

Diamond Williams

From: Linda Strumski [lstrumski@pascocountyfl.net]
Sent: Monday, October 31, 2011 11:36 AM
To: Filings@psc.state.fl.us
Cc: 'Bruce May, Holland & Knight'; Caroline Klancke; 'Cecilia Bradley, Office of Attorney General'; 'Kelly Sullivan'; 'Kenneth Curtin, Adams & Reese'; 'Kimberly Joyce, Aqua Utilities'; 'Patricia Christensen, Office of Public Counsel'; Joseph Richards
Subject: Aqua Utilities Docket No: 100330-WS
Attachments: Pasco Prehrg Statement.doc

A. Person responsible for this electronic filing:

Linda Strumski on behalf of
Joseph D. Richards, Esquire
Pasco County Attorney's Office
8731 Citizens Drive, Suite 340
New Port Richey, FL 34654
(727) 847-8120
lstrumski@pascocountyfl.net
jrichards@pascocountyfl.net

B. Docket No. 1003300-WS

Title: PASCO COUNTY'S PREHEARING STATEMENT

C. Document being filed on behalf of:

Pasco County Board of County Commissioners

D. There is a total of 5 pages.

The document attached is Pasco County's Prehearing Statement.

Hard copies will follow by U.S. Regular Mail.

Linda Strumski
Senior Legal Secretary
Pasco County Attorney's Office
8731 Citizens Drive, Suite 340
New Port Richey, FL 34654
Tele: 727-847-8120 Ext. 8810
Fax: 727-847-8021

DOCUMENT NUMBER - DATE

07983 OCT 31 =

FPSC-COMMISSION CLERK

10/31/2011



"Bringing Opportunities Home"

The information transmitted, including attachments, is intended only for the person(s) or entity to which it is addressed and may contain material that is confidential, privileged and/or exempt from disclosure under applicable law. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and destroy any copies of this information. Under Florida law, email addresses are public records. If you do not want your email address released in response to a public-records request, do not send electronic mail to this entity. Instead, contact this office by phone or in writing.

CUSA18A7

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. 100330-WS
ORDER NO. PSC-11-0256-PAA-WS

DATE: October 31, 2011

PASCO COUNTY'S PREHEARING STATEMENT

Pasco County ("Pasco"), pursuant to the *Order Establishing Procedure*, hereby files and serves its Prehearing Statement in this matter. The Applicant, Aqua Utilities of Florida, LLC, shall be referred to as the "Applicant," "AUF" or "Aqua" and the Florida Public Service Commission shall be referred to as the "Commission."

(1) PASCO'S KNOWN WITNESSES:

Jack Mariano, County Commissioner, Pasco County

Subject matter of testimony: his testimony is directed to the issues of Aqua Utilities' poor quality customer service and related operations problems, and Pasco's position on purchasing private utilities.

*Pasco County reserves the right to subpoena additional witnesses, including employees of Applicant, Aqua Utilities Florida, Inc. to testify at the Technical Hearing in this matter.

(2) PASCO'S PREFILED EXHIBITS AND OTHER EXHIBITS:

JM-1, which is a collection of Boil Water Notice Surveys completed by Aqua customers in the Jasmine Lakes and Palm Terrace service areas;

JM-2, which is a collection of e-mails and letters received from Aqua customers;

JM-3, which is a collection of pictures of the repaired effluent pipe, discarded pipe and location map;

JM-4, which is a June 23, 2011, Department of Environmental Protection (DEP) Warning Letter;

JM-5, which a collection of pictures of an overflow pipe and plan sheet showing the location of the pipe; and

JM-6, which is a copy of Mike Garrett letter to Aqua re overflow pipe.

*Pasco County reserves the right to introduce and/or reference any other exhibits submitted, introduced, filed, or referenced at any hearing in this matter, including any exhibits submitted,

introduced, filed or referenced at the customer service hearing in New Port Richey, Florida on October 11, 2011.

(3) STATEMENT OF PASCO'S BASIC POSITION IN THIS PROCEEDING:

Pasco County contends that the rate base, the net operating income (NOI), and the revenue requirement approved in Order No. PSC-11-0256-PAA-WS are overstated. Since the rate base, NOI, and the revenue requirement are overstated, the resulting rates are unjust and unreasonable. Moreover, the PAA Order approved rates are unaffordable. Pasco County protests the portions of the PAA Order relating to rate base, NOI, and revenue requirement areas and quality of service and the other issues listed in the Office of Public Counsel's Petition and Pre-hearing Statement.

The Commission's finding of marginal quality of service provided by Aqua to its customers in the PAA Order should be set aside. Aqua's quality of service should be found to be unsatisfactory. The Commission should lower Aqua's return on equity (ROE) by 100 basis points based on its less than satisfactory quality of service. Pursuant to Sections 367.081 and 367.121, Florida Statutes, the Commission has the authority and duty to prescribe and fix just and reasonable rates and charges. Adjustment should be made to rate base, NOI, and revenue requirement to make the rates and charges just and reasonable for the customers of Aqua.

(4) QUESTIONS OF FACT, QUESTIONS OF LAW AND QUESTIONS OF POLICY THAT ARE AT ISSUE AND PASCO'S POSITION ON EACH:

QUALITY OF SERVICE

Issue 1: What is AUF's quality of service?

Aqua's quality of service is unsatisfactory. Over the last few years, the County has received numerous complaints from Aqua customers regarding poor quality service, poor water quality and exorbitant rates. Aqua has failed repeatedly to properly and fully inform its customers of required boil water orders in the Jasmine Lakes and Palm Terrace service areas. A survey completed by 340 customers from the Palm Terrace and Jasmine Lakes service indicate that Aqua has been inconsistent in notifying customers of the need to boil water. According to the surveys, 137 customers stated that they never received any form of boil water notice; 78 received notice via letter size piece of paper and 92 received a door hanger. Only 17 received a phone call from Aqua.

Issue 2: What, if any, additional actions should be taken by the Commission based on AUF's quality of service?

The Commission should lower Aqua's return on equity (ROE) by 100 basis points because of its less than satisfactory quality of service.

Issues 3 – 38:

Pasco County adopts and incorporates by reference the position statement of the Office of Public Counsel for these issues.

Issue 39: Should this docket be closed?

After the request for rate increase is reduced or denied, this docket should be closed.

(5) STATEMENT OF ISSUES THAT PASCO HAS STIPULATED TO (AT THIS TIME):

Pasco County adopts and incorporates by reference the position statement of the Office of Public Counsel regarding stipulations except as to any stipulations involving issues number 1, 2 and 24.

(6) PENDING MOTIONS AND OTHER MATTERS THAT PASCO SEEKS ACTION UPON:

Joint Motion to Delay Briefing Time.

(7) STATEMENT IDENTIFYING PASCO'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:

None.

(8) OBJECTIONS TO OTHER PARTY'S EXPERTS:

Pasco generally objects to expert testimony offered by any witness not qualified to provide such expert testimony.

(9) STATEMENT AS TO ANY REQUIREMENT IN THE ORDER ESTABLISHING PROCEDURE THAT PASCO CANNOT COMPLY WITH:

Pasco joined in the Citizens' motion to amend the briefing schedule and requests the Commission grant that motion.

s/

Joseph D. Richards (FBN 777404)
Senior Assistant County Attorney
Pasco County Attorney's Office
8731 Citizens Drive, Suite 340
New Port Richey, Florida 34654
Telephone: (727) 847-8120
Facsimile: (727) 847-8021
Email: jrichards@pascocountyfl.net
Counsel for Pasco County

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by regular U.S. mail to the following on this 31 day of October, 2011:

Director, Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard

Tallahassee, Florida 32399-0850
(via e-filing: filings@psc.state.fl.us)

Adams and Reese LLP
Kenneth M. Curtin
150 Second Avenue North, Suite 1700
Saint Petersburg, FL 33701
Phone: 727-502-8261
FAX: 727-502-8961
(via email: Kenneth.curtin@arlaw.com)

Aqua America, Inc.
Ms. Kimberly A. Joyce
762 West Lancaster Avenue
Bryn Mawr, PA 19010-3402
Phone: (610) 645-1077
Fax: (610) 519-0989
(via email: kajoyce@acquaamerica.com)

Aqua Utilities Florida, Inc.
P.O. Box 2480
Lady Lake, FL 32158-2480
Phone: 352-674-2860
(Via Fax: 352-674-2862)

Holland & Knight LLP
Bruce May/Gigi Rollini
P.O. Drawer 810
Tallahassee, FL 32302-0810
Phone: 850-224-7000
Fax: 224-8832
(via email: Bruce.may@hkllaw.com)

Kelly Sullivan
570 Osprey Lakes Circle
Chuluota, FL 32667-6658
Phone: 321-287-5062
(via email: kellyrsullivan@gmail.com)

Office of Public Counsel
J.R. Kelly/Patricia Christensen
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400
Phone: 850-488-9330
(via email: christensen.patty@leg.state.fl.us)

Caroline Klancke
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard

Tallahassee, FL 32399
Tele: 850-413-6218
Fax: 850-413-6219
(via email: cklancke@psc.state.fl.us)

Office of Attorney General
Cecilia Bradley/Pamela Jo Bondi
The Capitol – PL01
Tallahassee, FL 32399-1050
(via email: Cecilia.bradley@myfloridalegal.com)

Joseph D. Richards, Esquire
Senior Assistant County Attorney
Pasco County Attorney's Office
8731 Citizens Drive, Suite 340
New Port Richey, Florida 34654
Telephone: (727) 847-8120
Facsimile: (727) 847-8021
Email: jrichards@pascocountyfl.net
Counsel for Pasco County