

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Application for increase in water and)
wastewater rates in Alachua, Brevard,)
Highlands, Lake, Lee, Marion, Orange, Palm)
Beach, Pasco, Polk, Putnam, Seminole,)
Sumter, Volusia, and Washington Counties)
by Aqua Utilities Florida, Inc.)
_____)

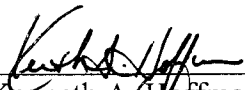
Docket No. 060368-WS
COMMISSION
CLERK

Dated: January 31, 2007

AQUA UTILITIES FLORIDA, INC'S
NOTICE OF FILING RESPONSES
TO ACCOUNTING DEFICIENCIES
NOS. 2 AND 3

Aqua Utilities Florida, Inc. ("AUF") hereby files and serves Notice that it has filed the attached Responses to Deficiency Nos. 2 and 3 as set forth in the Deficiency Letter dated January 2, 2007 from Timothy Devlin, Director, Division of Economic Regulation, to Kenneth Hoffman, counsel for AUF.


Respectfully submitted this 31st day of January, 2007.



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ATTORNEYS FOR AQUA UTILITIES
FLORIDA, INC.

- CMP _____
- COM _____
- CTR _____
- ECR _____
- GCL _____
- OPC _____
- RCA _____
- SCR _____
- SGA _____
- SEC _____
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FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Notice and attached Responses was served by hand delivery this 31st day of January, 2007, to the following:

Florida Public Service Commission
Rosanne Gervasi, Esq.
Katherine E. Fleming, Esq.
2450 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Office of the Public Counsel
Stephen C. Reilly, Esq.
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400


Kenneth A. Hoffman

Aqua Utilities Florida, Inc.
Docket No. 060368-WS
Accounting Deficiencies

Accounting Deficiency No. 2

Schedule A-1, Water Rate Base – The utility is required to provide a calculation of the average Water Rate Base for the test year, showing all adjustments.

The utility did not provide the average balance per books. Instead, the utility put the average rate base along with adjustments all in the adjustment column.

Response:

This deficiency pertains to Adjustments to the Historical Base year 2005 adjustment column (3) for systems identified by Aqua as FWS systems. Unlike FWS systems which began with zero balances on the individual system books, ASI systems do not begin with zero balances in Column (2), and do not have Average Rate Base (beginning) balances included in column (3).

A footnote at the bottom of each FWS system A-1 MFR Schedule states “Note: 2005 per book balances are zero since system’s balances were aggregated at an Administrative level pending the PSC’s Order regarding proper balances at 6/04 acquisition.” The PSC’s Amendatory Order dated February 27, 2005 contained the FWS balances at 6/04 Acquisition. Entries were made in May 2006 to the system’s General Ledgers to reflect the Amendatory Order Balances and activity since June 2004. Consequently, FWS systems must include average rate base and any adjustments in column (3). The Schedule A-1 Adjustments in column (3) for the Historical Base Year 2005 reflect the adjustment to each system’s average book balances (zero) to reach the adjusted average balance for 2005.

Detailed Rate Base workpapers for each system showing monthly and average balances for historical and projected test years were previously filed with the Commission. See AUF’s First Notice of Filing Ratebase Workpapers, filed on January 19, 2007 and AUF’s Second Notice of Filing Ratebase Workpapers, filed on January 24, 2007.

**Aqua Utilities Florida Inc.
Docket No. 060368-WS
Accounting Deficiencies**

Accounting Deficiency No. 3

Schedule A-2, Wastewater Rate Base – The utility is required to provide a calculation of the average Wastewater Rate Base for the test year, showing all adjustments.

The utility did not provide the average balance per books. Instead, the utility put the average rate base along with adjustments all in the adjustment column.

Response:

Please see the response to Accounting Deficiency No. 2.