

**Ann Cole**

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**From:** Marshall Willis  
**Sent:** Tuesday, July 29, 2008 8:53 AM  
**To:** Hong Wang  
**Cc:** Ann Cole  
**Subject:** RE: Request for Oral Modification on Item 20 on July 29, 2008 agenda 080121

It is the last sentence. We will correct it when we make the corrections this morning. Thanks for catching it.

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**From:** Hong Wang  
**Sent:** Tuesday, July 29, 2008 8:36 AM  
**To:** Marshall Willis  
**Cc:** Ann Cole  
**Subject:** FW: Request for Oral Modification on Item 20 on July 29, 2008 agenda

Marshall, in the "3) Issue 3 on Page 9, second paragraph of staff analysis, third sentence ..." below, I am thinking it should be the last sentence, instead of the "third sentence." Please let us know whether that is correct.

Thanks!

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**From:** Mary Bane  
**Sent:** Monday, July 28, 2008 5:57 PM  
**To:** Marshall Willis  
**Cc:** William C. Garner; Roberta Bass; Lorena Holley; Larry Harris; Bridget Grimsley; Betty Ashby; Tim Devlin; Bart Fletcher; Cheryl Bulecza-Banks; Ralph Jaeger; Katherine Fleming; Caroline Klancke; Jennifer Brubaker; Mary Bane; Ann Cole; Hong Wang  
**Subject:** FW: Request for Oral Modification on Item 20 on July 29, 2008 agenda

Approved.

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**From:** Marshall Willis  
**Sent:** Monday, July 28, 2008 5:38 PM  
**To:** Mary Bane  
**Cc:** William C. Garner; Roberta Bass; Lorena Holley; Larry Harris; Bridget Grimsley; Betty Ashby; Tim Devlin; Bart Fletcher; Cheryl Bulecza-Banks; Ralph Jaeger; Katherine Fleming; Caroline Klancke; Jennifer Brubaker  
**Subject:** Request for Oral Modification on Item 20 on July 29, 2008 agenda

**Staff requests approval to make the following 10 oral modifications to its recommendation on Item 20 scheduled for Tuesday's agenda. Item 20 relates to an interim increase request by Aqua Utilities Florida, Inc. (AUF). The modifications are necessary to correct errors discovered after the recommendation was filed. The statutory 60-day deadline has been waived by AUF through the July 29, 2008, Agenda Conference.**

**Revisions to the recommendation are necessary to correct input errors contained in staff's excel spreadsheets. As result, the recommended revenue requirements changed for 23 water systems and 11 wastewater systems. The impact of these errors on staff's recommendation are as follows:**

DOCUMENT NUMBER-DATE

06547 JUL 29 8

FPSC-COMMISSION CLERK

7/29/2008

- 1) Issue 2 on Page 8, last paragraph, last sentence - Attachment A reflects staffs calculation of the total regulatory asset on an annual basis of \$242,701 ~~\$233,858~~ for water and \$708,480 ~~\$674,428~~ for wastewater.
- 2) Issue 3 on Page 9, second paragraph of staff analysis, third sentence - There are ~~six~~ ten systems that reflect revenue decreases.
- 3) Issue 3 on Page 9, second paragraph of staff analysis, third sentence - Thus, the consolidated capital structure under the maximum ROE limit should be applied to the ~~six~~ eight systems with a revenue decrease, and the consolidated capital structure under the minimum ROE limit should be applied to the remaining systems.
- 4) Issue 3 on Page 12, last paragraph, second to the last sentence - Based upon recovery of actual operating expenses for the year ended December 31, 2007, and the consolidated cost of capital on an average rate base, staff recommends that the appropriate combined interim revenue requirements are ~~\$7,681,952 ~~\$7,548,440~~~~ and ~~\$5,464,764 ~~\$5,452,463~~~~, respectively for the Utility's water and wastewater systems.
- 5) Issue 4 on Page 14, first paragraph, second to last sentence - Using this methodology, staff calculated the across-the-board rate increase for the former FWSC systems to be ~~33.98 ~~33.49~~~~ percent for water and ~~92.38 ~~89.72~~~~ percent for wastewater.
- 6) Issue 5 on Page 15, second sentence in recommendation section - Aqua should be required to file a corporate undertaking on behalf of its subsidiaries to guarantee any potential refunds of revenues collected under interim conditions. Aqua's total guarantee should be an amount of ~~\$3,222,973 ~~\$2,480,622~~~~.
- 7) Issue 5 on Page 15, first paragraph in staff analysis section, Second sentence - As reflected in Attachment A ~~recommended in Issue 2~~, the total annual interim revenue increase is ~~\$3,825,305 ~~\$2,946,645~~~~. In addition, the combined interim revenue decrease for Jasmine Lakes and Lake Suzy water systems are ~~\$349,821~~.
- 8) Issue 5 on Page 15, first paragraph in staff analysis section, third sentence - In accordance with Rule 25-30.360, F.A.C., staff has calculated the potential refund of revenues and interest collected under interim conditions to be ~~\$3,222,973 ~~\$2,480,622~~~~.
- 9) Issue 5 on Page 15, second paragraph in staff analysis section, seventh sentence - Finally, net income has steadily increased over the period and has been on average ~~twenty-nine~~ nineteen times greater than the requested cumulative corporate undertaking amount.
- 10) Issue 5 on Page 15, second paragraph in staff analysis section, last sentence - Based on this analysis, staff recommends that a cumulative corporate undertaking of ~~\$3,222,973 ~~\$2,480,622~~~~ is acceptable contingent upon receipt of the written guarantee of AAI and written confirmation that Aqua will not assume outstanding guarantees on behalf of AAI-owned utilities in other states in excess of \$55 million (inclusive of AUF).

Staff has attached revised Attachments A, C, and D which incorporate and correct the input errors, which are reflected in the above 10 oral modifications. Staff has highlighted in yellow all numbers that have changed.

In addition, the calculation of rates for Palm Port Wastewater contained a material error. Staff has attached an excel spreadsheet which contains the corrected rate schedule 4-B for Palm Port. Also, staff has attached an excel spreadsheet containing the rate calculations, Schedules 4-A and 4-B, for Venetian Village that were not included in staff's July 18, 2008 recommendation.

Marshall Willis  
Assistant Director  
Division of Economic Regulation  
Florida Public Service Commission

**2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850**

**(850) 413-6914  
marshall.willis@psc.state.fl.us**

**AUF/Venetian Village  
Water Monthly Service Rates  
Interim Test Year Ended 12/31/07**

**Schedule No. 4-A  
Docket No. 080121-WS**

	<b>Rates Effective 12/31/2007</b>	<b>Utility Requested Uncapped Interim</b>	<b>Utility Requested Capped Interim</b>	<b>Utility Requested Final</b>	<b>Staff Calculated Uncapped Interim</b>	<b>Staff Recomm. Interim</b>
<b><u>Residential, General Service and Multi-Family</u></b>						
Base Facility Charge by Meter Size:						
5/8" x 3/4"	\$10.28	\$15.41	\$14.15	\$21.92	\$13.77	\$13.77
3/4"	\$15.44	\$23.14	\$21.25	\$32.89	\$20.69	\$20.69
1"	\$25.71	\$38.54	\$35.39	\$54.81	\$34.45	\$34.45
1-1/2"	\$51.43	\$77.09	\$70.79	\$109.62	\$68.91	\$68.91
2"	\$82.28	\$123.33	\$113.25	\$175.39	\$110.24	\$110.24
3"	\$164.57	\$246.67	\$226.51	\$350.79	\$220.49	\$220.49
4"	\$257.13	\$385.41	\$353.91	\$548.10	\$344.50	\$344.50
6"	\$514.27	\$770.83	\$707.83	\$1,096.21	\$689.02	\$689.02
8"	\$822.82	\$1,233.31	\$1,132.52	\$1,753.93	\$1,102.41	\$1,102.41
10"	\$1,182.82	\$1,772.91	\$1,628.02	\$2,521.28	\$1,584.74	\$1,584.74
Gallage Charge, per 1,000 Gallons						
Residential						
Block 1, 0-5,000	\$3.89	\$5.83	\$5.35	\$3.80	\$5.21	\$5.21
Block 2, 5,001-10,000	\$3.89	\$5.83	\$5.35	\$4.76	\$5.21	\$5.21
Block 3, over 10,000	\$3.89	\$5.83	\$5.35	\$4.76	\$5.21	\$5.21
General Service and Multi-Family	\$3.89	\$5.83	\$5.35	\$3.80	\$5.21	\$5.21
<b><u>Private Fire Protection</u></b>						
Base Facility Charge by Meter Size:						
2"	\$6.87	\$10.30	\$9.46	\$14.62	\$9.20	\$9.20
3"	\$13.71	\$20.55	\$18.87	\$29.23	\$18.37	\$18.37
4"	\$21.42	\$32.11	\$29.48	\$45.68	\$28.70	\$28.70
6"	\$42.85	\$64.23	\$58.98	\$91.35	\$57.41	\$57.41
8"	\$68.57	\$102.78	\$94.38	\$146.16	\$91.87	\$91.87
10"	\$98.57	\$147.75	\$135.67	\$210.11	\$132.06	\$132.06
<b><u>Typical Residential Bills 5/8" x 3/4" Meter</u></b>						
3,000 Gallons	\$21.95	\$32.90	\$30.20	\$33.32	\$29.41	\$29.41
5,000 Gallons	\$29.73	\$44.56	\$40.90	\$40.92	\$39.83	\$39.83
10,000 Gallons	\$49.18	\$73.71	\$67.65	\$64.72	\$65.89	\$65.89

**Palm Port  
Wastewater Monthly Service Rates  
Interim Test Year Ended 12/31/07**

**Schedule No. 4-B  
Docket No. 080121-WS**

	<b>Rates Effective 12/31/2007</b>	<b>Utility Requested Uncapped Interim</b>	<b>Utility Requested Capped Interim</b>	<b>Utility Requested Final</b>	<b>Staff Calculated Uncapped Interim</b>	<b>Staff Recomm. Interim</b>
<b>Residential</b>						
Base Facility Charge:						
All Meter Sizes	\$20.28	\$41.39	\$29.28	\$45.26	\$39.02	\$29.28
Gallage Charge - Per 1,000 gallons (6,000 gallon cap)	\$8.26	\$16.86	\$11.93	\$8.73	\$15.89	\$11.93
<b>Residential Flat Rate</b>	\$50.79	\$103.65	\$73.33	\$112.65	\$68.05	\$73.33
<b>General Service Flat Rate</b>	\$50.79	\$103.65	\$73.33	\$701.21	\$68.05	\$73.33
<b>General Service and Multi-Family</b>						
5/8" x 3/4"	\$20.28	\$41.39	\$29.28	\$45.26	\$39.02	\$29.28
3/4"	\$30.45	\$62.14	\$43.96	\$67.89	\$58.58	\$43.96
1"	\$50.76	\$103.59	\$73.29	\$113.14	\$97.65	\$73.29
1-1/2"	\$101.50	\$207.13	\$146.55	\$226.29	\$195.27	\$146.55
2"	\$162.39	\$331.39	\$234.46	\$362.06	\$312.41	\$234.46
3"	\$324.79	\$662.79	\$468.94	\$724.12	\$624.84	\$468.94
4"	\$507.47	\$1,035.59	\$732.69	\$1,131.44	\$976.28	\$732.69
6"	\$1,014.96	\$2,071.21	\$1,465.41	\$2,262.89	\$1,952.60	\$1,465.41
8"	\$1,623.94	\$3,313.95	\$2,344.67	\$3,620.62	\$3,124.17	\$2,344.67
10"	\$2,334.41	\$4,763.80	\$3,370.45	\$5,204.65	\$4,490.98	\$3,370.45
Gallage Charge	\$9.94	\$20.28	\$14.35	\$10.48	\$19.12	\$14.35
<b>Typical Residential Bills 5/8" x 3/4" Meter</b>						
3,000 Gallons	\$45.06	\$91.97	\$65.07	\$71.45	\$86.69	\$65.07
5,000 Gallons	\$61.58	\$125.69	\$88.93	\$88.91	\$118.48	\$88.94
6,000 Gallons (Wastewater Gallage Cap - 6,000 Gallons)	\$69.84	\$142.55	\$100.86	\$97.64	\$134.36	\$100.86

**Aqua Utilities Florida, Inc. - Former Florida Water Services Systems  
 Schedule of Wastewater Revenue Requirements & Revenue Increases  
 Interim Test Year Ended 12/31/07**

1 BEECHER'S POINT	\$17,067	\$94,303	552.54%	\$111,370
2 CARLTON VILLAGE	0	0	0.00%	0
3 CHULUOTA	438,709	680,120	155.03%	1,118,829
4 EAST LAKE HARRIS ESTATES	0	0	0.00%	0
5 FERN TERRACE	0	0	0.00%	0
6 FLORIDA CENTRAL COMMERCE PARK	152,413	228,438	149.88%	380,851
7 FRIENDLY CENTER	0	0	0.00%	0
8 GIBSONIA ESTATES	0	0	0.00%	0
9 GRAND TERRACE	0	0	0.00%	0
10 HARMONY HOMES	0	0	0.00%	0
11 HERMITS COVE	0	0	0.00%	0
12 HOBBY HILLS	0	0	0.00%	0
13 HOLIDAY HAVEN	54,913	92,173	167.85%	147,086
14 IMPERIAL MOBILE TERRACE	0	0	0.00%	0
15 INTERLACHEN LAKES ESTATES	0	0	0.00%	0
16 JUNGLE DEN	39,023	72,425	185.60%	111,448
17 KINGSWOOD	0	0	0.00%	0
18 LAKE GIBSON ESTATES	112,401	458,940	408.30%	571,341
19 LEISURE LAKES	72,709	16,625	22.87%	89,334
20 MORNINGVIEW	21,561	20,424	94.73%	41,985
21 OAKWOOD	0	0	0.00%	0
22 ORANGE HILL/SUGAR CREEK	0	0	0.00%	0
23 PARK MANOR	56,433	(21,317)	-37.77%	35,116
24 PALM PORT	59,098	20,609	34.87%	79,707
25 PALMS MOBILE HOME PARK	0	0	0.00%	0
26 PALM TERRACE	417,096	(14,656)	-3.51%	402,439
27 PICCIOLA ISLAND	0	0	0.00%	0
28 PINEY WOODS	0	0	0.00%	0
29 POMONA PARK	0	0	0.00%	0
30 QUAIL RIDGE	0	0	0.00%	0
31 RIVER GROVE	0	0	0.00%	0
32 SILVER LAKE ESTATE/WESTERN SHORES	0	0	0.00%	0
33 SILVER LAKE OAKS	20,153	28,138	139.62%	48,291
34 SKYCREST	0	0	0.00%	0
35 ST. JOHNS HIGHLANDS	0	0	0.00%	0
36 STONE MOUNTAIN	0	0	0.00%	0
37 SUNNY HILLS	90,477	31,181	34.46%	121,658
38 TANGERINE	0	0	0.00%	0
39 TOMOKA	0	0	0.00%	0
40 VALENCIA TERRACE	132,211	23,874	18.06%	156,085
41 VENETIAN VILLAGE	50,105	20,874	41.66%	70,979
42 WELAKA / SARATOGA HARBOUR	0	0	0.00%	0
43 WOOTENS	0	0	0.00%	0
44 ZEPHYR SHORES	148,031	(13,225)	-8.93%	134,805

Total Wastewater Uniform Plants of Docket No. 950495-WS **\$1,882,401** **\$1,738,924** **92.38%** **\$3,621,325**

Total Misc. Ser. & Other Revenues for Wastewater **\$80**  
 Total Adjusted TY Revs (Less Misc. Ser. & Other Revs) **1,882,321**  
 Across-the-Board Wastewater Rate Increase **92.38%**