

**Diamond Williams**

100114-WS

**From:** jennifer.gillis@hklaw.com  
**Sent:** Thursday, March 31, 2011 3:40 PM  
**To:** Filings@psc.state.fl.us  
**Cc:** Patti Daniel; KAJoyce@aquaamerica.com; WTRendell@aquaamerica.com  
**Subject:** 100330-WS - Electronic Filing  
**Attachments:** 100114-WS Letter.pdf

a. Person responsible for this electronic filing:

D. Bruce May, Jr.  
Holland & Knight LLP  
Post Office Drawer 810  
Tallahassee, FL 32302-0810  
(850) 224-7000  
[bruce.may@hklaw.com](mailto:bruce.may@hklaw.com)

b. Docket number and title for electronic filing are: Docket No. 100114-WS; *In re: Aqua Utilities Florida, Inc.'s Application for Approval of Transfer of Horizon Homes of Central Florida, Inc. Five Land Group LLC's Water And Wastewater Systems and Amendment of Certificates in Sumter County, Florida.*

c. The name of the party on whose behalf the document is filed: Aqua Utilities Florida, Inc. ("AUF").

d. Total number of pages: 43

e. Brief description of filing: Letter and attachments in response to letter from Patti Daniel dated February 28, 2011.

**Jennifer Gillis | Holland & Knight**

Sr Legal Secretary

315 South Calhoun Street, Suite 600 | Tallahassee FL 32301

Phone 850.425.5605 | Fax 850.224.8832

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Add to address book

To ensure compliance with Treasury Regulations (31 CFR Part 10, Sec. 10.35), we inform you that any tax advice contained in this correspondence was not intended or written by us to be used, and cannot be used by you or anyone else, for the purpose of avoiding penalties imposed by the Internal Revenue Code.

3/31/2011

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# Holland & Knight

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D. Bruce May, Jr.  
(850) 425-5607  
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March 31, 2011

*Via Hand Delivery*

Ann Cole, Commission Clerk  
Office of the Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: *In re: Aqua Utilities Florida, Inc.'s Application for Approval of Transfer of  
Horizon Homes of Central Florida, Inc. Five Land Group LLC's Water  
And Wastewater Systems and Amendment of Certificates in Sumter County, Florida.  
Docket No. 100114-WS*

Dear Ms. Cole:

On behalf of Aqua Utilities Florida, Inc. ("AUF" or "Company"), set forth below is the additional information requested by Ms. Patti Daniel by letter dated February 28, 2011:

1. **Asset Purchase Agreement (Agreement).** Attached as Exhibit "1" are pages 12 and 13 of the Agreement and all attachments thereto. Furthermore, AUF hereby confirms that there are no assets listed on page 11 of the Agreement.
2. **Regulatory Approval Contingency.** Attached as Exhibit "2" is AUF's September 30, 2009 letter to Horizon Homes of Central Florida, Inc. with all attachments.
3. **Proof of ownership.** Exhibits O and R to the Application are executed warranty deeds that demonstrate that the utility owns the land upon which the water and wastewater facilities are located. Copies of Exhibits O and R to the Application are attached as Exhibit "3".
4. **Consumptive Use Permit (CUP).** In an abundance of caution, AUF is awaiting Commission approval of the acquisition before proceeding with the modification of the CUP.
5. **Miscellaneous Service Charges (MSCs).** Attached as Exhibit "4" are AUF's revised tariff sheets Nos. 2.9 (water) and 2.9 (wastewater) which set forth the MSCs for the Jumper

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Creek water and wastewater systems. The MSCs are consistent with the uniform MSCs approved by the Commission in Order No. PSC-09-0385-WS ("Final Order"). Cost justification for the MSCs is set forth in the Final Order.

6. **2010 Annual Report.** AUF will file the 2010 Annual Report for Jumper Creek water and wastewater systems along with its other Annual Reports. AUF has received an extension of time to file the Annual Reports on April 30, 2011.

7. **Acquisition Adjustment.** In prior correspondence dated March 10, 2010, AUF expressed its willingness for the Commission to process its Application under a number of different scenarios. To clarify, AUF does not object to the Commission applying the current version of Rule 25-30.0371, F.A.C., which became effective on November 22, 2010 ("New Acquisition Adjustment Rule"). AUF also agrees to waive any rights it has to have the Application processed under the prior version of the rule that existed at the time the original filing was made.

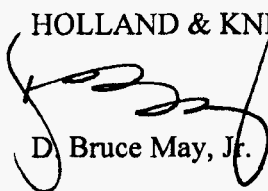
8. **Economies.** The economies of scale that the Jumper Creek customers will experience as a result of this acquisition is more fully described in the attached Exhibit "5".

9. **Impact on Existing Customers.** Exhibit "6" is an analysis that shows that AUF's acquisition, if processed under the New Acquisition Adjustment Rule or other scenarios, will not put upward pressure on the bills of existing customers.

Thank you for your assistance with this filing.

Sincerely,

HOLLAND & KNIGHT LLP



D. Bruce May, Jr.

DBM:kjg  
Enclosures

cc: Patti Daniel (w/enclosures)  
Kimberly A. Joyce (w/enclosures)  
W. Troy Rendell (w/enclosures)

# **EXHIBIT 1**

**Schedule 3(b)**

**Opinion Letter from Seller's Counsel**

**{LETTERHEAD}**

, 2007

Aqua Utilities Florida, Inc.  
1100 Thomas Avenue  
Leesburg, Florida 34748

**Re: Asset Purchase Agreement (Sewer System Assets)**

Dear Sirs:

I have acted as counsel to the Seller in conjunction with the Asset Purchase Agreement dated as of \_\_\_\_\_, 2007 (the "Agreement") between \_\_\_\_\_ ("Seller") and Aqua Utilities of Florida, Inc. ("Aqua Utilities Florida"). The Agreement provides for Aqua Utilities Florida to acquire from Seller the Sewer System Assets, as defined therein, Aqua Utilities Florida located in the development known as the \_\_\_\_\_ which is situated in \_\_\_\_\_ County, Florida (collectively herein called the "Sewer System Assets").

I have examined the Agreement and the certifications, documents and instruments delivered pursuant thereto. I have also examined original copies, certified copies and file copies of records, agreements, instruments, certificates of public officials and officers and other documents relating to the Sewer System Assets.

Based upon the foregoing, I am of the opinion that:

- (a) Seller is a Florida corporation, duly organized and validly existing. Seller is in good standing under the laws of the State of Florida.
- (b) Seller has all requisite power, authority, permission and regulatory authorizations to own and operate the Sewer System Assets and to carry on the irrigation supply system business as it has been and is now being conducted.

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(c) Neither the execution and delivery of the Agreement by Seller, nor consummation and performance of the transactions contemplated thereby (i) requires the approval or consent of any federal, state, local or other governmental body or agency that has not been obtained, (ii) results in the violation of any law, ordinance or regulation to which Seller is subject; or (iii) results in a violation of any judgment, order, writ, injunction or decree of any court or of any governmental official, agency or instrumentality which is applicable to Seller.

(d) The execution and delivery of the Agreement and the performance of the transactions contemplated hereby does not violate, conflict with or result in the breach (with or without the giving of notice or lapse of time or both) of any term, condition or provision of any instrument, contract, lease, agreement, permit, certificate or other document to which Seller is a party, or is otherwise bound or affected, or by which any of Sewer System Assets may be bound or affected.

(e) Seller has full power and authority to execute this Agreement and to sell, convey, assign, transfer and deliver the Sewer System Assets to Aqua Utilities Florida as provided in the Agreement.

(f) All proceedings required to be taken by the Seller's members to carry out the Agreement, and to authorize the Seller to sell, convey, assign, transfer and deliver to Aqua Utilities Florida the Sewer System Assets pursuant to the Agreement have been duly and properly taken.

(g) The Agreement has been duly executed and delivered by Seller and is the legal, valid and binding obligation of Seller enforceable against Seller in accordance with the terms of the Agreement.

(h) The instruments delivered by Seller to transfer the Sewer System Assets to Aqua Utilities Florida have been duly authorized, executed and delivered, are legal, valid and binding in accordance with their terms.

The opinions expressed herein are limited to matters of federal law and the laws of the State of Florida. This opinion is provided to Aqua Utilities Florida solely for the purpose of complying with Seller's obligations under the Agreement. This opinion is given for Aqua Utilities Florida's use and benefit and, except as may not be relied upon by any other person without the prior written consent of the undersigned.

Sincerely yours,

{Attorney for Seller}



## **EXHIBIT 2**





Aqua America, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010

www.aquaamerica.com

Via United States First Class Mail and Federal Express

September 30, 2009

Richard Rowe  
Horizon Homes  
197 Montgomery Road, Suite 120  
Altamonte Springs, Florida 32714

Re: Agreement by and between Aqua Utilities Florida, Inc. ("Buyer"), on the one hand, and Horizon Homes of Central Florida, Inc, Five Land Group, L.L.C, and Jumper Creek Joint Venture ("Seller"), on the other hand (the "Agreement")

Dear Mr. Rowe:

As you are aware, Buyer's application for approval of the sale of the Assets contemplated by the Agreement has been pending before the Florida Public Service Commission ("FPSC") and has been pursued by both Buyer and Seller since the signing of the Agreement. However, as you are also aware, members of the FPSC believe that the sale of the assets is not in the public interest. While we do not agree with such a determination, faced with such a finding, we reluctantly withdrew our application before the FPSC. Please see the letter of Bruce May, our attorney, to the FPSC dated August 12, 2009 which is attached to this letter

Pursuant to Section 7.9 of the Agreement, this letter provides notice of Buyer's requirement that Seller repurchase the Water System Assets and the Waste Water System Assets "via the same means and at the same Purchase Price as the Water System Assets and the Waste Water System Assets were purchased by [Buyer] pursuant to this Agreement". In addition, Section 7.9 of the Agreement requires Seller to reimburse Buyer for all capital expenditures made for the improvement to the assets provided that the expenditures were necessary to maintain the assets in good working order or to comply with any legal requirement.

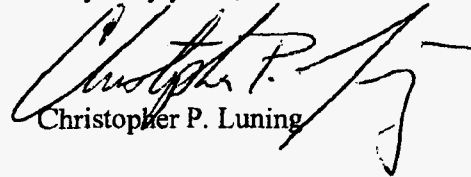
As a result of the determination of the FPSC, arrangements need to be finalized for the transfer of the assets back to Seller. We believe that the first step in that process is to properly document the situation as it exists at present. Accordingly, attached to this letter please find a draft "Professional Services Agreement" that we believe represents the present situation. This agreement will also bridge the time until we can set a "closing" to transfer all of the deeds, easements and permits that were transferred at the original "closing" in exchange for the repayment as described in Section 7.9 of the Agreement. Kindly review the attached Professional Services Agreement and provide any comments that you deem appropriate. In addition, please

Letter to Mr. Rowe  
September 30, 2009  
Page 2

provide a couple of dates which you are available to complete all of the necessary paperwork and exchange of funds to fully transfer the assets back to you.

If you have any questions about anything in this letter please does not hesitate to contact me.

Very truly yours,



Christopher P. Luning

CPL

**Attachment**

cc: David Schultz  
Christopher Franklin  
John Lihvarcik  
Kimberly Joyce  
Troy Rendell  
Carl Smith  
Bruce May

# Holland & Knight

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D. Bruce May, Jr.  
850 425 5607  
bruce.may@hklaw.com

August 12, 2009

## VIA HAND DELIVERY

Matthew M. Carter, II  
Chairman  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0810

Re: Docket No. 080517-WS - In re: Aqua Utilities Florida, Inc.'s Application for Approval of Transfer of Horizon Homes of Central Florida, Inc. and Five Land Group LLC's Water and Wastewater Systems and Amendment of Certificates in Sumter County Florida ("Application").

Dear Chairman Carter:

After much deliberation, Aqua Utilities Florida, Inc. ("AUF"), by undersigned counsel, hereby withdraws its referenced Application, which AUF filed with the Commission on July 29, 2008, pursuant to Section 367.071, Florida Statutes, and Florida Administrative Code Rule 25-30.037. In light of staff's memorandum dated August 4, 2009 in this docket, AUF will proceed to unwind its conditional acquisition of the utility systems in Sumter County identified in the Application (the "Utility Systems") and sell them back to the prior owner. I apologize in advance for the length of this letter; however, I want to be as precise as possible in explaining the reasons for the withdrawal.

### THE LONG-STANDING PUBLIC INTEREST TEST FOR APPROVAL OF UTILITY TRANSFERS

The Florida Legislature has authorized the Commission to approve the transfer of water and wastewater utilities under the Commission's jurisdiction. Section 367.071(1), Florida Statutes, provides that no jurisdictional utility shall transfer its facilities without the Commission's determination and approval that the transfer "is in the *public interest* and that the buyer, assignee, or transferee will fulfill the commitments, obligations, and the representations of the utility." (Emphasis added.) Based on the authority granted to it by Section 367.071(1), the Commission adopted Rule 25-30.037 to delineate the components of the public interest test for

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\* Representative Office

utility transfers. To that end, Rule 25-30.037 requires the buyer to include in its application for transfer approval: (1) "a summary of the buyer's experience in water or wastewater utility operations;" (2) "a showing of the buyer's financial ability to provide service;" and, (3) "a statement that the buyer will fulfill the commitments, obligations and representations of the seller with regard to utility matters."

Research shows that, in interpreting Section 367.071(1) and Rule 25-30.037, the Commission has consistently found a transfer to be in the public interest so long as the buyer satisfies the three criteria set forth in Rule 25-30.037 by showing that it has the experience and financial ability to provide the utility service, and agrees to fulfill the seller's utility obligations.<sup>1</sup> Research also shows that the Commission has never determined that a proposed transfer was not in the public interest where the buyer satisfied this three-pronged public interest test.

AUF relied on the Commission's long-standing interpretations of the public interest test referenced in Section 367.071(1) and Rule 25-30.037 when it conditionally acquired the Utility Systems and filed its Application. The Application made it clear that AUF had (i) extensive experience in utility operations, (ii) strong financial ability to provide water and wastewater services, and (iii) expressly agreed to fulfill all of the seller's commitments, obligations and representations with regard to utility matters. Staff expressly recognized that AUF satisfied the traditional three-pronged public interest test when it initially recommended that the Commission approve the transfer on March 26, 2009:

According to the application, AUF has the technical and financial ability to provide efficient service to the amended territory. AUF is the wholly-owned subsidiary of Aqua America, Inc., a publicly traded water and wastewater utility, providing service to more than 800,000 customers in thirteen states. The application states that, given its size, access to capital, and recognized strength in utility planning, capital budgeting, and construction management, Aqua America, Inc. and its subsidiary, AUF, are well-positioned to provide high quality water and wastewater service to its customers. The application includes a statement that AUF will fulfill the commitments, obligations, and representations of Jumper Creek with regard to utility matters.

Based on the above information, staff recommends that it is in the public interest to approve the transfer . . . .

*See Staff Recommendation dated March 26, 2009.*

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<sup>1</sup> Indeed, within the past 12 months, the Commission has used the traditional three-pronged test to find two other utility transfers involving AUF to be in the public interest. See Orders Nos. PSC-09-0038-PAA-WS and PSC-08-0533-FOF-WS.

However, last Thursday, staff rescinded its earlier recommendation and now states that the transfer is not in the public interest. *See* Staff Memorandum dated August 4, 2009 ("Revised Recommendation"). Staff concedes in its Revised Recommendation that AUF has met the Commission's long-standing three-pronged public interest test (*i.e.*, technical experience, financial ability, and a commitment to honor the seller's utility obligations). However, staff now asserts that the transfer is not in the public interest because AUF failed to show that there would be no "additional subsidies" flowing from AUF's existing body of customers to the customers of the acquired utility. Revised Recommendation at 6. Staff's attempt to add a new and unprecedented "fourth prong" to the public interest test for utility transfers is based on a flawed analysis, has unintended consequences, and represents a marked departure from the Commission's long-standing interpretation of "public interest" in Section 367.071(1) and Rule 25-30.037.

#### **STAFF'S NEW PUBLIC INTEREST TEST IS FLAWED**

Under staff's new public interest test, the acquiring utility must be able to demonstrate that there are no additional subsidies flowing to or from the acquiring utility's existing body of ratepayers as a result of its acquisition of the other utility. Revised Recommendation at 6. Upon close review, staff's new "no subsidies" test is virtually impossible to satisfy. For example, under staff's new analysis, if AUF sought to acquire Utility A and Utility A's average cost was above that of AUF, AUF's existing customers would be perceived as subsidizing Utility A's customers. On the other hand, if Utility A's average cost was below that of AUF, then Utility A's customers would be perceived as subsidizing AUF's existing customers. Under either scenario there would be "subsidies" resulting from the acquisition which, according to staff, would be contrary to the public interest. The only instance where staff's "no subsidy" test could be met would be where the average cost of Utility A is identical to that of AUF. Different utilities rarely, if ever, have the same average cost. Consequently, staff's new "no subsidies" test is virtually impossible to satisfy, thus making it arbitrary, capricious and contrary to fundamental precepts of law.

Staff cites two cases – one dealing with Jacksonville Suburban Utility's Corporation ("JSUC") and another dealing with North Fort Myers Utility, Inc. ("North Fort Myers")<sup>2</sup> – as apparent support for its new public interest test. However, a careful review of both of those decisions shows that the Commission employed the traditional three-pronged public interest test (experience, financial ability and commitment to honor existing utility's obligations) to determine that the transfers in those dockets were in the public interest. In both of the cases cited by staff, the Commission never considered subsidies (or rates) as part of its public interest analysis in approving the transfer.<sup>3</sup> Interestingly, the Commission's decision to approve the acquisition by North Fort Myers resulted in customers of the acquired utility paying higher rates than they otherwise would have. Order No. 97-0419-PAA-SU at 6. ("Customers using an average of 3,000 gallons of water per month will see an increase in \$1.72 per month, while

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<sup>2</sup> Order No. PSC-93-1480-FOF-WS and Order No. PSC-07-0419-PAA-SU.

<sup>3</sup> Although the Commission did set rates in both of these dockets, those rates were set as part of a limited proceeding requested by the utility that was separate and apart from the utility transfer issue.

customers using an average of 10,000 gallons per month will see an increase of \$30.77 per month.") By comparison, AUF proposed in this case not to increase rates as a result of the transfer. Instead, under AUF's proposal, the rates of the acquired systems would have continued as they exist today.

#### **STAFF'S NEW PUBLIC INTEREST TEST HAS UNINTENDED CONSEQUENCES**

There are also serious unintended consequences that arise out of staff's new public interest test and its finding in this case that the transfer is not in the public interest. By setting forth a new "no subsidies" public interest test that is virtually impossible to meet, there is a real risk that future utility acquisitions could be brought to a standstill. Furthermore, as a consequence of staff's finding that AUF's acquisition in this case does not meet its new public interest test, AUF's conditional acquisition of the Utility Systems will be unwound and AUF will take steps to sell the Utility Systems back to the original owner. Staff fails to apprise the Commission of the original owner's willingness to operate the Utility Systems going forward. For the record, the original owner has indicated that it does not want to own and operate the Utility Systems.

#### **IMPROPER PROCEDURE TO CHANGE LONG-STANDING INTERPRETATION**

As demonstrated above, staff's attempt to add a new and unprecedented "fourth prong" to the public interest test for utility transfers represents a marked departure from the Commission's long-standing interpretation of "public interest" in Section 367.071(1) and Rule 25-30.037. Such an abrupt change from the Commission's past interpretations cannot lawfully be effected in the course of this adjudicatory proceeding. Indeed, the Florida First District Court of Appeal has admonished the Agency for Healthcare Administration ("AHCA") for attempting to change its long-standing interpretation of a statute and rule in an adjudicatory proceeding:

Without question, an agency must follow its own rules, but if the rule, as it plainly reads, should prove impractical in operation, the rule can be amended pursuant to established rulemaking procedures. However, 'absent such amendment, expedience cannot be permitted to dictate its terms. That is, while an administrative agency 'is not necessarily bound by its initial construction of a statute evidenced by the adoption of a rule, the agency may implement its changed interpretation only by validly adopting subsequent rule changes.' The statutory framework under which administrative agencies must operate in this state provides adequate mechanisms for the adoption or the amendment of rules. To the extent that the results sought by an agency cannot be accomplished by changes in the administrative rules, interested parties must seek a remedy in the legislature.

*Cleveland Clinic Florida Hospital v. Agency for Health Care Administration*, 679 So. 2d 1237, 1242 (Fla. 1<sup>st</sup> DCA 1996) (citations omitted.) See also, *Miller v. Agrico Chemical Co.*, 383 So.

Chairman Matthew M. Carter, II  
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2d 1137, 1139 (Fla. 1<sup>st</sup> DCA 1980) (court admonished agency for changing its administrative interpretation of a statute without any subsequent legislative direction to do so).

In light of the foregoing authority, we respectfully submit that it would be inappropriate for the Commission to follow staff's recommendation and to attempt to change its long-standing interpretation of the public interest test in Section 367.071(1) and Rule 25-30.037 through this adjudicatory proceeding. Indeed, the adoption of staff's recommendation – to essentially add a fourth prong to the three criteria in Rule 25-30.037 – in this adjudicatory proceeding and outside of a properly noticed rulemaking proceeding would require the Commission to rely on an unadopted rule, something which the Legislature has expressly prohibited effective January 1, 2009. See § 120.57(1)(e), Fla. Stat.

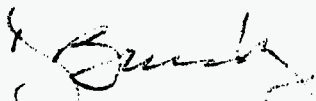
AUF strongly believes that the Commission's long-standing interpretation of the public interest test in utility transfers is sound public policy and there is no valid reason for changing its interpretation. However, if the Commission desires to reevaluate its long-standing policy and interpretation, then it should only do so in a rulemaking proceeding where it may give the public and affected persons a full and fair opportunity to comment and then carefully evaluate the consequences of the change.

\* \* \*

All of the foregoing reasons have caused AUF to withdraw the Application at this time. In the meantime, be assured that AUF will continue to provide customers of the affected Utility Systems with quality water and wastewater services while steps are taken to sell the systems back to the original owner.

Sincerely,

HOLLAND & KNIGHT LLP



D. Bruce May, Jr.

DBM:kjg

cc: Commissioner Nancy Argenziano  
Commissioner Lisa Polak Edgar  
Commissioner Katrina J. McMurrian  
Commissioner Nathan A. Skop  
Ann Cole, Commission Clerk  
Greg Wasserman, President, Horizon Homes

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Mike Twomey, Esq.  
Eric Sayler, Esq., Office of General Counsel  
Tim Devlin, Director, Division of Economic Regulation  
Marshall Willis, Assistant Director, Division of Economic Regulation  
Ms. Cheryl Johnson, Division of Economic Regulation  
Ms. Patti Daniel, Public Utilities Supervisor, Division of Economic Regulation

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**PROFESSIONAL SERVICES AGREEMENT FOR THE  
LICENSED OPERATION OF WATER AND WASTEWATER  
SYSTEM**

**THIS PROFESSIONAL SERVICES AGREEMENT** ("Agreement") is made as of the \_\_\_\_ day of October, 2009, by and between Horizon Homes of Central Florida, Inc., a Florida corporation, with a business address at 197 Montgomery Road, Suite 120, Altamonte Springs, Florida, Five Land Group, LLC, a Florida Limited Liability Corporation with offices at \_\_\_\_\_, and Jumper Creek Joint Venture (the "Owner"), and AQUA OPERATIONS, INC., or an affiliate or assign, with offices in Leesburg, Florida ("Company").

**WITNESSETH:**

**WHEREAS**, the Owner is the owner of a water and wastewater system that supplies service to certain residents of the subdivision commonly referred to as Jumper Creek (the "System"); and

**WHEREAS**, Owner has requested Company to provide certain operational services for the System; and

**WHEREAS**, Company is experienced in the business of providing water and wastewater utility operational services and desires to provide those services set forth in this Agreement, upon the terms and conditions of this Agreement.

**NOW, THEREFORE**, in consideration of the mutual promises and covenants herein contained and other good and valuable consideration, the sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

**I. BASIC SERVICES:**

Company shall perform the services described on the attached Schedule 1 – Basic Services in a professional and competent manner.

In exchange for the Basic Services to be provided, Company shall have all rights to bill all of the Customers in the System, and is entitled to all revenue entitled to be collected from all Customers in the System for services rendered to such Customers during the term of this Agreement and any extensions of it.

**II. ADDITIONAL SERVICES:**

Company shall, at the specific request of the Owner, perform the additional services as described on Schedule 2. Fees for additional services as described on

Schedule 2 will be invoiced to the Owner on the regular monthly invoice and will be based on the schedule of charges included. Annual adjustments to the schedule of charges will be provided to the Owner in writing within 30 days of the annual anniversary date of this Agreement.

III. EXCLUDED SERVICES:

The services described in Schedule 3 – Excluded Services will be procured by the Owner at its cost, and Company shall not be responsible for providing any of those services, unless specifically requested by the Owner and agreed to by Company in a separate written agreement.

IV. SAFETY OF PERSONS AND PROPERTY:

Company agrees that it will:

- (a) take all reasonable precautions to prevent damage, injury or loss, by reason of or related to the operation and maintenance of the System and to any property on or adjacent to the System;
- (b) establish and maintain safety procedures for the protection of Company employees and all other persons at the System sites consistent with applicable laws, customary industry standards and Florida Commission on Environmental Quality standards; and
- (c) comply with all applicable laws, ordinances, rules, regulations and lawful orders of any public authority relating to the safety of persons or property at the Systems sites and their protection at the System sites from damages, injury and loss.

V. COOPERATION:

During the term of this Agreement, the parties shall cooperate in good faith to share relevant information as reasonably required to ensure efficient and compliant operations of the System. The parties agree that the System is adequately described in the preamble of this Agreement.

To aid in the efficient administration of this Agreement, the Owner will empower a representative to authorize work and make interim decisions related to the System. The Company shall provide services in a professional and competent manner. As part of its overall operational services, Company shall provide the services of at least a licensed System Operator. These individuals shall not be stationed at the Owner's offices, but will be available during business hours via dispatch, pager, voicemail or e-mail, and at a specified telephone number outside business hours. Company shall also appoint an individual as its primary contact for this Agreement, and that person shall be responsible for coordinating the Services provided hereunder.

VI. TERM:

This Agreement shall have an initial term commencing on September 1, 2009 and shall automatically renew for additional and successive one (1) month terms, unless earlier terminated by either party upon thirty (30) days' notice prior to the expiration of the then current term. Upon any renewal, this Agreement shall continue under the same terms, conditions and adjustments as provided herein. Company shall commence performance of this Agreement on a date to be specified by the Owner and agreed to by Company.

VII. INDEMNIFICATION AND LIABILITY:

**Company shall indemnify, defend and hold harmless the Owner and the Owner's officers, agents, employees and representatives from and against any and all liabilities, claims, demands, suits, judgments, causes of action, damages, costs, losses and expenses (including but not limited to reasonable attorney's fees) that the Owner or the Owner's officers, agents, employees or representatives may sustain, arising out of, incident to, concerning or resulting from the Company's (including any of the Company's employees, officers, and agents) negligence or intentional wrongs related to the System and/or the Company's provision of services under the terms of this Agreement.**

**Owner shall be responsible for the acts or omissions of its officers, agents or employees related to its obligations under the terms of the Agreement. The Owner is responsible for all capital necessary to operate the System during the term of this Agreement. The Owner is responsible for all damages, claims, fines and penalties arising from failure by Owner, after due notice from Company, to undertake capital repairs and replacements to the Facilities in a timely fashion, including capital repairs and replacements related to limitation of the water plant, the wastewater plant, and/or the lift station at levels and characteristics within permit requirements and/or design limits. Company shall not be liable to the Owner or its customers for any diminution or interruption of service within the Water System not the result of Company's negligence, or for any delay which results from causes beyond Company's reasonable control. Under no circumstances, shall Company be responsible for special, punitive, incidental or consequential damages. Company will not be responsible for conditions or failures that arise due to the limitations and configuration of the Water System. Company shall not be responsible for any claims, damages or causes of action which may arise in connection with the activities of any other contractor retained directly by the Owner.**

VIII. NOTICES:

Any and all notices and communications hereunder shall be in writing and delivered personally or mailed by registered or certified mail, return receipt requested.

If to the Owner, at:

With a copy to:

If to Company, at:

John Lihvarcik  
Chief Operating Officer  
P.O. Box 490310  
Leesburg, Florida 34749  
Email: [jmlihvarcik@aquaaamerica.com](mailto:jmlihvarcik@aquaaamerica.com)  
Fax: 352.787.6333  
Phone: 352.435.4028

With a copy to:

Christopher P. Luning  
762 W. Lancaster Avenue  
Bryn Mawr, Pennsylvania 19010  
Email: [cpluning@aquaaamerica.com](mailto:cpluning@aquaaamerica.com)  
Fax: 610.520.9127  
Phone: 610.645.1068

IX. MISCELLANEOUS:

This Agreement contains the entire Agreement between the parties relating to professional services and supersedes any prior understanding or agreement concerning Company services after sale of the System. Any change, modification or amendment hereto shall be ineffective, unless in writing and executed by the parties hereto. The covenants and conditions contained herein shall bind and inure to the benefit of the successors and assigns of each of the parties hereto. Nothing herein shall give any right

or remedy hereunder to any person or entity, except the parties hereto and their successors and assigns.

X. FORCE MAJEURE:

Maintenance, replacement or repairs required due to flood, fire, storm, explosion, negligence by anyone other than Company or its agents, unlawful discharges in or out of the System, acts of God, war or other reasons outside Company control are not within the scope of services provided by Company in this Agreement. In the event of such occurrences, Company may offer the Owner assistance in obtaining or providing additional services, repairs, and replacements at an additional fee.

Company shall operate and maintain the System according to its design parameters. Any process upsets and/or failures due to changes in water characteristics, volume, infiltration and inflow, physical capabilities or constraints of the treatment plant or conveyance system and/or improper design shall not be the responsibility of Company, and cannot be used as the basis for termination of this Agreement without written mutual consent of both parties.

XI. GOVERNING LAW:

This Agreement shall be subject to and governed by the laws of the State of Florida.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed, as of the day and year first written above.

**WITNESS: HORIZON HOMES OF CENTRAL FLORIDA, INC**

\_\_\_\_\_ By: \_\_\_\_\_

**WITNESS: FIVE LAND GROUP, LLC**

\_\_\_\_\_ By: \_\_\_\_\_

**WITNESS: JUMPER CREEK JOINT VENTURE**

\_\_\_\_\_ By: \_\_\_\_\_

**WITNESS: AQUA OPERATIONS, INC.**

\_\_\_\_\_ By: \_\_\_\_\_  
JOHN LIHVARIK

## Schedule 1

Weekly duties. (as it relates to both the water and wastewater treatment and maintenance)

- a. Visit to each System by Aqua's Water and/or Wastewater operator or the designated back up operator.
- b. Record at each System date/time of visit and all/any available meter readings for computer entry for Monthly pump reports and other data for any and all reports dictated by FDEP, Florida Water Management, and other governmental entities.
- c. Inspect general plant and equipment for any unusual operating conditions occurring since last visit.
- d. Test and record results of treated water and wastewater to include free chlorine & pH reading.
- e. Inspect chemical solution levels in pumping equipment for any leakage developing; inspect anti-siphon valves for proper operation.
- f. Provide and replenish applicable chemicals to vats to assure continuous and consistent chemical treatment, record amounts added, and clean vats as needed to prevent scale development;
- g. Record on report sheets any chemical pump settings or other adjustment made.
- h. Sweep/wash out each well production facility to keep clean of dirt and debris.
- i. Collect and record on report any applicable compliance entry point samples and forward same to a certified laboratory.
- j. Test and record on report sheets representative field locations in the distribution system for chemical treatment levels to assure compliance with state and federal drinking water regulations (chlorine & pH).
- l. Company will be available 24 hours, seven days per week for on-call service for the Systems.
- m. Provide and pay for all chemicals

- n. Upon request, Aqua will install new meters for new customer connections and will be reimbursed by the owner or customer requesting said new meter.

**Monthly Duties:** (as it relates to both the water and wastewater treatment and maintenance)

- a. Complete the FDEP operation forms for both water and wastewater.
- b. Provide copies of the monthly pump reports, operation reports, and analysis reports collected during the month.
- c. Clean chemical pumps and injection fittings as needed.
- d. Provide all billing and collection services.
- e. Track compliance monitoring to ensure compliance with state and federal regulations and requirements.



**Schedule 2**

NONE.

### **Schedule 3**

Owner shall be solely responsible for:

- a. In its name, provide and pay for electrical service to all water and wastewater production/treatment facilities (wells).
- b. Respond to customer inquiries concerning water service including water quality issues, compliance with standards, analyses results and complaints as requested by Aqua.
- c. Investigate and work to resolve customer complaint and inquiry issues with customers and FDEP as requested by Aqua.
- d. any capital costs or replacements needed for the water production, storage, and distribution facilities, and any wastewater treatment, collection and disposal facilities of the Systems. If, in Company's 's reasonable discretion a delay in making any capital cost or replacement will or may, if not promptly performed, cause an emergency such as creating or prolonging a water outage, create unsafe conditions for the customers, Company's employees or other persons, or create environmental hazards then Owner's prior approval therefore shall not be necessary.

# **EXHIBIT 3**

## **EXHIBIT O**

**Evidence that the utility owns the land where the utility treatment facility are located. Or, where the utility does not own the land, a copy of the agreement which provides for the long term, continuous use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative.**

A copy of the Warranty Deed and legal description are attached.

---

Prepared By and Return To:  
Lee Stuart Smith, Esq.  
HOLLAND & KNIGHT LLP  
200 S. Orange Avenue, Suite 2600  
Orlando, Florida 32801

Property Appraisers ID #: 242122-N24A117

---

**WARRANTY DEED**

**THIS WARRANTY DEED** made the \_\_\_\_\_ day of \_\_\_\_\_, 2007 by **JUMPER CREEK JOINT VENTURE**, a Florida joint venture, having a place of business at \_\_\_\_\_ (hereinafter referred to as the "**Grantor**"), to **AQUA UTILITIES FLORIDA, INC.**, a Florida corporation, having a place of business at 1100 Thomas Avenue, Leesburg, Florida 37478 (hereinafter referred to as the "**Grantee**");

**WITNESSETH:**

That the Grantor, for and in consideration of the sum of \$10.00 and other valuable consideration, receipt and sufficiency of which is hereby acknowledged, by these presents does grant, bargain, sell and convey to the Grantee, all that certain land situate in Sumter County, Florida, more particularly described as follows:

See Exhibit "A" attached hereto and by this reference made a part hereof (hereinafter referred to as the "**Property**")

The Property is subject to those certain matters better described on the attached Exhibit "B" (the "**Permitted Exceptions**") incorporated herein by this reference, which shall run with the land and be binding upon the Grantee and its successors and/or assigns.

**TOGETHER** with all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

**TO HAVE AND TO HOLD**, the same in fee simple forever.

**AND** the Grantor does hereby covenant with the Grantee that it is lawfully seized of the Property in fee simple; that the Grantor has good right and lawful authority to sell and convey the Property; that it fully warrants the title to the Property and will defend the same against the lawful claims of all persons whomsoever.

IN WITNESS WHEREOF, the Grantor has caused these presents to be executed in its name, by its proper officers thereunto duly authorized, the day and year first above written.

Two Witnesses

Richard Brown  
Printed Name: Richard Brown

David J. Schulte  
Printed Name: David J. Schulte

JUMPER CREEK JOINT VENTURE,  
a Florida joint venture

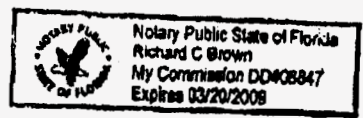
By: Gregg A. Wasserman  
Name: Gregg A. Wasserman  
Title: Managing Member

STATE OF FLORIDA  
COUNTY OF Seminole

The foregoing instrument was acknowledged before me this 14 day of December, 2007, by Gregg A. Wasserman, Managing of Jumper Creek Joint Venture, a Florida joint venture, on behalf of the Joint Venture. He/she who is personally known to me or has produced \_\_\_\_\_ as identification.

SEAL

Richard C. Brown  
Signature of Notary Public  
State of Florida  
Commission Number: DD 408847



**Exhibit "A"**  
**(Legal Description)**

ALL OF TRACTS OR PARCELS 4, 5 AND 6 OF PLAT RECORDED AT PLAT BOOK 9, PAGE 5, SUMTER COUNTY, FLORIDA RECORDS, BEING A PORTION OF THE FOLLOWING DESCRIBED PROPERTY:

**LEGAL DESCRIPTION OF JUMPER CREEK MANOR**

BEGIN AT THE NORTHEAST CORNER OF THE SOUTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 24, TOWNSHIP 21 SOUTH, RANGE 22 EAST, SUMTER COUNTY, FLORIDA; THENCE S.89°54'27"W. ALONG THE NORTH LINE OF THE SOUTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 24 A DISTANCE OF 660.60 FEET TO A POINT BEING ON THE EAST LINE OF THE NORTHWEST 1/4 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 24; THENCE N.00°02'51"W. ALONG SAID EAST LINE A DISTANCE OF 362.66 FEET; THENCE S.89°55'28"W. A DISTANCE OF 320.00 FEET; THENCE N.00°02'51" W. A DISTANCE OF 250.00 FEET TO A POINT BEING ON THE SOUTH RIGHT-OF-WAY LINE OF COUNTY ROAD 48, HAVING A 100.00 FOOT WIDE PUBLIC RIGHT-OF-WAY; THENCE S.89°53'28"W. ALONG SAID SOUTH RIGHT-OF-WAY LINE A DISTANCE OF 365.39 FEET TO A POINT BEING 25.00 FEET WESTERLY OF, WHEN MEASURED PERPENDICULARLY TO, THE WEST LINE OF THE EAST 1/2 OF SAID SECTION 24; THENCE S.00°01'42"E. PARALLEL TO SAID WEST LINE A DISTANCE OF 2,297.15 FEET; THENCE N.89°57'30"E. PARALLEL TO THE SOUTH LINE OF THE NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SAID SECTION 24 A DISTANCE OF 927.35 FEET TO A POINT BEING ON THE WEST LINE OF THE SOUTH 60(100 FEET OF THE EAST; 420.00 FEET OF THE NORTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SAID SECTION 24; THENCE N.00°04'05"W. ALONG SAID WEST LINE A DISTANCE OF 293.06 FEET TO A POINT BEING ON THE NORTH LINE OF THE SOUTH 600.00 FEET OF THE EAST 420.00 FEET OF THE NORTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SAID SECTION 24; THENCE N.89°51'42"E. ALONG SAID NORTH LINE A DISTANCE OF 420.00 FEET TO A POINT BEING ON THE EAST LINE OF THE NORTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SAID SECTION 24; THENCE N.00°04'05"W. ALONG SAID EAST LINE A DISTANCE OF 728.13 FEET TO THE SOUTHWEST CORNER OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 24; THENCE N.00°04'01"W. ALONG THE EAST LINE OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 24 A DISTANCE OF 664.33 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH AND SUBJECT TO COVENANTS, EASEMENTS AND RESTRICTIONS OF RECORD.

BEING THE SAME PROPERTY CONVEYED TO JUMPER CREEK JOINT VENTURE BY VIRTUE OF GENERAL WARRANTY DEED FROM FIVE LAND GROUP, LLC, A FLORIDA LIMITED LIABILITY COMPANY, DATED APRIL 12, 2005, RECORDED MAY 26, 2005, IN INSTRUMENT NO. 2005-17677, BOOK 1381, PAGE 364, SUMTER COUNTY, FLORIDA RECORDS

**Exhibit "B"**  
(Permitted Exceptions)

1. All taxes for the year 2008 and subsequent years, not yet due and payable.
2. Easements, rights of way, boundary lines and improvements as appearing on plat recorded in Plat Book 9, Page 5, Public Records of Sumter County, Florida.
3. Terms and conditions as set forth in Declaration of Covenants, Conditions, and Restrictions for Jumper Creek Manor, recorded June 6, 2006, in Instrument #2006-18487, Book 1590, Page 104, as amended by First Amendment to The Declaration of Covenants, Conditions, Restrictions for Jumper Creek Manor, dated November 1, 2006, recorded November 9, 2006 in Instrument #2006-36794, Official Records Book 1681, Page 727, all of the Public Records of Sumter County, Florida.
4. Terms and conditions as set forth in Memorandum of Joint Venture Agreement made by and between Horizon Homes of Central Florida, Inc. and Five Land Group, LLC, dated July 24, 2004, recorded May 26, 2005, in Instruments #2005-17678, Official Records Book 1381, Page 367, Public Records of Sumter County, Florida.
5. Terms and conditions of Specific Power of Attorney made by James S. Fqx, Five Land Group, LLC and Gregg A. Wasserman, dated July 5, 2006, recorded July 17, 2006 in Official Records Book 1618, Page 382, Public Records of Sumter County, Florida.



**EXHIBIT R**

Attached here to as Exhibit "R" is a copy of the executed and recorded special warranty deed as evidence that AUF owns the land where the water and wastewater facilities that will serve the proposed territory are located.

Warranty Deed is attached.

Prepared By and Return To:  
Lee Stuart Smith, Esq.  
HOLLAND & KNIGHT LLP  
200 S. Orange Avenue, Suite 2600  
Orlando, Florida 32801

Property Appraisers ID #: 242122-N24A117

---

**WARRANTY DEED**

**THIS WARRANTY DEED** made the \_\_\_\_ day of \_\_\_\_\_, 2007 by **JUMPER CREEK JOINT VENTURE**, a Florida joint venture, having a place of business at \_\_\_\_\_ (hereinafter referred to as the "Grantor"), to **AQUA UTILITIES FLORIDA, INC.**, a Florida corporation, having a place of business at 1100 Thomas Avenue, Leesburg, Florida 37478 (hereinafter referred to as the "Grantee"):

**WITNESSETH:**

That the Grantor, for and in consideration of the sum of \$10.00 and other valuable consideration, receipt and sufficiency of which is hereby acknowledged, by these presents does grant, bargain, sell and convey to the Grantee, all that certain land situate in Sumter County, Florida, more particularly described as follows:

See Exhibit "A" attached hereto and by this reference made a part hereof (hereinafter referred to as the "Property")

The Property is subject to those certain matters better described on the attached Exhibit "B" (the "Permitted Exceptions") incorporated herein by this reference, which shall run with the land and be binding upon the Grantee and its successors and/or assigns.

**TOGETHER** with all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

**TO HAVE AND TO HOLD**, the same in fee simple forever.

**AND** the Grantor does hereby covenant with the Grantee that it is lawfully seized of the Property in fee simple; that the Grantor has good right and lawful authority to sell and convey the Property; that it fully warrants the title to the Property and will defend the same against the lawful claims of all persons whomsoever.

IN WITNESS WHEREOF, the Grantor has caused these presents to be executed in its name, by its proper officers thereunto duly authorized, the day and year first above written.

Two Witnesses

Richard Brown  
Printed Name: Richard Brown

David J. Schulte  
Printed Name: David J. Schulte

JUMPER CREEK JOINT VENTURE,  
a Florida joint venture

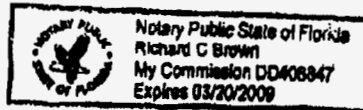
By: Gregg A. Wasserman  
Name: Gregg A. Wasserman  
Title: Managing Member

STATE OF FLORIDA  
COUNTY OF Seminole

The foregoing instrument was acknowledged before me this 14 day of December, 2007, by Gregg A. Wasserman, Managing Member of Jumper Creek Joint Venture, a Florida joint venture, on behalf of the Joint Venture. He/she who is personally known to me or has produced \_\_\_\_\_ as identification.

SEAL

Richard C. Brown  
Signature of Notary Public  
State of Florida  
Commission Number: DD408847



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**(Legal Description)**

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**Exhibit "B"**  
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1. All taxes for the year 2008 and subsequent years, not yet due and payable.
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  3. Terms and conditions as set forth in Declaration of Covenants, Conditions, and Restrictions for Jumper Creek Manor, recorded June 6, 2006, in Instrument #2006-18487, Book 1590, Page 104, as amended by First Amendment to The Declaration of Covenants, Conditions, Restrictions for Jumper Creek Manor, dated November 1, 2006, recorded November 9, 2006 in Instrument #2006-36794, Official Records Book 1681, Page 727, all of the Public Records of Sumter County, Florida.
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  5. Terms and conditions of Specific Power of Attorney made by James S. Fox, Five Land Group, LLC and Gregg A. Wasserman, dated July 5, 2006, recorded July 17, 2006 in Official Records Book 1618, Page 382, Public Records of Sumter County, Florida.
-

# **EXHIBIT 4**

---

**MISCELLANEOUS SERVICE CHARGES**

**APPLICABILITY:** For the following services to all customers within Jumper Creek system in Sumter County, Florida.

1. **Initial Connection** - This charge would be levied for service initiation at a location where service did not exist previously.
2. **Normal Reconnection** - This charge would be levied for transfer of service to a new Customer account at a previously served location, or reconnection of service subsequent to a Customer requested disconnection.
3. **Violation Reconnection** - This charge would be levied each time service has to be disconnected or reconnected for existing Customers who have been disconnected for cause according to Rule 25-30.320(2), Florida Administrative Code, including a delinquency in bill payment.
4. **Premise Visit Charge** - This charge would be levied when a service representative visits a premises at the customer's request for complaint resolution and the problem is found to be the customer's responsibility.
5. **Premise Visit Charge (In Lieu Of Disconnection)** - This charge would be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill and does not discontinue service because the Customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.
6. **Late Payment Charge** - This charge may be levied when a Customer's billing account is not paid within 20 days, and is therefore delinquent.

If both water and wastewater services are provided, only a single charge is appropriate unless circumstances beyond the control of the Company require multiple actions.

**CHARGES:**

<u>Type of Service</u>	<u>Fee</u>	<u>After Hours</u>
Initial Connection	\$22.00	\$33.00
Normal Reconnection	\$22.00	\$33.00
Violation Reconnection	\$35.00	\$55.00
Premises Visit	\$22.00	\$33.00
Late Charge	\$ 5.00	

**TYPE OF FILING** Transfer of Ownership

**EFFECTIVE DATE**

---

John Lihvarcik  
Chief Operating Officer

---

**MISCELLANEOUS SERVICE CHARGES**

**APPLICABILITY:** For the following services to all customers within Jumper Creek system in Sumter County, Florida.

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If both water and wastewater services are provided, only a single charge is appropriate unless circumstances beyond the control of the Company require multiple actions.

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<u>Type of Service</u>	<u>Fee</u>	<u>After Hours</u>
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Premises Visit	\$22.00	\$33.00
Late Charge	\$ 5.00	

**TYPE OF FILING** Transfer of Ownership

**EFFECTIVE DATE**

---

**John Lihvarcik**  
**Chief Operating Officer**



# **EXHIBIT 5**

## EXHIBIT 5

The sale of Horizon Homes of Central Florida, Inc. Five Land Group LLC ("Horizon Homes") wastewater assets to AUF ("Buyer") is in the public interest for numerous reasons, the most important of which are as follows:

### **Focus on Water Service**

The Buyer, AUF, is a wholly owned subsidiary of Aqua America, Inc. Aqua America is based in Bryn Mawr, Pennsylvania and is one of the largest publicly traded water and wastewater utilities based in the United States providing service to more than 3 million customers in fourteen states. The proposed acquisition would place the water and wastewater operations of the Horizon Homes water and wastewater system in the hands of an experienced company and industry leader whose sole focus is the provision of high quality water and wastewater service at reasonable prices. The Buyer will fulfill the commitments, obligations and representations of Horizon Homes.

### **Size and Financing Capability**

The Horizon Homes customers will be served by a large, fiscally sound company that has the capability to finance necessary capital additions. To illustrate, as of December 31, 2006, Aqua America's total permanent capitalization was approximately \$1.8 billion. As the Commission is well aware, the need to comply with increasingly stringent water quality and environmental standards, while rehabilitating and replacing aging infrastructure, has created substantial demands for capital investment by water and wastewater utilities. Aqua America has become a leader in the area of infrastructure replacement. This undertaking is critically important, not only to assure high quality water service but also to maintain adequate pressures for fire protection purposes. Given its size, access to capital and its recognized strength in system planning, capital budgeting and construction management, Aqua America and its subsidiaries are uniquely well-positioned to provide high quality water and wastewater service. In addition, because of its outstanding credit quality, Aqua America can access the capital markets on favorable terms.

### **Economics of Scale**

As one of the largest publicly traded water and wastewater utility systems based in the United States, Aqua America enjoys substantial economies of scale and scope through mass purchasing of certain goods (e.g. chemicals and equipment) and the provision of centralized service (e.g., the system-wide administration of an employee pension and benefit plan). The acquisition of the Horizon Homes systems present a further opportunity to extend these economies to the Horizon Homes customers in such areas as accounting and record keeping, financial and regulatory reporting, customer billing and accounting and customer service.

**Commitment to Customer Service**

Aqua America is totally committed to providing its customers with the highest quality service at the lowest price. In addition, Aqua America and its subsidiaries have worked in partnership with State and local officials to address the problems faced by smaller systems that may lack the financial and/or technical resources needed to comply with evolving water quality standards. As part of the Aqua America system, the Horizon Homes properties should be equipped to pursue these opportunities.

# **EXHIBIT 6**

Revised Existing Acq. Adj. Rule

Aqua Utilities Florida, Inc. Jumper Creek - Water	Commission Approved Revenue Requirement	Staff Number of ERCs	Cost per ERC	Jumper Creek Estimated Revenue Requirement 2014	Jumper Creek ERCs 2014	Total Cost per ERC 2014	Difference
<b>Water</b>							
With wastewater allocation (Without Chuluota)	\$ 8,651,295.88	191,838	\$ 45.10	\$ 48,138.44	1,380	\$ 45.02	\$ (0.07)
Without wastewater allocation (without Chuluota)	\$ 8,072,847.00	191,838	\$ 42.08	\$ 48,138.44	1,380	\$ 42.03	\$ (0.05)
With wastewater allocation (With Chuluota)	\$ 9,561,835.88	208,626.00	\$ 45.83	\$ 48,138.44	1,380	\$ 45.76	\$ (0.07)
Without wastewater allocation (with Chuluota)	\$ 8,983,387.00	208,626.00	\$ 43.06	\$ 48,138.44	1,380	\$ 43.01	\$ (0.05)
Chuluota - stand alone	\$ 910,540.00	16,788	\$ 54.24	N/A	N/A	N/A	

Revised Existing Acq. Adj. Rule

Aqua Utilities Florida, Inc. Jumper Creek - Wastewater	Commission Approved Revenue Requirement	Staff Number of ERCs	Cost per ERC	Jumper Creek Estimated Revenue Requirement 2014	Jumper Creek ERCs 2014	Total Cost per ERC 2014	Difference
<b>Wastewater</b>							
With wastewater re-allocation (Without Chuluota)	\$ 4,968,694.12	73,658	\$ 67.46	\$ 52,024.35	1380	\$ 66.91	\$ (0.55)
Without wastewater re-allocation (without Chuluota)	\$ 5,547,143.00	73,658.00	\$ 75.31	\$ 52,024.35	1380	\$ 74.62	\$ (0.69)
With wastewater allocation (With Chuluota)	\$ 6,164,128.00	82,016	\$ 75.16	\$ 52,024.35	1380	\$ 74.54	\$ (0.62)
Without wastewater allocation (with Chuluota)	\$ 6,164,128.00	82,016	\$ 75.16	\$ 52,024.35	1380	\$ 74.54	\$ (0.62)
Chuluota - stand alone	\$ 616,985.00	8,358	\$ 73.82	N/A	N/A	N/A	

Revised Existing Acq. Adj. Rule

Aqua Utilities Florida, Inc. Jumper Creek - Combined	Commission Approved Revenue Requirement	Staff Number of ERCs	Cost per ERC	Jumper Creek Estimated Revenue Requirement 2014	Jumper Creek ERCs 2014	Total Cost per ERC 2014	Difference
<b>Combined Water &amp; Wastewater</b>							
With wastewater allocation (Without Chuluota)	\$ 13,619,990.00	265496	\$ 112.55	\$ 100,162.79	2760	\$ 111.93	\$ (0.62)
Without wastewater allocation (without Chuluota)	\$ 13,619,990.00	265496	\$ 117.39	\$ 100,162.79	2760	\$ 116.65	\$ (0.74)
With wastewater allocation (With Chuluota)	\$ 15,725,963.88	290642	\$ 120.99	\$ 100,162.79	2760	\$ 120.30	\$ (0.69)
Without wastewater allocation (with Chuluota)	\$ 15,147,515.00	290642	\$ 118.22	\$ 100,162.79	2760	\$ 117.54	\$ (0.67)
Chuluota - stand alone	\$ 1,527,525.00	25,146	\$ 128.06	N/A	N/A	N/A	