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Aqua Utilities Florida, Inc.
2228 Capital Circle NE, Ste. 2A
Tallahassee, FL 32308

COMMISSION
CLERK

February 28, 2011

Ralph Jaeger
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 100330-WS - Application for increase in water/wastewater rates in Alachua, Brevard, DeSoto, Hardee, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc. – Staff Twenty-Fourth Data Request

Dear Mr. Jaeger:

By this letter, Aqua Utilities Florida, Inc. (AUF or Company) provides its response to the Staff's Twenty-Fourth Data Request.

- Please provide, by meter size, the equivalent residential connections (ERCs) for 2010, by month, for each AAI subsidiary, as well as the ERCs associated with AAI's O&M contracts with municipal authorities and other entities. As part of this response, please also provide the total number of ERCs, by month, for AAI for the year ended December 31, 2010. In your response, please include all the Utility's calculations, by meter size, to convert the number of customers/meters to ERCs.

RESPONSE:

The ERC count for 2010 for each AAI subsidiary was provided in AUF's second supplemental response to Staff Fifth Data. ERC data has been provided for the entire year, not by month. (As previously stated, allocations are made based on year end customer counts.) Monthly data has not been computed and to compute monthly data is overly burdensome, requiring a significant amount of time, resources, and data to complete. In the normal course of business, AUF does not compute or maintain ERC counts.

Please see AUF's response to No. 2 below for information concerning the calculations used to convert customer counts to ERCs.

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An Aqua America Company
www.aquautilitiesflorida.com

As described in its supplemental response to Staff Fifteenth Data Request No. 12f, AUF does not have ERCs, by meter size, associated with AAI's O & M contracts.

2. Please refer to AUF's Second Supplemental Response to Staff's Fifth Data Request, No. 1, dated January 3, 2011. Please provide any and all calculations, by meter size, to convert the number of customers/meters to ERCs.

RESPONSE:

See attachment labeled ERC Calculations for all Aqua-Methodology.docx for a written explanation of how the ERC count was created. The supporting files detailing the calculations are extremely voluminous and are being provided electronically on CDs included with this response.

3. Please provide any and all net incremental increase overhead through December 31, 2010, associated with the acquisitions and divestitures mentioned in Staff's Seventeenth Data Request. In your response, please include any and all workpapers and calculations reflecting the gross amounts from AAI, ASI and ACO before any net incremental increase overhead amount is allocated to AUF's general ledger prior to allocation based on AUF customers, as well as the allocated amounts by primary O&M expense names and accounts for each rate band and stand alone water and wastewater system in this instant case. In addition, please provide an explanation as to how the net incremental increase overhead benefits associated with those acquisitions and divestitures directly and/or indirectly benefits AUF customers. Also, in your response, please identify any and all items and allocated amounts of any net incremental increase overhead that has already been included in AUF's requested normalization and pro forma expense adjustments, by primary O&M expense names and accounts.

RESPONSE:

There are no net incremental increases in overhead through December 31, 2010 associated with acquisitions and divestitures included in response to Staff's Seventeenth Data Request. As described in previous responses, additional acquisitions are included in allocations on a prospective basis and as such there are no required adjustments to allocated amounts.

4. With respect to the affiliate audit adjustments to which the Utility has agreed with in this instant case, please identify any and all costs and/or amounts that are similar to those adjustments in the net incremental increase overhead associated with the acquisitions and divestitures mentioned in Staff's Seventeenth Data Request.

RESPONSE:

See response to No. 3 above. There are no net incremental increases in overhead associated with the aforementioned acquisitions and divestitures. The affiliate audit adjustments AUF has agreed to in this cases are test year expense adjustments.

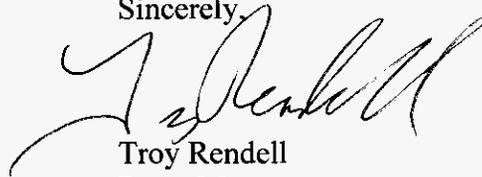
5. Please provide the impact on AUF's filing, by primary plant and O&M expense names and accounts, for each rate base and stand-alone water and wastewater systems, if the Utility's test year allocated overhead was based on ERCs, instead of customers/meters. This impact should include the effect of allocating the gross costs from AAI, ASI, and ACO to municipal authorities and other entities for which AAI has O&M contracts based on their respective ERCs as well.

RESPONSE:

Allocations are based on a yearend customer count. The Florida allocation for 2010 using Aqua America's customer account allocations is 3.61%, compared to a 2010 ERC calculated percentage of 3.81%.

Please acknowledge receipt of this filing by stamping the extra copy of this letter "filed" and returning the copy to me. Thank you for your assistance.

Sincerely,



Troy Rendell
Rates Manager

cc: Bruce May, Holland & Knight
Office of Commission Clerk
Patricia Christensen, Office of Public Counsel
Kimberly A. Joyce, Aqua America, Inc.

ERC calculations for all Aqua – Methodology, Dec 2010

The basic method specified by the FL PSC Staff is to count the meters weighted by an Equivalent Residential Connection factor from the table provided by Staff.

To do this, for each company we get a CCR01 report from Banner which lists, for a specific month:

- company code
- district code
- rate code
- rate class
- STYP code (1st four characters of rate description; but the description is not provided)
- premises number
- customer name
- premises address
- account status (Active, Inactive, Inactive <365, Inactive >365)
- metered or unmetered
- meter size (not provided for unmetered sewer and for many other customers)
- new customer and final indicators (Y or N)
- service type (WT or SW)

This is how the algorithms in Excel treat the data:

Exclude:

An Exclude column is added. Each WT and SW row is tested. If account status is Inactive or Inactive >365, this is set to 1 (Exclude is TRUE).

Otherwise, if the STYP code (the first 4 characters in the rate description) matches an exclusion in the file [ERC Codes & Exclsns.xlsx], Exclude is set to 1.

Otherwise Exclude is set to 0 (False, meaning Include).

Excluded are STYPs for AVAILABILITY, DEDUCT METERS, FIRE, HYDRANTS, LOANS, and Invalid Rate Codes (such as ffff, xxxx).

Meter Size for Sewer customers:

Sewer:

For sewer service, every sewer premises that is not Excluded is checked against the list of water premises in the same state; if there is a match, the water meter size is set in a new column for that sewer premises; if there is no matching water service for this sewer premises, "Sngl" is set for the sewer size.

Meter Size to be used for ERC calculation:

Then the column "MtrSz for ERC" is set as follows:

If the row is marked Exclude, a Null is set.

For Water customers:

If there is a size from Banner, that size is set.

Otherwise, the 5/8" size is set as a default so all flat rate customers will be counted as 1 ERC.

For Sewer customers:

If the rate class is Residential, regardless of the Banner meter size, the 5/8" size (0.625) is set so that the ERC factor used will be 1.

If the class is Not Residential, the size is set to one of these, in order: 1) the Banner meter size or, if none, 2) the size found above by matching the premises number to a water service or, if none or if the matching water size is blank, 3) 5/8".

In other words, all Residential Sewer is treated as 5/8" and Non-Residential Sewer is set to the best meter size data available or 5/8" if none is available.

Flat Rate customers (Water or Sewer) and Air Conditioning customers:

Flat Rate and A/C customers are not specifically indentified, but by using the logic above, if there is a meter size in the Banner report, that size is used for the ERC calculation and if not the size is set to 5/8".

Meter Type:

The factors specified by the PSC Staff are based on meter size AND meter type (Displacement, Compound, or Turbine). To assign the appropriate factor, each customer's rate code is checked against a master list of rate codes with rate descriptions. Based on the description, the lookup returns a D, C, or T.

ERC Factors:

The factor to be used for each customer is found from a lookup to a table in the file [AWWA factors.xlsx]. The lookup is 2-dimensional based on Meter Size and Meter Type.

Total ERCs:

In each company file, the ERC factors are summed for Water, Sewer, and Other (A/C).

Non-Banner companies:

Maine customer counts by meter size were received from that company headquarters and those counts were multiplied by the appropriate factors for Displacement meters. South Carolina customers are all treated with a factor of 1 (for 5/8"). An imputed customer count for Aqua Resources was used.

Time frames:

Banner data files for most companies were available with March 2010 data; for others the 2010 data was as of the following months:

Jan - Aqua Resources, Aug – PA SE Sewer; Nov – PA Western, IN, NY; Dec – ME.

December 31, 2010..