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Ruth Nettles

From: Mike Twomey [miketwomey@talstar.com]
Sent: Wednesday, July 08, 2009 11:43 AM
To: Filings@psc.state.fl.us
Subject: Docket No. 080517-WS electronic filing by Aqua Utilities Florida, Inc.

Attachments: AQUA FL JUMPER CREEK - DOCKET NO. 080517-WS.pdf



AQUA FL
R CREEK - DOC

a. Person responsible for this electronic filing:

Michael B. Twomey
PO Box 5256
Tallahassee, Florida 32314-5256
850-421-9530

b. Docket No. 080517-WS In re: Application for approval of transfer of Horizon Homes of Central Florida, Inc. and Five Land Group LLC's water and wastewater systems to Aqua Utilities Florida, Inc., and for amendment of Certificate Nos. 441-S and 507-W, in Sumter County.

c. Document being filed on behalf of Aqua Utilities Florida, Inc.

d. There are a total of 2 pages.

e. The document is a two page letter in PDF format from Kimberly A. Joyce augmenting Aqua's application in the instant docket and proposing a series of actions to address certain concerns previously expressed by Commissioner Skop.

Thank you for your attention and cooperation.

Mike Twomey



Aqua Utilities Florida, Inc.
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July 8, 2009

Ann Cole, Director
Office of Commission Clerk and Administrative Service
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 080517-WS – Application for approval of transfer of Horizon Homes of Central Florida, Inc. and Five Land Group LLC's water and wastewater systems to Aqua Utilities Florida ("Aqua").

Dear Ms. Cole:

This letter augments Aqua's application in the referenced docket, and proposes a series of actions to address concerns expressed by Commissioner Skop at the April 7, 2009 Agenda Conference.

Aqua acquired the water and wastewater assets of Horizon Homes of Central Florida, Inc. d/b/a Jumper Creek Manor ("Jumper Creek Utility") in December of 2007. Jumper Creek Utility originally was owned by the Jumper Creek Manor Home Owners Association, Inc. ("HOA") and was exempt from Florida Public Service Commission ("FPSC") regulation. Thus, the water and wastewater rates for Jumper Creek Utility were established by the HOA and not by the FPSC.

On December 14, 2007, the HOA transferred its interests in the Jumper Creek Utility to the Jumper Creek Joint Venture, which in turn sold the Jumper Creek Utility systems to Aqua. Aqua began operating the Jumper Creek Utility systems on December 31, 2007, and since that time has only charged those water and wastewater rates originally established by the HOA. Since 2007, Jumper Creek water customers have been charged a monthly fee of \$22.50 which includes 10,000 gallons of usage. Wastewater customers have been charged a monthly fee of \$40.00.

On July 29, 2008, Aqua filed an application with the FPSC for approval of the transfer of the Jumper Creek Utility water and wastewater systems. On March 26, 2009, the FPSC staff issued a memorandum recommending that the FPSC approve the transfer. The Commission initially addressed staff's recommendation at its Agenda Conference on April 7, 2009. At that time, Commission Skop expressed concern in regard to the impact that the acquisition would have on the rates to be paid by Jumper Creek Utility customers, and the regulated rate base for the Jumper Creek systems. After discussion, the matter was postponed for further Commission review.

DOCUMENT NUMBER-DATE

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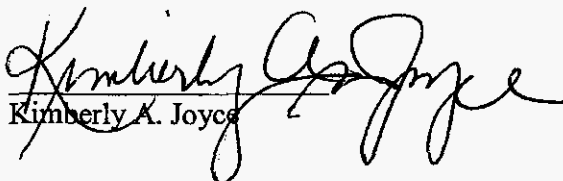
Thereafter, on April 10, 2009, Commission staff convened a meeting with Aqua in which Staff reiterated Commissioner Skop's concerns regarding this particular acquisition's impact on rates and rate base.

Following this meeting, Aqua has extensively considered the issues expressed by Commissioner Skop and carefully reviewed the Commission's Final Order No. PSC-02-0997-FOF-WS, issued July 23, 2002. After much deliberation, Aqua respectfully believes that its acquisition (i) is in the public interest and (ii) is in accordance with the Commission's existing acquisition rule, Rule 25-30.0371, Florida Administrative Code, which policy provides a fair balance between incenting the utility to purchase a system at the lowest possible price and protecting ratepayers. However, Aqua also recognizes Commissioner Skop's concerns. In order to address those concerns, and based on the unique facts and circumstances of this particular case, Aqua proposes the following:

1. It will commit not to submit an application for an increase in rates for Jumper Creek Utility customers prior to May 1, 2010. This would not preclude Aqua in requesting an appropriate test year under Rule 25-30.430, Florida Administrative Code; and,
2. If Aqua seeks to increase rates for Jumper Creek Utility customers after May 1, 2010 as part of AUF's next consolidated rate case, it will carefully consider an appropriate phase-in of rates for the Jumper Creek Utility systems to mitigate against abnormally large increases in rates if it is necessary.

Aqua understands that by not filing for relief to date and deferring a request for rate relief, the company is foregoing revenue to which it otherwise may be entitled. Nevertheless, Aqua is willing to make these commitments in order to resolve the special concerns in this case and bring this particular acquisition to closure.

Respectfully submitted,


Kimberly A. Joyce

cc: Jack Lihvarcik
Carl Smith
Chris Franklin