

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for increase in water and )  
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. )  
\_\_\_\_\_ )

DOCKET NO. 100330-WS

Dated: August 10, 2011

**DIRECT TESTIMONY**

**OF**

**WILLIAM TROY RENDELL**

**on behalf of**

**Aqua Utilities Florida, Inc.**

COM 5  
APA 1  
ECR 6  
GCL 2  
RAD \_\_\_  
SSC \_\_\_  
ADM \_\_\_  
OPC \_\_\_  
CLK CF. RPR

DOCUMENT NUMBER-DATE

05651 AUG 10 =

FPSC-COMMISSION CLERK



1 began working for the Commission as a Regulatory Analyst I in the Bureau of Gas  
2 Regulation, Division of Electric and Gas. In January 1991, I joined the Division of  
3 Auditing and Financial Analysis in the Bureau of Accounting. In October 1991, I  
4 transferred to the Division of Water and Wastewater as a Regulatory Analyst IV in  
5 the Bureau of Industry Structure and Policy Development. From March 1994  
6 through April 1996, I held the position of Regulatory Analyst Supervisor within the  
7 Bureau of Economic Regulation in the Division of Water and Wastewater. From  
8 April 1996 through January 2008, I held the position of Public Utilities Supervisor  
9 within the Bureau of Rate Filings, Surveillance, Finance and Tax in the Division of  
10 Economic Regulation. In January 2008, I accepted my current position as Manager  
11 of Rates with AUF.

12  
13 **Q. Have you previously appeared and presented testimony before state**  
14 **regulatory bodies?**

15 A. Yes. I testified before the Commission in Docket No. 930880-WS, Investigation  
16 into the Appropriate Rate Structure for Southern States Utilities, Inc. for all  
17 regulated systems. I also testified in Docket No. 020010-WS, Application for Staff-  
18 Assisted Rate Case in Highlands County by the Woodlands of Lake Placid, L.P.  
19 Further, I filed direct testimony in: Docket No. 980992-WS (complaint by D.R.  
20 Horton Customer Homes, Inc., against Southlake Utilities, Inc.); Docket No.  
21 960329-WS (Gulf Utility Company rate case); and, Docket No. 880002-EG  
22 (Energy Conservation Cost Recovery docket).

1 **Q. What are the purposes of your testimony?**

2 A. My testimony is filed for five primary reasons. First, I address the appropriate  
3 used and useful (“U&U”) percentages for those water and wastewater systems  
4 protested by the Office of Public Counsel (“OPC”) in its petition filed on July 1,  
5 2011. Second, I address the appropriate cost-of-living and market-based salary  
6 increases set forth in AUF’s MFRs, which AUF raised as an issue in its cross-  
7 petition filed on July 11, 2011. Third, I address the appropriate Commission-  
8 approved leverage formula to establish AUF’s return on equity ( “ROE”) in this  
9 case, which AUF raised as an issue in its cross-petition filed on July 11, 2011.  
10 Fourth, I address the appropriate calculation of the Regulatory Asset related to  
11 deferred interim revenues in this case, which AUF raised as an issue in its cross-  
12 petition filed on July 11. Finally, I address the appropriate criteria which the  
13 Commission should use in establishing the rate structure for AUF’s water and  
14 wastewater system, which issue was raised by Ms. Wambsgan in her cross-petition  
15 filed on July 11, 2011.

16  
17 **Q. Are you sponsoring or co-sponsoring any parts of AUF’s MFRs?**

18 A. Yes, I am sponsoring the following MFR Schedules: A-5; A-6; A-9; A-10; B-1;  
19 B-2; B-3; B-13; B-14; D-1; E-1w; E-1s; and, F-1 through F-10.

20  
21 **Q. Are you sponsoring any exhibits to your direct testimony?**

22 A. Yes. I am sponsoring the following exhibits which are attached to my testimony:  
23 **Composite Exhibit TR-1** - is a composite schedule setting forth in the U&U  
24 percentages that the Commission approved for all of

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

AUF's water and wastewater treatment systems in  
Docket No. 080121-WS.

**Composite Exhibit TR-2 -** is a schedule comparing the U&U percentages  
established in Docket No. 080121-WS to the U&U  
percentages set forth in Order No. PSC-11-0256-  
PAA-WS (the "PAA Order") in this case.

**Exhibit TR-3 -** is an updated market-based salary study.

**Q. Where those exhibits prepared by you or under your direction and  
supervision?**

A. Yes.

**Q. Please summarize your testimony.**

A. The U&U percentages that AUF relied to establish rate base in this proceeding  
have been properly calculated using the methodologies that the Commission  
approved just over two years ago in AUF's last rate case. Because there have  
been no changes to the Commission's U&U Rules and no structural or operational  
changes to AUF's systems since the last rate case, there is no reason to deviate  
from those previously approved U&U methodologies and resulting percentages.  
Moreover, my testimony shows that ignoring the previously approved U&U  
methodologies and percentages would unnecessarily embroil AUF, the  
Commission and the parties in protracted disputes that ultimately will lead to  
higher rate case expense for customers.

1 The salary increases included in AUF's MFRs are reasonable and necessary in  
2 order for AUF to attract and retain qualified employees in this market.  
3 Furthermore, the requested increases are consistent with recent Commission  
4 orders approving salary increases for other similarly situated utilities.

5  
6 My testimony explains that AUF's return on equity ("ROE") should be  
7 established using the approved leverage formula in effect at the time the  
8 Commission votes on the final rates in this case. I further explain how the amount  
9 of the Regulatory Asset related to deferred interim rate relief should be  
10 calculated.

11  
12 Finally, my testimony demonstrates that the uniform rate structure proposed by  
13 AUF provides definitive benefits to customers. Furthermore, there are no legal or  
14 policy impediments to the Commission adopting a uniform rate structure for AUF  
15 in this case.

16  
17 *The Appropriate U&U Percentages*

18 **Q. Please describe the "Used and Useful" concept as it applies to regulated**  
19 **utilities?**

20 A. The term "used and useful" is simply a regulatory rate setting term that describes  
21 the cost of property that is included in a utility's rate base (net investment) upon  
22 which the utility is entitled to earn a rate of return. The balance of the cost of  
23 property that is excluded from rate base is referred to as "non used and useful" or  
24 "future use" plant.

1 **Q. Is there a prescribed method in Florida for performing U&U analyses?**

2 A. Yes. The Commission adopted Rule 25-30.4325, Florida Administrative Code  
3 (“F.A.C.”) with respect to water treatment and storage U&U calculations in Docket  
4 No. 070183-WS. In addition, Rule 25-30.432, F.A.C. provides for wastewater  
5 treatment plant U&U calculations.

6

7 **Q. Please describe the U&U percentages that AUF applied in its MFRs.**

8 A. AUF calculated the U&U percentages for all of its water and wastewater systems  
9 using the methodologies which the Commission approved just over two years ago  
10 in AUF’s last rate case in Docket No. 080121-WS. In that last proceeding, both  
11 OPC and AUF sponsored expert witnesses to testify on the U&U issues. Those  
12 U&U issues were the subject of voluminous discovery and were intensely litigated.  
13 The Commission closely scrutinized the competing expert testimony and made  
14 U&U determinations for all AUF systems in that case. Because the U&U  
15 percentages were previously determined by the Commission just over two years  
16 ago, and because there have been no changes to the Commission’s U&U Rules and  
17 no structural or operational changes to AUF’s systems since that time, it is very  
18 important for the Commission to honor its prior decisions in this area.

19

20 **Q. Why is it so important for the Commission to honor its prior decisions in this**  
21 **area?**

22 A. Ignoring the U&U percentages recently established by a final order undermines  
23 regulatory certainty, which is a core principle for any regulated electric, gas, water  
24 or wastewater utility.

1 The water and wastewater utility industry is a capital intensive business. To meet its  
2 customers' needs for safe and reliable service, AUF must have access to capital,  
3 which comes primarily from two sources: debt (e.g., loans from lenders and bond  
4 issuances) and equity (e.g., sales of stock). Casting aside recently established U&U  
5 determinations when there is no material change in utility operational conditions  
6 sends a dangerous signal to utilities and increases risks to potential suppliers of  
7 investment capital. These heightened risks and uncertainties in turn can cause  
8 lenders to impose a higher interest rate on loans, and investors to demand higher  
9 returns to induce them to invest in the utility. Higher interest and higher returns  
10 ultimately results in a higher cost of capital which leads to increases in rates for  
11 customers.

12  
13 **Q. Are there other problems with ignoring the U&U percentages and**  
14 **methodologies recently approved by the Commission?**

15 A. Yes. The courts in Florida have made it very clear that the Commission must  
16 "adhere to its prior practices in calculating used and useful percentages" and cannot  
17 deviate from those practices unless there are bona fide facts supporting a change.  
18 *Southern States Utilities v. Florida Water Services Corp.*, 714 So. 2d 1046, 1057  
19 (Fla. 1<sup>st</sup> DCA 1998). As I have stated, there have been no operational or structural  
20 changes to the systems OPC has protested that would warrant a change to the U&U  
21 methodologies previously approved by the Commission.

22  
23 Furthermore, the Commission established the U&U percentages in the last rate case  
24 using the Commission's U&U Rules. Those rules have not changed since AUF's

1 last rate case. Moreover, the Commission's U&U Rules were adopted to limit the  
2 controversies and costs associated with contested U&U determinations that often  
3 require the parties to retain the services of expensive expert witnesses. To now  
4 ignore those U&U determinations would eviscerate the cost-savings policies upon  
5 which the U&U Rules were based. The result is higher rate case expense which is  
6 ultimately borne by the customer.

7  
8 ***Water Treatment***

9 **Q. What are the appropriate U&U percentages for the water treatment and**  
10 **related facilities which OPC has protested?**

11 A. OPC has protested the U&U percentages for those water treatment and related  
12 facilities at the following specific systems: Arredondo Estates, Arredondo Farms,  
13 Breeze Hill, Carlton Village, East Lake Harris/Friendly Center, Fairways, Fern  
14 Terrace, Hobby Hills, Interlachen/Park Manor, Lake Josephine/Sebring Lakes,  
15 Picciola Island, Rosalie Oaks, Silver Lake Estates/Western Shores, Tomoka View,  
16 Twin Rivers, Venetian Village, Welaka, and Zephyr Shores. With the exception of  
17 the Breeze Hill and Fairways systems (which were not part of AUF's last rate case),  
18 the appropriate U&U percentages for these water treatment and related facilities are  
19 the percentages fully and finally determined in AUF's last rate case by Commission  
20 Order No. PSC-09-0385-FOF-WS dated May 29, 2009 ("Final Rate Order").  
21 Attached as Composite Exhibit TR-1 is a schedule that sets forth the U&U  
22 percentages for the water treatment and related facilities that the Commission  
23 approved in its Final Rate Order.

1 **Q. Has AUF prepared a schedule supporting the U&U percentages for the water**  
2 **treatment and related facilities that OPC has protested?**

3 A. Yes, that information is included in the F-Schedules to AUF's MFRs, which I am  
4 sponsoring.

5

6 **Q. Did OPC participate in AUF's last rate case on this U&U issue?**

7 A. Yes. OPC was a party to and actively participated in AUF's last rate case. During  
8 the course of that case, OPC sponsored an expert witness -- Mr. Andrew Woodcock  
9 -- who presented extensive expert testimony on the U&U issues specifically related  
10 to AUF's water treatment and related facilities. In fact, OPC actually stipulated in  
11 the last rate case to the U&U percentages for Carlton Village, Picciola Island, and  
12 Venetian Village water treatment systems that they are now protesting.

13

14 **Q. Did OPC appeal the Final Rate Order which established the U&U percentages**  
15 **for the water treatment and related facilities at these systems?**

16 A. No. OPC did not appeal the Final Rate Order, nor did it attempt to seek  
17 reconsideration of any portion of the order.

18

19 **Q. Have there been any operational or structural changes to these systems which**  
20 **should cause the Commission to alter the U&U percentages it established in**  
21 **the Final Rate Order?**

22 A. No. There have been no operational or structural changes made to these systems  
23 since the issuance of the Final Rate Order that requires the Commission to revisit its  
24 final U&U determinations made in the last rate case. I would note that for Zephyr

1 Shores, one additional well was installed in order to comply with Florida  
2 Department of Environmental Protection (“FDEP”) Rule 62-555.315(2), F.A.C.,  
3 which requires all community water systems serving a population of 350 or more to  
4 have a second well. However, the Zephyr Shores system is fully built out and there  
5 is no potential for expansion. Accordingly, pursuant to Rule 25-30.4325(4), F.A.C.,  
6 the Zephyr Shores system should be considered 100% U&U just as it was in AUF’s  
7 last rate case.

8  
9 **Q. You mentioned that Breeze Hill and Fairways systems were not part of AUF’s**  
10 **last rate case, and that the water treatment plant and related facilities for**  
11 **those systems were not previously determined in the Final Rate Order. What**  
12 **are the appropriate U&U percentages for the water treatment plants and**  
13 **related facilities at the Breeze Hill and the Fairways systems?**

14 A. The Breeze Hill water treatment plant and related facilities were previously  
15 determined to be 100% U&U in two prior staff-assisted rate cases involving this  
16 system: Order No. PSC-02-1114-PAA-WS, issued August 14, 2002; and Order No.  
17 PSC-99-2394-FOF-WS, issued December 7, 1999. OPC participated in both of  
18 those rate cases involving Breeze Hill and did not appeal the U&U determinations  
19 in those cases. There have been no operational or structural changes made to the  
20 Breeze Hill system since the Commission’s previous orders establishing U&U  
21 percentages. Therefore, the appropriate U&U percentages for the Breeze Hill water  
22 treatment system and related facilities should remain at 100%.

1 As shown in MFR Schedules F-7 and F-8 the Fairways water treatment system and  
2 related facilities are completely built out with no possibility of expansion.  
3 Therefore, consistent with past Commission practice and in accordance with Rule  
4 25-30.4325(4), F.A.C., the Fairways water treatment system and related facilities  
5 should be considered 100% U&U.  
6

7 *Water Distribution Systems*

8 **Q. What are the appropriate U&U percentages for the water distribution systems**  
9 **that OPC has protested?**

10 A. OPC has protested the U&U percentages for those water distribution facilities at  
11 the following specific systems: Arredondo Estates, Arredondo Farms, Beecher's  
12 Point, Breeze Hill, Fairways, Gibsonia Estates, Interlachen/Park Manor,  
13 Kingswood, Lake Josephine/Sebring Lakes, Oakwood, Orange Hill/Sugar Creek,  
14 Palm Port, Palms Mobile Home Park, Peace River, Piney Woods, Ravenswood,  
15 River Grove, Rosalie Oaks, Silver Lake Estates/Western Shores, Silver Lake Oaks,  
16 Skycrest, Stone Mountain, Sunny Hills, The Woods, Tomoka View, Twin Rivers,  
17 Valencia Terrace, Venetian Village, Village Water, Welaka, Wootens, and Zephyr  
18 Shores. With the exception of the Breeze Hill, the Fairways and the Peace River  
19 systems (which were not part of AUF's last rate case), the appropriate U&U  
20 percentages for these water distribution facilities are the percentages fully and  
21 finally determined in the Final Rate Order. The Commission-approved U&U  
22 percentages for those water distribution facilities are set forth in Exhibit TR-1.  
23  
24

1 **Q. Has AUF prepared a schedule supporting the U&U percentages for the water**  
2 **distribution facilities that OPC has protested?**

3 A. Yes, that information is included in the F Schedules in AUF's MFRs, which I am  
4 sponsoring.

5

6 **Q. Did OPC participate on this U&U issue in AUF's last rate case?**

7 A. Yes. As I previously stated, the OPC was a party to and actively participated in  
8 AUF's last rate case. OPC's expert witness -- Mr. Andrew Woodcock -- presented  
9 extensive expert testimony on the U&U issues specifically related to AUF's water  
10 distribution facilities. In fact, in the last rate case OPC actually stipulated to the  
11 U&U percentages for the distribution systems at Interlachen/Park Manor, Stone  
12 Mountain, and Sunny Hills, which percentages OPC now protests in this case.

13

14 **Q. Did OPC appeal the Final Rate Order which established the U&U percentages**  
15 **for the water distribution facilities at these systems?**

16 A. No. OPC did not appeal the Final Rate Order, nor did it attempt to seek  
17 reconsideration of any portion that order.

18

19 **Q. Have there been any operational or structural changes made to these systems**  
20 **since the last rate case which should cause the Commission to alter the U&U**  
21 **percentages it established in the Final Rate Order?**

22 A. No. There have been no operational or structural changes made to these systems  
23 since the Commission issued the Final Rate Order in AUF's previous rate case.

24

1 **Q. You mentioned that that the Breeze Hill, the Fairways and the Peace River**  
2 **systems were not part of AUF's last rate case, and that the U&U percentages**  
3 **for the water distribution facilities at those systems were not previously**  
4 **determined in the Final Rate Order. What is the appropriate U&U percentage**  
5 **for the water distribution facilities at the Breeze Hill system?**

6 A. The Breeze Hill water distribution facilities were previously determined to be 100%  
7 U&U in two prior staff-assisted rate cases involving this system: Order No. PSC-  
8 02-1114-PAA-WS, issued August 14, 2002; and Order No. PSC-99-2394-FOF-  
9 WS, issued December 7, 1999. OPC participated in both of those rate cases  
10 involving Breeze Hill and did not appeal the U&U determinations in those cases.  
11 There have been no operational or structural changes made to the Breeze Hill  
12 system since the Commission's previous orders establishing U&U percentages.  
13 Therefore, the appropriate U&U percentages for the Breeze Hill water distribution  
14 facilities should remain at 100%.

15  
16 **Q. What is the appropriate U&U percentage for the water distribution facilities**  
17 **for Fairways?**

18 A. As shown in AUF's MFR Schedules F-7 and F-8 and the system maps which AUF  
19 supplied as part of its application for rate relief, the Fairways water distribution  
20 system is completely built out with no possibility of expansion. Thus, consistent  
21 with past Commission practice, the Fairways water distribution system should be  
22 considered 100% U&U.

23  
24

1 **Q. What is the appropriate U&U percentage for the water distribution facilities**  
2 **for Peace River system?**

3 A. As shown in AUF's MFR Schedules F-7 and F-8 and the system maps which AUF  
4 supplied as part of its application for rate relief, the Peace River water distribution  
5 system is completely built out with no possibility of expansion. Thus, consistent  
6 with past Commission practice, the Peace River water distribution system should be  
7 considered 100% U&U.

8

9

*Wastewater Treatment*

10 **Q. What are the appropriate U&U percentages for the wastewater treatment and**  
11 **related facilities which OPC has protested?**

12 A. OPC has protested the U&U percentages for those wastewater treatment and related  
13 facilities at the following specific systems: Arredondo Farms, Breeze Hill,  
14 Fairways, Florida Central Commerce Park, Holiday Haven, Jungle Den, Kings  
15 Cove, Leisure Lakes, Morningview, Palm Port, Peace River, Rosalie Oaks, Silver  
16 Lake Oaks, South Seas, Summit Chase, Sunny Hills, The Woods, Valencia Terrace,  
17 Venetian Village, and Village Water. With the exception of the Breeze Hill, the  
18 Fairways and the Peace River systems (which were not part of AUF's last rate  
19 case), the appropriate U&U percentages for these wastewater treatment and related  
20 facilities are the percentages fully and finally determined in the Final Rate Order.  
21 Those U&U percentages for the wastewater treatment and related facilities are set  
22 forth in Exhibit TR-1.

23

24

1 **Q. Has AUF prepared a schedule supporting the U&U percentages for the**  
2 **wastewater treatment and related facilities that OPC has protested?**

3 A. Yes, that information is included in the F Schedules in AUF's MFRs, which I am  
4 sponsoring.

5

6 **Q. Did OPC participate on this U&U issue in AUF's last rate case?**

7 A. Yes. As I previously stated, the OPC was a party to and actively participated in  
8 AUF's last rate case. During the course of that case, OPC sponsored an expert  
9 witness -- Mr. Andrew Woodcock -- who presented extensive expert testimony on  
10 the U&U issues specifically related to AUF's wastewater treatment and related  
11 facilities. In fact, in the last AUF rate case OPC actually stipulated to the U&U  
12 percentages for the wastewater treatment systems at Holiday Haven, Leisure Lakes,  
13 and Silver Lake Oaks, which percentages OPC now protests in this case.

14

15 **Q. Did OPC appeal the Final Rate Order which established the U&U percentages**  
16 **for the wastewater treatment and related facilities at these systems?**

17 A. No. OPC did not appeal the Final Rate Order, nor did it attempt to seek  
18 reconsideration of any portion that order.

19

20 **Q. Have there been any operational or structural changes made to these systems**  
21 **since the last rate case which should cause the Commission to alter the U&U**  
22 **percentage it established in the Final Rate Order?**

23 A. No. There have been no operational or structural changes made to these systems  
24 since the Commission issued the Final Order in AUF's previous rate case.

1

2 **Q. You mentioned that that the Breeze Hill, the Fairways and the Peace River**  
3 **systems were not part of AUF's last rate case, and that the U&U percentages**  
4 **for the wastewater treatment and related facilities at those systems were not**  
5 **previously determined in the Final Rate Order. What is the appropriate U&U**  
6 **percentage for the wastewater treatment and related facilities at the Breeze**  
7 **Hill system?**

8 A. The Breeze Hill wastewater treatment and related facilities were previously  
9 determined to be 56.3% U&U in Order No. PSC-02-1114-PAA-WS, issued August  
10 14, 2002, and in Order No. PSC-99-2394-FOF-WS, issued December 7, 1999.  
11 OPC participated in both of those rate cases involving Breeze Hill and did not  
12 appeal the U&U determinations in those cases. There have been no operational or  
13 structural changes made to the Breeze Hill system since the Commission's previous  
14 orders establishing U&U percentages. The appropriate U&U percentages for the  
15 Breeze Hill wastewater treatment and related facilities should remain at 56.3%.

16

17 **Q. What is the appropriate U&U percentage for the wastewater treatment and**  
18 **related facilities for Fairways?**

19 A. As set forth in AUF's MFR Schedules F-7 and F-8 and the system maps which  
20 AUF supplied as part of its application for rate relief, the Fairways wastewater  
21 treatment and related facilities are completely built out with no possibility of  
22 expansion. Therefore, in accordance with Rule 25-30.432, F.A.C. and consistent  
23 with past Commission practice, the Fairways wastewater treatment and related  
24 facilities should be considered 100% U&U.

1 **Q. What is the appropriate U&U percentage for the wastewater treatment and**  
2 **related facilities for Peace River system?**

3 A. As set forth in AUF's MFR Schedules F-7 and F-8 and the system maps which  
4 AUF provided as part of its application for rate relief, the Peace River wastewater  
5 treatment and related facilities are completely built out with no possibility of  
6 expansion. Therefore, in accordance with Rule 25-30.432, F.A.C. and consistent  
7 with past Commission practice, the Peace River wastewater treatment and related  
8 facilities should be considered 100% U&U.

9

10

*Wastewater Collection*

11 **Q. What are the appropriate U&U percentages for the wastewater collection**  
12 **systems which OPC has protested?**

13 A. OPC has protested the U&U percentages for those wastewater collection facilities  
14 at the following specific systems: Beecher's Point, Breeze Hill, Fairways, Florida  
15 Central Commerce Park, Holiday Haven, Jungle Den, Peace River, Rosalie Oaks,  
16 Silver Lake Oaks, Sunny Hills, The Woods, Village Water, and Zephyr Shores.  
17 With the exception of the Breeze Hill, the Fairways and the Peace River systems  
18 (which were not part of AUF's last rate case), the appropriate U&U percentages for  
19 these wastewater collection facilities are the percentages fully and finally  
20 determined in the Final Rate Order. Those U&U percentages for the wastewater  
21 collection facilities are set forth in Exhibit TR-1.

22

23

24

1 **Q. Has AUF prepared a schedule supporting the U&U percentages for the**  
2 **wastewater collection facilities that OPC has protested?**

3 A. Yes, that information is included in the F Schedules in AUF's MFRs, which I am  
4 sponsoring.

5

6 **Q. Did OPC participate on this U&U issue in AUF's last rate case?**

7 A. Yes. As I previously stated, the OPC was a party to and actively participated in  
8 AUF's last rate case. During the course of that case, OPC sponsored an expert  
9 witness -- Mr. Andrew Woodcock -- who presented extensive expert testimony on  
10 the U&U issues specifically related to AUF's wastewater collection facilities. In  
11 fact, in the last rate case OPC actually stipulated to the U&U percentages for the  
12 wastewater collection facilities at Holiday Haven.

13

14 **Q. Did OPC appeal the Final Rate Order which established the U&U percentages**  
15 **for the wastewater collection facilities at these systems?**

16 A. No. OPC did not appeal the Final Rate Order, nor did it attempt to seek  
17 reconsideration of any portion that order.

18

19 **Q. Have there been any operational or structural changes made to these systems**  
20 **since the last rate case which should cause the Commission to alter the U&U**  
21 **percentages it established in the Final Rate Order?**

22 A. No. There have been no operational or structural changes made to these systems  
23 since the Commission issued the Final Rate Order.

24

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

**Q. You mentioned that that the Breeze Hill, the Fairways and the Peace River systems were not part of AUF's last rate case, and that the U&U percentages for the wastewater collection facilities at those systems were not previously determined in the Final Rate Order. What is the appropriate U&U percentage for the wastewater collection facilities at the Breeze Hill system?**

A. The Breeze Hill wastewater collection facilities were previously determined to be 100% U&U in two prior staff-assisted rate cases involving this system: Order No. PSC-02-1114-PAA-WS, issued August 14, 2002; and Order No. PSC-99-2394-FOF-WS, issued December 7, 1999. OPC participated in both of those rate cases involving Breeze Hill and did not appeal the U&U determinations in those cases. There have been no operational or structural changes made to the Breeze Hill system since the Commission's previous orders establishing U&U percentages. Therefore, the appropriate U&U percentages for the Breeze Hill wastewater collection facilities should be 100%.

**Q. What is the appropriate U&U percentage for the wastewater collection facilities for Fairways?**

A. As set forth in AUF's MFR Schedules F-7 and F-8 and as shown in the system maps which AUF filed as part of its application for rate relief, the Fairways wastewater collection facilities are completely built out with no possibility of expansion. Therefore, consistent with past Commission practice, the Fairways wastewater collection facilities should be considered 100% U&U.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

**Q. What is the appropriate U&U percentage for the wastewater collection facilities for Peace River system?**

A. As set forth in AUF's MFR Schedules F-7 and F-8 and as shown in the system maps which AUF filed as part of its application for rate relief, the Peace River wastewater collection facilities are completely built out with no possibility of expansion. Therefore, consistent with past Commission practice, the Peace River wastewater collection facilities should be considered 100% U&U.

*Salaries*

**Q. Has AUF protested any portion of the PAA Order concerning the appropriate Salaries and Wages -- Employees expense in this rate case?**

A. Yes. In its MFRs, AUF requested a cost-of-living salary increase for all of its employees, and a targeted pro forma market-based salary increase for its operators and field technicians. AUF has protested that portion of the PAA Order which proposes to disallow the cost-of-living increase and the targeted market-based salary increase. AUF believes that both of these salary increases are necessary and reasonable.

**Q. Please explain why AUF believes the cost-of-living salary increase is necessary and reasonable?**

A. A cost-of-living salary increase is needed for AUF to attract and retain qualified employees. The Commission has recognized that in order for a utility like AUF to attract and retain qualified employees, employee salaries must keep pace with cost-

1 of-living increases. For example, earlier this year in Docket No. 100104-WU, the  
2 Commission found that it was “appropriate” to award the utility an across-the-board  
3 salary increase of 3%. The amount of that increase was actually suggested by the  
4 OPC. See Order No. PSC-11-0010-SC-WU (January 3, 2011). The Commission  
5 also inherently approved an across-the-board 3.5% salary increases when it  
6 approved a rate increase for Labrador Utilities, Inc., in Docket No. 080249-WS.  
7 See Order No. PSC-09-0462-PAA-WS (June 22, 2009).

8  
9 **Q. Has the Commission made similar decisions pertaining to AUF’s cost-of-living**  
10 **salary increases in any prior AUF rate case?**

11 A. Yes. In its Final Rate Order, the Commission recognized that the Utility was  
12 “entitled to give its employees a cost-of-living increase.” See Order No. PSC-09-  
13 0385-FOF-WS at p. 107.

14  
15 **Q. Please explain why AUF believes the pro forma market-based salary increase**  
16 **for its operators and field technicians is necessary and reasonable?**

17 A. In order for AUF continue to provide its customers with reliable and efficient water  
18 and wastewater services, it must be able to attract and retain qualified operators and  
19 field technicians. To do this, the Company has to remain competitive in terms of  
20 salary. That means that the salaries for its operators and field technicians must be  
21 on the same level as the salaries which other utilities pay their employees in similar  
22 positions.

1 **Q. Is this market-based salary increase based on any market studies?**

2 A. Yes. This targeted salary increase for operators and field technicians is based on a  
3 market study by Saje Consulting Group Inc., which evaluated AUF's salary  
4 structure, and benchmarked our Company against other utilities, as well as the  
5 general industry. Because the study was based on 2007 market information, AUF  
6 updated that study to reflect 2010 market data, including 2010 salary information  
7 and licensure requirements. The updated analysis demonstrates that a salary  
8 increase is needed in order for AUF to attract and retain qualified operators and  
9 technicians. Because the updated market study contains highly proprietary salary  
10 information which could be used by AUF's competitors to lure qualified operators  
11 and field technicians away, AUF is asking that the updated market study be treated  
12 as proprietary confidential business information. A redacted public version of the  
13 updated study is attached to my testimony as Exhibit TR- 3.

14  
15 **Q. Has the Commission made similar decisions pertaining to a market-based  
16 salary increase in any prior AUF rate case?**

17 A. Yes. In AUF's last rate case the Commission granted AUF a market-based salary  
18 increase noting that the increase was properly supported by the market-based study  
19 prepared by Saje Consulting Group, Inc. and was consistent with Commission  
20 precedent. As the Commission noted in a recent rate case involving Florida Public  
21 Utilities Company, a utility needs to take "appropriate action to assure that its  
22 employee salaries are on the same level as other utility employees so that the  
23 Company will be competitive in hiring and retaining well trained and effective  
24 employees." See PSC Order No. PSC-08-0327-FOF-E (May 19, 2009). This is

1 what AUF is proposing to do in this case.

2  
3 **Q. Has AUF's proposed salary increase been independently analyzed by**  
4 **Commission Staff?**

5 A. Yes. Staff has evaluated AUF's requested salary increase and has noted that AUF's  
6 requested salary increase is consistent with the American Water Works Association  
7 2008 compensation survey. Staff also has indexed the requested salary increase to  
8 the hourly rates for maintenance workers which the Commission has previously  
9 approved in other cases. In both instances, the Staff has concluded that the market-  
10 based increase requested by AUF is reasonable.

11  
12 *Use Of Current Leverage Formula*

13 **Q. What is the appropriate Commission-approved leverage formula to use in**  
14 **establishing AUF's ROE in this case?**

15 A. It should be noted at the outset that no one has protested the use of the  
16 Commission's leverage formula to establish AUF's ROE in this case. The  
17 appropriate leverage formula to use in this case is the approved leverage formula in  
18 effect at the time the Commission votes to set final rates in this formal  
19 administration proceeding. See Order No. PSC-09-0632-PAA-WU (Sept. 17,  
20 2009) (The Commission's practice is "to use the most recent leverage formula in  
21 effect at the time we vote to approve final rates"). Because OPC has protested the  
22 rates set forth in the PAA Order, the Commission will not vote on final rates in this  
23 case until the first part of next year. The Commission's leverage formula in effect  
24 at the time of that vote should be the leverage formula used in this case.

1

2 **Q. What is the Commission-approved leverage formula currently in effect at this**  
3 **time?**

4 A. The Commission-approved leverage formula currently in effect at this time is set  
5 forth in Order No. PSC-11-0287-PAA-WS (July 5, 2011).

6

7 **Q. What is the ROE produced by the Commission's leverage formula when**  
8 **applied to AUF?**

9 A. Using the current leverage formula approved in Order No. 11-0287-PAA-WS,  
10 AUF's return on common equity is 9.76%, which is calculated as follows: Return  
11 on Common Equity = 7.13% + (1.610 / .6122).

12

13

*Regulatory Asset Calculation*

14 **Q. Please discuss the Regulatory Asset concept in the PAA Order?**

15 A. In its MFRs, AUF proposed to defer recovery of a portion of interim rate relief to  
16 which it was entitled, and requested that the Commission recognize the amount of  
17 that deferred interim rate relief as a Regulatory Asset to be recovered over a two-  
18 year period, once final rates are determined. Although the PAA Order  
19 appropriately approved the Regulatory Asset concept, it miscalculated the amount  
20 of the Regulatory Asset.

21

22 **Q. What caused the amount of the Regulatory Asset to be miscalculated?**

23 A. In calculating the amount of Regulatory Asset, the Commission assumed that the  
24 PAA rate would be implemented in May of 2011. However, because OPC and Ms.

1 Wambsgan filed formal protests to the PAA Order, the PAA rates were not  
2 implemented in May of 2011. Instead, the PAA rates were implemented on August  
3 1, 2011, after the Commission voted to acknowledge the PAA rates. Thus, the  
4 amount of the Regulatory Asset in the PAA Order is understated.  
5

6 **Q. What is the appropriate amount of the total Regulatory Assets for water and  
7 wastewater?**

8 A. In its workpapers, Staff assumed that interim rates would remain in effect for 215  
9 days until the PAA rates were implemented. Using August 1, 2011 as the effective  
10 date of the PAA rates, the interim rates were actually in effect for 245 days.  
11 Therefore, using Staff's worksheet, the appropriate amount of total Regulatory  
12 Assets for water and wastewater should be \$464,042 and \$252,637, respectively.  
13 The total annual amortization amount is \$232,021 for water and \$126,318 for  
14 wastewater.  
15

### 16 *Rate Structure*

17 **Q. What is rate structure?**

18 A. To accurately describe the concept of rate structure, one must first understand  
19 revenue requirement. "Revenue requirement" is the amount of money generated  
20 from rates that will allow a utility (i) to earn a fair rate of return on the utility  
21 property that provides the services (rate base) and (ii) to cover the utility's  
22 operating expenses and taxes. See *Citizens v. Hawkins*, 364 So. 2d 723 (Fla.  
23 1978). "Rate structure," on the other hand, refers to the way rates are designed to  
24 equitably allocate a utility's revenue requirement among the utility's customers. A

1 paramount rule in designing rates is that the utility's revenue requirement must be  
2 established prior to designing the rate structure, and that the rate structure selected  
3 must allow the utility to recover its "revenue requirement". See *Southern States*  
4 *Utilities, supra*, 714 So.2d 1051-1052 (confirming that before a rate structure is  
5 put in place, the Commission "must approve a determination of the utility's  
6 overall revenue requirements"). The Commission strictly adheres to this rule in  
7 establishing rate structures for the water and wastewater utilities by selecting "rate  
8 design parameters that (1) allow the Utility to recover its revenue requirement; (2)  
9 equitably distribute cost recovery among the Utility's customers; and (3)  
10 implement, where appropriate, water conserving rate structures". See, e.g., Order  
11 No. 11-0199-PAA-WU (April 22, 2011).

12  
13 **Q. What if a rate structure is designed so that precludes the utility from**  
14 **recovering its revenue requirement?**

15 A. The rate structure would be confiscatory, and would be struck down as an  
16 unconstitutional deprivation of property rights under *Federal Power Commission*  
17 *v. Hope Natural Gas Co.*, 320 U.S. 591, 605 (1944).

18  
19 **Q. What rate structure is AUF proposing in this rate case?**

20 A. AUF is proposing a state-wide uniform rate structure for its water and wastewater  
21 systems. This approach uses a unified rate structure for multiple water and  
22 wastewater utility systems that are owned and operated by a single utility. Under  
23 this uniform pricing structure, customers pay a single utility the same rate for  
24 similar service. This uniform rate structure is widely used by electric and natural

1 gas utilities in Florida.

2 **Q. What are the benefits of a uniform rate structure?**

3 A. A uniform rate structure can protect customers from sudden and substantial rate  
4 increases (“rate shock”). For example, if a small stand alone system (like many  
5 systems in Florida) needs major capital improvements, a uniform rate structure will  
6 spread those costs over a larger customer base, thus making the resulting rates  
7 lower. Uniform rate structures also address system efficiency and viability issues.  
8 By being able to minimize rate shock to customers and spread the increasing cost of  
9 required capital improvements, the utility is able to respond to capital needs in a  
10 more timely manner.

11

12 **Q. Can you elaborate on the benefits of a uniform rate structure?**

13 A. Certainly. The Environmental Protection Agency (“EPA”) recommends over \$335  
14 billion in infrastructure improvements are needed over the next 20 years for water  
15 utilities across the nation. Many of these utilities, whether private or  
16 governmentally owned, will be faced with significant rate increases over the next  
17 several years. By being able to levelize these costs over a larger customer base, a  
18 multi-system utility like AUF is able to minimize future rate increases. This also  
19 encourages utilities to make prudent capital investments in infrastructure  
20 improvements that are necessary to provide safe, efficient and environmentally  
21 compliant service. Some of the systems purchased by AUF have experienced  
22 operational issues that are to be expected with aging infrastructure. These issues  
23 can be most efficiently addressed with minimal rate impact to our customers  
24 through a uniform rate structure. Uniform rate structures have proven beneficial to

1 customers of electric and natural gas utilities, and will be just as beneficial for  
2 AUF's customers.

3  
4 **Q. How does AUF's uniform rate structure compare to the modified cap band  
5 structure set forth in the PAA Order?**

6 A. The rate structure in the PAA Order essentially groups AUF's customers into two  
7 groups (bands) and then establishes a separate uniform rate structure for each  
8 band.

9  
10 **Q. What would an average AUF customer pay for water and wastewater services  
11 under AUF's proposed uniform rate structure?**

12 A. On a monthly basis, the average AUF customer uses approximately 4,680 gallons  
13 of water and 3,760 gallons of wastewater. Using actual customer usage data, an  
14 AUF customer's average water bill would be approximately \$48.03 per month, and  
15 the average wastewater bill would approximately \$73.70 per month. Thus, AUF's  
16 proposed uniform rate structure addresses affordability.

17  
18 **Q. Is there anything to prohibit the Commission from establishing a fully  
19 consolidated uniform rate structure for AUF?**

20 A. No. As I have stated, the Commission has already established two uniform rate  
21 structures for AUF--one for each band. There is no compelling reason for the  
22 Commission not to move AUF from two uniform rate structures to one fully  
23 consolidated uniform rate.

24

1

2 **Q. Does the Commission have the authority to adopt uniform rates?**

3 A. There is no doubt that the Commission has the statutory authority to establish  
4 uniform rates for AUF. The Florida First District Court of Appeal has made it  
5 clear that the Commission “has very broad authority in determining rates”  
6 provided that the rates are “fair, just, and reasonable”. *Southern States Utilities*,  
7 *supra*, 714 So.2d 1051-1052. The court also found that uniform rates were not  
8 “inherently discriminatory” and recognized that the Commission “has set uniform  
9 rates in other cases involving multiple systems.” *Id.*

10

11 **Q. Do the subsidy and affordability discussions previously used by the**  
12 **Commission to evaluate rate structures preclude it now from adopting a fully**  
13 **uniform rate structure for AUF?**

14 A. No. The affordability and subsidy criteria referred to by the Commission in  
15 previous cases are simply guidelines used by the Commission to evaluate  
16 appropriate rate structures. As the Commission recognized in AUF’s last rate  
17 case, determining which affordability and subsidy criteria to use in establishing a  
18 particular rate structure is “a judgment call” and the ultimate decision on  
19 affordability and subsidy criteria is “a policy decision for us to make.” See Order  
20 No. 09-0385-WS (May 29, 2009).

21

22 It is also important to understand that the Commission has never used subsidy or  
23 affordability criteria to establish a utility’s “revenue requirement.” These criteria  
24 are only used in discussing “rate structures.”

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

**Q. Does AUF object to the modified capband rate structure set forth in the PAA Order?**

A. No. However, AUF believes that a uniform rate structure is the better alternative, and respectfully submits that the Commission should adopt uniform rates for AUF just as it has done for electric and natural gas utilities in the state. Uniform rates for large, multi-system utilities benefit customers by ensuring that rates are kept as low as possible. The benefits are even more pronounced today as AUF strives to address increasing capital, operating and environmental compliance costs, while providing quality service at reasonable rate levels.

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

A. Yes.

Used and Useful Calculations  
 Water Treatment Plant  
 Docket No. 100330-WS

Florida Public Service Commission  
 Schedule: F-5 Appendix  
 Preparer: Ward

System	<u>Wells Permanent</u> (Gallons)		Max Day GPM	Perm Growth Ratio	Excess UAW GPM	Required Fire Flow GPM	Peak Hour Demand No Storage GPM	Max Day Demand Storage GPD	Max Supply Well GPM	Total Well Capacity GPM	Firm Capacity No Storage GPM	Firm Capacity Storage GPD	Wells Perm U&U Calculation	Wells Perm U&U Used	Note #
	Storage	Multiple Wells													
Arredondo Est - Water	no	yes	48.31	1.00	1.53	0.00	97.08		300	780	490.00		19.81%	100.00%	1
Arredondo Farms - Water		yes	75.89	1.00	0.00	0.00	151.39		300	550	250.00		60.56%	100.00%	2
Breeze Hill - Water	no	no	23.26	1.00	0.48	0.00	46.05		177	177	0.00		0.00%	100.00%	3
Carlton Village - Water	no	yes	76.72	1.19	0.00	0.00	153.44		200	400	200.00		76.72%	95.00%	4
East Lk Harris Est/Fr Ctr - Water	no	no	20.62	1.00	0.00	0.00	41.24		200	200	0.00		0.00%	100.00%	5
Fairways at Mt. Plymouth - Water	no	yes	175.69	1.00	0.00	0.00	351.39		450	900	450.00		78.09%	100.00%	6
Fern Terrace - Water	no	no	61.09	1.00	0.00	0.00	122.18		180	180	0.00		0.00%	100.00%	7
Gibsonia Estates - Water	no	yes	68.06	1.00	0.00	0.00	136.11		270	395	125.00		108.89%	81.00%	8
Hermits Cove/St John High - Water	yes	yes	34.24	1.00	0.00	0.00		48,300	150	300		144,000	34.24%	31.00%	9
Hobby Hills - Water	no	yes	30.84	1.00	0.00	41.87	61.68		175	325	150.00		41.12%	100.00%	10
Interlachen Lake/Park Manor - Water	yes	yes	91.80	1.00	0.09	0.00		131,770	180	360	180.00	172,800	78.28%	78.28%	11
Lake Josephine/Sabring - Water	yes	no	278.92	1.00	0.00	0.00		398,760	400	800	400.00	384,000	103.84%	100.00%	12
Peace River - Water	no	no	98.19	1.00	2.50	0.00	193.89		181	181	0.00		0.00%	100.00%	13
Piccola Island - Water	no	yes	39.55	1.06	0.00	0.00	79.10		175	325	150.00		52.73%	75.00%	14
Rosalie Oaks - Water	no	no	10.76	1.00	0.01	41.87	21.51		250	250	0.00	-	0.00%	100.00%	15
Silver Lake/Western Shores - Water	yes	yes	1000.00	1.00	0.00	41.87		1,500,000	1425	3450	2025.00	1,944,000	77.18%	93.71%	16
Skycrest - Water	no	yes	112.85	1.00	2.79	41.87	222.91		500	675	175.00		127.37%	100.00%	17
Sunny Hills - Water	yes	yes	522.57	1.14	11.80	58.33		824,540	600	1300	700.00	672,000	137.58%	100.00%	18
Tomoka - Water	yes	yes	78.54	1.00	1.50	0.00	155.59	110,845	268	543	275.00	264,000	42.02%	100.00%	19
Twin Rivers-Water	no	no	42.92	1.00	0.46	0.00	85.37	61,131	75	75	0.00	-	0.00%	100.00%	20
Venetian Village - Water	no	yes	28.86	1.08	0.00	0.00	57.72		240	340	100.00		57.72%	74.00%	21
Welska - Water	yes	yes	34.68	1.08	0.00	0.00		53,828	110	186	76.00	72,960	73.78%	79.73%	22
Zephyr Shores - Water	no	no	65.97	1.00	1.16	0.00	130.78		530	1030	500.00		28.16%	100.00%	23

Note #:

- 1 Found to be 100% last order - built out
- 2 Found to be 100% last order - built out
- 3 U&U determined in Order NO. PSC-02-1114-PAA-WS
- 4 95% per last order
- 5 Found to be 100% last order - built out
- 6 No growth, system built out, therefore 100% used and useful
- 7 This system has a single well and is therefore 100% Used and Useful.
- 8 61% per last order
- 9 31% per last order
- 10 Found to be 100% last order - built out
- 11 Found to be 100% last order - built out
- 12 This system has a single well and is therefore 100% Used and Useful.
- 13 This system has a single well and is therefore 100% Used and Useful.

Note #:

- 14 75% per last order
- 15 This system has a single well and is therefore 100% Used and Useful.
- 16 93.71% per last order
- 17 Found to be 100% last order - built out
- 18 91% per last order
- 19 100% per last order - built out
- 20 This system has a single well and is therefore 100% Used and Useful.
- 21 74% per last order
- 22 79.73% per last order
- 23 100% per last order - built out

Used and Useful Calculations  
 Wastewater Treatment Plant  
 Docket No. 100330-WS

Florida Public Service Commission  
 Schedule: F-8 Appendix- Plant  
 Preparer: Ward

(Gallons)

System	Avg Daily Demand-Treated GPD	I&I %	Excess I&I GPD	Growth Ratio	Adjusted AVG Daily Demand GPD	Plant Capacity GPD	Treatment U&U Calculated	Treatment U&U Used	
Arredondo Farms	40,484.9	0.0%	0.0	1.00	40,484.9	60,000	67.47%	100.00%	This system is fully developed as planned. Accordingly, all facilities and assets are considered 100% Used and Useful. Confirmed in last case
Breeze Hill	38,344.4	0.0%	0.0	1.00	38,344.4	40,000	95.86%	95.86%	
Fairways	29,958.9	0.0%	0.0	1.00	29,958.9	75,000	39.95%	100.00%	No growth, system built out, therefore 100% used and useful
FI Central Commerce Park	44,416.4	7.1%	3154.4	1.00	41,262.1	95,000	43.43%	100.00%	This system is fully developed as planned. Accordingly, all facilities and assets are considered 100% Used and Useful. Confirmed in last case
Holiday Haven	19,757.5	21.4%	4226.6	1.00	15,530.9	25,000	62.12%	75.00%	Stipulated in last rate case.
Jungle Den	15,153.3	0.0%	0.0	1.00	15,153.3	21,000	72.16%	100.00%	Approved in last rate case.
Kings Cove	25,880.0	0.0%	0.0	1.00	25,880.0	55,000	47.05%	100.00%	Approved in last rate case.
Leisure Lakes	16,128.8	0.0%	0.0	1.00	16,128.8	50,000	32.26%	39.00%	Stipulated in last rate case.
Morningview	5,807.9	0.0%	0.0	1.14	6,593.7	20,000	32.97%	100.00%	This system is fully developed as planned. Accordingly, all facilities and assets are considered 100% Used and Useful. Confirmed in last case
Peace River	27,366.7	19.7%	5595.1	1.00	21,771.6	40,000	54.43%	100.00%	No growth, system built out, therefore 100% used and useful
Rosalie Oaks	11,968.5	33.3%	3460.2	1.00	8,508.4	15,000	56.72%	100.00%	Approved in last rate case.
Silver Lake Oaks	4,528.8	7.7%	347.9	1.00	4,180.8	15,000	27.87%	42.00%	Approved in last rate case - Stipulated
South Seas	103,726.0	0.0%	0.0	1.00	103,726.0	264,000	39.29%	100.00%	Stipulated in last rate case.
Summit Chase	19,694.8	0.0%	0.0	1.00	19,694.8	54,000	36.47%	100.00%	Stipulated in last rate case.
Sunny Hills	11,621.9	0.0%	0.0	1.00	11,621.9	50,000	23.24%	49.00%	Approved in last rate case - Stipulated
The Woods	12,000.0	7.6%	753.0	1.00	11,247.0	15,000	74.98%	100.00%	100% per last case- older system, no growth
Valencia Terrace	30,852.3	0.0%	0.0	1.06	32,825.8	80,000	41.03%	100.00%	Stipulated in last rate case.
Venetian Village	29,038.9	38.5%	11193.1	1.00	17,845.8	36,000	49.57%	100.00%	Stipulated in last rate case.
Village Water	55,827.8	0.0%	0.0	1.06	59,193.8	75,000	78.93%	78.93%	

**Used and Useful Calculations**  
**Wastewater Treatment Plant**  
 Docket No. 100330-WS  
Inflow and Infiltration  
 (Gallons)

Florida Public Service Commission  
 Schedule: F-6 Appendix-1&I  
 Preparer: Ward

System	8" Gravity Sewer		6" Gravity Sewer		Total Inflow	Total Infiltration	Daily Allowed 500 GPCD	Annual Acceptable	Inflow @ 10 % of Infiltration	Acceptable
	Inch Ft	Inch Ft	Inch Ft	Inch Ft						
Amedondo Farms	28,310	210,480	0	0	210,480	39.86	19831.8	7,275,114	1,636,281	8,913,395
Beechens Point	2,377	19,015	0	0	19,015	3.60	1800.8	657,277	98,790	756,067
Breeze Hill (See Note 1)	2,938	23,512	0	0	23,512	4.45	2228.5	812,678	293,573	1,106,251
Fairways	10,100	80,800	0	0	80,800	15.30	7651.5	2,792,803	1,312,525	4,105,328
FI Central Commerce Park	7,364	58,912	0	0	58,912	11.16	5578.8	2,036,258	0	2,036,258
Holiday Haven	9,808	78,484	0	0	78,484	14.86	7430.3	2,712,061	325,069	3,037,120
Jasmine Lakes	63,260	506,152	0	0	506,152	95.86	47931.1	17,494,837	7,111,833	24,606,670
Jungle Den (See Note 1)	4,704	37,632	0	0	37,632	7.13	3563.6	1,300,727	166,814	1,467,541
Kings Cove	11,905	95,240	0	0	95,240	18.04	9018.9	3,291,913	1,971,662	5,263,575
Lake Gibson Estates	16,934	135,472	0	0	135,472	25.86	12828.8	4,682,508	1,995,083	6,677,591
Lake Suzy	18,747	149,976	0	0	149,976	28.40	14202.3	5,183,830	1,941,333	7,125,163
Letsure Lakes	13,587	108,536	0	0	108,536	20.56	10278.0	3,751,481	519,844	4,271,326
Morningview	2,856	22,848	0	0	22,848	4.33	2163.6	789,727	207,430	997,157
Palm Port	5,191	41,528	2,568	15,348	56,876	10.77	5386.0	1,865,884	410,231	2,376,115
Palm Terrace	41,118	328,944	0	0	328,944	62.30	31150.0	11,369,760	3,063,839	15,333,599
Park Manor (See Note 1)	1,363	10,904	0	0	10,904	2.07	1032.6	376,890	113,153	490,043
Peace River	5,654	45,232	0	0	45,232	8.57	4283.3	1,563,417	747,002	2,310,419
Rosalie Oaks	4,182	33,296	0	0	33,296	6.31	3153.0	1,150,886	153,585	1,304,451
Silver Lake Oaks	1,722	13,776	0	0	13,776	2.61	1304.5	478,159	118,650	596,809
South Seas	9,180	73,440	0	0	73,440	13.91	8954.5	2,538,409	6,434,213	8,972,622
Summit Chase	6,039	48,312	0	0	48,312	9.15	4575.0	1,609,875	683,692	2,353,567
Sunny Hills	25,791	206,328	0	0	206,328	38.08	19538.6	7,131,082	533,696	7,664,778
The Woods	4,850	38,800	0	0	38,800	7.35	3574.2	1,341,098	222,816	1,563,915
Valencia Terrace	14,841	116,528	0	0	116,528	22.64	11318.9	4,131,413	1,601,197	5,732,609
Venetian Village	7,408	59,264	0	0	59,264	11.22	5612.1	2,048,424	496,144	2,544,568
Village Water	17,445	136,560	0	0	136,560	26.43	13215.9	4,823,807	1,257,477	6,081,284
Zephyr Shores	18,771	150,168	0	0	150,168	28.44	14220.3	5,190,486	706,131	5,896,617

System	Gallons Sold Sewer	Res % of Wtr	Res Sold Wtr	Res Estimated Return	Gen Svc Sold	Gen Svc Est Return	Acceptable Amt of Wwtr	Acceptable Amt of Infil	Treated Gallons	Total Infil	% Excess Infil	% Excess Used	
													Res % of Wtr
Amedondo Farms	18,382,813	95.7%	15,890,813	12,544,850	702,000	673,820	15,218,570	22,131,985	14,777,000	(7,354,985)	0.00%	0.00%	
Beechens Point	967,900	38.6%	381,500	305,200	608,400	582,144	887,344	1,843,410	2,371,800	728,300	30.71%	30.71%	
Breeze Hill (See Note 1)	2,935,732	100.0%	2,935,732	2,348,585	-	-	0	2,348,585	3,454,837	9,063,000	6,538,163	65.43%	0.00%
Fairways	13,125,251	100.0%	13,125,251	10,500,201	-	-	0	10,500,201	14,805,529	10,635,000	(3,670,529)	0.00%	0.00%
FI Central Commerce Park	-	-	-	-	13,587,076	13,024,369	13,024,369	15,080,651	16,212,000	1,151,349	7.10%	7.10%	
Holiday Haven	3,250,592	94.0%	3,055,582	2,444,474	185,000	187,200	2,831,674	5,688,794	7,211,500	1,542,706	21.38%	21.38%	
Jasmine Lakes	71,118,327	96.1%	68,336,827	54,889,462	2,781,500	2,670,240	57,339,702	81,946,372	72,854,500	(9,091,872)	0.00%	0.00%	
Jungle Den (See Note 1)	1,868,141	92.7%	1,546,841	1,237,472	121,300	116,448	1,353,920	2,821,462	5,530,940	2,708,478	48.99%	0.00%	
Kings Cove	19,716,820	100.0%	19,716,820	15,773,296	-	-	0	15,773,296	21,036,871	9,448,200	(11,590,871)	0.00%	0.00%
Lake Gibson Estates	18,950,830	93.5%	18,855,830	14,924,664	1,296,000	1,243,200	16,167,864	22,845,454	26,355,000	3,507,546	13.32%	13.32%	
Lake Suzy	19,413,334	94.7%	18,311,728	14,385,382	12,861,606	12,174,342	17,559,724	24,884,887	21,240,500	(3,444,387)	0.00%	0.00%	
Letsure Lakes	5,198,445	100.0%	5,198,445	4,158,766	-	-	0	4,158,766	5,430,081	5,887,000	(2,543,081)	0.00%	0.00%
Morningview	2,074,300	100.0%	2,074,300	1,659,440	-	-	0	1,659,440	2,556,597	2,118,900	(536,897)	0.00%	0.00%
Palm Port	4,102,307	100.0%	4,102,307	3,281,846	-	-	0	3,281,846	5,657,961	6,418,800	760,839	11.85%	11.85%
Palm Terrace	36,638,369	99.7%	36,529,869	31,623,911	108,500	104,160	31,728,071	47,061,660	41,406,012	(5,656,648)	0.00%	0.00%	
Park Manor (See Note 1)	1,131,533	94.3%	1,067,533	854,026	64,000	61,440	916,466	1,405,510	3,152,870	1,747,360	55.42%	0.00%	
Peace River	7,470,018	98.0%	7,324,018	5,850,215	146,000	140,160	5,999,375	8,309,793	10,352,000	2,042,207	19.73%	19.73%	
Rosalie Oaks	1,535,948	100.0%	1,535,948	1,228,759	-	-	0	1,228,759	2,533,209	3,796,168	1,262,959	33.27%	33.27%
Silver Lake Oaks	1,186,500	100.0%	1,186,500	933,200	-	-	0	933,200	1,526,009	1,653,000	126,991	7.68%	7.68%
South Seas	64,342,128	21.8%	14,019,503	11,215,802	50,322,625	46,309,720	59,525,322	68,487,944	37,860,000	(30,637,944)	0.00%	0.00%	
Summit Chase	6,836,918	99.4%	6,783,618	5,434,815	40,400	41,864	5,478,979	7,930,046	7,168,800	(641,446)	0.00%	0.00%	
Sunny Hills	6,336,663	99.8%	6,327,363	4,261,891	9,300	8,928	4,270,819	11,936,087	4,242,000	(7,694,087)	0.00%	0.00%	
The Woods	2,228,164	100.0%	2,228,164	1,782,531	-	-	0	1,782,531	3,348,446	3,621,300	274,854	7.58%	7.58%
Valencia Terrace	16,011,966	79.7%	12,786,866	10,213,573	3,245,000	3,115,200	13,328,773	19,081,382	11,261,100	(7,800,282)	0.00%	0.00%	
Venetian Village	4,961,442	100.0%	4,961,442	3,969,154	-	-	0	3,969,154	6,513,722	10,599,200	4,085,478	38.55%	38.55%
Village Water	12,574,771	0.0%	-	-	12,574,771	12,071,781	12,071,781	18,153,066	16,884,948	(1,468,117)	0.00%	0.00%	
Zephyr Shores	7,061,313	93.1%	6,573,013	5,258,410	488,300	468,768	5,727,176	11,823,775	8,311,000	(3,312,775)	0.00%	0.00%	

Note 1: AUF has included a request for pro forma plant to conduct an I&I study and improvements. This will address I&I, therefore no adjustment should be made

Used and Useful Calculations  
 Water Distribution and Wastewater Collection Systems  
 Docket No. 100330-WS

Florida Public Service Commission  
 Schedule: F-7 Appendix  
 Preparer: Ward

Water

System	Test Year Connections *	Trended Growth	Trended 2014 Cust	Lots Fronting Mains	Permanent U&U Calc'd	Permanent U&U Used	Perm U&U Used		
48 Estates - Water	87	1.13	98	118	83.4%	83.4%	85.0%	stipulated	
Arredondo Est - Water	252	1.00	252	538	46.8%	46.8%	100.0%		
Beecher's Point - Water	52	1.00	52	93	55.9%	55.9%	100.0%		
Breeze Hill - Water	128	1.00	128	132	97.0%	100.0%	100.0%		
Carlton Village - Water	283	1.19	338	612	55.2%	55.2%	47.0%	stipulated	
Fairways at Mt. Plymouth - Water	241	1.00	241	244	98.8%	100.0%	100.0%	No growth, system built out, therefore 100% used and useful	
Gibsonia Estates - Water	202	1.00	202	206	98.1%	100.0%	100.0%		
Hermits Cove/St John High - Water	284	1.00	284	357	79.6%	79.6%	81.0%	stipulated	
Holiday Haven - Water	125	1.00	125	335	37.3%	37.3%	76.0%	stipulated	
Interlachen Lake/Park Manor - Water	292	1.00	292	375	77.9%	77.9%	83.0%	stipulated	
Kingswood - Water	66	1.00	66	66	100.0%	100.0%	100.0%	stipulated	
Lake Josephine/Sebring - Water	561	1.00	561	1013	55.4%	55.4%	85.0%		
Leisure Lakes - Water	281	1.00	281	335	83.9%	83.9%	83.9%	stipulated	
Morningview - Water	40	1.06	42	43	98.6%	100.0%	100.0%		
Oakwood - Water	error - this	281	1.00	281	335	83.9%	83.9%	100.0%	stipulated
Orange Hill/Sugar Creek - Water	246	1.00	246	273	90.1%	90.1%	100.0%		
Palm Port - Water	109	1.00	109	120	90.8%	90.8%	100.0%		
Palm Terrace - Water	1194	1.00	1194	1210	98.7%	100.0%	100.0%	stipulated	
Palms Mobile Home Park - Water	64	1.00	64	79	81.0%	81.0%	87.7%		
Peace River - Water	107	1.00	107	131	81.7%	81.7%	100.0%	No growth, system built out, therefore 100% used and useful	
Picciola Island - Water	160	1.06	169	227	74.7%	74.7%	80.0%	stipulated	
Piney Woods - Water	180	1.00	180	213	84.5%	84.5%	100.0%		
Ravenswood - Water	46	1.00	46	54	85.2%	85.2%	100.0%		
River Grove - Water	113	1.00	113	114	99.1%	100.0%	100.0%		
Rosalie Oaks - Water	100	1.00	100	125	80.0%	80.0%	100.0%		
Silver Lake/Western Shores - Water	1596	1.00	1596	1764	90.5%	90.5%	100.0%		
Silver Lake Oaks - Water	46	1.00	46	53	86.8%	86.8%	86.8%		
Skycrest - Water	122	1.00	122	135	90.4%	90.4%	100.0%		
Stone Mountain - Water	10	1.00	10	22	45.5%	45.5%	54.0%	stipulated	
Sunny Hills - Water	578	1.14	659	6384	10.3%	10.3%	13.0%	stipulated	
Tangerine - Water	289	1.12	325	575	56.5%	56.5%	60.0%	stipulated	
The Woods - Water	80	1.00	80	106	75.5%	75.5%	75.5%		
Tomoka - Water	196	1.00	196	197	99.5%	100.0%	100.0%		
Twin Rivers-Water	78	1.00	78	80	97.5%	100.0%	100.0%		
Valencia Terrace - Water	359	1.00	359	361	99.4%	100.0%	100.0%		
Venetian Village - Water	172	1.08	186	219	84.8%	84.8%	84.8%		
Village Water - Water	190	1.00	190	220	86.4%	86.4%	100.0%		
Weilaka - Water	164	1.08	177	343	51.5%	51.5%	51.5%		
Wootens - Water	23	1.00	23	54	42.6%	42.6%	65.7%		
Zephyr Shores - Water	525	1.00	525	526	99.8%	100.0%	100.0%		

\* = Connections from maps

**Used and Useful Calculations**  
**Water Distribution and Wastewater Collection Systems**  
 Docket No. 100330-WS

Florida Public Service Commission  
 Schedule: F-7 Appendix  
 Preparer: Ward

Wastewater

System	Test Year Connections *	Trended Growth	Trended 2014 Cust	Lots Fronting Mains	Permanent U&U Calc'd	Permanent U&U Used	Perm U&U Used
Beechers Point	17	1.00	17	46	37.0%	37.0%	100.0%
Breeze Hill	127	1.00	127	132	96.2%	100.0%	100.0% Built Out
Fairways	240	1.00	240	244	98.4%	100.0%	100.0% Built Out
Fl Central Commerce Park	78	1.00	78	72	108.3%	100.0%	100.0%
Holiday Haven	111	1.00	111	162	68.5%	68.5%	75.0% stipulated
Jungle Den	143	1.00	143	102	140.2%	100.0%	100.0% Approved in last rate case.
Leisure Lakes	283	1.00	283	335	84.5%	84.5%	84.5%
Morningview	36	1.14	41	43	95.0%	100.0%	100.0%
Palm Port	109	1.00	109	120	90.8%	90.8%	90.8%
Peace River	100	1.00	100	125	80.0%	80.0%	100.0% No growth, system built out, 100% used and useful
Rosalie Oaks	99	1.00	99	125	79.2%	79.2%	100.0%
Silver Lake Oaks	46	1.00	46	53	86.8%	86.8%	86.8%
Sunny Hills	286	1.00	286	517	55.3%	55.3%	55.3%
The Woods	73	1.00	73	103	70.9%	70.9%	70.9%
Valencia Terrace	355	1.06	378	361	104.6%	100.0%	100.0%
Village Water	38	1.06	40	70	57.6%	57.6%	57.6%
Zephyr Shores	526	1.00	526	526	100.0%	100.0%	100.0%

\* = Connections from maps

Margin Reserve Calculations  
 Docket No. 100330-WS

Florida Public Service Commission  
 Schedule: F-8 Appendix (Water)  
 Preparer Ward

Water Systems	Single Family Residence Customers :					Calc'd Lnr	Grwth Count						Prmnt
	2005	2006	2007	2008	2009	Rsqn Slope	Used(>1%)	2010	2011	2012	2013	2014	Growth
48 Estates - Water	79	81	86	87	85	1.8	1.8	89	91	93	94	96	1.13
Arredondo Est - Water	228	227	218	210	215	-4.3	0.0	215	215	215	215	215	1.00
Arredondo Farms - Water	346	362	351	354	351	0.2	0.0	351	351	351	351	351	1.00
Beecher's Point - Water	53	49	46	43	45	-2.2	0.0	45	45	45	45	45	1.00
Breeze Hill - Water	-	-	140	124	122	-9.0	0.0	122	122	122	122	122	1.00
Carton Village - Water	220	238	249	255	255	8.7	8.7	270	278	287	296	304	1.19
East Lake Harris/Fr Ctr - Water	209	204	200	200	200	-2.2	0.0	200	200	200	200	200	1.00
Fairways at Mt. Plymouth - Water	-	-	241	238	238	-1.5	0.0	238	238	238	238	238	1.00
Fern Terrace - Water	125	123	124	123	122	-0.6	0.0	122	122	122	122	122	1.00
Gibsonia Estates - Water**	280	251	256	282	278	2.7	0.0	278	278	278	278	278	1.00
Hermits Cove/St Johns High - Water	267	267	267	267	275	1.6	0.0	275	275	275	275	275	1.00
Hobby Hills - Water	100	99	102	101	97	-0.4	0.0	97	97	97	97	97	1.00
Holiday Haven - Water	127	126	120	118	116	-3.0	0.0	116	116	116	116	116	1.00
Interlachen Lake/Park Manor - Water	281	279	275	271	274	-2.2	0.0	274	274	274	274	274	1.00
Kingswood - Water	65	62	63	61	59	-1.3	0.0	59	59	59	59	59	1.00
Lake Josephine/Sebring Lakes - Wtr	633	633	633	633	623	-2.0	0.0	623	623	623	623	623	1.00
Leisure Lakes - Water	300	284	280	285	284	-3.1	0.0	284	284	284	284	284	1.00
Morningview - Water	35	29	35	34	35	0.5	0.5	35	36	36	37	37	1.06
Oakwood - Water	232	210	219	207	210	-4.7	0.0	210	210	210	210	210	1.00
Orange Hill/Sugar Creek - Water	231	232	236	238	236	1.6	0.0	236	236	236	236	236	1.00
Palm Port - Water	107	104	108	107	107	0.3	0.0	107	107	107	107	107	1.00
Palm Terrace - Water	1,197	1,125	1,171	1,151	1,146	-7.6	0.0	1,146	1,146	1,146	1,146	1,146	1.00
Palms Mobile Home Park - Water	62	61	60	60	58	-0.9	0.0	58	58	58	58	58	1.00
Peace River - Water	95	94	95	96	94	0.0	0.0	94	94	94	94	94	1.00
Picciola Island - Water	141	140	146	145	147	1.7	1.7	149	151	152	154	156	1.06
Piney Woods - Water	-	174	172	173	173	-0.2	0.0	173	173	173	173	173	1.00
Pomona Park - Water	150	143	151	145	143	-1.2	0.0	143	143	143	143	143	1.00
Ravenswood - Water	-	45	48	45	46	0.2	0.0	46	46	46	46	46	1.00
River Grove - Water	108	108	108	107	107	-0.3	0.0	107	107	107	107	107	1.00
Rosalie Oaks - Water	-	95	95	94	93	-0.7	0.0	93	93	93	93	93	1.00
Silver Lake/Western Shores - Water	1,585	1,594	1,607	1,603	1,600	3.9	0.0	1,600	1,600	1,600	1,600	1,600	1.00
Silver Lake Oaks - Water	45	45	41	40	38	-1.9	0.0	38	38	38	38	38	1.00
Skycrest - Water	119	119	119	118	118	-0.7	0.0	116	116	116	116	116	1.00
Stone Mountain - Water	10	10	10	10	10	0.0	0.0	10	10	10	10	10	1.00
Sunny Hills - Water	519	534	565	571	571	14.1	14.1	594	608	623	637	651	1.14
Tangerine - Water	244	240	252	262	266	6.6	6.6	273	279	286	292	299	1.12
The Woods - Water	-	69	72	73	66	-0.8	0.0	66	66	66	66	66	1.00
Tomoka - Water	271	264	264	263	263	-1.7	0.0	263	263	263	263	263	1.00
Twin Rivers-Water	271	264	264	263	263	-1.7	0.0	263	263	263	263	263	1.00
Valencia Terrace - Water	346	332	332	334	334	-2.2	0.0	334	334	334	334	334	1.00
Venetian Village - Water	150	155	159	160	157	1.9	1.9	162	164	166	168	170	1.08
Village Water - Water	145	138	136	140	136	-1.8	0.0	136	136	136	136	136	1.00
Welaka - Water	141	145	149	149	149	2.0	2.0	153	155	157	159	161	1.08
Wootens - Water	29	29	28	28	28	-0.3	0.0	28	28	28	28	28	1.00
Zephyr Shores - Water	491	492	499	500	501	2.8	0.0	501	501	501	501	501	1.00

\*\* Uses ERCs for growth

Margin Reserve Calculations  
 Docket No. 100330-WS

Florida Public Service Commission  
 Schedule: F-8 Appendix (Wastewater)  
 Preparer Ward

<u>Wastewater Systems</u>	<u>Single Family Residence Customers :</u>					<u>Calc'd Lnr Grwth Count</u>							<u>Pmnt</u>
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Rasn Slope</u>	<u>Used(&gt;1%)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Growth</u>
Arredondo Farms	346	359	341	344	325	-5.7	0	325	325	325	325	325	1.00
Beechers Point **	116	116	114	106	99	-4.4	0	99	99	99	99	99	1.00
Breeze Hill	-	-	126	124	123	-1.5	0	123	123	123	123	123	1.00
Fairways	-	-	241	238	238	-1.5	0	238	238	238	238	238	1.00
FI Central Commerce Park **	53	54	54	53	54	0.2	0	54	54	54	54	54	1.00
Holiday Haven	109	107	106	100	102	-2.1	0	102	102	102	102	102	1.00
Jasmine Lakes	1,548	1,544	1,511	1,499	1,480	-16.1	0	1,490	1,490	1,490	1,490	1,490	1.00
Jungle Den	136	136	136	135	134	-0.5	0	134	134	134	134	134	1.00
Kings Cove	-	200	198	197	195	-1.6	0	195	195	195	195	195	1.00
Lake Gibson Estates	326	319	317	315	314	-2.8	0	314	314	314	314	314	1.00
Lake Suzy	271	215	209	203	205	-14.4	0	205	205	205	205	205	1.00
Leisure Lakes	296	282	276	279	282	-3.1	0	282	282	282	282	282	1.00
Morningview	32	30	35	34	34	0.8	0.8	35	36	37	38	39	1.14
Palm Port	108	107	107	106	105	-0.7	0	105	105	105	105	105	1.00
Palm Terrace	1,044	1,008	1,019	996	995	-11.0	0	995	995	995	995	995	1.00
Park Manor	32	29	25	26	24	-1.9	0	24	24	24	24	24	1.00
Peace River	93	92	91	91	88	-1.1	0	88	88	88	88	88	1.00
Rosalie Oaks	-	95	95	93	92	-1.1	0	92	92	92	92	92	1.00
Silver Lake Oaks	46	46	41	40	38	-2.2	0	38	38	38	38	38	1.00
South Seas **	716	716	711	700	706	-3.7	0	706	706	706	706	706	1.00
Summit Chase	-	216	215	212	211	-1.8	0	211	211	211	211	211	1.00
Sunny Hills	180	180	175	172	167	-3.4	0	167	167	167	167	167	1.00
The Woods	-	74	68	66	61	-4.1	0	61	61	61	61	61	1.00
Valencia Terrace **	401	406	405	413	432	6.9	6.9	432	439	446	453	460	1.06
Venetian Village	95	95	95	95	94	-0.2	0	94	94	94	94	94	1.00
Village Water **	33	32	33	34	34	0.5	0.45	34	35	35	36	36	1.06
Zephyr Shores	519	517	500	499	499	-5.6	0	499	499	499	499	499	1.00

\*\* Uses ERCs for growth

Equivalent Residential Connections - Water  
 Docket No. 100330-WS

Florida Public Service Commission  
 Schedule: F-9 Appendix  
 Preparer Ward

**Note:**

ERCs are calculated for systems that are required to report and have >20% commercial usage in the test year

**Gibsonia Estates Water**

Line No.	(1) Year	(2) SFR Customers			(5) SFR Gallons Sold	(6) Gallons/SFR (5)/(4)	(7) Total Gallons Sold	(8) Total ERCs (7)/(6)	(9) Annual % Incr. in ERCs
		(3) Beginning	(4) Ending	(4) Average					
1	2005	237	232	234.3	13,178	56,240	15,765	280.3	
2	2006	232	207	219.8	25,606	116,505	29,272	251.3	-10.37%
3	2007	207	209	208.2	16,362	78,584	20,110	255.9	1.85%
4	2008	209	221	214.9	13,177	61,326	17,318	282.4	10.35%
5	2009	221	214	217.5	11,665	53,630	14,919	278.2	-1.49%
Average Growth Through 5-Year Period (Col. 8)									-0.19%

**Equivalent Residential Connections - Wastewater**  
 Docket No. 100330-WS

**Florida Public Service Commission**  
**Schedule: F-10 Appendix**  
 Preparer Ward

**Note:**  
 ERCs are calculated for systems that are required to report and have >20% commercial usage in the test year

**Beechers Point**

Line No.	(1) Year	(2)-(4) SFR Customers			(5) SFR Gallons Treated	(6) Gallons/SFR (5)/(4)	(7) Total Gallons Treated	(8) Total ERCs (7)/(6)	(9) Annual % Incr. in ERCs
		(2) Beginning	(3) Ending	(4) Average					
1	2005	46	44	44.8	480	10,716	1,244	116.1	
2	2006	44	45	44.7	1,143	25,598	2,961	115.7	-0.36%
3	2007	45	43	44.0	1,045	23,747	2,707	114.0	-1.45%
4	2008	43	39	40.8	935	22,933	2,422	105.6	-7.35%
5	2009	39	38	38.2	853	22,344	2,210	98.9	-6.35%
Average Growth Through 5-Year Period (Col. 8)									-3.93%

**FI Central Commerce Park**

Line No.	(1) Year	(2)-(4) SFR Customers			(5) SFR Gallons Treated	(6) Gallons/SFR (5)/(4)	(7) Total Gallons Treated	(8) Total ERCs (7)/(6)	(9) Annual % Incr. in ERCs
		(2) Beginning	(3) Ending	(4) Average					
1	2005	53	54	53.3	14,346	269,408	14,346	53.3	
2	2006	54	54	53.8	16,788	312,335	16,788	53.8	0.94%
3	2007	54	54	53.8	16,040	298,419	16,040	53.8	0.00%
4	2008	54	53	53.3	15,948	299,493	15,948	53.3	-0.93%
5	2009	53	56	54.3	15,490	285,530	15,490	54.3	1.88%
Average Growth Through 5-Year Period (Col. 8)									0.47%

**Equivalent Residential Connections - Wastewater**  
 Docket No. 100330-WS

**Florida Public Service Commission**  
 Schedule: F-10 Appendix  
 Page 2 of 2  
 Preparer Ward

**South Seas**

Line No.	(1) Year	(2)-(4) SFR Customers			(5)	(6)	(7)	(8)	(9)
		Beginning	Ending	Average	SFR Gallons Treated	Gallons/SFR (5)/(4)	Total Gallons Treated	Total ERCs (7)/(6)	Annual % Incr. in ERCs
1	2005	156	156	156.0	4,530	29.030	20,790	716.2	
2	2006	156	156	156.0	6,802	43.591	31,218	716.2	0.00%
3	2007	156	154	154.9	9,751	62.950	44,750	710.9	-0.74%
4	2008	154	151	152.6	8,210	53.801	37,680	700.4	-1.48%
5	2009	151	156	153.7	8,393	54.592	38,521	705.6	0.75%

Average Growth Through 5-Year Period (Col. 8) -0.37%

**Valencia Terrace**

Line No.	(1) Year	(2)-(4) SFR Customers			(5)	(6)	(7)	(8)	(9)
		Beginning	Ending	Average	SFR Gallons Treated	Gallons/SFR (5)/(4)	Total Gallons Treated	Total ERCs (7)/(6)	Annual % Incr. in ERCs
1	2005	325	317	321.0	11,973	37.298	14,966	401.3	
2	2006	317	332	324.5	13,280	40.924	16,600	405.6	1.09%
3	2007	332	316	324.0	13,454	41.523	16,817	405.0	-0.15%
4	2008	316	345	330.5	11,629	35.185	14,536	413.1	2.01%
5	2009	345	346	345.5	9,414	27.246	11,767	431.9	4.54%

Average Growth Through 5-Year Period (Col. 8) 1.86%

**Village Water**

Line No.	(1) Year	(2)-(4) SFR Customers			(5)	(6)	(7)	(8)	(9)
		Beginning	Ending	Average	SFR Gallons Treated	Gallons/SFR (5)/(4)	Total Gallons Treated	Total ERCs (7)/(6)	Annual % Incr. in ERCs
1	2005	33	32	32.5	15,223	468.400	15,223	32.5	
2	2006	32	32	32.0	15,873	496.031	15,873	32.0	-1.54%
3	2007	32	33	32.5	12,400	381.538	12,400	32.5	1.56%
4	2008	33	34	33.5	13,466	401.970	13,466	33.5	3.08%
5	2009	34	34	34.0	15,891	467.382	15,891	34.0	1.49%

Average Growth Through 5-Year Period (Col. 8) 1.13%

AQUA UTILITIES FLORIDA, INC.  
 Used and Useful: Water Treatment  
 Docket No. 100330-WS

No.	(a) System	Water 2008				Water 2011		
		(b) Aqua Proposed	(c) OPC Proposed	(d) OPC Stipulated	(e) PUC Approved	(f) Aqua Proposed	(g) PUC Approved	(h) OPC Proposed
3	Arrendondo Estates	100.00	96.00		100.00	100.00	100.00	?
4	Arrendondo Farms	100.00	96.00		100.00	100.00	100.00	?
5	Breeze Hill†	X	X		100.00	100.00	100.00	?
6	Carlton Village	100.00	92.58	95.00	95.00	95.00	95.00	?
7	East Lake Harris/Friendly Center	100.00	49.00		100.00	100.00	100.00	?
8	Fairways†	X	X		X	100.00	100.00	?
9	Fern Terrace	100.00	56.17		100.00	100.00	100.00	?
10	Hobby Hills	100.00	39.00		100.00	100.00	100.00	?
11	Interlachen/Park Manor	100.00	93.27		100.00	100.00	100.00	?
12	Lake Josephine/Sebring Lakes	100/47.78*	28.17		92/45	100.00	85.00	?
13	Picciola Island	76.18	73.99	75.00	75.00	75.00	75.00	?
14	Rosalie Oaks	100.00	10.00		100.00	100.00	100.00	?
15	Silver Lake Estates/Western Shores	100.00	89.00		93.71	93.71	94.00	?
16	Tomoka View	100.00	51.00		100.00	100.00	100.00	?
17	Twin Rivers	100.00	28.00		100.00	100.00	100.00	?
18	Venetian Village	73.58	74.01	74.00	74.00	74.00	74.00	?
19	Welaka	79.72	53.32		79.73	79.73	80.00	?
20	Zephyr Shores	100.00	20.32		100.00	100.00	100.00	?

\* revised post filing (was 51.97)  
 † new acquisition

STIPULATE

AQUA UTILITIES FLORIDA, INC.  
 Used and Useful: Water Distribution  
 Docket No. 100330-WS

No.	(a)	Water 2008				Water 2011		
		(b) Aqua Proposed	(c) OPC Proposed	(d) OPC Stipulated	(e) PUC Approved	(f) Aqua Proposed	(g) PUC Approved	(h) OPC Proposed
1								
2	System							
3	Arrendondo Estates	100.00	88.69		100.00	100.00	100.00	?
4	Arrendondo Farms	100.00	88.69		100.00	88.44	88.00	?
5	Beecher's Point	100.00	24.38		100.00	100.00	100.00	?
6	Breeze Hill <sup>‡</sup>	X	X		100.00	100.00	100.00	?
7	Fairways <sup>‡</sup>	X	X		X	100.00	100.00	?
8	Gibsonia Estates	100.00	92.22		100.00	100.00	100.00	?
9	Interlachen/Park Manor	85.20	79.92	83.00	83.00	83.00	83.00	?
10	Kingswood	100.00	100.00		100.00	100.00	100.00	?
11	Lake Josephine/Sebring Lakes	100.00	65.71/18.00		87.00/7.00	85.00	55.00	?
12	Oakwood	100.00	94.61	97.00	97.00	100.00	100.00	?
13	Orange Hill/Sugar Creek	100.00	94.23		100.00	100.00	100.00	?
14	Palm Port	100.00	79.56		100.00	100.00	100.00	?
15	Palms Mobile Home Park	87.73	73.49		88.00	87.73	88.00	?
16	Peace River <sup>‡</sup>	X	X		X	100.00	100.00	?
17	Piney Woods	100.00	87.31		100.00	100.00	100.00	?
18	Ravenswood	100.00	95.90		100.00	100.00	100.00	?
19	River Grove	100.00	94.56		100.00	100.00	100.00	?
20	Rosalie Oaks	100.00	81.98		100.00	100.00	100.00	?
21	Silver Lake Estates/Western Shores	100.00	91.09		100.00	100.00	100.00	?
22	Silver Lake Oaks	69.23	67.27	68.00	68.00	86.79	87.00	?
23	Skycrest	100.00	67.93		100.00	100.00	100.00	?
24	Stone Mountain	55.24	52.73	54.00	54.00	54.00	54.00	?
25	Sunny Hills	13.44	11.66	13.00	13.00	13.00	13.00	?
26	The Woods	45.50	61.75	46.00	46.00	75.47	76.00	?
27	Tomoka View	100.00	98.18		100.00	100.00	100.00	?
28	Twin Rivers	100.00	98.18		100.00	100.00	100.00	?
29	Valencia Terrace	100.00	90.89		100.00	100.00	100.00	?
30	Venetian Village	100.00	74.62		X	X	85.00	?
31	Village Water	100.00	60.34		100.00	100.00	100.00	?
32	Welaka	51.84	46.68	49.00	49.00	51.54	52.00	?
33	Wootens	65.66	52.17		66.00	65.66	66.00	?
34	Zephyr Shores	100.00	78.77		100.00	100.00	100.00	?

‡ new acquisition

STIPULATE

AQUA UTILITIES FLORIDA, INC.  
 Used and Useful: Wastewater Treatment  
 Docket No. 100330-WS

No.	(a) System	Wastewater 2008				Wastewater 2011		
		(b) Aqua Proposed	(c) OPC Proposed	(d) OPC Stipulated	(e) PUC Approved	(f) Aqua Proposed	(g) PUC Approved	(h) OPC Proposed
1								
2								
3	Arrendondo Farms	100.00	76.67		100.00	100.00	100.00	?
4	Breeze Hill <sup>†</sup>	X	X		56.63	95.86	56.00	?
5	Fairways <sup>‡</sup>	X	X		X	100.00	100.00	?
6	Florida Central Commerce Park	100.00	44.24		100.00	100.00	100.00	?
7	Holiday Haven	80.76	70.79	75.00	75.00	75.00	75.00	?
8	Jungle Den	100.00	41.81		100.00	100.00	100.00	?
9	Kings Cove	100.00	55.48		100.00	100.00	100.00	?
10	Leisure Lakes	39.53	38.42	39.00	39.00	39.00	39.00	?
11	Morningview	100.00	25.00		100.00	100.00	100.00	?
12	Palm Port	51.68*	50.00	58.00	58.00	100.00	58.00	?
13	Peace River <sup>‡</sup>	X	X		X	100.00	100.00	?
14	Rosalie Oaks	100.00	79.99		100.00	100.00	100.00	?
15	Silver Lake Oaks	44.08	41.67	42.00	42.00	42.00	42.00	?
16	South Seas	100.00	46.59		100.00	100.00	100.00	?
17	Summit Chase	100.00	41.55		100.00	100.00	100.00	?
18	Sunny Hills	49.20	57.50	49.00	49.00	49.00	49.00	?
19	The Woods	100.00	61.34		100.00	100.00	100.00	?
20	Valencia Terrace	100.00	56.25		100.00	100.00	100.00	?
21	Venetian Village	100.00	29.54		100.00	100.00	100.00	?
22	Village Water	45.03	45.33	45.00	45.00	78.93	79.00	?

\* revised post filing (was 100%)

‡ new acquisition

STIPULATE

AQUA UTILITIES FLORIDA, INC.  
 Used and Useful: Wastewater Collection  
 Docket No. 100330-WS

No.	(a)	(b) (c) (d) (e)				(f) (g) (h)		
		<b>Wastewater 2008</b>				<b>Wastewater 2011</b>		
	System	<u>Aqua Proposed</u>	<u>OPC Proposed</u>	<u>OPC Stipulated</u>	<u>PUC Approved</u>	<u>Aqua Proposed</u>	<u>PUC Approved</u>	<u>OPC Proposed</u>
1								
2								
3	Beecher's Point	100.00	50.76		100.00	100.00	100.00	?
4	Breeze Hill†	X	X		100.00	100.00	100.00	?
5	Fairways†	X	X		X	100.00	100.00	?
6	Florida Central Commerce Park	100.00	84.05		100.00	100.00	100.00	?
7	Holiday Haven	78.88	68.01	75.00	75.00	75.00	75.00	?
8	Jungle Den	100.00	92.01		100.00	100.00	100.00	?
9	Peace River†	X	X		X	100.00	100.00	?
10	Rosalie Oaks	100.00	96.46		100.00	100.00	100.00	?
11	Silver Lake Oaks	66.04	67.27	66.00	66.00	86.79	87.00	?
12	Sunny Hills	30.11	41.31	38.00	38.00	55.32	55.00	?
13	The Woods	62.86	56.99	60.00	60.00	70.87	71.00	?
14	Village Water	50.68	42.70	47.00	47.00	57.56	58.00	?
15	Zephyr Shores	100.00	89.93		100.00	100.00	100.00	?

† new acquisition

Aqua FL Market Study Phase 2 Pro Forma Expense Adjustments

Shaded columns are Confidential

Exp as of  
 06/07/10

Seq	Employee	Current Job Title	Water Lic	WW Lic	Current Base Pay	Location	2010 Grade	Zone	Min	2007 Market	2010 Market	Hire Date	Yrs Exp	Experience	Lic-ense	Total Pts	Ideal Compar atio
1	ph68iGi	Operator-In-Training		D		SAR		3						1	1	2	83.3%
2	am77ich	Facility Operator I		C		LEES		3						2	1	3	93.3%
3	ne72aze	Facility Operator I	C			SAR		3						1	1	2	83.3%
4	nc77cCa	Facility Operator I	C			SEM		3						2	1	3	93.3%
5	el83her	Facility Operator II	C	A		LAKE		3						1	2	3	93.3%
6	hn87yke	Facility Operator II	C	A		LEES		3						1	2	3	93.3%
7	ur72ous	Facility Operator II	C	C		LEES		3						1	2	3	93.3%
8	ph77arr	Facility Operator II	C	C		PALA		4						1	2	3	93.3%
9	ry75iss	Facility Operator II	C			PALA		4						1	1	2	83.3%
10	Do84rot	Facility Operator II	C	B		SAR		3						0	2	2	83.3%
11	dw67hri	Facility Operator II		C		SEB		3						1	1	2	83.3%
12	ed71era	Facility Operator II		C		SEM		3						2	1	3	93.3%
13	rr87hit	Facility Operator II	C	C		PALA		4						0	2	2	83.3%
14	ld72ost	Facility Operator III	C	B		JASM		4						1	1	2	83.3%
15	ve70ull	Facility Operator III	B	B		LAKE		3						3	2	5	113.3%
16	am84ren	Facility Operator III	C	A		LEES		3						2	1	3	93.3%
17	Da72ari	Facility Operator III	B	A		PALA		4						2	2	4	103.3%
18	oh87orr	Facility Operator III	C	B		LEES		3						3	1	4	103.3%
19	et77art	Facility Operator III	B	B		SAR		3						0	2	2	83.3%
20	Sa68eMa	Utility Tech I				JASM		4						1	0	1	73.3%
21	le77cNa	Utility Tech I				LEES		3						2	0	2	83.3%
22	en71ris	Utility Tech I				OCAL		4						2	0	2	83.3%
23	an68esm	Utility Tech I				SAR		3						2	0	2	83.3%
24	in83chm	Utility Tech I				SAR		3						1	0	1	73.3%
25	th76edb	Utility Tech I				SUN		4						3	0	3	93.3%
26	as76ink	Utility Tech II	III			JASM		4						2	1	3	93.3%
27	es66oyd	Utility Tech II				LEES		3						2	0	2	83.3%
28	rk72alt	Utility Tech II				LEES		3						1	0	1	73.3%
29	el82ust	Utility Technician II	III			LEES		3						1	1	2	83.3%
30	dd87est	Utility Tech II				LEES		3						1	0	1	73.3%
31	Be78ick	Utility Tech II				SAR		3						1	0	1	73.3%
32	rd66row	Utility Tech II				SAR		3						2	0	2	83.3%
33	ae68avi	Utility Tech II				SAR		3						2	0	2	83.3%
34	id69van	Utility Tech III	III	C		LAKE		3						3	0	3	93.3%
35	ll83wea	Utility Tech III	III			LEES		3						3	0	3	93.3%
36	us71ira	Utility Tech III	II			SEM		3						3	1	4	103.3%

Total

\$1,350,447.15

Aqua FL Market Study Phase 2 Pro Forma Expen

Seq	Employee	Current Job Title	Ideal Salary	2010 Salary	Ideal Increase	New Salary	Capital part of Ideal Incr	Expense part of Ideal Incr	Overtime Incrs	Total Expense Incrs
1	ph68iGi	Operator-In-Training								
2	am77ich	Facility Operator I			\$ 1,999.39		\$ 39.99	\$ 1,959.41	\$ 47.03	\$ 2,006.43
3	ne72aze	Facility Operator I			\$ 3,892.11					
4	nc77cCa	Facility Operator I			\$ 2,311.72		\$ 0.23	\$ 1,262.20	\$ 29.03	\$ 1,291.23
5	ei83her	Facility Operator II			\$ 2,952.26		\$ 0.30	\$ 2,792.84	\$ 321.18	\$ 3,114.01
6	hn87yke	Facility Operator II			\$ 2,276.39		\$ -	\$ 1,661.76	\$ 299.12	\$ 1,960.88
7	ur72ous	Facility Operator II			\$ 5,043.01		\$ -	\$ 4,750.51	\$ 522.56	\$ 5,273.07
8	ph77arr	Facility Operator II			\$ 1,005.96		\$ 10.06	\$ 995.90	\$ 252.96	\$ 1,248.86
9	ry75iss	Facility Operator II								\$ -
10	Do84rot	Facility Operator II			\$ 1,042.40		\$ -	\$ 413.83	\$ 133.43	\$ 547.26
11	dw67hri	Facility Operator II			\$ 3,375.80		\$ -	\$ 2,974.08	\$ 401.50	\$ 3,375.58
12	ed71era	Facility Operator II			\$ 3,909.98		\$ 0.39	\$ 3,648.01	\$ 667.59	\$ 4,315.59
13	rr87hit	Facility Operator II								\$ -
14	ld72ost	Facility Operator III								\$ -
15	ve70ull	Facility Operator III			\$ 8,312.35		\$ 0.83	\$ 8,312.35	\$ 1,595.97	\$ 9,908.32
16	am84ren	Facility Operator III								\$ -
17	Da72ari	Facility Operator III			\$ 7,869.67		\$ 464.31	\$ 6,579.05	\$ 2,111.87	\$ 8,690.92
18	oh87orr	Facility Operator III			\$ 4,534.48		\$ 353.69	\$ 4,180.79	\$ 723.28	\$ 4,904.07
19	et77art	Facility Operator III			\$ 828.09					\$ -
20	Sa68eMa	Utility Tech I								\$ -
21	le77cNa	Utility Tech I								\$ -
22	en71ris	Utility Tech I								\$ -
23	an68esm	Utility Tech I								\$ -
24	in83chm	Utility Tech I								\$ -
25	th76edb	Utility Tech I								\$ -
26	as76ink	Utility Tech II			\$ 2,785.03		\$ 172.67	\$ 2,612.36	\$ 219.44	\$ 2,831.79
27	es66oyd	Utility Tech II								\$ -
28	rk72alt	Utility Tech II								\$ -
29	ei82ust	Utility Technician II								\$ -
30	dd87est	Utility Tech II								\$ -
31	Be78ick	Utility Tech II								\$ -
32	rd66row	Utility Tech II								\$ -
33	ae68avi	Utility Tech II								\$ -
34	id69van	Utility Tech III			\$ 3,023.59		\$ 0.91	\$ 2,996.38	\$ 50.94	\$ 3,047.32
35	ll83wea	Utility Tech III								\$ -
36	ua71ira	Utility Tech III			\$ 8,091.56		\$ 0.00	\$ 8,018.73	\$ 136.32	\$ 8,155.05
							Pro Forma Adj Amnt			
Total				\$1,413,700.94	\$ 63,253.79	\$1,413,700.94	\$ 1,043.38	\$ 59,158.19	\$ 7,512.20	\$ 60,670.39