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February 29, 2008

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VIA HAND DELIVERY

Chairman Matthew M. Carter, II  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

Re: Aqua Utilities Florida, Inc.  
2008 General Rate Increase Application

Dear Chairman Carter:

Aqua Utilities Florida ("AUF" or "Company") intends to submit an application for general rate relief to the Florida Public Service Commission ("Commission") for its water and wastewater systems in Alachua, Brevard, De Soto, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia and Washington Counties.

This letter, pursuant to Rule 25-30.430, Florida Administrative Code, requests approval of a historic test year ending December 31, 2007. The requested test year is representative of a normal full year of operation. AUF has not experienced any significant changes in its operations since 2007, and does not anticipate any such changes prospectively. The Company will also request interim rates based on the same historic test year and intends to submit the minimum filing requirements ("MFRs") on or before June 1, 2008.

Consistent with its efforts to streamline the operational and financial aspects of its systems, protect against unaffordable rates and address small system viability issues, the Company proposes to consolidate its 82 systems into a Modified AUF System Rate Structure. AUF has taken careful consideration of the Commission's past decisions, as well as, testimony filed by the Commission's staff witnesses. In doing so, AUF has addressed the objectives of affordability and fairness and strongly believes that the benefits of its proposed rate structure overwhelmingly outweigh any short term negative aspects.

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Chairman Matthew M. Carter, II

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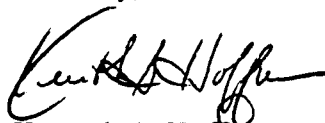
February 29, 2008

Since acquiring these systems, AUF has made major changes to plant and equipment, which will be documented in detail in the MFRs. Specifically, AUF has made significant capital improvements including, but not limited to, tank rehabilitation and replacement, meter replacement, electrical upgrades, pump replacements, and installation of back-up generators throughout AUF's systems. The Company proposes to make pro forma plant additions, including improvements and replacements to water and wastewater facilities and meters. The MFRs will include pro forma adjustments for increases in salary and salary-related benefits and price changes for purchased power and other expense items, which will be requested in this proceeding. These pro formas are non-growth-related.

Lastly, AUF requests that this case be processed using the procedures set forth in Section 367.081(8), Florida Statutes, regarding the proposed agency action procedure ("PAA"). Through the PAA, AUF customers will be able to voice any concerns they may have at customer meetings held throughout AUF's service territory. AUF's rate filing will still come under strict and thorough scrutiny by Commission staff and any interested party. Ultimately, utilizing this procedure will minimize rate case expense and result in lower rates for our customers as the Commission and parties review the 82 system rate filing. AUF believes that the coupling of the historic test year with the PAA process maximizes efficiencies and minimizes rate case related costs to the ultimate benefit of our customers.

AUF is committed to providing excellent service to its customers and intends to provide confirmation of continued improvement in all areas during the rate proceeding. Should you or members of the Staff have any questions regarding this request, please do not hesitate to contact me.

Sincerely,



Kenneth A. Hoffman

cc: Ms. Ann Cole, Commission Clerk and Administrative Services (Via Hand Delivery)  
Mr. Marshall Willis, Florida Public Service Commission (Via Hand Delivery)  
Ms. Cheryl Bulecza-Banks, Florida Public Service Commission (Via Hand Delivery)  
Mr. Jack Lihvarcik, Aqua Utilities Florida, Inc. (Via U.S. Mail)  
Mr. Troy Rendell, Aqua Utilities Florida, Inc. (Via U.S. Mail)  
Ms. Kimberly Joyce, Aqua Utilities Florida, Inc. (Via U.S. Mail)