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CHRISTIAN W. MARCELLI, OF COUNSEL
(LICENSED IN NEW YORK ONLY)

July 2, 2009
VIA HAND DELIVERY

Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Peoples Water Service Company of Florida, Inc.; 2008 General Rate Increase Application
PSC Docket No. 080695-WU
Our File No. 31007.06

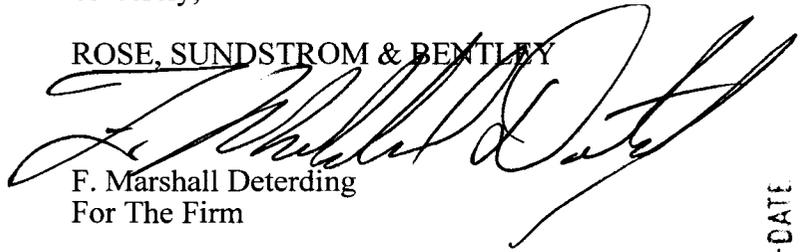
Dear Ms. Cole:

Attached in response to the letter of June 19, 2009 from Beth Salak, Director of the Commission's Division of Regulatory Compliance, is the response of Peoples Water Service Company of Florida, Inc. to the deficiencies outlined in that letter. Each set is individually numbered to correspond with each of the 11 questions and/or deficiencies noted therein.

We believe that with the filing of this additional information, the Application of Peoples Water Service Company of Florida, Inc. for increased rates is now complete. Should you need anything further or have any questions in this regard, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY



F. Marshall Deterding
For The Firm

FMD/tms

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DOCUMENT NUMBER-DATE

06675 JUL-28

FPSC-COMMISSION CLERK

PEOPLES WATER SERVICE COMPANY OF FLORIDA, INC.
APPLICATION FOR INCREASE IN WATER RATES
DOCKET NO. 080695-WU

Response to Deficiency No. 1

1. Rule 25-30.437(1), F.A.C. requires that each section of the MFRs are to be indexed and tabbed. The entire MFRs were submitted without tabs dividing the groups of schedules, although there were tabs for the appendixes.

Response: Please see the attached tabs.

DOCUMENT NUMBER-DATE
06675 JUL-28
CLERK

PEOPLES WATER SERVICE COMPANY OF FLORIDA, INC.
APPLICATION FOR INCREASE IN WATER RATES
DOCKET NO. 080695-WU

Response to Deficiency No. 2

2. Per Commission Rule 25-30.436, F.A.C., all pages within the application must be consecutively numbered. The numbers on the pages in Volume I do not extend to the appendixes

Response: Please see the revised numbered appendix pages attached.

APPENDIX A

Peoples Water Service of Florida
Adjustments to Accumulated Depreciation, Expense, CIAC Amortization,
and Accumulated Amortization of CIAC
Year Ended December 31, 2008

	<u>Accumulated Amortization of CIAC per Books</u>	<u>Accumulated Amortization Guideline Rates</u>	<u>Adjustment</u>	<u>Amortization Expense Per Books</u>	<u>Amortization Expense Per Guideline Rates</u>	<u>Adjustment</u>
Plant Capacity Charges	\$ 289,867	\$ 298,985	\$ 9,118	\$ 17,733	\$ 26,851	\$ 9,118
Meters	40,272	43,009	2,737	2,463	5,200	2,737
Contributed Property:						
Distribution Mains	546,020	546,590	570	33,406	33,975	569
Services	484,365	485,626	1,261	29,636	30,897	1,261
Hydrants	64,938	65,056	118	3,975	4,093	118
Treatment Equipment	134,864	141,657	6,793	8,249	15,042	6,793
Backflow Prevention Devices	622	660	38	38	76	38
Total	<u>\$ 1,560,948</u>	<u>\$ 1,581,583</u>	<u>\$ 20,635</u>	<u>\$ 95,500</u>	<u>\$ 116,134</u>	<u>\$ 20,634</u>

Peoples Water Service of Florida
Adjustments to Accumulated Depreciation, Expense, CIAC Amortization,
and Accumulated Amortization of CIAC
Year Ended December 31, 2008

	Accumulated Depreciation <u>Per Books</u>	Accumulated Depreciation <u>Guidline Rates</u>	<u>Adjustment</u>	Depreciation Expense <u>Per Books</u>	Depreciation Expense Per <u>Guidline Rates</u>	<u>Adjustment</u>
304.20 Structures & Improvements	\$ 1,941	\$ 1,988	\$ 47	\$ 91	\$ 140	\$ 49
304.30 Structures & Improvements	13,282	13,296	14	1,149	1,163	14
304.40 Structures & Improvements	92,689	92,677	(12)	5,177	5,165	(12)
304.50 Structures & Improvements	126,987	126,502	(485)	5,567	5,082	(485)
307.20 Wells & Springs	473,520	481,220	7,700	10,244	17,944	7,700
311.20 Pumping Equipment	548,763	555,309	6,546	36,382	39,263	2,881
320.30 Water Treatment Equipment	480,907	500,011	19,104	9,143	28,247	19,104
330.40 Dist Res & Standpipes	442,746	416,726	(26,020)	58,404	32,384	(26,020)
331.40 T & D Mains	1,867,678	1,873,189	5,511	86,357	94,432	8,075
333.40 Services	1,320,765	1,314,656	(6,109)	53,517	47,408	(6,109)
334.40 Meters/Meter Installations	505,817	473,720	(32,097)	104,676	76,368	(28,308)
335.40 Hydrants	305,993	305,393	(600)	15,949	15,349	(600)
339.10 Other Plant & Misc Equip	678	678	-	-	-	-
339.60 Backflow Prevention Devices	2,475	5,520	3,045	446	3,491	3,045
340.50 Office Furn & Equip	63,117	54,616	(8,501)	14,086	7,409	(6,677)
341.50 Transportation Equip	192,703	171,356	(21,347)	41,826	45,610	3,784
342.50 Stores Equipment	2,790	2,798	8	-	8	8
343.50 Tools, Shop & Garage Equip.	6,897	6,757	(140)	881	741	(140)
345.50 Power Operated Equipment	64,818	58,499	(6,319)	20,158	17,799	(2,359)
346.50 Communication Equipment	17,884	18,615	731	2,896	3,627	731
Total	\$ 6,532,450	\$ 6,473,526	\$ (58,924)	\$ 466,949	\$ 441,630	\$ (25,319)

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Peoples Water Service Company of Florida, Inc.
Water Plant and Accumulated Depreciation
At 12/31/08

Account Water Plant	Utility Plant In Service				Balance 12/31/08	Depr Life	/	Rate	Accumulated Depreciation					Balance 12/31/08	Depreciation Expense 12/31/08
	Balance 12/31/07	Additions	Retirements	Adjustments					Balance 12/31/07	Depr on Prior Yr Bal	Depr on Additions	Depr on Ads & Rets	Salvage & Cost of Rem		
303.20 Land & Land Rights	23,446.00	-			23,446.00	/	N/A	-	-	-	-	-	-	-	-
303.50 Land & Land Rights	80,810.00				80,810.00	/	N/A	-	-	-	-	-	-	-	-
304.20 Structures & Improvements	4,398.00	129.00			4,527.00	32	3.13	1,848.00	137.68	2.02	-	-	-	1,887.68	139.88
304.30 Structures & Improvements	30,352.00	13,588.00			43,940.00	32	3.13	12,133.00	950.02	212.65	-	-	-	13,295.67	1,182.87
304.40 Structures & Improvements	165,029.00	-			165,029.00	32	3.13	87,512.00	5,165.41	-	-	-	-	92,677.41	5,165.41
304.50 Structures & Improvements	198,949.00	8,650.00			207,599.00	40	2.50	121,420.00	4,973.73	108.13	-	-	-	126,501.86	5,081.86
307.20 Wells & Springs	538,883.00	-			538,883.00	30	3.33	483,276.00	17,844.14	-	-	-	-	481,220.14	17,844.14
311.20 Pumping Equipment	726,253.00	125,898.00	(7,874.00)		844,277.00	20	5.00	523,720.00	36,312.85	3,142.45	(191.65)	-	(7,874.00)	555,308.25	39,283.25
320.30 Water Treatment Equipment	678,514.00	1,443.00	(116,884.00)		563,073.00	22	4.55	588,828.00	30,872.39	32.83	(2,658.66)	-	(116,884.00)	500,010.56	28,246.56
330.40 Dist Res & Stendpipes	1,199,402.00	-			1,199,402.00	37	2.70	384,342.00	32,383.65	-	-	-	-	416,726.65	32,383.65
331.40 T & D Mains	3,930,084.00	250,743.00	(5,128.00)		4,175,699.00	43	2.33	1,783,886.00	81,570.49	2,821.18	(58.75)	-	(5,128.00)	1,873,188.90	94,431.90
333.40 Services	1,846,814.00	99,027.00			1,945,841.00	40	2.50	1,287,248.00	46,170.35	1,237.84	-	-	-	1,314,856.19	47,408.19
334.40 Meters/Meter Installations	1,440,416.00	204,303.00	(30,405.00)		1,614,314.00	20	5.00	427,757.00	72,020.80	5,107.58	(780.13)	-	(30,405.00)	473,720.25	78,388.25
335.40 Hydrants	605,546.00	51,666.00			717,212.00	45	2.22	290,044.00	14,775.12	573.48	-	-	-	305,392.61	15,348.61
339.10 Other Plant & Misc Equip	878.00	-			878.00	18	5.68	678.00	-	-	-	-	-	678.00	-
339.80 Backflow Prevention Devices	86,824.00	-	(72,958.00)		13,866.00	15	6.87	74,985.00	5,924.58	-	(2,433.08)	-	(72,958.00)	5,520.48	3,491.48
340.50 Office Furn & Equip	110,807.00	8,817.00	(8,350.00)		111,374.00	15	6.87	55,556.00	7,390.83	297.38	(278.47)	-	(8,350.00)	54,815.74	7,409.74
341.50 Transportation Equip	278,008.00	38,879.00	(41,876.00)		271,209.00	8	16.67	187,422.00	46,010.20	3,073.88	(3,473.89)	-	(41,876.00)	171,358.37	45,810.37
342.50 Stores Equipment	2,798.00	-			2,798.00	18	5.58	2,780.00	8.00	-	-	-	-	2,788.00	8.00
343.50 Tools, Shop & Garage Equip.	12,757.00	1,021.00	(2,838.00)		10,940.00	16	8.25	8,855.00	797.31	31.91	(88.89)	-	(2,838.00)	8,757.53	740.53
345.50 Power Operated Equipment	220,565.00	13,927.00	(27,708.00)		206,784.00	12	8.33	88,406.00	18,373.08	580.08	(1,153.95)	-	(27,708.00)	58,499.17	17,799.17
346.50 Communication Equipment	43,007.00	6,278.00	(19,760.00)		29,525.00	10	10.00	34,748.00	4,309.70	313.80	(888.00)	-	(19,760.00)	18,814.60	3,828.60
	<u>\$ 12,284,087.00</u>	<u>\$ 822,269.00</u>	<u>\$ (333,358.00)</u>	<u>\$ -</u>	<u>\$ 12,773,008.00</u>			<u>\$ 6,365,254.00</u>	<u>\$ 438,081.27</u>	<u>\$ 17,835.26</u>	<u>\$ (12,088.27)</u>	<u>\$ -</u>	<u>\$ (333,358.00)</u>	<u>\$ 6,473,526.26</u>	<u>\$ 441,630.26</u>

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Peoples Water Service Company of Florida, Inc.
 CIAC and Accumulated Amortization
 At 12/31/08

Account	Contributions in Aid of Construction				Balance 12/31/08	Depr Life	/	Rate	Accumulated Amortization					Balance 12/31/08	Amortization Expense 12/31/08
	Balance 12/31/07	Additions	Retirements	Adjustments					Balance 12/31/07	Depr on Prior Yr Bal	Depr on Additions	Depr on Adjustments	Retirements		
Capacity Charges	710,360.00	30,703.00			741,063.00	(A)	/	3.70%	272,134.00	28,282.95	588.01			298,984.96	28,850.96
Meter Fees	98,731.00	10,547.00			109,278.00	20	/	5.00	37,809.00	4,938.55	283.86			43,009.23	5,200.23
Total Cash CIAC	809,091.00	41,250.00	-	-	850,331.00				309,943.00	31,219.50	831.89	-	-	341,994.19	32,051.19
Contributed Property															
Distribution Mains	\$ 1,337,822.00	\$ 240,708.00			\$ 1,578,528.00	43	/	2.33	\$ 512,814.00	31,171.25	\$ 2,804.22			\$ 548,589.47	\$ 33,975.47
Services	1,186,847.00	98,088.00			1,284,913.00	40	/	2.50	454,729.00	29,871.18	1,225.83			485,626.01	30,897.01
Hydrants	158,050.00	50,680.00			208,730.00	45	/	2.22	60,983.00	3,530.91	582.55			65,086.46	4,093.46
Treatment Equipment	330,566.00	-			330,886.00	22	/	4.65	128,816.00	15,041.75	-			141,858.75	15,041.75
Backflow Prevention Devices	1,137.00	-			1,137.00	15	/	6.67	584.00	75.84	-			659.84	75.84
Total Contributed Property CIAC	3,015,444.00	389,452.00	-	-	3,404,896.00				1,155,605.00	79,480.93	4,592.80	-	-	1,239,588.53	84,083.53
Total Water CIAC	\$ 3,824,525.00	\$ 430,702.00	\$ -	\$ -	\$ 4,255,227.00				\$ 1,465,448.00	\$ 110,710.43	\$ 5,424.29	\$ -	\$ -	\$ 1,581,582.72	\$ 118,134.72

Composite Rate Calculation:

(A) Water		
304.20 Structures & Improvements	4,527.00	139.88
304.30 Structures & Improvements	43,940.00	1,162.67
304.40 Structures & Improvements	185,029.00	5,165.41
307.20 Wells & Springs	538,883.00	17,944.14
311.20 Pumping Equipment	844,277.00	39,283.25
320.30 Water Treatment Equipment	583,093.00	28,246.58
330.40 Dist Res & Standpipes	1,199,402.00	32,383.65
	-	-
(A)	3,359,131.00	124,305.68
		3.70%

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APPENDIX B

Peoples Water Service Company of Florida, Inc.

Management Fees

Peoples Water Service Company of Maryland, Inc., a wholly-owned subsidiary of the Parent Company, provides managerial, financial and administrative support services to the operating subsidiaries and divisions of the Parent, including Peoples Water Service Company of Florida, Inc. (Florida)

Management fees are assessed using the average of ratios of four components as of the end of the previous fiscal year. The four components are number of customer accounts, total assets, operating revenues and the number of employees.

Florida had the following ratios at August 31st, 2007, which determined the assessment of management fees for the calendar year 2008.

Number of Accounts	44.78%
Total Assets	26.45%
Operating Revenues	22.80%
Number of employees	<u>25.93%</u>
Total	119.96%
Average (assessment allocation)	<u>29.99%</u>

SERVICE AGREEMENT

AGREEMENT dated September 1, 2002, by and between Peoples Water Service Company of Maryland Inc., a Maryland corporation (hereinafter referred to as (Service Provider)), and Peoples Water Service Company of Florida, Inc. a Florida corporation (hereinafter referred to as "Service Recipient").

WHEREAS, Service Provider is a corporation engaged in the business of providing management, consulting, administration, accounting, computer and related support services (collectively, "Support Services") for water utility operations; and

WHEREAS, Service Recipient is in need of, and desirous of obtaining, Support Services; and

WHEREAS, Service Provider is capable of rendering, and is willing to render, these Support Services for the consideration hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

1. RECITALS. The foregoing recitals are made a part of this Agreement.
2. PERFORMANCE OF SUPPORT SERVICES. Service Provider, for and in consideration of the payments hereinafter agreed to be made by Service Recipient, and subject to the terms and conditions hereinafter set forth, agrees to perform the Support Services reasonably required by Service Recipient, including, but not limited to, the following:
 - Supervise local management and establish operating procedures and policies;
 - Review and approve all documents relating to developer agreements, water main extensions and sub-divisions proposed by developers, including plans, permits, engineering for fire flows and construction;
 - Establish human resource policies, procedures and training;

- Oversee the hiring, promotion, change in status, termination and disciplinary actions relating to employees;
- Review and approve performance evaluations of employees;
- Review and approve budgets for plant operations, maintenance and capital improvements, including the financing thereof;
- Analyze proposals and negotiate contracts for retirement plan and health, life, disability, and commercial (property, liability, auto, workers' compensation, etc.) insurance coverage; and prepare the various annual reports, changes and audits to comply with federal and state regulations regarding these benefits and coverage;
- Make necessary preparations as to new water treatment technologies to stay abreast with current rules and proposed changes of the U. S. Environmental Protection Agency and the Florida Department of Environmental Protection;
- Review, negotiate and renew contracts for purchasing supplies and equipment, such as chemicals, water meters, pipe, utility vehicles, backhoes, computer hardware and software, communication systems (telephone, e-mail, radio, SCADA, , etc.), and constructing ground and elevated water storage tanks; and maintenance of said equipment;
- Negotiate and draft franchise agreements and other contracts with officials of local municipalities and their representatives;
- Prepare rate cases with supporting financial and engineering documentation to present applications for increases in water rates to the Florida Public Service Commission, answer inquiries of FPSC staff and testify at hearings;
- Oversee safety program;
- Oversee legal disputes, such as well contamination or third party legal suits;
- Perform strategic planning;

- Perform risk analysis of all facilities and review insurance certificates, contracts and various other agreements;
- Allocate resources, maintain communication within the organization and ensure continuity in the application of operating policies and procedures;
- Promote a well-trained workforce;
- Communicate and meet with local, regional and state officials, politicians and leaders on various topics relating to operations;
- Perform the primary bookkeeping function, including, but not limited to – general ledger, payroll, purchasing, accounts payable, inventory, order entry, sales, accounts receivable, fixed assets with related depreciation thereof, financial analysis, preparation of computer reports, maintenance of customary records, and performance of all accounting services relating to fringe benefits;
- Develop information for and assist in the preparation of monthly, quarterly and annual financial statements and all federal, state and local reports and tax returns; and
- Research, plan and implement a program to meet the new U. S. national security program to prevent acts of terrorism to water system employees and other assets.

The charges for services rendered by Service Provider to Service Recipient pursuant to this Agreement each month shall be calculated in the case of each Service Recipient that is part of The Peoples Water Service Company consolidated group as follows: (a) the Service Provider's total costs of operation shall be multiplied by a factor that consists of an average of ratios comprised of four components – number of customers' accounts, total assets, operating revenues / sales and number of active employees - as of the end of the previous fiscal year relative to the totals of each of these components within The Peoples Water Service Company consolidated group, plus (b) 10% of such resulting product.

3. TERM. This Agreement shall be for an initial term of one (1) year from the date of execution and shall be automatically renewed thereafter for additional terms of one

(1) year unless either party gives the other written notice of termination at least ninety (90) days prior to the end of the initial term or of any renewal term as the case may be in which case this Agreement shall terminate as of the end of such term or renewal term.

4. MISCELLANEOUS PROVISIONS.

(a) Parties in Interest and Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the respective heirs, personal representatives, successors and assigns of the parties hereto.

(b) Applicable Law. This Agreement is being made in Maryland and shall be construed and enforced in accordance with the laws of that State.

(c) Assignment and Amendment of Agreement. This Agreement shall not be assignable by any of the parties hereto except with the written consent of all other parties hereto. This Agreement may be amended only by written agreement of the parties hereto.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written.

ATTEST:

PEOPLES WATER SERVICE COMPANY OF MARYLAND, INC.

Gerald H. Matson
Gerald H. Matson, Secretary

By Sherlock S. Gillet
Sherlock S. Gillet, President

PEOPLES WATER SERVICE COMPANY OF FLORIDA, INC.

Gerald H. Matson
Gerald H. Matson, Secretary

By Sherlock S. Gillet
Sherlock S. Gillet, President

Peoples Water Service Company of Maryland, Inc.
 Management Fee Allocation
 For Calendar Year 2008

	<u>Assess.</u>	<u>2008</u>
	<u>Alloc.</u>	<u>Mgmt. Fee</u>
Peoples Water Service Co. of Florida	29.99%	\$541,449
Water Treatment & Controls Company (WTC)	6.90%	124,507
Peoples Water Service Company of Bastrop, WTC Div.	25.00%	451,373
Peoples Water Service Company of Donaldsonville, WTC Div.	13.82%	249,429
Peoples Water Service Company of Maryland (PWS - MD)	24.30%	<u>438,732</u>
Totals	100.00%	\$1,805,490

	<u>PWS-MD Expenses</u>	<u>2008</u>
		<u>Expenses</u>
Accounting Fees		\$5,350
Business Meals		733
Depreciation Expense		13,470
Data Processing Expense		23,300
Insurance - G/L, Property & Auto		10,572
Legal Fees		2,812
Miscellaneous Expense		7,304
Office Supplies and Expense		10,576
Personnel Expenses		1,502,256
Rent		36,582
Taxes and Licenses - Other		889
Telephone and Facsimile		5,647
Transportation Expense		14,644
Transportation - Lease		2,622
Travel Expense		<u>4,600</u>
Total expenses		\$1,641,357
Add 10%		<u>164,136</u>
Total management fees		\$1,805,493

Water Treatment & Controls Company

Water Treatment & Controls Company (WTC) is a wholly-owned subsidiary of the Parent Company, The Peoples Water Service Company. WTC sells, services, and installs water and wastewater treatment equipment, parts, chemicals and related accessories. WTC is the exclusive distributor for Siemens /Wallace & Tiernan for the municipal market in Florida, Georgia and Louisiana. Additionally, WTC sells products from other leading manufacturers.

All WTC sales are made at standard list price or less. WTC's total sales to Peoples Water Service Company of Florida, Inc. in 2008 were \$40,584.

Peoples Water Company of Florida, Inc

List of Water Treatment & Controls Company Invoices for 2008

<u>Invoice Date</u>	<u>Invoice Number</u>	<u>Invoice Amount</u>
01/16/08	79310	\$1,037
01/16/08	79331	318
01/31/08	79629	454
02/19/08	79809	3,107
02/28/08	80195	113
03/18/08	80062	65
04/09/08	80278	668
04/15/08	80351	135
04/15/08	80361	535
04/25/08	80489	556
04/30/08	80558	6,119
05/08/08	80613	278
05/30/08	80878	318
05/30/08	80667	135
05/30/08	80868	278
06/09/08	80989	188
06/27/08	81114	464
07/11/08	81246	1,443
07/22/08	81328	232
07/22/08	81331	460
07/31/08	81475	271
07/31/08	81476	286
08/11/08	81499	57
08/12/08	81514	3,799
08/25/08	81658	14
09/12/08	81754	373
09/30/08	81996	3,783
09/30/08	81997	88
09/30/08	82047	7,300
10/08/08	82078	176
10/08/08	82105	3,107
10/14/08	82131	3,107
10/22/08	82239	522
10/31/08	82369	176
11/12/08	82427	344
12/22/08	82760	457
02/01/29	79958	-37
07/25/08	81412	<u>-141</u>
Total Sales		\$40,584

Peoples Water Service Company of Maryland, Inc.

Computer Service Division

Projections for 2008

Peoples Water Service Company of Maryland, Inc.'s Computer Service Division provides consulting, accounting, computer and related support services for water utility billing and collection.

The 2008 fees for PWS-FL were projected using 2007 actual costs as follows:

Expenses:	Florida
Forms	\$10,596.19
Postage	45,100.00
Meter Rental	7,506.48
Software	2,755.00
CASS Certif.	2,151.66
* Supplies	<u>1,960.89</u>
Total Expenses	70,070.22
Depreciation Projected	4,600.00
Payroll & Burden (see page 2)	52,564.00
Rent	1,935.00
Inflation Factor 5%	<u>3,503.51</u>
	62,602.51
Total Expenses Projected	\$132,672.73
Total actual accounts billed for 2007	111,245
Annual cost per account	\$1.19
Markup (30%)	\$0.36
	\$1.55
CSD fee to use	\$1.60
* Toner, printer paper, forms, 2nd notices, disconnect, on/offers, second notices, paper, toner, internet, etc	

Payroll and Burden (Taxes, Insurance and Fringe Benefits) is paid to Florida and was calculated as follows:

PAYROLL & BURDEN RATES - Effective 1/01/2008
(Utility Billing and Collecting)

Florida's average hourly wages for the billing and collecting process \$12.49

Add burden at rate of 30.00% \$3.75

Total labor and burden per hour \$16.24

	<u>Time</u>	<u>Pay per</u>
	<u>Factor</u>	<u>Acct.</u>
RATE PER ACCOUNT TO PROCESS: (hours based on time study)		
Collections 6.5 hours to process 295 Accts	0.022034	0.358
Billing 6 hours to process 864 accts	0.006944	0.113

Total rate per customer account \$0.471

PROJECTED ANNUAL PAYROLL EXPENSES:

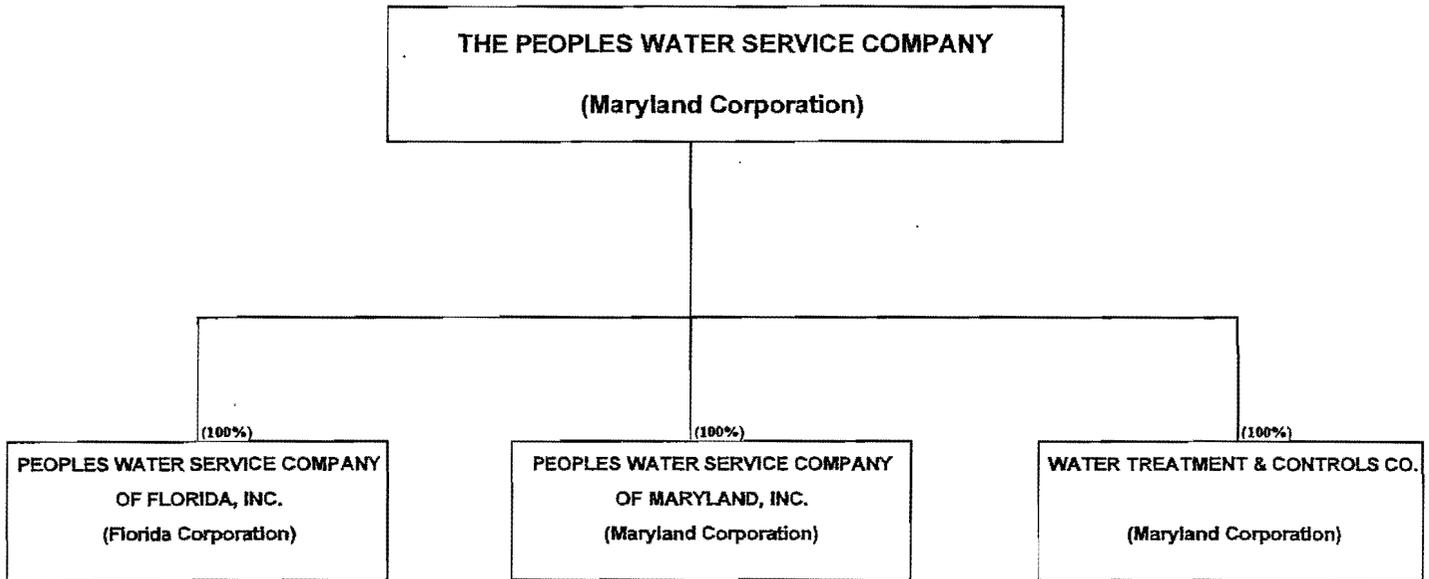
Projected annual accounts billed 111,600

Total projected annual payroll expense \$52,564.00

Rent is paid to PWS-Florida for use of office space:

180 Sq Ft Office Space @ \$10.75 = \$1,935

THE PEOPLES WATER SERVICE COMPANY AND SUBSIDIARIES
ORGANIZATIONAL CHART



APPENDIX C

Peoples Water Service
Rate Code 0000 - No Charge Rate Table Detail
01/01/2008 - 12/31/2008

		Compound Meters - 01/01/2008 - 08/30/2008							High Flow Meter Flows to add To Historic Flows					
		General Service			MultiFamily				6"					
		6" High		3" Low		3" High		6" High Flow		Billed Gallons Less Low		6"		
		6" Low Flow	Flow	Flow Meter	Flow Meter	6" Low Flow	6" High Flow	Combined	Less	Billed Gallons	Flow Meters	General	3" Multi	6" Multi
		Meter	Meter	Meter	Meter	Meter	Meter	Totals	Minimums	Raw	Raw	Service	Family	Family
Acct No	Mon/Yr	Raw	Raw	Raw	Raw	Raw	Raw	Raw	Raw	Raw	Raw	(000)	(000)	(000)
2800160001	Feb-08					709,600	3,100	712,700	269,000	443,700	-	-	-	-
2800160001	May-08					713,100	5,400	718,500	269,000	449,500	-	-	-	-
2800160001	Jan-08					736,000	2,200	738,200	269,000	469,200	-	-	-	-
2800160001	Apr-08					794,700	4,200	798,900	269,000	529,900	-	-	-	-
2800160001	Mar-08					811,800	6,000	817,800	269,000	548,800	-	-	-	-
2800160001	Total	-	-	-	-	3,765,200	20,900	3,786,100		2,441,100	-	-	-	-
2800430000	Feb-08	257,800	5					257,805	269,000	-	-	-	-	-
2800430000	Mar-08	220,500	7					220,507	269,000	-	-	-	-	-
2800430000	May-08	288,100	3					288,103	269,000	19,103	-	-	-	-
2800430000	Apr-08	291,100	5					291,105	269,000	22,105	-	-	-	-
2800430000	Jan-08	301,700	2					301,702	269,000	32,702	-	-	-	-
2800430000	Jun-08	322,200	4					322,204	269,000	53,204	-	-	-	-
2800430000	Jul-08	416,900	3					416,903	269,000	147,903	-	-	-	-
2800430000	Total	2,098,300	29	-	-	-	-	2,098,329		275,017	-	-	-	-
2800470000	Jul-08					19,000	310,400	329,400	269,000	60,400	41,400	41	-	41
2800470000	Jun-08					25,000	310,100	335,100	269,000	66,100	41,100	41	-	41
2800470000	May-08					36,000	336,600	372,600	269,000	103,600	67,600	68	-	68
2800470000	Apr-08					52,000	365,700	417,700	269,000	148,700	96,700	97	-	97
2800470000	Mar-08					66,000	394,600	460,600	269,000	191,600	125,600	126	-	126
2800470000	Feb-08					74,000	391,600	465,600	269,000	196,600	122,600	123	-	123
2800470000	Jan-08					59,000	420,100	479,100	269,000	210,100	151,100	151	-	151
2800470000	Total	-	-	-	-	331,000	2,529,100	2,860,100		977,100	646,100	647	-	647
2800480000	May-08			25,600	17,750			43,350	133,000	-	-	-	-	-
2800480000	Jun-08			21,000	20,190			41,190	133,000	-	-	-	-	-
2800480000	Jul-08			1,400	10,930			12,330	133,000	-	-	-	-	-
2800480000	Total	-	-	48,000	48,870	-	-	96,870		-	-	-	-	-
2800490000	Jan-08					1,000	206,600	207,600	269,000	-	-	-	-	-
2800490000	Feb-08					3,000	230,900	233,900	269,000	-	-	-	-	-
2800490000	Mar-08					-	261,800	261,800	269,000	-	-	-	-	-
2800490000	Apr-08					-	220,600	220,600	269,000	-	-	-	-	-
2800490000	May-08					-	190,900	190,900	269,000	-	-	-	-	-
2800490000	Jun-08					-	190,200	190,200	269,000	-	-	-	-	-
2800490000	Jul-08					1,000	226,100	227,100	269,000	-	-	-	-	-
2800490000	Total	-	-	-	-	5,000	1,527,100	1,532,100		-	-	-	-	-
Grand Total		2,098,300	29	48,000	48,870	4,101,200	4,077,100	10,373,499		3,693,217	646,100	647	-	647

Low flow meters are included in the billing analysis under the appropriate category (thus generating the base charge)
High flow meters are included in Rate Code 0000 - No Charge Rate Table (thus do not generate a base charge). The low flow and high flow consumption totals are combined and then reduced for the minimum for the generation of the manual bill.
That process is duplicated here to determine the amount of the high flow meter consumption which needs to be included in the consumption total for the meter class in the determination of historic test year revenue.

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Peoples Water Service
Rate Code 0000 - No Charge Rate Table Detail
01/01/2008 - 12/31/2008

		Compound Meters - 09/01/2008 - 12/31/2008							High Flow Meter Flows to add To Historic Flows								
		General Service			MultiFamily												
		6" High									6"						
Acct No	Mon/Yr	6" Low Flow Meter	Flow Meter	3" Low Flow Meter	3" High Flow Meter	6" Low Flow Meter	6" High Flow Meter	Totals	Less	Billed Gallons	6" Billed Gallons Less Low Flow Meters	General Service	3" Multi Family	6" Multi Family			
		Raw	Raw	Raw	Raw	Raw	Raw	Raw	Minimums	Raw	Raw	(000)	(000)	(000)			
2800430000	Dec-08	329,300	5					329,305	269,000	60,305	-	-	-	-			
2800430000	Sep-08	397,300	5					397,305	269,000	128,305	-	-	-	-			
2800430000	Oct-08	414,800	10					414,810	269,000	145,810	-	-	-	-			
2800430000	Nov-08	433,900	9					433,909	269,000	164,909	-	-	-	-			
2800430000	Aug-08	469,500	3					469,503	269,000	200,503	-	-	-	-			
2800430000	Total	2,044,800	32	-	-	-	-	2,044,832		699,832	-	-	-	-			
2800470000	Sep-08					27,000	313,100	340,100	269,000	71,100	44,100	44		44			
2800470000	Oct-08					36,000	349,700	385,700	269,000	116,700	80,700	81		81			
2800470000	Aug-08					30,000	382,600	412,600	269,000	143,600	113,600	114		114			
2800470000	Nov-08					38,000	378,400	416,400	269,000	147,400	109,400	109		109			
2800470000	Dec-08					44,000	406,200	450,200	269,000	181,200	137,200	137		137			
2800470000	Total	-	-	-	-	175,000	1,830,000	2,005,000		660,000	485,000	485	-	485			
2800480000	Aug-08			14,400	16,460			30,860	133,000	-	-	-	-	-			
2800480000	Sep-08			7,800	12,910			20,710	133,000	-	-	-	-	-			
2800480000	Oct-08			7,100	12,040			19,140	133,000	-	-	-	-	-			
2800480000	Nov-08			11,600	14,540			26,140	133,000	-	-	-	-	-			
2800480000	Dec-08			22,700	16,180			38,880	133,000	-	-	-	-	-			
2800480000	Total	-	-	63,600	72,130	-	-	135,730		-	-	-	-	-			
2800490000	Oct-08					16,000	264,400	280,400	269,000	11,400	-	-	-	-			
2800490000	Sep-08					16,000	280,800	296,800	269,000	27,800	11,800	12		12			
2800490000	Dec-08					1,000	298,200	299,200	269,000	30,200	29,200	29		29			
2800490000	Nov-08					13,000	293,100	306,100	269,000	37,100	24,100	24		24			
2800490000	Aug-08					-	344,400	344,400	269,000	75,400	75,400	75		75			
2800490000	Total	-	-	-	-	46,000	1,480,900	1,526,900		181,900	140,500	140	-	140			
Grand Total		2,044,800	32	63,600	72,130	221,000	3,310,900	5,712,462		1,541,732	625,500	625	-	625			

Low flow meters are included in the billing analysis under the appropriate category (thus generating the base charge)
High flow meters are included in Rate Code 0000 - No Charge Rate Table (thus do not generate a base charge). The low flow and high flow consumption totals are combined and then reduced for the minimum for the generation of the manual bill.
That process is duplicated here to determine the amount of the high flow meter consumption which needs to be included in the consumption total for the meter class in the determination of historic test year revenue.

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Billing Analysis Schedules

Florida Public Service Commission

Company: Peoples Water Service - Rate Code 0000
 Docket No.: 080695-WU
 Test Year Ended: December 31, 2008
 Water of Sewer
 Customer Class: Multi Family Compound - Annual
 Meter Size: 3"

Schedule: E-14(b)
 Page 1 of 3
 Preparer: CJNW

Explanation: Provide a billing analysis for each class of service by meter size. For applicants having master metered multiple dwellings, provide the number of bills at each level by meter size or number of bills categorized by the number of units. Round consumption to nearest 1,000 gallons & begin at zero. If a rate change occurred during the test year, provide a separate billing analysis which coincides with each period.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumpt. Level	Number of Bills	Cumulative Bills	Gallons Consumed (1)x(2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)x(6)]+(5)	Percentage of Total
0	0	0	0	0	0	8	0.00%
1	0	0	0	0	0	8	6.61%
2	0	0	0	0	0	8	13.22%
3	0	0	0	0	0	8	19.83%
4	0	0	0	0	0	8	26.45%
5	0	0	0	0	0	8	33.06%
6	0	0	0	0	0	8	39.67%
7	0	0	0	0	0	8	46.28%
9	0	0	0	0	0	8	59.50%
10	0	0	0	0	0	8	66.12%
11	1	1	11	11	7	88	72.73%
12	1	2	12	23	6	95	78.51%
13	1	3	13	36	5	101	83.47%
15	1	4	15	51	4	111	91.74%
16	2	6	32	83	2	115	95.04%
18	1	7	18	101	1	119	98.35%
20	1	8	20	121	0	121	100.00%

Billing Analysis Schedules

Florida Public Service Commission

Company: Peoples Water Service - Rate Code 0000
Docket No.: 080695-WU
Test Year Ended: December 31, 2008
Water of Sewer
Customer Class: Multi Family Compound - Annual
Meter Size: 6"

Schedule: E-14(b)
Page 2 of 3
Preparer: CJNW

Explanation: Provide a billing analysis for each class of service by meter size. For applicants having master metered multiple dwellings, provide the number of bills at each level by meter size or number of bills categorized by the number of units. Round consumption to nearest 1,000 gallons & begin at zero. If a rate change occurred during the test year, provide a separate billing analysis which coincides with each period.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumpt. Level	Number of Bills	Cumulative Bills	Gallons Consumed (1)x(2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)x(6)]+(5)	Percentage of Total
0	0	0	0	0	29	0	0.00%
2	1	1	2	2	28	58	0.79%
3	1	2	3	5	27	86	1.16%
4	1	3	4	9	26	113	1.53%
5	1	4	5	14	25	139	1.88%
6	1	5	6	20	24	164	2.22%
190	1	6	190	210	23	4,580	61.99%
191	1	7	191	401	22	4,603	62.30%
207	1	8	207	608	21	4,955	67.07%
221	1	9	221	829	20	5,249	71.05%
226	1	10	226	1,055	19	5,349	72.40%
231	1	11	231	1,286	18	5,444	73.69%
262	1	12	262	1,548	17	6,002	81.24%
264	1	13	264	1,812	16	6,036	81.70%
281	1	14	281	2,093	15	6,308	85.38%
293	1	15	293	2,386	14	6,488	87.82%
298	1	16	298	2,684	13	6,558	88.77%
310	2	18	620	3,304	11	6,714	90.88%
313	1	19	313	3,617	10	6,747	91.32%
337	1	20	337	3,954	9	6,987	94.57%
344	1	21	344	4,298	8	7,050	95.43%
350	1	22	350	4,648	7	7,098	96.07%
366	1	23	366	5,014	6	7,210	97.59%
378	1	24	378	5,392	5	7,282	98.57%
383	1	25	383	5,775	4	7,307	98.90%
392	1	26	392	6,167	3	7,343	99.39%
395	1	27	395	6,562	2	7,352	99.51%
406	1	28	406	6,968	1	7,374	99.81%
420	1	29	420	7,388	0	7,388	100.00%

Billing Analysis Schedules

Florida Public Service Commission

Company: Peoples Water Service - Rate Code 0000
Docket No.: 080695-WU
Test Year Ended: December 31, 2008
Water [X] of Sewer []
Customer Class: Public Authority Compound - Annual
Meter Size: 6"

Schedule: E-14(b)
Page 3 of 3
Preparer: CJNW

Explanation: Provide a billing analysis for each class of service by meter size. For applicants having master metered multiple dwellings, provide the number of bills at each level by meter size or number of bills categorized by the number of units. Round consumption to nearest 1,000 gallons & begin at zero. If a rate change occurred during the test year, provide a separate billing analysis which coincides with each period.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumpt. Level	Number of Bills	Cumulative Bills	Gallons Consumed (1)x(2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)x(6)]+(5)	Percentage of Total
0	12	12	0	0	0	0	0.00%
2	0	12	0	0	0	0	0.00%
3	0	12	0	0	0	0	0.00%
4	0	12	0	0	0	0	0.00%
5	0	12	0	0	0	0	0.00%
6	0	12	0	0	0	0	0.00%
190	0	12	0	0	0	0	0.00%
191	0	12	0	0	0	0	0.00%
207	0	12	0	0	0	0	0.00%
221	0	12	0	0	0	0	0.00%
226	0	12	0	0	0	0	0.00%
231	0	12	0	0	0	0	0.00%
262	0	12	0	0	0	0	0.00%
264	0	12	0	0	0	0	0.00%
281	0	12	0	0	0	0	0.00%
293	0	12	0	0	0	0	0.00%
298	0	12	0	0	0	0	0.00%
310	0	12	0	0	0	0	0.00%
313	0	12	0	0	0	0	0.00%
337	0	12	0	0	0	0	0.00%
344	0	12	0	0	0	0	0.00%
350	0	12	0	0	0	0	0.00%
366	0	12	0	0	0	0	0.00%
378	0	12	0	0	0	0	0.00%
383	0	12	0	0	0	0	0.00%
392	0	12	0	0	0	0	0.00%
395	0	12	0	0	0	0	0.00%
406	0	12	0	0	0	0	0.00%
420	0	12	0	0	0	0	0.00%

PEOPLES WATER SERVICE COMPANY OF FLORIDA, INC.
APPLICATION FOR INCREASE IN WATER RATES
DOCKET NO. 080695-WU

Response to Deficiency No. 3

Schedule B-1(a). Schedule of Water Net Operating Income

3. The explanation of the schedule says to provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge. There was no explanation given by the utility.

Response: Please see revised Schedule B-1(a) attached.

Company: Peoples Water Service Company of Florida, Inc.
 Docket No.: 080695-WU
 Schedule Year Ended: December 31, 2008
 Interim Final
 Historic Projected

Schedule: B-1 (a)
 Page 1 of 1
 Preparer: CJN&W & PWSC

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	OPERATING REVENUES	\$ 3,048,381	\$ 17,747 (A)	\$ 3,066,128	\$ 351,033 (C)	\$ 3,417,161	B-4, E-2(a)
2	Operation & Maintenance	2,223,816	-	2,223,816		2,223,816	B-5, B-3(a)
3	Depreciation	466,949		466,949		466,949	B-13, B-3(a)
4	Amortization of CIAC	(95,500)	-	(95,500)		(95,500)	
5	Taxes Other Than Income	303,861	799 (B)	304,660	15,796 (D)	320,456	B-15, B-3(a)
6	Provision for Income Taxes	74,622	-	74,622	111,393 (E)	186,015	C-1, B-3(a)
7	OPERATING EXPENSES	2,973,748	799	2,974,547	127,189	3,101,736	
8	NET OPERATING INCOME	\$ 74,633	\$ 16,948	\$ 91,581	\$ 223,844	\$ 315,425	
9	RATE BASE	\$ 3,529,811		\$ 3,556,084		\$ 3,556,084	
10	RATE OF RETURN	2.11 %		2.58 %		8.87 %	

PEOPLES WATER SERVICE COMPANY OF FLORIDA, INC.
APPLICATION FOR INCREASE IN WATER RATES
DOCKET NO. 080695-WU

Response to Deficiency No. 4

Schedule B-5, Detail of Operation & Maintenance Expenses by Month - Water

4. Test year numbers reflect January 2006 through December 2006. Company is requesting a historical test year ending December 31, 2008.

Response: Please see revised Schedule B-5 attached.

Detail of Operation & Maintenance Expenses By Month - Water

Florida Public Service Commission

Company: Peoples Water Service Company of Florida, Inc.

Docket No.: 080695-WU

Schedule Year Ended: December 31, 2008

Interim [X] Final []

Historic [X] Projected []

Explanation: Provide a schedule of operation and maintenance expenses by primary account for each month of the test year. If schedule has to be continued on 2nd page, reprint the account titles and numbers.

Schedule: B-5

Page 2 of 2

Preparer: CJN&W & PWSC

Recap Schedules: B-1

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Line No.	(1) Account No. and Name	(2) JANUARY 2008	(3) FEBRUARY 2008	(4) MARCH 2008	(5) APRIL 2008	(6) MAY 2008	(7) JUNE 2008	(8) JULY 2008	(9) AUGUST 2008	(10) SEPTEMBER 2008	(11) OCTOBER 2008	(12) NOVEMBER 2008	(13) DECEMBER 2008	(14) Total Annual	(15) Test Year Adjustments	(16) Adjusted Annual	(17) Proforma Adjustments	(18) Proforma Annual
1	601 Salaries & Wages - Employees	\$ 45,268	\$ 42,107	\$ 42,731	\$ 45,214	\$ 57,830	\$ 44,263	\$ 41,880	\$ 42,506	\$ 41,223	\$ 57,974	\$ 41,012	\$ 41,559	543,357		\$ 543,357		\$ 543,357
2	603 Salaries & Wages - Officers, Etc.													-				
3	604 Employee Pensions & Benefits	10,599	14,217	9,215	9,109	14,889	17,008	30,340	8,515	16,974	8,701	8,508	20,858	167,931		167,931		167,931
4	610 Purchased Water													-				
5	615 Purchased Power	12,830	12,067	12,142	12,334	13,435	15,185	12,965	12,013	15,036	15,147	12,658	12,029	157,822		157,822		157,822
6	616 Fuel for Power Purchased	-	-	-	419	-	-	-	-	-	-	-	-	419		419		419
7	618 Chemicals	1,270	1,995	1,418	2,205	3,477	5,061	3,458	4,893	4,719	2,585	2,990	7,957	42,026		42,026		42,026
8	620 Materials & Supplies	19,004	23,403	22,858	21,831	30,241	27,981	27,736	26,511	30,409	38,728	19,320	22,752	308,774		308,774		308,774
9	631 Contractual Services - Engr.	-	-	-	-	-	351	-	-	1,496	-	-	-	1,846		1,846		1,846
10	632 Contractual Services - Acct.	-	500	-	-	-	-	-	-	-	-	-	-	500		500		500
11	633 Contractual Services - Legal	126	-	357	-	116	42	-	698	1,532	8,352	493	4,943	16,657		16,657		16,657
12	634 Contractual Services - Mgmt. Fees	49,723	44,403	45,735	45,240	41,877	41,817	40,258	42,437	41,875	43,156	44,342	60,586	541,449		541,449		541,449
13	635 Contractual Services - Testing	2,043	7,093	3,173	1,840	878	2,611	2,185	1,980	1,227	2,358	1,920	718	28,008		28,008		28,008
14	636 Contractual Services - Other	15,218	14,715	14,747	15,235	14,728	14,768	14,774	14,758	14,744	15,195	14,832	14,655	178,367		178,367		178,367
15	641 Rental of Building/Real Prop.	-	-	-	-	-	-	-	-	-	-	-	-	-		-		-
16	642 Rental of Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-		-		-
17	650 Transportation Expenses	3,154	2,965	3,920	2,440	7,374	5,181	6,034	4,151	4,047	5,400	2,695	1,523	48,885		48,885		48,885
18	656 Insurance - Vehicle	2,139	2,139	2,139	2,139	2,090	2,090	2,090	2,090	2,090	2,090	2,090	2,090	25,276		25,276		25,276
19	667 Insurance - General Liability	3,289	3,289	3,289	3,289	3,185	3,183	3,183	3,183	3,183	3,183	3,183	3,183	39,178		39,178		39,178
20	658 Insurance - Workman's Comp.	1,897	1,897	1,897	1,897	1,907	1,903	1,903	1,903	1,048	1,903	1,903	1,903	21,839		21,839		21,839
21	659 Insurance - Other	1,697	1,697	1,697	1,697	1,640	1,635	1,635	1,635	4,544	1,835	1,835	1,635	22,792		22,792		22,792
22	660 Advertising Expense	-	-	-	-	-	-	-	-	-	-	-	-	-		-		-
23	666 Reg. Comm. Exp. - Rate Case Amort.	-	-	-	-	-	-	-	-	-	-	-	-	-		-		-
24	667 Reg. Comm. Exp. - Other	-	-	-	-	-	-	-	-	-	-	-	-	-		-		-
25	670 Bad Debt Expense	978	2,739	753	613	1,655	1,712	2,069	2,187	1,251	1,782	1,777	2,482	20,197		20,197		20,197
26	675 Miscellaneous Expenses	4,975	5,488	4,564	4,847	5,222	5,417	4,876	5,533	5,715	4,485	5,688	2,485	59,504		59,504		59,504
27	TOTAL	\$ 174,070	\$ 180,692	\$ 170,605	\$ 170,519	\$ 200,322	\$ 190,159	\$ 195,364	\$ 175,251	\$ 190,707	\$ 211,655	\$ 163,138	\$ 201,348	\$ 2,223,810		\$ 2,223,810		\$ 2,223,810

PEOPLES WATER SERVICE COMPANY OF FLORIDA, INC.
APPLICATION FOR INCREASE IN WATER RATES
DOCKET NO. 080695-WU

Response to Deficiency No. 5

Schedule B-7, Operation and Maintenance Expense Comparison - Water

5. The explanation of the schedule says to complete the following comparison of the applicant's current and prior test year O&M expenses before this Commission. Provide an explanation of all differences which are not attributable to the change in customer growth and the CPI-U. If the applicant has not had a previous rate case, use the year 5 years prior to the test year for comparison. Provide an additional schedule, if necessary, to explain differences. No explanation was given for lines 11, 14, 18, and 32.

Response: After discussion with technical staff members, they have agreed that no deficiency exists as suggested by Item No. 5.

PEOPLES WATER SERVICE COMPANY OF FLORIDA, INC.
APPLICATION FOR INCREASE IN WATER RATES
DOCKET NO. 080695-WU

Response to Deficiency No. 6

Schedule B-13, Net Depreciation Expense - Water - Interim Rates

6. Test year numbers reflect test year ending December 31, 2005. Company is requesting an historical test year ending December 31, 2008.

Response: Please see revised Schedule B-13 attached.

Company: Peoples Water Service Company of Florida, Inc.
 Docket No.: 080695-WU
 Schedule Year Ended: December 31, 2008
 Interim Final
 Historic Projected

Schedule: B-13
 Page 2 of 2
 Preparer: CJN&W & PWSC
 Recap Schedules: B-1

Explanation: Provide a schedule of test year non-used and useful depreciation expense by primary account

No.	(1) Line Account No. and Name	(2) Test Year 12/31/08	(3) Adjustments	(4) Adjusted Balance	(5) Non-Used & Useful %	(6) Non-Used & Amount
1	INTANGIBLE PLANT					
2	301.1 Organization					
3	302.1 Franchises					
4	339.1 Other Plant & Misc. Equipment					
5	SOURCE OF SUPPLY AND PUMPING PLANT					
6	303.2 Land & Land Rights					
7	304.2 Structures & Improvements	\$ 91		\$ 91		
8	305.2 Collect. & Impound. Reservoirs					
9	306.2 Lake, River & Other Intakes					
10	307.2 Wells & Springs	10,244		10,244		
11	308.2 Infiltration Galleries & Tunnels					
12	309.2 Supply Mains					
13	310.2 Power Generation Equipment					
14	311.2 Pumping Equipment	36,382		36,382		
15	339.2 Other Plant & Misc. Equipment					
16	WATER TREATMENT PLANT					
17	303.3 Land & Land Rights					
18	304.3 Structures & Improvements	1,149		1,149		
19	320.3 Water Treatment Equipment	9,143		9,143		
20	339.3 Other Plant & Misc. Equipment					
21	TRANSMISSION & DISTRIBUTION PLANT					
22	303.4 Land & Land Rights					
23	304.4 Structures & Improvements	5,177		5,177		
24	330.4 Distr. Reservoirs & Standpipes	58,404		58,404		
25	331.4 Transm. & Distribution Mains	86,357		86,357		
26	333.4 Services	53,517		53,517		
27	334.4 Meters & Meter Installations	104,676		104,676		
28	335.4 Hydrants	15,949		15,949		
29	339.4 Other Plant & Misc. Equipment	446		446		
30	GENERAL PLANT					
31	303.5 Land & Land Rights					
32	304.5 Structures & Improvements	5,567		5,567		
33	340.5 Office Furniture & Equipment	14,086		14,086		
34	341.5 Transportation Equipment	41,826		41,826		
35	342.5 Stores Equipment					
36	343.5 Tools, Shop & Garage Equipment	881		881		
37	344.5 Laboratory Equipment					
38	345.5 Power Operated Equipment	20,158		20,158		
39	346.5 Communication Equipment	2,896		2,896		
40	347.5 Miscellaneous Equipment					
41	348.5 Other Tangible Plant					
42	TOTAL	466,949	-	466,949		
43	LESS: AMORTIZATION OF CIAC	(95,500)	-	(95,500)		
44	NET DEPRECIATION EXPENSE - WATER	\$ 371,449	\$ -	\$ 371,449		\$ -

PEOPLES WATER SERVICE COMPANY OF FLORIDA, INC.
APPLICATION FOR INCREASE IN WATER RATES
DOCKET NO. 080695-WU

Response to Deficiency Nos. 7, 8, 9, and 10

Schedule E-2. Revenue Schedule at Test Year Rates - Proof of Revenue

7. The number of total gallons sold shown in column (3) of this schedule does not match the number of total gallons sold in the Schedule E-14 billing analysis.
8. The total number of gallons presented on Schedule E-2, page 1 for each rate period does not match the gallons shown for each usage block in the Schedule E-14 billing analysis.
9. The number of total gallons sold shown in column (3) of this schedule does not match the number of total gallons sold shown on Schedule F-1, column (3).
10. The number of total gallons sold reported on MFR Schedules E-2 and E-2(a) do not match the total number of gallons sold as reported by the utility in its 2008 Annual Report.

Response: Please see revised Schedule E-2 and E-2(a) attached.

Peoples Water Service Company of Florida, Inc.
 Reconciliation of Gallons Sold per Annual Report
 and Gallons Sold Per Schedules E-2 and E-2(a) of MFR's Volume I
 Test Year Ended December 31, 2008
 Docket No. 080695-WU - Response to Staff Deficiencies 7, 8, 9 and 10

Line No.		Gallons Used for Proof of Revenue & Interim Rates per Consolidated Billing Analysis	Gallons Used for Final Rates per Consolidated Billing Analysis
1	Total unadjusted gallons sold per 2008 Annual Report (000) and Schedule F-1,		
2	Volume I of MFR's (Note 1)	756,793	756,793
3	Rounding and account adjustment differences in consolidated billing analysis (Note 2)	<u>4,812</u>	<u>4,812</u>
4	Total computed gallons sold per billing analysis (Volume II MFR's)	761,605	761,605
5	Less: Zero rate code usage (Note 3)	<u>(9,072)</u>	<u>(9,072)</u>
6	Subtotal	752,533	752,533
7	Less: Gallons included in Minimum Charges not billed under excess gallonage rates:		
8	Residential	249,235	-
9	General service	19,531	-
10	Multi-family	38,983	-
11	Public Authority	5,700	-
12	Irrigation	2,126	-
13	Metered fire hydrants	<u>516</u>	<u>-</u>
14	Total gallons included in Minimum Charges not included on E-2 or E-2(a)	<u>316,091</u>	<u>(316,091)</u>
15	Subtotal	436,442	752,533
16	Add: Multi-family adjustment for usage in compound meters for excess / total gallons		
17	recorded on high flow portion of meters per Appendix C, Volume I MFR's (Note 3)	<u>1,272</u>	<u>7,509</u>
18	Subtotal	437,714	760,042
19	Less: 10% repression adjustment for change from declining block rate structure with		
20	usage included in the monthly minimums		(76,004)
21	Immaterial rounding	<u>-</u>	<u>5</u>
22	Total gallons actually billed for excess gallons over minimum shown on Schedules E-2		
23	and E-2(a) used for proof of revenue and gallons used for the final rate computations	<u>437,714</u>	<u>684,043</u>

24 Notes:(1) The gallons sold per the annual report and on Schedule F-1 in Volume I of the MFR's did not include billing adjustments
 25 and was based on gallons sold carried to three decimal places. In other words, usage is not rounded to the nearest thousand
 26 gallons by the Company's billing system. For example, 6,375 gallons usage would be billed as 6.375 thousand gallons. Also,
 27 the gallons sold included all of the zero rate code gallons disclosed in Volume II and explained in Appendix C, Volume I of the
 28 MFR's. In contrast, the total gallons sold per the consolidated billing analysis is a computation of consumption based on usage
 29 at each consecutive even thousand gallon level applied to the number of bills at each level. In order to use this format, usage for
 30 each bill is rounded to the nearest 1,000 gallons using a 500 gallon breakpoint. Using the example above, 6,375 gallons would
 31 be considered 6,000 gallons of usage. If consumption were 6,500 gallons, usage would be considered as 7,000 gallons on a
 32 consolidated basis. Based on these differences, total gallons sold per the Company's billing system cannot agree with the
 33 computed gallons sold per the consolidated billing analysis.

34 (2) The cumulative difference between the company's billing methodology (described in Note (1) above) and that required
 35 for the consolidated billing analysis, together with billing adjustments reflected in the data base used by the Company to
 36 generate the consolidated data. Spread over 110,040 bills rendered, this is a very minor difference, which is in the customers
 37 benefit since it increases the gallons sold to compute proposed rates.

38 (3) Zero rate code usage includes usage recorded on the high flow section of compound meters where the billing system
 39 determines that excess gallonage charges will apply. Usage on the low flow portion of the meter is recorded in the billing register
 40 and a final bill computed by the system if total high and low metered consumption is less than the minimum. Where excess
 41 gallonage charges apply, a bill is generated by the system after manual input of the excess gallons in the zero rate billing
 42 register and review of the billing data to determine that only one minimum charge is billed and that billed usage reflects high flow
 43 plus low flow, less the applicable minimum gallons. Per the analysis in Appendix C, Volume I of the MFR's, the billing analysis
 44 was adjusted by 1,272 (000) excess gallons for the proof and annualization of revenue under the current rate structure
 45 (Schedules E-2 and E-2(a)). For final rates, the billing analysis was adjusted by 7,509 (000) total gallons since the Company is
 46 requesting a new rate structure which eliminates minimum gallons. This procedure is necessary since the billing system
 47 treats a compound meter as two separate accounts and would render two bills with two minimum charges for the same customer.

PEOPLES WATER SERVICE COMPANY OF FLORIDA, INC.
APPLICATION FOR INCREASE IN WATER RATES
DOCKET NO. 080695-WU

Response to Deficiency No. 11

11. As required by Schedule F-3, please provide a copy of the governmental agency's ordinance that requires the utility to provide 60,000 gallons per day of fire flow.

Response: Escambia County does not have an ordinance that requires a minimum fire flow level. The 60,000 gallons per day of fire flow utilized by the Utility in its MFRs was derived from the alternative calculation of 500 gallons per minute for 2 hours as specified by Rule 25-30.4325(d), F.A.C.