

Aqua Utilities Florida, Inc.
Exhibit No. 1.9

AQUA UTILITIES FLORIDA, INC.

DIRECT TESTIMONY

OF

DANIEL T. FRANCESKI

(Docket No. 080121-WS)

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DOCUMENT NUMBER-DATE
 04345 MAY 22 08
 FPSC-COMMISSION CLERK

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DIRECT TESTIMONY

OF

DANIEL T. FRANCESKI

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Q. What is your name and business address?

A. Daniel T. Franceski. My business address is 30 Glenn Circle, Erdenheim, Pennsylvania 19038.

Q. By whom are you employed and in what capacity?

A. I am an independent consultant.

Q. Please describe your education and business experience.

A. I graduated from Lehigh University and worked for 37 years for a regulated utility, Bell of Pennsylvania / Bell Atlantic / Verizon.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to discuss the calculation of AUF's proposed consolidated rate structure, including repression adjustments and proposed interim rates.

Q. Are you sponsoring any exhibits in this case?

A. Yes, I am sponsoring Exhibit DTF-1, which is attached to my testimony.

Q. Were these exhibits prepared by you or under your direction and supervision?

A. Yes, they were.

AUF'S PROPOSED RATE STRUCTURE CALCULATIONS

Q. What is AUF proposing in this current rate case?

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1 A. As stated by AUF witness Rendell, AUF is proposing a statewide uniform rate
2 structure for its multi-system utility. AUF's proposed rate calculations take into
3 consideration the guidelines on subsidies and affordability discussed in staff witness
4 Stallcup's testimony in Docket No. 060358-WS, on August 21, 2007.

5 **Q. Could you explain the proposed rate structure calculation method?**

6 A. AUF's proposed rate structure began with calculating the stand alone rates for each
7 system based on the individual revenue requirement per system. Then the billing
8 determinants, rate bases, expenses, and debt structures of all systems were combined to
9 calculate a single consolidated rate structure. For each system, that consolidated rate
10 structure was then adjusted to limit any subsidies to the level identified by Staff
11 Witness Stallcup, and any revenue shortfalls were made up by raising the rates of the
12 remaining systems. Then, if necessary, the rates were capped at the affordability levels
13 identified by Staff Witness Stallcup.

14
15 The water rates were then adjusted for repression, as described below, and again for
16 subsidy caps, resulting in 50 different proposed rates for the 57 water systems. Using
17 the rates resulting from the capping and repression adjustments, a comparison of
18 proposed water monthly bills at 5,000 gallon usage for all the systems showed that the
19 vast majority (uncapped) were within one standard deviation of approximately a dollar,
20 with only a few capped systems falling below. A single rate for all 57 systems was
21 then calculated by applying repression adjustments to the originally calculated
22 consolidated statewide rate (without capping), resulting in a rate lower than the average
23 of the majority mentioned above.

24 For wastewater, the various systems' resulting rates after applying subsidy and

1 affordability caps would not allow recovery of the revenue requirement.

2 **REPRESSION**

3 **Q. Is AUF proposing a repression adjustment in this rate filing?**

4 A. Yes. AUF is proposing a repression adjustment applied to the residential customers'
5 water usage above 5,000 gallons. The proposed adjustment methodology is consistent
6 with the methodology addressed by Commission staff witness Paul Stallcup filed in
7 Docket No. 060368-WS. As presented, the net adjustment applied to residential
8 discretionary usage is negative 2% per 10% increase in rates. Since the statewide
9 average monthly usage of the AUF's residential customers is approximately 5,000
10 gallons, usage above 5,000 gallons was considered discretionary. Expenses for
11 Purchased Water, Power, and Chemicals were reduced in proportion to the reduction in
12 usage due to repression.

13 **OTHER CALCULATIONS**

14 **Q. Did you calculate the interim and final rates in this docket?**

15 A. Yes. I programmed the calculation of AUF's interim and final rates in this docket. I
16 also prepared Exhibit DTF-1, which is a schedule showing the rates of each system,
17 comparing 1) rates before filing, 2) standalone system rates assuming no consolidation,
18 and 3) proposed consolidated rates. Also shown are interim rates with and without
19 AUF's proposed recovery mechanism as described in witness Rendell's testimony.

20 **Q. Is there anything further you would like to add?**

21 A. Yes. I have also calculated the appropriate rates for customers having Wastewater
22 Only service using the average consumption for the respective rate class.

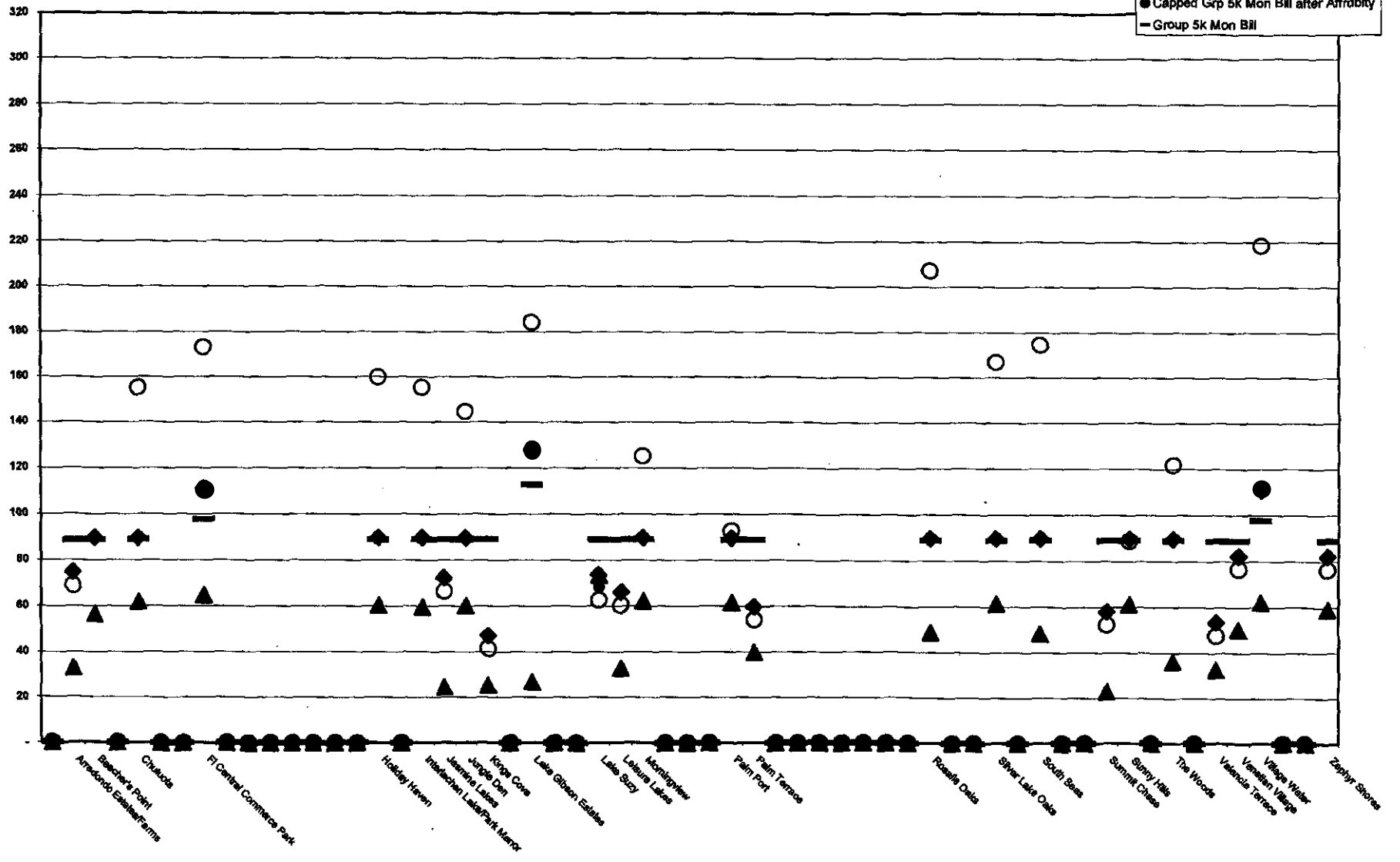
23 **Q. Does this conclude your testimony?**

24 A. Yes, it does.

calc.	(1) Sewer-All Systems		(2)	(7)	(17)	(19)	(20)	(21)	(23)	(24)	(25)	(27)	(101)	(102)	(103)	(104)	(105)	(108)	(109)	(110)	(111)	Exhibit DTF-1
	5/16/2008 10:09	Sewer	Sewer	Sewer	Sewer	Sewer	Sewer	Sewer	Sewer	Sewer	Sewer	Sewer	Sewer	Sewer	Sewer	Sewer	Sewer	Sewer	Sewer	Sewer	Sewer	
Res Rates & Monthly Bills except FCCP & VigW (all CmrcI)																						
Cap= 6,000																						
Sewer System Name	Orig Co	#Swr Custs	Avg Gals Usage	Present 5/8 BFC	Present Usage Rate	Present 5k Mon Bill	Stand Alone 5/8 BFC	Stand Alone Usgr Rate	Stand Alone 5k Mon Bill	StndAln-Prsnt 5k Bill % Incr	Group 5/8 BFC	Group Usage Rate	MFR Proposed Grpd Bill at 5k	Grp-Prsnt 5k Bill % Incr	Interim StndAln Unlimitd BFC	Interim StndAln Unlimitd Usage	Interim Limited BFC (or FR)	Propsd Interim Limited Usage	Sewer System Name			
1																						
2	Arredondo Estates/Farms	ASI	360	6,506	15.30	3.56	33.10	27.66	8.29	69.11	109%	45.26	8.73	88.91	169%	28.68	6.67	28.68	6.67	Arredondo Estates/Farms		
3	Beecher's Point	FWS	18	2,658	21.43	7.04	56.63	81.49	71.96	441.29	679%	45.26	8.73	88.91	57%	43.54	14.30	33.45	10.99	Beecher's Point		
4																						
5	Chuluota	FWS	606	11,494	22.01	8.01	62.06	114.93	8.06	155.23	150%	45.26	8.73	88.91	43%	44.72	16.28	31.35	11.41	Chuluota		
6																						
7																						
8	FI Central Commerce Park	FWS	65	22,620	38.72	5.22	64.82	112.94	12.05	173.19	167%	45.26	10.48	97.66	51%	78.68	10.61	57.97	7.82	FI Central Commerce Park		
9																						
10																						
11																						
12																						
13																						
14																						
15																						
16	Holiday Haven	FWS	111	3,695	16.43	8.79	60.38	66.91	18.59	159.88	165%	45.26	8.73	88.91	47%	33.38	17.86	24.05	12.87	Holiday Haven		
17																						
18	Interlachen Lake/Park Man	FWS	31	4,430	29.80	5.95	59.55	57.74	19.55	155.49	161%	45.26	8.73	88.91	49%	60.55	12.09	44.24	8.83	Interlachen Lake/Park Ma		
19	Jasmine Lakes	ASI	1,553	5,453	10.91	2.74	24.61	32.76	6.75	66.51	170%	45.26	8.73	88.91	261%	24.39	6.13	24.39	6.13	Jasmine Lakes		
20	Jungle Den	FWS	137	1,655	12.35	9.57	60.20	42.95	20.35	144.70	140%	45.26	8.73	88.91	48%	25.09	19.45	18.14	14.05	Jungle Den		
21	Kings Cove	ASI	200	13,239	9.24	3.24	25.44	12.50	5.78	41.40	63%	45.26	8.73	88.91	249%	10.93	3.83	10.93	3.83	Kings Cove		
22																						
23	Lake Gibson Estates	FWS	319	-	-	-	25.31	-	-	184.14	587%	45.26	-	FlatRate	112.65	320%	54.43	-	54.43	-	Lake Gibson Estates	
24																						
25																						
26	Lake Suzy	ASI	270	4,310	29.68	8.78	73.58	29.76	6.58	62.66	-15%	45.26	8.73	88.91	21%	24.51	7.25	29.68	8.78	Lake Suzy		
27	Leisure Lakes	FWS	282	2,274	16.30	3.30	32.80	14.45	9.19	60.40	84%	45.26	8.73	88.91	171%	33.12	6.71	33.12	6.71	Leisure Lakes		
28	Morningview	FWS	36	5,635	24.40	7.57	62.25	65.20	12.05	125.45	102%	45.26	8.73	88.91	43%	49.58	15.38	34.65	10.75	Morningview		
29																						
30																						
31																						
32	Palm Port	FWS	107	3,786	20.28	8.26	61.58	35.13	11.53	92.78	51%	45.26	8.73	88.91	44%	41.21	16.78	29.11	11.86	Palm Port		
33	Palm Terrace	FWS	1,025	5,075	19.05	4.18	39.95	22.68	6.28	54.08	35%	45.26	8.73	88.91	123%	38.71	8.49	36.71	8.49	Palm Terrace		
34																						
35																						
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41	Rosalie Oaks	ASI	97	1,796	15.51	6.67	48.86	61.80	29.09	207.25	324%	45.26	8.73	88.91	82%	53.95	23.20	28.06	12.07	Rosalie Oaks		
42																						
43																						
44	Silver Lake Oaks	FWS	43	4,621	20.08	8.29	61.53	57.50	21.87	168.85	171%	45.26	8.73	88.91	44%	40.80	16.84	28.85	11.91	Silver Lake Oaks		
45																						
46	South Seas	ASI	68	23,082	28.61	3.94	48.31	147.51	5.41	174.58	261%	45.26	8.73	88.91	84%	48.38	6.66	48.38	6.66	South Seas		
47																						
48																						
49	Summit Chase	ASI	218	2,956	9.45	2.70	22.95	0.66	10.33	52.31	128%	45.26	8.73	88.91	287%	13.04	3.73	13.04	3.73	Summit Chase		
50	Sunny Hills	FWS	180	3,333	19.74	8.31	61.29	42.51	9.26	88.81	45%	45.26	8.73	88.91	45%	40.11	16.89	28.47	11.99	Sunny Hills		
51																						
52	The Woods	ASI	72	5,023	15.74	4.10	36.24	57.22	12.92	121.82	236%	45.26	8.73	88.91	145%	49.49	12.89	38.39	10.00	The Woods		
53																						
54	Valencia Terrace	FWS	349	4,935	16.30	3.30	32.80	21.86	5.18	47.76	46%	45.26	8.73	88.91	171%	33.12	6.71	33.12	6.71	Valencia Terrace		
55	Venetian Village	FWS	95	5,178	20.45	5.97	50.30	39.91	7.33	76.56	52%	45.26	8.73	88.91	77%	41.55	12.13	35.94	10.49	Venetian Village		
56	Village Water	ASI	35	36,483	42.73	3.89	62.18	167.29	10.26	218.59	252%	45.26	10.48	97.66	57%	115.93	10.55	66.69	6.07	Village Water		
57																						
58																						
59	Zephyr Shores	FWS	517	1,668	11.39	9.54	59.09	15.63	12.14	76.33	29%	45.26	8.73	88.91	50%	23.14	19.38	17.04	14.27	Zephyr Shores		
	Totals		6,794	181,906																		
	Averages		272	7,276																		

FL AUF Sewer Consol Bill Analysis (FCCP, VigW are CmrcI, LGbE is FR)

- ▲ Present 5k Mon Bill
- Stand Alone 5k Mon Bill
- ◆ NoDrop Grp Bill at 5k Adjstd for Caps
- Capped Grp 5k Mon Bill after Affrdlity
- Group 5k Mon Bill



FL AUF Water Consol 5K Bill Analysis - w/ Repression

- ▲ Present 5k Mon Bill
- Stand Alone 5k Mon Bill
- ◆ NoDrop Reprsd Grp Bill at 5k Adjstd for Sbsdy
- Capped Grp 5k Mon Bill after Affrbity
- Group 5k Mon Bill

