA, INC.'S
NOTICE OF TYPOGRAPHICAL ERRORS IN POST-HEARING BRIEF**

Aqua Utilities Florida, Inc., by and through undersigned counsel, gives notice of typographical errors appearing on page 34 of its Post-Hearing Brief filed December 30, 2008. In particular, the quote from Commission Order No. PSC-03-1288-FOF-SU contained an error that has been corrected on revised page 34 which is attached. These corrections do not change any other pages of the brief.

Respectfully submitted this 5th day of January, 2009.

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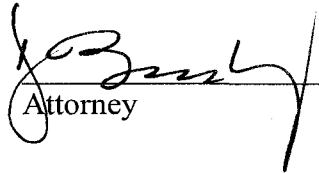
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was furnished by electronic transmission to **Ralph Jaeger, Esq., Katherine Fleming, Esq., Caroline Klancke, Esq., Erik Saylor, Esq., Office of General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, Charles Beck, Esq., Office of Public Counsel, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, and to Cecilia Bradley, Esq., Office of the Attorney General, The Capitol – PL01, Tallahassee, FL 32399-1050, this 5th day of January, 2009.**



Attorney

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at cost. (Tr. 391.) The record in this proceeding is replete with evidence that shows the costs allocated by the Service Company to AUF are both reasonable, necessary and below market. (Tr. 1542-1549; Comp. Ex. 65, Tab 32, pp. 32-35; Ex. 161.) Furthermore, undisputed evidence in the record shows that the executive compensation structure of Aqua America and its affiliates are at or below benchmarks compared to other utilities. In addition, the reasonableness and necessity of these affiliate charges were explained in detail to OPC through the discovery process. (Tr. 1540-42.)

OPC witness Dismukes does not take issue with the methodology whereby the Service Company's costs are allocated to AUF, nor does she address the reasonableness and the necessity of specific affiliated charges. Furthermore, Ms. Dismukes does not propose any adjustments to specific affiliated charges. (Tr. 1544-45.) Rather, she recommends that the Commission make a significant "blanket" adjustment of \$970,802 to test-year expenses for water and wastewater operations based on a general and unsupported claim that AUF's relationships with its parent and the Service Company are not efficient. (Tr. 690.) As a fall-back recommendation, Ms. Dismukes recommends that the Commission reduce test-year expenses by \$6,703 by taking into account what she claims to be services provided by Aqua America to non-regulated companies at no charge. (*Id.*) Both of these recommendations are flawed and should be rejected.

As stated, the record shows that OPC witness Dismukes does not challenge any specific affiliated charges as unreasonable. Instead, her "blanket" adjustment to affiliated charges is based on a shallow comparative analysis of the affiliate charges of other Class A Florida water utilities. The Commission expressly rejected this type of blanket adjustment by Ms. Dismukes in Order No. PSC-93-1288-FOF-SU ("We find it is inappropriate to make a reduction when the record does not support an argument that any specific [affiliate] charge is unreasonable.") (Tr.