

Ann Cole

From: Mary Bane
Sent: Monday, February 23, 2009 1:43 PM
To: Mary Bane; Bart Fletcher
Cc: William C. Garner; Roberta Bass; Lorena Holley; Larry Harris; Bill McNulty; Ann Cole; Tim Devlin; Betty Ashby; Mary Anne Helton; Booter Imhof; Aqua Florida; Marshall Willis; Cheryl Bulecza-Banks
Subject: RE: Request of Oral Modification to Item 1, February 24, 2009 Special Agenda Conference, Docket No. 080121-WS - Rate Case for Aqua Utilities Florida, Inc.

Approved.

From: Mary Bane
Sent: Monday, February 23, 2009 1:40 PM
To: Bart Fletcher
Cc: William C. Garner; Roberta Bass; Lorena Holley; Larry Harris; Bill McNulty; Ann Cole; Tim Devlin; Betty Ashby; Mary Anne Helton; Booter Imhof; Aqua Florida; Mary Bane; Marshall Willis; Cheryl Bulecza-Banks
Subject: FW: Request of Oral Modification to Item 1, February 24, 2009 Special Agenda Conference, Docket No. 080121-WS - Rate Case for Aqua Utilities Florida, Inc.
Importance: High

From: Bart Fletcher
Sent: Monday, February 23, 2009 12:50 PM
To: Mary Bane
Cc: William C. Garner; Roberta Bass; Lorena Holley; Larry Harris; Bill McNulty; Ann Cole; Tim Devlin; Betty Ashby; Mary Anne Helton; Booter Imhof; Aqua Florida
Subject: Request of Oral Modification to Item 1, February 24, 2009 Special Agenda Conference, Docket No. 080121-WS - Rate Case for Aqua Utilities Florida, Inc.
Importance: High

Staff respectfully requests approval to make oral modifications to its recommendation scheduled for Tuesday's special agenda: staff's post-hearing recommendation to approve revenue requirements for Aqua Utilities Florida, Inc.'s water and wastewater systems. Three issues are affected: Issue 69, Issue 73 and Issue 72, with fallout changes to other issues.

(1) Issue 69 and Attachment B Modifications

The recommendation paragraph of Issue 69 refers to Attachment B for the recommended interim refunds. Initially, Attachment B reflected refunds for 8 former Florida Water Service Corp. (FWSC) systems. However, consistent with approving interim rate increases for the former FWSC water and wastewater systems based on their aggregate interim revenues, the aggregate interim period water and wastewater revenue requirements are greater than the aggregate water and wastewater Interim Order revenue requirements. As such, no interim refunds are required for all former FWSC systems. In addition, Chuluota wastewater system should have no interim refund because Aqua withdrew its interim request for that system.

Thus, staff is only recommending interim refunds for 3 stand-alone systems which are Summit Chase water, Summit Chase wastewater, and Lake Suzy water.

(2) Issue 73, Schedule 2, Fall-out Issues 58 and 59, and Schedules 4-A, 4-B, & 4-C for Palm Terrace Water & Wastewater Modifications

With regard to regulatory assets in Issue 73, staff inadvertently applied the recommended regulatory asset of \$123,511 for the Palm Terrace wastewater system to the Palm Terrace water system. The recommendation paragraph for Issue 73 and Schedule 2 will need to be revised for this correction. Also, this modification will result in fall-out modifications to issues 58 and 59, as well as modifications to Schedules 4-A, 4-B, and 4-C for Palm Terrace water and wastewater.

(3) AFPI Schedules associated with Issue 72

(i) The recommendation paragraph of Issue 72 incorrectly referenced Schedule 6 which should be changed to correctly reflect Schedule 5. (ii) In addition, the second to the last sentence in the first paragraph on page 210, the reference to Schedule 6 should be changed to correctly reflect Schedule 5. (iii) The AFPI Schedules reflect the total ERCs instead of the appropriate Remaining ERCs for all systems. (iv) The GPD per ERC for Palm Port and Silver Lake Oaks should be 280 gpd instead of 350 gpd.

The corrections to these three issues do not affect the recommendation in any other respect. Staff has reflected each of the requested modifications in detail below:

(1) Issue 69 and Attachment B Modifications

First, on Page 204, in the last paragraph under staff analysis for Issue 69, staff requests to make the following type and strike change to correct staff's erroneous recommending refunds for Aqua's former FWSC systems:

"Applying the requirements of the interim statute, staff recommends that only three systems required no interim refunds because the calculated interim period revenue requirements were greater than the interim revenue requirements approved in Order No. PSC-08-0534-FOF-WS. Our calculations for

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determining interim refunds are shown in Attachment B."

Second, on pages 232 and 233, Attachment B should be revised, as follows, to reflect no refunds for Chuluota wastewater, Friendly Center water, Jungle Den Water, Kingswood water, Leisure Lakes wastewater, Pomona Park water, St. Johns Highlands water, and Village Water wastewater.

Aqua Utilities Florida, Inc.						Attachment B
Schedule of Interim Refunds						Docket No.
Test Year Ended December 31, 2007						080121-WS
SUMMARY OF OPERATING REVENUES BY SYSTEM						Page 1 of 2
	Staff Recommended Revenue Req.	Recommended Grossed-Up RC Expense	Staff Interim Period Rev. Req.	Interim Rev. Req. Per Order	Calculated Interim Excess	Refund Percentage
ARREDONDO ESTATES/FARMS - WATER	\$253,343	\$8,250	\$245,093	\$236,599	(\$8,494)	No Refund
ARREDONDO ESTATES/FARMS - WASTEWATER	190,584	4,789	185,795	175,785	(10,010)	No Refund
BEECHER'S POINT - WATER	80,455	739	79,716	58,156	(21,560)	No Refund
BEECHER'S POINT - WASTEWATER	101,504	252	101,251	90,900	(10,351)	No Refund
CARLTON VILLAGE - WATER	104,544	4,066	100,477	78,586	(21,891)	No Refund
CHULUOTA - WATER	945,088	23,238	921,850	877,751	(44,099)	No Refund
CHULUOTA - WASTEWATER	624,310	9,745	614,565	833,112	218,547	No Refund
EAST LAKE HARRIS ESTATES - WATER	119,685	2,907	116,778	99,283	(17,495)	No Refund
FERN TERRACE - WATER	59,572	2,067	57,506	51,841	(5,664)	No Refund
FLORIDA CENTRAL COMMERCE PARK - WASTEWATER	387,868	991	386,877	298,278	(88,599)	No Refund
FRIENDLY CENTER - WATER	17,180	487	16,693	22,372	5,679	No Refund
GIBSONIA ESTATES - WATER	99,411	3,159	96,252	89,045	(7,207)	No Refund
GRAND TERRACE - WATER	57,701	1,815	55,887	51,952	(3,935)	No Refund
HAINES CREEK - WATER	41,997	1,764	40,233	37,584	(2,649)	No Refund
HARMONY HOMES - WATER	50,842	991	49,851	35,223	(14,628)	No Refund
HERMITS COVE - WATER	126,766	2,840	123,926	115,891	(8,035)	No Refund
HOBBY HILLS - WATER	48,213	1,647	46,566	43,234	(3,332)	No Refund
HOLIDAY HAVEN - WATER	72,094	1,999	70,094	64,806	(5,288)	No Refund
HOLIDAY HAVEN - WASTEWATER	136,894	1,764	135,130	112,566	(22,565)	No Refund
IMPERIAL MOBILE TERRACE - WATER	100,703	4,033	96,670	90,215	(6,455)	No Refund
INTERLACHEN LAKES ESTATES - WATER	100,320	4,352	95,968	81,803	(14,164)	No Refund
J. SWIDERSKI - 48 ESTATES - WATER	53,211	1,428	51,783	48,127	(3,656)	No Refund
J. SWIDERSKI - KINGS COVE - WATER	76,735	3,411	73,324	70,467	(2,857)	No Refund
J. SWIDERSKI - KINGS COVE - WASTEWATER	90,054	3,276	86,778	86,756	(22)	No Refund
J. SWIDERSKI - SUMMIT CHASE - WATER	80,053	3,528	76,525	80,536	4,012	4.98%
J. SWIDERSKI - SUMMIT CHASE - WASTEWATER	62,663	3,512	59,151	59,713	562	0.94%
JASMINE LAKES - WATER	463,648	24,565	439,083	376,634	(62,449)	No Refund
JASMINE LAKES - WASTEWATER	930,242	24,431	905,811	738,840	(166,971)	No Refund
JUNGLE DEN - WATER	45,169	1,899	43,270	44,213	943	No Refund
JUNGLE DEN - WASTEWATER	119,469	2,285	117,184	85,559	(31,625)	No Refund
KINGSWOOD - WATER	39,409	958	38,451	47,025	8,574	No Refund
LAKE GIBSON ESTATES - WATER	323,443	13,375	310,068	276,229	(33,839)	No Refund
LAKE GIBSON ESTATES - WASTEWATER	648,320	5,192	643,128	571,341	(71,787)	No Refund
LAKE JOSEPHINE - WATER	318,548	9,191	309,357	215,171	(94,186)	No Refund
LAKE OSBORNE ESTATES - WATER	302,085	7,595	294,491	292,437	(2,054)	No Refund
LAKE SUZY - WATER	416,239	9,140	407,099	415,636	8,537	2.05%
LAKE SUZY - WASTEWATER	315,086	4,268	310,818	270,835	(39,984)	No Refund
LEISURE LAKES - WATER	111,680	4,453	107,207	99,782	(7,425)	No Refund
LEISURE LAKES - WASTEWATER	71,784	4,385	67,399	89,334	21,935	No Refund
MORNINGVIEW - WATER	39,638	571	39,067	28,655	(10,412)	No Refund
MORNINGVIEW - WASTEWATER	43,089	571	42,517	31,170	(11,347)	No Refund
OAKWOOD - WATER	144,735	3,344	141,392	138,487	(2,904)	No Refund
OCALA OAKS - WATER	841,404	29,488	811,916	711,302	(100,614)	No Refund
ORANGE HILL / SUGAR CREEK - WATER	110,377	3,881	106,496	102,458	(4,038)	No Refund
PALM PORT - WATER	63,384	1,764	61,619	44,780	(16,839)	No Refund
PALM PORT - WASTEWATER	88,623	1,747	86,875	59,818	(27,057)	No Refund
PALM TERRACE - WATER	542,460	18,583	523,877	486,394	(37,482)	No Refund
PALM TERRACE - WASTEWATER	579,575	16,080	563,495	402,439	(161,056)	No Refund
PALMS MOBILE HOME PARK - WATER	40,579	958	39,621	34,236	(5,385)	No Refund
PARK MANOR - WASTEWATER	36,023	437	35,586	35,116	(470)	No Refund
PICCIOLA ISLAND - WATER	53,394	2,369	51,025	47,262	(3,762)	No Refund
PINEY WOODS - WATER	105,425	2,890	102,535	98,288	(4,247)	No Refund
POMONA PARK - WATER	99,462	2,588	96,874	98,061	1,187	No Refund
QUAIL RIDGE - WATER	42,483	1,529	40,954	25,801	(15,153)	No Refund
RAVENSWOOD - WATER	25,786	739	25,047	19,328	(5,718)	No Refund
RIVER GROVE - WATER	50,862	1,798	49,064	47,533	(1,531)	No Refund
ROSALIE OAKS - WATER	43,364	1,428	41,936	36,995	(4,941)	No Refund
ROSALIE OAKS - WASTEWATER	109,977	1,428	108,548	51,433	(57,116)	No Refund
SEBRING LAKES - WATER	106,519	1,109	105,411	34,793	(70,617)	No Refund
SILVER LAKE ESTATE / WESTERN SHORES - WATER	698,373	26,783	671,590	521,432	(150,158)	No Refund
SILVER LAKE OAKS - WATER	42,174	437	41,737	34,178	(7,559)	No Refund
SILVER LAKE OAKS - WASTEWATER	46,888	437	46,451	35,022	(11,429)	No Refund
SKYCREST - WATER	66,504	1,983	64,522	44,887	(19,635)	No Refund

SOUTH SEAS - WASTEWATER	789,805	1,008	788,796	712,659	(76,137)	No Refund
ST. JOHNS HIGHLANDS - WATER	22,553	1,613	20,940	21,166	226	No Refund
STONE MOUNTAIN - WATER	13,930	168	13,762	8,984	(4,777)	No Refund
SUNNY HILLS - WATER	296,786	9,325	287,461	212,686	(74,775)	No Refund
SUNNY HILLS - WASTEWATER	131,365	2,705	128,660	91,749	(36,911)	No Refund
TANGERINE - WATER	138,295	4,285	134,010	106,744	(27,267)	No Refund
THE WOODS - WATER	74,450	924	73,525	33,017	(40,508)	No Refund
THE WOODS - WASTEWATER	65,126	857	64,269	54,317	(9,952)	No Refund
Aqua Utilities Florida, Inc.						Attachment B
Schedule of Interim Refunds						Docket No.
Test Year Ended December 31, 2007						080121-WS
						Page 2 of 2
SUMMARY OF OPERATING REVENUES BY SYSTEM	Staff Recommended Revenue Req.	Recommended Grossed-Up RC Expense	Staff Interim Period Rev. Req.	Interim Rev. Req. Per Order	Calculated Interim Excess	Refund Percentage
TOMOKA - WATER	171,866	4,436	167,431	148,556	(18,875)	No Refund
VALENCIA TERRACE - WATER	135,123	5,629	129,494	113,614	(15,880)	No Refund
VALENCIA TERRACE - WASTEWATER	173,130	5,511	167,618	156,085	(11,533)	No Refund
VENETIAN VILLAGE - WATER	75,505	2,672	72,833	66,803	(6,031)	No Refund
VENETIAN VILLAGE - WASTEWATER	74,034	1,596	72,437	65,220	(7,217)	No Refund
VILLAGE WATER - WATER	203,927	2,655	201,272	175,064	(26,208)	No Refund
VILLAGE WATER - WASTEWATER	218,188	571	217,617	251,269	33,652	No Refund
WELAKA / SARATOGA HARBOUR - WATER	81,620	2,436	79,184	70,976	(8,208)	No Refund
WOOTENS - WATER	30,132	470	29,662	25,962	(3,699)	No Refund
ZEPHYR SHORES - WATER	159,841	7,242	152,600	142,899	(9,700)	No Refund
ZEPHYR SHORES - WASTEWATER	170,169	7,259	162,911	105,446	(57,464)	No Refund
TOTAL	\$15,233,833	\$393,091	\$14,840,742	\$13,146,706	(\$1,694,037)	

(2) **Issue 73, Schedule 2, Fall-out Issues 58 and 59, and Schedules 4-A, 4-B, & 4-C for Palm Terrace Water & Wastewater Modifications**

First, on page 211, in the recommendation paragraph for Issue 73, staff requests to make the following type and strike changes to correct for the misclassification of Palm Terrace wastewater's regulatory asset.

Recommendation: Consistent with the recommended interim refunds discussed in Issue 69, the lost interim revenues for the three systems discussed in staff's analysis below, and an estimated cessation date for the interim collection period of two weeks after the final rate order in this case, the total WAW regulatory assets for water and wastewater are \$270,304 ~~\$517,927~~ and \$149,313, ~~\$292,299~~ respectively. Accordingly, the total annual amortization amount is \$135,152 ~~\$259,664~~ and \$224,656 ~~\$401,145~~ for water and wastewater, respectively. Moreover, the individual systems that generated the regulatory assets should be entitled to receive the benefit of the annual amortization of their respective regulatory assets. Furthermore, upon the expiration of the two-year amortization period, the respective systems' rates should be reduced across-the-board to remove the respectively grossed-up annual amortization of the regulatory assets. The Utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than 30 days prior to the actual date of the required rate reduction. The approved rates should be effective for service rendered on or after the stamped approval date of the revised tariff sheets pursuant to Rule 25-40.475(1), F.A.C. The rates should not be implemented until staff has approved the proposed customer notice. AUF should provide proof of the date notice was given no less than 10 days after the date of the notice. (Fletcher)

Second, in the staff analysis section for Issue 73, the last paragraph on page 213, staff requests to make the following type and strike changes.

Consistent with the recommended interim refunds discussed in Issue 69, the lost interim revenues for the three systems discussed above, and an estimated cessation date for the interim collection period of two weeks after the final rate order in this case, staff recommends that total WAW regulatory assets for water and wastewater are \$270,304 ~~\$517,927~~ and \$149,313, ~~\$292,299~~ respectively. Accordingly, the total annual amortization amount for WAW is \$135,152 ~~\$259,664~~ and \$224,656 ~~\$401,145~~ for water and wastewater, respectively. Moreover, staff recommends that individual systems that generated the regulatory assets should be entitled to receive the benefit of the annual amortization of their respective regulatory assets. Annual amortization for the applicable systems are reflected on the respective Schedule 4-C ~~3-C~~. Furthermore, staff recommends that, upon the expiration of the two-year amortization period, the respective systems' rates should be reduced across-the-board to remove the respectively grossed-up annual amortization of the regulatory assets.

Third, on page 236, Schedule 2 should be revised to reflect the correct revenue requirements for Palm Terrace water and wastewater, as well as the correct aggregate water and wastewater revenue requirements.

Aqua Utilities Florida, Inc.

Schedule of Revenue Requirements & Revenue Increases

Test Year Ended December 31, 20007

Schedule No.
2
Docket No.
080121-WS

SYSTEM NAME	Water				Wastewater			
	Adjusted Test Year Revenues	Staff Recomm. \$ Increase	Staff Recomm. % Increase	Staff Recomm. Rev. Req.	Adjusted Test Year Revenues	Staff Recomm. \$ Increase	Staff Recomm. % Increase	Staff Recomm. Rev. Req.
1ARREDONDO ESTATES/FARMS	\$154,204	\$99,139	64.29%	\$253,343	\$101,355	\$89,229	88.04%	\$190,584
2BEECHER'S POINT	25,970	54,485	209.80%	80,455	17,067	84,437	494.74%	101,504
3CARLTON VILLAGE	119,503	(14,959)	-12.52%	104,544				
4CHULUOTA	774,346	170,742	22.05%	945,088	524,153	100,157	19.11%	624,310
5EAST LAKE HARRIS ESTATES	41,965	77,720	185.20%	119,685				
6FERN TERRACE	48,543	11,029	22.72%	59,572				

7FLORIDA CENTRAL COMMERCE PARK					151,289	236,580	156.38%	387,868
8FRIENDLY CENTER	12,324	4,856	39.40%	17,180				
9GIBSONIA ESTATES	24,692	74,719	302.60%	99,411				
10GRAND TERRACE	33,299	24,402	73.28%	57,701				
11HAINES CREEK	22,096	19,901	90.07%	41,997				
12HARMONY HOMES	30,322	20,520	67.67%	50,842				
13HERMITS COVE	43,803	82,963	189.40%	126,766				
14HOBBY HILLS	25,365	22,848	90.07%	48,213				
15HOLIDAY HAVEN	37,699	34,395	91.24%	72,094	53,514	83,380	155.81%	136,894
16IMPERIAL MOBILE TERRACE	52,209	48,494	92.88%	100,703				
17INTERLACHEN LAKES/PARK MANOR	76,019	24,301	31.97%	100,320	14,924	21,099	141.38%	36,023
18J. SWIDERSKI - 48 ESTATES	30,831	22,380	72.59%	53,211				
19J. SWIDERSKI - KINGS COVE	61,952	14,783	23.86%	76,735	73,322	16,732	22.82%	90,054
20J. SWIDERSKI - SUMMIT CHASE	43,212	36,841	85.26%	80,053	41,772	20,891	50.01%	62,663
21JASMINE LAKES	459,916	3,732	0.81%	463,648	370,682	559,560	150.95%	930,242
22JUNGLE DEN	17,205	27,964	162.53%	45,169	38,350	81,119	211.52%	119,469
23KINGSWOOD	15,592	23,817	152.75%	39,409				
24LAKE GIBSON ESTATES	141,805	181,637	128.09%	323,443	97,052	551,268	568.01%	648,320
25LAKE JOSEPHINE	125,915	192,633	152.99%	318,548				
26LAKE OSBORNE ESTATES	112,140	189,945	169.38%	302,085				
27LAKE SUZY	328,443	87,796	26.73%	416,239	370,901	(55,815)	-15.05%	315,086
28LEISURE LAKES	56,721	54,939	96.86%	111,660	68,366	3,418	5.00%	71,784
29MORNINGVIEW	17,458	22,180	127.05%	39,638	21,561	21,528	99.85%	43,089
30OAKWOOD	54,442	90,294	165.85%	144,735				
31OCALA OAKS	513,267	328,137	63.93%	841,404				
32ORANGE HILL / SUGAR CREEK	51,821	58,556	113.00%	110,377				
33PALM PORT	36,136	27,248	75.40%	63,384	58,477	30,146	51.55%	88,623
34PALM TERRACE	316,443	226,017	71.42%	542,460	381,537	198,038	51.91%	579,575
35PALMS MOBILE HOME PARK	11,234	29,345	261.21%	40,579				
36PICCIOLA ISLAND	52,569	825	1.57%	53,394				
37PINEY WOODS	78,023	27,402	35.12%	105,425				
38POMONA PARK	60,020	39,442	65.71%	99,462				
39QUAIL RIDGE	45,857	(3,374)	-7.36%	42,483				
40RAVENSWOOD	15,029	10,757	71.57%	25,786				
41RIVER GROVE	36,470	14,392	39.46%	50,862				
42ROSALIE OAKS	13,999	29,365	209.77%	43,364	27,147	82,830	305.12%	109,977
43SEBRING LAKES	16,444	90,075	547.77%	106,519				
44SILVER LAKE EST/WESTERN SHORES	533,262	165,111	30.96%	698,373				
45SILVER LAKE OAKS	13,299	28,875	217.12%	42,174	18,699	28,189	150.75%	46,888
46SKYCREST	52,052	14,452	27.77%	66,504				
47SOUTH SEAS					421,474	368,331	87.39%	789,805
48ST. JOHNS HIGHLANDS	25,122	(2,569)	-10.22%	22,553				
49STONE MOUNTAIN	4,998	8,932	178.70%	13,930				
50SUNNY HILLS	273,209	23,577	8.63%	296,786	84,630	46,735	55.22%	131,365
51TANGERINE	73,357	64,938	88.52%	138,295				
52THE WOODS	23,194	51,256	220.99%	74,450	20,076	45,050	224.39%	65,126
53TOMOKA	47,370	124,496	262.82%	171,866				
54VALENCIA TERRACE	92,958	42,165	45.36%	135,123	240,521	(67,391)	-28.02%	173,130
55VENETIAN VILLAGE	58,110	17,395	29.93%	75,505	49,440	24,594	49.74%	74,034
56VILLAGE WATER	100,253	103,674	103.41%	203,927	93,632	124,556	133.03%	218,188
57WELAKA / SARATOGA HARBOUR	46,469	35,151	75.64%	81,620				
58WOOTENS	7,077	23,055	325.78%	30,132				
59ZEPHYR SHORES	<u>76,964</u>	<u>82,877</u>	107.68%	<u>159,841</u>	<u>133,059</u>	<u>37,110</u>	27.89%	<u>170,169</u>
TOTAL	\$5,662,997	\$3,366,067	59.44%	\$9,029,065	\$3,472,999	\$2,731,770	78.66%	\$6,204,769

Fourth, to reflect the fall-out changes to operating loss in Issue 58, on page 176, staff requests to make the following type and strike changes to the recommendation and staff analysis sections.

Recommendation: The test year pre-repression WAW operating losses are ~~\$809,066~~ ~~\$986,400~~ for water and ~~\$566,712~~ ~~\$489,724~~ for wastewater. (Billingslea)

Staff Analysis: Based on the adjustments discussed in previous issues, staff recommends that the test year operating losses before any provision for increased revenues is ~~\$809,066~~ ~~\$986,400~~ for water and ~~\$566,712~~ ~~\$489,724~~ for wastewater. The test year operating losses before any provision for increased revenues by plant is shown in the attached individual operating income schedules. The schedules for WAW operating income are attached as Schedules Nos. 4-A, and 4-B for each individual system in alphabetical order.

Fifth, to reflect the fall-out changes to water and wastewater revenue requirements in Issue 59 on page 177, staff requests to make the following type and strike changes to the recommendation and staff analysis sections.

Recommendation: The appropriate pre-repression revenue requirement for the December 31, 2007 test year is \$9,029,066 ~~\$9,458,396~~ for water and \$6,024,769 ~~\$6,075,546~~ for wastewater. (Fletcher, Billingslea, Mouring)

Staff Analysis: Consistent with staff's recommendation of rate base, cost of capital, and net operating income adjustments, staff recommends the total pre-repression revenue requirement is \$9,029,066 ~~\$9,458,396~~ for water and \$6,024,769 ~~\$6,075,546~~ for wastewater. The pre-repression revenue requirement for each of the Utility's WAW systems are reflected in Schedule Nos. 2, 4-A, and 4-B.

Sixth, on page 402, Schedule 4-A should be revised to reflect the correct revenue requirement for Palm Terrace water.

AUF/Palm Terrace Statement of Water Operations Test Year Ended 12/31/07							Schedule No. 4-A Docket No. 080121-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement	
1 Operating Revenues:	\$317,409	\$308,628	\$626,037	(\$309,594)	\$316,443	\$226,017 71.42%	\$542,460	
Operating Expenses								
2 Operation & Maintenance	\$394,440	\$83,512	\$477,952	(\$36,060)	\$441,892	\$0	\$441,892	
3 Depreciation	5,741	16,705	22,446	(3,840)	18,606	0	18,606	
4 Amortization	0	6,717	6,717	0	6,717	0	6,717	
5 Taxes Other Than Income	24,660	14,037	38,697	(18,239)	20,458	10,171	30,628	
6 Income Taxes	(41,442)	67,437	25,995	(93,149)	(67,154)	81,223	14,069	
7 Total Operating Expense	\$383,399	\$188,408	\$571,807	(\$151,288)	\$420,519	\$91,394	\$511,912	
8 Operating Income	(\$65,990)	\$120,220	\$54,230	(\$158,306)	(\$104,076)	\$134,623	\$30,548	
9 Rate Base	\$172,478		\$659,514		\$389,803		\$389,803	
10 Rate of Return	-38.26%		8.22%		-26.70%		7.84%	

Seventh, on page 403, Schedule 4-B should be revised to reflect the correct revenue requirement for Palm Terrace wastewater.

AUF/Palm Terrace Statement of Wastewater Operations Test Year Ended 12/31/07							Schedule No. 4-B Docket No. 080121-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement	
1 Operating Revenues:	\$384,667	\$125,456	\$510,123	(\$128,586)	\$381,537	\$198,038 51.91%	\$579,575	
Operating Expenses								
2 Operation & Maintenance	\$211,359	\$78,021	\$289,380	(\$24,727)	\$264,653	\$0	\$264,653	
3 Depreciation	29,392	19,843	49,235	(22,706)	26,529	0	26,529	
4 Amortization	0	5,720	5,720	123,511	129,231	0	129,231	
5 Taxes Other Than Income	15,143	24,960	40,103	(6,341)	33,762	8,912	42,674	
6 Income Taxes	49,674	(8,864)	40,810	(75,246)	(34,436)	71,168	36,732	
7 Total Operating Expense	\$305,568	\$119,680	\$425,248	(\$5,509)	\$419,739	\$80,080	\$499,819	
8 Operating Income	\$79,099	\$5,776	\$84,875	(\$123,077)	(\$38,202)	\$117,958	\$79,756	
9 Rate Base	\$826,594		\$1,042,040		\$1,017,717		\$1,017,717	
10 Rate of Return	9.57%		8.15%		-3.75%		7.84%	

Eighth, on page 404, Schedule 4-C should be revised to reflect the correct regulatory asset and income tax adjustments for Palm Terrace water and wastewater.

AUF/Palm Terrace Adjustment to Operating Income Test Year Ended 12/31/07		Schedule 4-C Docket No. 080121-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 Remove requested final revenue increase.	(\$311,421)	(\$128,586)	
2 To reflect appropriate annualized revenue adjustment. (Issue 30)	0	0	
3 To reflect the appropriate miscellaneous service revenues. (Issue 31)	1,827	0	
Total	(\$309,594)	(\$128,586)	
<u>Operation and Maintenance Expenses</u>			
1 Stipulated Issue 33.	(\$381)	(\$330)	
2 Remove miscellaneous non-utility expenses. (Issue 34)	(1,013)	(876)	
3 Stipulated Issue 35.	(473)	(537)	
4 Stipulated Issue 37.	(673)	(582)	
5 To remove image enhancing advertising expense. (Issue 38)	(33)	(28)	
6 To remove lobbying and acquisition expenses. (Issue 39)	(1,543)	(1,335)	
7 To remove executive risk insurance expense. (Issue 40)	(386)	(334)	
8 To remove below-the-line expenses. (Issue 48)	(2,623)	(2,270)	
9 To reflect the appropriate bad debt expense. (Issue 50)	(13,938)	(7,231)	
10 To reflect the appropriate rate case expense. (Issue 52)	1,564	1,370	
11 To reflect appropriate normalization adjustments. (Issue 53)	(2,617)	(2,264)	
12 To reflect the appropriate pro forma expenses. (Issue 54)	(13,944)	(10,310)	
Total	(\$36,060)	(\$24,727)	
<u>Depreciation Expense</u>			
1 To reflect the appropriate amt of depr exp. for pro forma Corp IT. (Issue 4)	\$409	\$409	
2 To reflect appropriate amt of depr exp. for pro forma meters. (Issue 4)	(3,627)	(3,627)	
4 To remove test year depreciation expenses. (Issue 55)	(546)	(472)	
5 Stipulated Issue 56.	(76)	(19,016)	
Total	(\$3,840)	(\$22,706)	
<u>Amorization</u>			
To reflect appropriate regulatory asset from Capped Interim Rates. (Issue 73)	\$0	\$123,511	
<u>Taxes Other Than Income</u>			
1 RAFs on revenue adjustments above.	(\$13,932)	(\$5,786)	
2 To remove below-the-line payroll taxes. (Issue 48)	(201)	(174)	
3 To reflect appropriate normalization adjustments. (Issue 53)	(3)	(2)	
4 To reflect the appropriate pro forma payroll taxes. (Issue 54)	(268)	(232)	
5 To reflect the appropriate property taxes. (Issue 57)	(3,836)	(146)	
Total	(\$18,239)	(\$6,341)	
<u>Income Taxes</u>			
To adjust to test year income tax expense.	(\$93,149)	(\$75,246)	

(3) AFPI Schedules associated with Issue 72

First, to reflect the appropriate Schedule reference in the recommendation paragraph of Issue 72 on page 209, staff requests to make the following type and strike change.

Recommendation: Yes. The Utility should be authorized to charge AFPI charges shown on ~~Schedule 5~~ ~~Schedule 6~~ for the systems in which they requested and staff analysis shows the system is operating at less than 100 percent U&U. AFPI charges should be cancelled for the systems listed in the staff analysis which have a current tariff but the Utility is no longer requesting charges. (Billingslea)

Second, to reflect the appropriate Schedule reference in the second to the last sentence in the first paragraph on page 210, staff requests to make the following type and strike change.

AUF requested revised AFPI charges for the following systems: 48 Estates, Carlton Village, Hermits Cove, Holiday Have, Interlachen Lake Estates, Leisure Lakes, Palm Port, Palms Mobile Home Park, Picciola Island, Pomona Park, Sebring Lakes, Silver Lake Oaks, St. John's Highlands, Stone Mountain, Sunny Hills, Tangerine, The Woods, Venetian Village, Welaka/Saratoga, and Wootens. Staff believes it is prudent for AUF to seek collection of AFPI charges from future customers. Therefore, each of the systems mentioned above should have an updated AFPI tariff. Consistent with staff's recommended non-used and useful plant, depreciation expense and property taxes, as well as the return on equity and overall cost of capital, the calculated AFPI charges for each of these systems are shown on ~~Schedule 5~~ ~~Schedule 6~~. The AFPI charge shall be based upon the number of ERCs required by a particular customer.

Third, to reflect the appropriate remaining ERCs on the respective Schedule 5 on pages 521 through 551, staff requests to make the following changes shown in the table below.

System	ECR Initially in Recommendation	Correct Remaining ERCs
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Carlton Village Water Distribution Lines	78	41
Hermits Cove Water Distribution Lines	200	64
Hermits Cove Water Treatment Plant	66	46
Holiday Haven Water Distribution Lines	156	37
Holiday Haven Wastewater Distribution Lines	161	40
Holiday Haven Wastewater Treatment Plant	30	8
Interlachen Lake Estates Water Distribution Lines	375	64
J Swiderski 48 Estates - Water Distribution Lines	134	20
Leisure Lakes Water Distribution Lines	401	96
Palm Port Wastewater Distribution Lines	136	16
Palms MHP Water Distribution Lines	80	10
Picciola Island Water Distribution Lines	200	40
Picciola Island Water Treatment Plant	37	9
Pomona Park Water Distribution Lines	347	170
Sebring Lakes Water Treatment Plant	105	58
Silver Lake Oaks Water Distribution Lines	52	17
Silver Lake Oaks Wastewater Distribution Lines	53	18
Silver Lake Oaks Wastewater Treatment Plant	18	10
St. John's Highlands Water Distribution Lines	144	40
Stone Mountain Water Distribution Lines	21	10
Sunny Hills Water Distribution Lines	5,592	4,865
Sunny Hills Wastewater Distribution Lines	508	315
Tangerine Water Distribution Lines	561	224
The Woods Water Distribution Lines	139	75
The Woods Wastewater Distribution Lines	140	56
Venetian Village Water Treatment Plant	70	18
Village Water Wastewater Distribution Lines	73	39
Village Water Wastewater Treatment Plant	36	20
Welaka/Saratoga Water Distribution Lines	470	240
Welaka/Saratoga Water Treatment Plant	62	13
Wootens	60	21

Fourth, to reflect the appropriate GPD/ERC for the Palm Port wastewater on page 530 and Silver Lake Oaks wastewater on page 537, staff requests to make the following changes shown in the table below.

System	GPD/ERC Initially in Recommendation	Correct GPD/ERC
Palm Port Wastewater Distribution Lines	350	280
Silver Lake Oaks Wastewater Treatment Plant	350	280