

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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.

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DOCKET NO. 060368-WS

July 30, 2007

JOINT MOTION TO DISMISS

The Citizens of the State of Florida, through their attorney, the Public Counsel, and BILL MCCOLLUM, Attorney General, State of Florida, through his undersigned representative, pursuant to rule 28-106.204, F.A.C. hereby file this Joint Motion to Dismiss the general rate increase application filed by Aqua Utilities Florida (AQUA) in Docket No. 060368-WS, on the grounds (1) that Aqua effectively filed an entirely new rate case on the July 20, 2007; (2) that Aqua failed to comply with Commission Order No. PSC-07-0592-PCO-WS; and (3) that PSC precedent would support dismissal under the current circumstances. In support of these grounds, the Citizens submit.

**AQUA'S RATE FILING SHOULD BE DISMISSED BECAUSE ON JULY 20, 2007  
AQUA EFFECTIVELY WITHDREW ALL OF ITS INITIAL EXPENSE MFRS  
AND REFILED A NEW CASE.**

1. Aqua filed its case for rate relief based on a projected 2007 test year. To arrive at the 2007 numbers, Aqua began with 2005 actual data, projected a 2006 year and finally projected a 2007 test year.

2. On May 10, 2006, Aqua sent its second letter to Chairman Edgar, asking for approval of a projected test year ending December 31, 2007, as “representative of the current operations,” and expressed its intention to file MFRs by July 10, 2006. In a letter dated May 23, 2006, Chairman Edgar approved Aqua’s request for a December 2007 test year and requested Aqua to file its MFRs by October 10, 2006. Chairman Edgar further instructed Aqua that:

Because of the time limitation contained in Section 367.081, F.S., and the lengthy auditing and investigation required, information not filed with the original application may not be considered.  
[emphasis added]

3. On November 1, 2006, Aqua asked for a second extension to file MFRs, this time to December 1, 2006. This extension was also approved but with the following admonition:

[A]ny subsequent request may be rejected if the December 31, 2007 projected test year no longer corresponds to the company’s operations.

4. On March 26, 2007, Aqua finally officially filed its MFRs. Although the utility had initially filed MFRs on November 30, 2006, Staff issued a rejection letter citing a 23 page list of deficiencies in Aqua’s MFRs. After Aqua attempted to correct its deficiencies, Staff still identified thirty-six specific deficiencies in a February 26, 2007, letter.

5. On April 27, 2007, the Citizens propounded to Aqua their second set of requests for production of documents (PODs). Within that set, POD #124 asked:

Provide all documents utilized by the company to project 2006 and 2007 test year expenses. Please provide the data in an electronic format.

After being forced by a PSC order compelling Aqua to respond to large quantities of long overdue discovery, the company's response (almost two months late) on July 20 was to submit a 628-page electronic worksheet with all new expense numbers and to "explain" this new data with the following verbiage:

During the course of the post-filing analysis, the Company became aware of several unintended results within the filed expense data. These discoveries led to disconnects between the Company's intended and supportable expense trends and results, and the data represented in the MFRs. This resulted in the inability to present to the FLPS Staff Audit team a clear, comprehensible, detailed analysis of expense development by total or by system. The Company responded with any and all available detail regarding the results of actual operations in 2005 and 2006 to assist the auditors on the development of their analysis. Concurrently, the Company commenced with preparation a revised and refreshed expense development analysis for the years 2006 and 2007 that is presented in the attached excel file in response to the Staff Audit and this document request. The Company is providing a "bridge" document which is being submitted to support the rationale behind the revised 2007 expenses and the change in expense as compared to year 2006 actual expenses. Note that the O&M expense analysis and comparison prepared in response

to Staff Audit Findings Nos. 22 and 24 is based on Staff's observed 2006 actual O&M expense level of \$7,186,381, which by its nature does not include amortization.

6. Although Aqua uses opaque language to cloak the true meaning, the reality is crystal clear: Aqua now disavows the entirety of its original expense filing, and seeks to replace all of it with an entirely new unexplained 628-page spreadsheet within a timeframe that prevents any analysis. Not surprisingly, Aqua uses delicate, tip-toe, wording in describing its wholesale change. A quick examination of each of Aqua's statements, however, reveals that the unvarnished reality is that Aqua is seeking a complete re-filing. Under the guise of discovery response (almost 2 months late), Aqua's answer is an entirely new set of thousands of completely unexplained expense numbers being slipped into the proceedings two weeks before Intervenors' testimony is due.

7. By submitting new MFRs at this stage of the proceedings, Aqua would make a mockery of the PSC process and is urging the PSC to violate its statutory responsibility. By statute, the PSC is prohibited from establishing rates that are not shown to be reasonable. By statute and rule, the Commission has a very deliberative process whereby it can fully analyze a filing in a timely fashion and, in the final analysis, assure the public that the rates that result from the PSC hearing process are reasonable. As an integral part of the PSC's analysis, it carefully establishes time frames under which all participating parties can analyze a utility's filing and present positions and testimony for the Commission to evaluate in arriving at its decisions. With Aqua's wholesale re-filing at this date, the Intervenors and the Staff would be robbed of the time frame that have been

established to allow for the depth of analysis necessary for the PSC to assure the public of reasonable rates.

8. As is evident from the foregoing descriptions of Aqua's actions, the utility has effectively withdrawn all of its thousands of originally filed expense forecasts and is now seeking to re-file a new case. Accordingly, the Commission should dismiss the current case in Docket No. 060368.

**AQUA'S FILING SHOULD BE DISMISSED BECAUSE AQUA HAS VIOLATED DISREGARDED COMMISSION ORDER NO. PSC-07-0592-PCO-WS REQUIRING AQUA TO RESPOND TO OPC DISCOVERY**

9. Aqua violated the PSC's Order No. PSC-07-0592-PCO-WS compelling Aqua to provide long overdue discovery responses to numerous OPC discovery requests. Besides serving as Aqua's answer to Citizen's Interrogatories POD 124, Aqua also uses its 628-page compilation of all new unexplained numbers to serve as its response to 112 different Interrogatories and 28 different PODs. Aqua refers to POD 124 as its response to OPC Interrogatory Nos. 26, 31, 90, 94, 95, 128r, 128s, 140c-k, 141a, 141b, 142c, 142e, 143a-d, 144a, 144b, 145a-c, 146a, 146b, 147a, 148, 149a, 150a, 151, 152a-c, 146a, 146b, 147a, 148, 149a, 150a, 151, 152a-c, 152b-b, 154a, 155a-b, 156a-c, 157a-c, 158a & b, 160a-c, 161a-c, 162a & b, 163a-g, 164a-f, 165a-d, 166a-c, 167a&b, 168a-c, 169a-d, 170a-d, 171a, 172a, 172a&b, 173a-f, 174a&b, 175a, 176a-d, and in response to Citizen's POD Nos. 85, 87, 91, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 136, 158 and 176. Attachment 1 to this Motion is a

compilation of all of OPC discovery listed above to which Aqua referred to POD 124 as its answer. OPC invites the Commission to examine the specific questions asking for the justification and explanation of a multitude of specific individual entries and their growth from one year to the next, and consider whether such questions can be answered by a spreadsheet of numbers without any explanation. Each of the 112 Interrogatories and 28 PODs cited above is a very specific question about a specific accounting entry in Aqua's filing. Each of those discovery requests was crafted to elicit critical information about a problem identified by OPC in its detailed analysis. It is utterly preposterous and an insult to this Commission's due process procedures to suggest that a series of specific questions can be answered with a 628-page spreadsheet of entirely new, unexplained numbers. All the new numbers do is raise new questions that will need to be asked after there has been time to fully analyze Aqua's new filing. By refusing to provide meaningful responses to 112 interrogatories and 28 PODs, as required by the PSC, Aqua has failed to comply with a lawful Commission order and its filing should be dismissed.

#### **PUBLIC SERVICE COMMISSION PRECEDENT ON DISMISSING CASES**

10. Although there are no Public Service Commission cases directly on point, the Commission has dealt with the issue of dismissal a number of times.

11. Most recently, the Commission confronted the issue in Labrador Utilities, Inc., Docket No. 060262-WS. Without proceeding to a hearing, the Commission denied Labrador's request for a final rate increase and required the utility to refund the interim

rate increase that had been granted earlier. The Commission explained its reasons through Order No. PSC-07-0129-SC-WS, which stated in part:

On November 13, 2006, our staff conducted a conference call with Labrador to discuss concerns with data supplied by the utility. The two major concerns were: 1) the reliability of the test year consumption data, and 2) the amount of wastewater treated at the treatment plant. By letter dated November 22, 2006, the utility supplied additional information. Although this additional information was supplied, our staff states that it is still unable to rely on this data to set rates. This Order addresses the denial of a final revenue increase, the refund of interim rates, and initiation of Show Cause proceedings for the apparent failure of the utility to comply with a Commission order. We have jurisdiction pursuant to Section 367.081 and 367.161, Florida Statutes (F.S.).  
Id. at p. 3

Later, in its conclusion, the Commission further stated:

In conclusion, the data supplied by Labrador is insufficient to determine the revenue requirement and set reasonable rates.  
Id. at p. 8

The Commission dismissed Labrador's case, without a hearing, because of the utility's inability to produce reliable test year data. In the instant case, Aqua itself has disavowed its own expense data and admitted that its data cannot be relied upon to set reasonable rates. By Aqua's own admission, its expense data is unsupportable, so, like Labrador, its data is "insufficient to determine the revenue requirement and set reasonable rates."

Since Aqua now admits that all of its filed expense data is entirely wrong, the Commission, just as with Labrador, should deny Aqua's requested rate increase.

12. In In re: Southern States Utilities, Inc., FPSC 6:509 (1991) (Docket No. 900329; Order No. 24715), the Commission reached a result similar to that which it reached in Labrador. In Southern States, the Commission denied in its entirety the application for rate increase filed by Southern States. In Order No. 24715, the Commission stated that "we repeatedly were confronted with flaws in the utility's case." *Id.* at p. 512. The Commission then recited a number of those flaws, and concluded:

Most troubling perhaps, was that the utility's construction budget showed errors in the utility's own projections.

....  
Rate base is to ratemaking what a foundation is to a house since it is the basis on which the utility's earnings are determined. If the utility's own forecasts are so severely in error, it casts a deep shadow on the credibility of the data submitted and makes it very difficult to build a house that will remain standing.  
*Id.* at 513

The Commission's language has direct application to Aqua's filing. Just like Southern States' construction budget, Aqua's expense forecast "showed errors in the utility's own projections." Just like Southern States' rate base, Aqua's entire expense component is a foundational basis which must be reliable to establish reasonable rates. Just like Southern States, Aqua's "own forecasts are so severely in error," that they cast a deep shadow on the credibility of all the data submitted.

13. It must be noted that, unlike Labrador, the Commission first held a hearing for Southern States before denying the case based on the unreliability of the filed data. In the instant case, however, a hearing is unnecessary because Aqua itself is already admitting that its “own forecasts are so severely in error” that they cannot be relied upon. It should also be noted that during the hearing for Southern States, OPC filed two motions to dismiss, both of which were denied by the Commission. As its reason, the Commission stated:

Upon consideration, the Commission denied both motions at the conclusion of the hearing on the basis that it believed there was an adequate record upon which to make a decision. The Commission noted that it is not uncommon for companies to have problems with their filings—some to a greater or lesser degree than others—and that companies often do not realize what they have asked for. Essentially the Commission stated that it would review the record and determine whether the utility had carried its burden of proof for the increases requested.  
Id. at p. 512

While the Commission denied OPC’s motions, it nevertheless concluded that the utility did not carry its burden of proof because, based on the evidence at the hearing, the Commission determined that “the utility’s own forecasts [were] so severely in error.” In the Aqua case, the utility has already conceded that its forecasts are so severely in error that they must be ignored.

14. In the following three cases, the Commission dismissed the respective utility's rate increase application, without going to hearing, because of the utility's failure to timely notice the customers, thus denying the customers due process:

- (1) In re: Sailfish Point Utility Corporation, 90 FPSC 6:432 (1990);  
(Docket No. 891114-WS; Order No. 23123)
- (2) In re: Naples Sewer Company, 91 FPSC 8:192 (1991)  
(Docket No. 900757-SU, Order No. 24922)
- (3) In re: St. George Island Utility Company, Ltd. 93 FPSC 12:72 (1993)  
(Docket No. 930770; Order No. PSC-93-1735-FOF-WU)

In addition to the deficiency of notice, In Sailfish Point, the Commission dismissed the case also on the grounds that the utility changed its MFRs after the initial filing. The Commission stated:

However, notice is not the only problem. In addition to the above, as noted in the background, section of this memorandum, along with the testimony of Mr. Frank Seidman, Sailfish Point filed revise MFR schedules, which resulted in a revised revenue requirement request. In other words, Sailfish Point basically filed a new rate case when it filed its testimony.

....

We believe that each of the problems discussed above, taken alone, are compelling reasons to dismiss Sailfish Point's application. However, taken together, we believe that they are fatal to this action. Accordingly, we find it appropriate to dismiss Sailfish Point's application upon both OPC's and our own motion.

[emphasis added]  
Id., at 437

Just as in Sailfish Point, Aqua has basically filed a new rate case. Just as in Sailfish Point, Aqua's rate application should be dismissed.

15. In In re: General Development Utilities, Inc., 87 PPSC 10:356 (1987) (Docket No. 870239; Order No. 18335), the utility filed its case on May 11, 1987. On August 3, 1987, the utility filed testimony which sought to correct the originally filed cost of one storage station. The reaction of the Commission is contained in Order No. 18335, which states, in part:

After the hearing was convened, Commissioner Gunter expressed grave concerns that the testimony filed by the utility was inconsistent with the MFRs. The correction to the cost of Storage Station C caused a recalculation of a great many of the items in the original filing.... The Commissioner suggested that either the "8 - month clock" start over as of August 3, 1987, the date of the utility's pre-filed testimony [the date the correction was first noted], or the testimony and exhibits relating to the additional cost of Storage Station C be stricken. The Commissioner referred to the Test Year approval letter of March 24, 1987, third paragraph, wherein was stated "Information not filed with the original application may not be considered and information filed after completion of Staff's investigation will not be considered." He further stated that, by having a mismatch between the MFRs and the testimony, a burden shifts from the utility to the commissioners to understand and interpret the filings. Chairman Nichols, the pre-hearing Officer, concurred, stating that the case before them was not correct and complete as filed.

Id. at p. 357

The Commission then continued the hearings that had been set for October 8 & 9, 1987. In subsequent Order No. 18557, the Commission rescheduled the hearings for February 10 & 11, 1988 (87 FPSC 12:286, 288). Certainly, if the change in the cost of just one storage station called for a four-month continuance, the wholesale replacement of 628 pages of different expense items for all eighty systems should require a dismissal and refilling.

16. Based on the foregoing cases, Public Service Commission precedent supports a dismissal of Aqua's rate increases application under the current circumstances.

WHEREFORE, in light of the foregoing, the Citizens of the State of Florida respectfully move the Florida Public Service Commission to dismiss Aqua's application for rate increase.

Respectfully Submitted,

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Respectfully Submitted,



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**CERTIFICATE OF SERVICE**  
**DOCKET NO. 060368-WS**

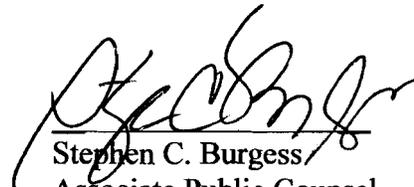
I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by E-mail and by U.S. Mail to the following parties this 31st day of July, 2007:

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**ATTACHMENT**

**Aqua Utilities Florida, Inc.****OPC Interrogatory and POD Responses Referring to Response to POD 124**

<b>Question</b>	<b>Response</b>
<b><u>INTERROGATORIES</u></b>	
26. By NARUC uniform system of account number and name, state separately for each water and wastewater system for the years ending 2003, 2004 2005, actual 2006, and as projected for 2006 and 2007, the amounts charged to the Company by Aqua Services, Inc. Provide the requested information in electronic spreadsheet format with all formulas and links intact.	The water and wastewater files on CD 08653 include direct, intercompany, intracompany and total O&M expenses (excluding rate case expense) for the year 2005. For years 2006 and 2007, please see response to OPC POD No. 124. All formulas and links are intact in the files. Years 2003 and 2004 cannot be provided at this time.[CD 08653]
31. For each system, please provide a schedule similar to page 1 of B-6, stating the amount of expense allocated or directly charged to the system by each affiliate for the test years (historic, intermediate, and projected) and the proceeding two years.	Please see response to OPC IROG No. 26 for year 2005 and response to OPC POD No. 124 for years 2006 and 2007.
90. Please refer to Mr. Connolly's Exhibit GPC-4, Major Capital Projects in 2006, Putnam County, Interlachen/Park Manor, where he states, "These improvement will increase the useful life of the ground storage tank." Please explain how the improvements will improve the life of the ground storage tank and what adjustments the Company made to test year operating results to reflect the extended life.	While improvements including painting and repair of leaks are necessary to extend the useful life of the ground storage tank, the Company has not completed the improvements to this tank to date and have not made any adjustments. Please see response to OPC POD #124.
92. Please refer to Mr. Schreyer's testimony, Page 12, Lines 11-12, where he states, "...using corporate assumptions. Please explain the assumptions used by the Company to project its 2007 legal expenses.	Please see the response to OPC Interrogatory # 2 and OPC POD # 124 for an explanation of the Company's projected legal expense.
94. Please refer to Mr. Schreyer's testimony, Page 13, Lines 1-4, where he states, Outside professional services for these required laboratory testing services were <input type="checkbox"/> projected based on an assumption that AUF's use of outside laboratory services <input type="checkbox"/> would be consistent with the historical level of service used, together with a ... <input type="checkbox"/> price increase projected for 2007. Please explain the assumption the Company used to project outside professional service price increases and provide all price increases from the outside laboratory services issued to the Company in 2007.	Please see the bridge document in the response to OPC POD No. 124.
95. Provide a detailed explanation for the methodology the Company used to project 2006 and 2007 test year expenses.	Please see the bridge document in the response to OPC POD No. 124
128. For purposes of this request, please refer to page 00145 in response to OPC POD 24 r. Please itemize and explain what is included in contracted expenses and the amounts included in the 2007 projected test year.	r. "Contracted Services" includes items like Engineering, Accounting, Legal Services, Management Fees, Lab Testing, Third Party Contract operations of plants, Lawn Services, Billing Service, and Line Locator expense. Please refer to OPC Interrogatory #124 for 2007 projections.
s. Please itemize and explain what is included in dues expenses and the amounts included in the 2007 projected test year.	s. See OPC Interrogatory #3 attached and refer to OPC Interrogatory #124 for 2007 projections.

**Aqua Utilities Florida, Inc.**  
**OPC Interrogatory and POD Responses Referring to Response to POD 124**

<b>Question</b>	<b>Response</b>
<p>140. Please refer to the Company's MFRs and provide the following: (Please note that the numbers are placed in parentheses o make reading the interrogatories easier. The parentheses re not intended o signify that the numbers are negative.) Provide an explanation of the changes to Account Number 601 and 701, Salaries and Wages - Employees, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase r decrease from year to year. Please provide this information on a per system basis, here applicable, if the cause of the change is system specific. For purposes of this request, please refer to Account Number 603 and 703, Salaries and Wages - Officers, Directors, Stockholders. Please provide an explanation why there are zero expenses for 2007 in all systems except Kings Cove. c. Provide an explanation of the changes to Account Number 604 and 704, Employee Pensions and Benefits, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific. d. Provide an explanation of the changes to Account Number 620 and 720, Materials and Supplies, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific. e. Provide an explanation of the changes to Account Number 631 and 731, Contractual Services - Engineering, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.</p>	<p>Listed below are some reasons to either increase or decrease O&amp;M expenses from year to year. Also, please refer to the response provided with OPC POD No. 124 for more detailed description of the items that affected expenses from year to year.</p> <ul style="list-style-type: none"> <li>a. Salary increases, occasional open positions, large capital projects and changes in corporate allocations.</li> <li>b. Salary increases, occasional open positions, large capital projects, bonuses and changes in corporate allocations.</li> <li>c. Employee package changes, employee match obligations.</li> <li>c. Required purchases for non-capital maintenance and repairs.</li> <li>e. Requirement of non-capital related services, such as occasional O&amp;M Manual preparing and mapping.</li> <li>f. Requirement of non-capital related services, such as occasional law suit and corporation changes.</li> <li>g. Changes in contract operation cost and vendors, addition/elimination of deferred major maintenance write-offs, changes in corporate allocations, such as moving the call center and billing service company, increase/decrease of temporary employees.</li> <li>h. Cost of fuel, larger driving distance with new acquisitions, changing from owned vehicles to leased vehicles.</li> <li>l. Increase to assets and premium costs.</li> <li>J. Delinquency increases and decreases, changes in method of reserves.</li> <li>k. Changes in phone/cell phone, postage/overnight delivery, uniforms, bank lockbox fees, office supplies and travel expenses and relocation of employees.</li> </ul>

**Aqua Utilities Florida, Inc.**  
**OPC Interrogatory and POD Responses Referring to Response to POD 124**

Question	Response
<p><b>140 cont. f.</b> Provide an explanation of the changes to Account Number 633 and 733, Contractual Services - Legal, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.</p> <p><b>g.</b> Provide an explanation of the changes to Account Number 636 and 736, Contractual Services - Other, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.</p> <p><b>h.</b> Provide an explanation of the changes to Account Number 650 and 750, Transportation Expenses, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.</p> <p><b>i.</b> Provide an explanation of the changes to Account Number 657 and 757, Insurance - General Liability, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.</p> <p><b>J.</b> Provide an explanation of the changes to Account Number 670 and 770, Bad Debt Expense, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.</p> <p><b>k.</b> Provide an explanation of the changes to Account Number 675 and 775, Miscellaneous Expenses, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.</p>	
<p><b>141.</b> Please refer to the Company's MFRs for the Arredondo Estates Farms Systems and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p><b>a.</b> Please explain why expenses for Account Number 675, Miscellaneous Expenses, are (negative \$899) in 2005.</p> <p><b>b.</b> Please explain why expenses for Account Number 770, Bad Debt Expense, are zero in 2005, (\$820) in 2006, and (\$513) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>

**Aqua Utilities Florida, Inc.****OPC Interrogatory and POD Responses Referring to Response to POD 124**

<b>Question</b>	<b>Response</b>
<p><b>142.</b> Please refer to the Company's MFRs for the Kingswood System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>c. Please explain why expenses for Account Number 615, Purchased Power, are zero in 2005, (negative \$75) in 2006, and (negative \$90) in 2007.</p> <p>d. Please explain why expenses for Account Number 620, Materials and Supplies, are zero in 2005, increased to (\$170) in 2006, and the increased to (\$200) in 2007.</p> <p>e. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$921) in 2006, and then increased to (\$928) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p><b>143.</b> Please refer to the Company's MFRs for the Leisure Lakes System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$5,434) in 2006, and then increased to (\$5,475) in 2007.</p> <p>b. Please explain why expenses for Account Number 660, Advertising Expense, are zero in 2005, increased to (\$111) in 2006, and then increased to (\$133) in 2007.</p> <p>c. Please explain why expenses for Account Number 701, Salaries and Wages - Employees, are (negative \$143) in 2006.</p> <p>d. Please explain why expenses for Account Number 770, Bad Debt Expense, are zero in 2005, increased to (\$594) in 2006, and then increased to (\$371) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p><b>144.</b> Please refer to the Company's MFRs for the Lake Josephine System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 633, Contractual Services - Legal, are (negative \$990) in 2005.</p> <p>b. Please explain why expenses for Account Number 660, Advertising Expense, are zero in 2005, (\$296) in 2006, and (\$358) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p><b>145.</b> Please refer to the Company's MFRs for the Oakwood System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 615, Purchased Power, are zero in 2005, (negative \$260) in 2006, and (negative \$295) in 2007.</p> <p>b. Please explain why expenses for Account Number 620, Materials and Supplies, are zero in 2005, increased to (\$943) in 2006, and then increased to (\$1,108) in 2007.</p> <p>c. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$3,273) in 2006, and then increased to (\$3,298) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>

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<b>Question</b>	<b>Response</b>
<p><b>146.</b> Please refer to the Company's MFRs for the Carlton Village System and provide the following: (please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 616, Fuel for Power Purchased, are zero in 2005, increased to (\$541) in 2006, and then increased to (\$619) in 2007.</p> <p>b. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$2,834) in 2006, and then increased to (\$2,856) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p><b>147.</b> Please refer to the Company's MFRs for the East Lake Harris System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$2,522) in 2006, and then increased to (\$2,541) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p><b>148.</b> Please refer to the Company's MFRs for the Friendly Center System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$368) in 2006, and then increased to (\$371) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p><b>149.</b> Please refer to the Company's MFRs for the Friendly Center System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$1,771) in 2006, and then increased to (\$1,785) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p><b>150.</b> Please refer to the Company's MFRs for the Grand Terrace System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$1,559) in 2006, and then increased to (\$1,571) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p><b>151.</b> Please refer to the Company's MFRs for the Hobby Hills System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$1,474) in 2006, and then increased to (\$1,485) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>

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<b>Question</b>	<b>Response</b>
<p><b>152.</b> Please refer to the Company's MFRs for the Holiday Haven System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 616, Fuel for Power Purchased, are zero in 2005, (negative \$155) in 2006, and (negative \$175) in 2007.</p> <p>b. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$1,245) in 2006, and then increased to (\$1,254) in 2007.</p> <p>c. Please explain why expenses for Account Number 770, Bad Debt Expense, are zero in 2005, increased to (\$435) in 2006, and then increased to (\$273) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p><b>153.</b> Please refer to the Company's MFRs for the Haines Creek System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 633, Contractual Services - Legal, are (negative \$1,735) in 2005.</p> <p>b. Please explain why expenses for Account Number 670, Bad Debt Expense, are (negative \$184) in 2005.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p><b>154.</b> Please refer to the Company's MFRs for the Imperial Mobile Terrace System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$3,472) in 2006, and then increased to (\$3,498) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p><b>155.</b> Please refer to the Company's MFRs for the 48 Estates System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$1,161) in 2006, and then increased to (\$1,170) in 2007.</p> <p>b. Please explain why expenses for Account Number 670, Bad Debt Expense, are zero in 2005, increased to (\$242) in 2006, and then increased to (\$153) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>

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<b>Question</b>	<b>Response</b>
<p>156. Please refer to the Company's MFRs for the Morningview System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, (\$496) in 2006, and (\$500) in 2007.</p> <p>b. Please explain why expenses for Account Number 670, Bad Debt Expense, are zero in 2005, (\$455) in 2006, and (\$285) in 2007.</p> <p>c. Please explain why expenses for Account Number 770, Bad Debt Expense, are zero in 2005, (\$167) in 2006, and (\$106) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p>157. Please refer to the Company's MFRs for the Ravenswood System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 620, Materials and Supplies, are zero in 2005, increased to (\$213) in 2006, and then increased to (\$250) in 2007.</p> <p>b. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$625) in 2006, and then increased to (\$630) in 2007.</p> <p>c. Please explain why expenses for Account Number 670, Bad Debt Expense, are (negative \$25) in 2005.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p>158. Please refer to the Company's MFRs for the Skycrest System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 620, Materials and Supplies, are zero in 2005, increased to (\$403) in 2006, and then increased to (\$476) in 2007.</p> <p>b. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$1,729) in 2006, and then increased to (\$1,742) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p>159. Please refer to the Company's MFRs for the Silver Lakes Estates / Western System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 616, Fuel for Power Purchased, are zero in 2005, (\$27) in 2006, and (\$31) in 2007.</p> <p>b. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$22,366) in 2006, and then increased to (\$22,535) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>

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Question	Response
<p>160. Please refer to the Company's MFRs for the Stone Mountain System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 620, Materials and Supplies, are zero in 2005, increased to (\$338) in 2006, and then increased to (\$398) in 2007.</p> <p>b. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$142) in 2006, and then increased to (\$143) in 2007.</p> <p>c. Please explain why expenses for Account Number 675, Miscellaneous Expenses, are zero in 2005, increased to (\$230) in 2006, and then increased to (\$272) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p>161. Please refer to the Company's MFRs for the South Seas System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 710, Purchased Sewage Treatment, are (\$5,822) in 2005 and zero in 2006 and 2007.</p> <p>b. Please explain why expenses for Account Number 716, Fuel for Power Purchased, are zero in 2005, increased to (\$1,325) in 2006, and then increased to (\$1,513) in 2007.</p> <p>c. Please explain why expenses for Account Number 770, Bad Debt Expense, are zero in 2005, (negative \$5,136) in 2006, and (negative \$3,215) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p>162. Please refer to the Company's MFRs for the Ocala Oaks System and provide the following: (please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 633, Contractual Services - Legal, are (negative \$2,097) in 2005.</p> <p>b. Please explain why expenses for Account Number 660, Advertising Expense, are (\$20 I) in 2005 and zero in 2006 and 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p>163. Please refer to the Company's MFRs for the Lake Osbourne Estates System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 601, Salaries and Wages - Employees, are (negative \$389) in 2005 and (negative \$746) in 2006.</p> <p>b. Please explain why expenses for Account Number 615, Purchased Power, are zero in 2005, (negative \$600) in 2006, and (negative \$685) in 2007.</p> <p>c. Please explain why expenses for Account Number 670, Bad Debt Expense, are (negative \$109) in 2006 and 2007.</p> <p>d. Please explain why expenses for Account Number 704, Employee Pensions and Benefits, are (negative \$677) in 2006.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>

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Question	Response
<p>e. Please explain why expenses for Account Number 731, Contractual Services Engineering, are zero in 2005, increased to (\$226) in 2006, and then increased to (\$230) in 2007.</p> <p>f. Please explain why expenses for Account Number 742, Rental of Equipment, are (\$924) in 2005 and zero in 2006 and 2007.</p> <p>g. Please explain why expenses for Account Number 770, Bad Debt Expense, are zero in 2005, increased to (\$2,704) in 2006, and then increased to (\$1,961) in 2007.</p>	
<p><b>164.</b> Please refer to the Company's MFRs for the Jasmine Lakes System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 610, Purchased Water, are (\$440) for 2005 and zero for 2006 and 2007.</p> <p>b. Please explain why expenses for Account Number 616, Fuel for Power Purchased, are zero in 2005, (\$325) for 2006, and (\$371) for 2007.</p> <p>c. Please explain why expenses for Account Number 633, Contractual Services - Legal, are (negative \$5,769) in 2005, (negative \$79,207) in 2006, and (negative \$79,807) in 2007.</p> <p>d. Please explain why expenses for Account Number 716, Fuel for Power Purchased, are zero in 2005, (\$350) in 2006, and (\$400) in 2007.</p> <p>e. Please explain why expenses for Account Number 733, Contractual Services - Legal, are (\$5,616) in 2005 and zero in 2006 and 2007.</p> <p>f. Please explain why expenses for Account Number 770, Bad Debt Expense, are zero in 2005, increased to (\$3,343) in 2006, and then increased to (\$2,090) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p><b>165.</b> Please refer to the Company's MFRs for the Palm Terrace System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$16,877) in 2006, and then increased to (\$17,005) in 2007.</p> <p>b. Please explain why expenses for Account Number 704, Employee Pensions and Benefits, are (negative \$677) in 2006.</p> <p>c. Please explain why expenses for Account Number 731, Contractual Services Engineering, are zero in 2005, increased to (\$226) in 2006, and then increased to (\$230) in 2007.</p> <p>d. Please explain why expenses for Account Number 770, Bad Debt Expense, are zero in 2005, increased to (\$2,704) in 2006, and then increased to (\$1,691) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>

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Question	Response
<p><b>166.</b> Please refer to the Company's MFRs for the Zephyr Shores System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increased to (\$8,361) in 2006, and then increased to (\$8,424) in 2007.</p> <p>b. Please explain why expenses for Account Number 731, Contractual Services Engineering, are zero in 2005, increased to (\$114) in 2006, and then increased to (\$117) in 2007.</p> <p>a. Please explain why expenses for Account Number 770, Bad Debt Expense, are zero in 2005, (\$840) in 2006, and (\$525) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p><b>167.</b> Please refer to the Company's MFRs for the Orange Hill/ Sugar Creek System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 616, Fuel for Power Purchased, are (\$118) in 2005 and zero in 2006 and 2007.</p> <p>b. Please explain why expenses for Account Number 636, Contractual Services - Other, are (negative \$9,930) in 2005.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p><b>168.</b> Please refer to the Company's MFRs for the Rosalie Oaks System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 616, Fuel for Power Purchased, are zero in 2005, increased to (\$443) in 2006, and then increased to (\$506) in 2007.</p> <p>b. Please explain why expenses for Account Number 711, Sludge Removal Expense, are zero in 2005, increased to (\$1,685) in 2006, and then increased to (\$2,010) in 2007</p> <p>c. Please explain why expenses for Account Number 770, Bad Debt Expense, are zero in 2005, then increased to (\$178) in 2006, and then decreased to (\$113) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>

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<b>Question</b>	<b>Response</b>
<p>169. Please refer to the Company's MFRs for the Village Water System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 615, Purchased Power, are zero in 2005, (negative \$480) in 2006, and (negative \$545) in 2007.</p> <p>b. Please explain why expenses for Account Number 675, Miscellaneous Expenses, are (negative \$912) in 2005.</p> <p>c. Please explain why expenses for Account Number 704, Employee Pensions and Benefits, are (negative \$1,443) in 2006, and (\$1,522) in 2007</p> <p>d. Please explain why expenses for Account Number 770, Bad Debt Expense, are zero in 2005, increased to (\$1,052) in 2006, and then decreased to (\$658) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p>170. Please refer to the Company's MFRs for the Beechers Point System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 670, Bad Debt Expense, are zero in 2005, increase to (\$756) in 2006, and then decrease (\$474) in 2007</p> <p>b. Please explain why expenses for Account Number 675, Miscellaneous Expenses, are zero in 2005, increase to (\$1,642) in 2006, and increase to (\$1,983) in 2007</p> <p>c. Please explain why expenses for Account Number 770, Bad Debt Expense, are zero in 2005, increase to (\$250) in 2006, and decrease to (\$157) in 2007.</p> <p>d. Please explain why expenses for Account Number 775, Miscellaneous Expenses, are zero in 2005, increase to (\$588) in 2006, and then increase to (\$710) in 2007</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p>171. Please refer to the Company's MFRs for the Interlachen Lake/Park Manor System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 775, Miscellaneous Expenses, are zero in 2005, increase to (\$873) in 2006, and then increase to (\$1,057) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>

**Aqua Utilities Florida, Inc.****OPC Interrogatory and POD Responses Referring to Response to POD 124**

<b>Question</b>	<b>Response</b>
<p>172. Please refer to the Company's MFRs for the Palm Port System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increase to (\$1,074) in 2006, and increase to (\$1,082) in 2007.</p> <p>b. Please explain why expenses for Account Number 775, Miscellaneous Expenses, are zero in 2005, increase to (\$483) in 2006, and increase to (\$302) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p>173. Please refer to the Company's MFRs for the Chuluota System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, increase to (\$16,622) in 2006, and increase to (\$16,748) in 2007.</p> <p>b. Please explain why expenses for Account Number 660, Advertising Expense, are zero in 2005, increase to (\$2,284) in 2006, and increase to (\$2,758) in 2007.</p> <p>c. Please explain why expenses for Account Number 704, Employee Pensions and Benefits, are (negative \$18,372) in 2006 and (negative \$19,075) in 2007.</p> <p>d. Please explain why expenses for Account Number 716, Fuel for Power Purchased, are zero in 2005, increase to (\$1,246) in 2006, and increase to (\$1,423) in 2007.</p> <p>e. Please explain why expenses for Account Number 731, Contractual Services Engineering, are (negative \$2,544) in 2005.</p> <p>f. Please explain why expenses for Account Number 770, Bad Debt Expense, are zero in 2005, increase to (\$4,065) in 2006, and decrease to (\$2,544) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p>174. Please refer to the Company's MFRs for the Florida Central Commerce Park System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 710, Purchased Sewage Treatment, are (\$23) in 2005 and zero in 2006 and 2007.</p> <p>b. Please explain why expenses for Account Number 742, Rental of Equipment, are (\$36) in 2005 and zero in 2006 and 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>

**Aqua Utilities Florida, Inc.**  
**OPC Interrogatory and POD Responses Referring to Response to POD 124**

<b>Question</b>	<b>Response</b>
<p>175. Please refer to the Company's MFRs for The Woods System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 616, Fuel for Power Purchased, are zero in 2005, increase to (\$199) in 2006, and increase to (\$227) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>
<p>176. Please refer to the Company's MFRs for Sunny Hills System and provide the following: (Please note that the numbers are placed in parentheses to make reading the interrogatories easier. The parentheses are not intended to signify that the numbers are negative.)</p> <p>a. Please explain why expenses for Account Number 616, Fuel for Power Purchased, are (\$149) in 2005 and zero in 2006 and 2007.</p> <p>b. Please explain why expenses for Account Number 633, Contractual Services - Legal, are zero in 2005, (\$4,725) in 2006, and (\$4,561) in 2007.</p> <p>c. Please explain why expenses for Account Number 716, Fuel for Power Purchased, are (\$149) in 2005 and zero in 2006 and 2007.</p> <p>d. Please explain why expenses for Account Number 770, Bad Debt Expense, are zero in 2005, (\$1,888) in 2006, and (\$1,181) in 2007.</p>	<p>The Company has prepared a revised Operations and Maintenance (O&amp;M) expense development analysis for years 2005, 2006 and 2007 and a document to explain and reconcile the changes in revised 2007 expenses as compared to year 2006 actual expenses. The year 2005 expense analysis is provided in response to OPC IROG No. 26, and the years 2006 and 2007 analysis is provided in response to OPC POD No. 124.</p>

**Aqua Utilities Florida, Inc.****OPC Interrogatory and POD Responses Referring to Response to POD 124**

Question	Response
<b><u>PRODUCTION OF DOCUMENTS</u></b>	
85. Please refer to Mr. Lihvarcik's testimony, Page 12, Lines 3-6, in which he discusses the adjustment to O&M expenses for pro forma Labor Expense. Please provide the source document, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the open positions used and their corresponding wage rates.	Please see the response to OPC POD No. 124.
87. Please refer to Mr. Lihvarcik's testimony, Page 12, Lines 9-13, in which he states, I am sponsoring the expense items and justifications as such may pertain to the following O&M expenses: labor, purchase water and sewage, sludge removal, purchase power, chemicals and advertising. Please provide the source document, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the expense items Mr. Lihvarcik identifies as exceeding the level of the prior five years' growth and inflation: labor, purchase water and sewage, sludge removal, purchase power, chemicals and advertising.	Please see response to OPC POD No. 124.
91. Please refer to Mr. Schreyer's testimony, Page 9, Lines 8-12, where he states, Certain adjustments necessary for ratemaking purposes have been made to the projected 2007 data.... Please provide the source document, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the ratemaking adjustments to the Company's 2007 projections for rate case expenses, purchased power rate increase pass through impacts, and non-recurring miscellaneous expense reclassifications.	Please see the response to OPC POD No. 124.
93. Please refer to Mr. Schreyer's testimony, Page 9, Lines 8-12, where he states, Certain adjustments necessary for ratemaking purposes have been made to the projected 2007 data.... Please provide the source document, accounting records, memos, letters, and notes in electronic spreadsheet format, with all formulas and links intact, documenting the contact made with suppliers of good and services.	Please see the response to OPC POD No. 124.
94. Please refer to Mr. Schreyer's testimony, Page 9, Lines 15-23, in which he states, The projections for the year 2007 were finalized in 2006 and will be updated as appropriate as actual cost results come in. Please provide the source document, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, of the updated projections for 2007.	Please see the response to OPC POD No. 124.

**Aqua Utilities Florida, Inc.**  
**OPC Interrogatory and POD Responses Referring to Response to POD 124**

<b>Question</b>	<b>Response</b>
<p>95. Please refer to Mr. Schreyer's testimony, Page 11, Lines 2-9, where he states, The Company has reflected anticipated customer growth in its revenue projections. Please provide the source document, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the anticipated customer growth and consequent reflections in revenue projections in Schedules E-1 through E-14.</p>	<p>Please see the response to OPC POD No. 124.</p>
<p>96. Please refer to Mr. Schreyer's testimony, Page 11, Lines 12-19, in which he discusses the adjustments referred to in the B Schedules for Employee Benefits. Please provide all documents documenting the Company's existing insurance contracts. Please provide data in electronic format.</p>	<p>Please see the response to OPC POD No. 124.</p>
<p>97. Please refer to Mr. Schreyer's testimony, Page 11, Lines 12-19, in which he discusses the adjustments referred to in the B Schedules for Employee Benefits. Please provide the source document, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the costs increases used for 2007 insurance expense projections.</p>	<p>Please see the response to OPC POD No. 124.</p>
<p>98. Please refer to Mr. Schreyer's testimony, Page 11, Lines 12-19, in which he discusses the adjustments referred to in the B Schedules for Employee Benefits. Please provide the source document, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's actual 2006 and 2007 to-date employee 401K savings expense and the resulting update to the 2007 projection.</p>	<p>Please see the attached accounting records/workpapers detailing the 2006 and 2007 to date 401K expense accounts 6048371704837 as requested. The Company has updated the projected 401K expense to \$32,912, which is included in the Company's response to OPC POD # 124, on a consolidated basis for accounts 604 and 704.</p>
<p>99. Please refer to Mr. Schreyer's testimony, Page 11, Lines 12-19, in which he discusses the adjustments referred to in the B Schedules for Employee Benefits. Please provide the source document, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's projected 'Other' miscellaneous employee benefit expenses.</p>	<p>Please see the response to OPC POD No. 124.</p>
<p>100. Please refer to Mr. Schreyer's testimony, Page 11, Lines 21-23, where he states, A review was made of the recent historical materials and supplies required for the annual operations of the Company. Please provide the source documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, documenting the Company's review.</p>	<p>Please see the response to OPC POD No. 124.</p>
<p>101. Please refer to Mr. Schreyer's testimony, Page 12, Lines 1-5, he states " ... a projection was made for the level of expense to be incurred for materials and supplies category in 2007." Please provide the source documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's projected annual price increase for materials and supplies expense.</p>	<p>Please see the response to OPC POD No. 124.</p>

**Aqua Utilities Florida, Inc.**  
**OPC Interrogatory and POD Responses Referring to Response to POD 124**

Question	Response
<p>102. Please refer to Mr. Schreyer's testimony, Page 12, Lines 1-5, he states "Customer growth and increases from vendors due to higher shipping costs were considered as well." Please provide the source documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's assumptions in customer growth and shipping costs.</p>	<p>Please see the response to OPC POD No. 124.</p>
<p>103. Please refer to Mr. Schreyer's testimony, Page 12, Lines 1-5, he states " ... a projection was made for the level of expense to be incurred for materials and supplies category in 2007." Please provide the source documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's projection for materials and supplies expense.</p>	<p>Please see the response to OPC POD No. 124.</p>
<p>104. Please refer to Mr. Schreyer's testimony, Page 12, Lines 7-9. Please provide the source documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's assumptions in customer growth and shipping costs.</p>	<p>Please see the response to OPC POD No. 124.</p>
<p>105. Please refer to Mr. Schreyer's testimony, Page 13, Lines 1-4, in which he discusses the projection of the Contractual Services - Laboratory Services Expense. Please provide the source documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's projected expenses for required laboratory testing services.</p>	<p>Please see the response to OPC POD No. 124.</p>
<p>106. Please refer to Mr. Schreyer's testimony, Page 13, Lines 6-9, where he states, The projected cost for these items [Contractual Services - Other Expense] was based upon the historical expenditures and expected needs for the future. Please provide the source documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's projected expenses for Contractual Services - Other Expenses.</p>	<p>Please see the response to OPC POD No. 124.</p>
<p>107. Please refer to Mr. Schreyer's testimony, Page 13, Lines 11-13, where he states, A review of historical lease expense was performed for each division. Please provide the source documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's review.</p>	<p>Please see the response to OPC POD No. 124.</p>
<p>108. Please refer to Mr. Schreyer's testimony, Page 13, Lines 11-13, where he states, The costs for specific leases were forecasted for 2007, and have anticipated potential price fluctuations from vendors as well as customer growth. Please provide the source documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's projections.</p>	<p>Please see the response to OPC POD No. 124.</p>

**Aqua Utilities Florida, Inc.****OPC Interrogatory and POD Responses Referring to Response to POD 124**

Question	Response
<p>109. Please refer to Mr. Schreyer's testimony, Page 13, Lines 15-19, in which he discusses the development of the Company's projected transportation expense. Please provide the source documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's projected transportation expenses.</p>	Please see the response to OPC POD No. 124.
<p>110. Please refer to Mr. Schreyer's testimony, Page 13, Lines 15-19, where he states, ... substantially higher fuel costs than historically experienced .... Please provide the source documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's assumption of higher fuel costs.</p>	Please see the response to OPC POD No. 124.
<p>111. Please refer to Mr. Schreyer's testimony, Page 13, Lines 22-23, in which he discusses the Company's projections for Property and Liability Insurance. Please provide the source documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's projected property and liability insurance expense.</p>	Please refer to OPC Interrogatory #'s 20, 31 and OPC POD No. 124.
<p>112. Please refer to Mr. Schreyer's testimony, Page 14, Lines 1-3, where he states, This data is based on the best information available, but the Company does not expect new information and estimates during this case. Please provide the source documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting updates to the Company's projection.</p>	Please refer to OPC Interrogatory#'s 20,31 and O PC POD No. 124.
<p>114. Please refer to Mr. Schreyer's testimony, Page 14, Lines 20-23, in which he discusses the Company's projection for miscellaneous expenses. Please provide the source documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's itemized projection of miscellaneous expenses.</p>	Please see the response to OPC POD No. 124.
<p>136. With respect to costs allocated to each system by Aqua Services, Inc. and Aqua America, Inc, please provide the following information for 2004, 2005, actual 2006, and as projected for 2006 and 2007: the total dollars by general ledger account number to be allocated, the name of the general ledger account ; the allocation factor applied to each account; the calculation of the allocation factor including the numerator for each company that is allocated a portion of the cost and the denominator of the allocation factor; and a description of the allocation factor. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.</p>	Please see CD 08653 (produced in connection with response to OPC POD No. 124) for 2005 and 2006 allocations. In addition, please refer to the Company's response to OPC POD # 124 for 2007

**Aqua Utilities Florida, Inc.**  
**OPC Interrogatory and POD Responses Referring to Response to POD 124**

Question	Response
<p>158. Provide all workpapers and source documents used to prepare Schedule B-12 of the MFRs. The workpapers should allow one to tie the amounts charged from Aqua Services, Inc. and Aqua America, Inc. by account to the amounts depicted on this Schedule. Please provide the same spreadsheet with all formulas and links intact that will allow one to view all tabs with the correct data in each cell. Provide any updates to this spreadsheet.</p>	<p>For 2005, please refer to the response to OPC Interrogatory No. 26. For 2006 and 2007, please refer to the response to OPC POD No. 124. The expense data shown therein includes the breakout of Direct, Intercompany, and Intracompany charges with all formulas and links intact.</p>
<p>176. Please provide workpapers that would allow an individual to recompute the amounts allocated to each AUF system by AUF, for each of the test years 2005 and as projected for 2006 and 2007. The information provided should allow one to recompute the allocation factors and to redistribute all costs that have been charged to AUF by Aqua Services or any other affiliate that charges costs to AUF. The information provided should allow one to recomputed allocation and then carry any associated adjustments, by system, to the expense and rate base items included in the instant filing. To the extent the Company has provided the requested information, please identify where it has been provided.</p>	<p>Please refer to the Company's response to OPC POD # s 31,124, and OPC Interrogatory #'s 25, 26, and 27.</p>