

# Holland+Knight

Tel 850 224 7000  
Fax 850 224 8832

Holland & Knight LLP  
315 South Calhoun Street, Suite 600  
Tallahassee, FL 32301-1872  
www.hklaw.com

Gigi Rollini  
850 425 5627  
gigi.rollini@hklaw.com

August 7, 2008

**VIA HAND DELIVERY**

Ms. Ann Cole, Director  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Betty Easley Conference Center, Room 110  
Tallahassee, FL 32399-0850

RECEIVED-FPSC  
08 AUG - 7 PM 4:40  
COMMISSION  
CLERK

Re: *In Re: Application for increase in water and wastewater rates in Alachua, Brevard, DeSoto, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc., Docket No. 080121-WS*

Dear Ms. Cole:

Enclosed for filing are the original and seven (7) copies of Aqua Utilities Florida, Inc.'s Response to Citizens' Revised Motion to Revise Discovery Parameters.

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

Sincerely,

HOLLAND & KNIGHT LLP

  
Gigi Rollini

GR/cb.

Enclosures

cc: Ralph Jaeger, Esq.  
Katherine Fleming, Esq.  
Caroline Klancke, Esq.  
Erik Sayler, Esq.  
Charles Beck, Esq.  
Kimberly A. Joyce, Esq.

# 5528859\_v1

COM \_\_\_\_\_  
ECR \_\_\_\_\_  
GCL \_\_\_\_\_  
OPC \_\_\_\_\_  
RCP \_\_\_\_\_  
SSC \_\_\_\_\_  
SGA \_\_\_\_\_  
ADM \_\_\_\_\_  
CLK \_\_\_\_\_

DOCUMENT NUMBER-DATE

06965 AUG -7 08

FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for increase in water and wastewater rates in Alachua, Brevard, DeSoto, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc. )  
 )  
 ) **DOCKET NO. 080121-WS**  
 ) **DATE: August 7, 2008**  
 )  
 )  
 )

**AQUA UTILITIES FLORIDA, INC.'S RESPONSE TO  
CITIZENS' REVISED MOTION TO REVISE DISCOVERY PARAMETERS**

Aqua Utilities Florida, Inc. ("AUF"), by and through its undersigned counsel and pursuant to Rule 28-106.204(1), Florida Administrative Code, hereby responds in opposition to Citizens' Revised Motion to Revise Discovery Parameters Set Forth in Order No. PSC-08-0429-PCO-WS Issued June 27, 2008 (the "Motion"), which was filed on July 31, 2008, by the Office of Public Counsel ("OPC"). In support of its response, AUF states:

1. If granted, OPC's Motion to expand the already expansive discovery parameters in this case would impose an undue burden on AUF's utility operations, and cause the company to incur significant additional rate expense that ultimately is borne by the customers. At the beginning of this case, the Prehearing Officer carefully considered the attributes of this matter, including its complexity and customer impact. Upon such consideration, the Prehearing Officer determined in Order No. PSC-08-0429-PCO-WS (the "Order on Procedure") that a 750 limit, including subparts, for interrogatories—an amount twenty-five (25) times the ordinary limit under Florida's Rule of Civil Procedure)<sup>1</sup>—sufficiently balanced the discovery rights of the propounding parties, the burdens on the responding parties, and the cost impact to customers.

---

<sup>1</sup> Under the Florida Rules of Civil Procedure, Rule 1.340(a) ordinarily limits interrogatories to 30 requests, including all subparts. Fla. R. Civ. P. 1.340(a) ("The interrogatories shall not exceed 30,

DOCUMENT NUMBER-DATE

06965 AUG-7 8

FPSC-COMMISSION CLERK

2. To date, OPC has propounded four sets of interrogatories and four sets of requests for production. Not including subparts, OPC has propounded 379 numbered interrogatories and 205 numbered requests for production. OPC's interrogatories and requests for production propounded to date are attached as Composite Exhibit "A."

3. By AUF's conservative count performed in accordance with the Order on Procedure, OPC's discovery requests to date actually total 2,571 interrogatories and 558 requests for production, for a cumulative total of 3,129 discovery requests propounded to date. These figures reveal the true amount of discovery propounded, including subparts and compound requests.<sup>2</sup> See Order No. PSC-08-0429-PCO-WS Issued June 27, 2008, at Section 5(A) (limiting interrogatories and requests for production each to 750, "including subparts"). AUF's count has been made necessary because OPC's discovery is not separately numbered for each separate request. Instead, OPC's discovery is propounded in a conflated and consolidated manner to minimize the appearance of the sheer quantity.

---

including all subparts, unless the court permits a larger number on motion and notice and for good cause.").

<sup>2</sup> As a common example of AUF's conservative count, OPC often requests all documents of a specific nature for each of AUF's 82 Florida systems. AUF has not counted such a request as 82 distinct requests, but only as one (1) request. However, if OPC has requested all documents, plus an explanation of certain data contained in the documents produced, AUF has counted that request as two (2) distinct discovery requests, and not as 164 requests. AUF believes that a true count—even a conservative one—of OPC's discovery propounded in this case necessarily must include both subparts and compound requests, whether or not properly numbered as a subpart by OPC. Counting only those subparts separated and properly numbered by OPC would mean that OPC could avoid the Order on Procedure altogether simply by choosing not to separate and number its subparts properly. AUF notes that, by OPC's own count enumerated in the attachment to OPC's Motion, OPC has not been properly numbering its discovery requests to reflect the true quantity of subparts contained within each numbered request.

Materials offering additional explanation of and data on AUF's discovery request count are attached hereto as Composite Exhibit "B." A similar explanation and supporting documentation were provided to OPC on July 14 and 15, 2008, which correspondence is attached hereto as Composite Exhibit "C."

4. OPC now seeks to expand even further the already broad discovery parameters initially set by the Prehearing Officer. *See* Citizens' Revised Motion to Revise Discovery Parameters Set Forth in Order No. PSC-08-0429-PCO-WS, filed July 31, 2008 (“[OPC] requests the Prehearing Officer to allow all of the interrogatories served to date on Aqua, including the [third and] fourth [] sets of interrogatories [] served [on July 31, 2008, [which AUF asserts alone propound 1,639 interrogatory requests, and would take OPC more than 1,800 interrogatories over the Order on Procedure’s 750 limit], plus 200 additional interrogatories in the future.”) (emphasis added).

5. OPC’s request for expanded discovery is based on its gross exaggeration that this case is “one of the most challenging and complicated cases ever to confront the Commission and intervenors.” That simply is not true. The Commission has thoroughly and fairly tried far more complex cases with far less discovery. *See, e.g., In re Petition for rate increase by Florida Power & Light Company*, Docket No. 050045-EI; *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*, Docket 080001-EI.

6. This case should be viewed for what it is—a request by AUF for an \$8.4 million rate increase for systems that have not had a base rate increase in over ten (10) years. Yes this case involves multiple systems, but it is less than forthright for OPC to suggest that this rate case is more complex than *In re Petition for rate increase by Florida Power & Light Company*, Docket No. 050045-EI, in which FPL sought recovery of approximately \$522 million in additional revenue; *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*, Docket 080001-EI, in which recovery of approximately \$746 million in additional revenue was sought; or is of a magnitude greater than the multi-billion issue addressed in *Petition To Determine Need For Turkey Point Nuclear Units 6 And 7 Electrical*



*Power Plant, By Florida Power & Light Company*, Docket No. 070650. *See also So. States Utils. Inc.*, Docket 950495-WS (rate case involving 152 separate systems, in which OPC and others intervened, and which was successfully litigated); *So. States Utils. Inc.*, Docket 920199-WS (rate case involving 127 separate systems, in which OPC and others intervened, and which was successfully litigated).

7. Moreover, the discovery parameters established in the Order on Procedure are more than sufficient to provide OPC with full access to all relevant facts needed to represent its clients. For example, OPC was a party and active participant in *In re Petition for rate increase by Florida Power & Light Company*, Docket No. 050045-EI, in which FPL sought recovery of approximately \$522 million in additional revenue. Discovery parameters in that proceeding authorized up to 700 interrogatories and 700 requests for production. *Id.*, Order No. PSC-05-0347-PCO-EI (Mar. 31, 2005). OPC served on the utility 379 Interrogatories and 313 Production of Documents. *Id.* *See also In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*, Docket 080001-EI, Order No. PSC-08-0148-PCO-EI (Mar. 11, 2008) (limiting discovery to 250 Interrogatories and 250 Production of Documents, and in which OPC served 6 Interrogatories and 8 Requests for Production on FPL, and served no Interrogatories or Requests for Production on other utilities involved in the case).

8. OPC's "offer" to soften the burden of expanded discovery by having the Florida Attorney General yield its discovery rights holds no true value. Neither the Order on Procedure nor the Florida Rules of Civil Procedure authorize allied parties to transfer discovery allotments amongst themselves like chips on a poker table. AUF respectfully submits that to allow that practice here would encourage abusive discovery tactics and lead to further increases in rate case expense.

9. At the end of the day, subject to Commission approval, the cost of a rate case is passed on to a utility's customers. Accordingly, all parties to this case, including AUF and OPC, have a duty to manage discovery in a manner which balances the rights of the parties with the responsibility to mitigate the rate case expense that will ultimately be passed on to Florida's AUF customers. A runaway discovery process does not ultimately serve the citizens of Florida. *See, e.g.,* William D. Underwood, *Divergence in the Age of Cost and Delay Reduction: The Texas Experience with Federal Civil Justice Reform*, Tex. Tech. L. Rev. 261, 272 (1994) (discussing the fact that already high costs associated with legitimate discovery requests are made infinitely worse when abusive discovery tactics are employed, including "misuse of discovery procedures to impose costs upon one's opponent in an attempt to wear the opponent down" and increasing litigation costs across the board); Frank G. Easterbrook, *Discovery as Abuse*, 69 B.U. L. Rev. 634m 637-38 (1989) (defining and discussing abusive discovery).

10. AUF takes costs passed on to its customers very seriously. AUF has been forthcoming, open, and cooperative with OPC's discovery requests, providing not only the documents and information requested, but often in the precise format requested by OPC. AUF has provided its proprietary model used to file this rate case and has given several tutorials on the inner workings of the model so that intervening parties can follow the process of consolidating data into the filing. Moreover, AUF agreed to answer OPC's entire Second Set of Interrogatories, notwithstanding AUF's belief that it consequently will answer a total of 931 separate interrogatory requests. AUF's written answers to OPC's First and Second Sets of

Interrogatories, as well as its written responses to AUF's 482 requests for production (OPC's First through Third Sets of Requests for Production), are attached hereto as Exhibit "D."<sup>3</sup>

11. In addition to its written responses and extensive document production to OPC, AUF has also participated in weekly discovery status calls to address any "follow up" questions OPC has about the discovery AUF has submitted to OPC. AUF has not counted these "follow up" questions as separate requests for purposes of AUF's cumulative total of OPC's discovery. As OPC has stated to AUF, AUF has gone "above and beyond" in answering and responding to the extensive discovery to date.

12. AUF's extraordinary cooperation has been achieved by extensive planning and coordination, developed by AUF with the understanding that the discovery process would be conducted according to the Order on Procedure issued at the outset of the discovery process. Each of the 3,129 total discovery requests served on AUF is assigned, worked on, assembled, reviewed, and bates labeled, where necessary. The time spent on this endeavor is passed on AUF's customers. Expanding the discovery limit at this stage, after the Florida Attorney General was granted intervention to this proceeding and to the extent requested by OPC, is prejudicial to AUF and its ability to operate for the benefit of its customers and to its customers who will ultimately bear the burden of the cost of discovery. Granting OPC's Motion is likely to result in additional costs to AUF's Florida customers. *See William D. Underwood, Divergence in the Age of Cost and Delay Reduction: The Texas Experience with Federal Civil Justice Reform*, Tex. Tech. L. Rev. 261, 272 (1994) (already high costs associated with legitimate discovery requests are made infinitely worse when abusive discovery tactics are employed).

---

<sup>3</sup> AUF also notes that these written responses were accompanied by 14 CDs, which contained a total of 1400 documents, in response to OPC's discovery requests to date.

13. For the above reasons, and in accordance with the Order on Procedure, AUF has timely provided to OPC written expedited objections to each set of OPC's discovery. In its expedited objections, AUF has objected to the manner in which OPC has numbered its compound discovery requests and to any attempt by OPC to evade the limits set forth by the Order on Procedure. AUF's expedited objections to OPC's discovery that have been served to date are attached hereto as Composite Exhibit "E."

14. In light of the volume of OPC's discovery propounded to date, AUF objects to using OPC's count of discovery it has served as a basis to expand the Order on Procedure. AUF also objects to OPC's service of Third and Fourth Sets of Interrogatories on AUF as voluminous, redundant, unduly burdensome, and propounded in violation of the Order on Procedure. AUF further objects to OPC's request to accept those Interrogatories, already served in violation of the Order on Procedure, as valid. AUF accepts the challenge to support its rate filing and revenue requirements through a fair discovery process and believes that it has consistently and adequately provided responsive answers to OPC's discovery requests. However, AUF respectfully submits that the rhetoric and gross exaggerations on which OPC's Motion are grounded are not a legitimate or proper basis for modifying the Order on Procedure and expanding the already expansive discovery parameters set forth therein.

WHEREFORE, for all of the above reasons, AUF respectfully requests that the Prehearing Officer deny OPC's Revised Motion to Revise Discovery Parameters Set Forth in Order No. PSC-08-0429-PCO-WS.

Respectfully submitted this 7th day of August, 2008.

**HOLLAND & KNIGHT LLP**



**D. Bruce May, Jr.**

Florida Bar No. 354473

**Gigi Rollini**

Florida Bar No. 684491

Holland & Knight, LLP

Post Office Drawer 810

Tallahassee, Florida 32302-0810

(850) 224-7000 (Telephone)

(850) 224-8832 (Facsimile)

-and-

**Kimberly A. Joyce, Esquire**

Aqua America, Inc.

762 West Lancaster Avenue

Bryn Mawr, PA 19010

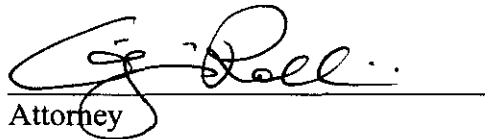
(610) 645-1077 (Telephone)

(610) 519-0989 (Facsimile)

*Attorneys for Aqua Utilities Florida, Inc.*

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was furnished by hand delivery to **Charles Beck, Esq., Office of Public Counsel**, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400; **Ralph Jaeger, Esq., Katherine Fleming, Esq., Caroline Klancke, Esq., and Erik Sayler, Esq., Office of General Counsel, Florida Public Service Commission**, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850; and **Cecilia Bradley, Esq., Office of the Attorney General**, The Capitol-PL01, Tallahassee, FL 32399-1050, this 7th day of August, 2008.

  
\_\_\_\_\_  
Attorney

# 5522976\_v3

---

**COMPOSITE EXHIBIT "A"**

DOCUMENT NUMBER-DATE  
06965 AUG-78  
FPOC-COMMISSION CLERK

---





must be expressly identified and justified) and any other person or entity acting or purporting to act on behalf of the Company.

- (ii) "You" or "Your" means Aqua Utilities Florida, Inc. as defined above.
- (iii) "Affiliate" means any entity that directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with Aqua Utility Florida, Inc., or shares a 5% or greater common ownership.
- (iv) "Identify" shall mean, with respect to any document or report; set forth the title, if any, describe the relevant page or pages and line or lines thereof (or annex a copy to the answer to these interrogatories, with appropriate designations of such page or pages and line or lines), and state the present location and custodian of the original and all copies of the documents, who prepared the document, and when it was prepared.

## INSTRUCTIONS

- A. Documents or reports to be identified shall include all documents in your possession, custody and control and all other documents of which you have knowledge.
  
- B. Each interrogatory is to be answered based upon the knowledge, information, or belief of the Company, and any answer based upon information and belief is to state that it is given on such basis. If the complete answer to an interrogatory is not known, so state and answers as fully as possible the part of the interrogatory to which an answer is known. For each answer, or part thereof, please identify the individual or individuals who provided the information or helped in providing the information contained in the responses, specifying the individual's business address, telephone number, and the individual's relationship to the Company, and please identify the witness who will be sponsoring the responses and will be able to answer cross-examination questions concerning the response.
  
- C. If the requested information is not applicable, that response should be reported as well as the reason why. If the requested information is not available, that response should be reported as well as the reason why.
  
- D. If an interrogatory contained herein asks for information that has already been provided, please so state, indicating the date provided and, if applicable, the interrogatory number, the request of production number, or staff data request that requested the information.

- E. To the extent an interrogatory calls for information that cannot now be precisely and completely furnished, such information as can be furnished should be included in the answer, together with a statement that further information cannot be furnished, and a statement as to the reasons therefore. If you expect to obtain further information between the time answers are served and the time of hearing, you are requested to state this fact in each answer and provide such further information as soon as it is available. If the information that cannot now be furnished is believed to be available by another person, identify such other person and the reasons for believing such person has the described information.
- F. In the event any interrogatory herein calls for information or for the identification of a document which you deem to be privileged, in whole or in part, the information should be given or the document identified to the fullest extent possible consistent with such claim of privilege and specify the grounds relied upon for the claim of privilege.
- G. If the respondent intends to seek clarification of any portion of the discovery request, the respondent shall request such clarification within 10 days of service of the discovery request. Further, any specific objection to a discovery request shall be made within 10 days of service of the discovery request.
- H. Separate answers shall be furnished for each interrogatory, although where the context permits, an interrogatory may be answered by reference to the answer furnished to another interrogatory.
- I. Please provide a copy of all written responses and attachments (where available) to these interrogatories in electronic format.



## INTERROGATORIES

1. Please provide a listing with a detailed explanation of each adjustment made to the Company's trial balance amounts in the preparation of the 2005, 2006, and 2007 Annual Reports, i.e., reconciliation from books to the report. Please provide a detailed description of material changes in accounting policies or procedures adopted by the Company since 2005 and as anticipated through the end of 2008. Include a detailed description of the impact of change in accounting policy or procedure on the test year and identify the basis of the change.
  
2. Please provide a listing of internal audits conducted by or for the Company or its parent company, Aqua America, Inc., for 2006, 2007, and 2008 to-date.
  
3. Please provide the five largest CIAC contributions recorded in 2005, 2006, and 2007 for water and the five largest CIAC contributions recorded in 2005, 2006, and 2007 for wastewater, providing for each of the contributions so identified the billing and an explanation of how the bill was determined and the charges to the Company for the work being billed with an explanation as to how the charges were determined.
  
4. Identify each system that does not have an AFUDC rate approved by the Florida Public Service Commission. For each identified system, state the amount of AFUDC included in rate base by USOA account. Please describe how adjustments made to rate base by the Florida Public Service Commission in the Company's transfer proceeding and last rate case are reflected in the test year rate bases in the instant rate proceeding.

5. Please state the year in which the Company expects each of its water and wastewater territories to be built out.
  
6. Budgeting
  - a. Please explain Aqua America's capital and expense budgeting process, from approval by the Board of Directors to the implementation and distribution of the budget to the state level.
  - b. To the extent a system within Florida was under budget in 2007 on a particular project, please explain how those funds would be redistributed in 2008.
  - c. To the extent a system within Florida was over budget in 2007 on a particular project, please explain how the overages would be treated in 2008.
  - d. Identify the amount each Florida system was under or over budget in 2007.
  
7. For each plant addition budgeted for 2008, please provide the following by system:
  - a. A discussion of the status of the addition.
  - b. The original estimated date of completion, the current estimated date of completion, and the actual date of completion, if applicable.
  - c. Identification if the plant addition was carried over from 2006 to 2007 and from 2007 to 2008.

- d. For each project with a cost benefit provide the expected return, when it is expected to occur, and where it was reflected as a reduction in the cost of operations in the test year.
  - e. The status of the engineering and permitting efforts, if the plant addition has not been through the bidding process.
  - f. The actual cost to complete the addition, the amount expended as of December 2007 if the addition is not complete, and the current estimate of the completed cost of the addition.
8. With respect to each and every capital addition to plant that falls under the Company's "blanket" work orders, for the year 2007 and as budgeted for 2008, please explain, by system, why the capital additions were or are necessary and explain the benefits to customers of the capital addition.
  9. With respect to each and every capital addition to plant that falls under the Company's "blanket" work orders, please describe and quantify the cost savings to customers. Please explain how these cost savings have been built into 2007 data used in the development of the Company's MFRs. If these cost savings have not been reflected in the MFRs, please explain why they have not been reflected.
  10. Please list and describe in detail cost-saving or cost-increasing programs implemented during 2006, 2007, and 2008 to-date. This request seeks information on major plans or programs beyond efforts undertaken in the normal course of business.

#### Negative Acquisition Adjustments

Identify the amount of negative acquisition adjustments associated with each system purchased by Aqua America, Inc., that is included in the instant rate proceeding.

If the information is not available by system, please provide the total amount of the negative acquisition adjustment associated with all systems purchased as a group by Aqua America, Inc. and the systems purchased individually.

Provide the calculation of the amount of the negative acquisition adjustment(s) identified in response to (a) and (b) at the time of acquisition and every year thereafter for the year ending in December 31.

In the extent there were allocations of the amount of the negative acquisition adjustment(s) (to systems or companies), please explain how these allocations were made, the reasons for the allocations, and show the calculation of the allocations.

For each negative acquisition adjustment identified in (a) and (b), provide the purchase price, the gross book value, the net book value, and the date of the acquisition.

#### Positive Acquisition Adjustments

Identify the amount of positive acquisition adjustments associated with each system purchased by Aqua America, Inc., that is included in the instant rate proceeding.



b. If the information is not available by system, please provide the total amount of the positive acquisition adjustment associated with all systems purchased as a group by Aqua America, Inc. and the systems purchased individually.

Provide the calculation of the amount of the positive acquisition adjustment(s) identified in response to (a) and (b) at the time of acquisition and every year thereafter for the year ending in December 31.

To the extent there were allocations of the amount of the positive acquisition adjustment(s) (to systems or companies), please explain how these allocations were made, the reasons for the allocations, and show the calculation of the allocations.

c. For each positive acquisition adjustment identified in (a) or (b), provide the purchase price, the gross book value, the net book value, and the date of the acquisition.

For purposes of this request, please refer to the Commission's decision in Order No. PSC-05-1242-PAA-WS, which states: "Based upon the above, we find that the portion of FWSC's regulatory asset related to the systems sold to Aqua, \$ 489,535 and \$ 174,657 for water and wastewater, respectively, shall be included in the assets transferred to Aqua. The regulatory asset shall be amortized over 10 years beginning on January 1, 2006." For each system, please identify the following:

The amount of regulatory assets, accumulated amortization or depreciation, and depreciation or amortization expense included in the test year. Please provide the

requested information in electronic spreadsheet format with all formulas and links intact.

- b. Identify where these regulatory assets, accumulated depreciation/amortization, and depreciation/amortization expense can be located in the Company's MFRs and/or workpapers.
  - c. Please explain what gave rise to the regulatory asset.
14. Identify each of Aqua America's systems that were sold in 2006, 2007, and sold or anticipated to be sold in 2008. For each system, state the following: the date of sale, the water and wastewater rate base of the facilities, the number of water customers, the number of wastewater customers, the number of other customers, the water revenue, and the wastewater revenue of each sold system(s).
15. Acquisitions
- a. Identify all systems that were acquired by Aqua America in, 2006, 2007, and acquired or anticipated to be acquired in 2008. For each system, state the following: the date of acquisition, the water and wastewater rate base of the facilities, the number of water customers, the number of wastewater customers, the number of other customers, the water revenue, and the wastewater revenue.
  - b. For each system acquired in 2007 and 2008 please explain how this acquisition was taken into consideration in the instant rate filing.

- c. If it was not adjusted for in any manner, please explain how it can be taken into consideration in the form of an adjustment and provide an estimate of the reduction in costs to the remaining AUF systems as a result of this acquisition.
- d. If there are no savings to the other systems associated with the acquisition, please explain why there would be no savings.

16. A Press Release dated May 8, 2008 stated:

Aqua America, Inc. (Aqua) announced today that its Florida subsidiaries have purchased a regulated wastewater and a local irrigation system valued at approximately \$1.6 million. The newly acquired wastewater system, which will be operated as a regulated utility, serves approximately 3,000 residents in the Fountain Lakes development in Estero, Lee County, Florida. The company also purchased the community's independent irrigation system, which is supplied by on-site wells and ponds and is used by nearly 1,000 residents. Aqua said it plans to invest approximately \$400,000 over the next several years in capital improvements to the system.

- a. Please explain how this acquisition was taken into consideration in the instant rate filing.
- b. If it was not adjusted for in any manner, please explain how it can be taken into consideration in the form of an adjustment and provide an estimate of the reduction in costs to the remaining AUF systems as a result of this acquisition.
- c. If there are no savings to the other systems associated with the acquisition, please explain why there would be no savings.

- d. Please provide a description of the system, including where it is located, and from whom it was purchased.
  - e. State the purchase price of the system and the rate base of the system at the time of acquisition.
17. For purposes of this request, please refer to the 2007 Aqua America, Inc., Annual Report, p. 6, where it is stated:

Acquisitions – The AquaSource, Heater Utilities, Inc. and Florida Water Services acquisitions (generally referred to as our Aqua South operations) increased our operating expense ratio due to the operating revenues generated by these operations being accompanied by a higher ratio of operations and maintenance expenses as compared to the rest of the pre-existing, more densely-populated and integrated Aqua America operations. The Aqua South operations can be characterized as having relatively higher operating costs to fixed capital costs, in contrast to the rest of the Aqua America operations which generally consist of larger, interconnected systems, with higher fixed capital costs (utility plant investment) and lower operating costs per customer. In addition, we completed several acquisitions of companies that provide on-site septic tank pumping and sludge hauling services during 2006. The cost-structure of these businesses differs from our utility companies in that these businesses have a much higher ratio of operations and maintenance expenses to operating revenues and a lower-degree of capital investment and consequently a lower ratio of fixed capital costs (plant investment requirements are lower) versus operating revenues. As a result, the ratio of operating income compared to operating revenues is not comparable between the businesses. The non-regulated wastewater and septage hauling service business is not a component of our Regulated segment.

- a. Please state what impact these nonregulated acquisitions had on the common allocations and whether or not they have been taken into consideration for the test year.

- b. If no adjustment was made to take into consideration the acquisition of these nonregulated businesses on the allocation of common costs, please explain why no adjustment was made and provide an estimate of what the adjustment should be for each system included in the rate proceeding.
18. Please describe the effects of acquiring the Jumper Creek Manor, Fairways/Mt. Plymouth, and Breeze Hill systems on the current rate filing. If no adjustment was made for the effect of acquiring these systems, please state why no adjustment was made and provide an estimate of the amount of the adjustment for each system included in the rate proceeding.
19. Acquisition Expenses
  - a. Please explain how acquisition expenses associated with the acquisition and sale of water and wastewater facilities are treated on the books of the Company.
  - b. Please provide the amount of expenses incurred by Aqua America, Inc., during the test year and the previous two calendar years associated with the acquisition and sale of water and wastewater facilities. Please state the account names and numbers that these costs were booked to in each year and the amounts charged to the Company during the test year and the previous two calendar years.
  - c. Please provide the amounts identified in response to (b) by system and/or company that was allocated or charged these expenses.

- d. Identify all personnel (including their titles and place of employment) involved in the acquisition and sale of new or existing water and wastewater facilities and the personnel (including their titles and place of employment) involved in the acquisition of nonregulated companies.
  - e. Please explain how the persons identified in response to (d) record their time and how and where their labor costs are recorded on the books of Aqua America, Inc.
20. By system, for any and all transfers and/or sales of parcels of land or assets to or from the Company's utility operations from non-related or related parties (former or present: parent company, affiliated company, or greater than 5% owners), please provide for the last five years:
- a. A statement and description of the original cost of such land and/or assets.
  - b. The cost of any and all improvements to such land and/or assets, itemized by improvement.
  - c. The total sale and/or transfer price, with detail on how it was determined.
  - d. The date of the sale and/or transfer and to whom the land and/or asset was sold.
  - e. The amount of gain or loss (both before and after tax) on such sale and/or transfer, showing in detail how it was calculated and an indication of whether it was booked above or below the line for rate-making purposes.

- f. State whether or not the asset was included in rate base, plant held for future use, and if so in what account(s) it was included and when it was first included in rate base and devoted to public service.
21. During the Aqua America, Inc., May 6, 2008, First Quarter 2008 Earnings Conference Call, CEO Nicholas DeBenedictis made reference that the AUF requested rate increase is largely due to the costs to address problems regarding management, customer service, and environmental mandates. Please quantify the expense or capital investment, if applicable, charged to AUF in the test year and the two prior years, to correct these problems that is included in the rate filing in total and by system, by major category, i.e. management problems, customer service, and environmental mandates
22. Please describe the impact of the Economic Stimulus Act of 2008 on the operations of the Company and parent company and if the effects are reflected in the current filing.
23. Please describe the Company's conversion of the Chuluota system from chlorination to chloramination, including but not limited to costs to implement, schedule of events, etc.
24. Meter Replacements
- a. By system, please provide the total number of meters that were replaced in 2005, 2006, and 2007, the meters budgeted to be replaced in 2008 and 2009, and the associated per-meter replacement cost.
- b. By system, state the total cost of the meter replacement program, the amount added to rate base in 2005, 2006, 2007, and the amount budgeted for 2008 and 2009.

- c. Please provide a detailed discussion of the replacement meters and the efficiencies they would bring to the Company.
  - d. Identify by system all cost savings that have been reflected in the test year associated with the meter replacement program.
  - e. If no cost savings have been reflected in the rate filing, please explain why they have not been reflected.
25. Please provide an update of the AUF Meter Change-Out Schedule that was offered at the informal meeting on April 9, 2008, describing the status of the program and any setbacks that have taken place.
26. IT Projects
- a. Please describe the IT Projects added in 2005, 2006, 2007, and budgeted for 2008.
  - b. Please describe the benefits to ratepayers and cost savings associated with each IT project added in 2005, 2006, 2007, and budgeted for 2008.
  - c. Please identify the amount of savings to the Company and its customers associated with the IT projects for the years 2005, 2006, 2007, and as projected for 2008. Identify explicitly where these cost savings have been reflected in the rate filing.
  - d. If no cost savings have been reflected in the rate filing, please explain why they have not been reflected.



27. For purposes of this request, please refer to the 2007 Aqua America, Inc., Annual Report, p. 50, where it is stated:

Our discount rate assumption was determined using a yield curve that was produced from a universe containing over 500 U.S.-issued Aa-graded corporate bonds, all of which were noncallable (or callable with make-whole provisions), and excluding the 10% of the bonds with the highest yields and the 10% with the lowest yields. The discount rate was then developed as the single rate that would produce the same present value as if the Company used spot rates, for various time periods, to discount the projected pension benefit payments. The Company's pension expense and liability (benefit obligations) increases as the discount rate is reduced. A 25 basis-point reduction in this assumption would have increased 2007 pension expense by \$764 and the pension liabilities by \$7,500. The present values of Aqua America's future pension and other post retirement obligations were determined using discount rates of 6.25% at December 31, 2007 and 5.90% at December 2006. Our expense under these plans is determined using a discount rate as of the beginning of the year, which was 5.90% for 2007 and will be 6.25% for 2008.

- a. Please explain how the Company incorporated the financial impact of the 6.25% discount rate on the test year expenses.
- b. If the company did not incorporate this change, please explain why and provide, by system, an estimate of the impact on 2007 pension and post retirement benefit expenses if a 6.25% discount rate were assumed. Please separate these amounts between directly incurred costs and costs that would be allocated to the systems.

28. Legal Expenses

- a. By system, please itemize all legal expenses included in the test year and the preceding four years.
- b. For each separate lawsuit, provide the amount of test year legal expenses, and state whether or not the lawsuit has been resolved or settled, whether or not the Company is requesting recovery of legal fees as part of its claims, the circumstances of each

lawsuit, the name of the plaintiff and defendant, and an explanation of why it is appropriate to include such expenses in test year expenses. Please provide the requested information by system.

- c. By system, please identify all legal costs incurred by the Company or allocated to the Company associated with EPA and DEP violations. Please indicate in which accounts these costs were booked.
29. Identify each employee of Aqua America, Inc., Aqua Services, Inc., and Aqua Utilities of Florida, Inc., whose time has or will be charged to rate case expense in this proceeding. For each employee, please provide the person's hourly pay rate and their hourly cost for overheads (FICA, FUTA, SUTA, pension and benefits, etc.) during the years 2006 and 2007. If the person receives bonuses, please explain how these are reflected in the above information requested and in the amounts reflected in rate case expense.
30. By system, please state the amount and describe any and all penalties and fines incurred by the Company and/or Aqua America, Inc., and/or Aqua Services, Inc., during the test year and the preceding four years. Indicate in which account each such item was recorded. If fines were incurred by Aqua America, Inc./Aqua Services, Inc., and allocated (or otherwise charged) to the Company, please state the amount allocated or charged to the Company, by system, in the years identified above.
31. Please state how long the wastewater treatment plant at Arredondo Farms has been treating greater than its design capacity.

32. By system, please state the amount of injuries and damages expense for 2005, 2006, 2007, and 2008 to-date. Also identify the amount of injuries and damages expense included in the filing.
33. By system, please provide the amount of insurance expense incurred, by insurance type (i.e., property insurance, liability insurance, workers compensation, Directors and Officers Liability Insurance, etc.) for 2005, 2006, 2007, and 2008 to-date and identify the accounts the associated costs are included in.
34. By person, for the years 2003-2007, state the amount of Directors and Officers Liability Insurance Expense reflected on the books of the Company and include an explanation for any annual increases in excess of 5%. Also provide the amount of coverage by person and the deductible by year. State the amount of expense charged to each system during the test year.
35. Provide a list of all claims made against directors and officers and the amount of any claims paid over the period 2003-2007.
36. With respect to Directors and Officers Liability Insurance coverage obtained, state whether any customer, who is not a shareholder, has ever filed a claim against a director or officer of the Company and if so provide the number of times this has occurred and the outcome of the claim. By system, please list the amounts included in the test year that are the result of the settlement of lawsuits or other legal action.

37. Please describe all types of Executive Risk Insurance taken out by Aqua America and state what the insurance is intended to protect against.
38. For any industry association dues paid by the Company either directly or charged or allocated to the Company from affiliates, please list each such membership dues payment included in the test year, indicating: date paid, amount, payee, account, the Company's reason for making that particular dues payment, and the Company's perceived benefit to ratepayers from such membership. If any of the dues or other amounts paid to the organizations/associations go toward lobbying and public relations efforts and are recorded in above-the-line accounts, provide the associated amounts included in the above-the-line accounts, whether material in magnitude or not. Provide the requested information by system.
39. Please list each athletic and employee association to which the Company and/or Aqua America, Inc./Aqua Services, Inc., contributes and the associated amounts included in the test year. State how the Company has treated these expenses in the test year and state in which accounts they were booked. Provide the requested information by system.
40. By system, state the amount of chamber of commerce dues included in the test year and in actual 2006 expenses. Indicate in which account these expenses are booked.
41. By system, state the amount of lobbying expenses included in the test year and in actual 2006 expenses. Indicate in which account these expenses are booked.

42. By system, for the test year please list contributions for charitable and political purposes, if any, included in accounts other than below the line. Indicate the amount of the expenditure, the recipient of the contribution, and the specific account in which the expense is included in the filing. Also identify for the test year the amounts of contributions for charitable and political purposes charged to the Company from affiliates in accounts other than below the line accounts.
43. Please identify the amount of contributions made by Aqua America, Inc. to organizations with which its independent directors are affiliated for the years 2005, 2006, and 2007. State the amount charged to each AUF system included in the rate case and the amount recorded above the line.
44. By system and account, identify the amount of advertising and marketing expenses included in the test year and the preceding four years, broken down between informational, instructional, image enhancement, promotional, and conservation.
45. By system, please provide a listing of all vendors contracted for the removal of sludge during 2005, 2006 and 2007. Indicate the terms of the contract and/or arrangement, and identify whether the contract or arrangement was bid on. Identify all new contracts for sludge hauling that were signed in 2008 and describe changes to the contract's terms and conditions, price, and provider. Please quantify the annual expense impact of the contractual changes.
46. By system, please provide a listing of all wholesale providers of water and wastewater services. Please also identify the rates each wholesale provider charges and identify the

amount of rates that changed during 2007 or 2008 and if any are proposed to change for 2008. For each system identify the amount of water and wastewater purchased from wholesale providers.

47. By system, state the amount of storm damage recovery expenses included in the test year and the amount actually incurred during 2003, 2004, 2005, 2006, and 2007.
48. By system, please provide the meter reading expenses for each year 2005, 2006, 2007, and as projected for 2008.
49. By each of the following companies, AUF, Aqua America, Inc., and Aqua Services, Inc., please:
  - a. Describe and itemize the amount of all nonutility income recorded in 2005, 2006, and 2007.
  - b. Explain what gave rise to the nonutility income.
  - c. Please explain how this income was treated for ratemaking purposes, i.e., above or below the line.
  - d. If the income was treated below the line, please explain why the income should not be allocated to ratepayers.
  - e. If the income was treated above the line, please identify where it can be found in the MFRs filed by the Company for the test year.

- f. Describe and itemize all miscellaneous income earned in 2005, 2006, and 2007 and explain what gave rise to the miscellaneous income.
- g. Please explain how this income was treated for ratemaking purposes, i.e., above or below the line.
- h. If the income was treated below the line, please explain why the income should not be allocated to ratepayers.
- i. If the income was treated above the line, please identify where it can be found in the MFRs filed by the Company for the test year.
- j. Provide an itemized listing of the amount of non-operating expenses for 2005, 2006, and 2007 and explain what gave rise to the non-operating expenses.
- k. Please explain how this expense was treated for ratemaking purposes, i.e., above or below the line.
- l. If the expense was treated below the line, please explain why the income should not be allocated to ratepayers.
- m. If the expense was treated above the line, please identify where it can be found in the MFRs filed by the Company for the test year.

50. Reuse

- a. Identify all systems where reuse is provided but there is no associated charge.

- b. For each system identified in (a), explain why the Company does not charge a reuse rate.
- c. Provide the reuse rate charged by each Florida system owned by the Company.
- d. Describe all efforts undertaken by the Company to determine what price the market would bear for a reuse rate for each system without a charge.

51. Customers

- a. Please define active and inactive customers as used in the response to Staff POD 21 in Docket No. 060368-WS.
- b. Please explain if inactive customers are charged a base facility charge.
- c. Please explain if inactive customers are included in the calculation of historical bills for 2007 as provided on the Company's MFR E-Schedules.

52. Please identify each system where customers changed meter classes from 2006 to 2007, and provide a listing of the changes, by meter size, and the number of bills affected. Please explain why the customer changed meter classes.

53. Please describe in detail all efforts, changes in policies and procedures, purchase of new billing systems, software and equipment, etc., the Company undertook in correcting billing errors since the last rate case, and state the amount of costs associated with these



efforts by year. State the amount, by system, of these costs that are included in the test year, both expense and capital.

54. By system, please provide for 2005, 2006, 2007, and as projected for 2008 the beginning bad debt reserve balance, the amount written off, the recoveries, the reserve adjustment, other charges or credits, and the ending reserve balance.
55. Please provide a detailed description of changes in the Company's collection policies or write-off policies in the last three years.
56. For purposes of this request, please refer to the 2007 Aqua America, Inc., Annual Report, p. 9, where it states, "During certain periods in 2007, we temporarily discontinued collection efforts in some of our divisions in connection with the installation of a new billing system which resulted in increased amounts written off and higher bad debt expense."
  - a. Please state by system, amounts written off in 2003, 2004, 2005, 2006, and 2007.
  - b. Please explain how the Company adjusted for the higher bad debt expense in its 2007 test year. If no adjustment was made, please explain why.
57. Please provide a summary of the Notes and Accounts Payable-Associated Companies by check and/or invoice, respectively. Please describe the Company or its Parent's policy concerning notes and accounts payable to associated companies.
58. Affiliates.

- a. Please identify all non-utility and non-regulated companies that Aqua America, Inc., owns, its percentage of ownership, and legal relationship.
- b. For each company identified in (a), please describe all the services and products provided to these companies by Aqua America, Inc.
- c. For each company identified in (a), please provide a description of the products or services each company provides to its customers.
- d. For each company identified in (a), please state if the company provides services and/or products to Aqua Utilities of Florida, Inc., and the product and/or service provided.
- e. For each company identified in (a), explain the methodology of how common and direct costs from Aqua America, Inc., are allocated or charged to each company
- f. For each company identified in (a), please provide the amount of common cost allocated to the company, by account, in 2005, 2006, and 2007. Please provide the numerator and denominator of the allocation factor used to allocate the costs and the total costs to which the allocation factor was applied, by account.
- g. For each company identified in (a), please provide the amount of common cost directly charged to the company, by account, in 2005, 2006, and 2007.
- h. For each company identified in (a), please explain the methodology of how costs from each are allocated or charged to Aqua America, Inc. and/or AUF and the

amounts allocated or charged, by account, in, 2005, 2006, and 2007. Please provide the numerator and denominator of the allocation factor used to allocate the costs and the total costs to which the allocation factor was applied, by account.

- i. For each company identified in (a), please provide for each of the years 2005, 2006, and 2007: the number of customers served, the total revenue, total operating expenses, and total net plant in service.

59. Affiliates.

- a. Please identify all non-utility and non-regulated companies that Aqua Services, Inc. owns, its percentage of ownership, and legal relationship.
- b. For each company identified in (a), please describe all the services and products provided to these companies by Aqua Services, Inc.
- c. For each company identified in (a), please provide a description of the products or services each company provided to its customers.
- d. For each company identified in (a), please state if the company provides services and/or products to Aqua Utilities of Florida, Inc., and the product and/or service provided.
- e. For each company identified in (a), please explain the methodology of how common and direct costs from Aqua Services, Inc., are allocated or charged to each company.

- f. For each company identified in (a), please provide the amount of common cost allocated to the company, by account, in 2005, 2006, and 2007. Please provide the numerator and denominator of the allocation factor used to allocate the costs and the total costs to which the allocation factor was applied, by account.
  - g. For each company identified in (a), please provide the amount of common cost directly charged to the company, by account, in 2005, 2006, and 2007.
  - h. For each company identified in (a), please explain the methodology of how costs from each are allocated or charged to Aqua Services, Inc., and/or AUF and the amounts allocated or charged, by account, in 2005, 2006, and 2007. Please provide the numerator and denominator of the allocation factor used to allocate the costs and the total costs to which the allocation factor was applied, by account.
  - i. For each company identified in (a), please provide for each of the years 2005, 2006, and 2007: the number of customers served, total revenue, total operating expenses, and total net plant in service.
60. For each utility company owned by Aqua America, Inc., please provide the customer counts used to allocate common costs for the years 2004, 2005, 2006, and 2007.
61. Please provide a detailed description of corporate restructurings and changes in affiliate relationships since the last general rate case and describe any changes in the corporate and affiliate relationships reflected in the filing.

62. Please refer to the press release dated May 19, 2008 about the agreement with Mopac of Souderton. Please provide a description of the financial implications of this agreement and how it will affect AUF in 2008 and 2009.
63. Contract Operator Services
- a. Identify all water and wastewater systems that Aqua America, Inc., Aqua Services, Inc., or Aqua Utilities of Florida, Inc., (or any affiliates) is the contract operator.
  - b. For each system identified in response to (a), please explain how common and support costs are allocated to these systems.
  - c. For each system identified in response to (a), please provide the number of water and wastewater customers of each system and the revenues of each system.
  - d. For each system identified in response to (a), please explain how these systems are billed for the services provided and where these revenues are shown on the books of Aqua America, Inc., Aqua Services, Inc., or Aqua Utilities of Florida, Inc.
  - e. State the amount of revenue earned by Aqua America, Inc., Aqua Services, Inc., or Aqua Utilities of Florida, Inc., for contractor operator services in 2005, 2006, and 2007.
  - f. Please explain if and how any of the revenue identified in response to (d) are allocated to other regulated water and wastewater systems owned by Aqua America, Inc.

- g. State the amount of all revenue, expenses, and investment that is recorded on the books of regulated water and wastewater companies owned by Aqua America, Inc., associated with the provision of contract operator services provided by Aqua America, Inc., Aqua Services, Inc., or Aqua Utilities of Florida, Inc., for the years 2005, 2006, and 2007.
- h. Please describe in detail the services provided to each system identified in (a).
- i. Please explain where each system identified in (a) is located.
- j. Please explain where the costs associated with performing the contract operator services are booked on the company's records that are performing the service (i.e. Aqua America, Inc., Aqua Services, Inc., or Aqua Utilities of Florida, Inc.), and explain why it is appropriate not to allocate these costs to the systems identified in response to (a).

64. Allocations.

- a. Please describe all water and wastewater consulting, and management services provided by Aqua America, Inc., or its affiliates, and identify the companies these services are provided to.
- b. Please explain in detail how costs from Aqua America, Inc., (or its affiliates) are allocated or charged to the companies that are provided consulting and management services.

- c. If costs from Aqua America, Inc., (or its affiliates) are not charged to the companies that are provided consulting and management services, please explain why no such costs are allocated or charged to these companies.
- d. Please provide the customer counts and total operating revenue for 2005, 2006, and 2007 for the companies that are provided consulting and management services.
- e. Are the customer counts for the companies that are provided consulting and management services included in the customer count for the Aqua America companies that provide these services?
- f. For each company identified in response to (a), please explain how these companies are billed for the services provided, where these revenues are shown on the books of each entity that provides the services, and provide the revenue and net operating income earned by each company for 2005, 2006, and 2007 associated with the provision of consulting and management services.
- g. Please explain if and how any of the revenue and/or income identified in response to (f) are allocated to the Company and demonstrate that the revenue and/or income is included in the 2007 test year.
- h. Please explain where and on which company's accounting records, (Aqua America, Inc., or its affiliates), the costs associated with performing the consulting and management services are booked and explain why, if applicable, it is appropriate not to allocate these costs to the systems identified in response to (a).

65. Please explain how the costs related to rent or leases for office buildings are shared and/or allocated between the various companies that Aqua America, Inc., and/or Aqua Services, Inc., provides services and or products to.
66. By system, and by NARUC uniform system of account number and name, please state separately for water and wastewater for the years ending 2004, 2005, 2006, 2007, and as projected for 2008, the amounts charged to the Company by Aqua America, Inc. Provide the requested information in electronic spreadsheet format with all formulas and links intact.
67. By system and by NARUC uniform system of account number and name, state separately for water and wastewater for the years ending 2004, 2005, 2006, 2007, and as projected for 2008, the amounts charged to the Company by Aqua Services, Inc. Provide the requested information in electronic spreadsheet format with all formulas and links intact.
68. By system and by NARUC uniform system of account number and name, state separately for water and wastewater for the years ending 2004, 2005, 2006, 2007, and as projected for 2008, the amounts charged to the Company by Aqua Resources, Inc. Provide the requested information in electronic spreadsheet format with all formulas and links intact.
69. By NARUC uniform system of account number and name, state separately for water and wastewater for the years ending 2004, 2005, 2006, 2007, and as projected for 2008, the amount of common costs charged to each system by AUF. Provide the requested information in electronic spreadsheet format with all formulas and links intact. If the



information is not available by NARUC account, please provide it at the detailed account level maintained.

70. With respect to costs allocated to the Company by Aqua America, Inc., please provide the following information for 2005, 2006, 2007, and as projected for 2008: the total dollars by NARUC account number and name to which an allocation factor is applied; the allocation factor applied to each account; the calculation of the allocation factor including the numerator for each company that is allocated a portion of the cost and the denominator of the allocation factor; and a description of the allocation factor. Provide the requested information in electronic spreadsheet format with all formulas and links intact. If the information is not available by NARUC account, please provide it at the detailed account level maintained.
71. With respect to costs directly charged to the Company by Aqua America, Inc., please provide the following information for 2005, 2006, 2007, and as projected for 2008: the dollars directly charged by NARUC account name and number and the basis for the direct charge. Provide the requested information in electronic spreadsheet format with all formulas and links intact. If the information is not available by NARUC account, please provide it at the detailed account level maintained.
72. With respect to costs allocated to the Company by Aqua Services, Inc., please provide the following information for 2005, 2006, 2007, and as projected for 2008: the total dollars by NARUC account number and name to which an allocation factor is applied; the allocation factor applied to each account; the calculation of the allocation factor including the numerator for each company that is allocated a portion of the cost and the

denominator of the allocation factor; and a description of the allocation factor. Provide the requested information in electronic spreadsheet format with all formulas and links intact. If the information is not available by NARUC account, please provide it at the detailed account level maintained.

73. With respect to costs directly charged to the Company by Aqua Services, Inc., please provide the following information for 2005, 2006, 2007, and as projected for 2008: the dollars directly charged by NARUC account name and number and the basis for the direct charge. Provide the requested information in electronic spreadsheet format with all formulas and links intact. If the information is not available by NARUC account, please provide it at the detailed account level maintained.

74. With respect to costs allocated to the Company by Aqua Resources, Inc., please provide the following information for 2005, 2006, 2007, and as projected for 2008: the total dollars by NARUC account number and name to which an allocation factor is applied; the allocation factor applied to each account; the calculation of the allocation factor including the numerator for each company that is allocated a portion of the cost and the denominator of the allocation factor; and a description of the allocation factor. Provide the requested information in electronic spreadsheet format with all formulas and links intact. If the information is not available by NARUC account, please provide it at the detailed account level maintained.

75. With respect to costs directly charged to the Company by Aqua Resources, Inc., please provide the following information for 2005, 2006, 2007, and as projected for 2008: the dollars directly charged by NARUC account name and number and the basis for the

direct charge. Provide the requested information in electronic spreadsheet format with all formulas and links intact. If the information is not available by NARUC account, please provide it at the detailed account level maintained.

76. Please explain the relationship to Aqua America and the typical operational activities for the affiliate Aqua Operations, Inc.
  
77. Aqua Resources
  - a. Describe all services Aqua Resources through Aqua Wastewater Management provides to AUF and state the amount charged to AUF in 2006, 2007, and as projected for 2008.
  
  - b. Please provide proof that the amounts charged to AUF are at the lower of cost or market.
  
78. Please provide the names, titles, and duties of all common officers and directors of Aqua Services, Aqua America, UMS, SES, Aqua Resources, and AUF. For each common officer and director, state the amount of total compensation (salary, benefits, bonuses, stock related compensation, etc., identified separately) paid in 2005, 2006, 2007, and as projected for 2008; provide the amount charged to the Company in each of these years; and explain how each person's salary and benefits are charged to the affiliates of Aqua America. State the amount of compensation that is expensed in each year and the amount that is recorded as a deferral.

79. Identify any and all costs that are incurred by Aqua America and Aqua Services, Inc. that are maintained on the books of either of those companies and not allocated to other affiliates. Please provide the amount of these costs in 2006, 2007, and as projected for 2008.
80. Allocations
- a. Provide all service expenses (labor & overhead) of Aqua Services employees for the years 2006 and 2007, broken down between labor and overhead.
  - b. Provide all workpapers and supporting documentation used to develop all overhead factors, clearly showing the development of each component of the factor, including but not limited to healthcare, payroll taxes, retirement benefits, office rent, employee incentive compensation, etc.
81. Provide a listing of actual AUF employee positions with their respective annual base salary as of the end of 2005, 2006, 2007, and monthly and as projected for 2008. Also include if the position is full-time or part-time.
82. Identify the vacancies that occurred in 2007 and 2008 for which a replacement has not been reflected in the Test Year and explain why no replacement was added.
83. Please provide for each of the years 2003-2007 the Company's vacancy rate and identify the vacancy rate.

84. By system, please provide the following information for 2003, 2004, 2005, 2006, 2007, and monthly for 2008. For the Company, separately for managerial and non-managerial: number of full-time employees, average full-time salary amount, number of part-time employees, and average part-time salary. Please provide the same information for employees of Aqua America, Inc., and Aqua Services, Inc., to the extent that employees' time is allocated or charged to the Company.

85. Salaries

- a. Please provide the salary, benefits, pensions, and overheads associated with the Director of Corporate Development for each of the years 2005, 2006, 2007, and as projected for 2008. State the amount allocated to each of the systems included in the instant rate case for the years 2005, 2006, 2007, and as projected for 2008. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.
- b. Please provide the salary, benefits, pensions and overheads associated with all persons that report directly or indirectly to the Director of Corporate Development for each of the years 2005, 2006, 2007, and as projected for 2008. State the amount allocated to each of the systems included in the instant rate case for the years 2005, 2006, 2007, and as projected for 2008. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.

86. Please provide a mapping of Company numbers to company names and a listing of “type of service” an employee can choose when assigning their time.
87. Please provide a breakdown of the total amount of gross payroll and employee benefit costs (by benefit type) for the test year and the prior two historical years between amounts expensed and amounts capitalized, and provide the percentage of payroll and employee benefits (by benefit type) charged to expense for each year.
88. Please provide a list of compensation and benefit studies the Company conducted for 2006, 2007, and 2008 to-date.
89. Please describe, in detail, material employee reductions, employee severance plans, or early retirement programs conducted by the Aqua America, Inc., Aqua Services, Inc., and AUF during 2005, 2006, 2007, and 2008 to-date. This request seeks information on major plans or programs beyond cost management efforts undertaken in the normal course of business. This should include, but not be limited to, a detailed description of the plan, number of employees offered early retirement or severance, number of employees accepting early retirement or severance, projected cost savings and costs associated with the program. For costs incurred, identify the amounts, by NARUC account, and the dates the entries were booked.
90. Please list separately the budgeted and the actual number of employees (where available), for 2005, 2006, 2007, and monthly for 2008. If the labor force levels are other than full-time equivalent positions, please provide a separate listing stated in terms of full-time equivalent positions.

91. Please show the actual percentage of increases in salaries and wages for exempt, non-exempt, and union employees for the 2005, 2006, 2007, and 2008 to-date.
92. Please show the actual percentage of market-based increases in salaries and wages for exempt, non-exempt, and union employees for the 2005, 2006, 2007, and 2008 to-date.
93. Employee Costs – Incentive Plans.
  - a. By system and accounts charged, please identify incentive and bonus program expenses incurred in 2005, 2006, 2007, and 2008 to-date.
  - b. By system and account charged, identify incentive and bonus program expenses charged or allocated to the Company from each affiliate and parent company in 2005, 2006, 2007, and 2008 to-date.
94. Please provide a detailed overview of the Company health care plan, a summary of total health care costs paid by year for each year 2004-2007 and as projected for 2008, the employees' contribution to health care costs, and an analysis that shows how the percentage of Company employee health care contributions compares to other water and wastewater utilities.
95. Please provide a listing of the different types of paid time off. Also provide an explanation as to how sick time is compensated for and how much is allowed during the year.

96. When compensation levels are evaluated and/or compared to compensation studies, explain whether there is any measurement and/or comparison of paid time off (i.e. is the amount of paid time off included in the measurement of salaries and wages).
97. By system, identify the amount of expenses incurred by AUF for the years 2005, 2006, and 2007 associated with employee relocations. Please identify all employee relocations and where the employees were relocated from and to. To the extent that employee relocation expenses are a result of allocations from any Aqua affiliate, please identify the affiliate and the amount charged to the Company.
98. Please provide a mapping of Company numbers to company names and a listing of “type of service” an employee can choose when assigning their time.
99. Please identify all systems of Aqua America that operate in the state of Florida that are not part of the instant rate proceeding. For each system, please state if they are regulated by the Florida Public Service Commission or another regulatory body.
100. Regarding the Company’s revenue requirement model, please identify potential obstacles to or explain the problems encountered when making adjustments to the model used to develop the revenue requirement, including but not limited to, broken links to external files, instances where data did not flow through the model correctly, and other causes of mechanical problems and the Company’s remedies.



101. For each interrogatory response, indicate the persons responsible for answering the question and the witness most able to sponsor the response and be able to answer cross-examination questions concerning the response.

---

Charlie Beck  
Deputy Public Counsel

**AFFIDAVIT**

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, personally appeared \_\_\_\_\_, who deposed and stated that he/she provided the answers to interrogatories \_\_\_\_\_ served on \_\_\_\_\_ by \_\_\_\_\_ on \_\_\_\_\_ and that the responses are true and correct to the best of his/her information and belief.

DATED at \_\_\_\_\_, \_\_\_\_\_, this day of \_\_\_\_\_, 2008.

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
NOTARY PUBLIC

State of \_\_\_\_\_ at Large

My Commission Expires: \_\_\_\_\_

**CERTIFICATE OF SERVICE**

**DOCKET NO. 080121-WS**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing Citizens' First Set of Interrogatories to Aqua Utilities Florida, Inc., has been furnished by E-mail and by U. S. Mail to the following parties this 29<sup>th</sup> day of May, 2008:

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

Ms. Kimberly A. Joyce  
Aqua Utilities Florida, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010-3402

Kenneth A. Hoffman  
Marsha E. Rule  
Rutledge, Ecenia, Purnell &  
Hoffman, P.A.  
215 South Monroe St., Suite 420  
Tallahassee, FL 32301

---

Charlie Beck  
Deputy Public Counsel

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**In Re: Application for increase in water and  
wastewater rates in Alachua, Brevard, DeSoto,  
Highlands, Lake, Lee, Marion, Orange,  
Palm Beach, Pasco, Polk, Putnam,  
Seminole, Sumter, Volusia, and Washington  
Counties by Aqua Utilities Florida, Inc.**

---

**DOCKET NO. 080121-WS**

**Filed June 27, 2008**

**CITIZENS' SECOND SET OF INTERROGATORIES  
TO AQUA UTILITIES FLORIDA, INC. (Nos. 102-189)**

Pursuant to § 350.0611(1), Florida Statutes, Rule 28-106.206, Florida Administrative Code and Rule 1.340, Florida Rules of Civil Procedure, the Citizens of the State of Florida ("Citizens") by and through their undersigned attorney with the Office of Public Council ("OPC") hereby propound the following interrogatories to Aqua Utilities Florida, Inc. ("AUF," "Aqua," "Utility," or "Company"), to be answered on or before 30 days from the date of service (Monday, July 28, 2008), or at such other time and place as may be mutually agreed upon by counsel. Each interrogatory should be answered under oath by the most qualified and informed person to provide the most complete and accurate answer to each question, who is also included within the definition of Aqua Utilities Florida, Inc.

**DEFINITIONS**

As used herein, the following words shall have the meanings indicated:

- (i) "Aqua Utilities Florida, Inc.," shall mean Aqua Utilities Florida, Inc., including but not limited to any of its directors, employees, consultants,

agents, representatives, attorneys (concerning nonprivileged matters, which privilege must be expressly identified and justified) and any other person or entity acting or purporting to act on behalf of the Company.

- (ii) "You" or "Your" means Aqua Utilities Florida, Inc. as defined above.
- (iii) "Affiliate" means any entity that directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with Aqua Utility Florida, Inc., or shares a 5% or greater common ownership.
- (iv) "Identify" shall mean, with respect to any document or report; set forth the title, if any, describe the relevant page or pages and line or lines thereof (or annex a copy to the answer to these interrogatories, with appropriate designations of such page or pages and line or lines), and state the present location and custodian of the original and all copies of the documents, who prepared the document, and when it was prepared.

## INSTRUCTIONS

- A. Documents or reports to be identified shall include all documents in your possession, custody and control and all other documents of which you have knowledge.
  
- B. Each interrogatory is to be answered based upon the knowledge, information, or belief of the Company, and any answer based upon information and belief is to state that it is given on such basis. If the complete answer to an interrogatory is not known, so state and answers as fully as possible the part of the interrogatory to which an answer is known. For each answer, or part thereof, please identify the individual or individuals who provided the information or helped in providing the information contained in the responses, specifying the individual's business address, telephone number, and the individual's relationship to the Company, and please identify the witness who will be sponsoring the responses and will be able to answer cross-examination questions concerning the response.
  
- C. If the requested information is not applicable, that response should be reported as well as the reason why. If the requested information is not available, that response should be reported as well as the reason why.
  
- D. If an interrogatory contained herein asks for information that has already been provided, please so state, indicating the date provided and, if applicable, the interrogatory number, the request of production number, or staff data request that requested the information.

- E. To the extent an interrogatory calls for information that cannot now be precisely and completely furnished, such information as can be furnished should be included in the answer, together with a statement that further information cannot be furnished, and a statement as to the reasons therefore. If you expect to obtain further information between the time answers are served and the time of hearing, you are requested to state this fact in each answer and provide such further information as soon as it is available. If the information that cannot now be furnished is believed to be available by another person, identify such other person and the reasons for believing such person has the described information.
- F. In the event any interrogatory herein calls for information or for the identification of a document which you deem to be privileged, in whole or in part, the information should be given or the document identified to the fullest extent possible consistent with such claim of privilege and specify the grounds relied upon for the claim of privilege.
- G. If the respondent intends to seek clarification of any portion of the discovery request, the respondent shall request such clarification within 10 days of service of the discovery request. Further, any specific objection to a discovery request shall be made within 10 days of service of the discovery request.
- H. Separate answers shall be furnished for each interrogatory, although where the context permits, an interrogatory may be answered by reference to the answer furnished to another interrogatory.

- I. Please provide a copy of all written responses and attachments (where available) to these interrogatories in electronic format.

### **INTERROGATORIES**

#### Deferred Income Taxes

102. Please explain whether the Company, in its MFRs, considered the increase in credit deferred income taxes that would be generated by the requested pro forma additions to plant. If so, provide the amount and calculation of increased deferred tax credits by system. If not, please explain why this adjustment was not made.
103. Please provide the December 2006 and 2007 monthly balances of deferred income taxes associated with Corporate IT and Corporate Structure and Improvements and the appropriate method for allocating those balances to the AUF systems for the pro forma test year.

#### Working Capital

104. Provide a schedule that reflects the accrued tax debit balance by AUF system by month for 2007 and 2008 to date.
105. Provide a breakdown and description of all amounts recorded in Account 186.2, Other Deferred Debits by month for 2006, 2007 and 2008 to date.



106. Provide a description of all property losses that are included in Account 186.3, Regulatory Assets. For each regulatory asset included in this account, please provide the original amount of the loss, the amortization period and calculation, the order in which the amortization of the loss was approved by the Commission.
  
107. Please provide the monthly balance of cash for AUF for 2005, 2006, 2007 and 2008 to date. Separate the balances between interest bearing and non-interest bearing balances.
  
108. For purposes of this request, please refer to Mr. Griffin's testimony, p. 10, lines 7-19. Please provide for each system and each deferred maintenance item, a description of the deferred maintenance including type and purpose, the original and test year balance of the deferred maintenance, the date the deferred maintenance was incurred, the years of amortization, how often the maintenance is required, and the annual amortization amount.
  
109. For purposes of this request, please refer to Mr. Griffin's testimony, p. 10, lines 7-19 where he discusses working capital. Provide cites to all FPSC orders where the Commission has approved of allowing the unamortized regulatory asset balance as part of working capital.

110. Please provide the monthly balance for AUF for each item included in Account 241, Miscellaneous Current and Accrued Liabilities for 2004, 2005, 2006, 2007 and 2008 to date. At a minimum, the items should be broken down by the descriptions provided in the PSC annual report for accrued audit fees, workflow and postage, unclaimed checks and payroll, as well as pension and other operating reserves.
  
111. Please explain why the balance of accrued audit fees, workflow and postage and payroll decreased from 2006 to 2007.
  
112. Please provide the monthly balance for AUF for Account 231, Accounts Payable for 2004, 2005, 2006, 2007 and 2008 to date.

#### Amortization of CIAC

113. Please explain why the Company made test year adjustments labeled "PSC Depreciation Rate Correction" to depreciation expense and test year amortization of CIAC.
  
114. Please provide the workpapers used to calculate test year depreciation and amortization of CIAC expense by system, by primary account or functional basis including the depreciation rate used.

115. Upon review of each system's Schedule A-14 of the MFRs, for 34 of the combined water and/or wastewater systems, the Company did not amortize CIAC for one or more sub-accounts during the test year. These accounts apparently are not fully amortized. Please explain why and how this occurred during the test year.
116. Please provide a revised calculation of accumulated amortization of CIAC for the test year in the form of Schedule A-14 which reflects the 12-months of accumulated amortization by each sub-account using the PSC rule depreciation lives. Also reflect the necessary adjustments to rate base and test year amortization for each system. The systems are Beecher's Point, Carlton Village, Chuluota, Fern Terrace, FI Central Commerce Park, Friendly Center, Gibsonia Estates, Grand Terrace, Harmony Homes, Hermits Cove, Hobby Hills, Holiday Haven, Jungle Den, Lake Gibson Estates, Lake Josephine, Lake Osborne Estates, Morningview, Orange Hill/Sugar Creek, Palm Terrace, Palms MHP, Piney Woods, Pomona Park, Quail Ridge, Sebring Lakes, Silver Lake Est/Western Shores, Silver Lake Oaks, Skycrest, St. John's Highlands, Stone Mountain, Tangerine, The Woods, Tomoka/Twin Rivers, Valencia Terrace, and Wootens.

AFPI

117. Please explain why the Company has requested uniform rates and service availability charges but has requested system specific AFPI charges.
118. In its calculation of requested AFPI charges, explain whether the Company considered affordability of the amounts of the escalated charges and if so, why was affordability not addressed in the Company's petition.
119. Please explain why the Company reflected the number of future customers as only the number of customers or lots included in the 5 year growth allowance and not the total denominator included for used and useful purposes.
120. For Hermits Cove, the Company has requested that the water system be considered 31% used and useful and an AFPI charge for only one ERC of \$14,289.19 at the end of 2009 that escalates to \$81,802.27 at the end of 5 years. Explain why the Company has requested to collect the total carrying charges on the remaining 69% investment in non-used and useful plant from one ERC.

121. For each system in which an AFPI charge was requested, explain why the net cost of qualifying assets included on line 3 of each AFPI schedule (page 1 of 3), reflects the gross plant, not the plant less accumulated depreciation.

Property tax expense.

122. Please explain the basis and calculations the Company used to make its property tax expense adjustments for pro forma plant additions.

123. Please explain how the Company made its property tax expense adjustments for non-used and useful plant. Explain whether the pro forma plant was added to the historical plant balance prior to determining the ratio of non-used and useful plant to total plant. If the pro forma plant was included, please explain why this is proper when a separate adjustment was made to property taxes for pro forma plant.

124. For purposes of this request, please refer to Mr. Griffin's testimony, p. 6, lines 4-7, where he states:

When the Company changed its corporate name to Aqua America and the subsidiary name to Aqua Utilities Florida, Inc., it incurred costs to change the signage on buildings and vehicles and to alert its customers of the name change through letters and newspaper notices.

- a. Please provide the cost of changing the corporate name to Aqua America, the amount of accumulated depreciation, the amount of depreciation expense, the amounts allocated to AUF, and the amounts allocated to each Florida

system, and the accounts charged when initially incurred and the amounts included in the test year.

- b. Please provide the cost of changing the subsidiary name to Aqua Utilities Florida, Inc., the amount of accumulated depreciation, the amount of depreciation expense, the amounts allocated to AUF, and the amounts allocated to each Florida system, and the accounts charged when initially incurred and the amounts included in the test year.

126. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. For each proforma adjustment:

- a. Please explain the difference between what is represented under column "ProForma Addition" and "ProForma MFR a-5" in the spreadsheet provided in response to POD 1.
- b. Please explain the purpose of the column "ProForma Retirement" and how it is utilized in the MFRs in the spreadsheet provided in response to POD 1.
- c. Please explain what is represented under the columns "Actual-May '09" and "Budget" in the spreadsheet provided in response to POD 1.

- d. Please explain what is meant by the following statement "Retirement for all meter replacements would be a complete retirement of amount in the account. These are complete replacements" and how meters are treated if they are replacements versus retirements.
  - e. Provide an explanation of what the "4 pounds per meter and .90 cents per meter" contained under column Q is used for and describe the source of the information.
  - f. What is an "FP" number?
  - g. Please explain what the proforma retirement percentage is used for and how it is used in the MFRs.
  - h. For each meter replacement, please provide by month though June 2008, the number of meters replaced, and the number of meters projected for replacement from July 2008 through December 2008.
  - i. Please explain why from line 39 to line 166 there are no values in columns g, h, j, k in the spreadsheet provided in response to POD 1.
  - j. Please explain the purpose of lines 173 through 183.
127. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. For each plant

addition/proforma adjustment please explain how a change to the dollar value of the addition would be adjusted in the MFRs.

128. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. For each plant addition/proforma adjustment please provide the following by system and project, including all administrative projects:

- a. A detailed description of each project, including but not limited to the purpose of the project, the reason for the project and the benefit to customers of the project.
- b. The original estimated date of completion, the current estimated date of completion, and the actual date of completion if applicable.
- c. The status of the engineering and permitting efforts, if the plant addition has not been through the bidding process.
- d. The actual cost to complete the addition, the monthly expenditures through June 2008 if the addition is not complete, and the current estimate of the completed cost of the addition.
- e. A statement if any of the proforma plant is required by the Florida Department of Environmental Protection or any other regulatory agency, and explain why it is required.



129. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-4, pp. 2-3. For the following systems, please explain why the system is denoted as being included in the filing but has no information regarding the allocation information: Park Manor Water, Saratoga Harbour Water, Sugar Creek Water, and Western Shores Water.
130. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 5, lines 16-18, where he states, "AUF seeks to employ the most qualified personnel available. AUF ensures that all of our employees attend the necessary training courses (Continuing Education Units) to maintain their licenses."
- a. Please state how many hours of Continuing Education Units are required to be completed by each employee annually and who is responsible for tracking Continuing Education Units.
  - b. For each course employees attended in 2007, provide the name of the course, the number of Continuing Education Units the course qualifies for, the date of the course, the location of the course, the number of employees who attended, the cost of the course, the amount of travel and meal costs reimbursed to employees.
  - c. Please demonstrate how the costs of continuing education are allocated to each system.

131. Mr. Lihvarcik explains the services provided by the Leesburg, Florida, corporate office on p. 6 of his testimony (lines 4-8); however, Mr. Szczygiel states in his testimony, p. 7, line 8, "...personnel at the Company's Sarasota and Leesburg, Florida locations...." Please explain what services are provided by the personnel at the Sarasota location and explain the necessity of two corporate offices in Florida.

132. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 10, lines 6-9, where he states,

Our objective is to continue to standardize these purchasing practices and purchase in bulk, where possible, for items and services that we use on a daily basis, thereby achieving the lowest possible price and improve services and response time.

- a. Please quantify the savings from the Company's purchasing practices and point out where these are reflected in the MFRs.
- b. Please describe the Company's future plans in its efforts to continue standardizing the purchasing practices.

133. Please provide the time period for which Employee Salary and Benefits was used to calculate the normalization adjustment and explain why this time period was used.

134. For each employee of Aqua Services, Inc., who works in either the Leesburg or Sarasota, Florida, offices, please state the following, the name and title of the employee, the location of the employee, the annual salary for 2006, 2007 and

2008 projected, the amount of time devoted to the Florida systems, and the duties performed.

135. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 11, lines 15-17, where he states, "We have a Customer Service Field Supervisor within Florida who manages all customer service functions between the Call Centers, Billing and Customer Service." Please state the name of the Customer Service Field Supervisor and provide his/her qualification.
136. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 11, lines 19-23, where he states:

Through this commitment, we have consolidated our customer service to a call center located in Cary, North Carolina. This center has the ability to enhance customer service by allowing substantially high volumes of calls to be automatically routed to two other call centers located in Pennsylvania and Illinois.

- a. Please state when the customer service was consolidated to a call center in Cary, North Carolina.
- b. Please describe the customer call centers and how customer service was handled prior to the consolidation in Cary, North Carolina.
- c. Please quantify the savings associated with the consolidation of the customer service and state how such savings are reflected in the Company's filing, including the location in the MFRs and associated workpapers of the calculations by filename and tab.

137. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 12, lines 10-14, where he states:

With RF water meters, we are able to read meters in a much more timely and efficient manner. Our Utility Techs are then able to spend more time performing maintenance work, answering customer service calls, and responding to daily calls.

- a. Please state how much more time the Company anticipates its Utility Techs to be able to spend on performing maintenance work, answering customer service calls, and responding to daily calls due to the conversion to RF water meters.
- b. Identify, by system, all cost savings included in the rate filing associated with the conversion to RF meters.
- c. Please state the other locations where Aqua America is converting its systems to RF meters.
- d. Please state by AUF system and by year, since RF conversion began, the number of meters budgeted for conversion and the number actually converted to RF.
- e. Please state which employees read the meters and the other duties performed by these employees.

138. For purposes of this request, please refer to Mr. Lihvarcik's Exhibit JML-2, p. 1. Mr. Lihvarcik states AUF is using "Aqua Mag to coat the lines for Lead and Copper violation."
- a. Please state the costs of the Aqua Mag for each month of 2007 and 2008 to-date.
  - b. Please explain when this process will be completed for the Jasmine Lakes system.
139. For purposes of this request, please refer to Mr. Lihvarcik's Exhibit JML-2, p. 6. One of the operator duties listed is "Transport liquid chlorine from Orange Hill to Sugar Creek because the well location prohibits the chlorine trucks from making the delivery."
- a. Please state how the Company transports the liquid chlorine from Orange Hill to Sugar Creek.
  - b. Please state how many miles must be traveled to transport the liquid chlorine from Orange Hill to Sugar Creek, indicating if the miles presented are one-way or round trip.
  - c. Please state the related transportation costs for 2007 and as projected for 2008.

- d. Please explain if the Company has plans to make the site accessible to the chlorine trucks.
  - e. Please explain why the Company can transport the chlorine, but the chlorine trucks can not.
140. For purposes of this request, please refer to Mr. Lihvarcik's Exhibit JML-2. For the following systems, please explain how the Company is addressing the problems identified in Exhibit JML-2.
- a. On p. 19, Hobby Hills Water, Mr. Lihvarcik states, "The infrastructure is old causing service line and main breaks."
  - b. On p. 23, Palms Mobile Home Park Water, Mr. Lihvarcik states, "Old distribution system requires a lot of maintenance."
  - c. On p. 30, Tangerine Water, Mr. Lihvarcik states, "The distribution system is aging and we have been receiving numerous service line and main line breaks. We are preparing plans to begin replacing the aging water mains and service lines."
  - d. On p. 31, Valencia Terrace Wastewater, Mr. Lihvarcik states, "The wwtp is old and requires numerous hours of operations to maintain optimum results."
  - e. On p. 34, Chuluota Water, Mr. Lihvarcik states, "The system is aging resulting in service line and water main breaks."

- f. On p. 36, Florida Central Commerce Park Wastewater, Mr. Lihvarcik states, "Collection system has number of breaks due to soil types."
  - g. On p. 37, Interlachen Lake Estates Water, Mr. Lihvarcik states, "Unaccounted water loss-continue to do leak detection to locate leaks."
  - h. On p. 63, Pomona Park Water, Mr. Lihvarcik states, "Because of the age of the system we are beginning to replace the older service lines and water main."
  - i. On p. 48, Ocala Oaks Water, Mr. Lihvarcik states, "We receive low pressure complaints from the Bellaire section during peak demands."
  - j. On p. 50, Arrendondo Estates Water, Mr. Lihvarcik states, "We have numerous water service line and main breaks because of the age of the system."
141. For purposes of this request, please refer to Mr. Lihvarcik's Exhibit JML-2. For the following systems, please explain how the Company is addressing the I&I problems identified in Exhibit JML-2, including any studies conducted and their related costs.
- a. On p. 50, Arrendondo Estates Wastewater, Mr. Lihvarcik states, "Identified I&I problem which is being addressed."

- b. On p. 32, Venetian Village Wastewater, Mr. Lihvarcik states, "We have begun an I&I program to reduce filtration."
  - c. On p. 34, Chuluota Wastewater, Mr. Lihvarcik states, "I&I problems are being addressed."
142. In Mr. Lihvarcik's Exhibit JML-2, Mr. Lihvarcik uses the term "transient population" for the following systems: Lake Josephine, Palms Mobile Home Park, Silver Lake Estates/Western Shores, and Summit Chase.
- a. Please explain what Mr. Lihvarcik means by "transient population."
  - b. For each system by month for 2006 and 2007, please state the number of transient customers.
  - c. Please describe any analyses the Company has done to determine that the water quality complaints are from customers identified as "transient."
  - d. Please provide all customer complaints and identify those that are because of transient customers.
143. In Mr. Lihvarcik's Exhibit JML-2, he identifies two systems as being in a low income area: Hobby Hills and Arrendondo Estates.
- a. Please explain how the Company determined these areas are low income areas.



- b. Separately for each system, please state the number of shut offs for each month of 2005, 2006, 2007, and 2008 to date.
  - c. Please state the shut-off policy for each of the above systems and explain if the Company has considered modifying its shut off policy.
  - d. Please explain if the Company's shut off policy is the same across all of its systems in Florida, and if not, explain how they are different.
144. For purposes of this request, please refer to Mr. Szczygiel's testimony, p. 9, lines 7-9, where he states, "Finally, pro forma adjustments were made to reflect salary adjustments for the Florida operations personnel based on competitive market based rates."
- a. Please explain what a competitive market based rate is and describe how it was determined.
  - b. Please state if the salary adjustments based on competitive market based rates are in addition to or instead of the 4% salary increase received in April.
  - c. Please state the amount of the market based competitive increase for the AUF operational staff and explain how the competitive market based rates and subsequent increase were determined.

- d. For each employee who received the competitive market based rate increase, please provide the market based rate determined for that person, the employee's base rate, the amount of the increase, and the new rate.
- e. For each employee who received the competitive market based rate, please state which systems his/her salary is allocated or directly charged to and how the amount of the allocation or charge is determined.

145. For purposes of this request, please refer to Mr. Szczygiel's testimony, p. 10, lines 1-4, where he states:

Q. Please describe the Contractual Services – Other Expense.

A. Miscellaneous outside contractor expense consists of charges for required maintenance (i.e., specifically defined maintenance projects and other contractual services) incurred during the year.

For services provided by an outside independent contractor, please explain the reasons the outside independent contractor was hired instead of using the Company's current staff or an affiliated company.

146. For purposes of this request, please refer to Mr. Szczygiel's testimony, p. 10, lines 6-9, where he states:

A review of historical lease expense was performed for each division. Pro forma adjustments were made to reflect known and measureable changes to the historical expenses recorded in 2007. These include a new lease of land that the plant is located on at Lake Suzy.

- a. Please describe each known and measurable change to historical lease expenses included in the rate case and the corresponding amount.
  - b. Please provide lease expenses on a 13-month average basis, as of December 31, 2007.
  - c. Please explain the circumstances surrounding the new lease of land for the plant at Lake Suzy.
147. Please explain where one can find the workpapers for development of the following AUF pro forma adjustments identified by Mr. Szczygiel and as provided in response to OPC POD 2, including the filename and tab location: Employee Salaries and Benefits; Contractual Services – Management Fees; Contractual Services – Other Expense; Transportation Expense; Purchased Water and Wastewater Expenses; Sludge Hauling Expense; Contract Services - Meter Readers; Contract Operations – South Seas; Adjustments for Aqua Connect Meetings.
148. For purposes of this request, please refer to Mr. Franceski's testimony, p. 3, lines 21-22, where he states, "I have also calculated the appropriate rates for customers having Wastewater Only service using the average consumption for the respective rate class." Please clarify which rates were calculated – stand alone, consolidated, or both.

149. With respect to the calculations of the stand alone rates for AUF's water and wastewater systems by Mr. Franceski, please discuss any deviations from past Company practices in calculating the rates.
150. For purposes of this request, please refer to lines 3-5, page 4 of Mr. Franklin's testimony, which state: "Many of these systems needed major improvements. Our strategy was to spend our capital dollars to environmental compliance first."
- a. Identify each system now in AUF that needed to be brought into environmental compliance at the time of its purchase.
  - b. For each system identified in response to (a) describe the necessary improvement to bring it into compliance.
  - c. Provide the date on which each system identified in response to (a) was in compliance with all environmental regulations.
151. For purposes of this request, please refer to lines 6-7, page 5 of Mr. Franklin's testimony, which state: "AUF is committed to providing quality and reliable water and wastewater service and a high level of customer service as measured by several key metrics."
- a. Identify each of these metrics.
  - b. Identify the benchmark at which the Company believes the metric measures adequate service.
  - c. Provide the results of the metrics since the AUF systems were purchased.

152. For purposes of this request, please refer to lines 16-18, page 5 of Mr. Franklin's testimony which state: "The Company is in the midst of replacing all of its manually read meters with new meters equipped with a radio frequency ("RF") device."
- a. Please identify all AUF systems in which manually read meters are still in use.
  - b. For each system identified in response to (a) please provide the total number of meters, and the number which are now equipped with an RF device.
  - c. For each system identified in response to (a) please provide the estimated date on which all meters will have been replaced with RF meters.
153. For purposes of this request, please refer to lines 23-24, page 5 of Mr. Franklin's testimony, which state: "The goal is to estimate less than one percent of all meters."
- a. Please explain how the 1% benchmark was determined.
  - b. Please provide the percentage of monthly bills for 2006, 2007, and 2008 to date, which are estimated in each of AUF's affiliated companies in each state in which Aqua America operates.
  - c. Provide the percentage of AUF bills that were estimated in each of the years 2004, 2005, 2006, and 2007, and 2008 to date.
154. For purposes of this request, please refer to lines 1-6, page 6 of Mr. Franklin's testimony, which discusses the program Aqua Connects.
- a. Identify the date on which Aqua Connects was implemented.

- b. Identify the total number of meetings Aqua Connects has held in Florida since implementation of the program.
  - c. For each Aqua Connect meeting held to date provide the location, date, and number of customers in attendance.
  - d. Identify the schedule of Aqua Connects meetings going forward through 2008 and 2009.
  - e. Please discuss all facets of Aqua Connects in addition to public meetings.
  - f. Explain how customers were invited to the meetings: by billing insert, ads in local newspapers, telephone calls, other?
  - g. Identify, by system, and by account, all costs associated with Aqua Connects included in the test year.
155. Identify each water quality concern that was raised at the Aqua Connects meetings and for each explain how the Company has responded to the problem.
156. For purposes of this request, please refer to lines 13-15, page 6 of Mr. Franklin's testimony which state: "A new Chief Operating Manager was hired from a neighboring municipal system to increase the company's operating standard." Provide a detailed explanation of what is meant by "operating standard" and identify all benchmarks used to measure compliance with this standard. Provide the amount paid (salary, pensions and benefits, bonuses, etc) to the new Chief Operating Manager and identify, by system, and by account, the amount included in the test year.

157. For purposes of this request, please refer to lines 18-19 of page 6 of Mr. Franklin's testimony which state: "This new management team has already made a significant difference in operating the Company." Describe in detail all ways in which the new management team has made changes to the Company's operations.
158. For purposes of this request, please refer to page 6 of Mr. Franklin's testimony where he discussed change made to improve AUF operations since 2007. Please explain why these changes were not made prior to 2007.
159. For purposes of this request, please refer to lines 21-23, page 6 of Mr. Franklin's testimony.
- a. Identify all performance metrics in the customer call centers and each metric's benchmark or acceptable performance level.
  - b. Provide monthly metric results for 2006, 2007 and the first quarter of 2008 for AUF.
  - c. Provide the analogous monthly metric results for each of the other states in which Aqua America operates.
  - d. Please describe how the customer call centers are organized and which call centers handle calls of AUF customers.

160. For purposes of this request, please refer to lines 1-6, page 2 of Mr. Prettyman's testimony. Please describe in detail how Mr. Prettyman conducted his review of the gross data compared to the actual books and records and the analysis that was undertaken on a system by system basis.
161. The Company's B-7 Supplemental Schedule for 48 Estates states under the explanation column that a new generator was the reason for the cost increase in fuel for power production. Please provide a detailed explanation of how the new generator increased fuel for power production. State the size of the new and old generators.
162. For purposes of this request please refer to the Company's response to OPC POD 5, specifically the 2007 Variance Report – Budget to Current.
- a. Referring to column k, line 8, please explain the purpose of the comment contained in this cell.
  - b. Referring to column k, line 8, please provide a detailed listing of the amount by system with a description of what caused the Company's water revenues to be under budget by \$1.1 million. Please explain the comment in this same cell.
  - c. Referring to column k, line 9, please provide a detailed listing of the amount by system with a description of what caused the Company's wastewater revenues to be under budget by \$.432 million. Please explain the comment in this same cell.
  - d. Please explain what expected rate increases would not be realized in 2007.



- e. Referring to columns k and r, line 20, please provide a detailed explanation of the reasons for health and dental insurance to be under budget for 2007. Explain if this will continue into 2008 and if not provide a detailed explanation as to why it would not continue.
- f. Referring to columns k and r, line 20, please provide a detailed explanation of why profit sharing is over budget.
- g. Referring to columns k and r, line 25, please explain how the refund of \$10,800 on sales tax on chlorine was treated for the test year and which system(s) it impacts. Please explain why South Seas is over budget and if this cost increase is expected in 2008.
- h. Referring to columns k and r, line 26, please provide a detailed itemization of the amounts by system which resulted in the amount year to date corporate services operations expenses being under budget. For each instance, explain if this will continue into 2008 and if not provide a detailed explanation as to why it would not continue.
- i. Referring to columns k and r, line 28, please provide a detailed explanation for each instance that expenses were over or under budget. For each instance, explain if this will continue into 2008 and if not, provide a detailed explanation as to why it would not continue.
- j. Referring to columns k and r, line 27, please provide a detailed itemization of the amounts by system which resulted in the amount year to date customer operations expenses being under budget. For each instance, explain if this

will continue into to 2008 and if not provide a detailed explanation as to why it would not continue.

- k. Referring to columns k and r, line 29, please provide the amount of the Leesburg office rent escalation and back rent charged in 2007. Explain if this was removed from the test year and if so where this can be found in the MFRs.
- l. Referring to columns k and r, line 29, please provide the amount of lease expense back charged for 2005 and 2006 to Lake Suzy and the account this was charged to. Explain if this was removed from the test year and if so where this can be found in the MFRs.
- m. Referring to columns k and r, line 31, please provide a detailed explanation for each instance listed of transportation expenses that were over or under budget. Explain if the Company expects these expenses to continue at this level into 2008 and if so provide a detailed explanation as to what they will continue into 2008.
- n. Referring to columns k and r, line 33, please explain why bad debt expense was over budget and itemize the dollar amount associated with each reason.
- o. Referring to columns k and r, line 34, please provide a detailed explanation for each instance listed that other expenses were over budget. Explain if the Company expects these expenses to continue at this level into 2008 and if so provide a detailed explanation as to why.
- p. Referring to columns k and r, line 34, identify each system where penalties were incurred in 2007 and indicate if these were included in the test year. If

they are not included in the test year, please demonstrate that they have been removed.

- q. Referring to columns k and r, line 38, please explain why Chuluota sewer is over budget and the amount by which it is over budget. Please indicate if this level of expense is expected to continue into 2008, and if so please explain why it is expected to continue.
- r. Referring to columns k and r, line 40, please explain why property taxes are over budget. Please indicate if this level of expense is expected to continue into 2008, and if so please explain why it is expected to continue.

165. For purposes of this request, please refer to the Company's response to POD 5, Variance Report Budget to Current, January 2008.

- a. Please explain why Chuluota's water revenue is over budget and the amount it is over budget.
- b. Please explain why South Seas wastewater revenue is under budget and state the amount it is under budget.
- c. Please itemize the amount of labor expense that is over budget.
- d. Explain what is meant by the following: "Some of the regular labor is due to Smith & Rendell and offset with positive variance in non-operating expenses."
- e. Explain what the PAAM credit is and why it is unfavorable.
- f. Explain why health and dental insurance are under budget.
- g. Explain why Palm Terrace purchased less water than expected.
- h. Explain what the CCR reports are.

- i. Please explain why Chuluota was under budget.
- j. Please explain why flow testing is under budget.
- k. Explain why supplies are under budget.
- l. Please explain why GE Fleet leases and services are under budget and why miscellaneous direct is under budget.
- m. Please provide a detailed explanation of the following: "Our aging is still compromised due to all of the credits/cancelled bills issued the end of 2007. A calculation based on our actual over 90 aging wouldn't give a true picture, therefore bad debt expense was estimated at 2% of revenue."
- n. Please provide a detailed explanation for each of the following variances:  
"The favorable items are customer education \$2400, Communication \$1600, fines \$4800 and licenses \$1300. The unfavorable items are postage (\$2000) due to refilling postage meter which should last a few months and T&E related (\$1800) of which \$1500 is meals from the North Christmas party and dinners during the CAP meetings."

166. For purposes of this request, please refer to the Company's response to POD 5, Variance Report Budget to Current, February 2008.

- a. Identify the state in which the power outage caused an increase in labor costs.
- b. Explain why health and dental insurance are under budget.
- c. Please explain the following statement: "It appears as though the budget for employee insurances was for gross charges rather than including employee contributions. Jan emp contributions is \$9,055."

- d. Please explain the reason why most systems purchased water expense are under budget.
  - e. State the amount by which South Seas sludge hauling expense was lower due to a lower priced hauler. Provide the amount by which the charge was lower and how this was taken into consideration in the test year. If it was not taken into consideration, please provide an estimate of the impact on the test year.
  - f. Please explain all reasons that Chuluota's chemical expense is under budget.
  - g. Please explain why corporate services and sundry expense are under budget.
  - h. Please explain why tank inspections are under budget.
  - i. Please explain why the following are under budget: water distribution repairs, hydrant testing, and collection system maintenance.
  - j. Please explain why GE Fleet leasing and services are lower than expected.
  - k. Please describe each of the following items and why they are over or under budget: "The favorable items are fines \$4700 and licenses \$2200, postage \$4100 & other/office supplies \$1500. The unfavorable items are civic education (\$5900) and T&E related (\$3000) some of which is related to hotels for the January CAP meeting attendees and dues & communication chgs (\$1300)."
  - l. Please explain why depreciation expense is under budget.
167. For purposes of this request, please refer to the Company's response to POD 5, Variance Report Budget to Current, March 2008.

- a. Please explain why profit sharing is under budget.
  - b. Please explain the meaning of the following: "It appears as though the budget for employee insurances was for gross charges rather than including employee contributions. Mar emp contributions is \$9,300." Is this the reason for health and dental insurance being below budget.
  - c. Please explain why each of the following items is over or under budget:  
"Regular labor is over (\$5100), OT is over (\$6,200). Bonus is under \$36,700 due 2007 unused bonus true up and stock option is over (\$3,700) due to a forfeiture true up."
  - d. Explain how the unused bonuses for 2007 are reflected in the test year.  
Explain what gave rise to the unused bonuses.
  - e. Please explain why Palm Terrace's purchase has been favorable all year.
  - f. Please explain what is meant by: "The largest favorable is FL Comm Pk, no hauling due to plant upset."
  - g. Please explain why Corporate Services is over budget by \$18,000.
  - h. Please explain why tank inspection and outside meter reader expenses are under budget.
  - i. Please explain why GE fleet services are favorable.
168. For purposes of this request, please refer to the Company's response to POD 5, Variance Report Budget to Current, April 2008.
- a. Please explain why water revenues are over budget year-to-date, by system.

- b. Please explain why Corporate services are under budget and Sundry is over budget.
  - c. Please explain by customer operations expense are favorable year-to-date.
  - d. Please explain why tank inspection and outside meter reader expenses are under budget.
  - e. Please explain why the following and under or over budget: "Unfavorable variances in pump repairs (\$234), and backflow certifications (\$125), Bldg & ground maint (\$2,800), collection system maint (\$1,700), Lift station cleaning/repairs (\$7,700). Favorable variances in Generator Maint \$12,500, Water Dist repairs \$2,600, WWTP maint \$5,800, Hydrant testing \$700"
  - f. Please explain the following: "Village Water is under (\$6,200) they were budgeted based on the prior billings of the TX customers."
  - g. Please explain the following: "Fountain Lakes was budgeted for (\$36,667) but location is not active until May 1."
169. Please explain why the following systems do not show an allocation or charge from Aqua Services, Inc.: Beecher's Point wastewater, Florida Central Commerce wastewater, Lake Suzy water, Lake Suzy wastewater, South Seas, and Village Water wastewater.
170. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide a detailed explanation of the following proforma adjustments: Project ACO Dual Water/Sewer Customer adjustment to allocations, Projected Service Company Dual

Water/Sewer Custom adjustment to allocations; Additional 2008 Service Co. employee benefits; and Additional 2008 Service Company headcount, fully loaded.

171. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide a detailed explanation of the following normalization adjustments:  
'Normalize 2007 Intracompany misallocation of a/c 426 to Operating Expenses;  
Normalize 2007 Intracompany misallocation; 'Normalize 2007 Intracompany misallocation of a/c 426 to Operating Expenses; 'Normalize 2007 Intercompany misallocation due to Fairways; and 'Allocate Payroll Taxes from Admin dept
172. Please refer to the Company's MFRs for all systems and provide the following:
- a. Provide an explanation of the changes to Account Number 601 and 701, Salaries and Wages - Employees, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
  - b. Provide an explanation of the changes to Account Number 603 and 703, Salaries and Wages – Officers, Directors, Stockholders, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
  - c. Provide an explanation of the changes to Account Number 632 and 732, Contractual Services – Accounting, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or



decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.

- d. Provide an explanation of the changes to Account Number 650 and 750, Transportation Expenses, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
- e. Provide an explanation of the changes to Account Number 656 and 756, Insurance – Vehicle, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
- f. Provide an explanation of the changes to Account Number 657 and 757, Insurance – General Liability, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
- g. Provide an explanation of the changes to Account Number 670 and 770, Bad Debt Expense, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.

- h. Provide an explanation of the changes to Account Number 675 and 775, Miscellaneous Expenses, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
173. Please refer to the Company's MFRs for Chuluota, Fern Terrace, Grand Terrace, Haines Creek, Holiday Haven, Jasmine Lakes, Jungle Den, JS 48 Estates, Kingswood, Lake Gibson Estates, Ocala Oaks, Palm terrace, Picciola Island, Pomona Park, River Grove, Silver Lake Estates/Western, Skycrest, South Seas, Tangerine, The Woods, Venetian Village, and Zephyr Shores. Please provide an explanation of the changes to Account Number 635 and 735, Contractual Services –Testing, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
174. Please refer to the Company's MFRs for Lake Josephine, Sebring Lakes, Fern Terrace, Grand Terrace, Holiday Haven, Skycrest, Tangerine, Palm Terrace, Gibsonia Estates, Beechers Point, Chuluota, and Sunny Hills. Please an explanation of the changes to Account Number 604 and 704, Employee Pensions and Benefits, from 2005 to 2006 and from 2006 to 2007 for each system. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis

175. Please refer to the Company's MFRs for the Lake Osbourne Estates System. Please explain why expenses for Account Number 731, Contractual Services - Engineering, are zero in 2005, increased to \$226 in 2006, and then increased to \$230 in 2007.
176. Please refer to the Company's MFRs for the Jasmine Lakes System. Please explain why expenses for Account Number 633, Contractual Services - Legal, are negative \$5,769 in 2005.
177. Refer to the Company's MFRs for the Sunny Hills System and provide the following:
- a. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$4,495 in 2006 and then increased to \$8,900 in 2007.
  - b. Please explain why expenses for Account Number 736, Contractual Services—Other are \$2,087 in 2005, increased to \$4,186, and then increased to \$8,408 in 2007.
  - c. Please explain why expenses for Account Number 711, Sludge Removal Expense are \$0 in 2006 and then increased to \$525 in 2007.
  - d. Please explain why expenses for Account Number 718, Chemicals, are \$588 in 2006 and then increased to \$1,006 in 2007.
178. Please refer to the Company's MFRs for the Arrendondo Estates/Farms System and provide the following:
- a. Please explain why expenses for Account Number 620, Materials and Supplies are \$260 in 2005, increased to \$1,008 in 2006, and then increased to \$1,450 in 2007.
  - b. Please explain why expenses for Account Number 636, Contractual Services—Other are \$3,894 in 2005, then increased to \$14,284 in 2006, and increased to \$17,569 in 2007.

- c. Please explain why expenses for Account Number 711, Sludge Removal Expense are \$28,317 in 2005 and then increased to \$43,165 in 2006, and then decreased to \$39,118 in 2007.
  - d. Please explain why expenses for Account Number 720, Materials and Supplies are \$188 in 2006 and then increased to \$711 in 2007.
179. Please refer to the Company's MFRs for the Oakwood System and provide the following:
- a. Please explain why expenses for Account Number 636, Contractual Services—Other are \$48 in 2005, then increased to \$643 in 2006, then increased to \$2,500 in 2007.
  - b. Please explain why expenses for Account Number 675, Miscellaneous Expenses are \$106 in 2005 and then increased to \$14,075 in 2006.
  - c. Please explain why expenses for Account Number 620, Materials and Supplies are \$0 in 2005, and then increased to \$1,046 in 2006, and then increased to \$1,780 in 2007.
180. Please refer to the Company's MFRs for the Lake Josephine System and provide the following:
- a. Please explain why expenses for Account Number 615, Purchased Power are \$9,975 in 2005, then increased to \$12,675 in 2006, and then increased to \$18,367 in 2007.
  - b. Please explain why expenses for Account Number 618, Chemicals are \$7,435 in 2005 and then increased to \$9,414 in 2006.

- c. Please explain why expenses for Account Number 620, Materials and Supplies are \$559 in 2005, and then increased to \$4,491 in 2006.
  - d. Please explain why expenses for Account Number 631, Contractual Services—Engineering are \$272 in 2005 and then increased to \$1,133 in 2006.
181. Please refer to the Company's MFRs for the Leisure Lakes System and provide the following:
- a. Please explain why expenses for Account Number 634, Contractual Services—Management Fees are \$6,273 in 2006 and then increased to \$9,379 in 2007.
  - b. Please explain why expenses for Account Number 636, Contractual Services—Other are \$12,637 in 2006 and then increased to \$16,391 in 2007.
  - c. Please explain why expenses for Account Number 711, Sludge Removal are \$5,070 in 2005, increased to \$9,800 in 2006, and then increased to \$10,134 in 2007.
182. Please refer to the Company's MFRs for the East Lake Harris System. Please explain why expenses for Account Number 636, Contractual Services—Other are \$880 in 2006 and then increased to \$2,699 in 2007.
183. Please refer to the Company's MFRs for the Fern Terrace System and provide the following:
- a. Please explain why expenses for Account Number 615, Purchased Power are \$2,029 in 2005, increased to \$2,570 in 2006, and then increased to \$3,027 in 2007.
  - b. Please explain why expenses for Account Number 620, Materials and Supplies are \$248 in 2005, increased to \$1,364 in 2006, and then increased to \$1,376 in 2007.

- c. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$1,028 in 2006 and then increased to \$2,166 in 2007.
  
- 184. Please refer to the Company's MFRs for the Grand Terrace System and provide the following:
  - a. Please explain why expenses for Account Number 615, Purchased Power are \$1,363 in 2005, increased to \$1,876 in 2006, and were \$1,857 in 2007
  - b. Please explain why expenses for Account Number 620, Materials and Supplies are \$22 in 2005, increased to \$1,434 in 2006, and were \$1,007 in 2007.
  
- 185. Please refer to the Company's MFRs for the Hobby Hills System and provide the following:
  - a. Please explain why expenses for Account Number 636, Contractual Services—Other are \$476 in 2005, then increased to \$825 in 2006 and then increased to \$1616 in 2007.
  - b. Please explain why expenses for Account Number 620, Materials and Supplies are \$51 in 2006 and then increased to \$2,314 in 2007.
  
- 186. Please refer to the Company's MFRs for the Holiday Haven System and provide the following:
  - a. Please explain why expenses for Account Number 636, Contractual Services—Other are \$790 in 2005, then increased to \$5,207 in 2006, and then increased to \$6,808 in 2007.

- b. Please explain why expenses for Account Number 711, Sludge Removal Expenses are \$9,018 in 2005, and then increased to \$11,577 in 2006, and then increased to \$15,205 in 2007.
  - c. Please explain why expenses for Account Number 718, Chemicals are \$1,168 in 2005, increased to \$2,026 in 2006, and were \$2,008 in 2007.
  - d. Please explain why expenses for Account Number 720, Materials and Supplies are \$213 in 2005, increased to \$1,969 in 2006, and decreased to \$1,461 in 2007
  - e. Please explain why expenses for Account Number 736, Contractual Services—Other are \$8,427 in 2005, increased to \$13,472 in 2006, and increased to \$14,167 in 2007.
187. Please refer to the Company's MFRs for the Haines Creek System. Please explain why expenses for Account Number 615, Purchased Power are \$738 for 2006 and then increased to \$1,692 in 2007.
188. Please refer to the Company's MFRs for the Imperial Mobile Terrace System and provide the following:
- a. Please explain why expenses for Account Number 620, Materials and Supplies are \$662 for 2006 and then increased to \$1,408 in 2007.
  - b. Please explain why expenses for Account Number 636, Contractual Services—Other are \$1,134 in 2006 and then increased to \$10,702 in 2007.

189. Please refer to the Company's MFRs for the Kings Cove System and provide the following:
- a. Please explain why expenses for Account Number 615, Purchased Power are \$4,744 in 2005, increased to \$6,494 in 2006, and decreased to \$5,833 in 2007.
  - b. Please explain why expenses for Account Number 620, Materials and Supplies are \$518 in 2005, increased to \$2,545 in 2006, and decreased to \$1,212 in 2007.

---

Charlie Beck  
Deputy Public Counsel



**AFFIDAVIT**

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, personally appeared \_\_\_\_\_, who deposed and stated that he/she provided the answers to interrogatories \_\_\_\_\_ served on \_\_\_\_\_ by \_\_\_\_\_ on \_\_\_\_\_ and that the responses are true and correct to the best of his/her information and belief.

DATED at \_\_\_\_\_, \_\_\_\_\_, this day of \_\_\_\_\_, 2008.

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
NOTARY PUBLIC

State of \_\_\_\_\_ at Large

My Commission Expires: \_\_\_\_\_

**CERTIFICATE OF SERVICE**  
**DOCKET No. 080121-WS**

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Service has been furnished by electronic mail and U.S. Mail to the following parties on the 27<sup>th</sup> day of June, 2008.

Ralph Jaeger  
Florida Public Service Commission  
2540 Shumard Oak Blvd  
Tallahassee, FL 32399-0850

Bruce May, Esq.  
Gigi Rollini, Esq.  
c/o Holland & Knight Law Firm  
P.O. Drawer 810  
Tallahassee, FL 32302-0810

Ms. Kimberly A. Joyce  
Aqua Utilities Florida, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19-10-3402

\_\_\_\_\_  
Charlie Beck  
Deputy Public Counsel

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for increase in water and )  
wastewater rates in Alachua, Brevard, DeSoto, ) DOCKET NO. 080121-WS  
Highlands, Lake, Lee, Marion, Orange, )  
Palm Beach, Pasco, Polk, Putnam, ) Filed July 31, 2008  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )  
\_\_\_\_\_ )

**CITIZENS' THIRD SET OF INTERROGATORIES**  
**TO AQUA UTILITIES FLORIDA, INC. (Nos. 190-263)**

Pursuant to § 350.0611(1), Florida Statutes, Rule 28-106.206, Florida Administrative Code and Rule 1.340, Florida Rules of Civil Procedure, the Citizens of the State of Florida ("Citizens") by and through their undersigned attorney with the Office of Public Council ("OPC") hereby propound the following interrogatories to Aqua Utilities Florida, Inc. ("AUF," "Aqua," "Utility," or "Company"), to be answered on or before 30 days from the date of service (September 1, 2008), or at such other time and place as may be mutually agreed upon by counsel. Each interrogatory should be answered under oath by the most qualified and informed person to provide the most complete and accurate answer to each question, who is also included within the definition of Aqua Utilities Florida, Inc.

**DEFINITIONS**

As used herein, the following words shall have the meanings indicated:

- (i) "Aqua Utilities Florida, Inc.," shall mean Aqua Utilities Florida, Inc., including but not limited to any of its directors, employees, consultants, agents, representatives, attorneys (concerning nonprivileged matters, which privilege

must be expressly identified and justified) and any other person or entity acting or purporting to act on behalf of the Company.

- (ii) "You" or "Your" means Aqua Utilities Florida, Inc. as defined above.
- (iii) "Affiliate" means any entity that directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with Aqua Utility Florida, Inc., or shares a 5% or greater common ownership.
- (iv) "Identify" shall mean, with respect to any document or report; set forth the title, if any, describe the relevant page or pages and line or lines thereof (or annex a copy to the answer to these interrogatories, with appropriate designations of such page or pages and line or lines), and state the present location and custodian of the original and all copies of the documents, who prepared the document, and when it was prepared.

## INSTRUCTIONS

- A. Documents or reports to be identified shall include all documents in your possession, custody and control and all other documents of which you have knowledge.
  
- B. Each interrogatory is to be answered based upon the knowledge, information, or belief of the Company, and any answer based upon information and belief is to state that it is given on such basis. If the complete answer to an interrogatory is not known, so state and answers as fully as possible the part of the interrogatory to which an answer is known. For each answer, or part thereof, please identify the individual or individuals who provided the information or helped in providing the information contained in the responses, specifying the individual's business address, telephone number, and the individual's relationship to the Company, and please identify the witness who will be sponsoring the responses and will be able to answer cross-examination questions concerning the response.
  
- C. If the requested information is not applicable, that response should be reported as well as the reason why. If the requested information is not available, that response should be reported as well as the reason why.
  
- D. If an interrogatory contained herein asks for information that has already been provided, please so state, indicating the date provided and, if applicable, the interrogatory number, the request of production number, or staff data request that requested the information.
  
- E. To the extent an interrogatory calls for information that cannot now be precisely and completely furnished, such information as can be furnished should be included in the answer, together with a statement that further information cannot be furnished, and a statement as to

the reasons therefore. If you expect to obtain further information between the time answers are served and the time of hearing, you are requested to state this fact in each answer and provide such further information as soon as it is available. If the information that cannot now be furnished is believed to be available by another person, identify such other person and the reasons for believing such person has the described information.

- F. In the event any interrogatory herein calls for information or for the identification of a document which you deem to be privileged, in whole or in part, the information should be given or the document identified to the fullest extent possible consistent with such claim of privilege and specify the grounds relied upon for the claim of privilege.
- G. If the respondent intends to seek clarification of any portion of the discovery request, the respondent shall request such clarification within 10 days of service of the discovery request. Further, any specific objection to a discovery request shall be made within 10 days of service of the discovery request.
- H. Separate answers shall be furnished for each interrogatory, although where the context permits, an interrogatory may be answered by reference to the answer furnished to another interrogatory.
- I. Please provide a copy of all written responses and attachments (where available) to these interrogatories in electronic format.

## INTERROGATORIES

190. For purposes of this request, please refer to the spreadsheet "2007 Gallons Billed W.xls" that was included in the Response to OPC POD 8, and answer the following questions:
- a. For Arredondo Farms Water, please explain the circumstances causing the adjustment of 10,432 gallons in the month of June.
  - b. For Chuluota Water, please explain why no gallons were billed for commercial customers in January and if a correction was made in another month. If a correction was issued, please provide the number of gallons affected and in what month the correction was issued.
  - c. For Imperial Water, please explain the circumstances causing the residential usage to increase from 981 gallons in April to 10,638 gallons in May and then decrease to 599 gallons in June and why no correction was issued.
  - d. For Ocala Water, please explain why no commercial usage was billed in March and if it was corrected in another month. If a correction was issued, please provide the number of gallons affected and in what month the correction was issued.
  - e. For Pine Valley Water, please explain the circumstances causing the residential usage to increase from 433 gallons in April to 10,496 gallons in May and then decrease to 449 gallons in June and why no correction was issued.

- f. For Sarasota Water, please explain the circumstances causing the adjustments to residential and commercial consumption made in August, September, October, November, and December.
  - g. For Village Water Water, please explain the circumstances causing the adjustment to residential consumption in September of 10,186 gallons.
191. For purposes of this request, please refer to the spreadsheet “2007 Gallons Billed W.xls” that was included in the Response to OPC POD 8. In the cells containing the amount of gallons billed for each month for residential customers, some of the time a formula is used.
- a. Please explain the inconsistency in using a formula to calculate the gallons billed for residential customers.
  - b. Please explain why commercial gallons are subtracted to calculate the gallons bills for residential customers for the months a formula is used.
192. For purposes of this request, please refer to the spreadsheet “2007 Gallons Billed WW.xls” that was included in the Response to OPC POD 8, and answer the following questions:
- a. For Arredondo Farms Wastewater, please explain the circumstances causing the billing of negative 1,088 gallons in the month of May and negative 30 gallons in the month of December.



- b. For Beecher's Point Wastewater, please explain the "Problems with River Bend Condo billing."
  - c. For Lake Gibson, please explain how the 25% for I&I and Line Breaks is calculated.
  - d. For Sarasota Wastewater, please explain the circumstances causing the billing of negative 55,055 gallons in the month of January.
  - e. For South Seas Wastewater, please explain the notation "Do not change Jan-Mar #'s" and why it appears in the spreadsheet.
  - f. For South Seas Wastewater, please explain the circumstances causing the increase in the amount of commercial gallons from 2,631 in November to 18,686 in December. Please explain if there was any correction made to the test year.
  - g. Please explain the circumstances causing an adjustment in the following wastewater systems all in the month of October: Arredondo Farms, Chuluota, Holiday Haven, Jasmine Lakes, Jungle Den, Kings Cove, Lake Suzy, Leisure Lakes, Morningview, Palm Port, Palm Terrace, Park Manor, Peace River, Rosalie Oaks, Sarasota, South Seas, Summit Chase, Sunny Hills, The Woods, Valencia Terrace, Venetian Village, and Zephyr Shores.
193. For purposes of this request, please refer to the spreadsheet "2007 Billed Revenue and Adjustments.xls" that was included in the Response to OPC POD 8, and answer the following questions:

- a. For Arredondo Estates Water, please explain the circumstances causing the revenue adjustments for residential customers in the following months: \$1,084.31 in February; \$2,341.03 in March; \$3,276.21 in May; \$1,845.03 in June; and \$3,352.73 in December.
- b. For Arredondo Farms Water, please explain the circumstances causing the revenue adjustments for residential customers in the following months: \$1,374.83 in January; \$1,312.65 in February; \$11,733.38 in April; \$30,554.08 in May; \$33,637.95 in June; \$2,954.60 in July; \$2,430.87 in August; and \$9,660.49 in December.
- c. For Beecher's Point Water, please explain the circumstances causing the revenue adjustments for residential customers in the following months: \$2,586.87 in December. Also for the commercial customers, please explain the circumstances causing the revenue adjustments in the following months: \$2,236.60 in January and \$8,748.45 in August.
- d. For Gibsonia Estates Water, please explain the circumstances causing the revenue adjustments for residential customers in the following months: \$191.90 in September; \$251.39 in October; and \$699.46 in December. Also for the commercial customers, please explain the circumstances causing the revenue adjustments in the following months: \$208.83 in September.

- e. For Imperial Water, please explain the circumstances causing the revenue adjustments for residential customers in the following months: \$39,056.68 in June.
- f. For Pine Valley Water, please explain the circumstances causing the revenue adjustments for residential customers in the following months: \$10,331.11 in June.
- g. For Rosalie Oaks Water, please explain the circumstances causing the revenue adjustments for residential customers in the following months: \$5,401.77 in September.
- h. For Sebring Lakes Water, please explain the circumstances causing the revenue adjustments for residential customers in the following months: \$1,819.62 in June; \$8,135.11 in August; \$2,714.36 in September; and \$2,023.85 in December.
- i. For Silver Lake Oaks Water, please explain the circumstances causing the revenue adjustments for residential customers in the following months: \$243.51 in April; \$600.75 in August; and \$2,445.57 in December.
- j. For The Woods Water, please explain the circumstances causing the revenue adjustments for residential customers in the following months: \$1,626.90 in July and \$2,227.89 in December.
- k. For Village Water Water, please explain the circumstances causing the revenue adjustments for residential customers in the following months: \$1,403.18 in

January and \$37,936.54 in September. Also for the commercial customers, please explain the circumstances causing the revenue adjustments in the following months: \$4,339.43 in February; \$10,602.73 in March; \$1,158.51 in June; and \$1,961.39 in December.

- l. For Arredondo Farms Wastewater, please explain the circumstances causing the revenue adjustments for residential customers in the following months: \$1,510.02 in February; \$13,788.85 in April; \$1,779.87 in June; \$2,104.90 in July; \$2,975.20 in August; \$1,028.76 in September; and \$8,836.74 in December. Also for the commercial customers, please explain the circumstances causing the revenue adjustments in the following months: \$232.58 in May and \$612.61 in December.
- m. For Beecher's Point Wastewater, please explain the circumstances causing the revenue adjustments for commercial customers in the following months: \$3,018.45 in March and \$14,597.29 in August.
- n. For Rosalie Oaks Wastewater, please explain the circumstances causing the revenue adjustments for residential customers in the following months: \$10,649.15 in September and \$2,512.26 in December.
- o. For Silver Lake Oaks Wastewater, please explain the circumstances causing the revenue adjustments for residential customers in the following months: \$940.14 in August and \$3,509.32 in December.

- p. For The Woods Wastewater, please explain the circumstances causing the revenue adjustments for residential customers in the following months: \$781.26 in July; \$449.71 in August; and \$5,432.51 in December.
194. For purposes of this request, please refer to OPC Interrogatory 27. Please quantify the financial impact of using a 6.25% discount rate on the test year. Please provide all workpapers used, with all formulas and linked files intact.
195. For purposes of this request, please refer to the Excel File "OPC IROG 6.xls" provided in response to OPC Interrogatory 6.
- a. Please provide a detailed description as to what the projects "33-WASTEWATER FP" AND "33-WATER FP" refer to and explain why these projects are not associated with a particular system.
- b. Also please explain if the costs of the projects "33-WASTEWATER FP" AND "33-WATER FP" are allocated to the individual systems.
- c. Please explain the circumstances causing the \$120,000 substitutions for the Chuluota Water System.
- d. Please explain the circumstances causing the \$20,527 substitutions for the Haines Creek Water System.
- e. Please explain the circumstances causing the \$65,000 substitutions for the Lake Gibson Estates Water System.

- f. Please explain the circumstances causing the \$16,522 substitutions for the Pomona Park Water System.
- g. Please explain the circumstances causing the \$52,468 substitutions for the Silver Lake Water System.
- h. Please explain the circumstances causing the \$117,336 substitutions for the Sunny Hills Water System.
- i. Please explain the circumstances causing the \$188,700 substitutions for the Tangerine Water System.
- j. Please explain the circumstances causing the project labeled “MERITAGE-CALL CENTER” (Row 47), to be over-budget by \$92,904.
- k. Please explain why the project labeled “AUTOCAD – FL” (Row51) was eliminated from the budget.
- l. Please explain why the project labeled “SERVICE LINK – FL” (Row 53) was not included in the budget but had a cash outlay.
- m. Please explain the circumstances causing the meter replacements for Arredondo Estates Water to be over-budget by \$31,416.
- n. Please explain the circumstances causing the meter replacements for Arredondo Farms Water to be over-budget by \$32,334.

- o. Please explain the circumstances causing the wastewater treatment plant expansion for Chuluota Wastewater to be over-budget by \$671,675.
- p. Please explain the circumstances causing the chloramination conversion for the Chuluota Water System to be over-budget by \$511,974.
- q. Please explain the circumstances causing the water main extension for the Chuluota Water System to be over-budget by \$23,198.
- r. Please explain the circumstances causing the 1<sup>st</sup> Street water main relocation for the Chuluota Water System to be over-budget by \$129,221.
- s. Please explain the circumstances causing the distribution line replacements for the Holiday Haven Water System to be over-budget by \$9,895.
- t. Please explain the circumstances causing the I&I study and improvements for the Jasmine Lakes Wastewater System to be over-budget by \$98,558.
- u. Please explain the circumstances causing the distribution line replacements for the Lake Gibson Estates Water System to be over-budget by \$21,956.
- v. Please explain the circumstances causing the new connections for the Lake Josephine Water System to be over-budget by \$64,501.
- w. Please explain the circumstances causing the new connections for the Lake Suzy Water System to be over-budget by \$27,386.

- x. Please explain the circumstances causing the meter replacements for the Leisure Lakes Water System to be over-budget by \$43,878.
  - y. Please explain the circumstances causing the meter replacements for the Oakwood Water System to be over-budget by \$20,051.
  - z. Please explain the circumstances causing the meter replacements for the Ocala Oaks Water System to be over-budget by \$198,662.
  - aa. Please explain the circumstances causing the meter replacements for the Palm Terrace Water System to be over-budget by \$24,616.
  - bb. Please explain the circumstances causing the meter replacements for the Sebring Lakes Water System to be over-budget by \$17,859.
  - cc. Please explain the circumstances causing the water main extension for the Silver Lake Water System to be over-budget by \$30,550.
  - dd. Please explain why master planning for Sunny Hills Wastewater was not included in the original or revised budget.
  - ee. Please explain the circumstances causing the distribution line replacements for the Village Water Water System to be over-budget by \$56,004.
196. For purposes of this request, please refer to the Excel File "OPC IROG 6.xls" provided in response to OPC Interrogatory 6.



- a. For each "Admin-Other ALL" project that was eliminated in 2007, please explain why the project was eliminated.
  - b. For each "Admin-Other ALL" project that was eliminated in 2007, please indicate whether or not it is included in the 2008 capital budget. If the project is not included in the 2008 capital budget, please explain the reason for not including it.
  - c. For each "Admin-Other ALL" project that was eliminated in 2007 but included in the 2008 capital budget, please provide the 2008 budgeted amount and the reason for the increase or decrease compared to the 2007 capital budget.
  - d. Please explain why approximately 97% of the original "Admin-Other ALL" projects were eliminated in 2007. In your explanation, please include if the substituted "Admin-Other ALL" projects were part of any projects originally listed in the budget.
  - e. For each "Admin-Other ALL" project that was substituted in 2007, please explain why the project was necessary in 2007 and when each project was completed.
  - f. Please explain why the following projects have negative amounts in the "Actuals" Column: Meritage-Call Center for negative \$38,072 and Software; Software Distribution for negative \$2,003.
197. For purposes of this request, please refer to the Excel File "OPC IROG 7.xls" provided in response to OPC Interrogatory 7. Please answer the following questions regarding the "Admin-Other All" projects.

- a. Please provide the amounts of any adjustments made to the budgeted amounts to-date and the reason for the increase or decrease.
  - b. For each substitution made to the budget, please explain the cause of the substitution, the amount of the substitution, and if the substituted projects were part any project listed in the Pro Forma budget.
  - c. For each project substituted in 2008, please explain why the project was necessary and when it was completed.
  - d. Please explain why approximately 40% of the Pro Forma "Admin-Other ALL" projects were eliminated in 2008. In your explanation, please include if the substituted "Admin-Other ALL" projects were part of the eliminated projects.
  - e. Please describe the project "Cust Serv Disp Area Renovations."
198. For purposes of this request, please refer to the Company's response to OPC Interrogatory 7. Please provide the number of desktop and laptop PC replacements for 2006, 2007, and budgeted for 2008.
199. Please provide the rationale of allocating the costs and expenses of the Sarasota and Leesburg administrative offices to all the Florida systems. ###
200. For purposes of this request, please refer to the Company's response to OPC Interrogatory 6. Please explain how the Company's budgeting process addresses unplanned projects, i.e. those that are identified as necessary once the budgets are

approved. Please state if any unplanned projects are included in the Excel file attached to the Company's response, where they are located, and the circumstances of each unplanned project.

201. For purposes of this request, please refer to Schedules B-5 and B-6 of the Company's MFRs.

a. On page 3 of 5, Please explain why Accounts 604 and 704 Employee Pensions and Benefits have negative entries each month.

b. On page 5 of 5, please explain why the following accounts had negative allocation which resulted in negative entries: Accounts 604 and 704 Employee Pensions and Benefits, Accounts 632 and 732 Contractual Services – Accounting, Accounts 650 and 750 Transportation Expenses, and Accounts 670 and 770 Bad Debt Expense.

c. On page 5 of 5, please explain for each account why there are credits to all systems in November.

202. For purposes of this request, please refer to the Company's response to OPC Interrogatory 7(d). Please refer to the Company's statement that "This change in telecommunication methodology has enabled voice over internet protocol across a wide area." Please explain what the Company means by the phrase "wide area," for example, the systems affected, the geographical range or locations included, or the companies or departments included.

203. For purposes of this request, please refer to the attachment provided with the Company's response to OPC Interrogatory 28, the Excel file "OPC IROG 28.xls." Please describe for each systems, the violation that resulted in the legal expense and describe the legal services provided for the years 2005, 2006, and 2007.
204. For purposes of this request, please refer to the Company's response to OPC Interrogatory 87. Please explain the term "thrift plan" and what caused pensions expense to be negative in 2006.
205. Please refer to the Company's response to OPC's Interrogatory 4.
- a. Please identify each system in the instant proceeding that did not have an AFUDC rate prior to October 13, 2006.
  - b. For each system, identify the amount of AFUDC included in the test year rate base, the associated accumulated depreciation, and the associated depreciation expense.
206. Please refer to the Company's response to OPC's Interrogatory 17.
- a. Please explain why the allocation of common costs to the septic tank pumping and sludge hauling services that were acquired in 2006 would not be appropriate in 2007.
  - b. Please explain how the Company allocates or plans to allocate common costs to the septic tank pumping and sludge hauling services in 2008.

- c. Please provide the revenue, expenses, and net plant in service for Aqua Wastewater Management for the years 2006, 2007, and as budgeted for 2008.
  - d. Please describe the customers of Aqua Wastewater Management and provide the number of customers that it provided services to in 2006, 2007, and 2008 to date.
  - e. Provide the revenue and net operating income of Aqua Wastewater Management and provide the number of customers that it provided services to in 2006, 2007, and 2008 to date.
207. Please refer to the Company's response to OPC's Interrogatories 16 and 18. For each Florida water and wastewater company/system that is pending acquisition, please provide the number of water and wastewater customers for the years 2006 and 2007 and describe the progress of the acquisition including whether or not a purchase agreement has been executed.
208. For each non Florida system is pending acquisition, please provide the number of water and wastewater customers for the years 2006 and 2007 and describe the progress of the acquisition including whether or not a purchase agreement has been executed.
209. Please refer to the Company's response to OPC's Interrogatory 28.
- a. Was the amount of \$25,571.57 charged directly to Jasmine Lakes in the test year?
  - b. If not, please explain and identify how these charges were booked during the test year and if allocated, the amount allocated to each system.

- c. State the amount of legal expense incurred in connection with Jasmine Lakes in 2005 and 2006.
  
210. For purposes of this request, please refer to the Company's response to OPC's POD 9 and the attachment provided by AUS. Please describe each and every adjustment made to the test year billing data by Mr. Prettyman by system.
  
211. For purposes of this request please refer to the Company's response to OPC's Interrogatory 72. Please explain and qualify the major reasons for the following cost increases at Aqua Services, Inc.:
  - a. Labor expense increase from \$9,387,518 in 2005 to \$13,083,237 in 2006 and to \$17,860,734 in 2007.
  - b. Outside Services expense increase from \$4,900,474 in 2006 to \$5,884,387 in 2007.
  - c. Lease expense from \$44,993 in 2006 to \$601,405 in 2007.
  
212. The Company's B-7 Supplemental schedule for Palm Terrace states under the explanation column that "purchasing all water – took plant offline" increased costs in water purchased.
  - a. Please identify the plant that was taken offline and describe all adjustments made by the Company as a result of taking the plant offline and explain when and why

the plant was taken off line. Please provide the calculations and workpapers associated with all adjustments in electronic spreadsheet format.

- b. When is the plant expected to come back on line?
  - c. State the amount of purchased water by year and for each month of 2008 associated with the plant that was taken offline.
213. For purposes of this request, please refer to Schedule A-5 of the MFRs for Jasmine Lakes. Please explain if an abandonment occurred, and if so, please provide a detailed explanation of the abandonment, which would include the plant abandoned, the date of the abandonment, and how it was treated on the Company's books.
214. For purposes of this request, please refer to Schedule A-5 of the MFRs for Kings Cove. Please explain if an abandonment occurred, and if so, please provide a detailed explanation of the abandonment, which would include the plant abandoned, the date of the abandonment, and how it was treated on the Company's books.
215. For purposes of this request, please refer to Schedule A-5 of the MFRs for Palm Terrace. Please explain if an abandonment occurred, and if so, please provide a detailed explanation of the abandonment, which would include the plant abandoned, the date of the abandonment, and how it was treated on the Company's books.
216. For purposes of this request, please refer to Schedule A-5 of the MFRs for Summit Chase. Please explain if an abandonment occurred, and if so, please provide a detailed

explanation of the abandonment, which would include the plant abandoned, the date of the abandonment, and how it was treated on the Company's books.

217. Lobbying. Please refer to the Company's response to OPC's Interrogatory 41. Please provide a detailed explanation of the activities performed by each firm listed in the attachments to this response. Please indicate if the amounts provided in the response are for the Florida systems included in the case or precisely at what level the expenses are incurred and charged to Florida.
218. Advertising. Please refer to the Company's response to OPC's Interrogatory 44. Please describe the nature of each 2007 advertising expense and what it was intended to convey.
219. Non-Utility Income. Please refer to the Company's response to OPC's Interrogatory 49. Identify all Aqua America and Aqua Services expenses that were charged to the function of performing the functions that resulted in the Home Service Commissions and identify where these costs are recorded on the books of Aqua America and/or Aqua Services.
220. Non-Utility Income. Please refer to the Company's response to OPC's Interrogatory 49, where it is stated that:

Aqua America receives a 5% commission of the Service Agreement fees for all new and renewing Service Agreements. In addition to the standard commission, Home Service shall pay Aqua America 1% of the total Service Agreement fee for all new and renewed Service Agreements sold throughout the United States by Home Service through investor-owned or municipal water companies other than Aqua America during the term of the agreement.

For 2007 and 2008:



- a. Please identify the persons that perform the services that generate these commissions.
- b. Please provide the fully loaded salaries and benefits of the persons that perform the services that generate these commissions.
- c. For the persons identified in (a), please state for what company or system the person works and identify the company and/or system where the person's salary is charged.

221. Please refer to the Company's response to OPC's Interrogatory 53, where it is stated in part:

To immediately correct the problem, the scheduling for meter reading was removed from Florida and managed by the Meter Reading Department in Bryn Mawr who worked to bring all the routes and cycles back to the 26 to 35 day window. In addition, another change in AUF's operations was the ongoing conversion to Radio Frequency meter reading which will greatly improved the meter reading efficiency. A point person was also assigned within the billing department works exclusively with Florida to correct problem accounts. The costs related to these policy and procedural improvements are normal operating expenses.

- a. Identify by system the costs charged in 2007 in connection with the statement, "To immediately correct the problem, the scheduling for meter reading was removed from Florida and managed by the Meter Reading Department in Bryn Mawr who worked to bring all the routes and cycles back to the 26 to 35 day window."

- b. If no costs were incurred, please explain why the addition of the Meter Reading Department in Bryn Mawr did not result in added cost to the Florida systems.
  - c. With respect to the statement that “The costs related to these policy and procedural improvements are normal operating expenses.” Please qualify the costs associated with the effort expended by the Company to correct the billing problems encountered since the last rate case.
222. Please refer to the Company’s response to OPC’s Interrogatory 54. Please explain the response for the reserve adjustments for 2007.
223. Costs maintained on Books. Please refer to the Company’s response to OPC’s Interrogatory 79.
- a. With respect to the expenses shown for Aqua Services, please provide a detailed description of the costs that are retained on the books.
  - b. With respect to the expenses shown for Aqua America, please explain why each expense is not allocated or charged to its affiliated companies in 2006 and 2007.
  - c. With respect to the expenses shown for Aqua America, please explain why acquisition expenses do not appear to be retained on the books of Aqua America and identify the amount of such expense that were charged to AUF in 2007.
224. Salaries. Please refer to the Company’s response to OPC’s Interrogatory 91. Please provide the salaries that resulted in the percentage increases provided in this response.

225. Salaries. Please refer to the Company's response to OPC's Interrogatory 92. Please provide the amount of the salary before the 10% compensation adjustment for each position shown and the amount after the compensation adjustment. Identify the water and/or wastewater systems associated with each of these specific positions.
226. Salaries. Please refer to the Company's response to OPC's Interrogatory 93. Please identify the Bates pages referred to in this response.
227. Provide a list of cases that Mr. Prettyman and Mr. Guastella have testified in during the last five years. Please provide the state, client, regulatory agency, date of testimony, and subject matter of the testimony.
228. Meter Change Out Program. Please refer to the Company's response to OPC's POD 36. Please explain the purpose of the Excel spreadsheet provided in this response.
229. By system, please provide the amount of bad debt expense for each of the years 2004, 2005, 2006 and 2007.
230. Please refer to the Company's MFRs for the Summit Chase System and provide the following:
- a. Please explain why expenses for Account Number 620, Materials and Supplies, are \$139 for 2005, increased to \$2,345 in 2006, and then decreased to \$990 in 2007.

- b. Please explain why expenses for Account Number 631, Contractual Services—Engineering, are \$272 in 2005, then increased to \$579 in 2006, and then increased to \$3,010 in 2007.
  - c. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$2,239 in 2006 and then increased to \$3,753 in 2007.
  - d. Please explain why expenses for Account Number 720, Materials and Supplies, are \$774 in 2005, then increased to \$1,057 in 2006, and then increased to \$1,904 in 2007.
231. Please refer to the Company's MFRs for the Morningview System and provide the following:
- a. Please explain why expenses for Account Number 620, Materials and Supplies, are \$160 for 2005, then increased to \$271 in 2006, and then increased to \$462 in 2007.
  - b. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$1,708 in 2006 and then increased to \$2,181 in 2007.
  - c. Please explain why expenses for Account Number 720, Materials and Supplies, are \$69 in 2005 and then increased to \$362 in 2006.
  - d. Please explain why expenses for Account Number 736, Contractual Services—Other, are \$1,382 in 2005 and then increased to \$2,834 in 2006.

232. Please refer to the Company's MFRs for the Picciola Island System and provide the following:
- a. Please explain why expenses for Account Number 620, Materials and Supplies are \$251 for 2005, increased to \$501 for 2006, and then increased to \$1,041 in 2007.
  - b. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$1,621 in 2006 and then increased to \$3,123 in 2007.
233. Please refer to the Company's MFRs for the Palms System and provide the following:
- a. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$403 in 2005, then increased to \$616 in 2006, and then increased to \$1,115 in 2007.
  - b. Please explain why expenses for Account Number 620, Materials and Supplies are \$229 in 2006 and then increased to \$820 in 2007.
234. Please refer to the Company's MFRs for the Piney Woods System and provide the following:
- a. Please explain why expenses for Account Number 615, Purchased Power, are \$2,735 in 2005, increased to \$4,066 in 2006, and decreased to \$3,976 in 2007.

- b. Please explain why expenses for Account Number 620, Materials and Supplies are \$285 in 2005, increased to \$1,381 in 2006, and were \$1,102 in 2007.
  
- 235. Please refer to the Company's MFRs for the Quail Ridge System and provide the following:
  - a. Please explain why expenses for Account Number 615, Purchased Power, are \$852 in 2005, increased to \$1,192 in 2006, and to \$1,440 in 2007.
  - b. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$659 in 2006 and then increased to \$1,477 in 2007.
  
- 236. Please refer to the Company's MFRs for the Ravenswood System and provide the following:
  - a. Please explain why expenses for Account Number 615, Purchased Power, are \$1,191 in 2005, increased to \$1,527 in 2006, and were \$1,508 in 2007.
  - b. Please explain why expenses for Account Number 616, Fuel for Purchased Power, are \$134 in 2005, then increased to \$187 in 2006, and then increased to \$1,360 in 2007.
  
- 237. Please refer to the Company's MFRs for the Skycrest System and provide the following:
  - a. Please explain why expenses for Account Number 615, Purchased Power, are \$1,456 in 2005, increased to \$2,059 in 2006, and increased to \$2,214 in 2007.

- b. Please explain why expenses for Account Number 620, Materials and Supplies, are \$0 in 2005, then increased to \$79 in 2006, and then increased to \$1,140 in 2007.
  - c. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$878 in 2006 and then increased to \$2,050 in 2007.
238. Please refer to the Company's MFRs for the Silver Lake Estates System and provide the following:
- a. Please explain why expenses for Account Number 615, Purchased Power, are \$39,870 in 2005, increased to \$62,274 in 2006, and were \$60,120 in 2007.
  - b. Please explain why expenses for Account Number 620, Materials and Supplies, are \$6,888 in 2005, increased to \$13,862 in 2006, and decreased to \$8,813 in 2007.
  - c. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$12,490 in 2006 and then increased to \$34,381 in 2007.
239. Please refer to the Company's MFRs for the Valencia Terrace System and provide the following:
- a. Please explain why expenses for Account Number 620, Materials and Supplies, are \$850 for 2005, increased to \$2,996 in 2006, and decreased to \$1,149 in 2007.

- b. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$3,622 in 2006 and then increased to \$5,928 in 2007.
  - c. Please explain why expenses for Account Number 720, Materials and Supplies, are \$606 in 2005, increased to \$1,448 in 2006, and increased to \$1,562 in 2007.
  - d. Please explain why expenses for Account Number 736, Contractual Services—Other, are \$7,010 in 2006 and then increased to \$9,312 in 2007.
240. Please refer to the Company's MFRs for the Venetian Village System and provide the following:
- a. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$1,251 in 2006 and then increased to \$3,084 in 2007.
  - b. Please explain why expenses for Account Number 736, Contractual Services—Other, are \$2,743 in 2005 and then increased to \$4,008 in 2006.
  - c. Please explain why expenses for Account Number 711, Sludge Removal Expense, are \$3,242 in 2006 and then increased to \$4,064 in 2007.
241. Please refer to the Company's MFRs for the South Seas System and provide the following:
- a. Please explain why expenses for Account Number 718, Chemicals, are \$10,894 in 2005, then increased to \$14,085 in 2006, and then increased to \$26,973 in 2007.



- b. Please explain why expenses for Account Number 711, Sludge Removal Expense, are \$24,000 in 2006 and then increased to \$52,688 in 2007.
  - c. Please explain why expenses for Account Number 736, Contractual Services—Other, are \$28,693 in 2006 and then increased to \$52,012 in 2007.
242. Please refer to the Company's MFRs for the Tangerine system and provide the following:
- a. Please explain why expenses for Account Number 620, Materials and Supplies, are negative \$287 in 2005, increased to \$5,165 in 2006, and decreased to \$2,417 in 2007.
  - b. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$2,539 in 2006 and then increased to \$7,329 in 2007.
243. Please refer to the Company's MFRs for the Palm Terrace System and provide the following:
- a. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$10,787 in 2006 and then increased to \$24,376 in 2007.
  - b. Please explain why expenses for Account Number 715, Purchased Power, are \$927 in 2005, then increased to \$10,047 in 2006, and then increased to \$18,218 in 2007.

- c. Please explain why expenses for Account Number 718, Chemicals, are \$14,022 in 2005, increased to \$26,447 in 2006, and then increased to \$28,637 in 2007.
  - d. Please explain why expenses for Account Number 736, Contractual Services—Other, are \$12,206 in 2006 and then increased to \$23,801 in 2007.
244. Please refer to the Company's MFRs for the Zephyr Shores System and provide the following:
- a. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$713 in 2005, then increased to \$4,196 in 2006, and then increased to \$9,391 in 2007.
  - b. Please explain why expenses for Account Number 736, Contractual Services—Other, are \$313 in 2005, then increased to \$2,524 in 2006, and then increased to \$6,641 in 2007.
245. Please refer to the Company's MFRs for the Gibsonia Estates System and provide the following:
- a. Please explain why expenses for Account Number 615, Purchased Power, are \$2,547 in 2005, then increased to \$3,753 in 2006, and then increased to \$6,761 in 2007.
  - b. Please explain why expenses for Account Number 618, Chemicals, are \$699 in 2005, then increased to \$1,136 in 2006, and then increased to \$1,445 in 2007.

246. Please refer to the Company's MFRs for the Lake Gibson Estates System and provide the following:
- a. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$207 in 2005, then increased to \$10,036 in 2006, and then increased to \$17,234 in 2007.
  - b. Please explain why expenses for Account Number 635, Contractual Services—Testing, are \$2,270 in 2006 and then increased to \$3,714 in 2007.
  - c. Please explain why expenses for Account Number 736, Contractual Services—Other, are \$5,750 in 2005 and then increased to \$8,541 in 2006.
247. Please refer to the Company's MFRs for the Orange Hills/Sugar Creek System and provide the following:
- a. Please explain why expenses for Account Number 620, Materials and Supplies, are \$58 in 2005, increased to \$2,159 in 2006, and then increased to \$2,398 in 2007.
  - b. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$2,961 in 2006 and increased to \$6,625 in 2007.
248. Please refer to the Company's MFRs for the Rosalie Oaks System and provide the following:

- a. Please explain why expenses for Account Number 711, Sludge Removal Expense, are \$2,114 in 2006 and then increased to \$3,407 in 2007.
  - b. Please explain why expenses for Account Number 736, Contractual Services—Other, are \$6,064 in 2006 and then increased to \$8,704 in 2007.
249. Please refer to the Company's MFRs for the Village Water System and provide the following:
- a. Please explain why expenses for Account Number 633, Contractual Services—Legal, are \$433 in 2005, and then increased to \$34,641 in 2006, and \$28,671 in 2007.
  - b. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$1,671 in 2005, then increased to \$2,173 in 2006, and then increased to \$5,998 in 2007.
  - c. Please explain why expenses for Account Number 731, Contractual Services—Engineering, are \$320 in 2005, then increased to \$2,444 in 2006, and then increased to \$3,095 in 2007.
  - d. Please explain why expenses for Account Number 715, Purchased Power, are \$6,993 in 2006 and then increased to \$11,081 in 2007.
250. Please refer to the Company's MFRs for the Beechers Point System and provide the following: Please explain why expenses for Account Number 636, Contractual

Services—Other, are \$874 in 2005, then increased to \$1,416 in 2006, and then increased to \$3,555 in 2007.

251. Please refer to the Company's MFRs for the Hermits Cove System and provide the following:

a. Please explain why expenses for Account Number 620, Materials and Supplies, are \$678 in 2005, and then increased to \$1,155 in 2006, and to \$1,365 in 2007.

b. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$1,254 in 2006 and then increased to \$3,387 in 2007.

252. Please refer to the Company's MFRs for the Interlachen Lake System and provide the following:

a. Please explain why expenses for Account Number 620, Materials and Supplies, are \$1,270 in 2005, and then increased to \$3,093 in 2006, and decreased to \$2,713 in 2007.

b. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$1,793 in 2005, and then increased to \$5,348 in 2006, and to \$5,828 in 2007.

253. Please refer to the Company's MFRs for the Palm Port System and provide the following:

- a. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$1,673 in 2006 and then increased to \$3,958 in 2007.
  - b. Please explain why expenses for Account Number 718, Chemicals, are \$843 in 2005, and then increased to \$1,444 in 2006 and \$1,421 in 2007.
254. Please refer to the Company's MFRs for the Pomona Park System and provide the following: Please explain why expenses for Account Number 636, Contractual Services—Other, are \$2,591 in 2005, and then increased to \$6,497 in 2006, and decreased to \$3,886 in 2007.
255. Please refer to the Company's MFRs for the Silver Lake Oaks System and provide the following:
- a. Please explain why expenses for Account Number 620, Materials and Supplies, are \$364 in 2005, and then increased to \$1,528 in 2006, and \$1,170 in 2007.
  - b. Please explain why expenses for Account Number 736, Contractual Services—Other, are \$4,347 in 2006 and then increased to \$6,083 in 2007.
256. Please refer to the Company's MFRs for the Welaka/Saratoga System and provide the following: Please explain why expenses for Account Number 636, Contractual Services—Other, are \$2,473 in 2006 and then increased to \$4,017 in 2007.
257. Please refer to the Company's MFRs for the Chuluota System and provide the following:

- a. Please explain why expenses for Account Number 615, Purchased Power, are \$18,424 in 2005, and then increased to \$31,904 in 2006, and \$33,286 in 2007.
- b. Please explain why expenses for Account Number 620, Materials and Supplies, are \$5,720 in 2005, then increased to \$14,244 in 2006, and then increased to \$21,120 in 2007.
- c. Please explain why expenses for Account Number 634, Contractual Services—  
Management Fees, are \$19,976 in 2006 and then increased to \$30,805 in 2007.
- d. Please explain why expenses for Account Number 636, Contractual Services—  
Other, are \$19,847 in 2006 and then increased to \$40,749 in 2007.
- e. Please explain why expenses for Account Number 715, Purchased Power, are \$7,280 in 2005, then increased to \$34,574 in 2006, and then increased to \$44,919 in 2007.
- f. Please explain why expenses for Account Number 720, Materials and Supplies, are negative \$3,094 in 2005, then increased to \$4,366 in 2006, and then increased to \$8,334 in 2007.
- g. Please explain why expenses for Account Number 734, Contractual Services—  
Management Fees, are \$14,644 in 2005 and then increased to \$26,615 in 2006.
- h. Please explain why expenses for Account Number 736, Contractual Services—  
Other, are \$17,213 in 2005 and then increased to \$28,321 in 2006.

- i. Please explain why expenses for Account Number 711, Sludge Removal Expense, are \$20,922 in 2006 and then increased to \$31,934 in 2007.
  
258. Please refer to the Company's MFRs for the Florida Central Commerce System and provide the following:
  - a. Please explain why expenses for Account Number 720, Materials and Supplies, are \$3,805 in 2005 and then increased to \$6,224 in 2006.
  - b. Please explain why expenses for Account Number 736, Contractual Services—Other, are \$32,308 in 2006 and then increased to \$70,564 in 2007.
  
259. Please refer to the Company's MFRs for the Harmony Homes System and provide the following:
  - a. Please explain why expenses for Account Number 620, Materials and Supplies, are \$328 in 2005, then increased to \$700 in 2006 and then increased to \$2,379 in 2007.
  - b. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$352 in 2006 and then increased to \$1,009 in 2007.
  
260. Please refer to the Company's MFRs for the The Woods System and provide the following: Please explain why expenses for Account Number 736, Contractual Services—Other, are \$5,414 in 2005, then increased to \$7,093 and then increased to \$9,619 in 2007.



261. Please refer to the Company's MFRs for the Jungle Den System and provide the following:
- a. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$387 in 2006 and then increased to \$2,877 in 2007.
  - b. Please explain why expenses for Account Number 711, Sludge Removal Expense, are \$4,829 in 2006 and then increased to \$6,066 in 2007.
  - c. Please explain why expenses for Account Number 736, Contractual Services—Other, are \$6,088 in 2006 and then increased to \$9,717 in 2007.
262. Please refer to the Company's MFRs for the Tomoka Twin Rivers System and provide the following: Please explain why expenses for Account Number 620, Materials and Supplies, are \$555 for 2005, then increased to \$3,214 in 2006, and \$4,838 in 2007.
263. For purposes of this request, please refer to the Company's response to OPC Interrogatory 53, where it states, "The costs related to these policy and procedural improvements are normal operating expenses." Please provide the amount of costs related to the policy and procedural improvements and the accounts they were booked to and state the amount of such improvements for each of the years 2004, 2005, 2006, and as budgeted for 2008.

---

Charlie Beck  
Deputy Public Counsel

**AFFIDAVIT**

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, personally appeared \_\_\_\_\_, who deposed and stated that he/she provided the answers to interrogatories \_\_\_\_\_ served on \_\_\_\_\_ by \_\_\_\_\_ on \_\_\_\_\_ and that the responses are true and correct to the best of his/her information and belief.

DATED at \_\_\_\_\_, \_\_\_\_\_, this day of \_\_\_\_\_, 2008.

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
NOTARY PUBLIC

State of \_\_\_\_\_ at Large

My Commission Expires: \_\_\_\_\_

**CERTIFICATE OF SERVICE**

**DOCKET NO. 080121-WS**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing Citizens' Third Set of Interrogatories to Aqua Utilities Florida, Inc., has been furnished by E-mail and by U. S. Mail to the following parties this 31<sup>st</sup> day of July, 2008:

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

Bruce May  
Gigi Rollini  
Holland & Knight Law Firm  
P.O. Drawer 810  
Tallahassee, FL 32302-0810

Ms. Kimberly A. Joyce  
Aqua Utilities Florida, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010-3402

---

Charlie Beck  
Deputy Public Counsel

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for increase in water and )  
wastewater rates in Alachua, Brevard, DeSoto, ) DOCKET NO. 080121-WS  
Highlands, Lake, Lee, Marion, Orange, )  
Palm Beach, Pasco, Polk, Putnam, ) Filed July 31, 2008  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )  
\_\_\_\_\_)

**CITIZENS' FOURTH SET OF INTERROGATORIES  
TO AQUA UTILITIES FLORIDA, INC. (Nos. 264-379)**

Pursuant to § 350.0611(1), Florida Statutes, Rule 28-106.206, Florida Administrative Code and Rule 1.340, Florida Rules of Civil Procedure, the Citizens of the State of Florida ("Citizens") by and through their undersigned attorney with the Office of Public Council ("OPC") hereby propound the following interrogatories to Aqua Utilities Florida, Inc. ("AUF," "Aqua," "Utility," or "Company"), to be answered on or before 30 days from the date of service (September 1, 2008), or at such other time and place as may be mutually agreed upon by counsel. Each interrogatory should be answered under oath by the most qualified and informed person to provide the most complete and accurate answer to each question, who is also included within the definition of Aqua Utilities Florida, Inc.

**DEFINITIONS**

As used herein, the following words shall have the meanings indicated:

- (i) "Aqua Utilities Florida, Inc.," shall mean Aqua Utilities Florida, Inc., including but not limited to any of its directors, employees, consultants, agents, representatives, attorneys (concerning nonprivileged matters, which privilege must be expressly identified and justified) and any other person or entity acting or purporting to act on behalf of the Company.
- (ii) "You" or "Your" means Aqua Utilities Florida, Inc. as defined above.
- (iii) "Affiliate" means any entity that directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with Aqua Utility Florida, Inc., or shares a 5% or greater common ownership.
- (iv) "Identify" shall mean, with respect to any document or report; set forth the title, if any, describe the relevant page or pages and line or lines thereof (or annex a copy to the answer to these interrogatories, with appropriate designations of such page or pages and line or lines), and state the present location and custodian of the original and all copies of the documents, who prepared the document, and when it was prepared.

## INSTRUCTIONS

- A. Documents or reports to be identified shall include all documents in your possession, custody and control and all other documents of which you have knowledge.
  
- B. Each interrogatory is to be answered based upon the knowledge, information, or belief of the Company, and any answer based upon information and belief is to state that it is given on such basis. If the complete answer to an interrogatory is not known, so state and answers as fully as possible the part of the interrogatory to which an answer is known. For each answer, or part thereof, please identify the individual or individuals who provided the information or helped in providing the information contained in the responses, specifying the individual's business address, telephone number, and the individual's relationship to the Company, and please identify the witness who will be sponsoring the responses and will be able to answer cross-examination questions concerning the response.
  
- C. If the requested information is not applicable, that response should be reported as well as the reason why. If the requested information is not available, that response should be reported as well as the reason why.
  
- D. If an interrogatory contained herein asks for information that has already been provided, please so state, indicating the date provided and, if applicable, the interrogatory number, the request of production number, or staff data request that requested the information.

- E. To the extent an interrogatory calls for information that cannot now be precisely and completely furnished, such information as can be furnished should be included in the answer, together with a statement that further information cannot be furnished, and a statement as to the reasons therefore. If you expect to obtain further information between the time answers are served and the time of hearing, you are requested to state this fact in each answer and provide such further information as soon as it is available. If the information that cannot now be furnished is believed to be available by another person, identify such other person and the reasons for believing such person has the described information.
- F. In the event any interrogatory herein calls for information or for the identification of a document which you deem to be privileged, in whole or in part, the information should be given or the document identified to the fullest extent possible consistent with such claim of privilege and specify the grounds relied upon for the claim of privilege.
- G. If the respondent intends to seek clarification of any portion of the discovery request, the respondent shall request such clarification within 10 days of service of the discovery request. Further, any specific objection to a discovery request shall be made within 10 days of service of the discovery request.
- H. Separate answers shall be furnished for each interrogatory, although where the context permits, an interrogatory may be answered by reference to the answer furnished to another interrogatory.



- I. Please provide a copy of all written responses and attachments (where available) to these interrogatories in electronic format.

### INTERROGATORIES

264. The Company's B-7 Supplemental Schedule for Arredondo Estates/Farms states under the explanation column that "amortization of annual CCR costs" was the reason for the cost increase in Account No. 631, Contractual Services-Engineering. Please provide a detailed explanation on how the amortization of CCR costs increased the cost of Contractual Services-Engineering. Please include the amount of the annual amortization and period over which the costs are being amortized.
  
265. The Company's B-7 Supplemental Schedule for Arredondo Estates/Farms states under the explanation column that "amortization of tri-annual testing" was the reason for the cost increase in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation on how the amortization of tri-annual testing increased the cost of Contractual Services-Testing.
  
266. The Company's B-7 Supplemental Schedule for Arredondo Estates/Farming states under the explanation column that the "policy is to reserve 70% of aging > 90

2008 was the reason for the cost increase in Account No. 670, Bad Debt Expense. Please provide a detailed explanation on how the policy to reserve 70% of aging > 90 days increased the cost of Bad Debt Expense.

2008 The Company's B-8 Supplemental Schedule for Arredondo Estates/Farms states under the explanation column that an "increase in plant flow" was the reason for increase in Account No. 711, Sludge Removal Expense. Please provide the amount of the increase in plant flows by year that contributed to the increased cost of Sludge Removal Expense.

2008 The Company's B-8 Supplemental Schedule for Arredondo Estates/Farms states under the explanation column that an "increase in plant flow" was the reason for increase in Account No. 718, Chemicals cost. Please provide a detailed explanation of the amount of increased plant flows and how this contributed to the increased cost of chemicals.

2008 The Company's B-8 Supplemental Schedule for Arredondo Estates/Farms states under the explanation column that an "increase in testing costs" was the reason for increase in Account No. 735, Contractual Services-Testing. Please provide a detailed explanation of what testing costs produced the increased Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008.

270. The Company's B-7 Supplemental Schedule for Carlton Village states that under the explanation column that an "increase in fuel cost" was the reason for the cost increase in Account No. 616, Fuel for Power Production. Please provide a detailed explanation and reconciliation of the increase in the fuel costs that contributed to the increased cost in Fuel for Power Production.

271. The Company's B-7 Supplemental Schedule for Carlton Village states that under the explanation column that an "increase in flows at the plant" was the reason for the increase in Account No. 618, Chemicals. Please provide a detailed explanation of the amount of increased plant flows and how this contributed to the increased cost of Chemicals.

272. The Company's B-7 Supplemental Schedule for Chuluota states that under the explanation column that an "increase in direct power charges & indirect allocation of admin costs" was the reason for the increase in Account No. 615, Purchased Power. Please provide a detail explanation why an increase in "direct power charges & indirect allocation of admin costs" increased Purchased Power costs.

273. The Company's B-7 Supplemental Schedule for Chuluota states that under the explanation column that a "new generator" was the reason Account No. 616, Fuel for Power Production costs increased. Please provide a detailed explanation why a new generator increased costs in Fuel for Power Production, provide the capacity of the new generator and the old generator, state when the generator was installed, and

Explain if there would be other cost reductions associated with the installation of a new generator.

The Company's B-7 Supplemental Schedule for Chuluota states under the explanation column that "increased flows" was the reason for an increase in Account No. 618, Chemicals. Please provide a detailed explanation of the amount of increased plant flows and how this contributed to the increased cost of Chemicals.

The Company's B-8 Supplemental Schedule for Chuluota states under the explanation column that a "new treatment plant" in 2007 was the reason for the increase in Account No. 711, Sludge Removal Expense. Please provide a detailed explanation of why the new treatment plant increased the Sludge Removal Expense.

The Company's B-8 Supplemental Schedule for Chuluota states under the explanation column that a "new generator" was the reason for the cost increase in Account No. 716, Fuel for Power Production. Please provide a detailed explanation of how a new generator increased costs in Fuel for Power Production, provide the capacity of the new generator and the old generator, state when the generator was acquired, and explain if there would be other cost reductions associated with the acquisition of a new generator.

The Company's B-7 Supplemental Schedule for East Lake Harris Estates states under the explanation column that an increase in fuel costs increased costs in

Account No. 616, Fuel for Power Production. Please provide a detailed explanation why an increase in fuel cost increased costs in Fuel for Power Production.

278. The Company's B-7 Supplemental Schedule for East Lake Harris Estates states under the explanation column that "testing per regulations" increased costs for Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of what testing per regulations increased costs for Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008.

279. The Company's B-7 Supplemental Schedule for Fern Terrace states under the explanation column that "testing per regulations" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of the testing per regulation that increased Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008.

280. The Company's B-7 Supplemental Schedule for Friendly Center states under the explanation column that "portable auxiliary power" increased costs in Account No. 616, Fuel for Power Production. Please provide a detailed explanation and reconciliation of the increase in the fuel costs that contributed to the increased cost in Fuel for Power Production.

281. The Company's B-7 Supplemental Schedule for Friendly Center states that under the explanation column that different chemicals were used and increased the costs in Account No. 618, Chemicals. Please provide a detailed explanation why different chemicals increased Chemicals costs.
282. The Company's B-7 Supplemental Schedule for Grand Terrace states under the explanation column that "portable auxiliary power" increased costs in Account No. 616, Fuel for Power Production. Please provide a detailed explanation and reconciliation of the increase in the fuel costs that contributed to the increased cost in Fuel for Power Production.
283. The company's B-7 Supplemental Schedule for Grand Terrace states under the explanation column that "testing per regulations" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detail explanation of what testing per regulations increased costs in Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008.
284. The Company's B-7 Supplemental Schedule for Haines Creek states under the explanation column that a "new generator" was the reason for the cost increase in Account No. 616, Fuel for Power Production and Account No. 618, Chemicals. Please provide a detailed explanation why a new generator increased costs in Fuel for Power Production and Chemicals, provide the capacity of the new generator and

the old generator, state when the generator was installed, and explain if there would be other cost reductions associated with the installation of a new generator.

285. The Company's B-7 Supplemental Schedule for Haines Creek states under the explanation column that "testing per regulations" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of the testing per regulation that increased Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008.

286. The Company's B-7 Supplemental Schedule for Harmony Homes states under the explanation column that "testing per regulations" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of the testing per regulation that increased Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008.

287. The Company's B-7 Supplemental Schedule for Hermits Cove states under the explanation column that a "change in process" increased costs in Account No. 618, Chemicals. Please provide a detailed explanation of what change in process increased Chemicals. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

99. The Company's B-7 Supplemental Schedule for Hermits Cove states under the explanation column that "testing per regulation" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of the testing per regulation that increased Contractual Services-Testing. Explain if the testing is capitalizing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

100. The Company's B-7 Supplemental Schedule for Hobby Hills states under the explanation column that "portable auxiliary power" increased costs in Account No. 638, Fuel for Power Production. Please provide a detailed explanation why portable auxiliary power increased costs in Fuel for Power Production.

101. The Company's B-7 Supplemental Schedule for Holiday Haven states under the explanation column that "increased flushing" increased costs in Account No. 610, Purchased Water. Please provide a detailed explanation why and the amount of flushing by year that caused the increased costs in Purchased Water.

102. The Company's B-7 Supplemental Schedule for Holiday Haven states under the explanation column that "portable auxiliary power" increased costs in Account No. 638, Fuel for Power Production. Please provide a detailed explanation why portable auxiliary power increased costs in Fuel for Power Production.



292. The Company's B-7 Supplemental Schedule for Holiday Haven states under the explanation column that "testing per regulations" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of the testing per regulation that increased Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

293. The Company's B-8 Supplemental Schedule for Holiday Haven states under the explanation column that "improved maintenance in plant operations" increased costs in Account No. 711, Sludge Removal Expense. Please provide a detailed explanation why improved maintenance in plant operations increased costs in Sludge Removal Expense. Provide the amount of Sludge Removal Expenses for the years 2005, 2006, 2007 and each month of 2008.

294. The Company's B-7 Supplemental Schedule for Interlachen Lake/Park Manor states under the explanation column that "increased flows" increased costs in Account No. 618, Chemicals. Please provide a detailed explanation of the amount of increased plant flows that contributed to the increased cost of Chemicals.

295. The Company's B-8 Supplemental Schedule for Interlachen Lake/Park Manor states under the explanation column that "improved plant maintenance" increased costs in Account No. 711, Sludge Removal Expense. Please provide a detailed

explanation why improved plant maintenance increased costs in Sludge Removal Expense. Provide the amount of Sludge Removal Expenses for the years 2005, 2006, 2007, and each month of 2008.

296. The Company's B-8 Supplemental Schedule for Jasmine Lakes states under the explanation column that "new chemical use" increased costs in Account No. 718, Chemicals. Please provide a detailed explanation and quantification of the new chemicals and how they increased Chemicals. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

297. The Company's B-8 Supplemental Schedule for Jasmine Lakes states under the explanation column that "testing per regulations" increased costs in Account No. 735, Contractual Services-Testing. Please provide a detailed explanation of the testing per regulations that increased Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

298. The Company's B-8 Supplemental Schedule for Jasmine Lakes states under the explanation column that the "policy is to reserve 70% of aging > 90 days" increased costs in Account No. 770, Bad Debt Expense. Please provide a detailed explanation why the policy to reserve 70% of aging > 90 days increased costs in Bad Debt

Expense. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

299. The Company's B-7 Supplemental Schedule for Kingswood states under the explanation column that "increased flows/demand & flushing" increased costs in Account No. 610, Purchased Water. State the amount of increased flows and the amount of increased flushing that caused the increase in Purchased Water cost. Please provide the amount of increased flows and the amount of increased flushing in the years 2005, 2006, and 2007.

300. The Company's B-7 Supplemental Schedule for Kings Cove states under the explanation column that "testing per regulations" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of the testing per regulations that increased Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007 and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

301. The Company's B-7 Supplemental Schedule for Lake Gibson Estates states under the explanation column that "change in chemical type" increased costs in Account No. 618, Chemicals. Please provide a detailed explanation why a change in chemical type increased costs in Chemicals and describe and quantify the change in

Chemicals. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

302. The Company's B-8 Supplemental Schedule for Lake Gibson Estates states under the explanation column that "county price increases & increased flow" increased costs in Account No. 710, Purchased Sewage Treatment. Please provide a detailed explanation of the amount of the county price increase and the amount of the increased flow that caused the increased costs in Purchased Sewage Treatment. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

303. The Company's B-8 Supplemental Schedule for Lake Gibson Estates states under the explanation column that a "price increase" caused the increased costs in Account No. 718, Chemicals. Please provide a detailed explanation which chemical costs increased and the amount of the increase. Provide the amount of Chemicals for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

304. The Company's B-7 Supplemental Schedule for Lake Josephine states under the explanation column that a "new generator" increased costs in fuel for Account No. 616, Purchased Power. Please provide a detailed explanation why a new generator increased costs in Fuel for Power Production, provide the capacity of the new generator and the old generator, state when the generator was installed, and explain

if there would be other cost reductions associated with the installation of a new generator.

305. The Company's B-7 Supplemental Schedule for Lake Josephine states under the explanation column that "operational changes/increased flushing" increased costs in Account No. 618, Chemicals. Please provide a detailed explanation of what operational changes and qualify the amount of increased flushing that caused the increased costs in Chemicals.

306. The Company's B-7 Supplemental Schedule for Lake Osborne Estates states under the explanation column that "increased direct power charges & indirect allocation of admin costs" increased costs in Account No. 615, Purchased Power. Please provide a detailed explanation why "increased direct power charges & indirect allocation of admin costs" increased costs in Purchased Power.

307. The Company's B-7 Supplemental Schedule for Lake Osborne Estates states under the explanation column that "testing per EPA requirements" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of what testing per EPA requirements increased costs in Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

308. The Company's B-7 Supplemental Schedule for Lake Suzy states under the explanation column that "increased direct power charges & indirect allocation of admin costs" increased costs in Account No. 610, Purchased Power. Please provide a detailed explanation why "increased direct power charges & indirect allocation of admin costs" increased costs in Purchased Power.

309. The Company's B-7 Supplemental Schedule for Lake Suzy states under the explanation column that a "new generator" increased costs in Account No. 616, Fuel for Power Production. Please provide a detailed explanation why a new generator increased costs in Fuel for Power Production, provide the capacity of the new generator and the old generator, state when the generator was installed, and explain if there would be other cost reductions associated with the installation of a new generator.

310. The Company's B-8 Supplemental Schedule for Lake Suzy states under the explanation column that a "new generator" increased costs in Account No. 716, Fuel for Power Production. Please provide a detailed explanation why a new generator increased costs in Fuel for Power Production, provide the capacity of the new generator and the old generator, state when the generator was installed, and explain if there would be other cost reductions associated with the installation of a new generator.

311. The Company's B-7 Supplemental Schedule for Leisure Lakes states under the explanation column that a "new generator on site" increased costs in Account No. 616, Fuel for Power Production. Please provide a detailed explanation why a new generator increased costs in Fuel for Power Production, provide the capacity of the new generator and the old generator, state when the generator was installed, and explain if there would be other cost reductions associated with the installation of a new generator.

312. The Company's B-7 Supplemental Schedule for Leisure Lakes states under the explanation column that "testing per EPA requirements" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of what testing per EPA requirements increased costs in Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

313. The Company's B-8 Supplemental Schedule for Leisure Lakes states under the explanation column that "increased cost/new hauling company" increased costs in Account No. 711, Sludge Removal Expense. Please provide a detailed explanation why the "increased cost/new hauling company" increased costs in Sludge Removal Expense.

314. The Company's B-8 Supplemental Schedule for Leisure Lakes states under the explanation column that "increased flushing – lines & wells" increased costs in Account No. 718, Chemicals. Please provide a detailed explanation why "increased flushing – lines & wells" increased costs in Chemicals. State the amount of increased flushing that caused the increase in Chemicals. Please provide the amount of increased flushing in the years 2005, 2006, and 2007.

315. The Company's B-8 Supplemental Schedule for Leisure Lakes states under the explanation column that "testing per EPA requirements" increased costs in Account No. 735, Contractual Services-Testing. Please provide a detailed explanation of what testing per EPA requirements increased costs in Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

316. The Company's B-7 Supplemental Schedule for Morningview states under the explanation column that "change in chemical type" increased costs in Account No. 718, Chemicals. Please provide a detailed explanation why the change in chemical type increased costs in Chemicals and describe the change in chemicals.

317. The Company's B-7 Supplemental Schedule for Morningview states under the explanation column that testing "per EPA requirements" increased costs in Account



No. 635, Contractual Services-Testing. Please provide a detailed explanation of what testing per EPA requirements increased costs in Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

318. The Company's B-8 Supplemental Schedule for Morningview states under the explanation column that "improved maintenance" increased costs in Account No. 711, Sludge Removal Expense. Please provide a detailed explanation why improved maintenance increased costs in Sludge Removal Expense.

319. The Company's B-8 Supplemental Schedule for Morningview states under the explanation column that "change in chemical type" increased costs in Account No. 618, Chemicals. Please provide a detailed explanation why change in chemical type increased costs in Chemicals and describe the change in Chemicals.

320. The Company's B-7 Supplemental Schedule for Oakwood states under the explanation column that "increased flows/demand & flushing" increased costs in Account No. 610, Purchased Water. State the amount of increased flows and the amount of increased flushing that caused the increase in Purchased Water cost. Please provide the amount of increased flows and the amount of increased flushing in the years 2005, 2006, and 2007.

321. The Company's B-7 Supplemental Schedule for Oakwood states under the explanation column that "testing per EPA requirements" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of what testing per EPA requirements increased costs in Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

322. The Company's B-7 Supplemental Schedule for Ocala Oaks states under the explanation column that "new generators" increased costs in Account No. 616, Fuel for Power Production. Please provide a detailed explanation why new generators increased costs in Fuel for Power Production, provide the capacity of the new generators and the old generator, state when the generators were installed, and explain if there would be other cost reductions associated with the installation of the new generators.

323. The Company's B-7 Supplemental Schedule for Ocala Oaks states under the explanation column that "increased flows/demand & flushing" increased costs in Account No. 618, Chemicals. State the amount of increased flows and the amount of increased flushing that caused the increase in chemical cost. Please provide the

amount of increased flows and the amount of increased flushing in the years 2005, 2006, and 2007.

324. The Company's B-7 Supplemental Schedule for Ocala Oaks states under the explanation column that "testing per EPA requirements" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of what testing per EPA requirements increased costs in Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

325. The Company's B-7 Supplemental Schedule for Orange Hill/Sugar Creek states under the explanation column that "increased flows/demand & flushing" increased costs in Account No. 618, Chemicals. State the amount of increased flows and the amount of increased flushing that caused the increase in chemical costs. Please provide the amount of increased flows and the amount of increased flushing in the years 2005, 2006, and 2007.

326. The Company's B-7 Supplemental Schedule for Orange Hill/Sugar Creek states under the explanation column that "testing per EPA requirements" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of what testing per EPA requirements increased costs in Contractual

Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

327. The Company's B-7 Supplemental Schedule for Palm Port states under the explanation column that "testing per EPA requirements" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of what testing per EPA requirements increased costs in Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

328. The Company's B-8 Supplemental Schedule for Palm Port states under the explanation column that "increased flows/plant maintenance" increased costs in Account No. 711, Sludge Removal Expense. Please provide a detailed explanation why "increased flows/plant maintenance" increased costs in Sludge Removal Expense.

329. The Company's B-8 Supplemental Schedule for Palm Terrace states under the explanation column that "plant running max capacity – increased flows" increased

costs in Account No. 718, Chemicals. Please provide a detailed explanation why "plant running max capacity – increased flows" increased costs in Chemicals.

330. The Company's B-7 Supplemental Schedule for Palm Terrace states under the explanation column that the "policy to reserve 70% of aging > 90 days" increased costs in Account No. 670, Bad Debt Expense. Please provide a detailed explanation why the policy to reserve 70% of aging > 90 days increased costs in Bad Debt Expense.

331. The Company's B-7 Supplemental Schedule for Palm MHP states under the explanation column that "increased flushing" increased costs in Account No. 618, Chemicals. State the amount of increased flushing that caused the increase in Chemicals. Please provide the amount of increased flushing in the years 2005, 2006, and 2007.

332. The Company's B-7 Supplemental Schedule for Picciola Island states under the explanation column that "increased fuel costs" in Account No. 616, Fuel for Power Production. Please provide a detailed explanation and reconciliation of the increase in the fuel costs that contributed to the increased cost in Fuel for Power Production.

333. The Company's B-7 Supplemental Schedule for Picciola Island states under the explanation column that "increased flows & flushing" increased costs in Account No. 618, Chemicals. State the amount of increased flows and the amount of increased

flushing that caused the increase in Chemicals. Please provide the amount of increased flows and the amount of increased flushing in the years 2005, 2006, and 2007.

334. The Company's B-7 Supplemental Schedule for Piney Woods states under the explanation column that "change in chemical type" increased costs in Account No. 618, Chemicals. Please provide a detailed explanation why a change in chemical type increased costs in Chemicals and describe the change in Chemicals.

335. The Company's B-7 Supplemental Schedule for Piney Woods states under the explanation column that "testing per EPA requirements" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of what testing per EPA requirements increased costs in Contractual Services-Testing. Indicate if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

336. The Company's B-7 Supplemental Schedule for Pomona Parks states under the explanation column that "testing per EPA requirements" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of what testing per EPA requirements increased costs in contractual services. Indicate if the testing is continuing in nature. Provide the amount of Contractual Services-

Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

337. The Company's B-7 Supplemental Schedule for Quail Ridge states under the explanation column that "increased flows/demands & flushing" increased costs in Account No. 618, Chemicals. State the amount of increased flows and the amount of increased flushing that caused the increase in chemical costs. Please provide the amount of increased flows and the amount of increased flushing in the years 2005, 2006, and 2007.

338. The Company's B-7 Supplemental Schedule for Ravenswood states under the explanation column that "direct & indirect allocation of misc supplies. Indirect is allocated based on customer count" increased costs in Account No. 620, Materials & Supplies. Please provide a detailed explanation why "direct & indirect allocation of misc supplies. Indirect allocated based on customer count" increased costs in Materials & Supplies.

339. The Company's B-7 Supplemental Schedule for Ravenswood states under the explanation column that "testing per EPA requirements" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation why testing per EPA requirements increased costs in Contractual Services-Testing. Indicate if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and

quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

340. The Company's B-7 Supplemental Schedule for River Grove states under the explanation column that "testing per EPA requirements" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation why testing per EPA requirements increased costs in Contractual Services-Testing. Indicate if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

341. The Company's B-7 Supplemental Schedule for Rosalie Oaks states under the explanation column that a "new generator" increased costs in Account No. 616, Fuel for Power Production. Please provide a detailed explanation why a new generator increased costs in Fuel for Power Production, provide the capacity of the new generator and the old generator, state when the generator was installed, and explain if there would be other cost reductions associated with the installation of a new generator.

342. The Company's B-7 Supplemental Schedule for Rosalie Oaks states under the explanation column that "increased flow" increased costs in Account No. 618, Chemicals. Please provide a detailed explanation and quantification of the increased flows that caused the increase costs in Chemicals.



343. The Company's B-8 Supplemental Schedule for Rosalie Oaks states under the explanation column that "testing per EPA requirements" increased costs in contractual services. Please provide a detailed explanation of what testing per EPA requirements increased costs in Account No. 735, Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

344. The Company's B-7 Supplemental Schedule for Sebring Lakes states under the explanation column that a "new generator" increased costs in Account No. 616, Fuel for Power Production. Please provide a detailed explanation why a new generator increased costs in Fuel for Power Production, provide the capacity of the new generator and the old generator, state when the generator was installed, and explain if there would be other cost reductions associated with the installation of a new generator.

345. The Company's B-7 Supplemental Schedule for Sebring Lakes states under the explanation column that "increased flow/flushing & demand" increased costs in Account No. 618, Chemicals. State the amount of increased flows and the amount of increased flushing that caused the increase in chemical costs. Please provide the

amount of increased flows and the amount of increased flushing in the years 2005, 2006, and 2007.

346. The Company's B-7 Supplemental Schedule for Silver Lake Est/Western Shores states under the explanation column that "increased flows & flushing" increased costs in Account No. 618, Chemicals. State the amount of increased flows and the amount of increased flushing that caused the increase in chemical costs. Please provide the amount of increased flows and the amount of increased flushing in the years 2005, 2006, and 2007.

347. The Company's B-7 Supplemental Schedule for Silver Lake Oaks states under the explanation column that "testing per EPA requirements" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of what testing per EPA requirements increased costs in Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007 and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

348. The Company's B-8 Supplemental Schedule for Silver Lake Oaks states under the explanation column that "price increases" increased costs in Account No. 711, Sludge Removal Expense. Please provide a detailed explanation of what price increases caused the increased costs in Sludge Removal Expense. Explain if the

cost increase is continuing in nature, and provide the Sludge Removal Expense for the years 2005, 2006, 2007, and each month of 2008.

349. The Company's B-7 Supplemental Schedule for Skycrest states under the explanation column that "increased flows/demand & flushing." State the amount of increased flows and the amount of increased flushing that caused the increase in Account No. 618, Chemicals. Please provide the amount of increased flows and the amount of increased flushing in the years 2005, 2006, and 2007.

350. The Company's B-8 Supplemental Schedule for South Seas states under the explanation column that "increased direct power charges & indirect allocation of admin costs" increased costs in Account No. 715, Purchased Power. Please provide a detailed explanation why "increased direct power charges & indirect allocation of admin costs" increased costs in Purchased Power.

351. The Company's B-8 Supplemental Schedule for South Seas states under the explanation column that a "new generator" increased costs in Account No. 716, Fuel for Power Production. Please provide a detailed explanation why a new generator increased costs in Fuel for Power Production, provide the capacity of the new generator and the old generator, state when the generator was installed, and explain if there would be other cost reductions associated with the installation of a new generator.

352. The Company's B-8 Supplemental Schedule for South Seas states under the explanation column that "increased flow after hurricane/change in operations" increased costs in Account No. 718, Chemicals. Please provide a detailed explanation how the hurricane caused an increase in chemical costs and explain if the associated increase is continuing and why. Explain what change in operations caused an increase in chemical costs.

353. The Company's B-8 Supplemental Schedule for South Seas states under the explanation column that "testing per EPA requirements" increased costs in Account No. 735, Contractual Services-Testing. Please provide a detailed explanation of what testing per EPA requirements increased costs in Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

354. The Company's B-7 Supplemental Schedule for Stone Mountain states under the explanation column that "testing per EPA requirements" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of what testing per EPA requirements increased costs in Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and

quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

355. The Company's B-7 Supplemental Schedule for Summit Chase states under the explanation column that a "new generator" increased costs in Account No. 616, Fuel for Power Production. Please provide a detailed explanation why a new generator increased costs in Fuel for Power Production, provide the capacity of the new generator and the old generator, state when the generator was installed, and explain if there would be other cost reductions associated with the installation of a new generator.

356. The Company's B-8 Supplemental Schedule for Summit Chase states under the explanation column that "increased chemical costs" increased costs in Account No. 618, Chemicals. Please provide a detailed explanation of what increased chemical costs caused the increase in chemical cost.

357. The Company's B-8 Supplemental Schedule for Summit Chase states under the explanation column that "testing per regulations" increased costs in Account No. 735, Contractual Services-Testing. Please provide a detailed explanation of what testing per regulations increased costs in Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

358. The Company's B-7 Supplemental Schedule for Sunny Hills states under the explanation column that a "new generator" increased costs in Account No. 616, Fuel for Power Production. Please provide a detailed explanation why a new generator increased costs in Fuel for Power Production, provide the capacity of the new generator and the old generator, state when the generator was installed, and explain if there would be other cost reductions associated with the installation of a new generator.

359. The Company's B-7 Supplemental Schedule for Sunny Hills states under the explanation column that "testing per EPA requirements" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of what testing per EPA requirements increased costs in Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

360. The Company's B-8 Supplemental Schedule for Sunny Hills states under the explanation column that "increased dump fees" increased costs in Account No. 711, Sludge Removal Expense. Please provide a detailed explanation of what dump fees caused the increased costs in Sludge Removal Expense. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

361. The Company's B-8 Supplemental Schedule for Sunny Hills states under the explanation column that increased flows/demand & flushing increased costs in Account No. 718, Chemicals. State the amount of increased flows and the amount of increased flushing that caused the increase in Chemicals. Please provide the amount of increased flows and the amount of increased flushing in the years 2005, 2006, and 2007.

362. The Company's B-7 Supplemental Schedule for Tangerine states under the explanation column that "increased flows/demand & flushing" increased costs in Account No. 618, Chemicals. State the amount of increased flows and the amount of increased flushing that caused the increase in Chemicals. Please provide the amount of increased flows and the amount of increased flushing in the years 2005, 2006, and 2007.

363. The Company's B-7 Supplemental Schedule for The Woods states under the explanation column that a "new generator" increased costs in Account No. 616, Fuel for Power Production. Please provide a detailed explanation why a new generator increased costs in Fuel for Power Production, provide the capacity of the new generator and the old generator, state when the generator was installed, and explain if there would be other cost reductions associated with the installation of a new generator.

364. The Company's B-7 Supplemental Schedule for Tomoka/Twin Rivers states under the explanation column that "increased fuel costs" increased costs in Account No. 616, Fuel for Power Production. Please provide a detailed explanation and reconciliation of the increase in the fuel costs that contributed to the increased cost in Fuel for Power Production.

365. The Company's B-7 Supplemental Schedule for Tomoka/Twin Rivers states under the explanation column that "increased flows/demand & flushing" increased costs in Account No. 618, Chemicals. State the amount of increased flows and the amount of increased flushing that caused the increase in Chemicals. Please provide the amount of increased flows and the amount of increased flushing in the years 2005, 2006, and 2007.

366. The Company's B-7 Supplemental Schedule for Valencia Terrace states under the explanation column that "testing per EPA requirements" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of what testing per EPA requirements increased costs in Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007 and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

367. The Company's B-8 Supplemental Schedule for Valencia Terrace states under the explanation column that "increased flows/demand & flushing" increased costs in



Account No. 718, Chemicals. State the amount of increased flows and the amount of increased flushing that caused the increase in Chemicals. Please provide the amount of increased flows and the amount of increased flushing in the years 2005, 2006, and 2007.

368. The Company's B-8 Supplemental Schedule for Venetian Village states under the explanation column that "increased sluge (sic) expenses" increased costs in Account No. 711, Sludge Removal Expense. Please provide a detailed explanation what increased sludge expenses increased the costs in Sludge Removal Expense. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

369. The Company's B-8 Supplemental Schedule for Venetian Village states under the explanation column that "increase chemical costs" increased costs in Account No. 718, Chemicals. Please provide a detailed explanation of what increased chemical costs increased costs in Chemicals. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

370. The Company's B-7 Supplemental Schedule for Village Water states under the explanation column that "direct and indirect allocation of misc supplies. Indirect is allocated based on customer count" increased costs in Account No. 620, Materials & Supplies. Please provide a detailed explanation why "direct and indirect allocation of

misc supplies. Indirect is allocated based on customer count" increased costs in Materials & Supplies.

371. The Company's B-8 Supplemental Schedule for Village Water states under the explanation column that "direct & indirect allocation of misc supplies. Indirect is allocated to customer count increased costs" in Account No. 720, Materials & Supplies. Please provide a detailed explanation why "direct and indirect allocation of misc supplies. Indirect is allocated based on customer count" increased costs in Materials & Supplies.

372. The Company's B-7 Supplemental Schedule for Welaka/Saratoga Harbor states under the explanation column that "increased chemical costs" increased costs in Account No. 618, Chemicals. Please provide a detailed explanation what increased chemical costs increased costs in Chemicals. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

373. The Company's B-7 Supplemental Schedule for Wootens states under the explanation column that "direct and indirect allocation of misc supplies. Indirect is allocated based on customer count" increased costs in Account No. 620, Materials & Supplies. Please provide a detailed explanation why "direct and indirect allocation of misc supplies. Indirect is allocated based on customer count" increased costs in Materials & Supplies.

374. The Company's B-7 Supplemental Schedule for Zephyr Shores states under the explanation column that "increased direct power charges & indirect allocation of

admin costs" increased costs in Account No. 615, Purchased Power. Please provide a detailed explanation why "increased direct power charges & indirect allocation of admin costs" increased costs in Purchased Power.

375. The Company's B-7 Supplemental Schedule for Zephyr Shores states under the explanation column that "testing per EPA requirements" increased costs in Account No. 635, Contractual Services-Testing. Please provide a detailed explanation of what testing per EPA requirements increased costs in contractual services. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

376. The Company's B-8 Supplemental Schedule for Zephyr Shores states under the explanation column that "increased costs" increased costs in Account No. 710, Purchased Sewage Treatment. Please provide a detailed explanation of the increase in Purchased Sewage Treatment and provide the costs incurred for each year 2005, 2006, 2007, and 2008 to date.

377. The Company's B-8 Supplemental Schedule for Zephyr Shores states under the explanation column that "increased chemical costs" increased costs in Account No. 713, Chemicals. Please provide a detailed explanation what increased chemical costs increased costs in Chemicals. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

378. The Company's B-8 Supplemental Schedule for Zephyr Shores states under the explanation column that "testing per EPA requirements" increased costs in Account No. 735, Contractual Services-Testing. Please provide a detailed explanation of what testing per EPA requirements increased costs in Contractual Services-Testing. Explain if the testing is continuing in nature. Provide the amount of Contractual Services-Testing for 2005, 2006, 2007, and each month of 2008. Explain and quantify the actions taken by the Company to reduce these costs from 2002 through 2008.

379. For purposes of this request, please refer to the Company's B-8 Supplemental Schedule. For numerous systems and numerous accounts where expenses increase by more than the CPI and customer growth, the Company gave the following explanation: "Prior owner did not allocate all admin costs to entities." For each system where the Company gave this explanation, please state the name of the prior owner and explain how the Company came about the understanding that the prior owner did not allocate all administrative costs.

---

Charlie Beck  
Deputy Public Counsel

**AFFIDAVIT**

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, personally appeared \_\_\_\_\_, who deposed and stated that he/she provided the answers to interrogatories \_\_\_\_\_ served on \_\_\_\_\_ by \_\_\_\_\_ on \_\_\_\_\_ and that the responses are true and correct to the best of \_\_\_\_\_ information and belief.

WITNESSED at \_\_\_\_\_, \_\_\_\_\_, this day of \_\_\_\_\_, 2008.

Subscribed to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_ at Large

**CERTIFICATE OF SERVICE**

**DOCKET NO. 080121-WS**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing Citizens' Fourth Set of Interrogatories to Aqua Utilities Florida, Inc., has been furnished by E-mail and by U. S. Mail to the following parties this 31st day of July, 2008.

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

Bruce May  
Gigi Rollini  
Holland & Knight Law Firm  
P.O. Drawer 810  
Tallahassee, FL 32302-0810

Ms. Kimberly A. Joyce  
Aqua Utilities Florida, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010-3402

---

Charlie Beck  
Deputy Public Counsel



identified and justified) and any other person or entity acting or purporting to act on behalf of the Company.

- (ii) "You" or "Your" means Aqua Utilities Florida, Inc., as defined above.
- (iii) "Affiliate" means any entity that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with Aqua Utility Florida, Inc., or shares a 5% or greater common ownership.
- (iv) The terms "document" or "documents" are meant to have the broadest possible meaning under applicable law and include, but are not necessarily limited to, any written, recorded, filed, or graphic matter, whether produced, reproduced, or on paper, e-mail, cards, tapes, film, electronic facsimile, computer storage devise or any other media, including, but not limited to, memoranda, notes, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, and notes, any of which are in your possession, custody, or control.
- (v) Words in the past tense include the present, and words in the present tense include the past. Use of the singular includes the plural, and use of the masculine includes the feminine where appropriate, and vice versa.



- (vi) If there is any document or other tangible item described by this request which is no longer in your possession, custody, or control or is no longer in existence or accessible to you, please indicate:
- (a) the date and nature of disposition of such document or other tangible item, including, but not limited to, whether such: (i) is missing or lost, (ii) has been destroyed, or (iii) has been transferred to another person;
  - (b) the circumstances surrounding such disposition, including any authorization thereof; and
  - (c) where applicable, the person currently in possession, custody, or control of such document or item.

## INSTRUCTIONS

- A. If any document is withheld under any claim to privilege, please furnish a list identifying each document for which privilege is claimed, together with the following information: date, sender, recipients, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.
  
- B. If the Company has possession, custody, or control of the original of the documents requested, please produce the originals or a complete copy of the originals and all copies which are different in any way from the original, whether by interlineation, receipt stamp or notation. If the Company does not have possession, custody, or control of the originals of the documents requested please produce any copies in the possession, custody, or control of the Company, however, made.
  
- C. Please construe “and” as well as “or” either disjunctively or conjunctively as necessary to bring within the scope of this production of documents any document which might otherwise be constructed to be outside the scope.
  
- D. If the respondent intends to seek clarification of any portion of the discovery request, the respondent shall request such clarification within 10 days of service of the discovery request. Further, any specific objection to a discovery request shall be made within 10 days of service of the discovery request.

- E. Each page of every document produced pursuant to the request for production of documents shall be identified individually through the use of a Bates stamp or other equivalent method of sequential identification. All produced documents shall be numbered in an unbroken sequence through the final hearing.
- F. The Citizens specifically request the Company to make a review of the files of employees reasonably expected to have information responsive to these document requests. Correspondence and notes of meetings, whether typed or handwritten, are specifically requested. If a particular employee is in charge of an area related to a document request, the Citizens request the Company to search the files both of the employee in charge of the area as well as each employee reporting directly or indirectly to such person if their areas of responsibility also include matters reasonably likely to be responsive to the document request.

## DOCUMENTS REQUESTED

1. Please provide all workpapers and source documents for all exhibits attached to the testimony of the Company's witnesses and all tables and numbers included in the witnesses testimony. Provide the requested documents in electronic (i.e. Excel spreadsheet) spreadsheet format (if applicable) with all formulas and links intact.
2. Please provide all documents, accounting records, memoranda, workpapers, studies undertaken, and calculations that support all adjustments to the Company's test year revenues, rate base and expenses, by system. Please provide all workpapers in electronic spreadsheet format with all formulas and links intact.
3. Please provide an electronic copy (i.e. Excel spreadsheet) of the Company's Minimum Filing Requirements (MFRs) with all formulas and linked spreadsheets intact. Please provide any written instructions on how the model can be used to prepare the MFRs. Provide all passwords and any other documentation necessary to run the model. Provide all other write-ups addressing the model and its use for purposes of determining revenue requirements.
4. Please provide a complete set of workpapers associated with the compilation of the Company's MFRs. Provide the requested documents in both hard copy and electronic format (i.e. Excel spreadsheet) with all formulas and linked spreadsheets intact.
5. Please provide for AUF and each of its systems, Variance Reports or similar documents which show a comparison, with an explanation for the variance, of the Company's

operating budget and capital budget to the actual results for 2006, 2007 and 2008. Please provide this comparison at the most detailed level available.

6. Please provide the Aqua America, Inc.'s Aqua Services, Inc., and AUF's 2008 capital and expense budgets.
7. Please provide for the years 2005, 2006, 2007, and monthly 2008 to-date the detailed general ledger for AUF, Aqua America, Inc. and Aqua Services, Inc. with the ability to select specific transactions recorded in the year.
8. For purposes of this request, please refer to the information provided in response to Staff's Document Request 21 issued in Docket No. 060368-WS. Please provide the same information by system for each month of each of the following years: 2001, 2002, 2003, 2004, 2005, 2006, 2007 and 2008.

---

Charlie Beck  
Deputy Public Counsel

CERTIFICATE OF SERVICE  
DOCKET NO. 080121-WS

I HEREBY CERTIFY that a true and correct copy of the foregoing Citizen's First Request for Production of Documents to Aqua Utilities Florida, Inc. has been furnished by electronic mail and U.S. Mail to the following parties on this 28<sup>th</sup> day of May, 2008.

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

Kenneth A. Hoffman  
Marsha E. Rule, Esquire  
Rutledge, Ecenia, Purnell &  
Hoffman, P.A.  
215 South Monroe St., Suite 420  
Tallahassee, FL 32301

Ms. Kimberly A. Joyce  
Aqua Utilities Florida, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010-3402

---

Charlie Beck  
Deputy Public Counsel

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**In Re: Application for increase in water and  
wastewater rates in Alachua, Brevard, DeSoto,  
Highlands, Lake, Lee, Marion, Orange,  
Palm Beach, Pasco, Polk, Putnam,  
Seminole, Sumter, Volusia, and Washington  
Counties by Aqua Utilities Florida, Inc.**

---

**DOCKET NO. 080121-WS  
May 29, 2008**

**CITIZENS' SECOND REQUEST FOR PRODUCTION OF DOCUMENTS  
TO AQUA UTILITIES FLORIDA, INC. (NOS. 9-123)**

Pursuant to § 350.0611 (1), Florida Statutes, Rule 28-106.206, Florida Administrative Code and Rule 1.350, Florida Rules of Civil Procedure, the Citizens of the State of Florida ("Citizens"), by and through their undersigned attorney with the Office of Public Counsel ("OPC"), hereby request Aqua Utilities Florida, Inc., ("AUF," "Aqua," "Utility," or "Company") to produce copies of the following documents to OPC at their office in Room 812, 111 West Madison Street, Tallahassee, Florida 32399-1400, or at such other mutually agreed place, within thirty (30) days of this request, on or before June 30, 2007.

**DEFINITIONS**

As used herein, the following words shall have the meanings indicated:

1. "Aqua Utilities Florida, Inc.," shall mean Aqua Utilities Florida, Inc., including but not limited to any of its directors, officers, employees, consultants, agents, representatives, attorneys (concerning nonprivileged matters, which privilege must be expressly

identified and justified) and any other person or entity acting or purporting to act on behalf of the Company.

2. "You" or "Your" means Aqua Utilities Florida, Inc., as defined above.
3. "Affiliate" means any entity that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with Aqua Utility Florida, Inc., or shares a 5% or greater common ownership.
4. The terms "document" or "documents" are meant to have the broadest possible meaning under applicable law and include, but are not necessarily limited to, any written, recorded, filed, or graphic matter, whether produced, reproduced, or on paper, e-mail, cards, tapes, film, electronic facsimile, computer storage device or any other media, including, but not limited to, memoranda, notes, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, and notes, any of which are in your possession, custody, or control.
5. Words in the past tense include the present, and words in the present tense include the past. Use of the singular includes the plural, and use of the masculine includes the feminine where appropriate, and vice versa.



6. If there is any document or other tangible item described by this request which is no longer in your possession, custody, or control or is no longer in existence or accessible to you, please indicate:
  - (a) the date and nature of disposition of such document or other tangible item, including, but not limited to, whether such: (i) is missing or lost, (ii) has been destroyed, or (iii) has been transferred to another person;
  - (b) the circumstances surrounding such disposition, including any authorization thereof; and
  - (c) where applicable, the person currently in possession, custody, or control of such document or item.

## INSTRUCTIONS

- A. If any document is withheld under any claim to privilege, please furnish a list identifying each document for which privilege is claimed, together with the following information: date, sender, recipients, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.
  
- B. If the Company has possession, custody, or control of the original of the documents requested, please produce the originals or a complete copy of the originals and all copies that are different in any way from the original, whether by interlineation, receipt stamp or notation. If the Company does not have possession, custody, or control of the originals of the documents requested please produce any copies in the possession, custody, or control of the Company, however, made.
  
- C. Please construe “and” as well as “or” either disjunctively or conjunctively as necessary to bring within the scope of this production of documents any document which might otherwise be constructed to be outside the scope.
  
- D. If the respondent intends to seek clarification of any portion of the discovery request, the respondent shall request such clarification within 10 days of service of the discovery request. Further, any specific objection to a discovery request shall be made within 10 days of service of the discovery request.

- E. Each page of every document produced pursuant to the request for production of documents shall be identified individually through the use of a Bates stamp or other equivalent method of sequential identification. All produced documents shall be numbered in an unbroken sequence through the final hearing.
- F. The Citizens specifically request the Company to make a review of the files of employees reasonably expected to have information responsive to these document requests. Correspondence and notes of meetings, whether typed or handwritten, are specifically requested. If a particular employee is in charge of an area related to a document request, the Citizens request the Company to search the files both of the employee in charge of the area as well as each employee reporting directly or indirectly to such person if their areas of responsibility also include matters reasonably likely to be responsive to the document request.

## **DOCUMENTS REQUESTED**

9. Provide copies of any contracts with anyone who will or might testify in this case on behalf of the Company.
10. Please provide copies of current resumes or curriculum vitae of all expert witnesses who may be called at the final hearing in this case.
11. Please provide all correspondence between the Company and its consultants, Aqua America, Inc., and lawyers, for the services shown on Schedule B-10. This would include but not be limited to engagement letters, RFPs, responses to RFPs, etc.
12. Please provide copies of all e-mail, memoranda, notes, spreadsheets, workpapers, and written responses to audit requests provided to the FPSC auditors during their affiliate and rate case audits. Please provide all workpapers in electronic spreadsheet format with all formulas and links intact.
13. Please provide an electronic searchable copy of the Company's prefiled testimony.
14. Please provide all documents supporting the pro-forma plant additions/improvements to Plant in Service, including but not limited to: invoices, budgets, budget requisitions, signed contracts, bids if the project has not been completed, any requirements of the DEP for the proposed plant additions, and any other documents management relies upon for evaluating plant additions and improvements. Please provide the data in electronic format, if available.

15. Please provide a copy of the December 31, 2006, and December 31, 2007, trial balance, in the most detailed format available, for the water and wastewater operations of the Company. This would include a balance sheet and the income and expenses for the twelve months ended December 31, 2006, and December 31, 2007. Provide the monthly trial balances for each month of 2008 that is available. Provide the requested documents in electronic spreadsheet format (if applicable).
16. Please provide for the years 2005 and 2006 the an electronic version of the detailed general ledger for AUF, Aqua America, Inc., and Aqua Services, Inc., with the ability to select specific transactions recorded in the year.
17. Please provide a mapping of the Company's Chart of Accounts to NARUC accounts, in electronic format, if available.
18. Please provide a copy of each adjusting journal entry made in response to the Company's independent auditors' final recommendations in their most recent audit of Aqua America, Inc., Aqua Services, Inc., and Aqua Utilities of Florida. Include supporting documentation. Also identify and provide adjusting journal entries included in the independent auditors' final recommendations that were not accepted by or made by Aqua America, Inc., Aqua Services, Inc., and Aqua Utilities of Florida, along with a description of why the adjustment was not accepted or made. Provide the requested information for 2006 and 2007.
19. Please provide a copy of the Company's management letters and recommendations received from the Company's independent auditors for the years 2006 and 2007.

20. Please provide the tax returns for Aqua America, Inc., for the years 2005-2007.
21. Please provide the tax returns for ASI and Florida Water Service for the years 2002-2004 and any correspondence on IRS audits conducted on the years 2000-2004.
22. Provide all correspondence on IRS audits of Aqua America, Inc., conducted on the years 2005-2007.
23. Please provide Form 1120 from Aqua America, Inc.'s tax returns for the years 2004, 2005, 2006, and 2007.
24. For each unregulated subsidiary owned by Aqua America, Inc., please provide financial statements (income statements and balance sheets with notes to both) for 2005, 2006, and 2007.
25. For each unregulated subsidiary owned by Aqua Services, Inc., please provide financial statements (income statements and balance sheets with notes to both) for 2005, 2006, and 2007.
26. Provide Aqua America, Inc.'s most recently prepared strategic plans and/or similar documents that address the future goals and objectives of Aqua America, Inc., and its subsidiaries.
27. Please provide the minutes of any business development or acquisition committee meetings conducted during the last 18 months.

28. Please provide any internal correspondence that addresses the acquisitions and divestitures currently pending or proposed for the next two years.
29. Please provide a copy of the agreement and all attachments and amendments with Mopac of Souderton referred to in the press release dated May 19, 2008.
30. Please provide all documents in your possession, custody or control that discuss the arrangements between Aqua Wastewater Management, Inc., and Mopac of Souderton.
31. Provide all documents and responses to informal and formal requests provided to the Staff of the FPSC in connection with the instant docket and all dockets of Aqua Utilities Florida, Inc., currently before the FPSC.
32. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the interest rate that would be charged to AUF by outside investors.
33. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, documenting the Company's current policies and procedures in place to accomplish operational efficiencies.
34. Please provide any documents that address Aqua America, Inc.'s future plans to improve operational efficiencies.

35. Please provide any written policies and procedures that explain Aqua America's capital and expense budgeting process, from approval by the Board of Directors to the implementation and distribution of the budget to the state level.
36. Please provide all documents in your possession, custody, or control that discuss the Company's meter change out program.
37. Provide all documents in your possession, custody, or control that set forth the terms of any contracts (including all attachments and amendments) between the Company, its parent company Aqua America, Inc., its affiliates, and its service company Aqua Services, Inc., for services rendered to or by either for 2005, 2006, 2007, and 2008 to-date.
38. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, documenting the Company's national contracts for vendors used to provide products/services to Aqua.
39. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, documenting the Company's statewide contracts for vendors used to provide products/services to Aqua.
40. For systems where the operations of the water and wastewater systems are contracted out, please provide the contract for these services for the years 2005, 2006, and 2007. Please provide this data in electronic format.



41. Please provide the contracts between each Aqua America, Inc., affiliate that provides contract operator services, consulting services, or management service and the company to which these services are provided.
42. For each system where the Company has contracted out a new sludge hauling agreement during 2007 or 2008, please provide the new and old sludge hauling contract.
43. Please provide all documents documenting the Company's existing insurance contracts.
44. Provide a copy of any documentation (formal and/or informal) and/or policy and procedures manuals that address how costs are allocated or charged by AUF to its various water and wastewater systems.
45. Please provide documentation for all costs directly assigned to the Company by its affiliates including the type of cost and basis for assignment. Provide each and every document related to affiliate costing guidelines and related studies utilized or relied on for comparison with or analysis of cost allocation practices affecting the Company in this proceeding.
46. Please provide the workpapers, calculations, and all necessary documents that would allow an individual to recompute the amounts allocated to AUF by Aqua America, Aqua Services, and any other affiliate/subsidiary that allocated costs to AUF, for 2005, 2006, 2007, and for each month of 2008. The information provided should allow one to recompute the allocation factors and redistribute all costs that have been charged to AUF by Aqua America, Aqua Services, and any other affiliate that charges costs to AUF. The

information provided should allow one to recompute allocations and then carry any associated adjustments, by system, to the expense and rate base items included in the instant rate proceeding. Please provide the requested information in electronic spreadsheet format with all formulas and links intact. The above request includes, but is not limited to: by affiliate, the total dollars by general ledger account number to be allocated, the name of the general ledger account, the allocation factor applied to each account, the calculation of the allocation factor including the numerator for each company that is allocated a portion of the cost and the denominator of the allocation factor, and a description of the allocation factor. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.

47. Please provide the workpapers, calculations, and all other necessary documents that would allow an individual to adjust the amounts directly charged to AUF by Aqua America, Aqua Services, and any other affiliate/subsidiary for 2005, 2006, 2007, and for each month of 2008. The information provided should allow one to redistribute direct charges that have been charged by AUF to its various systems in Florida. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.

48. Please provide the workpapers, calculations, and all other necessary documents that would allow an individual to recompute the amounts allocated to each relevant AUF system by AUF for 2005, 2006, 2007, and each month of 2008. The information provided should allow one to recompute the allocation factors and redistribute all costs that have been charged by AUF to its various systems in Florida. The information

provided should allow one to recompute allocations and then carry any associated adjustments, by system, to the expense and rate base items included in the instant rate proceeding. Please provide the requested information in electronic spreadsheet format with all formulas and links intact. The above request includes, but is not limited to: the total dollars by general ledger account number to be allocated, the name of the general ledger account, the allocation factor applied to each account, the calculation of the allocation factor including the numerator for each system that is allocated a portion of the cost and the denominator of the allocation factor, and a description of the allocation factor. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.

49. Please provide the workpapers, calculations, and other necessary documents that would allow an individual to adjust the amounts directly charged to each relevant AUF system by AUF for 2005, 2006, 2007, and each month of 2008. The information provided should allow one to redistribute direct charges that have been charged by AUF to its various systems in Florida. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.
50. Please provide a list, by system, of activities AUF employees billed to each system and the amounts booked for 2005, 2006, 2007, and monthly for 2008. Also provide the accounts those expenses were booked to. Please provide the requested information in electronic spreadsheet format with all formulas and linked files intact.
51. Please provide a list by system of sundry expenses either allocated or directly charged to each system and the activities associated with each sundry expense for 2005, 2006, 2007,

and monthly for 2008. If the sundry expenses are allocated, please provide the allocation factor for each system including both the numerator and denominator for each year requested. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.

52. Please provide the Excel spreadsheet used to allocate the direct and indirect costs for the accounting units associated with the Company for 2005, 2006, 2007, and to-date 2008. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.
53. Please provide all documents in your possession, custody or control that demonstrate that charges from all unregulated affiliates are provided to the Company at the lower of cost or market.
54. Please provide all invoices from Aqua Resources/Aqua Wastewater Management, Inc. to the Company for 2006 and 2007.
55. Please provide all workpapers and source documents used to prepare Schedule B-12 of the MFRs. The workpapers should allow one to tie the amounts charged from Aqua America, Inc., Aqua Services, Inc., and any other affiliate by account to the amounts depicted on this Schedule.
56. Please provide a copy of Aqua America, Inc.'s organizational chart showing the relationship between Aqua America, Inc., and all its affiliates/subsidiaries for the years 2005, 2006, and 2007.

57. Please provide a copy of Aqua America, Inc.'s organizational chart depicting job titles and positions in the organization of all employees working for Aqua America, Inc., in 2005, 2006, and 2007.
58. Please provide a copy of Aqua Services, Inc.'s organizational chart depicting job titles and positions in the organization of all employees working for Aqua Services, Inc., in 2005, 2006, and 2007.
59. Please provide a copy of the Company's organizational chart showing the job titles and positions in the organization of any and all employees working for the Company for the years 2005, 2006, and 2007.
60. Please provide a copy of all of the minutes of the Company's Board of Directors meetings for the years 2006, 2007, and 2008 to-date.
61. Please provide a copy of any appraisals of property purchased by for use by the Company that involved an affiliated party. Provide the requested information since 2004.
62. Please provide a copy of any appraisals of property sold by the Company since 2004.
63. Please provide any and all documents in your possession, custody or control that address the treatment of negative and/or positive acquisition adjustments related to the Florida systems purchased by Aqua America, Inc.
64. Please provide the purchase and sale agreement concerning the purchases of the Florida systems by Aqua America, Inc. Please provide all memos, reports, meeting minutes, and

other documents prepared by or for Aqua America, Inc., concerning the sale and or purchase of any water or wastewater systems in Florida.

65. Please provide a listing of each employee charged to administrative salaries and wages, including a detailed description of their duties.
66. Provide all documents which describe how compensation and bonuses are developed and paid to employees of Aqua America, Inc., Aqua Services, Inc., and AUF; this includes but is not limited to the short-term and long-term incentive compensation plan and equity-based compensation plans.
67. Provide any analysis, notes, summaries, etc., that were developed during the review of any studies utilized to justify the Company's compensation levels.
68. Provide the study of competitive market based salary rates described at page 4 of the prefiled testimony of Stan F. Szczygiel and at page 12 of the prefiled testimony of John M. Lihvarcik, along with all documents discussing, analyzing, or commenting on the study.
69. Please provide a copy of all minutes (and attachments thereto) and documents provided at the meetings of the Aqua America, Inc., Executive Compensation Committee during 2006, 2007, and 2008.
70. Please provide all documents relied upon by the Executive Compensation Committee in discharging their duties during 2006, 2007, and 2008.

71. Provide all documents produced by the Executive Compensation Committee in discharging their duties during 2006, 2007, and 2008.
72. Please provide copies of all travel and entertainment expense vouchers of Aqua America, Inc., senior managers, and executives whose costs are allocated or charged to the Company for the year 2007 and 2008 to-date.
73. Please provide a summary of the Receivable-Associated Companies and the Payable-Associated Companies by check and/or invoice, respectively for the year 2007.
74. Please provide all documentation supporting the Company's requested rate case expense shown on Schedule B-10, including but not limited to all invoices from consultants, witnesses, and counsel.
75. Please provide all bills from wholesale providers of water and wastewater service to the systems included in the instant rate proceeding. Please provide the requested information for the period January 2006 through March 2008.
76. Please provide all bills from providers of emergency water and/or wastewater service to the systems included in the instant rate proceeding. Please provide the requested information for the period January 2006 through March 2008.
77. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the assumption used to project pay increases for hourly and salaried employees.

78. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the open positions used and their corresponding wage rates.
79. Please provide complete copies of bonus programs or incentive award programs in effect for the Company for 2005, 2006, 2007, and 2008 to-date.
80. Please provide the two most recent pension actuarial reports prepared for the Company or its parent or affiliates.
81. Please provide the two most recent PBOP actuarial reports prepared for the Company or its parent or affiliates.
82. Please provide the assumptions used by the Company (or its parent or affiliates) and its actuaries regarding the pension and PBOP costs for the test year that are included in the filing. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact.
83. For purposes of this request, please refer to the 2007 Aqua America, Inc., Annual Report, p. 50, where it is stated:

Our discount rate assumption was determined using a yield curve that was produced from a universe containing over 500 U.S.-issued Aa-graded corporate bonds, all of which were noncallable (or callable with make-whole provisions), and excluding the 10% of the bonds with the highest yields and the 10% with the lowest yields. The discount rate was then developed as the single rate that would produce the same present value as if the Company used spot rates, for various time periods, to discount the projected pension benefit payments. The Company's pension expense and liability (benefit obligations) increases as the discount rate is reduced. A



25 basis-point reduction in this assumption would have increased 2007 pension expense by \$764 and the pension liabilities by \$7,500. The present values of Aqua America's future pension and other post retirement obligations were determined using discount rates of 6.25% at December 31, 2007 and 5.90% at December 2006. Our expense under these plans is determined using a discount rate as of the beginning of the year, which was 5.90% for 2007 and will be 6.25% for 2008.

Please provide any and all documents which discuss the implications of a higher discount rate on the Company's future pension and benefits expenses.

84. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's actual 2007 and 2008 to-date employee 401K savings expense.
85. Please provide copies of all advertisements published in newspapers or other media, radio script advertisements, and TV script advertisements published by or for the Company in 2006, 2007, and 2008 to-date. Provide the invoices associated with each of these advertisements.
86. Please provide any studies or preliminary assessments performed by the Company that quantifies the impact weather had on test year revenue and expenses.
87. Please provide a copy of any documents which set forth rainfall data collected at the Company's plant sites.
88. Please provide the capital expenditure budget, net of CIAC, for 2006; actual capital expenditures, net of CIAC, for 2006; the capital expenditure budget, net of CIAC, for

2007; any updates to the capital expenditure budget, net of CIAC, for 2007; actual capital expenditures to date, net of CIAC, for 2008, and any updates to the capital expenditure budget, net of CIAC, for 2008; and actual capital expenditures to date, net of CIAC, for 2008. Provide the data by month and by system in electronic spreadsheet format with all formulas and links intact.

89. Please provide all source documents, workpapers, and electronic spreadsheets with all formulas and links intact supporting the retirements made for the ASI portion of the Company's assets. Please provide for each system the actual retirements recorded for 2006, 2007, year-to-date 2008, and as projected for 2008.
90. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the capitalization rate used in calculating the non-O&M expense portion of Labor Expense.
91. Please provide workpapers and supporting documents in electronic spreadsheet format with all formulas and links intact that show the correct amount of AFUDC that should be included in the Company's rate base, by system and USOA account, as a result of the Commission's decisions in Docket Numbers 60693-WS and 06819-WS.
92. Please provide all workpapers and documents used by the Company in the development of its used and useful calculations. Please provide the same spreadsheet with all formulas and links intact that will allow one to view all tabs with the correct data in each cell. Provide any updates to this spreadsheet.

93. Please provide all workpapers supporting all used and useful adjustments. Please provide all workpapers in electronic spreadsheet format with all formulas and links intact.
94. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, for the Company's actual number of ERCs, by customer class, by system, for each month in 2006 and 2007 and each month of 2008.
95. For each system that provides reuse without a charge, please provide all studies and analyses undertaken by or for the Company to assess the reasonableness of setting a reuse rate for these systems.
96. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's development of its proposed water and wastewater rates.
97. Please provide copies of any employee newsletters distributed by the Company for the years 2006, 2007, and 2008 to-date.
98. Please provide any inserts distributed to customers in Florida for the years 2007 and 2008 to-date.
99. With respect to each and every capital additions to plant in 2007 and as budgeted for 2008, please provide, by system, all cost benefit analyses (formal or informal), budget requisitions, and any other documents that discuss or analyze the cost and benefit of the

blanket work order and/or the need for the capital additions resulting from the blanket work order.

100. With respect to each and every capital addition to plant in 2007 and projected for 2008, please provide all workpapers and all documents that quantify the cost savings to customers. Please provide all workpapers in electronic spreadsheet format with all formulas and links intact.
101. Please provide outlines, agendas, minutes, and any other documentation of the town hall meetings conducted by the Company during 2007 and 2008.
102. Please provide all invoices and other documentation supporting the Company's requested recovery of expenses related to the town hall meetings.
103. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the cost savings realized by each system through Radio Frequency conversion.
104. Please provide any documentation which describe the new metering system the Company is putting in place in Florida and the planned conversion schedule.
105. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, used to develop the charts "FL AUF Water Consol Bill Analysis" and "FL AUF Sewer Consol Bill Analysis" handed out at the April 9, 2008, informal meeting.

106. Please provide copies of all instructions and directives provided to employees, including assumptions, directives, manuals, policies and procedures, and timelines, in connection with the instant rate proceeding.
107. Please provide written operating plans that describe the Company's goals and objectives for the test year through 2009.
108. Please all written policies and procedures concerning notes and accounts payable to associated companies.
109. For purposes of this request, please refer to the 2007 Aqua America, Inc., Annual Report, p. 6, where it is stated:

Acquisitions – The AquaSource, Heater Utilities, Inc. and Florida Water Services acquisitions (generally referred to as our Aqua South operations) increased our operating expense ratio due to the operating revenues generated by these operations being accompanied by a higher ratio of operations and maintenance expenses as compared to the rest of the pre-existing, more densely-populated and integrated Aqua America operations. The Aqua South operations can be characterized as having relatively higher operating costs to fixed capital costs, in contrast to the rest of the Aqua America operations which generally consist of larger, interconnected systems, with higher fixed capital costs (utility plant investment) and lower operating costs per customer. In addition, we completed several acquisitions of companies that provide on-site septic tank pumping and sludge hauling services during 2006. The cost-structure of these businesses differs from our utility companies in that these businesses have a much higher ratio of operations and maintenance expenses to operating revenues and a lower-degree of capital investment and consequently a lower ratio of fixed capital costs (plant investment requirements are lower) versus operating revenues. As a result, the ratio of operating income compared to operating revenues is not comparable between the businesses. The non-regulated wastewater and septage hauling service business is not a component of our Regulated segment.

Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the effect of the acquisition of the Florida systems has had on the operating expense ratio of Aqua America, Inc.

110. In a Press Release dated May 8, 2008 stated: "Aqua America, Inc. (Aqua) announced today that its Florida subsidiaries have purchased a regulated wastewater and a local irrigation system valued at approximately \$1.6 million. The newly acquired wastewater system, which will be operated as a regulated utility, serves approximately 3,000 residents in the Fountain Lakes development in Estero, Lee County, Florida. The company also purchased the community's independent irrigation system, which is supplied by on-site wells and ponds and is used by nearly 1,000 residents. Aqua said it plans to invest approximately \$400,000 over the next several years in capital improvements to the system." Please provide the purchase agreement for this system, including all attachments, exhibits, and amendments.
111. During the Aqua America, Inc., First Quarter 2008 Earnings Call, CEO Nicholas DeBenedictus referred to modeling performed by Chris Franklin regarding efficiency ratios. Please provide the models and all supporting workpapers in electronic spreadsheet format with all formulas and links intact for the time period that the modeling was undertaken. Provide any documents which describe the model and the results of the model.
112. Please provide a comparison of operation efficiency levels in the most detailed format available for each operating segment of Aqua America, Inc., for the last three years.

113. For purposes of this request, please refer to the 2007 Aqua America, Inc., Annual Report, p. 50, where it is stated:

Our discount rate assumption was determined using a yield curve that was produced from a universe containing over 500 U.S.-issued Aa-graded corporate bonds, all of which were noncallable (or callable with make-whole provisions), and excluding the 10% of the bonds with the highest yields and the 10% with the lowest yields. The discount rate was then developed as the single rate that would produce the same present value as if the Company used spot rates, for various time periods, to discount the projected pension benefit payments. The Company's pension expense and liability (benefit obligations) increases as the discount rate is reduced. A 25 basis-point reduction in this assumption would have increased 2007 pension expense by \$764 and the pension liabilities by \$7,500. The present values of Aqua America's future pension and other post retirement obligations were determined using discount rates of 6.25% at December 31, 2007 and 5.90% at December 2006. Our expense under these plans is determined using a discount rate as of the beginning of the year, which was 5.90% for 2007 and will be 6.25% for 2008.

Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting Aqua America, Inc.'s calculation of its discount rate for 2006, 2007, and 2008.

114. For systems where improvements have been mandated by the Florida Department of Environmental Protection, please provide all documents concerning FDEP findings and orders in electronic format.
115. Please provide copies of the most recent bond rating agencies' reports on the Company.
116. Please provide a monthly cash flow source and uses statements used to develop the Company's financing needs over the 2006-2009 time periods. Please provide the monthly

statements in both paper and electronic (Microsoft Excel Worksheet) forms. For the Microsoft Excel version, please include all formulas and links intact.

117. Debt.

- a. Please provide all documents, data, and workpapers used to develop the long-term debt cost rate.
- b. Please provide the source and methodology for the forecasted interest rates on all 2008 and 2009 financings.
- c. Please include all calculations related to the specific cost rates for the different debt issues, as well the computation of the source and amount of the amortization of debt discount and expense. Please provide all data and work papers in electronic (Microsoft Excel Worksheet) forms. For the Microsoft Excel version, please include all formulas embedded in the worksheet.

118. Please provide copies of all presentations made to rating agencies and investment firms by Aqua America, Inc., between January 1, 2005, and the present.

119. Please provide copies of all prospectuses for any security issuances by Aqua America, Inc., since January 1, 2005.

120. Please provide copies of all studies performed by Aqua America, Inc., or by consultants or investment firms hired by Aqua America, Inc., to assess the Company's financial



performance, the performance of AUF relative to other utilities, or the adequacy of AUF's return on equity or overall rate of return.

121. Please provide copies of credit reports for Aqua America, Inc., from the major credit rating agencies published since January 1, 2005.
122. Please provide copies of all correspondence between Aqua America, Inc., and any of the three major bond rating agencies (S&P, Moody's, and Fitch) from January 1, 2005, to the present. These include copies of letters, reports, presentations, emails, and notes from telephone conversations.
123. Please provide a copy of all written responses and attachments (where available) to these PODs in electronic format. Please provide spreadsheets with all formulas and links intact.

---

Charlie Beck  
Deputy Public Counsel

CERTIFICATE OF SERVICE  
DOCKET NO. 080121-WS

I HEREBY CERTIFY that a true and correct copy of the foregoing Citizen's First Request for Production of Documents to Aqua Utilities Florida, Inc. has been furnished by electronic mail and U.S. Mail to the following parties on this 29<sup>th</sup> day of May, 2008.

Ralph Jaeger, Esquire  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Kenneth A. Hoffman  
Marsha E. Rule  
Rutledge, Ecenia, Purnell &  
Hoffman, P.A.  
215 South Monroe St., Suite 420  
Tallahassee, FL 32301

Ms. Kimberly A. Joyce  
Aqua Utilities Florida, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010-3402

---

Charlie Beck  
Deputy Public Counsel

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for increase in water and )  
wastewater rates in Alachua, Brevard, DeSoto, ) DOCKET NO. 080121-WS  
Highlands, Lake, Lee, Marion, Orange, )  
Palm Beach, Pasco, Polk, Putnam, ) June 27, 2008  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )  
\_\_\_\_\_ )

**CITIZENS' THIRD REQUEST FOR PRODUCTION OF DOCUMENTS  
TO AQUA UTILITIES FLORIDA, INC. (NOS. 124-181)**

Pursuant to § 350.0611 (1), Florida Statutes, Rule 28-106.206, Florida Administrative Code and Rule 1.350, Florida Rules of Civil Procedure, the Citizens of the State of Florida ("Citizens"), by and through their undersigned attorney with the Office of Public Counsel ("OPC"), hereby request Aqua Utilities Florida, Inc., ("AUF," "Aqua," "Utility," or "Company") to produce copies of the following documents to OPC at their office in Room 812, 111 West Madison Street, Tallahassee, Florida 32399-1400, or at such other mutually agreed place, within thirty (30) days of this request, on or before July 28 , 2007.

**DEFINITIONS**

As used herein, the following words shall have the meanings indicated:

1. "Aqua Utilities Florida, Inc.," shall mean Aqua Utilities Florida, Inc., including but not limited to any of its directors, officers, employees, consultants, agents, representatives, attorneys (concerning nonprivileged matters, which privilege

must be expressly identified and justified) and any other person or entity acting or purporting to act on behalf of the Company.

2. "You" or "Your" means Aqua Utilities Florida, Inc., as defined above.
3. "Affiliate" means any entity that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with Aqua Utility Florida, Inc., or shares a 5% or greater common ownership.
4. The terms "document" or "documents" are meant to have the broadest possible meaning under applicable law and include, but are not necessarily limited to, any written, recorded, filed, or graphic matter, whether produced, reproduced, or on paper, e-mail, cards, tapes, film, electronic facsimile, computer storage device or any other media, including, but not limited to, memoranda, notes, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, and notes, any of which are in your possession, custody, or control.
5. Words in the past tense include the present, and words in the present tense include the past. Use of the singular includes the plural, and use of the masculine includes the feminine where appropriate, and vice versa.

6. If there is any document or other tangible item described by this request which is no longer in your possession, custody, or control or is no longer in existence or accessible to you, please indicate:
  - (a) the date and nature of disposition of such document or other tangible item, including, but not limited to, whether such: (i) is missing or lost, (ii) has been destroyed, or (iii) has been transferred to another person;
  - (b) the circumstances surrounding such disposition, including any authorization thereof; and
  - (c) where applicable, the person currently in possession, custody, or control of such document or item.

## INSTRUCTIONS

- A. If any document is withheld under any claim to privilege, please furnish a list identifying each document for which privilege is claimed, together with the following information: date, sender, recipients, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.
  
- B. If the Company has possession, custody, or control of the original of the documents requested, please produce the originals or a complete copy of the originals and all copies that are different in any way from the original, whether by interlineation, receipt stamp or notation. If the Company does not have possession, custody, or control of the originals of the documents requested please produce any copies in the possession, custody, or control of the Company, however, made.
  
- C. Please construe "and" as well as "or" either disjunctively or conjunctively as necessary to bring within the scope of this production of documents any document which might otherwise be constructed to be outside the scope.
  
- D. If the respondent intends to seek clarification of any portion of the discovery request, the respondent shall request such clarification within 10 days of service of the discovery request. Further, any specific objection to a discovery request shall be made within 10 days of service of the discovery request.

- E. Each page of every document produced pursuant to the request for production of documents shall be identified individually through the use of a Bates stamp or other equivalent method of sequential identification. All produced documents shall be numbered in an unbroken sequence through the final hearing.
  
- F. The Citizens specifically request the Company to make a review of the files of employees reasonably expected to have information responsive to these document requests. Correspondence and notes of meetings, whether typed or handwritten, are specifically requested. If a particular employee is in charge of an area related to a document request, the Citizens request the Company to search the files both of the employee in charge of the area as well as each employee reporting directly or indirectly to such person if their areas of responsibility also include matters reasonably likely to be responsive to the document request.
  
- G. Please provide a copy of all written responses and attachments (where available) to these PODs in electronic format. Please provide spreadsheets with all formulas and links intact.

## DOCUMENTS REQUESTED

124. For purposes of this request, please refer to Mr. Griffin's testimony, p. 4, lines 18 – 23, where he states:

Q. Did AUF record the Jasmine Lakes reclassification as set forth in Audit Finding No. 1?

A. Yes. The \$1,172,514 balance in Account 304 was transferred to Account 354 in December 2007. In addition, the \$100,695 of accumulated depreciation to-date was also reclassified from the water account to the wastewater account in December 2007.

Please provide the workpapers and other supporting documentation of this reclassification. Please provide in electronic spreadsheet format with all formulas and links intact.

125. For purposes of this request, please refer to Mr. Griffin's testimony, p. 5, lines 1-4, where he states:

Q. Did AUF provide the original cost studies for the Village Water water and wastewater systems and the Rosalie Oaks water and wastewater systems to the Commission in accordance with Audit Finding No. 2?

A. Yes. All four original cost studies were provided on or before June 30, 2007.

Please provide copies of the four original cost studies.

126. For purposes of this request, please refer to Mr. Griffin's testimony, p. 5, lines 8-10, where he states:



Q. Did AUF record the rate base adjustments ordered by the Commission and set forth in Audit Finding No. 3?

A. Yes. The aforementioned rate base adjustments were booked in December 2007.

Please provide the workpapers and other supporting documentation for the rate base adjustments ordered by the Commission and set forth in Audit Finding No. 3.

127. For purposes of this request, please refer to Mr. Griffin's testimony, p. 5, lines 18-20, where he states:

Q. Audit Findings No. 4 and 5 refer to projected plant retirements. Is there still an issue with the projected versus actual plant retirements?

A. No. The Oakwood plant retirement as been corrected.

Please provide the workpapers and other supporting documentation for the correction of the Oakwood plant retirement.

128. For purposes of this request, please refer to Mr. Griffin's testimony, p. 6, lines 4-7, where he states:

When the Company changed its corporate name to Aqua America and the subsidiary name to Aqua Utilities Florida, Inc., it incurred costs to change the signage on buildings and vehicles and to alert its customers of the name change through letters and newspaper notices.

Please provide the supporting documentation, including but not limited to invoices, purchase orders, bids, etc., for costs incurred related to the corporate and subsidiary name change.

129. For purposes of this request, please refer to Mr. Griffin's testimony, p. 7, lines 15-19, where he states:

Q. Audit Finding No. 13 states that for the Florida Water Services Corporation ("FWSC") systems there is a \$10,608 difference in 2005 depreciation expense between the general ledger and the MFRs. Has the Company adjusted for this difference?

A. Yes. Corrections were made to Accumulated Depreciation in 2006.

Please provide the workpapers and supporting documentation for the corrections made to Accumulated Depreciation.

130. For purposes of this request, please refer to Mr. Griffin's testimony, p. 8, lines 1-4, where he states:

Q. Audit Finding No. 15 recorded a correction to the Ocala Oaks Accumulated Amortization of CIAC from 1989 to 2005. Has the Company adjusted for this difference?

A. Yes. The adjustment was recorded in 2007.

Please provide the workpapers and supporting documentation for the correction to the Ocala Oaks Accumulated Amortization of CIAC.

131. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-4.

- a. Please provide the analogous information contained on page 1 to include December 2006.
  - b. Please provide the items included in the "Structures and Improvements" and "Computer Equipment" categories in the most detailed format available and their respective costs for each month of the time period December 2006 to December 2007.
132. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 10, lines 5-6, where he states: "We also have state wide contracts for laboratory services, utility contracting, and supplies." Please provide a copy of all state wide contacts.
133. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 11, lines 11-13, where he states: "An analysis was performed to compare AUF's salary's to other industry standards. With this information, salaries were developed for each of the geographical locations within Florida." Please provide all workpapers and supporting documentation of the analysis and comparison conducted.
134. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 11, lines 19-23, where he states:

Through this commitment, we have consolidated our customer service to a call center located in Cary, North Carolina. This center has the ability to enhance customer service by allowing

substantially high volumes of calls to be automatically routed to two other call centers located in Pennsylvania and Illinois.

Please provide all analysis and studies undertaken to address the consolidation of the call centers.

135. In Mr. Lihvarcik's Exhibit JML-2, Mr. Lihvarcik uses the term "transient population" for the following systems: Lake Josephine, Palms Mobile Home Park, Silver Lake Estates/Western Shores, and Summit Chase. Please provide all customer complaints and identify those that are because of transient customers.
136. Please provide all memorandum, studies, and other documents which mention, discuss, or analyze the 4 % pay increase implemented for AUF in April 2008.
137. Provide any documents in the Company's possession, custody, or control which address the pay increases implemented by Aqua systems in other states.
138. For purposes of this request, please refer to Mr. Szczygiel's testimony, p. 7, lines 11-12, where he states: "Where appropriate and available, contacts were made with suppliers of goods and services to confirm and document these changes." Please provide all supporting documentation of contacts made with suppliers, including but not limited to correspondence, contracts and amendments thereto, bids, purchase orders, etc.
139. For purposes of this request, please refer to Mr. Szczygiel's testimony, p. 9, lines 13-15, where he states: "Pro Forma 'Other' miscellaneous employee benefit

expenses were calculated based on the historical level of miscellaneous benefits as a function of pro forma payroll expense.”

- a. Please provide for every month of 2007 the items included in “Other” Miscellaneous Employee Benefit Expenses and the amounts booked.
  - b. Please provide supporting documentation for “Other” Miscellaneous Employee Benefit Expenses booked in 2007, including but not limited to receipts, expense forms, etc.
140. Please provide all supporting evidence of the expenses booked in account “Contractual Services – Other Expense,” including but limited to invoices, purchase orders, receipts, etc.
  141. For purposes of this request, please refer to Mr. Szczygiel’s testimony, p. 10, lines 6-9. Please provide a copy of the new lease for the plant at Lake Suzy.
  142. Please provide all supporting documentation for the increases in purchased water and wastewater, including correspondence, contracts, tariffs, etc.
  143. Please provide all correspondence between the Company and all suppliers of water and wastewater service to the Company for the years 2007 and 2008.
  144. Please provide a copy of the notice from Pasco County for the increase in sludge disposal rates.

145. Please provide supporting documentation for the normalization adjustment of the ammonia expense for the Chuluota system, including but not limited to all correspondence, contracts, purchase orders, bids, etc.
146. Please provide a copy of the new contract for sludge hauling for the South Seas system.
147. Please provide the following spreadsheets as they were missing from the Company's response to OPC POD 2:
  - a. 2007 Benefits Allocation %'s.xls
  - b. 2007 Unallocated PR Taxes.xls
  - c. 2008 Prop Tax Projection.xls
  - d. 2008 Prop Tax Projection.xls
  - e. 2008 Prop Tax Projection.xls
  - f. Labor Analysis - 2007 Actual vs 2008 Budget.xls
  - g. Meter Reader Pro Forma Adjustments.xls
  - h. namelookupAUF.xls
  - i. Potential O&M Expenses Adjustments.xls
  - j. Pro Forma Employee Benefits Adj - FLA Direct.xls
  - k. Pro Forma Expense Adjs - Contract Services.xls
  - l. Pro Forma Expense Adjs - Meetings.xls
  - m. Purchased Sewer Adjs.xls
  - n. Purchased water Adjs.xls
  - o. Rent Adjustments.xls
  - p. Salary Normalizations.xls
  - q. Sludge Hauling Expense Adjustments.xls
  - r. Transportation Expense Normalization.xls
148. Provide all training materials used to train the customer call employees.
149. For purposes of this request, please refer to lines 13-15, page 6 of Mr. Franklin's testimony which states "A new Chief Operating Manager was hired from a

neighboring municipal system to increase the company's operating standard.”

Please provide the Operating Manager's job description.

150. For purposes of this request, please refer to page 6 of Mr. Franklin's testimony:  
Please provide the written job description of each person that was hired to enhance the Company's operations since 2007.
151. For purposes of this request, please refer to lines 1-6, page 2 of Mr. Prettyman's testimony. Please provide the billing records utilized by Mr. Prettyman.
152. For purposes of this request, please refer to lines 1-6, page 2 of Mr. Prettyman's testimony. Please provide the initial review that was made to test the reasonableness of the gross data received as compared to the actual books and records of AUF. Provide all documents, memorandum e-mail, and written analyses produced as a result of Mr. Prettyman's review and analysis.
153. For purposes of this request, please refer to Mr. Prettyman's testimony. Please provide the analysis and all supporting workpapers prepared by Mr. Prettyman in conducting his billing analysis and all adjustments made to the billing analysis. Please provide the workpapers in electronic spreadsheet format with all formulas and links intact.
154. For purposes of this request, please refer to lines 17-23, page 2 and line 1, page 3 of Mr. Prettyman's testimony. Please provide all workpapers and supporting

documents used to adjust the base facility charges. Please provide the workpapers in electronic spreadsheet format with all formulas and links intact.

155. For purposes of this request, please refer to lines 18-22, page 3 of Mr. Prettyman's testimony. Please provide the workpapers and source documents used to make the adjustments to Gibsonia Estates and Jasmine Lakes. Please provide the workpapers in electronic spreadsheet format with all formulas and links intact.
156. For purposes of this request, please refer to lines 2-5, page of Mr. Prettyman's testimony. Please provide the workpapers and source documents used to make the adjustments to customers described. Please provide the workpapers in electronic spreadsheet format with all formulas and links intact.
157. The Company's B-7 Schedule states in many instants that the prior owner did not allocate all administrative costs to entities.
  - a. For each system, please state the name of the prior owner.
  - b. For each system, please explain what administrative costs were not allocated and how the Company knows that not all administrative costs were not allocated.
  - c. For each system, explain how the Company came about this knowledge and identify each person this subject was discussed with in connection with purchasing the system(s) or subsequent to acquisition.



158. The Company's B-7 and B-8 Supplemental Schedules state in many instances that the prior owner did not allocate all administrative costs to entities. Provide all documents relied upon by the company to make this statement.
  
159. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. Please provide the source of the "4 pounds per meter and .90 cents per meter" contained under column Q.
  
160. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. With respect to each proforma capital addition shown please provide, by system, all cost benefit analyses (formal or informal), budget requisitions, contracts, purchase orders, bids, budget comparisons and updates, any other documents that discuss or analyze the capital addition, and any cost and benefit studies of each capital addition.
  
161. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. With respect to each and every proforma capital addition, please provide all workpapers and all documents that quantify the cost savings to customers. Please provide all workpapers in electronic spreadsheet format with all formulas and links intact.

162. Please provide all brochures and all other literature in the Company's possession which describes the meters the Company is using in its meter replacement program.
163. Please provide all documents in the Company's possession, custody and control which summarize by system the amount of the interim and permanent rate increase and present and proposed rates requested in this proceeding.
164. Please refer to the Company's response to OPC POD 5. Please provide the monthly variance reports for 2006 and 2007.
165. For purposes of this request please refer to the Company's response to OPC POD 5, specifically the 2007 Variance Report – Budget versus Actual. Please provide source documents and workpapers supporting the adjustments discussed on the Explanations Column for the Month, Quarter to Date, and Year.
166. Provide for the year ending 2007 and each month of 2008 budget variance reports for each system in the instant rate case.
167. Provide for the year ending 2007 and each month of 2008 budget variance reports for Aqua Services, Inc.
168. Provide for the year ending 2007 and each month of 2008 budget variance reports for Aqua America, Inc.
169. Please provide budget variance reports for AUF, Aqua America and Aqua Services for May and June 2008.

170. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the purchased water rate increase for Palm Terrace and Lake Suzy. This would include but not be limited to bills submitted to the Company and new contracts.
171. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the purchased sewage rate increase for Zephyr Shores and Lake Gibson. This would include but not be limited to bills submitted to the Company and new contracts.
172. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the Pasco County sludge hauling increase. This would include but not be limited to bills submitted to the Company and new contracts.
173. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the cost increase for Ammonia for Chuluota. This would include but not be limited to bills submitted to the Company and new contracts.
174. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the cost increase for new office rent. This

would include but not be limited to bills submitted to the Company and new contracts.

175. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the cost increase for South Seas operator. This would include but not be limited to bills submitted to the Company and new contracts.
176. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the cost increase for the new town hall meeting expenses.
177. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the cost increase for each new employee. This would include contracts, terms of employment, written job description, written job offers, etc.
178. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the following purchased water normalizations: Kingwood, Oakwood, Holiday Haven Pal Terrace, Zephyr Shores, Beecher's Point, Harmony Homes, Jungle Den, Lake Osborne, Village Water, Lake Suzy. This would include but not be limited to bills submitted to the Company and new contracts.

179. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the sludge hauling decrease for South Seas. This would include but not be limited to bills submitted to the Company and new contracts.
180. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting Lake Suzy land rent/sale. This would include but not be limited to bills submitted by the Company and new contracts.
181. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the bills for CJW associated with the adjustment for \$45,000 for "Erroneous reversal of CJW Audit Fees in Dec 07 applied to all Florida systems."

---

Charlie Beck  
Deputy Public Counsel

CERTIFICATE OF SERVICE  
DOCKET NO. 080121-WS

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Service. has been furnished by electronic mail and U.S. Mail to the following parties on this 27th day of June, 2008.

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

Ms. Kimberly A. Joyce  
Aqua Utilities Florida, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010-3402

Bruce May, Esq.  
Gigi Rollini, Esq.  
c/o Holland & Knight Law Firm  
P.O. Drawer 810  
Tallahassee, FL 32302-0810

---

Charlie Beck  
Deputy Public Counsel

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**In Re: Application for increase in water and  
wastewater rates in Alachua, Brevard, DeSoto,  
Highlands, Lake, Lee, Marion, Orange,  
Palm Beach, Pasco, Polk, Putnam,  
Seminole, Sumter, Volusia, and Washington  
Counties by Aqua Utilities Florida, Inc.**

---

**DOCKET NO. 080121-WS**

**July 31, 2008**

**CITIZENS' FOURTH REQUEST FOR PRODUCTION OF DOCUMENTS  
TO AQUA UTILITIES FLORIDA, INC. (NOS. 182-205)**

Pursuant to § 350.0611 (1), Florida Statutes, Rule 28-106.206, Florida Administrative Code and Rule 1.350, Florida Rules of Civil Procedure, the Citizens of the State of Florida ("Citizens"), by and through their undersigned attorney with the Office of Public Counsel ("OPC"), hereby request Aqua Utilities Florida, Inc., ("AUF," "Aqua," "Utility," or "Company") to produce copies of the following documents to OPC at their office in Room 812, 111 West Madison Street, Tallahassee, Florida 32399-1400, or at such other mutually agreed place, within thirty (30) days of this request, on or before September 1, 2008.

**DEFINITIONS**

As used herein, the following words shall have the meanings indicated:

1. "Aqua Utilities Florida, Inc.," shall mean Aqua Utilities Florida, Inc., including but not limited to any of its directors, officers, employees, consultants, agents, representatives, attorneys (concerning nonprivileged matters, which privilege

must be expressly identified and justified) and any other person or entity acting or purporting to act on behalf of the Company.

2. "You" or "Your" means Aqua Utilities Florida, Inc., as defined above.
3. "Affiliate" means any entity that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with Aqua Utility Florida, Inc., or shares a 5% or greater common ownership.
4. The terms "document" or "documents" are meant to have the broadest possible meaning under applicable law and include, but are not necessarily limited to, any written, recorded, filed, or graphic matter, whether produced, reproduced, or on paper, e-mail, cards, tapes, film, electronic facsimile, computer storage device or any other media, including, but not limited to, memoranda, notes, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, and notes, any of which are in your possession, custody, or control.



5. Words in the past tense include the present, and words in the present tense include the past. Use of the singular includes the plural, and use of the masculine includes the feminine where appropriate, and vice versa.
  
6. If there is any document or other tangible item described by this request which is no longer in your possession, custody, or control or is no longer in existence or accessible to you, please indicate:
  - (a) the date and nature of disposition of such document or other tangible item, including, but not limited to, whether such: (i) is missing or lost, (ii) has been destroyed, or (iii) has been transferred to another person;
  - (b) the circumstances surrounding such disposition, including any authorization thereof; and
  - (c) where applicable, the person currently in possession, custody, or control of such document or item.

## INSTRUCTIONS

- A. If any document is withheld under any claim to privilege, please furnish a list identifying each document for which privilege is claimed, together with the following information: date, sender, recipients, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.
  
- B. If the Company has possession, custody, or control of the original of the documents requested, please produce the originals or a complete copy of the originals and all copies that are different in any way from the original, whether by interlineation, receipt stamp or notation. If the Company does not have possession, custody, or control of the originals of the documents requested please produce any copies in the possession, custody, or control of the Company, however, made.
  
- C. Please construe "and" as well as "or" either disjunctively or conjunctively as necessary to bring within the scope of this production of documents any document which might otherwise be constructed to be outside the scope.
  
- D. If the respondent intends to seek clarification of any portion of the discovery request, the respondent shall request such clarification within 10 days of service of the discovery request. Further, any specific objection to a discovery request shall be made within 10 days of service of the discovery request.

- E. Each page of every document produced pursuant to the request for production of documents shall be identified individually through the use of a Bates stamp or other equivalent method of sequential identification. All produced documents shall be numbered in an unbroken sequence through the final hearing.
  
- F. The Citizens specifically request the Company to make a review of the files of employees reasonably expected to have information responsive to these document requests. Correspondence and notes of meetings, whether typed or handwritten, are specifically requested. If a particular employee is in charge of an area related to a document request, the Citizens request the Company to search the files both of the employee in charge of the area as well as each employee reporting directly or indirectly to such person if their areas of responsibility also include matters reasonably likely to be responsive to the document request.
  
- G. Please provide a copy of all written responses and attachments (where available) to these PODs in electronic format. Please provide spreadsheets with all formulas and links intact.

## DOCUMENTS REQUESTED

182. For purposes of this request, please refer to the Company's response to OPC Interrogatory 6. Please provide a copy of the five-year capital plan prepared for 2006, 2007, and 2008.
  
183. For purposes of this request, please refer to the Company's response to OPC Interrogatory 7. Please provide the supporting documentation for the amount of desktop and laptop PC replacements that occur on an annual basis.
  
184. For purposes of this request, please refer to the Company's response to OPC Interrogatory 2. Please provide a copy of the Internal Audit Review of Aqua Utilities Florida Revenue/Billing Cycle (Q3, 2007). Please provide copies all other Internal Audits of the Company's Billing.
  
185. For purposes of this request, please refer to the Company's response to OPC Interrogatory 9. To the extent not previously provided, please provide the Company's budgets for valve replacements, small main replacements, flow meters, customer services, and fire hydrants for 2006, 2007, and 2008. If this information has been previously provided, please provide the exact location, i.e. file name, tab name, and other identifying information that would aid OPC in locating this information.
  
186. For purposes of this request, please refer to the Company's response to OPC Interrogatory 53, where it states, "The costs related to these policy and

procedural improvements are normal operating expenses.” Please provide the amount of costs related to the policy and procedural improvements and the accounts they were booked to.

187. For purposes of this request, please refer to the attachment to the Company's response to OPC Interrogatory 28, Excel file “OPC IROG 28.xls.” Please provide the analogous information for the years 2003 and 2004.

188. For purposes of this request, please refer to the Company's response to OPC POD 35. On Page 3 of the Budget Policies and Procedures Manual, it lists a typical budget meeting agenda. Please provide any notes, agenda, memoranda, or other documentation that documents the following elements of the budget review meetings for the AUF 2007, and 2008 budgets:

- a. Comparison of budget year financial results to corporate benchmark scorecard.
- b. Discussion of customer growth rates.
- c. Revenue calculation, including customers and average usage trends, weather impact, rate increase activity, other significant revenue events, and non-utility revenue.
- d. Expenses and cost drivers, including labor and employee benefits, major expense categories, and cost-saving initiatives.
- e. Taxes.
- f. Debt issuance and/or equity infusions.
- g. Staffing issues.

- h. Follow-up plans and action items.
189. Please provide a copy of the documents uploaded to the web page called Aqua Newsfeed for 2007 and 2008.
190. For purposes of this request, please refer to the Company's B-8 Supplemental Schedule. For numerous systems and numerous accounts where expenses increase by more than the CPI and customer growth, the Company gave the following explanation: "Prior owner did not allocate all admin costs to entities." Provide any and all documents in your possession, custody, or control which substantiates this characterization.
191. Affiliates. Please refer to the Company's response to OPC's Interrogatory 17. Please provide the financial statements (income statement and balance sheet) for Aqua Wastewater Management for 2006, 2007, and 2008 to-date.
192. Lobbying. Please refer to the Company's response to OPC's Interrogatory 41. Please provide the bills submitted in connection with the lobbying charges provided in the attachments to this response for the year 2007.
193. Billing. Please refer to the Company's response to OPC's POD 153 and 155. Please provide the source documents for the adjustments shown on tabs "summary" and "adjustment".

194. Purchased Water and Wastewater. Please refer to the Company's response to OPC's Interrogatory 46. Please provide the bulk water and/or wastewater agreement that preceded the ones provided in response to Interrogatory 46 to the extent they were in existence during 2007.
195. Staff Audit Requests and Responses. Please provide an update the Company's response to OPC's POD 12 for both the affiliate audit and the rate case audit.
196. Please provide tape recordings of the customer service representative of Aqua Services that answered calls from Florida customers from 2007 to-date.
197. Provide the five most recent copies of testimony submitted by Mr. Prettyman in water and wastewater proceedings.
198. Provide the five most recent copies of testimony submitted by Mr. Guastella in water and wastewater proceedings.
199. Provide all correspondence, including but not limited to e-mails, correspondence, and memorandum, between Mr. Prettyman and the Company concerning billing matters and the development of the billing analysis performed by AUS.
200. Please refer to the Company's response to OPC's POD 19, Bates page 00945. Please provide the "Ethics and Accounting Whistleblower Hotline Report."

201. Please refer to the Company's response to OPC's POD 19, Bates page 00949. Please provide the list of unadjusted differences noted during the audit, all associated workpapers, and management's response if applicable.
202. Provide all studies, analyses, reports, and other documents in the possession, custody or control of the Company that compares, examines, or evaluates the Company's billing accuracy as compared to other companies. Provide the requested information for the last three years.
203. Provide all studies, analyses, reports, and other documents in the possession, custody or control of the Company that compares, examines, or evaluates the performance of the customer service representatives of Aqua Services that answer calls from Florida customers. Provide the requested information for the last three years.
204. Provide all documents discussing or evaluating meter reading issues related to the installation of RF meters.
205. Provide all instructions provided to customer service representatives related to the installation of RF meters.



---

Charlie Beck  
Deputy Public Counsel

CERTIFICATE OF SERVICE  
DOCKET NO. 080121-WS

I HEREBY CERTIFY that a true and correct copy of the foregoing Citizen's Fourth Request for Production of Documents to Aqua Utilities Florida, Inc. has been furnished by electronic mail and U.S. Mail to the following parties on this 31<sup>st</sup> day of July, 2008.

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

Bruce May  
Gigi Rollini  
Holland & Knight Law Firm  
P.O. Drawer 810  
Tallahassee, FL 32302-0810

Ms. Kimberly A. Joyce  
Aqua Utilities Florida, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010-3402

\_\_\_\_\_  
Charlie Beck  
Deputy Public Counsel

**COMPOSITE EXHIBIT "B"**

**080121-WS**

**Count of OPC Interrogatories to Aqua Utilities**

*AQUA UTILITIES OPC FIRST INTERROGATORIES NO. 1-101*

<b>ROG NO.</b>	<b>Total # of Compound or Subparts</b>
1	3
2	1
3	1
4	3
5	1
6	4
7	6
8	1
9	3
10	2
11	5
12	5
13	3
14	2
15	4
16	5
17	2
18	2
19	5
20	6
21	2
22	1
23	1
24	5
25	1
26	4
27	2
28	3
29	6
30	3
31	1
32	2
33	4
34	3
35	1
36	2
37	1
38	2
39	2
40	2

**080121-WS**  
**Count of OPC Interrogatories to Aqua Utilities**

ROG NO.	Total # of Compound or Subparts
41	2
42	3
43	2
44	1
45	4
46	3
47	1
48	1
49	13
50	4
51	3
52	2
53	2
54	1
55	1
56	2
57	2
58	9
59	9
60	1
61	1
62	1
63	10
64	8
65	1
66	1
67	1
68	1
69	1
70	1
71	1
72	1
73	1
74	1
75	1
76	1
77	2
78	4
79	2
80	2
81	1
82	1

**080121-WS**

**Count of OPC Interrogatories to Aqua Utilities**

<b>ROG NO.</b>	<b>Total # of Compound or Subparts</b>
83	1
84	3
85	4
86	1
87	1
88	1
89	3
90	2
91	1
92	1
93	2
94	1
95	2
96	1
97	3
98	1
99	2
100	1
101	1
<b>OPC'S 1<sup>ST</sup> SET TOTAL:</b>	<b>254</b>

***AQUA UTILITIES OPC SECOND INTERROGATORIES NO. 102-189***

<b>ROG NO.</b>	<b>Total # of Compound or Subparts</b>
102	3
103	4
104	1
105	2
106	5
107	2
108	7
109	15
110	1
111	5
112	2
113	4
114	2
115	68
116	1
117	2
118	1

**080121-WS**  
**Count of OPC Interrogatories to Aqua Utilities**

ROG NO.	Total # of Compound or Subparts
119	1
120	1
121	1
122	3
123	14
124	16
126	1
127	1
128	13
129	4
130	11
131	2
132	3
133	2
134	7
135	2
136	7
137	9
138	2
139	6
140	10
141	3
142	5
143	6
144	11
145	1
146	4
147	9
148	1
149	1
150	3
151	3
152	4
153	9
154	9
155	2
156	5
157	1
158	2
159	10
160	2
161	3

**080121-WS**  
**Count of OPC Interrogatories to Aqua Utilities**

ROG NO.	Total # of Compound or Subparts
162	51
163	18
166	31
167	15
168	17
169	6
170	4
171	5
172	32
173	44
174	24
175	3
176	1
177	9
178	11
179	8
180	9
181	7
182	2
183	8
184	6
185	5
186	15
187	2
188	4
189	6
<b>2ND SET TOTAL:</b>	<b>678</b>
<b>Cumulative Total for 1st +2nd ROGs</b>	<b>932</b>

*AQUA UTILITIES OPC THIRD INTERROGATORIES NO. 190-263*

ROG NO.	Total # of Compound or Subparts
190	12
191	2
192	31
193	56
194	2
195	36
196	11
197	10
198	6
199	2



**080121-WS**  
**Count of OPC Interrogatories to Aqua Utilities**

ROC NO.	Total # of Compound or Subparts
200	4
201	18
202	1
203	6
204	2
205	4
206	26
207	6
208	6
209	6
210	1
211	8
212	8
213	2
214	2
215	2
216	2
217	2
218	2
219	2
220	6
221	3
222	1
223	5
224	1
225	3
226	1
227	12
228	1
229	4
230	4
231	4
232	2
233	2
234	2
235	2
236	2
237	3
238	3
239	4
240	3
241	3

**080121-WS**  
**Count of OPC Interrogatories to Aqua Utilities**

ROG NO.	Total # of Compound or Subparts
242	2
243	4
244	2
245	2
246	3
247	2
248	2
249	4
250	1
251	2
252	2
253	2
254	1
255	2
256	1
257	9
258	2
259	2
260	1
261	3
262	1
263	12
<b>3RD SET TOTAL:</b>	<b>411</b>
<b>Cumulative Total for 1st +2nd+3rd ROGs</b>	<b>1343</b>

*AQUA UTILITIES OPC FOURTH INTERROGATORIES NO. 264-379*

ROG NO.	Total # of Compound or Subparts
264	3
265	1
266	1
267	1
268	2
269	13
270	2
271	2
272	1
273	5
274	2
275	1
276	5
277	1

**080121-WS**  
**Count of OPC Interrogatories to Aqua Utilities**

ROC NO	Total # of Compound or Subparts
278	13
279	13
280	2
281	1
282	2
283	13
284	5
285	13
286	13
287	15
288	27
289	1
290	2
291	1
292	27
293	12
294	1
295	11
296	17
297	27
298	15
299	8
300	27
301	17
302	16
303	27
304	5
305	2
306	1
307	27
308	1
309	5
310	5
311	5
312	27
313	1
314	5
315	27
316	2
317	27
318	1
319	2

**080121-WS**  
**Count of OPC Interrogatories to Aqua Utilities**

ROC NO.	Total # of Compound or Subparts
320	8
321	27
322	5
323	8
324	27
325	9
326	27
327	27
328	1
329	1
330	1
331	7
332	2
333	8
334	2
335	27
336	27
337	8
338	1
339	27
340	27
341	5
342	2
343	27
344	5
345	8
346	8
347	27
348	16
349	9
350	1
351	5
352	4
353	27
354	27
355	5
356	1
357	27
358	5
359	27
360	15
361	8

**080121-WS**  
**Count of OPC Interrogatories to Aqua Utilities**

ROC NO	Total # of Compound or Subjects
362	8
363	5
364	2
365	8
366	27
367	8
368	15
369	15
370	1
371	1
372	15
373	1
374	1
375	27
376	5
377	15
378	27
379	2
<b>4TH SET TOTAL:</b>	<b>1228</b>

Total of Sets 1 - 4:	2571
----------------------	------

**080121-WS**  
**Count of OPC PODS to Aqua Utilities**

*AQUA UTILITIES OPC FIRST POD NOS. 1-8*

POD NO.	Total # of Compound or Subparts
1	
2	
3	
4	
5	
6	
7	
8	
<b>OPC'S 1<sup>ST</sup> SET TOTAL:</b>	<b>45</b>

*AQUA UTILITIES OPC SECOND POD NOS. 9-123*

POD NO.	Total # of Compound or Subparts
9	1
10	1
11	1
12	1
13	8
14	1
15	4
16	6
17	1
18	8
19	4
20	3
21	11
22	3
23	4
24	6
25	6
26	1
27	1
28	1
29	1
30	1
31	2
32	1
33	1
34	1

**080121-WS**  
**Count of OPC PODS to Aqua Utilities**

POD NO.	Total # of Compound or Subparts
35	1
36	1
37	12
38	1
39	1
40	3
41	2
42	1
43	1
44	1
45	2
46	9
47	9
48	9
49	9
50	10
51	27
52	4
53	1
54	2
55	1
56	3
57	3
58	3
59	3
60	3
61	1
62	1
63	1
64	2
65	2
66	3
67	1
68	2
69	2
70	1
71	1
72	4
73	2
74	1
75	1
76	1

**080121-WS**  
**Count of OPC PODS to Aqua Utilities**

POD NO.	Total # of Compound or Subparts
77	1
78	1
79	4
80	2
81	2
82	1
83	1
84	2
85	6
86	1
87	1
88	7
89	4
90	1
91	2
92	1
93	1
94	6
95	1
96	1
97	3
98	2
99	2
100	2
101	1
102	1
103	1
104	2
105	2
106	2
107	1
108	1
109	1
110	1
111	2
112	1
113	3
114	1
115	1
116	2
117	3
118	2



**080121-WS**  
**Count of OPC PODS to Aqua Utilities**

POD NO.	Total # of Compound or Subparts
119	1
120	3
121	1
122	1
123	1
<b>2ND SET TOTAL:</b>	<b>317</b>
<b>Cumulative Total (1st + 2nd Sets)</b>	<b>362</b>

*AQUA UTILITIES OPC THIRD POD NOS. 124-181*

POD NO.	Total # of Compound or Subparts
124	1
125	4
126	1
127	1
128	1
129	1
130	1
131	2
132	1
133	1
134	1
135	2
136	1
137	1
138	1
139	2
140	1
141	1
142	1
143	1
144	1
145	1
146	1
147	18
148	1
149	1
150	1
151	1
152	2
153	2
154	1

**080121-WS**  
**Count of OPC PODS to Aqua Utilities**

POD NO.	Total # of Compound or Subparts
155	1
156	1
157	5
158	1
159	1
160	2
161	1
162	1
163	4
164	2
165	1
166	7
167	7
168	7
169	2
170	1
171	1
172	1
173	1
174	1
175	1
176	1
177	1
178	10
179	1
180	1
181	1
<b>3RD SET TOTAL:</b>	<b>120</b>
<b>Cumulative Total (1st + 2nd + 3rd Sets)</b>	<b>482</b>

*AQUA UTILITIES OPC FOURTH POD NOS. 182-205*

POD NO.	Total # of Compound or Subparts
182	3
183	1
184	2
185	15
186	2
187	2
188	16
189	2
190	1

**080121-WS**  
**Count of OPC PODS to Aqua Utilities**

<b>POD NO.</b>	<b>Total # of Compound or Subparts</b>
191	3
192	1
193	2
194	1
195	2
196	1
197	5
198	5
199	2
200	1
201	1
202	3
203	3
204	1
205	1
<b>4TH SET TOTAL:</b>	<b>76</b>
<b>Total of Sets 1 - 4:</b>	<b>558</b>

**COMPOSITE EXHIBIT "C"**

# Holland+Knight

Tel 850 224 7000  
Fax 850 224 8832

Holland & Knight LLP  
315 South Cathoun Street, Suite 600  
Tallahassee, FL 32301-1872  
www.hklaw.com

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

July 14, 2008

Via E-Mail

Charles Beck  
Deputy Public Counsel  
c/o The Florida Legislature  
111 W Madison St, Room 812  
Tallahassee, FL 32399-1400

Re: *In Re: Application for increase in water and wastewater rates in Alachua, Brevard, DeSoto, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc., Docket No. 080121-WS*

Dear Charlie:

As you noted on our telephone conference last Thursday, Aqua Utilities Florida, Inc. ("Aqua") has objected to OPC's Third Set of Interrogatories on grounds that it exceeds the discovery limits set forth in the Order Establishing Procedure ("Order"). This responds to your request that we explain the method by which we have counted OPC's interrogatories. It also offers what we believe to be a reasonable and cost-effective approach to responding to discovery while honoring the discovery parameters established by the Order.

## Background

Aqua has received OPC's recent discovery requests, including: Citizens' First Set of Interrogatories, dated May 29, 2008; Citizens' Second Set of Interrogatories, dated June 27, 2008; Citizens' First Request for Production of Documents, dated May 28, 2008; Citizens' Second Request for Production of Documents, dated May 29, 2008; and Citizens' Third Request for Production of Documents, dated June 27, 2008. Aqua has worked diligently to be forthcoming and accommodating with its responses to these discovery requests.

The Order provides that interrogatory requests, requests for production of documents, and requests for admissions, "shall be limited to 750", "including all subparts." See Order No. PSC-08-0429-PCO-WS, ¶ 5(A). The discovery limits established in the Order are more than sufficient for this type of proceeding – an \$8.4 million rate case. In fact, the discovery limits in this case dwarf the discovery parameters in a recent FPSC case involving rate impacts far greater and a utility much larger than that presented here. See *In re: Petition to determine need for Turkey Point Nuclear Units 6 and 7 electrical power plant, by Florida Power & Light Company,*

Atlanta • Bethesda • Boston • Chicago • Fort Lauderdale • Jacksonville • Los Angeles  
Miami • New York • Northern Virginia • Orlando • Portland • San Francisco  
Tallahassee • Tampa • Washington, D.C. • West Palm Beach  
Beijing • Caracas • Mexico City • Tel Aviv • \*Representative Office

DOCUMENT NUMBER-DATE  
06062 JUL 14 8  
FPSC-COMMISSION CLERK

Charles Beck  
July 14, 2008  
Page 2

Docket No. 070650-EI, Order No. PSC-07-0869-PCO-EI (Dec. 30, 2007) (a multi-billion dollar nuclear power plant need case, wherein the Commission limited interrogatories to 300, including subparts).

At the outset of this case, Aqua expressed serious concern about the costs and burdens imposed by the sheer volume of discovery OPC had propounded. See my letter to you dated June 3, 2008. Nevertheless, Aqua has made every effort to comply with the discovery requirements set forth in the Order, and has worked diligently to be as responsive and as forthcoming to OPC's discovery requests as possible. Indeed, as you know, Aqua has established a protocol for weekly conferences with OPC and its consultants to accommodate and answer questions from OPC regarding previously provided discovery responses and the inter-workings of electronic files and programs developed by Aqua. These accommodations are uncommon in proceedings of this nature, and are especially extraordinary in that they parallel Aqua's efforts to respond to OPC's numerous formal discovery requests. Moreover, Aqua has agreed to answer follow up questions that OPC identifies without requiring OPC to submit additional interrogatories. In summary, OPC's voluminous discovery requests have imposed extraordinary costs and resource challenges to my client. While Aqua is committed to fully complying to the discovery requirements in the Order, it cannot be expected to continue to go beyond the ample discovery limits set forth in the Order.

#### Interrogatory Count

We noted in our objections to Citizen's First Set of Interrogatories, served on June 30, 2008, that notwithstanding the numbering on that discovery request (Nos. 1-101), when subparts and compound requests were counted, the quantity of interrogatories totaled approximately 253 requests. For instance, No. 1—while numbered as only one request—clearly contains at least three distinct requests in three distinct sentences: 1) "a listing with a detailed explanation of each adjustment made to the Company's trial balance amounts in the preparation of the 2005, 2006, and 2007 Annual Reports"; 2) "a detailed description of material changes in accounting policies or procedures adopted by the Company since 2005 and as anticipated through the end of 2008"; and 3) "a detailed description of the impact of change in accounting policy or procedure on the test year and identify the basis of the change." Such multiple or compound interrogatory requests, whether clearly labeled as subparts (*see e.g.*, Nos. 6(a)-(d), 11(a)-(e)) or not, are required to be counted pursuant to the Order entered in this case. Again, according to our careful count, the First Set of Interrogatories includes at least 253 distinct interrogatory requests.

Likewise, as we have noted in our expedited objections to Citizens' Second Interrogatories, served on July 7, 2008, that discovery request contains far more than 87 interrogatories. When subparts that are actually numbered are counted, in addition to the multiple requests contained within each numbered interrogatory, there are approximately 678 distinct interrogatory requests. For example, even by a conservative count, No. 108 contains at least 7 distinct requests, including the following: "for each system and each deferred maintenance item," the interrogatory requests: 1) "a description of the deferred maintenance

including type and purpose"; 2) "the original . . . balance of the deferred maintenance"; 3) "the . . . test year balance of the deferred maintenance"; 4) "the date the deferred maintenance was incurred"; 5) "the years of amortization"; 6) "how often the maintenance is required"; and 7) "the annual amortization amount." Moreover, 38 of the 87 numbered interrogatory requests contain numerous numbered subparts, all of which are to be included in the Order's 750 limit. See, e.g. No. 162 (including 18 numbered subparts). According to our careful count, OPC's Second Set of Interrogatories includes at least 678 distinct interrogatory requests.

According to our conservative count, we believe that a total of 931 distinct interrogatories have been propounded to date.

#### Proposed Resolution

As indicated, we want to be as cooperative as possible concerning your discovery but Aqua also has a responsibility to mitigate the rate case expense that will be passed to its customers. The 750 interrogatories allowed by the Order provides more than sufficient latitude for you to discover and gather the appropriate and relevant data to support your case. We believe that discovery beyond that limit is unreasonable and burdensome. The discovery limits in this case have already caused rate case expense to exceed projections; to go beyond those limits will only push those expenses even higher.

That noted, Aqua is prepared to answer up to 750 interrogatories, including subparts, pursuant to the Order. According to our conservative count, the 253 distinct interrogatory requests in OPC's First Set of Interrogatories left OPC with an additional 497 distinct interrogatory requests to propound. However, OPC's Second Set of Interrogatories contained 678 distinct interrogatory requests exceeding the 750 limit by 181 interrogatories. In the spirit of cooperation, we ask that you list (up to the 750 limit) which of the Second Interrogatories, including specific distinct interrogatories contained within numbered interrogatories and subparts, that you would like Aqua to answer at this time. Aqua, in turn, will prepare and serve responses to the interrogatory requests you list up to the 750 limit.


Charles Beck  
July 14, 2008  
Page 4

We look forward to hearing back from you on this proposal. It is our hope that we can mutually agree on how to balance the interest of all parties in this proceeding while avoiding the time and expense of addressing these issues before the pre-hearing officer.

Thank you for your consideration.

Sincerely,

HOLLAND & KNIGHT LLP



D. Bruce May, Jr.

DBM:gr

cc: Ralph Jaeger, Esq.  
Katherine Fleming, Esq.  
Caroline Klancke, Esq.  
Erik Sayler, Esq.  
Tim Devlin  
Marshall Willis  
Ms. Ann Cole

# 5473110\_v2



**Gillis, Jennifer (TAL - X35605)**

---

**From:** May, D Bruce (TAL - X35607)  
**Sent:** Tuesday, July 15, 2008 5:02 PM  
**To:** 'BECK.CHARLES'  
**Cc:** rjaeger@psc.state.fl.us; keflemin@psc.state.fl.us; cklancke@psc.state.fl.us; mwillis@psc.state.fl.us; tdevlin@psc.state.fl.us; esayler@psc.state.fl.us; wtrendell@aquaaamerica.com; kajoyce@aquaaamerica.com  
**Subject:** RE: 080121-WS  
**Attachments:** Scan\_1\_Jul\_15\_2008\_16\_51\_12\_105.pdf

Charlie:

Attached is the chart you requested reflecting the count of the 931 distinct interrogatory requests in OPC's First and Second Sets of Interrogatories to Aqua.

Bruce

---

**From:** BECK.CHARLES [mailto:BECK.CHARLES@leg.state.fl.us]  
**Sent:** Monday, July 14, 2008 5:50 PM  
**To:** May, D Bruce (TAL - X35607)  
**Cc:** rjaeger@psc.state.fl.us; keflemin@psc.state.fl.us; cklancke@psc.state.fl.us; mwillis@psc.state.fl.us; tdevlin@psc.state.fl.us; esayler@psc.state.fl.us; wtrendell@aquaaamerica.com; kajoyce@aquaaamerica.com  
**Subject:** RE: 080121-WS

Yes, a chart would be helpful.

Charlie

---

**From:** bruce.may@hklaw.com [mailto:bruce.may@hklaw.com]  
**Sent:** Mon 7/14/2008 5:39 PM  
**To:** BECK.CHARLES  
**Cc:** rjaeger@psc.state.fl.us; keflemin@psc.state.fl.us; cklancke@psc.state.fl.us; mwillis@psc.state.fl.us; tdevlin@psc.state.fl.us; esayler@psc.state.fl.us; wtrendell@aquaaamerica.com; kajoyce@aquaaamerica.com  
**Subject:** RE: 080121-WS

Charlie:

Our letter provided a detailed narrative explanation on how we counted subparts and compound questions. If you're looking for a chart for each numbered ROG in OPC's First and Second Sets we can provide that as well.

Bruce

---

**From:** BECK.CHARLES [mailto:BECK.CHARLES@leg.state.fl.us]  
**Sent:** Monday, July 14, 2008 4:57 PM  
**To:** May, D Bruce (TAL - X35607)  
**Cc:** rjaeger@psc.state.fl.us; keflemin@psc.state.fl.us; cklancke@psc.state.fl.us; mwillis@psc.state.fl.us; tdevlin@psc.state.fl.us; esayler@psc.state.fl.us; wtrendell@aquaaamerica.com; kajoyce@aquaaamerica.com  
**Subject:** RE: 080121-WS

Bruce, if you have a document showing precisely how Aqua counts 931 distinct interrogatories, would

8/7/2008

you forward it to me? Without such a document, I can't determine how you developed that number.

Thanks.

Charlie

---

**From:** bruce.may@hklaw.com [mailto:bruce.may@hklaw.com]  
**Sent:** Monday, July 14, 2008 4:48 PM  
**To:** BECK.CHARLES  
**Cc:** rjaeger@psc.state.fl.us; keflemin@psc.state.fl.us; cklancke@psc.state.fl.us; mwillis@psc.state.fl.us; tdevlin@psc.state.fl.us; esayler@psc.state.fl.us; wtrendell@aquaaamerica.com; kajoyce@aquaaamerica.com  
**Subject:** 080121-WS

Please see attached.

<<080121-WS - 7-14-08 Letter.pdf>>

## Holland + Knight

**D. Bruce May, Jr.**  
Partner  
Holland & Knight LLP

315 South Calhoun Street  
Tallahassee, Florida 32301

Main (850) 224-7000  
Direct (850) 425-5607  
Cell (850) 443-1945  
Fax (850) 224-8832  
Email bruce.may@hklaw.com

[www.hklaw.com](http://www.hklaw.com)

**NOTICE:** This e-mail is from a law firm, Holland & Knight LLP ("H&K"), and is intended solely for the use of the individual(s) to whom it is addressed. If you believe you received this e-mail in error, please notify the sender immediately, delete the e-mail from your computer and do not copy or disclose it to anyone else. If you are not an existing client of H&K, do not construe anything in this e-mail to make you a client unless it contains a specific statement to that effect and do not disclose anything to H&K in reply that you expect it to hold in confidence. If you properly received this e-mail as a client, co-counsel or retained expert of H&K, you should maintain its contents in confidence in order to preserve the attorney-client or work product privilege that may be available to protect confidentiality.

8/7/2008

**AQUA UTILITIES  
OPC FIRST INTERROGATORIES NO. 1-101**

OPC NO.	Total of Suppliers
1	3
2	1
3	1
4	3
5	1
6	4
7	6
8	1
9	3
10	2
11	5
12	5
13	3
14	1
15	4
16	5
17	2
18	2
19	5
20	6
21	2
22	1
23	1
24	5
25	1
26	4
27	2
28	3
29	6
30	3
31	1
32	2
33	4
34	3
35	1
36	2
37	1
38	2

OPC NO.	Total of Suppliers
39	2
40	2
41	2
42	3
43	2
44	1
45	4
46	3
47	1
48	1
49	13
50	4
51	3
52	2
53	2
54	1
55	1
56	2
57	2
58	9
59	9
60	1
61	1
62	1
63	10
64	8
65	1
66	1
67	1
68	1
69	1
70	1
71	1
72	1
73	1
74	1
75	1
76	1

ROG NO.	Total # of Compound or Subparts
77	2
78	4
79	2
80	2
81	1
82	1
83	1
84	3
85	4
86	1
87	1
88	1
89	3
90	2

ROG NO.	Total # of Compound or Subparts
91	1
92	1
93	2
94	1
95	2
96	1
97	3
98	1
99	2
100	1
101	1
OPCS 1-SE	TOTAL =

**AQUA UTILITIES**  
**OPC SECOND INTERROGATORIES NO. 102-189**

ROG NO.	Total # of Compound or Subparts
102	3
103	4
104	1
105	2
106	5
107	2
108	7
109	15
110	1
111	5
112	2
113	4
114	2
115	68
116	1
117	2
118	1

ROG NO.	Total # of Compound or Subparts
119	1
120	1
121	1
122	3
123	14
124	16
126	1
127	1
128	13
129	4
130	11
131	2
132	3
133	2
134	7
135	2
136	7

ROG NO.	Total # of Compound or Subparts
137	9
138	2
139	6
140	10
141	3
142	5
143	6
144	11
145	1
146	4
147	9
148	1
149	1
150	3
151	3
152	4
153	9
154	9
155	2
156	5
157	1
158	2
159	10
160	2
161	3
162	51
163	18

ROG NO.	Total # of Compound or Subparts
164	31
167	15
168	17
169	6
170	4
171	5
172	32
173	44
174	24
175	3
176	1
177	9
178	11
179	8
180	9
181	7
182	2
183	8
184	6
185	5
186	15
187	2
188	4
189	6
2 <sup>ND</sup> SET	TOTAL = 678

# 5474826\_v1

**COMPOSITE EXHIBIT "D"**

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for increase in water and	)	
wastewater rates in Alachua, Brevard, DeSoto,	)	DOCKET NO. 080121-WS
Highlands, Lake, Lee, Marion, Orange,	)	
Palm Beach, Pasco, Polk, Putnam,	)	
Seminole, Sumter, Volusia, and Washington	)	
Counties by Aqua Utilities Florida, Inc.	)	
<hr/>		

**AQUA UTILITIES FLORIDA, INC.'S ANSWERS AND OBJECTIONS  
TO CITIZENS' FIRST SET OF INTERROGATORIES TO  
AQUA UTILITIES FLORIDA, INC. (Nos. 1-101)**

Aqua Utilities Florida, Inc. ("AUF") by and through their undersigned counsel, pursuant to Rule 28-106.206, Florida Administrative Code, and Rule 1.340, Florida Rules of Civil Procedure, hereby serves its answers and objections to the First Set of Interrogatories (Nos. 1-101) propounded by the Office of Public Counsel on behalf of Citizens of the State of Florida ("OPC") on May 29, 2008.

**GENERAL OBJECTIONS**

1. With respect to the "Definitions" and "Instructions" in OPC's First Set of Interrogatories, AUF objects to any definitions or instructions that are inconsistent with AUF's discovery obligations under applicable rules. If some question arises as to AUF's discovery obligations, AUF will comply with applicable rules and not with any of OPC's definitions or instructions that are inconsistent with those rules.

2. AUF objects to any definition or interrogatory that seeks to encompass persons or entities who are not parties to this action or that are not subject to discovery under applicable rules.

3. AUF also objects to any Interrogatory that purports to require AUF or its experts to prepare studies, analyses, or to do work for OPC that has not been done for AUF.

4. AUF generally objects to OPC's Interrogatories to the extent that they call for data or information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law.

5. AUF reserves the right to supplement any of its responses to OPC's Interrogatories if AUF cannot locate the answers immediately due to their magnitude and the work required to aggregate them, or if AUF later discovers additional responsive information in the course of this proceeding.

6. By making these general objections at this time, AUF does not waive or relinquish its right to assert additional general and specific objections to OPC's discovery at the time AUF's response is due.

7. AUF objects to OPC's representation in the Interrogatories that it propounds only one hundred one (101) specific Interrogatories. The Interrogatories, when subparts and compound requests are counted, demand answering of approximately two hundred and fifty three (253) separate categories of documents, not one hundred one (101). AUF objects to any attempt by OPC to evade numerical limitations on the number of Interrogatories allowed in this docket by using compound and/or multiple requests for answers and subparts within individually numbered requests.

8. AUF further objects to each Interrogatory on the grounds and to the extent that the instructions impose or attempt to impose obligations greater than those imposed by the Rules of Civil Procedure.



9. AUF further objects to each Interrogatory on the grounds that it may call for the production of materials or information that constitute trade secrets or other confidential research, development, or commercial information disclosure of which to competitors or to the public at large would materially harm AUF's interests.

10. AUF objects to these Interrogatories, individually and generally, to the extent the requested documents and/or information is in the public domain or equally accessible to Citizen's.

11. AUF objects to these Interrogatories to the extent that any seek 2008 data outside of pro forma adjustments.

12. By making these responses herein, AUF does not concede that any interrogatory is relevant to this action or is reasonably calculated to lead to the discovery of admissible evidence. AUF expressly reserves the right to object to further discovery into the subject matter of any of these interrogatories, to the introduction of evidence of any response or portion thereof, and to supplement its responses should further investigation disclose responsive information.

13. In responding to these Interrogatories, AUF has made a reasonable inquiry of those persons likely to possess information responsive thereto and has conducted a reasonable search of those records in AUF's possession, custody, or control where the requested information would likely be maintained in the ordinary course of business. To the extent that Citizen's requests AUF to go to greater lengths, AUF objects because Citizen's Interrogatories are overly broad, unduly burdensome, and unreasonable.

14. In responding to these interrogatories, AUF does not waive the foregoing objections, nor the specific objections that are set forth in the responses to particular interrogatories.

**ANSWERS AND SPECIFIC OBJECTIONS**

**Interrogatory No. 1:**

1. Please provide a listing with a detailed explanation of each adjustment made to the Company's trial balance amounts in the preparation of the 2005, 2006, and 2007 Annual Reports, i.e., reconciliation from books to the report. Please provide a detailed description of material changes in accounting policies or procedures adopted by the Company since 2005 and as anticipated through the end of 2008. Include a detailed description of the impact of change in accounting policy or procedure on the test year and identify the basis of the change.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101". The excel spreadsheet therein provides each adjustment made to the Company's trial balance amounts in the preparation of the 2005, 2006, and 2007 Annual Reports, i.e., reconciliation from books to the report. There have been no material changes in accounting policies or procedures adopted by the Company since 2005 and as anticipated through the end of 2008.

**Interrogatory No. 2:**

2. Please provide a listing of internal audits conducted by or for the Company or its parent company, Aqua America, Inc., for 2006, 2007, and 2008 to-date.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that between 2006 and 2008, the Aqua America, Inc. Internal Audit Department has completed the following operational audits for management's review:

1. Internal Audit Review of Aqua Utilities Florida Revenue/ Billing Cycle (Q3, 2007)
2. Review of Internal Controls over Financial Reporting - Aqua NY (Q1, 2008).

**Interrogatory No. 3:**

3. Please provide the five largest CIAC contributions recorded in 2005, 2006, and 2007 for water and the five largest CIAC contributions recorded in 2005, 2006, and 2007 for wastewater, providing for each of the contributions so identified the billing and an explanation of how the bill was determined and the charges to the Company for the work being billed with an explanation as to how the charges were determined.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101".

**Interrogatory No. 4:**

4. Identify each system that does not have an AFUDC rate approved by the Florida Public Service Commission. For each identified system, state the amount of AFUDC included in rate base by USOA account. Please describe how adjustments made to rate base by the Florida Public Service Commission in the Company's transfer proceeding and last rate case are reflected in the test year rate bases in the instant rate proceeding.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that Commission Order No. PSC-07-0276-PAA-WS, Issued, April 2, 2007, addresses the establishment of a uniform AFUDC rate for Aqua. The Order states, "Based on this review and recalculation, we find that the appropriate uniform AFUDC rate is 7.90%, and the appropriate discounted monthly rate is 0.635634. This rate shall be effective for eligible projects as of October 13, 2006." All systems, except Lake Suzy, have an AFUDC rate approved by the Florida Public Service Commission. The amount of AFUDC included in Lake Suzy Water is \$203.29 in account 330, which is calculated using the same FPSC approved uniform AFUDC rate. There are no test year adjustments made to rate base in any system in the instant rate proceeding.

**Interrogatory No. 5:**

5. Please state the year in which the Company expects each of its water and wastewater territories to be built out.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that given the present housing and financial markets and the changes that have presented themselves with re-zoning vacant land over the past many years, any analysis and subsequent projections would be extremely speculative. Aqua cannot determine the "build out" time frame for its territories in any meaningful manner.

**Interrogatory No. 6:**

6. Budgeting

- a. Please explain Aqua America's capital and expense budgeting process, from approval by the Board of Directors to the implementation and distribution of the budget to the state level.
- b. To the extent a system within Florida was under budget in 2007 on a particular project, please explain how those funds would be redistributed in 2008.
- c. To the extent a system within Florida was over budget in 2007 on a particular project, please explain how the overages would be treated in 2008.
- d. Identify the amount each Florida system was under or over budget in 2007.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers:

a. Capital budgeting process - Each year, AUF prepares a five-year capital plan, which is the tool that is utilized for identifying the next year's capital budget and the pipeline of prioritized future capital work. Both the AUF five year capital plan and the AUF capital budget for the next year goes to the Aqua America Board for approval during the fourth quarter of the year. The Aqua America Board approves an aggregate dollar level of state capital expenditures for the next year. The requested dollar level of capital expenditures depends upon the operational need of AUF, as determined by state engineers, for completion of current compliance, service and reliability, and customer growth projects. Once the Aqua America Board approves the aggregate state level capital budget for next year, the state capital budget is frozen. The Aqua America board meets in March to consider increases in state capital budgets, based on unusual circumstances, such as hurricane damage. No such supplemental budget was approved in 2007 or 2008.

Expense budgeting process - Please see AUF's Response to OPC's Request for Production No. 35.

b. If an AUF 2007 capital budgeted project came in under budget, funds are not automatically redistributed in the following year. Aqua America does not allow carry-overs from one year's budget to the next. Total spending for all systems in a state cannot exceed the aggregate level of spending approved by the Board of Directors unless there is a supplemental Board authorization and funds not spent do not carry over to the next year.

c. The Aqua America capital spending budget process works the same for projects that are over budget. Overages for 2007 are not treated in 2008 as the question suggests. If a state capital project goes over budget, other capital projects within that state would have to be reduced or eliminated from the current year capital budget so that the state doesn't spend more for the year than the board-approved sum.

d. See report titled "OPC IROG 6.xls" included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101". The Aqua America capital spending budget process does not focus on the microcosm of a single system for cancellation and replacement projects. Rather, it is focused state-wide so that replacement of cancelled projects can be focused on the prioritized pipeline of capital projects state-wide that the five year plan presents.

**Interrogatory No. 7:**

7. For each plant addition budgeted for 2008, please provide the following by system:

- a. A discussion of the status of the addition.
- b. The original estimated date of completion, the current estimated date of completion, and the actual date of completion, if applicable.
- c. Identification if the plant addition was carried over from 2006 to 2007 and from 2007 to 2008.
- d. For each project with a cost benefit provide the expected return, when it is expected to occur, and where it was reflected as a reduction in the cost of operations in the test year.
- e. The status of the engineering and permitting efforts, if the plant addition has not been through the bidding process.
- f. The actual cost to complete the addition, the amount expended as of December 2007 if the addition is not complete, and the current estimate of the completed cost of the addition.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that, for each plant addition budgeted for 2008 and included in the instant rate filings:

- a. The pro-forma additions that are included in the MFRs represent AUF's metering program, ongoing IT allocations, and a handful of compliance jobs. No other 2008 capital budgeted item is included in the instant rate filings. The status of the pro-forma additions is in progress. Included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101" is a work paper that breaks out the gross plant from retirement and also sets forth a progress report of the amount of the pro-forma jobs spent through May 2008 and the remaining amount to be spent.
- b. The attachment mentioned in part (a) also includes the original estimated completion date and the current estimated completion date. When jobs are closed, the actual completion date will be filled in.
- c. No, the pro-forma additions were not carried over from 2006 or 2007.
- d. Please refer to AUF's Response to OPC's Interrogatory No. 9 for the explanation of the cost benefit of the meter replacement program. The handful of 2008 budgeted compliance jobs included in the pro-forma additions were performed to solve an operational problem rather than for cost reduction purposes. The Aqua Spread-CIS is a series of projects related to Aqua's customer information system. The Company is transitioning to a

new enterprise reporting tool, which will improve the CIS reporting functionality. In addition, there is a computer upgrade scheduled for 2008 which is needed because the current CIS system is running at 90% to 100% of capacity and new CIS reporting functionality. These projects have no cost savings, but must be done if the Company's CIS system is to continue to be operational. The Aqua Spread-FIS is a series of projects designed to increase computer capacity, upgrade the Oracle platform, upgrade the FIS software to a new version, and add a productivity tool to facilitate users learning. These projects have no cost savings, but are considered important to the vitality of the financial information system. The Aqua Spread-IS is a series of projects that include the installation of a telephony switch to complete fail-over capabilities for inbound telephone calls, system upgrades, licenses, new firewalls, storage and security. These projects have no cost savings, but are requirements to meet industry standards. The Sarasota office renovations are spread to all Florida systems. The desktop and laptop PC replacements refresh a percentage of computers at Aqua on a four year replacement cycle for desktops and three year replacement cycle for laptops. No direct cost savings are associated with this project. The Network Infrastructure Enhancements support the telephony migration and data center design. It meets industry standards and will reduce the risk of down-time. There are no direct savings with this product. The Telephony upgrade at Leesburg has enabled communication between sites without the need of additional leased lines. This change in telecommunication methodology has enabled voice over internet protocol across a wide area. Additionally, each facility within the voice enterprise will have a single voicemail platform. There are minimal cost savings (approximately \$900 annually) which have not been reflected in the MFRs.

- e. All meters have been through the bidding process. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.
- f. All of the cost information has been provided in the attachment to part a), above.

Interrogatory No. 8:

8. With respect to each and every capital addition to plant that falls under the Company's "blanket" work orders, for the year 2007 and as budgeted for 2008, please explain, by system, why the capital additions were or are necessary and explain the benefits to customers of the capital addition.

Answer:

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the blanket capital additions in

the following categories were closed to various AUF systems during 2007 and are part of the instant rate filing: valve replacements; small main replacements; flow meters; customer services; and, fire hydrants:

2007

The primary reason why the Company allows blanket work orders is to authorize overnight and weekend emergency replacement of very small mains, valves, meters, services or hydrants by emergency workers, who do not have the time to prepare the paperwork to authorize a new capital job before doing the work. These are projects that, in many cases, cannot wait until Monday morning to remediate. There are a multitude of these small replacement projects state-wide annually. It is not possible to provide information on each and every capital addition by system that falls into these categories without this being quite a burdensome task. Customers benefit from public utilities that have emergency personnel to answer and respond to customers phone calls any hour of the day or night.

Interrogatory No. 9:

9. With respect to each and every capital addition to plant that falls under the Company's "blanket" work orders, please describe and quantify the cost savings to customers. Please explain how these cost savings have been built into 2007 data used in the development of the Company's MFRs. If these cost savings have not been reflected in the MFRs, please explain why they have not been reflected.

Answer: The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the Company budgets for the following categories in the aggregate by system location and by year: valve replacements; small main replacements; flow meters; customer services; and, fire hydrants. The reason why the budgeting for these categories is done in the aggregate by system location, by year is because each work order is identified separately and is considered too small to track separately. Meters are budgeted and tracked under one work order number by system location, by year because meters are too small to associate a work order number to each. Meters are the only utility plant account from the list of plant accounts shown above that applies in this case. Please refer to the O&M expense adjustment for contract meter reader expense on Schedule B-3 of the MFRs for the cost savings that resulted from the meter replacements and the RF meter program.

Interrogatory No. 10:

10. Please list and describe in detail cost-saving or cost-increasing programs implemented during 2006, 2007, and 2008 to-date. This request seeks information on major plans or programs beyond efforts undertaken in the normal course of business.

Answer:

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the cost-saving or cost-increasing programs implemented to-date are described in AUF witness Christopher H. Franklin's testimony (Document No. 04340-08), page 5, line 11 through page 7 line 1.

Also, as described in AUF witness John M. Lihvarcik's testimony (Document No. 04341-08), page 8 line 21 through page 9, line 11; page 11 line 1 - 9; and page 12 line 14 through page 13, line 20.

Interrogatory No. 11:

11. Negative Acquisition Adjustments
  - a. Identify the amount of negative acquisition adjustments associated with each system purchased by Aqua America, Inc., that is included in the instant rate proceeding.
  - b. If the information is not available by system, please provide the total amount of the negative acquisition adjustment associated with all systems purchased as a group by Aqua America, Inc. and the systems purchased individually.
  - c. Provide the calculation of the amount of the negative acquisition adjustment(s) identified in response to (a) and (b) at the time of acquisition and every year thereafter for the year ending in December 31.
  - d. To the extent there were allocations of the amount of the negative acquisition adjustment(s) (to systems or companies), please explain how these allocations were made, the reasons for the allocations, and show the calculation of the allocations.
  - e. For each negative acquisition adjustment identified in (a) and (b), provide the purchase price, the gross book value, the net book value, and the date of the acquisition.

Answer:

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that there are no negative acquisition adjustments associated with any system purchased by Aqua America, Inc., included in the instant rate proceeding.

- a. Not applicable.
- b. Not applicable
- c. Not applicable



d. Not applicable

e. Not applicable

**Interrogatory No. 12:**

12. Positive Acquisition Adjustments

- a. Identify the amount of positive acquisition adjustments associated with each system purchased by Aqua America, Inc., that is included in the instant rate proceeding.
- b. If the information is not available by system, please provide the total amount of the positive acquisition adjustment associated with all systems purchased as a group by Aqua America, Inc. and the systems purchased individually.
- c. Provide the calculation of the amount of the positive acquisition adjustment(s) identified in response to (a) and (b) at the time of acquisition and every year thereafter for the year ending in December 31.
- d. To the extent there were allocations of the amount of the positive acquisition adjustment(s) (to systems or companies), please explain how these allocations were made, the reasons for the allocations, and show the calculation of the allocations.
- e. For each positive acquisition adjustment identified in (a) or (b), provide the purchase price, the gross book value, the net book value, and the date of the acquisition.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that there are no positive acquisition adjustments associated with any system purchased by Aqua America, Inc., included in the instant rate proceeding.

- a. Not applicable.
- b. Not applicable
- c. Not applicable
- d. Not applicable
- e. Not applicable

**Interrogatory No. 13:**

13. For purposes of this request, please refer to the Commission's decision in Order No. PSC-05-1242-PAA-WS, which states: "Based upon the above, we find that the portion of FWSC's regulatory asset related to the systems sold to Aqua, \$ 489,535 and \$ 174,657 for water and wastewater, respectively, shall be included in the assets transferred to Aqua. The regulatory asset shall be amortized over 10 years beginning on January 1, 2006." For each system, please identify the following:

- a. The amount of regulatory assets, accumulated amortization or depreciation, and depreciation or amortization expense included in the test year. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.
- b. Identify where these regulatory assets, accumulated depreciation/amortization, and depreciation/amortization expense can be located in the Company's MFRs and/or workpapers.
- c. Please explain what gave rise to the regulatory asset.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that:

- a. The amount of regulatory assets, accumulated amortization, and amortization expense included in the test year is provided in electronic spreadsheet format with all formulas intact. The Excel spreadsheet is included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101".
- b. Regulatory assets are shown in the Company's MFRs in Schedule A-17. Accumulated amortization is included in the work papers included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101". Amortization expense is shown in the Company's MFRs in Schedule B-1 and B-2 for water and wastewater, respectively and is described in Schedule B-3.
- c. The Commission's decision in Order No. PSC-05-1242-PAA-WS, dated December 20, 2005, gave rise to the regulatory asset. The order acknowledged that a ten year period of amortization "will afford Aqua an opportunity for full cost recovery of the regulatory asset."

**Interrogatory No. 14:**

14. Identify each of Aqua America's systems that were sold in 2006, 2007, and sold or anticipated to be sold in 2008. For each system, state the following: the date of sale, the water

and wastewater rate base of the facilities, the number of water customers, the number of wastewater customers, the number of other customers, the water revenue, and the wastewater revenue of each sold system(s).

Answer:

The General Objections stated above are incorporated herein by reference. AUF also objects to this Interrogatory because it seeks information on anticipated acquisitions. Such information is speculative, confidential and not relevant to the rate case as filed. Without waiving any such objections, AUF answers this Interrogatory by directing OPC to a document titled "OPC IROG 14.pdf" that is included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101". AUF also states that AUF will provide the information for those systems that have been acquired within 15 days, pursuant to agreement of counsel.

Interrogatory No. 15:

15. Acquisitions

- a. Identify all systems that were acquired by Aqua America in, 2006, 2007, and acquired or anticipated to be acquired in 2008. For each system, state the following: the date of acquisition, the water and wastewater rate base of the facilities, the number of water customers, the number of wastewater customers, the number of other customers, the water revenue, and the wastewater revenue.
- b. For each system acquired in 2007 and 2008 please explain how this acquisition was taken into consideration in the instant rate filing.
- c. If it was not adjusted for in any manner, please explain how it can be taken into consideration in the form of an adjustment and provide an estimate of the reduction in costs to the remaining AUF systems as a result of this acquisition.
- d. If there are no savings to the other systems associated with the acquisition, please explain why there would be no savings.

Answer:

The General Objections stated above are incorporated herein by reference. AUF also objects to providing any information on anticipated acquisitions as any such information is speculative, confidential and not relevant to the rate case as filed. Without waiving any such objections, AUF answers that it will provide the information for those systems that have been acquired and answers:

- a. Please see attached spreadsheet titled "OPC IROG 15" that is included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101".

- b. The corporate charge allocation base was adjusted for the instant rate filing as follows: acquisitions completed between January 1, 2007 and June 30, 2007 were included in the corporate charge allocation that was used beginning July 1, 2007. The first half 2007 acquisitions' customer counts were included in the denominator of the customer allocation basis used to allocate service and sundry service company corporate charges. Acquisitions completed between July 1, 2007 and December 31, 2007 were not reflected in the corporate charge allocation base during 2007.
- c. For those acquisitions completed in the second half of 2007 that were not comprehended in the corporate charge allocation, the effects of these acquisitions can be considered in the form of an adjustment. An estimated adjustment can be calculated as follows: add the aggregate of the weighted-average customer count of the systems acquired between July 1, 2007 and December 31, 2007 (the weighting being based upon the number of days that the acquired customers were owned by Aqua during 2007). Based on the calculation attached on spreadsheet Exhibit 15-C, the effect of the adjustment would be to reduce corporate charge costs to AUF by \$528.
- d. Not applicable in the estimated adjustment calculation above.

Pursuant to agreement of counsel, any additional answer required will be provided within 15 days.

Interrogatory No. 16:

- 16. A Press Release dated May 8, 2008 stated:

Aqua America, Inc. (Aqua) announced today that its Florida subsidiaries have purchased a regulated wastewater and a local irrigation system valued at approximately \$1.6 million. The newly acquired wastewater system, which will be operated as a regulated utility, serves approximately 3,000 residents in the Fountain Lakes development in Estero, Lee County, Florida. The company also purchased the community's independent irrigation system, which is supplied by on-site wells and ponds and is used by nearly 1,000 residents. Aqua said it plans to invest approximately \$400,000 over the next several years in capital improvements to the system.

- a. Please explain how this acquisition was taken into consideration in the instant rate filing.
- b. If it was not adjusted for in any manner, please explain how it can be taken into consideration in the form of an adjustment and provide an estimate of the reduction in costs to the remaining AUF systems as a result of this acquisition.
- c. If there are no savings to the other systems associated with the acquisition, please explain why there would be no savings.

- d. Please provide a description of the system, including where it is located, and from whom it was purchased.
- e. State the purchase price of the system and the rate base of the system at the time of acquisition.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that:

- a. This pending purchase was not taken into consideration in the instant rate filing. No adjustments have been made in the rate case.
- b. The pending purchase should not be taken into account in the instant rate case. There is no effect on the current filing because this transfer has not been approved by the Florida Public Service Commission and this rate case is based on a historic test year. Further, the rate base and resulting rates have not been established by the Florida Public Service Commission.
- c. The savings to the other systems would occur once the transfer is approved, and this system is included in the next full rate case. Then the appropriate allocation of expenses will occur. Further, if the consolidation of rates is approved, the benefits would occur due to these customers and consumption being used in the calculation of a new uniform rate in the next rate case.
- d. Description:

Fountain Lakes is a 838 connection sewer system. In addition to the 838 connections, 76 of these connections have an additional 511 connections.

The sewer facilities contain a 190,000 gallon per day wastewater treatment plant with 2 percolating ponds, 6 lift stations, and a collection system serving the above connections.

**Location:**

Fountain Lakes is located in Estero, Fl. More specifically, the plant is located at 22821 Sand Dune Road in Bonita Springs, FL.

**Previous Owner:**

Aqua purchased the system from Fountain Lakes Sewer Corporation (75 % ownership) Osborne Properties Limited Partnership (25% ownership) and both located in Minnesota.

e. **Price Paid:** \$522,000.00 out of the total purchase price of \$1,600,000.00 was paid for the regulated sewer system known as Fountain Lakes Sewer Corp.; The difference was attributed to the non-FPSC regulated irrigation system owned by Osborne Properties Limited Partnership which is also a Minnesota company.

**Rate Base:** \$550,362.00. This is in accordance with Fountain Lakes Sewer Corporation's 2007 Annual Report. Fountain Lakes Sewer Corp. is a regulated system by the FPSC Certificate No. 442-S.

**Interrogatory No. 17:**

17. For purposes of this request, please refer to the 2007 Aqua America, Inc., Annual Report, p. 6, where it is stated:

Acquisitions – The AquaSource, Heater Utilities, Inc. and Florida Water Services acquisitions (generally referred to as our Aqua South operations) increased our operating expense ratio due to the operating revenues generated by these operations being accompanied by a higher ratio of operations and maintenance expenses as compared to the rest of the pre-existing, more densely-populated and integrated Aqua America operations. The Aqua South operations can be characterized as having relatively higher operating costs to fixed capital costs, in contrast to the rest of the Aqua America operations which generally consist of larger, interconnected systems, with higher fixed capital costs (utility plant investment) and lower operating costs per customer. In addition, we completed several acquisitions of companies that provide on-site septic tank pumping and sludge hauling services during 2006. The cost-structure of these businesses differs from our utility companies in that these businesses have a much higher ratio of operations and maintenance expenses to operating revenues and a lower-degree of capital investment and consequently a lower ratio of fixed capital costs (plant investment requirements are lower) versus operating revenues. As a result, the ratio of operating income compared to operating revenues is not comparable between the businesses. The non-regulated wastewater and septage hauling service business is not a component of our Regulated segment.

- a. Please state what impact these nonregulated acquisitions had on the common allocations and whether or not they have been taken into consideration for the test year.
- b. If no adjustment was made to take into consideration the acquisition of these nonregulated businesses on the allocation of common costs, please explain why no adjustment was made and provide an estimate of what the adjustment should be for each system included in the rate proceeding.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that:

- a. Aqua Wastewater Management is the business providing on-site septic tank pumping and sludge hauling services. No common costs were allocated to Aqua Wastewater Management in either 2006 or 2007. Common costs will be allocated to Aqua Wastewater Management in 2008.
- b. No adjustment was made in the rate case. AUF's rate case is based on a historic year 2007. If applicable, any common cost allocations related to Aqua Wastewater Management will be reflected in any future rate case.

**Interrogatory No. 18:**

18. Please describe the effects of acquiring the Jumper Creek Manor, Fairways/Mt. Plymouth, and Breeze Hill systems on the current rate filing. If no adjustment was made for the effect of acquiring these systems, please state why no adjustment was made and provide an estimate of the amount of the adjustment for each system included in the rate proceeding.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that there is no effect on the current filing from acquiring the Jumper Creek Manor, Fairways/Mt. Plymouth, and Breeze Hill systems. These transfers have not been approved by the Florida Public Service Commission and this rate case is based on a historic test year. Further, the rate base and resulting rates have not been established by the Florida Public Service Commission.

**Interrogatory No. 19:**

19. Acquisition Expenses

- a. Please explain how acquisition expenses associated with the acquisition and sale of water and wastewater facilities are treated on the books of the Company.
- b. Please provide the amount of expenses incurred by Aqua America, Inc., during the test year and the previous two calendar years associated with the acquisition and sale of water and wastewater facilities. Please state the account names and numbers that these costs were booked to in each year and the amounts charged to the Company during the test year and the previous two calendar years.
- c. Please provide the amounts identified in response to (b) by system and/or company that was allocated or charged these expenses.
- d. Identify all personnel (including their titles and place of employment) involved in the acquisition and sale of new or existing water and wastewater facilities and the personnel (including their titles and place of employment) involved in the acquisition of nonregulated companies.

- e. Please explain how the persons identified in response to (d) record their time and how and where their labor costs are recorded on the books of Aqua America, Inc.

Answer:

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that:

- a. Acquisition expenses, either external or internal are recorded to expense as incurred in their appropriate NARUC expense account number. In addition, every acquisition expense is tracked with a unique activity number (internally called an M#). When a acquisition closes, such expenses are reclassified to the appropriate balance sheet accounts in purchase accounting journal entries as required by GAAP and Regulatory directions.
- b & c. See attached list titled OPC IROG 19 b and c.pdf included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101".
- d. Carl Smith, Director of Corporate Development at Aqua Utilities Florida, Inc. Carl is responsible for the acquisition of water and wastewater systems at Aqua Utilities Florida, Inc. Carl also acts as AUF's Tapping Agent and coordinates main extensions for areas outside the company's service territory. Additionally, Carl is responsible for working with developers on new satellite systems in Florida.

Mark Kropilak, Senior Vice President-Corporate Development. Mark Kropilak is an employee of Aqua Services, Inc. Mark is responsible for reviewing potential acquisitions in all states to determine if the acquisition is an appropriate fit for the company. Although Mark is located in Pennsylvania and most of his time is spent on matters involving Pennsylvania, Mark advises Carl Smith on the soundness of a potential acquisition. Mark also provides assistance in structuring deals and preparing the necessary documentation.

Certain persons in other regulated and unregulated affiliate companies have a role in handling taps or coordinating main extensions and/or working with developers on a new satellite system or working on possible tuck-in acquisitions. Those persons are charged to the respective regulated and unregulated affiliate companies that they are employed by and do not affect Florida or Aqua America's overhead.

- e. Mark Kropilak: 70% of billable cost charged to Aqua Pennsylvania, Inc., 30% to All Utilities. This resulted in 1.25% of his billable cost being charged to Florida in 2007.

Carl Smith: As an "in-state" day-to-day employee, 100% of time charged to Florida



**Interrogatory No. 20:**

20. By system, for any and all transfers and/or sales of parcels of land or assets to or from the Company's utility operations from non-related or related parties (former or present: parent company, affiliated company, or greater than 5% owners), please provide for the last five years:

- a. A statement and description of the original cost of such land and/or assets.
- b. The cost of any and all improvements to such land and/or assets, itemized by improvement.
- c. The total sale and/or transfer price, with detail on how it was determined.
- d. The date of the sale and/or transfer and to whom the land and/or asset was sold.
- e. The amount of gain or loss (both before and after tax) on such sale and/or transfer, showing in detail how it was calculated and an indication of whether it was booked above or below the line for rate-making purposes.
- f. State whether or not the asset was included in rate base, plant held for future use, and if so in what account(s) it was included and when it was first included in rate base and devoted to public service.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that there was one land sale in the Lake Suzy Wastewater system.

- a. The original cost of such land was \$173,434.
- b. There were no costs for improvements to such land.
- c. The total sale price was \$100,000, less \$33,685 in costs (\$30,000 in legal fees and \$3,685 in related closing costs), for net proceeds on land sale of \$66,315.
- d. The land was sold to Mr. Sheppard in December 2007.
- e. The loss on sale was \$107,119 before tax and \$69,627 after tax, calculated as follows:

**Lake Suzy Wastewater Land Sale Transaction**

**Proceeds from Sale**

\$ 100,000	Gross Proceeds on land sale
\$ (30,000)	Less legal fees
\$ (3,685)	Less other fees
<u>\$ 66,315</u>	Net Proceeds on land sale

**Basis of Land Sold**

Total book value of land		\$ 442,800
Appraised value of land sold	\$ 488,755	
Appraised value of all land	\$ 1,247,859	39%

<u>\$ 173,434</u>	Cost basis of land sale	<u>\$ 173,434</u>
-------------------	-------------------------	-------------------

\$ (107,119) Loss on Sale of Land (before taxes)

\$ (37,492) Federal Income Taxes

\$ (69,627) Loss on Sale of Land (after taxes)

f. The land sold was included in rate base in account 353.4 until December 2007, the month of sale.

**Interrogatory No. 21:**

21. During the Aqua America, Inc., May 6, 2008, First Quarter 2008 Earnings Conference Call, CEO Nicholas DeBenedictis made reference that the AUF requested rate increase is largely due to the costs to address problems regarding management, customer service, and environmental mandates. Please quantify the expense or capital investment, if applicable, charged to AUF in the test year and the two prior years, to correct these problems that is included in the rate filing in total and by system, by major category, i.e. management problems, customer service, and environmental mandates.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that all capital improvements, expenses, and/or adjustments to capital improvements and expenses are reflected in the MFRs, Volume 1 for each system. Please refer to the cost-saving or cost-increasing programs implemented to-date described in AUF witness Christopher H. Franklin's testimony (Document No. 04340-08), page 5, line 11 through page 7 line 1. Also, as described in AUF witness John M. Lihvarcik's testimony (Document No. 04341-08), page 8 line 21 through page 9, line 11; page 11 line 1 – 9; and page 12 line 14 through page 13, line 20.

**Interrogatory No. 22:**

22. Please describe the impact of the Economic Stimulus Act of 2008 on the operations of the Company and parent company and if the effects are reflected in the current filing.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the Company did not consider impacts of the Economic Stimulus Act for any of the assets included in the current filing.

**Interrogatory No. 23:**

23. Please describe the Company's conversion of the Chuluota system from chlorination to chloramination, including but not limited to costs to implement, schedule of events, etc.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that, pursuant to Florida Department of Environmental Protection (DEP) letter dated July 8 2004, an investigation was performed by a professional engineer pertaining to the cause and nature of the complaints of black and odorous water. To address the immediate water quality problems Aqua inherited in July 2004, the chloramination system that had been installed by Florida Water Services was discontinued and the disinfection was changed to free chlorine. Aqua contracted the engineering firm of Tetra-Tech to provide assistance with the report. The report was completed September 24, 2004. The report provided operational guidance and distribution management techniques to minimize the potential for TTHM formation. The investigation and associated report cost \$6,180. The recommendations of the report were incorporated into Aqua's operation of the plant and distribution system. However, it proved impossible to maintain compliance with the TTHM MCL using free chlorine disinfection in the Chuluota system. The water from the wells in Chuluota exhibits high chlorine demand and very high potential for disinfection by-product formation. Chloramination is the usual method to address these issues, but a return to the system that had been installed by Florida Water Service would have quickly brought back the conditions that prevailed in July 2004.

Aqua contracted with Jim Boyd P.E., who is a professional engineer registered in the State of Florida. On October 26, 2006 he submitted a preliminary design and recommendations to replace the existing chloramination system at Chuluota with a system with much better control of the process and features that would address the challenging raw water conditions presented by the Chuluota wells and by operational conditions of the system. The design and report cost \$6,500. Mr. Boyd P.E. was authorized to complete final design and submit an application to DEP for permitting. Mr. Boyd submitted a design and application permit package to DEP in December 2006. Also in December 2006, DEP issued a Consent Order requiring Aqua to implement chloramination at Chuluota on a very tight timetable. On April 25, 2007 Aqua received the permit to construct the new chloramination facilities. The construction contract was awarded to McMahan Construction and the

contract was executed May 16, 2007. Construction was completed and the required certification of completeness was submitted to DEP on December 20, 2007. The total cost of the project to date is \$698,908.

Interrogatory No. 24:

24. Meter Replacements

- a. By system, please provide the total number of meters that were replaced in 2005, 2006, and 2007, the meters budgeted to be replaced in 2008 and 2009, and the associated per-meter replacement cost.
- b. By system, state the total cost of the meter replacement program, the amount added to rate base in 2005, 2006, 2007, and the amount budgeted for 2008 and 2009.
- c. Please provide a detailed discussion of the replacement meters and the efficiencies they would bring to the Company.
- d. Identify by system all cost savings that have been reflected in the test year associated with the meter replacement program.
- e. If no cost savings have been reflected in the rate filing, please explain why they have not been reflected.

Answer:

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers:

- a. See attachment titled OPC IROG 24.xls included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101".
- b. See attachment titled OPC IROG 24.xls included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101"
- c. The meter replacement program was designed to reduce the number of meter readers (5) currently reading water meters to between 2 or 3 meter readers. Because our meter readers perform other tasks, such as attending to customer complaints, system maintenance, water leaks and main breaks, mark-outs and various water or wastewater station work, by installing radio frequency water meters it will create additional man-hours without increasing the work force.
- d. Please refer to the O&M expense adjustment for contract meter reader expense on Schedule B-3 of the MFRs for the cost savings that resulted from the meter replacements and the RF meter program.
- e. Not applicable.

**Interrogatory No. 25:**

25. Please provide an update of the AUF Meter Change-Out Schedule that was offered at the informal meeting on April 9, 2008, describing the status of the program and any setbacks that have taken place.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the attached spread sheet included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101" describes the systems completed under the 2007 meter exchange program, the current status of the 2008 exchange program and projecting the remaining systems to be exchanged and when the exchanges will take place. See also AUF's responses to OPC's Request for Production Nos. 36 and 104.

**Interrogatory No. 26:**

26. IT Projects

- a. Please describe the IT Projects added in 2005, 2006, 2007, and budgeted for 2008.
- b. Please describe the benefits to ratepayers and cost savings associated with each IT project added in 2005, 2006, 2007, and budgeted for 2008.
- c. Please identify the amount of savings to the Company and its customers associated with the IT projects for the years 2005, 2006, 2007, and as projected for 2008. Identify explicitly where these cost savings have been reflected in the rate filing.
- d. If no cost savings have been reflected in the rate filing, please explain why they have not been reflected.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF attaches to its Answers a workpaper titled OPC IROG 26.xls, included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", that was initially provided in response to the Staff Record Request No. 9. This is a listing of the IT projects and the years closed to plant. It will be used as a backdrop to this response. It should also be noted that the Company responded to the same questions for the year 2008 in OPC Interrogatory No. 7. Therefore, this response will be focused on the prior year IT allocations.

- a. Microsoft Enterprise Agreements-The annual licensing costs for Windows and Office Professional. Strategic Infrastructure-Enhance IT organization to provide better delivery of IT services to all companies. Accounting Software-Software suite used to distribute Microsoft security release and updates across the enterprise. Service Link-Hardware, enhancements and integration of the Banner customer information suite and roll-out of

ITRON's mobile field service order application. Network Server-The network servers that support the customer information system and financial information system are replaced on a three year cycle. Consulting Exchange-Services for disaster recovery and exchange environment support. CIS Archive Purge-Project to provide a greater system stability by increasing batch and real-time performance and provide batch level controls for the production CIS system. Lawson Licensing-Client licenses necessary to bring system into compliance. Banner CIS Interfaces-Allows for information contained in Customer Suite to be automatically uploaded in the Company's financial information system. Banner CIS Reports-Maintaining the current operational status of existing Banner reports while transitioning to new Enterprise Reporting Tool. Remote Access-Allows remote access to Aqua network to external users via WAN links. Meritage Call Center-Completion of the customer information system and call center consolidation. Visual Networks-Data communications monitoring tools for troubleshooting data circuits and to provide a quantitative analysis of the new data circuits to ensure the vendor is meeting SLA requirements. Security Update Enhancements- Network enhancements needed to ensure secured infrastructure, such as centralized log files to trace events and updating the incidence response system. Backup Library System-Scripting AIX, EMC, Snapview, Navi Mgr, Tivoli TSM, and Oracle RMAN systems. EMC Disk Upgrade-Purchase additional EMC drive and associated software for expected storage needs. Ivantage Upgrade-HR computer software allowing supervisors and managers to track employee-related activity online. Lawson Upgrade-Upgrade existing financial information system from version 8.0.3 to version 9.0. Lawson Portal-Migration of financial information system software to web products. Powerplant Fixed Assets-Initiate capital budgeting programs and reports; Programming support for fixed asset software. Hyperion-Operating budget software. Lawson Financial Reporting-Part of Lawson upgrade. Image Now-Software that allows users to read or print specified check vouchers and all back-up paperwork. Lawson Payroll Modifications-Use of bottom line technologies on automated payroll processes. WQIS-Programming services for enhancement of water quality information system application. Two of the three existing WQIS servers are out of warrant. Hyperion Business Initiatives-Ongoing enhancements to operating budget add-on software. FIS Upgrade Processor-Upgrade to FIS-P690 server. Hyperion Strategic Finance-Continued implementation of Hyperion in more Aqua states. Real Estate Tracking-System to track all Aqua America real estate deeds, easements, insurances, and mortgages. Call Center Hardware-Hardware costs to set up call centers. Firewall Enterprise Manager-Enterprise manager is a centralized management device for managing multiple firewalls. The current license (25) needs to be increased to (50) because additional firewalls are needed as backups and for enhanced security of Companies sites. Modular Messaging-Voice messaging system for customer service call centers. Remote Control Software-Tool which allows Helpdesk and other support personnel to remotely connect to PC as a user.

Change Management System-Controlling process and tool set to manage changes to customer information system configuration and software across the enterprise. Banner CIS Software-Upgrade to the Company's customer information suite. Lawson FIS Improvements-Software patches & repairs to websphere. Deloitte Project Phase 2-Continuation of enhancements of financial systems and processes applicable to all Aqua America states. Lawson Security Assessment-Compliance project to enhance Lawson security Company-wide. Help Desk Software-To support a common Helpdesk across organization, which can be accessed from multiple locations.

- b. Microsoft Enterprise Agreements-Provides lower per-seat Microsoft software costs. Strategic Infrastructure-Improved IT services to all Aqua companies. Accounting Software-Will help meet Sarbanes requirements. Service Link-The integrated mobile dispatch system will result in more timely customer visits since inspectors can view and print work orders from their vehicle. Network Server-Hardware and software standards are maintained because the Company's server technology is constantly refreshed. Replacing server hardware provides Aqua the ability to ensure security, maintain and enhance system performance while operating in a secure environment where software standards can be maintained while desktops perform at an acceptable level. Consulting Exchange-This is a requirement of the Company's email retention policy. CIS Archive Purge-Provides more control over the production CIS system. Lawson Licensing-Required to meet end-user licensing compliance. Banner CIS Interfaces-Eliminates manual errors when translating numbers from the customer information system to the financial information system. Automatic reconciliation between both systems. Banner CIS Reports-Provides accurate information to be used for Aqua accounting and operating purposes. Remote Access-Citrix software installed in call centers and is the technology used by AUF external users to access the customer information system remotely. Meritage Call Center-Allowed for the implementation of the Aqua America regional call centers. Provides a centralized, integrated customer billing and meter operations system. Visual Networks-Tools used to monitor traffic on Qwest T1circuits installed in the call center servicing AUF, ensuring availability of appropriate bandwidth and latency is kept to a minimum. Security Update Enhancements- Provides a more secure corporate network and reduces external threats. Backup Library System-Supports disaster recovery and library backup. EMC Disk Upgrade-Will provide additional 750 gigabite storage for use on two P690 computer systems. Ivantage Upgrade-Allows Aqua supervisors and managers to manage employee related activity online. Lawson Upgrade-Provides latest version of General Ledger, Accounts Payable, Inventory, Payroll, and Purchase Order software. Lawson does not support previous versions with technical support. Lawson Portal-The web-related ERB application is available to all financial information system software users. Powerplant Fixed Assets-Aqua's capital budgeting software was in need of replacement. Powerplant provided the

Company with the best of breed alternative. Hyperion-Allows employees who are in charge of departmental budget to enter their budgets directly into the software instead of creating Excel work-around procedures. Lawson Financial Reporting-See Lawson upgrade. Image Now-Previously, invoices and check requests were maintained manually. Lawson Payroll Modifications-Provides for payroll-related efficiency improvements. WQIS-Meets Aqua's needs for integrated water quality information system. Hyperion Business Initiatives-Allows Aqua employees to analyze operating budget vs. actual data with software that is an add-on to the financial information system. FIS Upgrade Processor-Upgrade required to serve the Company's customer information system and financial information system. Hyperion Strategic Finance-Allows more Aqua employees to access the operating budget analysis tool. Real Estate Tracking-Moves manual processes online. Call Center Hardware-Computer hardware needed for regional call centers. Firewall Enterprise Manager-Support for Aqua's firewalls allows for increased network security. Modular Messaging-Required to adequately manage call centers customers' phone calls. Remote Control Software-Will allow IT to provide improved internal customer support. Change Management System-Allows for the monitoring and approval of all modifications to the customer information system. Banner CIS Software-Upgrades are necessary in order to incorporate previous software version's change orders into the base product and to stay current with other software improvements. Lawson FIS Improvements-Software patches needed for unimpaired programs. Deloitte Project Phase 2-Required to handle new SEC requirement. Lawson Security Assessment-Lawson has its own security, based on username and the allowed reports and programs by user. Every time there is a major software upgrade, user security needs to be redefined. Help Desk Software-This tool will allow Company to better track issues and to serve employees more effectively.

- c. Not quantifiable.
- d. The computer hardware and software installed since 2005 fall into four categories: customer information system upgrades; financial information system upgrades, IS purchases and upgrades of PC's, laptops, network servers, and telephony equipment; and, IS internet and intranet enhancements, as well as solutions to data processing problems. While cost savings are not quantifiable, these enhancements are necessary for Aqua to make in order to serve our customers in the best possible manner. Failure to upgrade key computer systems in a timely manner could result in having the customer or financial software not supported in terms of the program assistance that comes with the purchase of such systems.

Interrogatory No. 27:



27. For purposes of this request, please refer to the 2007 Aqua America, Inc., Annual Report, p. 50, where it is stated:

Our discount rate assumption was determined using a yield curve that was produced from a universe containing over 500 U.S.-issued Aa-graded corporate bonds, all of which were noncallable (or callable with make-whole provisions), and excluding the 10% of the bonds with the highest yields and the 10% with the lowest yields. The discount rate was then developed as the single rate that would produce the same present value as if the Company used spot rates, for various time periods, to discount the projected pension benefit payments. The Company's pension expense and liability (benefit obligations) increases as the discount rate is reduced. A 25 basis-point reduction in this assumption would have increased 2007 pension expense by \$764 and the pension liabilities by \$7,500. The present values of Aqua America's future pension and other post retirement obligations were determined using discount rates of 6.25% at December 31, 2007 and 5.90% at December 2006. Our expense under these plans is determined using a discount rate as of the beginning of the year, which was 5.90% for 2007 and will be 6.25% for 2008.

- a. Please explain how the Company incorporated the financial impact of the 6.25% discount rate on the test year expenses.
- b. If the company did not incorporate this change, please explain why and provide, by system, an estimate of the impact on 2007 pension and post retirement benefit expenses if a 6.25% discount rate were assumed. Please separate these amounts between directly incurred costs and costs that would be allocated to the systems.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that:

- a. The Company did not incorporate the financial impact of the discount rate at December 31, 2007 of 6.25% into the test year.
- b. The Company follows generally accepted accounting principles (Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions," paragraph 53 and Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," paragraph 73) which requires companies to measure net periodic costs based on assumptions used for the previous year-end measurements unless more recent measurements of both plan assets and obligations are available or a significant event occurs. It is our standard accounting practice to use the discount rate from the preceding year end to calculate the following year expense and there

have been no significant events or more recent measurements to suggest that the measurement convention employed for the test year is inaccurate. The disclosure in the Company's annual report is meant to disclose the sensitivity of the assumption versus the actual experience.

**Interrogatory No. 28:**

28. Legal Expenses

- a. By system, please itemize all legal expenses included in the test year and the preceding four years.
- b. For each separate lawsuit, provide the amount of test year legal expenses, and state whether or not the lawsuit has been resolved or settled, whether or not the Company is requesting recovery of legal fees as part of its claims, the circumstances of each lawsuit, the name of the plaintiff and defendant, and an explanation of why it is appropriate to include such expenses in test year expenses. Please provide the requested information by system.
- c. By system, please identify all legal costs incurred by the Company or allocated to the Company associated with EPA and DEP violations. Please indicate in which accounts these costs were booked.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 29:**

29. Identify each employee of Aqua America, Inc., Aqua Services, Inc., and Aqua Utilities of Florida, Inc., whose time has or will be charged to rate case expense in this proceeding. For each employee, please provide the person's hourly pay rate and their hourly cost for overheads (FICA, FUTA, SUTA, pension and benefits, etc.) during the years 2006 and 2007. If the person receives bonuses, please explain how these are reflected in the above information requested and in the amounts reflected in rate case expense.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 30:**

30. By system, please state the amount and describe any and all penalties and fines incurred by the Company and/or Aqua America, Inc., and/or Aqua Services, Inc., during the test year and the preceding four years. Indicate in which account each such item was recorded. If fines were incurred by Aqua America, Inc./Aqua Services, Inc., and allocated (or otherwise

charged) to the Company, please state the amount allocated or charged to the Company, by system, in the years identified above.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the file "OPC IROG 30.xls," included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101" provides the amount, description, & account of all penalties and fines incurred by the Company for 2005, 2006, and 2007. All penalties and fines charged to AU 9001 were allocated to the systems as described in MFR Appendix 1 for 2007 and in the response to OPC's Request for Production No. 52 for 2005 and 2006. A fine for Aqua Services, Inc. is show on the Aqua Services, Inc. tab. That fine was allocated through the ACO billing in July 2007 to Florida and to the systems described in MFR Appendix 1.

**Interrogatory No. 31:**

31. Please state how long the wastewater treatment plant at Arredondo Farms has been treating greater than its design capacity.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that although Arredondo Farms is still within its permitted capacity, the facility began exceeding its design capacity in January of 2003.

**Interrogatory No. 32:**

32. By system, please state the amount of injuries and damages expense for 2005, 2006, 2007, and 2008 to-date. Also identify the amount of injuries and damages expense included in the filing.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that there are none.

**Interrogatory No. 33:**

33. By system, please provide the amount of insurance expense incurred, by insurance type (i.e., property insurance, liability insurance, workers compensation, Directors and Officers Liability Insurance, etc.) for 2005, 2006, 2007, and 2008 to-date and identify the accounts the associated costs are included in.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF refers OPC to MFR Appendix 1 (Bates stamp # 35) for the amount incurred by insurance type (i.e., property insurance, liability insurance, workers compensation, Directors and Officers Liability Insurance, etc.) for 2007 and the allocation to the systems (Bates stamp pages # 36 & 37); and refers OPC to AUF's response to OPC's Request for Production No. 52 for the same for 2005 & 2006.

**Interrogatory No. 34**

34. By person, for the years 2003-2007, state the amount of Directors and Officers Liability Insurance Expense reflected on the books of the Company and include an explanation for any annual increases in excess of 5%. Also provide the amount of coverage by person and the deductible by year. State the amount of expense charged to each system during the test year.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that Aqua America's insurance coverages are not structured by person, but by aggregate limits of coverage each policy year. Aqua America has the following three (3) coverages or policies for Directors and Officers Liability.

**A – Directors and Officers Liability**

	<b>Deductible</b>	<b>Limits of Liability</b>
Year 2005	\$1,000,000 Indemnifiable loss	\$15,000,000 aggregate, inclusive of defense costs
Year 2006	\$1,000,000 Indemnifiable loss	\$15,000,000 aggregate, inclusive of defense costs
Year 2007	\$1,000,000 Indemnifiable loss	\$15,000,000 aggregate, inclusive of defense costs

**B – Excess Directors and Officers Liability**

	<b>Deductible</b>	<b>Limits of Liability</b>
Year 2005	N/A	\$10,000,000 aggregate excess of \$15,000,000 aggregate
Year 2006	N/A	\$10,000,000 aggregate excess of \$15,000,000 aggregate
Year 2007	N/A	\$10,000,000 aggregate excess of \$15,000,000 aggregate

**C – Excess Directors and Officers Liability - Side A**

	<b>Deductible</b>	<b>Limits of Liability</b>
Year 2006	N/A	\$5,000,000 aggregate excess of \$25,000,000 aggregate
Year 2007	N/A	\$5,000,000 aggregate excess of \$25,000,000 aggregate

Refer to MFR Appendix 1 (Bates stamp # 35) for the amount reflected on the books of the Company & the amounts charged to each system. All the Directors and Officers Liability Insurances are included under the caption Executive Risk & are allocated to the systems as Other Insurance (Bates stamp pages # 36 & 37). AUF also refers OPC to AUF's response to OPC's Request for Production No. 52 for the same for 2005 & 2006. The Company increase from 2005 to 2006 was greater than 5% due to 2006 being the first full year of allocation following the Florida acquisitions in 2003 & 2004.

**Interrogatory No. 35:**

35. Provide a list of all claims made against directors and officers and the amount of any claims paid over the period 2003-2007.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that there were no claims made against directors and officers over the period 2005-2007.

**Interrogatory No. 36:**

36. With respect to Directors and Officers Liability Insurance coverage obtained, state whether any customer, who is not a shareholder, has ever filed a claim against a director or officer of the Company and if so provide the number of times this has occurred and the outcome of the claim. By system, please list the amounts included in the test year that are the result of the settlement of lawsuits or other legal action.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that there are none.

**Interrogatory No. 37:**

37. Please describe all types of Executive Risk Insurance taken out by Aqua America and state what the insurance is intended to protect against.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that:

Directors and Officers Liability – Insures Corporate Directors and Officers against claims, most often by stockholders and employees, alleging financial loss arising from mismanagement. The policies contain two coverages: the first reimburses the insured organization when it is legally obligated (typically by corporate charter or state statute) to indemnify corporate directors and officers for their acts; the second provides direct coverage to directors and officers when the organization is not legally obligated to indemnify them.

**Fiduciary – Fiduciary liability protects the fiduciaries (as defined by ERISA) and Aqua America from suits alleging mismanagement of the benefit plans. The most likely claimants are employees alleging damage to their benefits.**

**Crime – Crime insurance protects Aqua America from theft of its money, securities and other tangible property by employees, and in certain limited instances by third parties.**

**Kidnap and Ransom – Kidnap and Ransom insurance protects the directors, officers and employees of Aqua America from kidnappings, and also protects Aqua America from extortion threats.**

**Employment Practices Liability – Employment Practices Liability protects Aqua America from suits by its employees and customers for allegations of discrimination and harassment.**

**Interrogatory No. 38:**

38. For any industry association dues paid by the Company either directly or charged or allocated to the Company from affiliates, please list each such membership dues payment included in the test year, indicating: date paid, amount, payee, account, the Company's reason for making that particular dues payment, and the Company's perceived benefit to ratepayers from such membership. If any of the dues or other amounts paid to the organizations/associations go toward lobbying and public relations efforts and are recorded in above-the-line accounts, provide the associated amounts included in the above-the-line accounts, whether material in magnitude or not. Provide the requested information by system.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers by providing OPC IROG 38.xls included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", and which provides the industry association dues paid by the Company either directly or charged or allocated to the Company from affiliates. None of the dues go toward lobbying and public relations efforts. The 2007 allocation to each System through an Intracompany allocation is described in MFR Appendix 1.

**Interrogatory No. 39:**

39. Please list each athletic and employee association to which the Company and/or Aqua America, Inc./Aqua Services, Inc., contributes and the associated amounts included in the test year. State how the Company has treated these expenses in the test year and state in which accounts they were booked. Provide the requested information by system.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the Company and/or Aqua America, Inc./Aqua Services, Inc., made no contributions to athletic or employee associations in the test year.

**Interrogatory No. 40:**

40. By system, state the amount of chamber of commerce dues included in the test year and in actual 2006 expenses. Indicate in which account these expenses are booked.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that there are no dues included in the test year or in 2006 expenses.

**Interrogatory No. 41:**

41. By system, state the amount of lobbying expenses included in the test year and in actual 2006 expenses. Indicate in which account these expenses are booked.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers by providing an attached spreadsheet with lobbying expenses, included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101".

**Interrogatory No. 42:**

42. By system, for the test year please list contributions for charitable and political purposes, if any, included in accounts other than below the line. Indicate the amount of the expenditure, the recipient of the contribution, and the specific account in which the expense is included in the filing. Also identify for the test year the amounts of contributions for charitable and political purposes charged to the Company from affiliates in accounts other than below the line accounts.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that a contribution of \$200.00 was made to the Boys and Girls Club and is included in the instant filing.

**Interrogatory No. 43:**

43. Please identify the amount of contributions made by Aqua America, Inc. to organizations with which its independent directors are affiliated for the years 2005, 2006, and 2007. State the amount charged to each AUF system included in the rate case and the amount recorded above the line.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that Aqua America Inc. did not make any contributions to organizations with which its independent directors are affiliated for the years 2005, 2006, and 2007.

**Interrogatory No. 44:**

44. By system and account, identify the amount of advertising and marketing expenses included in the test year and the preceding four years, broken down between informational, instructional, image enhancement, promotional, and conservation.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101".

**Interrogatory No. 45**

45. By system, please provide a listing of all vendors contracted for the removal of sludge during 2005, 2006 and 2007. Indicate the terms of the contract and/or arrangement, and identify whether the contract or arrangement was bid on. Identify all new contracts for sludge hauling that were signed in 2008 and describe changes to the contract's terms and conditions, price, and provider. Please quantify the annual expense impact of the contractual changes.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are provided included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101".

**Interrogatory No. 46:**

46. By system, please provide a listing of all wholesale providers of water and wastewater services. Please also identify the rates each wholesale provider charges and identify the amount of rates that changed during 2007 or 2008 and if any are proposed to change for 2008. For each system identify the amount of water and wastewater purchased from wholesale providers.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are provided included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101". The attached file "OPC IROG 46.xls" provides a listing of all wholesale providers of water and wastewater services, the rates each wholesale provider charges, the amount any rate changed from 2007 to 2008, any known proposed changes for 2008, & the amount of water and wastewater purchased from each wholesale provider.

**Interrogatory No. 47:**

47. By system, state the amount of storm damage recovery expenses included in the test year and the amount actually incurred during 2003, 2004, 2005, 2006, and 2007.



**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are provided included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", which includes a storm damage expense spreadsheet. There were no expenses incurred in 2006 and 2007.

**Interrogatory No. 48:**

48. By system, please provide the meter reading expenses for each year 2005, 2006, 2007, and as projected for 2008.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are provided included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", which contains the external meter reading expenses. Aqua does not track actual meter reading expenses. Aqua's internal meter reading expenses are included in the Customer Account Expense, but is not separately tracked or identified.

**Interrogatory No. 49:**

49. By each of the following companies, AUF, Aqua America, Inc., and Aqua Services, Inc., please:

- a. Describe and itemize the amount of all nonutility income recorded in 2005, 2006, and 2007.
- b. Explain what gave rise to the nonutility income.
- c. Please explain how this income was treated for ratemaking purposes, i.e., above or below the line.
- d. If the income was treated below the line, please explain why the income should not be allocated to ratepayers.
- e. If the income was treated above the line, please identify where it can be found in the MFRs filed by the Company for the test year.
- f. Describe and itemize all miscellaneous income earned in 2005, 2006, and 2007 and explain what gave rise to the miscellaneous income.
- g. Please explain how this income was treated for ratemaking purposes, i.e., above or below the line.
- h. If the income was treated below the line, please explain why the income should not be allocated to ratepayers.

- i. If the income was treated above the line, please identify where it can be found in the MFRs filed by the Company for the test year.
- j. Provide an itemized listing of the amount of non-operating expenses for 2005, 2006, and 2007 and explain what gave rise to the non-operating expenses.
- k. Please explain how this expense was treated for ratemaking purposes, i.e., above or below the line.
- l. If the expense was treated below the line, please explain why the income should not be allocated to ratepayers.
- m. If the expense was treated above the line, please identify where it can be found in the MFRs filed by the Company for the test year.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are provided included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", which includes files titled "OPC IROG 49 – A and B" and "OPC IROG 49 – A to M".

**Interrogatory No. 50:**

50. Reuse

- a. Identify all systems where reuse is provided but there is no associated charge.
- b. For each system identified in (a), explain why the Company does not charge a reuse rate.
- c. Provide the reuse rate charged by each Florida system owned by the Company.
- d. Describe all efforts undertaken by the Company to determine what price the market would bear for a reuse rate for each system without a charge.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that:

- a. & b. There are no AUF systems that are providing reuse with no associated charge. The two systems that provide reuse are Florida Central Commerce Park and South Seas. Both systems have Commission approved rates in AUF's tariff on file.
- c. The current indexed rates charged are as follows:

South Seas - \$3,070.44 per month

Florida Central Commerce Park - \$0.10 per sprinkler head

d. None.

**Interrogatory No. 51:**

51. Customers

- a. Please define active and inactive customers as used in the response to Staff POD 21 in Docket No. 060368-WS.
- b. Please explain if inactive customers are charged a base facility charge.
- c. Please explain if inactive customers are included in the calculation of historical bills for 2007 as provided on the Company's MFR E-Schedules.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that:

- a. An active water customer is one that is being provided service though a meter, whether or not they take water. Active sewer customer has sewer service available to use. On the Company reports active customers are shown as "Total Active Customers."
- b. An Inactive customer is an account that notifies the Company to stop their water and / or sewer use. Inactive customers do not receive a bill for base facility charges. On the Company reports inactive accounts are shown as I (Inactive), M (Inactive with meter), F> (Final account over 365 days), F< (same as F> but less than 365 days), FM > (Meter Final over 365 days) and FM< (Same as FM> but less than 365 days).
- c. The MFR E schedules reflect a summation of all bills sent to customers during 2007. To the extent that a customer was active for some time during 2007 and received a bill, they are included. Inactive customers do not receive a bill and therefore are not included.

**Interrogatory No. 52:**

52. Please identify each system where customers changed meter classes from 2006 to 2007, and provide a listing of the changes, by meter size, and the number of bills affected. Please explain why the customer changed meter classes.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 53:**

53. Please describe in detail all efforts, changes in policies and procedures, purchase of new billing systems, software and equipment, etc., the Company undertook in correcting billing errors since the last rate case, and state the amount of costs associated with these efforts by year. State the amount, by system, of these costs that are included in the test year, both expense and capital.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that, during the last rate case, AUF confirmed that its billing determinants were accurate and bills were being correctly calculated based on the systems' tariffs. AUF found that the meter reading cycle was fluctuating from month to month due to inconsistent following of the meter reading schedule and untimely meter reading resulting in customers receiving a bill based on 15 days of usage for one month, then the next month, receive a bill for over 35 days which would be for 50 days of service or estimated bills. To immediately correct the problem, the scheduling for meter reading was removed from Florida and managed by the Meter Reading Department in Bryn Mawr who worked to bring all the routes and cycles back to the 26 to 35 day window. In addition, another change in AUF's operations was the ongoing conversion to Radio Frequency meter reading which will greatly improved the meter reading efficiency. A point person was also assigned within the billing department works exclusively with Florida to correct problem accounts. The costs related to these policy and procedural improvements are normal operating expenses.

**Interrogatory No. 54:**

54. By system, please provide for 2005, 2006, 2007, and as projected for 2008 the beginning bad debt reserve balance, the amount written off, the recoveries, the reserve adjustment, other charges or credits, and the ending reserve balance.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are provided included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", which documents include a file titled OPC IROG 54.xls, which provides the beginning bad debt reserve balance, the amount written off, the recoveries, the reserve adjustment, and the ending reserve balance for 2005, 2006, and 2007.

**Interrogatory No. 55:**

55. Please provide a detailed description of changes in the Company's collection policies or write-off policies in the last three years.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that Aqua's policy is to write off all final billed (inactive) accounts that are over 30 days past due at the end of each month. Accounts written off go immediately to one of our collection agencies. For active accounts, we send out a 10 day cutoff notice at 7 days past due using a current threshold of \$125. At 15 days past due, Aqua attempts to contact the customer by telephone (twice) with a reminder telephone call that reminds the customer that the account is past due and service is pending disconnection in 3 days. At 21 days past due, Aqua issues a "shut off for non payment" (SONP) service order that is electronically sent to a Field Service Representative to shut off the service. If a satisfactory payment is received and posted at any point during this process, the delinquency process is stopped. Aqua converted Florida accounts to the Banner Customer Information System in November 2006. Collection efforts were suspended just prior to conversion and then resumed (on Banner) in January 2007.

**Interrogatory No. 56:**

56. For purposes of this request, please refer to the 2007 Aqua America, Inc., Annual Report, p. 9, where it states, "During certain periods in 2007, we temporarily discontinued collection efforts in some of our divisions in connection with the installation of a new billing system which resulted in increased amounts written off and higher bad debt expense."

- a. Please state by system, amounts written off in 2003, 2004, 2005, 2006, and 2007.
- b. Please explain how the Company adjusted for the higher bad debt expense in its 2007 test year. If no adjustment was made, please explain why.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that:

- a. AUF's response to OPC Interrogatory No. 54 is responsive to this Interrogatory.
- b. The Company's normal process of monthly bad debt expense recognizes the appropriate level of reserve and the Company believes that no separate adjustment is necessary.

**Interrogatory No. 57:**

57. Please provide a summary of the Notes and Accounts Payable-Associated Companies by check and/or invoice, respectively. Please describe the Company or its Parent's policy concerning notes and accounts payable to associated companies.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 58:**

58. Affiliates.

- a. Please identify all non-utility and non-regulated companies that Aqua America, Inc., owns, its percentage of ownership, and legal relationship.
- b. For each company identified in (a), please describe all the services and products provided to these companies by Aqua America, Inc.
- c. For each company identified in (a), please provide a description of the products or services each company provides to its customers.
- d. For each company identified in (a), please state if the company provides services and/or products to Aqua Utilities of Florida, Inc., and the product and/or service provided.
- e. For each company identified in (a), explain the methodology of how common and direct costs from Aqua America, Inc., are allocated or charged to each company.
- f. For each company identified in (a), please provide the amount of common cost allocated to the company, by account, in 2005, 2006, and 2007. Please provide the numerator and denominator of the allocation factor used to allocate the costs and the total costs to which the allocation factor was applied, by account.
- g. For each company identified in (a), please provide the amount of common cost directly charged to the company, by account, in 2005, 2006, and 2007.
- h. For each company identified in (a), please explain the methodology of how costs from each are allocated or charged to Aqua America, Inc. and/or AUF and the amounts allocated or charged, by account, in, 2005, 2006, and 2007. Please provide the numerator and denominator of the allocation factor used to allocate the costs and the total costs to which the allocation factor was applied, by account.
- i. For each company identified in (a), please provide for each of the years 2005, 2006, and 2007: the number of customers served, the total revenue, total operating expenses, and total net plant in service.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 59:**

59. Affiliates.
- a. Please identify all non-utility and non-regulated companies that Aqua Services, Inc. owns, its percentage of ownership, and legal relationship.
  - b. For each company identified in (a), please describe all the services and products provided to these companies by Aqua Services, Inc.
  - c. For each company identified in (a), please provide a description of the products or services each company provided to its customers.
  - d. For each company identified in (a), please state if the company provides services and/or products to Aqua Utilities of Florida, Inc., and the product and/or service provided.
  - e. For each company identified in (a), please explain the methodology of how common and direct costs from Aqua Services, Inc., are allocated or charged to each company.
  - f. For each company identified in (a), please provide the amount of common cost allocated to the company, by account, in 2005, 2006, and 2007. Please provide the numerator and denominator of the allocation factor used to allocate the costs and the total costs to which the allocation factor was applied, by account.
  - g. For each company identified in (a), please provide the amount of common cost directly charged to the company, by account, in 2005, 2006, and 2007.
  - h. For each company identified in (a), please explain the methodology of how costs from each are allocated or charged to Aqua Services, Inc., and/or AUF and the amounts allocated or charged, by account, in 2005, 2006, and 2007. Please provide the numerator and denominator of the allocation factor used to allocate the costs and the total costs to which the allocation factor was applied, by account.
  - i. For each company identified in (a), please provide for each of the years 2005, 2006, and 2007: the number of customers served, total revenue, total operating expenses, and total net plant in service.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers the following:

- a. Aqua Services, Inc. owns no non-utility and non-regulated companies.
- b. None.

- c. None.
- d. None.
- e. None
- f. None
- g. None
- h. None
- i. None

**Interrogatory No. 60:**

60. For each utility company owned by Aqua America, Inc., please provide the customer counts used to allocate common costs for the years 2004, 2005, 2006, and 2007.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 61:**

61. Please provide a detailed description of corporate restructurings and changes in affiliate relationships since the last general rate case and describe any changes in the corporate and affiliate relationships reflected in the filing.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the only corporate restructuring affecting the Company is the merging of Lake Suzy into AUF. These are no resulting changes included in the filing as a result of this merger.

**Interrogatory No. 62:**

62. Please refer to the press release dated May 19, 2008 about the agreement with Mopac of Souderton. Please provide a description of the financial implications of this agreement and how it will affect AUF in 2008 and 2009.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that Aqua Wastewater Management is a wholly-owned, non-regulated subsidiary of Aqua America, Inc., who performs commercial and residential wastewater services. On March 18, 2008, Aqua Wastewater Management entered into a one year agreement with Mopac (a division of Smithfield Beef Group) to provide specific grease-removal services to commercial customers, in which Mopac will collect fryer grease for Aqua Wastewater's customers, and Aqua Wastewater will perform grease-trap pump-outs for Mopac's customers. This agreement does not affect Aqua Utilities Florida as Aqua Wastewater is not affiliated to conduct business with Aqua Utilities Florida. Beginning in the year 2008, the financial implications to Aqua America, Inc. is anticipated to be less than \$300,000 in additional revenues. This has no impact to AUF.



**Interrogatory No. 63:**

63. Contract Operator Services

- a. Identify all water and wastewater systems that Aqua America, Inc., Aqua Services, Inc., or Aqua Utilities of Florida, Inc., (or any affiliates) is the contract operator.
- b. For each system identified in response to (a), please explain how common and support costs are allocated to these systems.
- c. For each system identified in response to (a), please provide the number of water and wastewater customers of each system and the revenues of each system.
- d. For each system identified in response to (a), please explain how these systems are billed for the services provided and where these revenues are shown on the books of Aqua America, Inc., Aqua Services, Inc., or Aqua Utilities of Florida, Inc.
- e. State the amount of revenue earned by Aqua America, Inc., Aqua Services, Inc., or Aqua Utilities of Florida, Inc., for contractor operator services in 2005, 2006, and 2007.
- f. Please explain if and how any of the revenue identified in response to (d) are allocated to other regulated water and wastewater systems owned by Aqua America, Inc.
- g. State the amount of all revenue, expenses, and investment that is recorded on the books of regulated water and wastewater companies owned by Aqua America, Inc., associated with the provision of contract operator services provided by Aqua America, Inc., Aqua Services, Inc., or Aqua Utilities of Florida, Inc., for the years 2005, 2006, and 2007.
- h. Please describe in detail the services provided to each system identified in (a).
- i. Please explain where each system identified in (a) is located.
- j. Please explain where the costs associated with performing the contract operator services are booked on the company's records that are performing the service (i.e. Aqua America, Inc., Aqua Services, Inc., or Aqua Utilities of Florida, Inc.), and explain why it is appropriate not to allocate these costs to the systems identified in response to (a).

**Answer:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that:**

- a. Aqua America, Inc., Aqua Services, Inc., and Aqua Utilities of Florida, Inc currently are not a party to any contracts to perform as a contract operator for non-affiliate companies. See worksheet tab "Operator Contracts" for Aqua America, Inc. affiliates currently engaged in a contract to perform as a contract operator for a non-affiliate company, which is included in attached CD 1.
- b. Contract operator contracts are obtained and executed by the affiliate company performing the requirements or is named in the agreement (contract) and/or both. Direct operating cost incurred by the affiliate company in performance of the contract are tracked by the affiliate company and are recorded on the affiliate's books listed in column K on the worksheet tab "Operator Contracts," which is included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101". Aqua America, Inc and Aqua Services, Inc. currently do not allocate common costs to these contracts.
- c. The worksheet tab "Operator Contracts," included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", reflects in columns D, E and F the number of non-affiliate customers in the system that the services are being provided to per the terms of the contract. Also provided on the worksheet in columns H, I, and J is the revenue earned and recorded in 2005, 2006 and 2007 in performance of these contracts.
- d. The affiliate responsible for performing the services for the non-affiliate customer noted in the contract creates, processes and bills the non-affiliate entities per the terms of the contract. Revenues derived from the completion of the services per terms of the contract are recorded on the books of the affiliate named in the agreement. Aqua America, Inc., Aqua Services, Inc., and Aqua Utilities of Florida, Inc currently are not a party to any contracts to perform as a contract operator for non-affiliate companies and as such, no revenue for contractor services are recorded on their books.
- e. Revenues are recorded on the books of the affiliate who is named in the agreement. Aqua America, Inc, Aqua Services, Inc. and Aqua Utilities of Florida, Inc. do not have any current contract service agreements and were not party to any contractor agreements in 2005, 2006 and 2007. Therefore, no contract operator revenues were recorded on the books of these entities for the years 2005, 2006, and 2007.
- f. The affiliate responsible for performing the services for the non-affiliate noted in the contract creates, processes and bills the non-affiliate entities per the terms of the contract. Revenues derived from the completion of the are services per terms of the contract are recorded on the books of the affiliate listed in column K of the worksheet tab "Operator Contracts," which is

included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101".

- g. Aqua America, Inc and Aqua Services, Inc. do not have any non-affiliate contractor service agreements for 2005, 2006 and 2007. Therefore, no contract operator revenue, expenses and investment were recorded on the books of these entities for the years 2005, 2006, and 2007 as being associated with the provision of contractor operator services provided by Aqua America, Inc., Aqua Services, Inc., or Aqua Utilities of Florida, Inc.
- h. Services provided by the affiliate company named in the contract are noted on the worksheet tab "Operator Contracts" (column L), which is included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101".
- i. Non-Affiliate owner and location (City and State) of each system provided contractor services company as stated in the contract are noted on the worksheet tab "Operator Contracts" (columns M, N and O), which is included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101".
- j. Contract cost related to the contractor contracts are recorded on the affiliate's books listed in column K of the worksheet tab "Operator Contracts," which is included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101".

Interrogatory No. 64:

64. Allocations.

- a. Please describe all water and wastewater consulting, and management services provided by Aqua America, Inc., or its affiliates, and identify the companies these services are provided to.
- b. Please explain in detail how costs from Aqua America, Inc., (or its affiliates) are allocated or charged to the companies that are provided consulting and management services.
- c. If costs from Aqua America, Inc., (or its affiliates) are not charged to the companies that are provided consulting and management services, please explain why no such costs are allocated or charged to these companies.
- d. Please provide the customer counts and total operating revenue for 2005, 2006, and 2007 for the companies that are provided consulting and management services.

- e. Are the customer counts for the companies that are provided consulting and management services included in the customer count for the Aqua America companies that provide these services?
- f. For each company identified in response to (a), please explain how these companies are billed for the services provided, where these revenues are shown on the books of each entity that provides the services, and provide the revenue and net operating income earned by each company for 2005, 2006, and 2007 associated with the provision of consulting and management services.
- g. Please explain if and how any of the revenue and/or income identified in response to (f) are allocated to the Company and demonstrate that the revenue and/or income is included in the 2007 test year.
- h. Please explain where and on which company's accounting records, (Aqua America, Inc., or its affiliates), the costs associated with performing the consulting and management services are booked and explain why, if applicable, it is appropriate not to allocate these costs to the systems identified in response to (a).

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that:

- a. The worksheet tab "M & C Service," included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", reflects water and wastewater consulting and management services provided by Aqua America, Inc affiliates. Column B reflects the affiliate named in the contract. Column C reflects the affiliate performing the service to the non-affiliate. Column D reflects the non-affiliate company the services are being provided. Column E reflects a description of the service being provided.
- b. The affiliate named in the contract is responsible for completing the terms of the contract. If an Aqua America, Inc affiliate provides a direct service to the affiliate named in the contract in the completion of the contract terms, the Aqua America affiliate will bill the affiliate, at cost, for the service performed. If an Aqua America, Inc. affiliate provides a service for a group of affiliates, the affiliate will allocate the common costs associated with performance of the work based upon the revenue earned in the contract as a % of total revenue earned by all affiliates receiving the service.
- c. The affiliate named in the contract is responsible for completing the terms of the contract. If an Aqua America, Inc affiliate provides a service to the affiliate named in the contract in the completion of the contract terms, the Aqua America affiliate will bill the affiliate for the service performed.

- d. Customer counts are provided (where available) for the customers being served under the terms of the contracts noted in the worksheet tab "M & C Service" (columns F, G and H for the years 2005, 2006, and 2007, respectively), included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101". Operating revenue resulting from performance of the contract terms are noted in columns J, K and L of the worksheet tab "M & C Service," which is included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101".
- e. Non-affiliate company customer counts are not included in the customer count for Aqua America, Inc or it's affiliates.
- f. The affiliate named in the contract, as noted in column B of the worksheet tab "M & C Service," included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", will bill the non-affiliate for services provided per the terms of the contract. The revenues would be recorded on the same affiliates book in the GL account noted in column I of the worksheet tab "M & C Service," included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101". Revenue and net operating income earned by each affiliate for 2005, 2006 and 2007 for services provided are noted in columns J through O of the worksheet tab "M & C Service," which is included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101".
- g. Revenue and net operating income earned by each affiliate named in the contract for 2005, 2006 and 2007 for services provided are noted in columns J through O of the worksheet tab "M & C Service," which is included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101". No amounts are allocated to AUF.
- h. Costs associated with performing the consulting and management services are recorded on the books of the affiliate named in the contract as noted in Column B of the worksheet tab "M & C Service," which is included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101".

**Interrogatory No. 65:**

65. Please explain how the costs related to rent or leases for office buildings are shared and/or allocated between the various companies that Aqua America, Inc., and/or Aqua Services, Inc., provides services and or products to.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the employees of Aqua Services Inc, which includes our customer service operations, occupy office space within Aqua Pennsylvania Inc. and Aqua Ohio Inc. at locations in the Bryn Mawr, PA and Boardman, Ohio office. In addition, the customer service department of Aqua Services, Inc. also occupies space in Aqua Pennsylvania, Inc's Bryn Mawr, PA location, as well as office space in Cary, NC and Kankakee, IL. The NC and IL locations are owned by a third party and

not affiliated with our operations in those states. Aqua Services, Inc receives monthly office lease billings from Aqua Pennsylvania, Inc and Aqua Ohio, Inc. based on the square footage of space utilized in those locations. The NC and IL locations receive monthly office lease billings from a third party based upon our lease agreement. For all Aqua Service, Inc. employees, excluding the customer service department, the rent expense is billed out as part of an employees' billable rate and allocated to affiliate companies based on how the employee charges out their time (please refer to Allocations Manual). The customer service department expenses are all billed out as a common allocation among the entities served, and as such, the rent expense charged from Aqua Pennsylvania, Inc. and the third parties in NC and IL are included in the common allocation. Aqua America, Inc. does not have any employees and therefore does not have any rent expense incurred or allocated.

**Interrogatory No. 66:**

66. By system, and by NARUC uniform system of account number and name, please state separately for water and wastewater for the years ending 2004, 2005, 2006, 2007, and as projected for 2008, the amounts charged to the Company by Aqua America, Inc. Provide the requested information in electronic spreadsheet format with all formulas and links intact.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the only amounts charged to Company by Aqua America, Inc. is Insurance. Refer to MFR Appendix 1 (Bates stamped pages 35 through 43) for the 2007 amounts charged and allocations to the systems, by NARUC uniform system of account number and name, stated separately for water and wastewater. AUF also directs OPC to AUF's response to OPC's Request for Production No. 52 for 2005 and 2006.

**Interrogatory No. 67:**

67. By system and by NARUC uniform system of account number and name, state separately for water and wastewater for the years ending 2004, 2005, 2006, 2007, and as projected for 2008, the amounts charged to the Company by Aqua Services, Inc. Provide the requested information in electronic spreadsheet format with all formulas and links intact.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the amounts charged to the Company by Aqua Services, Inc. include Key items 1, 2, 4, & 8 on MFR Appendix 1 (Bates stamped page # 5). Please refer to MFR Appendix 1 (Bates stamped pages 22 through 32, 35 through 43, 51 & 52) for the 2007 amounts charged & allocations to the systems, by NARUC uniform system of account number and name, stated separately for water and wastewater. AUF also directs OPC to AUF's response to OPC's Request for Production No. 52 for 2005 and 2006.

**Interrogatory No. 68:**

68. By system and by NARUC uniform system of account number and name, state separately for water and wastewater for the years ending 2004, 2005, 2006, 2007, and as projected for 2008, the amounts charged to the Company by Aqua Resources, Inc. Provide the requested information in electronic spreadsheet format with all formulas and links intact.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that there were no amounts charged to the Company by Aqua Resources for the years ending 2005, 2006, & 2007.

**Interrogatory No. 69:**

69. By NARUC uniform system of account number and name, state separately for water and wastewater for the years ending 2004, 2005, 2006, 2007, and as projected for 2008, the amount of common costs charged to each system by AUF. Provide the requested information in electronic spreadsheet format with all formulas and links intact. If the information is not available by NARUC account, please provide it at the detailed account level maintained.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are provided included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", which documents include a zip file titled "OPC IROG 69.zip," which provides the amount of common costs charged to each system by AUF for the years ending 2005, 2006, & 2007 by uniform system of account number and name, stated separately for water and sewer in electronic spreadsheet format with all formulas and links intact.

**Interrogatory No. 70:**

70. With respect to costs allocated to the Company by Aqua America, Inc., please provide the following information for 2005, 2006, 2007, and as projected for 2008: the total dollars by NARUC account number and name to which an allocation factor is applied; the allocation factor applied to each account; the calculation of the allocation factor including the numerator for each company that is allocated a portion of the cost and the denominator of the allocation factor; and a description of the allocation factor. Provide the requested information in electronic spreadsheet format with all formulas and links intact. If the information is not available by NARUC account, please provide it at the detailed account level maintained.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF directs OPC to MFR Appendix 1 (bates numbers 35 through 37) for 2007 data and OPC's Request for Production No. 52 for 2005 and 2006 data. Also, please refer to OPC's Request for Production No. 23, which is a listing of tax allocations for all the companies which are part of Aqua America's consolidated tax return.

**Interrogatory No. 71:**

71. With respect to costs directly charged to the Company by Aqua America, Inc., please provide the following information for 2005, 2006, 2007, and as projected for 2008: the dollars directly charged by NARUC account name and number and the basis for the direct charge. Provide the requested information in electronic spreadsheet format with all formulas and links intact. If the information is not available by NARUC account, please provide it at the detailed account level maintained.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that it is not applicable. No costs are directly charged to the Company by Aqua America, Inc.

**Interrogatory No. 72:**

72. With respect to costs allocated to the Company by Aqua Services, Inc., please provide the following information for 2005, 2006, 2007, and as projected for 2008: the total dollars by NARUC account number and name to which an allocation factor is applied; the allocation factor applied to each account; the calculation of the allocation factor including the numerator for each company that is allocated a portion of the cost and the denominator of the allocation factor; and a description of the allocation factor. Provide the requested information in electronic spreadsheet format with all formulas and links intact. If the information is not available by NARUC account, please provide it at the detailed account level maintained.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are provided included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", which documents include files titled "OPC IROG 72 ATTACH 1.xls" and "OPC IROG 72 ATTACH 2.xls," and which provide the allocated costs to the Company by Aqua Services, Inc. for 2007 in electronic spreadsheet format. "OPC IROG #72 ATTACH 1.xls," which is included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", summarizes the Service Co, and "OPC IROG 72 ATTACH 2.xls," also included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", summarizes Aqua Customer Operations, ACO. This includes the total dollars by NARUC account number and name to which an allocation factor is applied; the allocation factor applied to each account; the calculation of the allocation factor including the numerator for each company that is allocated a portion of the cost and the denominator of the allocation factor; and a description of the allocation factor. Due to our Aqua Services Inc. billing system being offline from our FIS system, information identifying specific expenses charged or allocated to the Company from Aqua Services Inc. is not available for the years 2005 and 2006, but will be provided at an account summary level, pursuant to agreement of counsel.



**Interrogatory No. 73:**

73. With respect to costs directly charged to the Company by Aqua Services, Inc., please provide the following information for 2005, 2006, 2007, and as projected for 2008: the dollars directly charged by NARUC account name and number and the basis for the direct charge. Provide the requested information in electronic spreadsheet format with all formulas and links intact. If the information is not available by NARUC account, please provide it at the detailed account level maintained.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF directs OPC to submitted in response to OPC Interrogatory No. 72, which provide the costs directly charged to the Company by Aqua Services, Inc. for 2007 in electronic spreadsheet format, summarize the Service Co. and Aqua Customer Operations, ACO. This includes the dollars directly charged by NARUC account name and number and the basis for the direct charge. Due to our Aqua Services Inc. billing system being offline from our FIS system, information identifying specific expenses charged or allocated to the Company from Aqua Services Inc. is not available for the years 2005 and 2006, but will be provided at an account summary level, pursuant to agreement of counsel.

**Interrogatory No. 74:**

74. With respect to costs allocated to the Company by Aqua Resources, Inc., please provide the following information for 2005, 2006, 2007, and as projected for 2008: the total dollars by NARUC account number and name to which an allocation factor is applied; the allocation factor applied to each account; the calculation of the allocation factor including the numerator for each company that is allocated a portion of the cost and the denominator of the allocation factor; and a description of the allocation factor. Provide the requested information in electronic spreadsheet format with all formulas and links intact. If the information is not available by NARUC account, please provide it at the detailed account level maintained.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that Aqua Resources does not perform any services for AUF; therefore, Aqua Resources has not and will not bill AUF for services.

**Interrogatory No. 75:**

75. With respect to costs directly charged to the Company by Aqua Resources, Inc., please provide the following information for 2005, 2006, 2007, and as projected for 2008: the dollars directly charged by NARUC account name and number and the basis for the direct charge. Provide the requested information in electronic spreadsheet format with all formulas and links intact. If the information is not available by NARUC account, please provide it at the detailed account level maintained.

Answer: The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that Aqua Resources does not perform any services for AUF; therefore, Aqua Resources has not and will not bill AUF for services.

Interrogatory No. 76:

76. Please explain the relationship to Aqua America and the typical operational activities for the affiliate Aqua Operations, Inc.

Answer: The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that Aqua Operations is a wholly-owned, non-regulated subsidiary of Aqua America that is the legal entity that encompasses contract operations in the states of Indiana, Missouri, North Carolina, and Texas. Aqua Operations does not maintain an ownership interest in other subsidiaries, affiliates, or entities, and does not have functional operations.

Interrogatory No. 77:

77. Aqua Resources

- a. Describe all services Aqua Resources through Aqua Wastewater Management provides to AUF and state the amount charged to AUF in 2006, 2007, and as projected for 2008.
- b. Please provide proof that the amounts charged to AUF are at the lower of cost or market.

Answer:

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that:

- a. Aqua Resources, Inc. is the Parent Company of Aqua Wastewater Management, Inc. Aqua Resources, Inc and Aqua Wastewater Management, Inc. do not allocate costs to affiliate companies. If service is performed for an affiliate company, the services will be invoiced as a direct charge. Aqua Resources, Inc and Aqua Wastewater Management have not performed any services for AUF for the years 2006, 2007 and as projected for 2008. Therefore, there are no direct or allocated costs charged from Aqua Resources, Inc to AUF for the years noted in response.
- b. Not applicable since there were no direct or allocated costs charged from Aqua Resources, Inc and Aqua Wastewater Management, Inc. to AUF for the years noted.

**Interrogatory No. 78:**

78. Please provide the names, titles, and duties of all common officers and directors of Aqua Services, Aqua America, UMS, SES, Aqua Resources, and AUF. For each common officer and director, state the amount of total compensation (salary, benefits, bonuses, stock related compensation, etc., identified separately) paid in 2005, 2006, 2007, and as projected for 2008; provide the amount charged to the Company in each of these years; and explain how each person's salary and benefits are charged to the affiliates of Aqua America. State the amount of compensation that is expensed in each year and the amount that is recorded as a deferral.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that, due to our Aqua Services Inc. billing system being offline from our FIS system, information identifying specific expenses charged or allocated to the Company from Aqua Services Inc. is not available for the years 2005 and 2006. The total compensation billed to affiliates by person has been provided for these years along with amounts charged to AUF, identified as expense and deferred. An explanation of how salaries and benefits are charged to the affiliates of Aqua America can be found in the Corporate Allocations Manual. AUF directs OPC to the documents submitted in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101" that are responsive to this Interrogatory.

**Interrogatory No. 79:**

79. Identify any and all costs that are incurred by Aqua America and Aqua Services, Inc. that are maintained on the books of either of those companies and not allocated to other affiliates. Please provide the amount of these costs in 2006, 2007, and as projected for 2008.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are provided included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101".

**Interrogatory No. 80:**

80. Allocations

- a. Provide all service expenses (labor & overhead) of Aqua Services employees for the years 2006 and 2007, broken down between labor and overhead.
- b. Provide all workpapers and supporting documentation used to develop all overhead factors, clearly showing the development of each component of the factor, including but not limited to healthcare, payroll taxes, retirement benefits, office rent, employee incentive compensation, etc.

**Answer:** The General Objections stated above are incorporated herein by reference. AUF also objects to this Interrogatory due to the voluminous nature of the request in part (a).

Without waiving any such objections, AUF will offer its response to this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 81:**

81. Provide a listing of actual AUF employee positions with their respective annual base salary as of the end of 2005, 2006, 2007, and monthly and as projected for 2008. Also include if the position is full-time or part-time.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 82:**

82. Identify the vacancies that occurred in 2007 and 2008 for which a replacement has not been reflected in the Test Year and explain why no replacement was added.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that all vacancies which occurred in 2007 have been normalized. Adjustments were made in this rate case to eliminate terminated and/or retired employees in 2007. Further adjustments were made to reflect hiring of replacements, if applicable. See attached table.

**Interrogatory No. 83:**

83. Please provide for each of the years 2003-2007 the Company's vacancy rate and identify the vacancy rate.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 84:**

84. By system, please provide the following information for 2003, 2004, 2005, 2006, 2007, and monthly for 2008. For the Company, separately for managerial and non-managerial: number of full-time employees, average full-time salary amount, number of part-time employees, and average part-time salary. Please provide the same information for employees of Aqua America, Inc., and Aqua Services, Inc., to the extent that employees' time is allocated or charged to the Company.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 85:**

85. Salaries

- a. Please provide the salary, benefits, pensions, and overheads associated with the Director of Corporate Development for each of the years 2005, 2006, 2007, and as projected for 2008. State the amount allocated to each of the systems included in the instant rate case for the years 2005, 2006, 2007, and as projected for 2008. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.
- b. Please provide the salary, benefits, pensions and overheads associated with all persons that report directly or indirectly to the Director of Corporate Development for each of the years 2005, 2006, 2007, and as projected for 2008. State the amount allocated to each of the systems included in the instant rate case for the years 2005, 2006, 2007, and as projected for 2008. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 86:**

86. Please provide a mapping of Company numbers to company names and a listing of "type of service" an employee can choose when assigning their time.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are provided included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", which documents include a file titled "OPC IROG 86.xls," which provides a mapping of Company numbers to company names for the 82 AUF systems. The "type of service" an employee can choose when assigning their time is Capital, Deferred, Expense, & Below the Line Expense.

**Interrogatory No. 87:**

87. Please provide a breakdown of the total amount of gross payroll and employee benefit costs (by benefit type) for the test year and the prior two historical years between amounts expensed and amounts capitalized, and provide the percentage of payroll and employee benefits (by benefit type) charged to expense for each year.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 88:**

88. Please provide a list of compensation and benefit studies the Company conducted for 2006, 2007, and 2008 to-date.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the Company has not conducted any compensation or benefit studies for the years 2006, 2007. As of 2008, there was a compensation study completed with the assistance of Saje Consulting Group, Inc. in regards to the wage rates of Facility Operators and Utility Technicians. AUF also directs OPC to AUF's request to OPC's Request for Production No. 68.

**Interrogatory No. 89:**

89. Please describe, in detail, material employee reductions, employee severance plans, or early retirement programs conducted by the Aqua America, Inc., Aqua Services, Inc., and AUF during 2005, 2006, 2007, and 2008 to-date. This request seeks information on major plans or programs beyond cost management efforts undertaken in the normal course of business. This should include, but not be limited to, a detailed description of the plan, number of employees offered early retirement or severance, number of employees accepting early retirement or severance, projected cost savings and costs associated with the program. For costs incurred, identify the amounts, by NARUC account, and the dates the entries were booked.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answer that, in 2005, Aqua America, Inc. initiated a project, entitled Meritage, which created three central call centers to accept customer calls from the entire Company and dispatch work to our field operations. These call centers are located in Kankakee, Illinois, Cary, North Carolina and Bryn Mawr, Pennsylvania. The project also centralized the billing and back office collections functions in Bryn Mawr. Florida calls moved to the centralized call center in the third quarter of 2006. As a result, customer service and support employees in Florida were offered and accepted severance packages. Please see attached excel spreadsheet concerning severance pay. Also, a complete summary of the Company's severance program is in the file titled "OPC IROG 89," which is included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101".

**Interrogatory No. 90:**

90. Please list separately the budgeted and the actual number of employees (where available), for 2005, 2006, 2007, and monthly for 2008. If the labor force levels are other than full-time equivalent positions, please provide a separate listing stated in terms of full-time equivalent positions.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are provided on attached CD No. 1, which documents include a file titled "OPC IROG 90.pdf".

**Interrogatory No. 91:**

91. Please show the actual percentage of increases in salaries and wages for exempt, non-exempt, and union employees for the 2005, 2006, 2007, and 2008 to-date.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are provided included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", which documents include a file titled "OPC IROG 91.xls," which shows by employee the actual percentage of increases in salaries and wages for exempt & non-exempt employees for the 2005, 2006, 2007, and 2008 to-date. There are not union employees.

**Interrogatory No. 92:**

92. Please show the actual percentage of market-based increases in salaries and wages for exempt, non-exempt, and union employees for the 2005, 2006, 2007, and 2008 to-date.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that there were no market-based increases in salaries and wages in 2005, 2006, or 2007. AUF's pro forma adjustments include a projection for a 10% compensation adjustment as of October 1, 2008 for the following positions:

- Facility Operator I
- Facility Operator I
- Facility Operator I
- Facility Operator I
- Facility Operator II
- Facility Operator II
- Facility Operator II
- Facility Operator II
- Facility Operator II
- Facility Operator II
- Facility Operator II
- Facility Operator II
- Senior Facility Operator
- Sr. Facility Operator
- Sr. Facility Operator
- Sr. Facility Operator
- Sr. Facility Operator
- Sr. Facility Operator
- Sr. Facility Operator
- Utility Tech I
- Utility Tech I
- Utility Tech I
- Utility Tech I
- Utility Tech I

Utility Tech I  
Utility Tech I  
Utility Tech I  
Utility Tech II  
Utility Tech II  
Utility Tech II  
Utility Tech II  
Utility Tech II  
Utility Tech II  
Utility Tech II  
Utility Tech III  
Utility Tech III  
Utility Tech III  
Utility Technician II

**Interrogatory No. 93:**

93. Employee Costs – Incentive Plans.
- a. By system and accounts charged, please identify incentive and bonus program expenses incurred in 2005, 2006, 2007, and 2008 to-date.
  - b. By system and account charged, identify incentive and bonus program expenses charged or allocated to the Company from each affiliate and parent company in 2005, 2006, 2007, and 2008 to-date.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that:

- a. MFR Appendix 1 provides the amounts of the Company incentive and bonus program expenses incurred and the account charged in 2007 & the allocation to the systems, as does AUF's response OPC's Request for Production No. 52 for the same for 2005 & 2006.
- b. Due to our Aqua Services Inc. billing system being offline from our FIS system, information identifying specific incentive and bonus program expense charged or allocated to the Company from Aqua Services, Inc. is not available for the year 2005 and 2006. For the year 2007, please see AUF's response to OPC Interrogatory No. 72 (IS Service & ACO Detail tabs) for the amounts allocated to Florida. MFR Appendix 1 provides the allocations to the systems for 2007 & the response to OPC POD #52 the same for 2005 & 2006.

**Interrogatory No. 94:**

94. Please provide a detailed overview of the Company health care plan, a summary of total health care costs paid by year for each year 2004-2007 and as projected for 2008, the



employees' contribution to health care costs, and an analysis that shows how the percentage of Company employee health care contributions compares to other water and wastewater utilities.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are provided in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", which documents include files titled "OPC IROG 94 ATTACH 1.xls" and "OPC IROG 94 ATTACH 2.xls," which provide a detailed overview of the Company health care plan. AUF directs OPC to MFR Appendix 1 (Bates stamped pages 52 to 57) for a summary of total health care costs paid for 2007, and AUF's Response to OPC's Request for Production No. 52 for 2005 & 2006. The attached file "OPC IROG 94 ATTACH 3.xls," which is included in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", also provides the employees' contribution to health care costs. There is no analysis that shows how the percentage of Company employee health care contributions compares to other water and wastewater utilities.

**Interrogatory No. 95:**

95. Please provide a listing of the different types of paid time off. Also provide an explanation as to how sick time is compensated for and how much is allowed during the year.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are provided in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", which documents include a file titled "OPC IROG 95.doc."

**Interrogatory No. 96:**

96. When compensation levels are evaluated and/or compared to compensation studies, explain whether there is any measurement and/or comparison of paid time off (i.e. is the amount of paid time off included in the measurement of salaries and wages).

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that, when the Company formally reviews compensation levels, paid time off is not considered in the evaluation of salaries and wages.

**Interrogatory No. 97:**

97. By system, identify the amount of expenses incurred by AUF for the years 2005, 2006, and 2007 associated with employee relocations. Please identify all employee relocations and where the employees were relocated from and to. To the extent that employee relocation expenses are a result of allocations from any Aqua affiliate, please identify the affiliate and the amount charged to the Company.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Interrogatory are

provided in the attached CD labeled "Attachments to OPC First ROGs Nos. 1-101", which documents include a file titled "OPC IROG 97.pdf."

**Interrogatory No. 98:**

98. Please provide a mapping of Company numbers to company names and a listing of "type of service" an employee can choose when assigning their time.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, responsive answers to this Interrogatory are provided in response to Interrogatory No. 86.

**Interrogatory No. 99:**

99. Please identify all systems of Aqua America that operate in the state of Florida that are not part of the instant rate proceeding. For each system, please state if they are regulated by the Florida Public Service Commission or another regulatory body.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that Aqua America does not operate any system in the state of Florida. Aqua America is the parent company of Aqua Utilities Florida, Inc. (AUF). AUF operates the following systems: Dolomite Utilities, Corp. which is regulated by Sarasota County; Crystal River Utilities, Inc. which is regulated by Citrus County; and Peace River which is located in Hardee county. Peace River is not regulated by either the county or the FPSC.

**Interrogatory No. 100:**

100. Regarding the Company's revenue requirement model, please identify potential obstacles to or explain the problems encountered when making adjustments to the model used to develop the revenue requirement, including but not limited to, broken links to external files, instances where data did not flow through the model correctly, and other causes of mechanical problems and the Company's remedies.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the process flow to run the MFRs from the source data files and then run the grouping file to determine consolidated revenue requirement and proposed rates is shown in the diagram below. There are no problems with data flow, etc., when the files are run in the order shown in the process flow diagram.

There are "READ ME" tabs in the Mstr\_Schdls\_A-G\_08.xls file and the "Mstr\_Groups\_08.xls" file that give instructions on how they are to be run.

It is extremely important that Automatic Calculation be turned off before opening ANY of the files. (Click "Tools", "Options...", "Calculation", "Manual" then also clear the check box for "Recalculate before Save".) Failure to do this will result in cells full of error

codes when a file is opened while Automatic Calculation is On; in that case, close the file you just opened (being careful NOT to save any changes), turn Automatic Calculation Off as described above, and open the file again.

It is also extremely important to answer "Don't Update" to the question about Updating Links which appears when most files are open.

If your PC has its Macro Security setting at anything other than "Low", there will be annoying warnings and messages about the fact that the files contain macros when opening each file. (Since 59 MFR values-only files must be open in order to run the Grouping program, dealing with that macro warning 59 times will cause a long delay.)

As noted in the diagram, certain files must be open in order for the next files in the process to link to the data in those open files.

Other data files do not need to be open, but if not open their Links will need to be changed in this manner: e.g., if the Mstr\_Schdls\_A-G\_08.xls file (which generates the 59 MFRs) fails to link to any non-opened source file, it will be because the path to the folder containing the source file on your PC differs from the path the files were in on our network drive. It is an easy task to re-point the link by clicking "Edit", then "Links...", look at the list of source files, select one (at a time) that has a Unknown Link, click the "Change Source" button, and re-point the link to the folder you have used on your PC.

**Interrogatory No. 101:**

101. For each interrogatory response, indicate the persons responsible for answering the question and the witness most able to sponsor the response and be able to answer cross-examination questions concerning the response.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF proposes that it will provide a full response to this Interrogatory within 15 days.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for Increase in water and Wastewater rates in Alachua, Brevard, DeSoto, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc. ) Docket No. 080121-WS Dated: June 30, 2008

AFFIDAVIT

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF MONTGOMERY

BEFORE ME, the undersigned authority, personally appeared Stan F. Szczygiel, who deposed and stated that he provided the answers to interrogatories Office of Public Counsel; Set 1, Nos. 1 - 101 served on June 30, 2008 by Aqua Utilities Florida, Inc. on the Office of Public Counsel and that the responses are true and correct to the best of his information and belief.

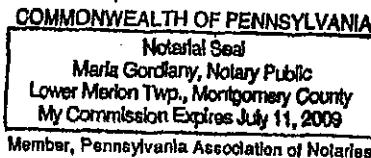
DATED at 30th, June, 2008.

Sworn to and subscribed before me this 30th day of June, 2008.

Handwritten signature of Stan F. Szczygiel above a horizontal line.

Stan F. Szczygiel

Handwritten signature of Maria Gordiany above the text NOTARY PUBLIC.

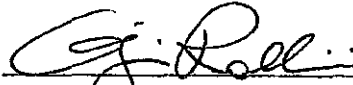


Commonwealth of Pennsylvania

My Commission Expires: July 11, 2009

Dated this 30<sup>th</sup> day of June, 2008.

**HOLLAND & KNIGHT LLP**



D. Bruce May, Jr.  
Florida Bar No. 354473  
Gigi Rollini  
Florida Bar No. 684491  
Holland & Knight, LLP  
Post Office Drawer 810  
Tallahassee, Florida 32302-0810  
(850) 224-7000 (Telephone)  
(850) 224-8832 (Facsimile)

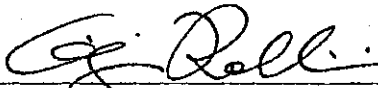
-and-

Kimberly A. Joyce, Esquire  
Aqua America, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010  
(610) 645-1077 (Telephone)  
(610) 519-0989 (Facsimile)

**Attorneys for Aqua Utilities Florida, Inc.**

CERTIFICATE OF SERVICE

I hereby certify that the original and a true and correct copy of the foregoing was furnished by hand delivery to Charles Beck, Esq., Stephen C. Reilly, Esq., Office of Public Counsel, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400; and a true and correct copy of the foregoing was furnished by hand delivery to Ralph Jaeger, Esq., Office of General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850 this 30th day of June 2008.

  
\_\_\_\_\_  
Attorney

# 5373609\_v2

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for increase in water and )  
wastewater rates in Alachua, Brevard, DeSoto, )  
Highlands, Lake, Lee, Marion, Orange, )  
Palm Beach, Pasco, Polk, Putnam, )  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )  
\_\_\_\_\_ )

**DOCKET NO. 080121-WS**

**DATE SERVED: July 14, 2008**

**AQUA UTILITIES FLORIDA, INC.'S SUPPLEMENTAL ANSWERS AND  
OBJECTIONS TO CITIZENS' FIRST SET OF INTERROGATORIES TO  
AQUA UTILITIES FLORIDA, INC.**

**(Nos. 7(e), 14, 15, 28, 29, 52, 57, 58, 60, 72, 73, 80, 81, 83, 84, 85, 87 and 101)**

Aqua Utilities Florida, Inc. ("AUF") by and through its undersigned counsel, pursuant to Rule 28-106.206, Florida Administrative Code, and Rule 1.340, Florida Rules of Civil Procedure, hereby serves its supplemental answers and objections to the First Set of Interrogatories (Nos. 7(e), 14, 15, 28, 29, 52, 57, 58, 72, 73, 60, 80, 81, 83, 84, 85, 87 and 101) propounded by the Office of Public Counsel on behalf of Citizens of the State of Florida ("OPC") on May 29, 2008.

**GENERAL OBJECTIONS**

1. With respect to the "Definitions" and "Instructions" in OPC's First Set of Interrogatories, AUF objects to any definitions or instructions that are inconsistent with AUF's discovery obligations under applicable rules. If some question arises as to AUF's discovery obligations, AUF will comply with applicable rules and not with any of OPC's definitions or instructions that are inconsistent with those rules.

2. AUF objects to any definition or interrogatory that seeks to encompass persons or entities who are not parties to this action or that are not subject to discovery under applicable rules.

3. AUF also objects to any Interrogatory that purports to require AUF or its experts to prepare studies, analyses, or to do work for OPC that has not been done for AUF.

4. AUF generally objects to OPC's Interrogatories to the extent that they call for data or information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law.

5. AUF reserves the right to supplement any of its responses to OPC's Interrogatories if AUF cannot locate the answers immediately due to their magnitude and the work required to aggregate them, or if AUF later discovers additional responsive information in the course of this proceeding.

6. By making these general objections at this time, AUF does not waive or relinquish its right to assert additional general and specific objections to OPC's discovery at the time AUF's response is due.

7. AUF objects to OPC's representation in the Interrogatories that it propounds only one hundred one (101) specific Interrogatories. The Interrogatories, when subparts and compound requests are counted, demand answering of approximately two hundred and fifty three (253) separate categories of documents, not one hundred one (101). AUF objects to any attempt by OPC to evade numerical limitations on the number of Interrogatories allowed in this docket by using compound and/or multiple requests for answers and subparts within individually numbered requests.

8. AUF further objects to each Interrogatory on the grounds and to the extent that the instructions impose or attempt to impose obligations greater than those imposed by the Rules of Civil Procedure.



9. AUF further objects to each Interrogatory on the grounds that it may call for the production of materials or information that constitute trade secrets or other confidential research, development, or commercial information disclosure of which to competitors or to the public at large would materially harm AUF's interests.

10. AUF objects to these Interrogatories, individually and generally, to the extent the requested documents and/or information is in the public domain or equally accessible to Citizen's.

11. AUF objects to these Interrogatories to the extent that any seek 2008 data outside of pro forma adjustments.

12. By making these responses herein, AUF does not concede that any interrogatory is relevant to this action or is reasonably calculated to lead to the discovery of admissible evidence. AUF expressly reserves the right to object to further discovery into the subject matter of any of these interrogatories, to the introduction of evidence of any response or portion thereof, and to supplement its responses should further investigation disclose responsive information.

13. In responding to these Interrogatories, AUF has made a reasonable inquiry of those persons likely to possess information responsive thereto and has conducted a reasonable search of those records in AUF's possession, custody, or control where the requested information would likely be maintained in the ordinary course of business. To the extent that Citizen's requests AUF to go to greater lengths, AUF objects because Citizen's Interrogatories are overly broad, unduly burdensome, and unreasonable.

14. In responding to these interrogatories, AUF does not waive the foregoing objections, nor the specific objections that are set forth in the responses to particular interrogatories.

**ANSWERS AND SPECIFIC OBJECTIONS**

**Interrogatory No. 7(e):**

7. For each plant addition budgeted for 2008, please provide the following by system:

- (e) The status of the engineering and permitting efforts, if the plant addition has not been through the bidding process.

**Answer:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that, for each plant addition budgeted for 2008 and included in the instant rate filings:**

- e. All meters have been through the bidding process. Without waiving any such objections, AUF states that there is no additional information responsive to this request.**

**Interrogatory No. 14:**

14. Identify each of Aqua America's systems that were sold in 2006, 2007, and sold or anticipated to be sold in 2008. For each system, state the following: the date of sale, the water and wastewater rate base of the facilities, the number of water customers, the number of wastewater customers, the number of other customers, the water revenue, and the wastewater revenue of each sold system(s).

**Answer:**

**The General Objections stated above are incorporated herein by reference. AUF also objects to this Interrogatory because it seeks information on anticipated acquisitions. Such information is speculative, confidential and not relevant to the rate case as filed. Without waiving any such objections, AUF also states regarding information for those systems that have been acquired that there is no additional information responsive to this request.**

**Interrogatory No. 15:**

15. Acquisitions

- a. Identify all systems that were acquired by Aqua America in, 2006, 2007, and acquired or anticipated to be acquired in 2008. For each system, state the following: the date of acquisition, the water and wastewater rate base of the facilities, the number of water customers, the number of wastewater customers, the number of other customers, the water revenue, and the wastewater revenue.

- b. For each system acquired in 2007 and 2008 please explain how this acquisition was taken into consideration in the instant rate filing.
- c. If it was not adjusted for in any manner, please explain how it can be taken into consideration in the form of an adjustment and provide an estimate of the reduction in costs to the remaining AUF systems as a result of this acquisition.
- d. If there are no savings to the other systems associated with the acquisition, please explain why there would be no savings.

**Answer:**

**The General Objections stated above are incorporated herein by reference. AUF also objects to providing any information on anticipated acquisitions as any such information is speculative, confidential and not relevant to the rate case as filed. Without waiving any such objections, AUF also states regarding information for those systems that have been acquired that there is no additional information responsive to this request.**

**Interrogatory No. 28:**

28. Legal Expenses

- a. By system, please itemize all legal expenses included in the test year and the preceding four years.
- b. For each separate lawsuit, provide the amount of test year legal expenses, and state whether or not the lawsuit has been resolved or settled, whether or not the Company is requesting recovery of legal fees as part of its claims, the circumstances of each lawsuit, the name of the plaintiff and defendant, and an explanation of why it is appropriate to include such expenses in test year expenses. Please provide the requested information by system.
- c. By system, please identify all legal costs incurred by the Company or allocated to the Company associated with EPA and DEP violations. Please indicate in which accounts these costs were booked.

**Answer:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the following additional information is responsive to this request:**

- a. **Please see the file entitled "OPC IROG 28.xls" provided on the attached CD labeled "AUF's Supplemental Answers to OPC's 1<sup>st</sup> Set of ROGs – 7-14-08."**

- b. The 2007 legal fees associated with lawsuits are \$25,571.57, and were paid to the law firm of Holland + Knight in defense of a singular law suit brought by George and Donna DeMint. In this suit, Mr. and Mrs. DeMint allege that, in 2004, the waste water percolation pond at the Jasmine Lakes facility overflowed causing damage to their house. AUF denies that the pond overflowed and that it has any liability to the DeMints. The legal fees were incurred in defense of this matter, including responding to discovery requests and preparing for trial.
- c. None.

**Interrogatory No. 29:**

29. Identify each employee of Aqua America, Inc., Aqua Services, Inc., and Aqua Utilities of Florida, Inc., whose time has or will be charged to rate case expense in this proceeding. For each employee, please provide the person's hourly pay rate and their hourly cost for overheads (FICA, FUTA, SUTA, pension and benefits, etc.) during the years 2006 and 2007. If the person receives bonuses, please explain how these are reflected in the above information requested and in the amounts reflected in rate case expense.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the file entitled "OPC IROG 29.xls," contained on the attached CD labeled "AUF's Supplemental Answers to OPC's 1<sup>st</sup> Set of ROGs - 7-14-08", provides the hourly pay rate and hourly cost for overheads during the years 2006 and 2007 for each employee of Aqua America, Inc., Aqua Services, Inc., and Aqua Utilities of Florida, Inc., whose time has or will be charged to the rate case expense in this proceeding. However, no employees charged any time to the instant rate case in 2006 and 2007. Bonuses, if any, are included in the overhead rate. Due to our Aqua Services, Inc., billing system being offline from our Lawson financial reporting system, information identifying specific overhead expenses charged or allocated to the Company from Aqua Services, Inc., is not available for 2006.

**Interrogatory No. 52:**

52. Please identify each system where customers changed meter classes from 2006 to 2007, and provide a listing of the changes, by meter size, and the number of bills affected. Please explain why the customer changed meter classes.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers with reports contained on the attached CD labeled "AUF's Supplemental Answers to OPC's 1<sup>st</sup> Set of ROGs - 7-14-08." The .pdf file entitled "OPC IROG 52 attach 1.pdf" is from the Avatar CIS system which covers the

period of 1/1/06 to 10/31/06. The Banner report entitled "OPC IROG 52 attach 2.xls" covers the period of 11/1/06 to 12/31/07.

**Interrogatory No. 57:**

57. Please provide a summary of the Notes and Accounts Payable-Associated Companies by check and/or invoice, respectively. Please describe the Company or its Parent's policy concerning notes and accounts payable to associated companies.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, responsive answers to this Interrogatory are provided in response to OPC's Request for Production Nos. 73 and 108.

**Interrogatory No. 58**

58. Affiliates

- a. Please identify all non-utility and non-regulated companies that Aqua America, Inc., owns, its percentage of ownership, and legal relationship.
- b. For each company identified in (a), please describe all the services and products provided to these companies by Aqua America, Inc.
- c. For each company identified in (a), please provide a description of the products or services each company provides to its customers.
- d. For each company identified in (a), please state if the company provides services and/or products to Aqua Utilities of Florida, Inc., and the product and/or service provided.
- e. For each company identified in (a), explain the methodology of how common and direct costs from Aqua America, Inc., are allocated or charged to each company
- f. For each company identified in (a), please provide the amount of common cost allocated to the company, by account, in 2005, 2006, and 2007. Please provide the numerator and denominator of the allocation factor used to allocate the costs and the total costs to which the allocation factor was applied, by account.
- g. For each company identified in (a), please provide the amount of common cost directly charged to the company, by account, in 2005, 2006, and 2007.
- h. For each company identified in (a), please explain the methodology of how costs from each are allocated or charged to Aqua America, Inc. and/or AUF and the amounts allocated or charged, by account, in 2005, 2006, and 2007. Please provide the numerator and denominator of the allocation factor used to allocate the costs and the total costs to which the allocation factor was applied, by account.

- i. For each company identified in (a), please provide for each of the years 2005, 2006, and 2007: the number of customers served, the total revenue, total operating expenses, and total net plant in service.

**Answer:**

- a. AUF answers that the following is a list of all non-utility and non-regulated companies that Aqua America, Inc. owns and its percentage of ownership:

Company name	Percentage of ownership
Aqua Indiana – Western Hancock, Inc.	100%
Aqua Operations, Inc.	100%
Aqua Resources, Inc.	100%
Aqua Services, Inc.	100%
Suburban Environmental Services Company	100%
Utility & Municipal Services, Inc.	100%

The legal relationship of each of the companies listed above would be that of a wholly-owned subsidiary of Aqua America, Inc.

- b. There are no products provided to these companies by Aqua America, Inc. Please refer to the June 18, 2008 Service Company Agreement (“Agreement”) between Aqua Services, Inc. and Aqua Utilities Florida, Inc., which describes all services provided to these companies by Aqua America, Inc. as provided in AUF’s response to OPC’s Request for Production No. 37, submitted to OPC on June 30, 2008. The Agreement allows Aqua Services, Inc. to engage or subcontract affiliated companies, such as Aqua America, Inc., to provide portions of these services. Aqua America, Inc. does allocate insurance to these companies listed in (a).
- c. The following is a description of the products or services each company provides to its customers:

Aqua Indiana – Western Hancock, Inc.	Wastewater services
Aqua Operations, Inc.	Provider of water and wastewater operating contracts with municipal authorities and other parties.

Aqua Resources, Inc.	Parent company of Aqua Wastewater Management, Inc. which provides hauling services of residential and commercial septic waste; installation and maintenance of residential / commercial septic systems.
Aqua Services, Inc.	Provider of services to affiliates as described in the June 18, 2008 Service Company Agreement.
Suburban Environmental Services Company	Provides contract operation and maintenance support for water and wastewater systems.
Utility & Municipal Services, Inc.	Primarily provides data processing, network and communication support to Aqua Pennsylvania, Inc.

- d. **There are no products provided to Aqua Utilities Florida, Inc. by the companies identified in (a) except for the services provided by Aqua Services, Inc. Please refer to the June 18, 2008 Service Company Agreement (“Agreement”) between Aqua Services, Inc. and Aqua Utilities Florida, Inc., which describes all services provided to Aqua Utilities Florida, Inc. by Aqua Services, Inc. and its affiliates.**
  
- e. **The only costs allocated from Aqua America, Inc. would be for insurance. If an insurance policy is common to more than one company, the cost of insurance is allocated in a two-step process whereby the first step follows the following allocation methodologies to calculate the amount of insurance applicable to a geographic state or a non-utility company such as Aqua Resources, Inc., Suburban Environmental Services Company or Utility & Municipal Services, Inc. The second-step of the allocation process would be to allocate the insurance costs within the state to its divisions based on an allocation method established by the state’s Controller.**

First-step Allocation to States

<b>1- Workers Compensation</b>									
- Work Comp Premium is allocated based on State's payroll as a percent of the total consolidated payroll less Corporate and Ohio.									
- Work Comp Claims is allocated based on total corporate estimated claims from the broker multiplied by State's portion (%) of the total of W/C claims over the last five years.									
<b>2- General Liability</b>									
- General Liability premium is allocated based on State's payroll as a percent of the total consolidated payroll less corporate.									
- General Liability claims are allocated based on the total corporate estimated claims from broker multiplied by State's portion (%) of the total Gen Liab claims over the last five years.									
- Umbrella premium is allocated based on State's payroll as a percent of total consolidated payroll less corporate.									
- Employment Practice Liability - Same as Umbrella premium.									
- Pollution premium is allocated based on State's revenue as a percent of total consolidated revenue.									
<b>3- Automobile Insurance</b>									
- Auto premium is allocated based on the total number of State's owned vehicles to the total number of consolidated owned vehicles within the organization.									
<b>4- Property</b>									
- Premiums allocated based on State's current assessed value to the total consolidated assessed property value.									
<b>5- Executive Risk</b>									
- Premiums allocated - Same as Umbrella premium									
<b>6- Letters of Credit</b>									
- Premiums allocated - Same as Umbrella premium.									

- f. Please refer to AUF's response below to OPC Interrogatory No. 58(h) for the amount of common cost allocated by non-utility company and geographic state for 2005, 2006 and 2007. The allocation factors are included on the schedules for each year. For the Florida intra-state allocation of insurance, the costs are allocated to the Aqua Operations, Inc. divisions based on a customer count allocation.
- g. The only costs directly charged by Aqua America, Inc. to the companies described in (a) would be the insurance premiums in connection with consultants environmental liability insurance coverage for 2007 of \$43,907 charged and directly attributable to Aqua Resources, Inc. (for the operations of Aqua Wastewater Management). There were no premiums directly charged in 2006 or 2005.
- h. Please see below:



	Methodology of How Costs from Each Company are allocated to Aqua America, Inc.	Methodology of How Costs from Each Company are allocated to Aqua Utilities Florida
Company name		
Aqua Indiana - Western Hancock, Inc.	None	None
Aqua Operations, Inc.	None	None
Aqua Resources, Inc.	None	None
Aqua Services, Inc.	None	See IROG 72 & 73 for methodology
Suburban Environmental Services Company	None	None
Utility & Municipal Services, Inc.	None	None

The amounts, in thousands, allocated or charged in 2005, 2006 and 2007 by Aqua Services, Inc. to Aqua Utilities Florida are as follows: 2005 - \$1,823; 2006 - \$2,031; and 2007 - \$2,202.

Please refer to AUF's response to OPC Interrogatory No. 73 for the numerator and denominator of the allocation factor used to allocate the costs and total costs to which the allocation factor was applied, by account. AUF's response to OPC Interrogatory No. 72, including its prior response provided to OPC on June 30, 2008, and its forthcoming response by July 16, 2008, will provide additional responsive information.

i. Please see below:

In thousands of dollars						
Aqua Resources, Inc. and subsidiary						
	Aqua Operations, Inc.			Aqua Resources, Inc. and subsidiary		
	2005	2006	2007	2005	2006	2007
Number of customers served	-	-	-	-	-	-
Total revenue	\$ 3,432	\$ 3,209	\$ 3,150	\$1,082	\$5,424	\$ 10,216
Total operating expenses	2,447	2,154	2,374	761	4,732	9,201
Total net plant in service	558	591	1,663	272	3,800	3,265
Suburban Environmental Services Company						
	2005	2006	2007	2005	2006	2007
Number of customers served	-	-	-	-	-	-
Total revenue	\$ -	\$ -	\$ -	\$1,536	\$1,034	\$ 1,143
Total operating expenses	(1,311)	(669)	(943)	1,440	1,023	880
Total net plant in service	1,112	1,164	1,053	-	-	-
Utility & Municipal Services, Inc.						
	2005	2006	2007	2005	2006	2007
Number of customers served	-	-	-	-	-	689
Total revenue	\$ 1,270	\$ 1,146	\$ 1,151	\$ -	\$ -	\$ 17
Total operating expenses	813	834	842	-	-	4
Total net plant in service	47	47	48	-	-	9,327

**Interrogatory No. 60:**

60. For each utility company owned by Aqua America, Inc., please provide the customer counts used to allocate common costs for the years 2004, 2005, 2006, and 2007.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the file entitled "OPC IROG 60.xls" contained in the attached CD labeled "AUF's Supplemental Answers to OPC's 1<sup>st</sup> Set of ROGs - 7-14-08", provides the customer counts used to allocate common costs for the years 2005 & 2006 for each utility company owned by Aqua America, Inc. AUF also answers that its response to OPC Interrogatory No. 72, provided to OPC on June 30, 2008, provides additional information regarding the customer counts for 2007.

**Interrogatory No. 72**

72. With respect to costs allocated to the Company by Aqua Services, Inc., please provide the following information for 2005, 2006, 2007, and as projected for 2008: the total dollars by NARUC account number and name to which and allocation factor is applied; the allocation factor applied to each account; the calculation of the allocation factor including the numerator for each company that is allocated a portion of the cost and the denominator of the allocation factor; and a description of the allocation factor. Provide the requested information in

electronic spreadsheet format with all formulas and links intact. If the information is not available by NARUC account, please provide it at the detailed account level maintained.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the documents contained in the attached CD labeled "AUF's Supplemental Answers to OPC's 1<sup>st</sup> Set of ROGs – 7-14-08 and entitled "OPC IROG\_72 attach 3.xls" and "OPC IROG 72 attach 4.xls" are responsive to this request. AUF will provide its supplemental response (regarding year 2005) to this Interrogatory by July 16, 2008, pursuant to agreement of counsel.

**Interrogatory No. 73**

With respect to costs directly charged to the Company by Aqua Services, Inc., please provide the following information for 2005, 2006, 2007, and as projected for 2008: the dollars directly charged by NARUC account name and number and the basis for the direct charge. Provide the requested information in electronic spreadsheet format with all formulas and links intact. If the information is not available by NARUC account, please provide it at the detailed account level maintained.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that AUF's response to OPC Interrogatory No. 72, provided to OPC on June 30, 2008, as well as its forthcoming response by July 16, 2008 as to 2005, will provide additional responsive information.

**Interrogatory No. 80:**

80. Allocations

- a. Provide all service expenses (labor & overhead) of Aqua Services employees for the years 2006 and 2007, broken down between labor and overhead.
- b. Provide all workpapers and supporting documentation used to develop all overhead factors, clearly showing the development of each component of the factor, including but not limited to healthcare, payroll taxes, retirement benefits, office rent, employee incentive compensation, etc.

**Answer:**

The General Objections stated above are incorporated herein by reference. AUF also objects to this Interrogatory due to the voluminous nature of the request in part (a). Without waiving any such objections, AUF answers by providing the additional information listed below:

a. AUF answers that AUF's response to OPC Interrogatory No. 72, provided to OPC on June 30, 2008, provides responsive information regarding all service expenses (labor & overhead) of Aqua Services employees for the years 2006 and 2007, broken down between labor and overhead.

b. Costs such as healthcare, payroll taxes, retirement benefits, office rent, employee incentive compensation, etc. are based on incurred and actual costs & are not determined based on overhead factors.

**Interrogatory No. 81:**

81. Provide a listing of actual AUF employee positions with their respective annual base salary as of the end of 2005, 2006, 2007, and monthly and as projected for 2008. Also include if the position is full-time or part-time.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the document entitled "OPC IROG 81.xls," contained in the attached CD labeled "AUF's Supplemental Answers to OPC's 1<sup>st</sup> Set of ROGs - 7-14-08", is responsive to this request.

**Interrogatory No. 83:**

83. Please provide for each of the years 2003-2007 the Company's vacancy rate and identify the vacancy rate.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the Company's vacancy rate is calculated as the number of full-time, part-time, temporary, seasonal, & co-op positions filled versus the budgeted positions in December of each year. There was 1 unfilled position in 2007, no unfilled positions in 2006, & no data is available for 2005 due to the FWS acquisition the previous year.

**Interrogatory No. 84:**

84. By system, please provide the following information for 2003, 2004, 2005, 2006, 2007, and monthly for 2008. For the Company, separately for managerial and non-managerial: number of full-time employees, average full-time salary amount, number of part-time employees, and average part-time salary. Please provide the same information for employees of Aqua America, Inc., and Aqua Services, Inc., to the extent that employees' time is allocated or charged to the Company.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the following additional information is responsive to this request:

**Aqua Utilities Florida, Inc.  
Headcount & Salary  
2005 - 2008**

	Aqua Florida			2008				
	2005	2006	2007	Jan	Feb	Mar	Apr	May
# of Full Time Employees	65	67	64	65	68	67	68	68
Average Full Time Salary amount	35,830	40,641	42,327	42,128	42,212	43,080	44,548	44,229
# of Part Time employees								
Average Part Time Salary amount								

	Aqua Services, Inc.							
	2005	2006	2007					
# of Full Time Employees	107	98	105	110	112	111	113	111
Average Full Time Salary amount	73,235	78,650	84,472	84,316	83,991	83,954	87,062	87,743
# of Part Time employees	7	10	10	7	8	8	8	10
Average Part Time Salary amount	34,859	45,299	50,233	62,073	57,174	57,174	57,760	49,723

	Aqua Customer Operations							
	2005	2006	2007					
# of Full Time Employees		87	117	117	114	117	119	119
Average Full Time Salary amount		39,446	39,162	39,205	39,352	39,417	41,004	40,830
# of Part Time employees		6	10	11	10	9	9	7
Average Part Time Salary amount		33,918	32,573	32,221	32,573	33,003	32,580	33,191

Note: Managerial & Non-Managerial breakout not able to be provided

**Interrogatory No. 85:**

## 85. Salaries

- a. Please provide the salary, benefits, pensions, and overheads associated with the Director of Corporate Development for each of the years 2005, 2006, 2007, and as projected for 2008. State the amount allocated to each of the systems included in the instant rate case for the years 2005, 2006, 2007, and as projected for 2008. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.
- b. Please provide the salary, benefits, pensions and overheads associated with all persons that report directly or indirectly to the Director of Corporate Development for each of the years 2005, 2006, 2007, and as projected for 2008. State the amount allocated to each of the systems included in the instant rate case for the years 2005, 2006, 2007, and as projected for 2008. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the document entitled "OPC IROG 85.xls," contained on the attached CD labeled "AUF's Supplemental Answers to OPC's 1st Set of ROGs - 7-14-08," is responsive to this request.

**Interrogatory No. 87:**

87. Please provide a breakdown of the total amount of gross payroll and employee benefit costs (by benefit type) for the test year and the prior two historical years between amounts expensed and amounts capitalized, and provide the percentage of payroll and employee benefits (by benefit type) charged to expense for each year.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the file entitled "OPC IROG 87.xls," contained on the attached CD labeled "AUF's Supplemental Answers to OPC's 1<sup>st</sup> Set of ROGs - 7-14-08", provides a breakdown of the total amount of gross payroll and employee benefit costs (by benefit type) for the test year and the prior two historical years between amounts expensed and amounts capitalized, and provides the percentage of payroll and employee benefits charged to expense for each year. The capitalization of benefits is not done by individual benefit type but as a group credit.

**Interrogatory No. 101:**

101. For each interrogatory response, indicate the persons responsible for answering the question and the witness most able to sponsor the response and be able to answer cross-examination questions concerning the response.

**Answer:**

The General Objections stated above are incorporated herein by reference. AUF also specifically objects to this Interrogatory to the extent it seeks materials protected by work product protections and the attorney-client privilege. Without waiving any such objections, AUF answers that the following document entitled "OPC IROG 101.pdf," contained in the attached CD labeled "AUF's Supplemental Answers to OPC's 1<sup>st</sup> Set of ROGs - 7-14-08", is responsive to this request.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for Increase in water and )  
Wastewater rates in Alachua, Brevard, DeSoto, )  
Highlands, Lake, Lee, Marion, Orange, )  
Palm Beach, Pasco, Polk, Putnam, )  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )

Docket No. 080121-WS

Dated: July 14, 2008

AFFIDAVIT

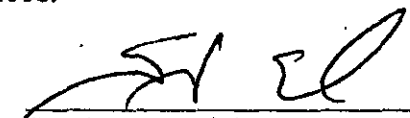
COMMONWEALTH OF PENNSYLVANIA

COUNTY OF MONTGOMERY

BEFORE ME, the undersigned authority, personally appeared Stan F. Szczygiel, who  
deposed and stated that he provided the answers to interrogatories Office of Public Counsel, Set 1,  
Supplemental served on July 14, 2008 by Aqua Utilities Florida, Inc. on the Office of Public  
Counsel and that the responses are true and correct to the best of his information and belief.

DATED at 14th, July, 2008.

Sworn to and subscribed before me this 14<sup>th</sup> day of July, 2008.

  
\_\_\_\_\_  
Stan F. Szczygiel

  
NOTARY PUBLIC

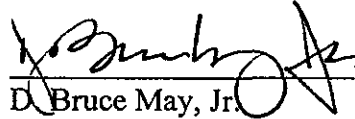
COMMONWEALTH OF PENNSYLVANIA  
Notarial Seal  
Maria Gordiany, Notary Public  
Lower Merion Twp., Montgomery County  
My Commission Expires July 11, 2009  
Member, Pennsylvania Association of Notaries

Commonwealth of Pennsylvania

My Commission Expires: July 11, 2009

Dated this 14th day of July, 2008.

**HOLLAND & KNIGHT LLP**



D. Bruce May, Jr.  
Florida Bar No. 354473  
Gigi Rollini  
Florida Bar No. 684491  
Holland & Knight, LLP  
Post Office Drawer 810  
Tallahassee, Florida 32302-0810  
(850) 224-7000 (Telephone)  
(850) 224-8832 (Facsimile)

-and-

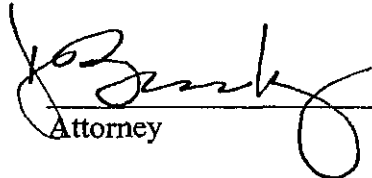
Kimberly A. Joyce, Esquire  
Aqua America, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010  
(610) 645-1077 (Telephone)  
(610) 519-0989 (Facsimile)

**Attorneys for Aqua Utilities Florida, Inc.**



**CERTIFICATE OF SERVICE**

I hereby certify that the original and a true and correct copy of the foregoing was furnished by U.S. Mail and electronic transmission to **Charles Beck, Esq., Office of Public Counsel**, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, beck.charles@leg.state.fl.us; and a true and correct copy of the foregoing was furnished by U.S. Mail and electronic transmission to **Ralph Jaeger, Esq., Office of General Counsel, Florida Public Service Commission**, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, RJaeger@psc.state.fl.us; and courtesy copies of the foregoing were furnished by electronic transmission to **Katherine Fleming, Esq.** (keflemin@psc.state.fl.us), **Caroline Klancke, Esq.** (cklancke@psc.state.fl.us), **Erik Sayler, Esq.** (esayler@psc.state.fl.us), this 14th day of July, 2008.

  
\_\_\_\_\_  
Attorney

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for increase in water and )  
wastewater rates in Alachua, Brevard, DeSoto, ) **DOCKET NO. 080121-WS**  
Highlands, Lake, Lee, Marion, Orange, )  
Palm Beach, Pasco, Polk, Putnam, ) **DATE SERVED: July 16, 2008**  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )  
\_\_\_\_\_ )

**AQUA UTILITIES FLORIDA, INC.'S SUPPLEMENTAL ANSWERS AND  
OBJECTIONS TO CITIZENS' FIRST SET OF INTERROGATORIES TO  
AQUA UTILITIES FLORIDA, INC.  
(No. 72)**

Aqua Utilities Florida, Inc. ("AUF") by and through its undersigned counsel, pursuant to Rule 28-106.206, Florida Administrative Code, and Rule 1.340, Florida Rules of Civil Procedure, hereby serves its supplemental answers and objections to the First Set of Interrogatories (No. 72) propounded by the Office of Public Counsel on behalf of Citizens of the State of Florida ("OPC") on May 29, 2008.

**GENERAL OBJECTIONS**

1. With respect to the "Definitions" and "Instructions" in OPC's First Set of Interrogatories, AUF objects to any definitions or instructions that are inconsistent with AUF's discovery obligations under applicable rules. If some question arises as to AUF's discovery obligations, AUF will comply with applicable rules and not with any of OPC's definitions or instructions that are inconsistent with those rules.

2. AUF objects to any definition or interrogatory that seeks to encompass persons or entities who are not parties to this action or that are not subject to discovery under applicable rules.

3. AUF also objects to any Interrogatory that purports to require AUF or its experts to prepare studies, analyses, or to do work for OPC that has not been done for AUF.

4. AUF generally objects to OPC's Interrogatories to the extent that they call for data or information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law.

5. AUF reserves the right to supplement any of its responses to OPC's Interrogatories if AUF cannot locate the answers immediately due to their magnitude and the work required to aggregate them, or if AUF later discovers additional responsive information in the course of this proceeding.

6. By making these general objections at this time, AUF does not waive or relinquish its right to assert additional general and specific objections to OPC's discovery at the time AUF's response is due.

7. AUF objects to OPC's representation in the Interrogatories that it propounds only one hundred one (101) specific Interrogatories. The Interrogatories, when subparts and compound requests are counted, demand answering of approximately two hundred and fifty three (253) separate categories of documents, not one hundred one (101). AUF objects to any attempt by OPC to evade numerical limitations on the number of Interrogatories allowed in this docket by using compound and/or multiple requests for answers and subparts within individually numbered requests.

8. AUF further objects to each Interrogatory on the grounds and to the extent that the instructions impose or attempt to impose obligations greater than those imposed by the Rules of Civil Procedure.

9. AUF further objects to each Interrogatory on the grounds that it may call for the production of materials or information that constitute trade secrets or other confidential research, development, or commercial information disclosure of which to competitors or to the public at large would materially harm AUF's interests.

10. AUF objects to these Interrogatories, individually and generally, to the extent the requested documents and/or information is in the public domain or equally accessible to Citizen's.

11. AUF objects to these Interrogatories to the extent that any seek 2008 data outside of pro forma adjustments.

12. By making these responses herein, AUF does not concede that any interrogatory is relevant to this action or is reasonably calculated to lead to the discovery of admissible evidence. AUF expressly reserves the right to object to further discovery into the subject matter of any of these interrogatories, to the introduction of evidence of any response or portion thereof, and to supplement its responses should further investigation disclose responsive information.

13. In responding to these Interrogatories, AUF has made a reasonable inquiry of those persons likely to possess information responsive thereto and has conducted a reasonable search of those records in AUF's possession, custody, or control where the requested information would likely be maintained in the ordinary course of business. To the extent that Citizen's requests AUF to go to greater lengths, AUF objects because Citizen's Interrogatories are overly broad, unduly burdensome, and unreasonable.

14. In responding to these interrogatories, AUF does not waive the foregoing objections, nor the specific objections that are set forth in the responses to particular interrogatories.

**ANSWERS AND SPECIFIC OBJECTIONS**

**Interrogatory No. 72**

72. With respect to costs allocated to the Company by Aqua Services, Inc., please provide the following information for 2005, 2006, 2007, and as projected for 2008: the total dollars by NARUC account number and name to which and allocation factor is applied; the allocation factor applied to each account; the calculation of the allocation factor including the numerator for each company that is allocated a portion of the cost and the denominator of the allocation factor; and a description of the allocation factor. Provide the requested information in electronic spreadsheet format with all formulas and links intact. If the information is not available by NARUC account, please provide it at the detailed account level maintained.

**Answer:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the documents contained in the attached CD labeled "AUF's Supplemental Answers to OPC's 1<sup>st</sup> Set of ROGs, ROG 72 - 7-16-08" and entitled "OPC IROG 72 attach 5 of 5" are responsive to this request regarding year 2005.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for Increase in water and )  
Wastewater rates in Alachua, Brevard, DeSoto, )  
Highlands, Lake, Lee, Marion, Orange, )  
Palm Beach, Pasco, Polk, Putnam, )  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )

Docket No. 080121-WS

Dated: July 16, 2008

AFFIDAVIT

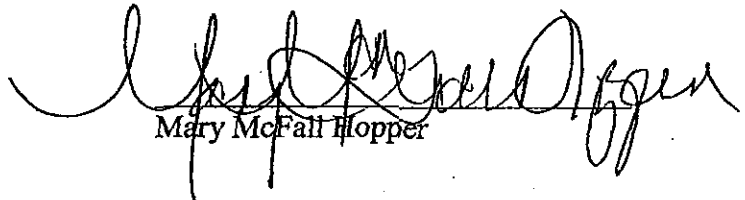
COMMONWEALTH OF PENNSYLVANIA

COUNTY OF MONTGOMERY

BEFORE ME, the undersigned authority, personally appeared Mary McFall Hopper, who  
deposed and stated that she provided the answers to interrogatories Office of Public Counsel, Set  
1, Supplemental (No. 72) served on July 16, 2008 by Aqua Utilities Florida, Inc. on the Office of  
Public Counsel and that the responses are true and correct to the best of her information and  
belief.

DATED at 16<sup>th</sup>, July, 2008.

Sworn to and subscribed before me this 16<sup>th</sup> day of July, 2008.

  
Mary McFall Hopper

  
NOTARY PUBLIC

Commonwealth of Pennsylvania

My Commission Expires: 1-19-2012

COMMONWEALTH OF PENNSYLVANIA  
Notarial Seal  
Lisa S. Piotrowski, Notary Public  
Lower Merion Twp., Montgomery County.  
My Commission Expires Jan. 19, 2012  
Member, Pennsylvania Association of Notaries

Dated this 16th day of July, 2008.

**HOLLAND & KNIGHT LLP**



D. Bruce May, Jr.  
Florida Bar No. 354473  
Gigi Rollini  
Florida Bar No. 684491  
Holland & Knight, LLP  
Post Office Drawer 810  
Tallahassee, Florida 32302-0810  
(850) 224-7000 (Telephone)  
(850) 224-8832 (Facsimile)


-and-

Kimberly A. Joyce, Esquire  
Aqua America, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010  
(610) 645-1077 (Telephone)  
(610) 519-0989 (Facsimile)

**Attorneys for Aqua Utilities Florida, Inc.**

**CERTIFICATE OF SERVICE**

I hereby certify that the original and a true and correct copy of the foregoing was furnished by hand-delivery and electronic transmission to **Charles Beck, Esq., Office of Public Counsel**, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, beck.charles@leg.state.fl.us; and a true and correct copy of the foregoing was furnished by hand-delivery and electronic transmission to **Ralph Jaeger, Esq., Office of General Counsel, Florida Public Service Commission**, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, RJaeger@psc.state.fl.us; and courtesy copies of the foregoing were furnished by electronic transmission to **Katherine Fleming, Esq.** (keflemin@psc.state.fl.us), **Caroline Klancke, Esq.** (cklancke@psc.state.fl.us), **Erik Saylor, Esq.** (esaylor@psc.state.fl.us), this 16th day of July, 2008.

  
\_\_\_\_\_  
Attorney



**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for increase in water and )  
wastewater rates in Alachua, Brevard, DeSoto, )  
Highlands, Lake, Lee, Marion, Orange, )  
Palm Beach, Pasco, Polk, Putnam, )  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )  
\_\_\_\_\_ )

**DOCKET NO. 080121-WS**

**DATE: July 28, 2008**

**AQUA UTILITIES FLORIDA, INC.'S ANSWERS AND OBJECTIONS  
TO CITIZENS' SECOND SET OF INTERROGATORIES TO  
AQUA UTILITIES FLORIDA, INC. (Nos. 102-189)**

Aqua Utilities Florida, Inc. ("AUF") by and through their undersigned counsel, pursuant to Rule 28-106.206, Florida Administrative Code, and Rule 1.340, Florida Rules of Civil Procedure, hereby serves its answers and objections to the Second Set of Interrogatories (Nos. 102-189) propounded by the Office of Public Counsel on behalf of Citizens of the State of Florida ("OPC") on June 27, 2008.

**GENERAL OBJECTIONS**

1. With respect to the "Definitions" and "Instructions" in OPC's Second Set of Interrogatories ("Interrogatories"), AUF objects to any definitions or instructions that are inconsistent with AUF's discovery obligations under applicable rules. If some question arises as to AUF's discovery obligations, AUF will comply with applicable rules and not with any of OPC's definitions or instructions that are inconsistent with those rules.

2. AUF objects to any definition or interrogatory that seeks to encompass persons or entities who are not parties to this action or that are not subject to discovery under applicable rules.

3. AUF also objects to any interrogatory that purports to require AUF or its experts to prepare studies, analyses, or to do work for OPC that has not been done for AUF.

4. AUF generally objects to OPC's Interrogatories to the extent that they call for data or information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law.

5. AUF reserves the right to supplement any of its answers or objections to OPC's Interrogatories if AUF cannot locate the answers immediately due to their magnitude and the work required to aggregate them, or if AUF later discovers additional responsive information in the course of this proceeding.

6. By making these general objections at this time, AUF does not waive or relinquish its right to assert additional general and specific objections to OPC's Interrogatories at a later time.

7. AUF objects to OPC's representation in the Interrogatories that it propounded only eighty-seven (87) specific Interrogatories. The Interrogatories, when subparts and compound requests within each separate interrogatory are counted, the Interrogatories demand answering approximately six hundred seventy-eight (678) specific requests, not eighty-seven (87). To date, the specific interrogatories served by OPC, when subparts and compound requests are counted, total nine hundred thirty-one (931), which exhausts and exceeds the number of separate interrogatories OPC is permitted to propound pursuant to Order No. PSC-08-0429-PCO-WS, Section 5(A) (capping interrogatories, including subparts, at 750). AUF objects to any attempt by OPC to evade numerical limitations on the number of specific interrogatories allowed in this

docket by using compound and/or multiple requests for answers and subparts within individually numbered requests.

8. AUF further objects to each interrogatory on the grounds and to the extent that the instructions impose or attempt to impose obligations greater than those imposed by the Rules of Civil Procedure or other applicable rules which govern this proceeding.

9. AUF further objects to each interrogatory on the grounds that it may call for the production of materials or information that constitute trade secrets or other confidential research, development, or commercial information, disclosure of which to competitors or to the public at large would materially harm AUF's interests.

10. AUF objects to these Interrogatories, individually and generally, to the extent the requested documents and/or information is in the public domain or equally accessible to Citizen's.

11. AUF objects to these Interrogatories to the extent that any seek 2008 data outside of pro forma adjustments.

12. AUF does not concede that any Interrogatory is relevant to this action or is reasonably calculated to lead to the discovery of admissible evidence. AUF expressly reserves the right to supplement its answers and objections upon further investigation into the subject matter of any of these interrogatories, as well as to the introduction of evidence of any response or portion thereof.

13. AUF has made a reasonable inquiry of those persons likely to possess information responsive to OPC's Interrogatories and has conducted a reasonable search of those records in AUF's possession, custody, or control where the requested information would likely be maintained in the ordinary course of business. To the extent that any of OPC's requests ask AUF

to go to greater lengths, AUF objects thereto because such requests are overly broad, unduly burdensome, and unreasonable.

**ANSWERS TO OPC'S SECOND INTERROGATORIES**

**Interrogatory No. 102:**

102. Please explain whether the Company, in its MFRs, considered the increase in credit deferred income taxes that would be generated by the requested pro forma additions to plant. If so, provide the amount and calculation of increased deferred tax credits by system. If not, please explain why this adjustment was not made.

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving any such objections, AUF answers that the Company did not consider the deferred taxes related to the pro forma additions to plant when the MFR's were originally filed. AUF also states that documents responsive to this Interrogatory are provided on the attached CD labeled "AUF's 7-28-08 Answers to OPC 2nd ROGs," which documents include the schedule for the calculation of the deferred taxes on the pro forma additions.

**Interrogatory No. 103:**

103. Please provide the December 2006 and 2007 monthly balances of deferred income taxes associated with Corporate IT and Corporate Structure and Improvements and the appropriate method for allocating those balances to the AUF systems for the pro forma test year.

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving such objections, AUF answers that the December 2006 and December 2007 balances of deferred taxes associated with Corporate IT and Corporate Structure and Improvements are \$23,453 and \$20,675, respectively. Net Plant by system is the

**appropriate method utilized in the filing for allocating deferred income taxes to each system.**

**Interrogatory No. 104:**

104. Provide a schedule that reflects the accrued tax debit balance by AUF system by month for 2007 and 2008 to date.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving such objections, documents responsive to this Interrogatory are provided on the attached CD labeled "AUF's 7-28-08 Answers to OPC 2nd ROGs," which documents include the schedules for the AUF accrued tax debit balance, by system and by month for the requested years.**

**Interrogatory No. 105:**

105. Provide a breakdown and description of all amounts recorded in Account 186.2, Other Deferred Debits by month for 2006, 2007 and 2008 to date.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving such objections, documents responsive to this Interrogatory are provided on the attached CD labeled "AUF's 7-28-08 Answers to OPC 2nd ROGs," which documents include the schedules for Other Deferred Debits (Acct. 186.2), by system and by month for the requested years.**

**Interrogatory No. 106:**

106. Provide a description of all property losses that are included in Account 186.3, Regulatory Assets. For each regulatory asset included in this account, please provide the original amount of the loss, the amortization period and calculation, the order in which the amortization of the loss was approved by the Commission.

**Answer: The General Objections stated above are incorporated herein by reference.**

Without waiving such objections, AUF answers that there are no property losses included in Account 186.3 Regulatory Assets in which the amortization of the loss was approved by the Commission. AUF also states that responsive answers to this Interrogatory are provided in AUF's response to OPC's Interrogatory No. 13, provided to OPC on June 30, 2008, which contains the regulatory asset included in this account and provides the original amount of the assets transferred, the amortization period and calculation, and the order in which the amortization of the loss was approved by the Commission.

**Interrogatory No. 107:**

107. Please provide the monthly balance of cash for AUF for 2005, 2006, 2007 and 2008 to date. Separate the balances between interest bearing and non-interest bearing balances.

**Answer: The General Objections stated above are incorporated herein by reference.**

Without waiving such objections, AUF answers that documents responsive to this Interrogatory are provided on the attached CD labeled "AUF's 7-28-08 Answers to OPC 2nd ROGs," which documents include the schedules for Cash with monthly tabs for the requested years.

**Interrogatory No. 108:**

108. For purposes of this request, please refer to Mr. Griffin's testimony, p. 10, lines 7-19.

Please provide for each system and each deferred maintenance item, a description of the deferred maintenance including type and purpose, the original and test year balance of the deferred maintenance, the date the deferred maintenance was incurred, the years of amortization, how often the maintenance is required, and the annual amortization amount.

**Answer: The General Objections stated above are incorporated herein by reference.**

**Without waiving such objections, AUF answers that documents responsive to this Interrogatory are provided on the attached CD labeled "AUF's 7-28-08 Answers to OPC 2nd ROGs," which documents include the requested information for each system.**

**Interrogatory No. 109:**

109. For purposes of this request, please refer to Mr. Griffin's testimony, p. 10, lines 7-19 where he discusses working capital. Provide cites to all FPSC orders where the Commission has approved of allowing the unamortized regulatory asset balance as part of working capital.

**Answer: The General Objections stated above are incorporated herein by reference.**

**Without waiving such objections, AUF answers that responsive answers to this Interrogatory are provided in AUF's response to OPC's Interrogatory No. 13, provided to OPC on June 30, 2008.**

**Interrogatory No. 110:**

110. Please provide the monthly balance for AUF for each item included in Account 241, Miscellaneous Current and Accrued Liabilities for 2004, 2005, 2006, 2007 and 2008 to date. At a minimum, the items should be broken down by the descriptions provided in the PSC annual report for accrued audit fees, workflow and postage, unclaimed checks and payroll, as well as pension and other operating reserves.

**Answer: The General Objections stated above are incorporated herein by reference.**

**Without waiving such objections, AUF answers that documents responsive to this Interrogatory are provided on the attached CD labeled "AUF's 7-28-08 Answers to OPC 2nd ROGs."**

**Interrogatory No. 111:**

111. Please explain why the balance of accrued audit fees, workflow and postage and payroll decreased from 2006 to 2007.

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving such objections, AUF answers that:

a. Accrued audit fees (account 241006) decreased \$9,601 from an accrual of \$26,313 at 12/31/06 compared to \$16,712 at 12/31/07. In 2006 we accrued \$64,650 vs. \$54,850 in 2007. The primary reason for the reduced audit fees were efficiencies gained by the Company's re-identification of its control environment based on SEC Management guidance and PCAOB's Auditing Standard 5, both released in Q2 2007.

b. Accrued workflow (account 241001) increased \$1,932 from an accrual of \$4,665 at 12/31/06 vs. \$6,597 at 12/31/07. The 12/31/07 accrual was for 2 months (November & December) charges.

c. Accrued postage (account 241001) increased \$100 from an accrual of \$8,725 at 12/31/06 vs. \$8,825 at 12/31/07. The 12/31/07 accrual was for December charges.

d. Accrued payroll (account 243130) at 12/31/06 was \$91,529 vs. \$101,463 at 12/31/07, an increase of \$9,934. The accrued payroll account is made of unpaid actual labor and unpaid vacation time. The unpaid labor portion increased \$10,792 since the unpaid labor portion at 12/31/06 was \$0, the pay period ended on the last day of the year. The unpaid vacation portion decreased \$858.



**Interrogatory No. 112:**

112. Please provide the monthly balance for AUF for Account 231, Accounts Payable for 2004, 2005, 2006, 2007 and 2008 to date.

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving such objections, AUF answers that documents responsive to this Interrogatory are provided on the attached CD labeled "AUF's 7-28-08 Answers to OPC 2nd ROGs."

**Interrogatory No. 113:**

113. Please explain why the Company made test year adjustments labeled "PSC Depreciation Rate Correction" to depreciation expense and test year amortization of CIAC.

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving such objections, AUF answers that the Company made test year adjustments labeled "PSC Depreciation Rate Correction" to depreciation expense and test year amortization of CIAC in order to be in compliance with depreciation rates per Rule 25-30.140, Florida Administrative Code ("Depreciation").

**Interrogatory No. 114:**

114. Please provide the workpapers used to calculate test year depreciation and amortization of CIAC expense by system, by primary account or functional basis including the depreciation rate used.

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving such objections, AUF answers that documents responsive to this Interrogatory were provided in AUF's response to OPC's Request to Produce No. 2,

produced to OPC on June 27, 2008 (Attachments 19 of 20 and 20 of 20), which documents include the workpapers used to calculate test year depreciation and amortization of CIAC expense, by system.

**Interrogatory No. 115:**

115. Upon review of each system's Schedule A-14 of the MFRs, for 34 of the combined water and/or wastewater systems, the Company did not amortize CIAC for one or more sub-accounts during the test year. These accounts apparently are not fully amortized. Please explain why and how this occurred during the test year.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF answers that the MFR A-14 Schedules identified inadvertently did not include the appropriate calculation. The information responsive to this Interrogatory is provided in response to Interrogatory No. 116.

**Interrogatory No. 116:**

116. Please provide a revised calculation of accumulated amortization of CIAC for the test year in the form of Schedule A-14 which reflects the 12-months of accumulated amortization by each sub-account using the PSC rule depreciation lives. Also reflect the necessary adjustments to rate base and test year amortization for each system. The systems are Beecher's Point, Carlton Village, Chuluota, Fern Terrace, Fl Central Commerce Park, Friendly Center, Gibsonia Estates, Grand Terrace, Harmony Homes, Hermits Cove, Hobby Hills, Holiday Haven, Jungle Den, Lake Gibson Estates, Lake Josephine, Lake Osborne Estates, Morningview, Orange Hill/Sugar Creek, Palm Terrace, Palms MHP, Piney Woods, Pomona Park, Quail Ridge, Sebring Lakes, Silver Lake

Est/Western Shores, Silver Lake Oaks, Skycrest, St. John's Highlands, Stone Mountain, Tangerine, The Woods, Tomoka/Twin Rivers, Valencia Terrace, and Wootens.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that documents responsive to this Interrogatory are provided on the attached CD labeled "AUF's 7-28-08 Answers to OPC 2nd ROGs."

**Interrogatory No. 117:**

117. Please explain why the Company has requested uniform rates and service availability charges but has requested system specific AFPI charges.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that AUF requested stand alone system specific AFPI charges due to the fact these amounts are generated from the system specific non used and useful portion of the utility plant for these systems. Of the 82 systems included in this rate case, AUF is requesting AFPI charges for 28 systems. AUF is not opposed to a uniform AFPI charge for these systems. If calculated, AUF believes that the water systems contained in Volume 2 of its MFRs would be combined to calculate this uniform AFPI charge for these systems. The same methodology would then be used for the wastewater systems contained in Volume 2 of its MFRs.

**Interrogatory No. 118:**

118. In its calculation of requested AFPI charges, explain whether the Company considered affordability of the amounts of the escalated charges and if so, why was affordability not addressed in the Company's petition.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that AUF believes that the net qualifying assets should be used, instead of the gross qualifying assets. This is addressed in AUF's response to OPC's Interrogatory No. 121. Further, AUF agrees that the total ERCs until the plant is considered 100% used and useful should be used, instead of the ERCs for the statutory 5-year growth period. This is addressed in AUF's response to OPC Interrogatory No. 119. Further, AUF states that it is not opposed to a uniform AFPI charge for the systems with non used and useful plant, as indicated in its response to OPC's Interrogatory No. 117. With these clarifications, AUF believes that affordability is addressed. However, AUF would like to respond by stating that typically, affordability is addressed in monthly service rates to its residential customers. Both AFPI and service availability charges are typically paid by developers and are consequently passed on in the price of houses. Further, affordability typically is not addressed in rates and charges to general service customers. These are typically passed onto the business's customers through the cost of goods sold. Affordability is typically addressed in residential monthly service rates, which AUF is addressing by proposing a statewide uniform rate.

**Interrogatory No. 119:**

119. Please explain why the Company reflected the number of future customers as only the number of customers or lots included in the 5 year growth allowance and not the total denominator included for used and useful purposes.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that it will submit revised Volume 2 to its MFRs with a correction. Further, AUF will separate its requested AFPI charges for

treatment plant and collection and/or distribution lines, consistent with Order No. PSC-96-1320-FOF-WS, in FWSC last rate case. AUF would like to emphasize that this correction has no bearing on the processing of the application of monthly water and wastewater service rates. As indicated in the Company's letter dated May 22, 2008, AUF's request in monthly service rates is being processed under Section 367.081, Florida Statutes. The request for AFPI, however, is a separate filing being processed under the tariff provisions of Section 367.091, Florida Statutes. AUF has agreed to waive the 8-month statutory clock for processing its AFPI charges.

**Interrogatory No. 120:**

120. For Hermits Cove, the Company has requested that the water system be considered 31% used and useful and an AFPI charge for only one ERC of \$14,289.19 at the end of 2009 that escalates to \$81,802.27 at the end of 5 years. Explain why the Company has requested to collect the total carrying charges on the remaining 69% investment in non-used and useful plant from one ERC.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that AUF will submit revised Volume 2 to its MFRs with this correction. AUF would like to emphasize that this correction has no bearing on the processing of the application of monthly water and wastewater service rates. As indicated in the Company's letter dated May 22, 2008, AUF's request in monthly service rates is being processed under Section 367.081, Florida Statutes. The request for AFPI, however, is a separate filing being processed under the tariff provisions of Section 367.091, Florida Statutes. AUF has agreed to waive the 8-month statutory clock for processing its AFPI charges.

**Interrogatory No. 121:**

121. For each system in which an AFPI charge was requested, explain why the net cost of qualifying assets included on line 3 of each AFPI schedule (page 1 of 3), reflects the gross plant, not the plant less accumulated depreciation.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that AUF agrees that the net qualifying asset should be used. AUF used the gross qualifying assets. AUF will submit a revised Volume 2 of its MFRs to reflect this correction. Further, AUF has addressed OPC's concern in its response to OPC's Interrogatory No. 119. AUF agrees that the remaining ERC until the plant reaches 100% used and useful should be used instead of the 5-year growth margin calculated. AUF would like to emphasize that this correction has no bearing on the processing of the application of monthly water and wastewater service rates. As indicated in the Company's letter dated May 22, 2008, AUF's request in monthly service rates is being processed under Section 367.081, Florida Statutes. The request for AFPI, however, is a separate filing being processed under the tariff provisions of Section 367.091, Florida Statutes. AUF has agreed to waive the 8-month statutory clock for processing its AFPI charges.

**Interrogatory No. 122:**

122. Please explain the basis and calculations the Company used to make its property tax expense adjustments for pro forma plant additions.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that the pro forma property tax was calculated using the property taxes paid in 2007 as the base amount. Then the net

additions to Plant less Accumulated Depreciation in 2007 were multiplied by the current millage rate resulting in the pro forma property taxes on Line 12 of Sch.B-15. All pro forma additions to plant less accumulated depreciation projected in the rate base portion of the MFR were included when projecting the adjusted pro forma property taxes on Line 13 of Sch.B-15.

**Interrogatory No. 123:**

123. Please explain how the Company made its property tax expense adjustments for non-used and useful plant. Explain whether the pro forma plant was added to the historical plant balance prior to determining the ratio of non-used and useful plant to total plant. If the pro forma plant was included, please explain why this is proper when a separate adjustment was made to property taxes for pro forma plant.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that the historical plant was combined with the pro forma plant when calculating the non-used and useful adjustment applied in the property tax calculation. The U&U adjustment reduces the property tax burden on rate payers by reducing the expense associated with non-used and useful plant. Since the pro forma property tax adjustment calculates the increase to occur in the pro forma test year, the U&U percentage should also include the pro forma percentage.

**Interrogatory No. 124:**

124. For purposes of this request, please refer to Mr. Griffin's testimony, p. 6, lines 4-7, where he states:

When the Company changed its corporate name to Aqua America and the subsidiary name to Aqua Utilities Florida, Inc., it incurred costs to change

the signage on buildings and vehicles and to alert its customers of the name change through letters and newspaper notices.

- a. Please provide the cost of changing the corporate name to Aqua America, the amount of accumulated depreciation, the amount of depreciation expense, the amounts allocated to AUF, and the amounts allocated to each Florida system, and the accounts charged when initially incurred and the amounts included in the test year.
- b. Please provide the cost of changing the subsidiary name to Aqua Utilities Florida, Inc., the amount of accumulated depreciation, the amount of depreciation expense, the amounts allocated to AUF, and the amounts allocated to each Florida system, and the accounts charged when initially incurred and the amounts included in the test year.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that the testimony cited above is in reference to Audit Finding No. 6 in Docket No. 060368-WS. The audit recommended an adjustment to remove \$34,058.83 from Plant and include it as an Acquisition Adjustment. The Company response to this finding requested that the Commission allow these customer-friendly costs.**

- a. Not applicable.
- b. The Aqua Utilities Florida, Inc. cost is \$34,058.83, the amount of accumulated depreciation is \$6,627.88 as of December 31, 2007, and the amount of depreciation expense is \$5,681.04 in the 2007 test year. The amounts allocated to



each Florida system are shown in the attachment, and 340.5 is the account charged when initially incurred.

**Interrogatory No. 126:**

126. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. For each proforma adjustment:
- a. Please explain the difference between what is represented under column "ProForma Addition" and "ProForma MFR a-5" in the spreadsheet provided in response to POD 1.
  - b. Please explain the purpose of the column "ProForma Retirement" and how it is utilized in the MFRs in the spreadsheet provided in response to POD 1.
  - c. Please explain what is represented under the columns "Actual-May '09" and "Budget" in the spreadsheet provided in response to POD 1.
  - d. Please explain what is meant by the following statement "Retirement for all meter replacements would be a complete retirement of amount in the account. These are complete replacements" and how meters are treated if they are replacements versus retirements.
  - e. Provide an explanation of what the "4 pounds per meter and .90 cents per meter" contained under column Q is used for and describe the source of the information.
  - f. What is an "FP" number?

- g. Please explain what the proforma retirement percentage is used for and how it is used in the MFRs.
- h. For each meter replacement, please provide by month through June 2008, the number of meters replaced, and the number of meters projected for replacement from July 2008 through December 2008.
- i. Please explain why from line 39 to line 166 there are no values in columns g, h, j, k in the spreadsheet provided in response to POD 1.
- j. Please explain the purpose of lines 173 through 183.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that the electronic spreadsheet (Mr. Griffin's Exhibit RMG-5) provided by AUF to OPC on June 27, 2008 in its response to OPC's Request to Produce ("POD") No. 1 was in the process of being modified in response to OPC's Interrogatory No. 7 at the time it was copied for AUF's response to POD 1. The POD 1 version of the spreadsheet contained Mr. Griffin's original Exhibit RMG-5; however, the spreadsheet also included additional columns (Columns G thru K) that were being developed to fully respond to OPC's Interrogatory 7.**

- a. The Pro Forma Addition column represents the gross amount of Plant being added and the Pro Forma MFR A-5 column represents the Plant additions, net of retirements.
- b. The Pro Forma Retirement column is an informational calculation and is not utilized in the MFRs.

- c. The Actual-May '08 column represents the actual year to date spending from January 08 through May 08. The budget column is a calculation of the estimated remaining spending, which is computed by taking the Pro Forma Addition column minus the Actual-May '08 column.
- d. The balance in the meters account 334.4 as of the end of the test year is retired completely for all systems with a Pro Forma addition for Meter Replacements.
- e. The "4 pounds per meter and .90 cents per meter" contained under column Q is used for computing the salvage value for the meters being replaced. The source of the information is contained in AUF's response to OPC's Request to Produce No. 159.
- f. FP is an acronym that stands for Funding Project.
- g. Please see b. above.
- h. AUF's response to OPC's Interrogatory No. 24, provided to OPC on June 30, 2008, is responsive to this Interrogatory.
- i. The spreadsheet provided in response to POD 1 was incomplete as it was in the process of being modified to respond to OPC's Interrogatory No. 7. Please see the attachment in response to OPC's Interrogatory No. 7, produced to OPC on June 30, 2008, which includes the updated values in columns g, h, j, and k. from line 39 to line 166.
- j. The purpose of lines 173 through 183 is to show the Pro Forma Additions for computer hardware and software capital projects in progress that are allocated to AUF water and wastewater systems by Aqua America.

**Interrogatory No. 127:**

127. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. For each plant addition/proforma adjustment please explain how a change to the dollar value of the addition would be adjusted in the MFRs.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that a change to the dollar value of the addition would result in either an increase or a decrease in the proforma rate base in the MFRs, depending on the direction of the change.**

**Interrogatory No. 128:**

128. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. For each plant addition/proforma adjustment please provide the following by system and project, including all administrative projects:

- a. A detailed description of each project, including but not limited to the purpose of the project, the reason for the project and the benefit to customers of the project.
- b. The original estimated date of completion, the current estimated date of completion, and the actual date of completion if applicable.
- c. The status of the engineering and permitting efforts, if the plant addition has not been through the bidding process.

- d. The actual cost to complete the addition, the monthly expenditures through June 2008 if the addition is not complete, and the current estimate of the completed cost of the addition.
- e. A statement if any of the proforma plant is required by the Florida Department of Environmental Protection or any other regulatory agency, and explain why it is required.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.**

**Interrogatory No. 129:**

129. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-4, pp. 2-3. For the following systems, please explain why the system is denoted as being included in the filing but has no information regarding the allocation information: Park Manor Water, Saratoga Harbour Water, Sugar Creek Water, and Western Shores Water.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that Park Manor Water, Saratoga Harbour Water, Sugar Creek Water, and Western Shores Water are included in the allocation information of various combined systems in the filing. Park Manor Water is combined into Interlachen Lake/Park Manor Water, Saratoga Harbour Water is combined into Welaka/Saratoga – Water, Sugar Creek Water is combined into Orange Hill/Sugar Creek Water and Western Shores Water is combined into Silver Lake Est/Western Shores Water.**

**Interrogatory No. 130:**

130. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 5, lines 16-18, where he states, "AUF seeks to employ the most qualified personnel available. AUF ensures that all of our employees attend the necessary training courses (Continuing Education Units) to maintain their licenses."
- a. Please state how many hours of Continuing Education Units are required to be completed by each employee annually and who is responsible for tracking Continuing Education Units.
  - b. For each course employees attended in 2007, provide the name of the course, the number of Continuing Education Units the course qualifies for, the date of the course, the location of the course, the number of employees who attended, the cost of the course, the amount of travel and meal costs reimbursed to employees.
  - c. Please demonstrate how the costs of continuing education are allocated to each system.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.**

**Interrogatory No. 131:**

131. Mr. Lihvarcik explains the services provided by the Leesburg, Florida, corporate office on p. 6 of his testimony (lines 4-8); however, Mr. Szczygiel states in his testimony, p. 7,

line 8, "...personnel at the Company's Sarasota and Leesburg, Florida locations..."

Please explain what services are provided by the personnel at the Sarasota location and explain the necessity of two corporate offices in Florida.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that AUF does not have two corporate offices in Florida. The "Corporate Office" is located in Leesburg, Florida, and AUF's accounting office is located in Sarasota, Florida. The accounting office provides financial support to the management team and operations. This financial support consists of the following:

**Capital Budget tracking; expenditures, opening and closing of capital work orders, entering the 5-year capital budget into power plant tracking system.**

**Operating Budget; expenditures, processing of invoices, inputting of expenditures in proper accounts for tracking. Providing financial support for monthly financial reporting and meeting. Development of the 5-year Operating Budget.**

**Processing of payroll on a weekly basis; maintaining a record of all personnel time allow/used during each year.**

**Financial support to operations in researching and developing financial/operational trends within water and wastewater systems throughout the state.**

**Interrogatory No. 132:**

132. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 10, lines 6-9, where he states,

Our objective is to continue to standardize these purchasing practices and purchase in bulk, where possible, for items and services that we use on a daily basis, thereby achieving the lowest possible price and improve services and response time.

- a. Please quantify the savings from the Company's purchasing practices and point out where these are reflected in the MFRs.
- b. Please describe the Company's future plans in its efforts to continue standardizing the purchasing practices.

**Answer: The General Objections stated above are incorporated herein by reference.**

**Without waiving such objections, AUF answers that:**

- a. **AUF has always used national contracts. The expenses associated with use of these contracts are already inherent in the level of expenses in the MFR's. Since AUF has consistently used these national contracts, there cannot be a cost saving analysis performed in relation to not using them.**
- b. **AUF will continue to use the national contacts for purchasing, just as it has done in the past.**



**Interrogatory No. 133:**

133. Please provide the time period for which Employee Salary and Benefits was used to calculate the normalization adjustment and explain why this time period was used.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that Calendar year 2007 was the time period used for Employee Salary and Benefits normalization adjustments due to that period being the Historical Test Year.

**Interrogatory No. 134:**

134. For each employee of Aqua Services, Inc., who works in either the Leesburg or Sarasota, Florida, offices, please state the following, the name and title of the employee, the location of the employee, the annual salary for 2006, 2007 and 2008 projected, the amount of time devoted to the Florida systems, and the duties performed.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that there are no Aqua Services, Inc. employees located in the state of Florida.

**Interrogatory No. 135:**

135. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 11, lines 15-17, where he states, "We have a Customer Service Field Supervisor within Florida who manages all customer service functions between the Call Centers, Billing and

Customer Service.” Please state the name of the Customer Service Field Supervisor and provide his/her qualification.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that documents responsive to this Interrogatory are provided on the attached CD labeled “AUF’s 7-28-08 Answers to OPC 2nd ROGs,” which documents include a resume for Stacey Barnes.

**Interrogatory No. 136:**

136. For purposes of this request, please refer to Mr. Lihvarcik’s testimony, p. 11, lines 19-23, where he states:

Through this commitment, we have consolidated our customer service to a call center located in Cary, North Carolina. This center has the ability to enhance customer service by allowing substantially high volumes of calls to be automatically routed to two other call centers located in Pennsylvania and Illinois.

- a. Please state when the customer service was consolidated to a call center in Cary, North Carolina.
- b. Please describe the customer call centers and how customer service was handled prior to the consolidation in Cary, North Carolina.
- c. Please quantify the savings associated with the consolidation of the customer service and state how such savings are reflected in the Company’s filing, including the location in the MFRs and associated workpapers of the calculations by filename and tab.

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving such objections, AUF answers that:

- a. The call center was consolidated into North Carolina on November 2006.
- b. There are 3 call centers; one is located in Cary, North Carolina, one is located in Kankakee, Illinois, and one is located in Bryn Mawr, Pennsylvania. The Florida calls are handled by the Cary office and if this office becomes inundated with calls they are transferred automatically to the other 2 call centers. The transfer is seamless to the customer. Prior to the consolidation, all customer calls were handled by customer service located in Sarasota.
- c. AUF is unable to quantify the saving with the consolidation of customer service. Any such savings is reflected in the Affiliated Transactions Volume 1, Appendix 1.

**Interrogatory No. 137:**

137. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 12, lines 10-14, where he states:

With RF water meters, we are able to read meters in a much more timely and efficient manner. Our Utility Techs are then able to spend more time performing maintenance work, answering customer service calls, and responding to daily calls.

- a. Please state how much more time the Company anticipates its Utility Techs to be able to spend on performing maintenance work, answering customer service calls, and responding to daily calls due to the conversion to RF water meters.

- b. Identify, by system, all cost savings included in the rate filing associated with the conversion to RF meters.
- c. Please state the other locations where Aqua America is converting its systems to RF meters.
- d. Please state by AUF system and by year, since RF conversion began, the number of meters budgeted for conversion and the number actually converted to RF.
- e. Please state which employees read the meters and the other duties performed by these employees.

**Answer: The General Objections stated above are incorporated herein by reference.**

**Without waiving such objections, AUF answers that:**

- a. **Currently AUF has 7 meter readers throughout the state. With the RF meter conversion this will be reduced to having 2 meter readers. The other 3 employees will be working on all the issues stated above.**
- b. **The intent to convert from conventional meter reading to RF meters was primarily based on planned resource efficiencies.**
- c. **Documents responsive to this Interrogatory are provided on the attached CD labeled "AUF's 7-28-08 Answers to OPC 2nd ROGs."**

d. See AUF's response to OPC's Interrogatory No. 25, provided to OPC on June 30, 2008.

e. John Furlow	100% meter reading
Steve Grisham	50% meter reading, 50% operations
Santo Demarco	75% meter reading, 25% operations
Lucas Link	75% meter reading, 25% operations
Wesley McNair	75% meter reading, 25% operations
Randy Farrington	10% meter reading, 90 operations
Eddie Christmas	10% meter reading, 90% operations

**Interrogatory No. 138:**

138. For purposes of this request, please refer to Mr. Lihvarcik's Exhibit JML-2, p. 1. Mr. Lihvarcik states AUF is using "Aqua Mag to coat the lines for Lead and Copper violation."

- a. Please state the costs of the Aqua Mag for each month of 2007 and 2008 to-date.
- b. Please explain when this process will be completed for the Jasmine Lakes system.

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving such objections, AUF answers that:

a.

	<b>Jasmine</b>		
Total Invoice	<u>2007</u>	Freight	
804.54	Jan	45.54	

1,609.08	February	91.08
804.54	March	45.54
804.54	April	45.54
1,609.08	may	91.08
804.54	June	45.54
804.54	July	45.54
1,609.08	August	91.08
804.54	September	45.54
804.54	October	45.54
1,609.08	November	91.08
804.54	December	45.54
<u>\$ 12,872.64</u>		<u>\$ 728.64</u>

Total Invoice	<u>2008</u>	Freight
1,609.08	Jan	91.08
804.54	February	45.54
804.54	March	45.54
2,413.32	April	136.62
804.54	June	45.54
<u>\$ 6,436.02</u>		<u>\$ 364.32</u>
<u>Grand Total</u>		<u>Grand Total</u>
\$ 19,308.66		\$ 1,092.96

- b. The Aqua Mag is being used at all 4 well sites in Jasmine Lakes. It was phased in the first 2 wells were converted prior to AUF acquiring the system. The remaining 2 wells were converted in 2005.

**Interrogatory No. 139:**

139. For purposes of this request, please refer to Mr. Lihvarcik's Exhibit JML-2, p. 6. One of the operator duties listed is "Transport liquid chlorine from Orange Hill to Sugar Creek because the well location prohibits the chlorine trucks from making the delivery."

- a. Please state how the Company transports the liquid chlorine from Orange Hill to Sugar Creek.
- b. Please state how many miles must be traveled to transport the liquid chlorine from Orange Hill to Sugar Creek, indicating if the miles presented are one-way or round trip.
- c. Please state the related transportation costs for 2007 and as projected for 2008.
- d. Please explain if the Company has plans to make the site accessible to the chlorine trucks.
- e. Please explain why the Company can transport the chlorine, but the chlorine trucks can not.

**Answer: The General Objections stated above are incorporated herein by reference.**

**Without waiving such objections, AUF answers that:**

- a. **AUF uses a pick up truck with a 65 gallon container to transport liquid chlorine from Orange Hill to Sugar Creek treatment plant.**
- b. **The plants are approximately 1 mile apart from each other. The round trip is 2 miles.**
- c. **The transportation costs are minimal driving 2 miles to fill up the 120 gallon container at Sugar Creek.**

- d. **The site driven across to access AUF's facility is owned by the adjacent property owner. AUF must drive across this property to access the facility.**
- e. **The chemical supplier does not have a truck small enough to transport 65 gallons of chemical.**

**Interrogatory No. 140:**

140. For purposes of this request, please refer to Mr. Lihvarcik's Exhibit JML-2. For the following systems, please explain how the Company is addressing the problems identified in Exhibit JML-2.

- a. On p. 19, Hobby Hills Water, Mr. Lihvarcik states, "The infrastructure is old causing service line and main breaks."
- b. On p. 23, Palms Mobile Home Park Water, Mr. Lihvarcik states, "Old distribution system requires a lot of maintenance."
- c. On p. 30, Tangerine Water, Mr. Lihvarcik states, "The distribution system is aging and we have been receiving numerous service line and main line breaks. We are preparing plans to begin replacing the aging water mains and service lines."
- d. On p. 31, Valencia Terrace Wastewater, Mr. Lihvarcik states, "The wwtp is old and requires numerous hours of operations to maintain optimum results."
- e. On p. 34, Chuluota Water, Mr. Lihvarcik states, "The system is aging resulting in service line and water main breaks."



- f. On p. 36, Florida Central Commerce Park Wastewater, Mr. Lihvarcik states, "Collection system has number of breaks due to soil types."
- g. On p. 37, Interlachen Lake Estates Water, Mr. Lihvarcik states, "Unaccounted water loss-continue to do leak detection to locate leaks."
- h. On p. 63, Pomona Park Water, Mr. Lihvarcik states, "Because of the age of the system we are beginning to replace the older service lines and water main."
- i. On p. 48, Ocala Oaks Water, Mr. Lihvarcik states, "We receive low pressure complaints from the Bellaire section during peak demands."
- j. On p. 50, Arrendondo Estates Water, Mr. Lihvarcik states, "We have numerous water service line and main breaks because of the age of the system."

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.**

**Interrogatory No. 141:**

141. For purposes of this request, please refer to Mr. Lihvarcik's Exhibit JML-2. For the following systems, please explain how the Company is addressing the I&I problems identified in Exhibit JML-2, including any studies conducted and their related costs.

- a. On p. 50, Arrendondo Estates Wastewater, Mr. Lihvarcik states, "Identified I&I problem which is being addressed."

- b. On p. 32, Venetian Village Wastewater, Mr. Lihvarcik states, "We have begun an I&I program to reduce filtration."
- c. On p. 34, Chuluota Wastewater, Mr. Lihvarcik states, "I&I problems are being addressed."

**Answer: The General Objections stated above are incorporated herein by reference.**

**Without waiving any such objections, AUF responds:**

- a. **AUF has conducted an internal study correlating rain fall versus influent flow and determined there does not appear to be a correlation.**
- b. **There was an I&I study conducted by the previous owner which identified several key areas to be addressed. These items have been addressed and the I&I was reduced.**
- c. **The collection is relatively new and once the leaks that were identified during new construction were fixed, I&I has reduced.**

**Interrogatory No. 142:**

142. In Mr. Lihvarcik's Exhibit JML-2, Mr. Lihvarcik uses the term "transient population" for the following systems: Lake Josephine, Palms Mobile Home Park, Silver Lake Estates/Western Shores, and Summit Chase.

- a. Please explain what Mr. Lihvarcik means by "transient population."
- b. For each system by month for 2006 and 2007, please state the number of transient customers.

- c. Please describe any analyses the Company has done to determine that the water quality complaints are from customers identified as “transient.”
- d. Please provide all customer complaints and identify those that are because of transient customers.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.**

**Interrogatory No. 143:**

In Mr. Lihvarcik’s Exhibit JML-2, he identifies two systems as being in a low income area: Hobby Hills and Arrendondo Estates.

- a. Please explain how the Company determined these areas are low income areas.
- b. Separately for each system, please state the number of shut offs for each month of 2005, 2006, 2007, and 2008 to date.
- c. Please state the shut-off policy for each of the above systems and explain if the Company has considered modifying its shut off policy.
- d. Please explain if the Company’s shut off policy is the same across all of its systems in Florida, and if not, explain how they are different.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that:**

- a. **Customers from these systems testified into the record at the service hearings held that these systems are low income areas.**
- b. **Documents responsive to this Interrogatory are provided on the attached CD labeled "AUF's 7-28-08 Answers to OPC 2nd ROGs," which includes the report for shuts off during 2007 and 2008 year to date. AUF also answers that it does not have the information for 2005-2006, as this was pre-conversion.**
- c. **AUF follows and complies with all requirements set forth by the Public Service Commission in its rules in addressing the shutting off of our customers. AUF also answers that it has not considered modifying its shut off policy.**
- d. **The shut off policy is consistent across all AUF's Florida systems.**

**Interrogatory No. 144:**

144. For purposes of this request, please refer to Mr. Szczygiel's testimony, p. 9, lines 7-9, where he states, "Finally, pro forma adjustments were made to reflect salary adjustments for the Florida operations personnel based on competitive market based rates."

- a. Please explain what a competitive market based rate is and describe how it was determined.
- b. Please state if the salary adjustments based on competitive market based rates are in addition to or instead of the 4% salary increase received in April.

- c. Please state the amount of the market based competitive increase for the AUF operational staff and explain how the competitive market based rates and subsequent increase were determined.
- d. For each employee who received the competitive market based rate increase, please provide the market based rate determined for that person, the employee's base rate, the amount of the increase, and the new rate.
- e. For each employee who received the competitive market based rate, please state which systems his/her salary is allocated or directly charged to and how the amount of the allocation or charge is determined.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.**

**Interrogatory No. 145:**

145. For purposes of this request, please refer to Mr. Szczygiel's testimony, p. 10, lines 1-4, where he states:

Q. Please describe the Contractual Services – Other Expense.

A. Miscellaneous outside contractor expense consists of charges for required maintenance (i.e., specifically defined maintenance projects and other contractual services) incurred during the year.

For services provided by an outside independent contractor, please explain the reasons the outside independent contractor was hired instead of using the Company's current staff or an affiliated company.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 146:**

146. For purposes of this request, please refer to Mr. Szczygiel's testimony, p. 10, lines 6-9, where he states:

A review of historical lease expense was performed for each division. Pro forma adjustments were made to reflect known and measurable changes to the historical expenses recorded in 2007. These include a new lease of land that the plant is located on at Lake Suzy.

- a. Please describe each known and measurable change to historical lease expenses included in the rate case and the corresponding amount.
- b. Please provide lease expenses on a 13-month average basis, as of December 31, 2007.
- c. Please explain the circumstances surrounding the new lease of land for the plant at Lake Suzy.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 147:**

147. Please explain where one can find the workpapers for development of the following AUF pro forma adjustments identified by Mr. Szczygiel and as provided in response to OPC POD 2, including the filename and tab location: Employee Salaries and

Benefits; Contractual Services – Management Fees; Contractual Services – Other Expense; Transportation Expense; Purchased Water and Wastewater Expenses; Sludge Hauling Expense; Contract Services - Meter Readers; Contract Operations – South Seas; Adjustments for Aqua Connect Meetings.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that documents responsive to this Interrogatory have been provided in response to numerous other discovery requests, including AUF's response to OPC's Request to Produce No. 2, produced to OPC on June 27, 2008. As previously discussed with counsel for OPC, these are the backup documents and spreadsheets used to develop the normalization and pro forma adjustments.

**Interrogatory No. 148:**

148. For purposes of this request, please refer to Mr. Franceski's testimony, p. 3, lines 21-22, where he states, "I have also calculated the appropriate rates for customers having Wastewater Only service using the average consumption for the respective rate class." Please clarify which rates were calculated – stand alone, consolidated, or both.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that both stand alone and consolidated rates were calculated.

**Interrogatory No. 149:**

149. With respect to the calculations of the stand alone rates for AUF's water and wastewater systems by Mr. Franceski, please discuss any deviations from past Company practices in calculating the rates.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that this is the first time that Aqua has requested a rate change since the systems were acquired.**

**Interrogatory No. 150:**

150. For purposes of this request, please refer to lines 3-5, page 4 of Mr. Franklin's testimony, which state: "Many of these systems needed major improvements. Our strategy was to spend our capital dollars to environmental compliance first."

- a. Identify each system now in AUF that needed to be brought into environmental compliance at the time of its purchase.
- b. For each system identified in response to (a) describe the necessary improvement to bring it into compliance.
- c. Provide the date on which each system identified in response to (a) was in compliance with all environmental regulations.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.**

**Interrogatory No. 151:**



151. For purposes of this request, please refer to lines 6-7, page 5 of Mr. Franklin's testimony, which state: "AUF is committed to providing quality and reliable water and wastewater service and a high level of customer service as measured by several key metrics."

- a. Identify each of these metrics.
- b. Identify the benchmark at which the Company believes the metric measures adequate service.
- c. Provide the results of the metrics since the AUF systems were purchased.

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving such objections, AUF will respond to Part (c) of this Interrogatory within 15 days, pursuant to agreement of counsel. AUF also answers that:

- a. The Company maintains four call center performance targets:
  - 1) abandoned call rate -- Company target is less than 5%
  - 2) average speed of answer or percent of calls customer service representative can answer in less than 90 seconds-- Company target is greater than 80%
  - 3) average speed of answer -- Company target is less than 60 seconds
  - 4) average handled time, includes CSR talking, listening, hold-time and CSR time between calls while entering information from last call - (Company target is 4 minutes or less
- b. Please see response to Part (a).

**Interrogatory No. 152:**

152. For purposes of this request, please refer to lines 16-18, page 5 of Mr. Franklin's testimony which state: "The Company is in the midst of replacing all of its manually read meters with new meters equipped with a radio frequency ("RF") device."

- a. Please identify all AUF systems in which manually read meters are still in use.
- b. For each system identified in response to (a) please provide the total number of meters, and the number which are now equipped with an RF device.

- c. For each system identified in response to (a) please provide the estimated date on which all meters will have been replaced with RF meters.

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving such objections, AUF answers that:

- a. Please see AUF's response to OPC's Interrogatory 25, provided to OPC on June 30, 2008.

- b. Please see AUF's response to OPC's Interrogatory 25, provided to OPC on June 30, 2008.

- c. Please see AUF's response to OPC's Interrogatory 24, provided to OPC on June 30, 2008.

**Interrogatory No. 153:**

153. For purposes of this request, please refer to lines 23-24, page 5 of Mr. Franklin's testimony, which state: "The goal is to estimate less than one percent of all meters."

- a. Please explain how the 1% benchmark was determined.
- b. Please provide the percentage of monthly bills for 2006, 2007, and 2008 to date, which are estimated in each of AUF's affiliated companies in each state in which Aqua America operates.
- c. Provide the percentage of AUF bills that were estimated in each of the years 2004, 2005, 2006, and 2007, and 2008 to date.

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving such objections, AUF answers that:

- a. The 1% benchmark in an internal goal based on the Company's experience of what is achievable.
- b. Documents responsive to this Interrogatory are provided on the attached CD labeled "AUF's 7-28-08 Answers to OPC 2nd ROGs."

- c. **Only information from December 2006, year 2007, and 7 months of year 2008 is available. There is no information for dates outside of these due to system transfer.**

**Interrogatory No. 154:**

154. For purposes of this request, please refer to lines 1-6, page 6 of Mr. Franklin's testimony, which discusses the program Aqua Connects.

- a. Identify the date on which Aqua Connects was implemented.
- b. Identify the total number of meetings Aqua Connects has held in Florida since implementation of the program.
- c. For each Aqua Connect meeting held to date provide the location, date, and number of customers in attendance.
- d. Identify the schedule of Aqua Connects meetings going forward through 2008 and 2009.
- e. Please discuss all facets of Aqua Connects in addition to public meetings.
- f. Explain how customers were invited to the meetings: by billing insert, ads in local newspapers, telephone calls, other?
- g. Identify, by system, and by account, all costs associated with Aqua Connects included in the test year.

**Answer: The General Objections stated above are incorporated herein by reference.**

**Without waiving such objections, AUF answers that:**

- a. **The first Aqua Connects meeting was held on January 16, 2008.**
- b. **There have been 11 meetings.**
- c. **AUF is still confirming the number of customers at each location and will supplement its response as soon it gathers all of the customer count for each location.**

**Jan. 16, 2008 – Colfax, NC**

**Jan. 23, 2008 – Mooresville, NC**

**Jan. 29, 2008 – Mt. Dora, FL**  
**Feb. 7, 2008 – Raleigh, NC**  
**Feb. 28, 2008 – Ocala, FL**  
**March 18, 2008 – Palatka, FL**  
**April 16, 2008 - Sarasota, FL**  
**April 17, 2009 – Orlando, FL**  
**May 6, 2008 – Pasco County, FL**  
**May 15, 2008 – Chipley, FL**  
**May 20, 2008 – Sebring, FL**  
**May 29, 2008 – Polk County, FL**  
**June 5, 2008 – Lake Worth, FL**  
**June 24, 2008 – Seminole County, FL**

- d. Sept. 17, 2008 – Bourbonnais, IL**  
**Sept. 18, 2008 – Kankakee, IL**  
**Sept. 25, 2008 – University Park, IL**  
**Oct. 2, 2008 - Creighton Woods, TX**  
**Oct. 7, 2008 – Pine Trails, TX**  
**Oct. 9, 2008 – Lake Conroe Forest, TX**  
**Oct. 16, 2008 – Eagle Bluff, TX**  
**Oct. 13, 2008 – Resort, TX**  
**Oct. 14, 2008 – Saddle Creek TX**  
**Oct. 20, 2008 – Austin, TX**

- e. The intent of Aqua Connects is to nurture our relationship with and educate Aqua's customers. The Open House meeting is the focus of Aqua Connects.**
- f. Customers were mailed invitations approximately three weeks prior to each Aqua Connects meeting so the invitations would arrive approximately in the homes of customers two weeks ahead of the event.**

g. Please see AUF's response to OPC's Request to Produce Nos. 2 and 102.

**Interrogatory No. 155:**

155. Identify each water quality concern that was raised at the Aqua Connects meetings and for each explain how the Company has responded to the problem.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that Aqua had team members present at each Aqua Connects meeting to answer any concerns regarding water quality. Water quality was generally discussed at all the meetings between Aqua team members and customers. Customers asked about iron, manganese, calcification, chlorine taste, smell and other aesthetic issues. We responded with cost effective ideas that would help address their concerns about these aesthetic water quality issues.

**Interrogatory No. 156:**

156. For purposes of this request, please refer to lines 13-15, page 6 of Mr. Franklin's testimony which state: "A new Chief Operating Manager was hired from a neighboring municipal system to increase the company's operating standard." Provide a detailed explanation of what is meant by "operating standard" and identify all benchmarks used to measure compliance with this standard. Provide the amount paid (salary, pensions and benefits, bonuses, etc) to the new Chief Operating Manager and identify, by system, and by account, the amount included in the test year.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that operating standards generally refers to a number of things including, the number of visits to a particular site, how quickly work orders are responded to and closed out, monitoring monthly expenditures, ensuring capital projects are completed on time and are on budget, and, in particular, managing the

installation of radio frequency meters. Please see AUF's response to OPC's Interrogatory 81, provided to OPC on June 30, 2008, for salary information.

**Interrogatory No. 157:**

157. For purposes of this request, please refer to lines 18-19 of page 6 of Mr. Franklin's testimony which state: "This new management team has already made a significant difference in operating the Company." Describe in detail all ways in which the new management team has made changes to the Company's operations.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that the management team put in place has a high level of experience in each of their respective fields. Examples of significant differences include a decrease in the number of estimated bills, a greater ability to meet budgets and meeting the established goals for the installation of RF meters on time. Overall, there is a greater ownership and accountability of facility operations and utility technicians for any violations, capital improvements and operating cost reductions associated with the facilities to which our managers are assigned.

**Interrogatory No. 158:**

158. For purposes of this request, please refer to page 6 of Mr. Franklin's testimony where he discussed change made to improve AUF operations since 2007. Please explain why these changes were not made prior to 2007.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that Mr. Franklin was promoted to Regional President of the Southern Operations in March of 2007, and the changes that

were made were based upon his assessment of the need to hire more dedicated, motivated and experienced workforce.

**Interrogatory No. 159:**

159. For purposes of this request, please refer to lines 21-23, page 6 of Mr. Franklin's testimony.

- a. Identify all performance metrics in the customer call centers and each metric's benchmark or acceptable performance level.
- b. Provide monthly metric results for 2006, 2007 and the first quarter of 2008 for AUF.
- c. Provide the analogous monthly metric results for each of the other states in which Aqua America operates.
- d. Please describe how the customer call centers are organized and which call centers handle calls of AUF customers.

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving such objections, AUF answers that:

- a. The Company maintains four call center performance targets:
  - 1) Abandoned call rate – Company target is less than 5%
  - 2) Answer speed service level (or percent of calls customer service representative can answer in less than 90 seconds)– Company target is greater than 80%
  - 3) Average speed to answer – Company target is less than 60 seconds
  - 4) Average handle time, includes CSR talking, listening, hold-time and CSR time between calls while entering information from last call - (Company target is 4 minutes or less)

b. Aqua only maintains these metrics on an aggregate level. Since all states share the call center systems equally, the aggregate results are representative of the results for each individual state. Therefore, the answer for “b” below also applies to “c.”

**Aqua Call Center Metrics**

Year	Month	Abandon Call Rate	Answer Speed Service Level	Average Speed to Answer	Average Handle Time
2006	January	3.6	86%	40	3:24
	February	3.8	83%	41	3:41
	March	1.6	93%	20	3:41
	April	2.2	89%	27	3:53
	May	1.7	91%	24	3:39
	June	2.0	89%	25	3:34
	July	7.0	70%	73	4:03
	August	3.3	84%	39	3:57
	September	4.4	81%	46	4:06
	October	3.1	85%	36	3:45
	November	6.0	77%	58	3:39
	December	8.5	72%	63	3:37
2007	January	16.0	51%	129	3:44
	February	7.8	66%	81	4:11
	March	5.4	72%	64	4:06
	April	8.3	62%	91	4:14
	May	14.5	40%	171	4:35
	June	16.0	38%	179	4:38
	July	15.7	41%	182	4:38



	August	15.8	38%	190	4:49
	September	7.6	63%	110	4:38
	October	3.9	78%	58	4:30
	November	5.2	71%	77	4:23
	December	2.4	86%	37	4:14
2008	January	3.4	81%	51	4:01
	February	5.4	72%	77	4:05
	March	9.1	56%	130	4:35

c. See answer for "b."

d. AUF customer calls are primarily routed to the Cary, NC call center, but can be handled by two other locations (Bryn Mawr, PA and Kankakee, IL) depending on call volumes of various regions. The call centers can be reached via an 800 number, which is printed on the customer's bill and is available 24/7 in case of emergency situations.

**Interrogatory No. 160:**

160.. For purposes of this request, please refer to lines 1-6, page 2 of Mr. Prettyman's testimony. Please describe in detail how Mr. Prettyman conducted his review of the gross data compared to the actual books and records and the analysis that was undertaken on a system by system basis.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that documents produced in AUF's response to OPC's Request to Produce Nos. 151 through 156, produced to OPC on July 28, 2008, are responsive to this Interrogatory.

**Interrogatory No. 161:**

161. The Company's B-7 Supplemental Schedule for 48 Estates states under the explanation column that a new generator was the reason for the cost increase in fuel for power production. Please provide a detailed explanation of how the new generator increased fuel for power production. State the size of the new and old generators.

**Answer: The General Objections stated above are incorporated herein by reference.**

**Without waiving such objections, AUF answers that 48 Estates did not have a generator in 2002. A 20kw generator was installed since then and thus the increase for fuel for power production.**

**Interrogatory No. 162:**

For purposes of this request please refer to the Company's response to OPC POD 5, specifically the 2007 Variance Report – Budget to Current.

- a. Referring to column k, line 8, please explain the purpose of the comment contained in this cell.
- b. Referring to column k, line 8, please provide a detailed listing of the amount by system with a description of what caused the Company's water revenues to be under budget by \$1.1 million. Please explain the comment in this same cell.
- c. Referring to column k, line 9, please provide a detailed listing of the amount by system with a description of what caused the Company's wastewater revenues to be under budget by \$.432 million. Please explain the comment in this same cell.
- d. Please explain what expected rate increases would not be realized in 2007.
- e. Referring to columns k and r, line 20, please provide a detailed explanation of the reasons for health and dental insurance to be under budget for 2007. Explain if this

will continue into to 2008 and if not provide a detailed explanation as to why it would not continue.

- f. Referring to columns k and r, line 20, please provide a detailed explanation of why profit sharing is over budget.
- g. Referring to columns k and r, line 25, please explain how the refund of \$10,800 on sales tax on chlorine was treated for the test year and which system(s) it impacts. Please explain why South Seas is over budget and if this cost increase is expected in 2008.
- h. Referring to columns k and r, line 26, please provide a detailed itemization of the amounts by system which resulted in the amount year to date corporate services operations expenses being under budget. For each instance, explain if this will continue into 2008 and if not provide a detailed explanation as to why it would not continue.
- i. Referring to columns k and r, line 28, please provide a detailed explanation for each instance that expenses were over or under budget. For each instance, explain if this will continue into 2008 and if not, provide a detailed explanation as to why it would not continue.
- j. Referring to columns k and r, line 27, please provide a detailed itemization of the amounts by system which resulted in the amount year to date customer operations expenses being under budget. For each instance, explain if this will continue into to 2008 and if not provide a detailed explanation as to why it would not continue.

- k. Referring to columns k and r, line 29, please provide the amount of the Leesburg office rent escalation and back rent charged in 2007. Explain if this was removed from the test year and if so where this can be found in the MFRs.
- l. Referring to columns k and r, line 29, please provide the amount of lease expense back charged for 2005 and 2006 to Lake Suzy and the account this was charged to. Explain if this was removed from the test year and if so where this can be found in the MFRs.
- m. Referring to columns k and r, line 31, please provide a detailed explanation for each instance listed of transportation expenses that were over or under budget. Explain if the Company expects these expenses to continue at this level into 2008 and if so provide a detailed explanation as to what they will continue into 2008.
- n. Referring to columns k and r, line 33, please explain why bad debt expense was over budget and itemize the dollar amount associated with each reason.
- o. Referring to columns k and r, line 34, please provide a detailed explanation for each instance listed that other expenses were over budget. Explain if the Company expects these expenses to continue at this level into 2008 and if so provide a detailed explanation as to why.
- p. Referring to columns k and r, line 34, identify each system where penalties were incurred in 2007 and indicate if these were included in the test year. If they are not included in the test year, please demonstrate that they have been removed.
- q. Referring to columns k and r, line 38, please explain why Chuluota sewer is over budget and the amount by which it is over budget. Please indicate if this level of

expense is expected to continue into 2008, and if so please explain why it is expected to continue.

- r. Referring to columns k and r, line 40, please explain why property taxes are over budget. Please indicate if this level of expense is expected to continue into 2008, and if so please explain why it is expected to continue.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that documents responsive to Parts (a) through (e) of this Interrogatory are provided on the attached CD labeled "AUF's 7-28-08 Answers to OPC 2nd ROGs." AUF also states that AUF will respond to Parts (f) – (r) of this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 165:**

- 165. For purposes of this request, please refer to the Company's response to POD 5, Variance Report Budget to Current, January 2008.
  - a. Please explain why Chuluota's water revenue is over budget and the amount it is over budget.
  - b. Please explain why South Seas wastewater revenue is under budget and state the amount it is under budget.
  - c. Please itemize the amount of labor expense that is over budget.
  - d. Explain what is meant by the following: "Some of the regular labor is due to Smith & Rendell and offset with positive variance in non-operating expenses."
  - e. Explain what the PAAM credit is and why it is unfavorable.
  - f. Explain why health and dental insurance are under budget.
  - g. Explain why Palm Terrace purchased less water than expected.

- h. Explain what the CCR reports are.
- i. Please explain why Chuluota was under budget.
- j. Please explain why flow testing is under budget.
- k. Explain why supplies are under budget.
- l. Please explain why GE Fleet leases and services are under budget and why miscellaneous direct is under budget.
- m. Please provide a detailed explanation of the following: "Our aging is still compromised due to all of the credits/cancelled bills issued the end of 2007. A calculation based on our actual over 90 aging wouldn't give a true picture, therefore bad debt expense was estimated at 2% of revenue."
- n. Please provide a detailed explanation for each of the following variances: "The favorable items are customer education \$2400, Communication \$1600, fines \$4800 and licenses \$1300. The unfavorable items are postage (\$2000) due to refilling postage meter which should last a few months and T&E related (\$1800) of which \$1500 is meals from the North Christmas party and dinners during the CAP meetings."

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving such objections, AUF answers that:

a. Chuluota water revenue is over budget by \$26,243. This is due to an error during the budget upload. The amounts loaded in for Chuluota were significantly lower than the actual budget. The budgeted Chuluota water should have been \$65,106 compared to the \$26,675 reflected in our financial statements, a difference of \$38,431. If the budget had been loaded correctly Chuluota water would have been under budget \$12,188 which would be related to residential consumption 3,042 gallons lower than projected.

b. South Seas sewer revenue is under budget by \$16,696. This is due to an error during the budget upload. The amounts loaded in for South Seas were significantly higher than the actual budget. The budget for South Seas sewer should have been \$20,144

compared to the \$39,332 reflected in our financial statements, a difference of \$19,188. If the budget had been loaded correctly South Seas sewer revenue would have been over budget by \$2,491.

c. Regular labor expense is over budget \$7,609. Overtime is under budget \$102. Bonus expense is over budget \$1,000 which was a payment made in error that was adjusted in February. Stock option expense is over budget \$282. These items combined give an unfavorable variance of \$8,789.

d. Troy Rendell was budgeted to have 25% of his time charged to acquisition expense (non-utility expense) and the remainder charged to deferred rate case, thus none of his time was budgeted to expense. All of his time in January was charged to regular labor expense. Very little of his time is actually charged to acquisition expense. Further, none of Mr. Rendell's time has been, or will be charged, to deferred rate case. Carl Smith is our Director of Corporate Development. We budgeted 68% of his time to labor expense with the remainder being budgeted to acquisition expense and capital. In January Carl Smith had 87.5% of his time charged to labor expense.

e. The PAAM credit is the portion of our benefits that are capitalized. This is a calculated entry out of Power Plant, AUF's fixed asset database. This is calculated based on the charges to our labor CWIP account numbers (105020 & 105029). During January AUF did not allocate indirect capital labor to specific CWIP projects. This caused the PAAM credit to come in lower than projected. These allocations did catch up in February. The PAAM credit YTD at the end of February was within \$600 of what was projected.

f. Health and dental insurance were budgeted at the gross amount rather than the net amount (gross payments less employee contributions). The January employee contributions were \$13,700 while the budget was favorable by \$13,800.

g. The budgeted consumption was based on historical consumption. In January 2007 we purchased 7.372M gallons and budgeted 7.0M gallons for January 2008.

h. CCR reports are the annual Consumer Confidence Reports that AUF is required to provide pursuant to Florida regulations. The charges were budgeted earlier in the year but AUF doesn't produce the CCRs until mid year.

i. This response is assuming the question is referring to lab testing, it is not specified. The primary reason for the favorable budget situation in January is timing of when invoices were received and processed. The Chuluota water & sewer systems were favorable to budget \$2,378 in January while February they were unfavorable \$930.

j. Flow testing is under budget due to the timing of when the tests will be scheduled to be performed. At the time the budget was created they were estimated to take place earlier in the year. These were moved back until later in the year.

k. Supplies are hard to predict and was budgeted based on historical trends. There has been a concerted effort to cut costs on these items and use on hand supplies as much as possible.

l. GE Fleet lease charges were budgeted at \$16,205 vs. \$15,297 actual for a favorable variance of \$908. GE Fleet services were budgeted at \$4,922 vs. \$4,377 actual for a favorable variance of \$545. The lease budget included \$900 for chargebacks from GE Fleet, AUF didn't incur any charges in January. Regarding the \$545 variance for services, this is an acceptable variance for an item which is hard to predict. Vehicles are serviced and maintained as needed based on mileage, age, condition etc. AUF budgeted \$2,000 monthly for miscellaneous direct transportation charges. This is intended to cover repairs paid outside of GE Fleet, prepaid toll transponders among other miscellaneous items. In January we only incurred \$522 for these types of charges.

m. AUF has an open item billing system. In November 2007 AUF processed the interim rate refund by cancelling the bills processed with the higher interim rates and then re-billed them at the previous rates. This left credits on the customers' accounts that eliminated in future periods as they were being billed. Due to the fact that we cancelled and re-billed rather than processing current period adjustments, the credits on the customers' accounts aged according to the original billing period.

n. Customer education charges were favorable in January 2008. This is a new activity (Town Hall Meetings) in 2008 and charges were just beginning. This favorable variance was used up in following months as the meetings were happening and charges were incurred.

Communication charges were favorable \$1600K. This is made up of \$700 for local, long distance and wireless communication, and \$835 for data lines. Usage and billed charges for phone service is variable.

Fines were favorable \$4800. AUF budgeted an estimated amount for the year. During the budget process we did not know the specific months that the fines & penalties would occur. The budget was allocated evenly throughout the year.

Licenses were favorable \$1,300. This item was budgeted evenly throughout the year as the specific months that AUF may incur charges is not always known in advance.

Postage was unfavorable. AUF incurred charges to refill the postage meter. This is intended to last a couple of months. Over the year it is anticipated that this account will end up close to budget.

T&E related charges were over budget. Charges for the North Christmas party \$720 was recorded in January. Additionally there were \$820 in meals for the annual CAP meeting that was not considered at the time the budget was prepared. The remaining difference was \$300 for mileage reimbursement for a personal vehicle.



**Interrogatory No. 166:**

166. For purposes of this request, please refer to the Company's response to POD 5, Variance Report Budget to Current, February 2008.

- a. Identify the state in which the power outage caused an increase in labor costs.
- b. Explain why health and dental insurance are under budget.
- c. Please explain the following statement: "It appears as though the budget for employee insurances was for gross charges rather than including employee contributions. Jan emp contributions is \$9,055."
- d. Please explain the reason why most systems purchased water expense are under budget.
- e. State the amount by which South Seas sludge hauling expense was lower due to a lower priced hauler. Provide the amount by which the charge was lower and how this was taken into consideration in the test year. If it was not taken into consideration, please provide an estimate of the impact on the test year.
- f. Please explain all reasons that Chuluota's chemical expense is under budget.
- g. Please explain why corporate services and sundry expense are under budget.
- h. Please explain why tank inspections are under budget.
- i. Please explain why the following are under budget: water distribution repairs, hydrant testing, and collection system maintenance.
- j. Please explain why GE Fleet leasing and services are lower than expected.
- k. Please describe each of the following items and why they are over or under budget:  
"The favorable items are fines \$4700 and licenses \$2200, postage \$4100 & other/office supplies \$1500. The unfavorable items are civic education (\$5900) and

T&E related (\$3000) some of which is related to hotels for the January CAP meeting attendees and dues & communication chgs (\$1300).”

1. Please explain why depreciation expense is under budget.

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving such objections, AUF answers that:

- a. Florida
- b. Health and dental insurance were budgeted at the gross amount rather than the net amount (gross payments less employee contributions). The February employee contributions were \$9,055 while the budget was favorable by \$9,700.
- c. Please refer to the explanation in item b. above. The reference to the Jan employee contributions should have been Feb.
- d. We used historical data to project the budgeted gallons purchased for 2008. Documents responsive to this Interrogatory are provided on the attached CD labeled “AUF’s 7-28-08 Answers to OPC 2nd ROGs,” which show the variance of dollars and gallons budgeted, the February 2007 gallons purchased, a variance between the 2 years, and a variance of the February 2007 actual to the February 2008 budget.
- e. During the time the budget was created we were using Blue Septic to haul sludge for the South Seas sewer plant. Late in 2007 we contracted with Karle to handle our hauling for South Seas. This was normalized for the 2007 test year showing an annual reduction of \$15,400. In February we paid 1 invoice which was for 4 loads of sludge at \$572 per load for a total invoice amount of \$2,288. If we were still using our previous hauler we would have been charged \$800 per load plus \$1000 for a pump truck to fill the tankers for a total cost of \$4,200 or \$1050 per load. This is a savings of \$1,912 for 4 loads of sludge. YTD as of 2/28/08 we had budgeted to haul 12 loads of sludge in South Seas which matched our actual hauling needs for the 2 months. The YTD savings for 12 loads at a savings of \$478/load = \$5,736. This is noted in cell P22 of the variance report.
- f. Chuluota water chemicals was under budget \$1,359 which was made up of the following items: Sodium hypochlorite \$258, Corrosion inhibitor \$411 and Ammonia \$690. The ammonia is related to the chloramine conversion project which wasn’t completed but anticipated. Chuluota sewer chemicals was under budget \$1,101 which was made up of the following items: Sodium hypochlorite \$1,011, Calcium hypochlorite \$30 and Trichlorisocyanuric \$60.
- g. Corporate services and sundry are charged out to the states based on actual time sheet charges and appropriate invoice charges.

**h. Tank inspections will happen later in the year than anticipated at the time the budget was prepared.**

**i. Budgeting outside contractors for maintenance items are hard to predict as timing of unknown and emergency repairs can happen at any time and the cost is depending on the complexity, the timing, location etc. Hydrant testing will happen later in the year.**

**j. GE Fleet lease charges were budgeted at \$14,567 vs. \$14,427 actual for a favorable variance of \$140. GE Fleet services were budgeted at \$9,321 vs. \$4,437 actual for a favorable variance of \$4,884. The lease budget included \$900 for chargebacks from GE Fleet, we only incurred \$10 in February. Regarding the \$4,884 variance for services, this is an item that is difficult to time perfectly during the budget process. Vehicle are serviced and maintained as needed based on their mileage, age, condition etc. During the budget we refer to previous year's service history. February 2007 we incurred \$9,001 in maintenance and vehicle services.**

**k. Fines were favorable \$4700. We budgeted an estimated amount for the year. During the budget process we did not know the specific months that they fines and penalties would occur. The budget was allocated evenly throughout the year.**

**Licenses were favorable \$2,200. This item was budgeted evenly throughout the year as the specific months that we may incur charges is not always known in advance.**

**Postage expense was favorable \$4,100. This is another item that is hard to predict the specific month that charges will occur although on an annual basis we should be pretty close. In January we were over budget due to refilling the postage meter that should last a couple of months.**

**Office supplies/Other were favorable. Office supplies are purchased on an as needed basis. Restocking of paper supplies, printer/copier toner can be hard to estimate which month they will be needed although on an annual basis we should be pretty close. There are also other miscellaneous expenses that occur at time throughout the year. For Feb 2007 these items were below the budget.**

**Civic education was unfavorable. This is a new activity (Town Hall Meetings) in 2008 and charges were budgeted to occur throughout the year. The Town Hall meetings were held in the first half of the year, thus an unfavorable variance will be carried through this time period. Actual charges will fall off once all meetings are completed and should match up with the budget by year end.**

**T&E related charges were unfavorable due to extra hotel and airline charges. There was a CAP meeting that was not considered at the time the budget was prepared.**

Communication charges were unfavorable in February while January was favorable. This category covers local, long distance, wireless and data lines. Usage and billed charges for phone service is variable.

l. Depreciation expense is favorable primarily related to the Sarasota systems. When the budget was prepared a plant addition was budgeted with a higher depreciation rate than the actual rate.

**Interrogatory No. 167:**

167. For purposes of this request, please refer to the Company's response to POD 5, Variance Report Budget to Current, March 2008.
- a. Please explain why profit sharing is under budget.
  - b. Please explain the meaning of the following: "It appears as though the budget for employee insurances was for gross charges rather than including employee contributions. Mar emp contributions is \$9,300." Is this the reason for health and dental insurance being below budget.
  - c. Please explain why each of the following items is over or under budget: "Regular labor is over (\$5100), OT is over (\$6,200). Bonus is under \$36,700 due 2007 unused bonus true up and stock option is over (\$3,700) due to a forfeiture true up."
  - d. Explain how the unused bonuses for 2007 are reflected in the test year. Explain what gave rise to the unused bonuses.
  - e. Please explain why Palm Terrace's purchase has been favorable all year.
  - f. Please explain what is meant by: "The largest favorable is FL Comm Pk, no hauling due to plant upset."
  - g. Please explain why Corporate Services is over budget by \$18,000.
  - h. Please explain why tank inspection and outside meter reader expenses are under budget.

- i. Please explain why GE fleet services are favorable.

**Answer: The General Objections stated above are incorporated herein by reference.**

**Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.**

**Interrogatory No. 168:**

168. For purposes of this request, please refer to the Company's response to POD 5, Variance Report Budget to Current, April 2008.

- a. Please explain why water revenues are over budget year-to-date, by system.
- b. Please explain why Corporate services are under budget and Sundry is over budget.
- c. Please explain by customer operations expense are favorable year-to-date.
- d. Please explain why tank inspection and outside meter reader expenses are under budget.
- e. Please explain why the following and under or over budget: "Unfavorable variances in pump repairs (\$234), and backflow certifications (\$125), Bldg & ground maint (\$2,800), collection system maint (\$1,700), Lift station cleaning/repairs (\$7,700). Favorable variances in Generator Maint \$12,500, Water Dist repairs \$2,600, WWTP maint \$5,800, Hydrant testing \$700"
- f. Please explain the following: "Village Water is under (\$6,200) they were budgeted based on the prior billings of the TX customers."
- g. Please explain the following: "Fountain Lakes was budgeted for (\$36,667) but location is not active until May 1."

**Answer: The General Objections stated above are incorporated herein by reference.**

**Without waiving such objections, AUF answers that:**

- a. Documents responsive to this Interrogatory are provided on the attached CD labeled "AUF's 7-28-08 Answers to OPC 2nd ROGs," which show the water variance by individual system.
- b. Corporate services and sundry are charged out to the states based on actual time sheet charges and appropriate invoice charges. There was a catch up of sundry charges in April. YTD sundry charges are over budget \$1000 compared to the \$11,000 over budget condition for the month of April. There are some timing differences of when actual items are paid vs. what was anticipated at the time the budget was prepared.
- c. Year-to-date affiliated customer service billing from Aqua Services, Inc to the Company for common Aqua Customer Operations (ACO) expenditures is less than amounts reflected in the year-to-date budget provided to the Company by Aqua Services, Inc. Please refer to response in POD 167 for variance reports detailing year-to-date variances from budget for the ACO department of Aqua Services, Inc.
- d. Tank inspections will happen later in the year than anticipated at the time the budget was prepared. Outside meter reading expenses are under budget \$2,300 related to our Sarasota division not needing to hire outside contractors, they hired internally to cover this function. Sarasota is not included in this rate filing.
- e. Budgeting outside contractors for maintenance items are hard to predict as timing of unknown and emergency repairs can happen at any time and the cost is depending on the complexity, the timing, location etc.
  - Pump repairs had an unplanned repair in Chuluota for \$235.
  - Backflow certifications were budgeted to take place earlier in the year and have not yet been completed. While the month of April had an unfavorable variance to budget YTD is favorable.
  - Building & grounds maintenance for the water systems is unfavorable \$1,120 for the state. Most systems are very close to budget. Village Water is unfavorable \$600, the budget was included in with the sewer system. Jumper Creek is a new acquisition that wasn't budgeted \$270. Lake Osborne \$210 tree removal. Sewer systems building and grounds maintenance is unfavorable \$1700. The largest unfavorable variance is Sarasota which isn't included in the rate filing \$2865. FL Commerce Park is unfavorable \$744 due to missing budget for pond maintenance and occasional work at the spray field. This is offset by a favorable variance of \$800 for Fountain Lakes, a new acquisition which is not included in the rate filing and \$600 for Village Water which was budgeted to the water system.
  - Collection system maintenance while unfavorable for the month is favorable for the YTD 4/08.
  - Lift station cleaning and repairs had an emergency expense in Village Water \$4,318 while Palm Terrace & Jasmine lakes incurred a \$3,460 expenses for cleanings which was budgeted for March, just a timing difference. While the monthly variance to budget was unfavorable, YTD at 4/30/08 was favorable \$2,119.
  - Generator maintenance was budgeted for April for most systems \$14,800 but we only incurred \$2,300. This is just a timing difference.
  - Water distribution repairs hard to predict and time.

- WWTP maintenance is hard to predict and time. While the variance for the month is favorable, the YTD variance at 4/30/08 is unfavorable \$460.
  - Hydrant testing will happen later in the year.
- f. There were some TX customers which were accidentally loaded into the billing system with FL rate codes. The budget erroneously considered these TX customers.
- g. The Fountain Lakes acquisition was originally budgeted to be finalized in April. There was a slight delay and the acquisition was closed 4/30/08. This system is not included in the rate filing.

**Interrogatory No. 169:**

169. Please explain why the following systems do not show an allocation or charge from Aqua Services, Inc.: Beecher's Point wastewater, Florida Central Commerce wastewater, Lake Suzy water, Lake Suzy wastewater, South Seas, and Village Water wastewater.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that documents responsive to this Interrogatory are provided on the attached CD labeled "AUF's 7-28-08 Answers to OPC 2nd ROGs," which documents itemize allocations or charges for Service and Sundry, Audit, and Aqua Customer Operations from Aqua Services, Inc. for Beecher's Point wastewater, Florida Central Commerce wastewater, Lake Suzy water, Lake Suzy wastewater, South Seas, and Village Water wastewater as provided on MFR schedule B-5 or B-6, Page 4 of 5.

**Interrogatory No. 170:**

170. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide a detailed explanation of the following proforma adjustments: Project ACO Dual Water/Sewer Customer adjustment to allocations, Projected Service Company Dual Water/Sewer Custom adjustment to allocations; Additional 2008 Service Co. employee benefits; and Additional 2008 Service Company headcount, fully loaded.

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving such objections, AUF answers that:

[Go to next page]

**Projected ACO Dual Water/Sewer Customer adjustment to allocations**

Prior to January 2008 a customer who was both a water & wastewater customer of the Company was given a weighting of 2.0 for allocations based on customer counts. After January 2008 this weighting was changed to 1.5. An adjustment was made by applying the % decrease from 2007 to 2008 to the actual Florida 2007 4th quarter fees annualized.

**Projected Service Co. Dual Water/Sewer Customer adjustment to allocations**

Prior to January 2008 a customer who was both a water & wastewater customer of the Company was given a weighting of 2.0 for allocations based on customer counts. After January 2008 this weighting was changed to 1.5. An adjustment was made by applying the % decrease from 2007 to 2008 to the actual Florida 2007 Service fees.

**Additional 2008 Service Co. employee benefits**

An adjustment was made by applying the medical & dental % increase per head from 2007 to 2008 to the Service Co. actual 2007 medical & dental costs.

**Additional 2008 Service Co. headcount, fully loaded (Mitch Arch, Corp Actg Mgr)**

An adjustment was made for a new Service Co. position, Corporate Accounting Manager, by multiplying the Florida 2008 customer count % by the fully loaded costs of this new position.

**Interrogatory No. 171:**

171. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide a detailed explanation of the following normalization adjustments: 'Normalize 2007 Intracompany misallocation of a/c 426 to Operating Expenses; Normalize 2007 Intracompany misallocation; 'Normalize 2007 Intracompany misallocation of a/c 426 to Operating Expenses; 'Normalize 2007 Intercompany misallocation due to Fairways; and 'Allocate Payroll Taxes from Admin dept



**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving such objections, AUF answers that:

**Normalize 2007 Intracompany misallocation of a/c 426 to Operating Expenses**

In 2007, the Lawson allocation module scripting included instructions that any balance in the 426xxx general ledger account series be allocated from the Admin departments to the systems each month through a transfer out of the Admin account 675863 & into the same account in each system. This transfer of below the line amounts to above the line allocated O&M expenses is being normalized out of the allocated O&M expenses for each system.

**Normalize 2007 Intracompany misallocation**

In 2007, the Lawson allocation module scripting had some misalignments of customer counts to systems on the monthly Intracompany allocations of Admin charges to the systems. Appendix 1 shows both the allocations as booked and the allocations as they should have been. This adjustment is to normalize the Intracompany allocations to the intended systems.

**Normalize 2007 Intercompany misallocation due to Fairways**

In 2007, the Lawson allocation module scripting was changed in July to begin allocating expenses to the newly acquired Fairways water & wastewater systems. However these systems were not prepared to accept allocated charges and thus each month there was a remaining carryover balance in the Admin departments. This carryover balance was then allocated in the following month along with all new charges to the non-Fairway systems. The 2007 O&M system expenses are being normalized for these additional allocated carryover amounts each month.

**Allocate Payroll Taxes from Admin dept**

In 2007, the Lawson allocation module scripting did not include instructions for allocating payroll taxes from the Admin departments to each system. This adjustment is to normalize for those intended allocations.

**Interrogatory No. 172:**

172. Please refer to the Company's MFRs for all systems and provide the following:
- a. Provide an explanation of the changes to Account Number 601 and 701, Salaries and Wages - Employees, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.

- b. Provide an explanation of the changes to Account Number 603 and 703, Salaries and Wages – Officers, Directors, Stockholders, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
- c. Provide an explanation of the changes to Account Number 632 and 732, Contractual Services – Accounting, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
- d. Provide an explanation of the changes to Account Number 650 and 750, Transportation Expenses, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
- e. Provide an explanation of the changes to Account Number 656 and 756, Insurance – Vehicle, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
- f. Provide an explanation of the changes to Account Number 657 and 757, Insurance – General Liability, from 2005 to 2006 and from 2006 to 2007. In particular, please

provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.

- g. Provide an explanation of the changes to Account Number 670 and 770, Bad Debt Expense, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
- h. Provide an explanation of the changes to Account Number 675 and 775, Miscellaneous Expenses, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.**

**Interrogatory No. 173:**

- 173. Please refer to the Company's MFRs for Chuluota, Fern Terrace, Grand Terrace, Haines Creek, Holiday Haven, Jasmine Lakes, Jungle Den, JS 48 Estates, Kingswood, Lake Gibson Estates, Ocala Oaks, Palm terrace, Picciola Island, Pomona Park, River Grove, Silver Lake Estates/Western, Skycrest, South Seas, Tangerine, The Woods, Venetian Village, and Zephyr Shores. Please provide an explanation of the changes to Account

Number 635 and 735, Contractual Services –Testing, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.

**Answer: The General Objections stated above are incorporated herein by reference.**

**Without waiving such objections, AUF answers that documents responsive to this Interrogatory are provided on the attached CD labeled “AUF’s 7-28-08 Answers to OPC 2nd ROGs.”**

**Interrogatory No. 174:**

174. Please refer to the Company’s MFRs for Lake Josephine, Sebring Lakes, Fern Terrace, Grand Terrace, Holiday Haven, Skycrest, Tangerine, Palm Terrace, Gibsonia Estates, Beechers Point, Chuluota, and Sunny Hills. Please an explanation of the changes to Account Number 604 and 704, Employee Pensions and Benefits, from 2005 to 2006 and from 2006 to 2007 for each system. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis

**Answer: The General Objections stated above are incorporated herein by reference.**

**Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.**

**Interrogatory No. 175:**

175. Please refer to the Company’s MFRs for the Lake Osbourne Estates System. Please explain why expenses for Account Number 731, Contractual Services - Engineering, are zero in 2005, increased to \$226 in 2006, and then increased to \$230 in 2007.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that the expenses for 2005, 2006, & 2007 for account # 731, Contractual Service - Engineering, for Lake Osbourne Estates are zero (\$0) for each year.

**Interrogatory No. 176:**

176. Please refer to the Company's MFRs for the Jasmine Lakes System. Please explain why expenses for Account Number 633, Contractual Services - Legal, are negative \$5,769 in 2005.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that documents responsive to this Interrogatory are provided on the attached CD labeled "AUF's 7-28-08 Answers to OPC 2nd ROGs."

**Interrogatory No. 177:**

177. Refer to the Company's MFRs for the Sunny Hills System and provide the following:

- a. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$4,495 in 2006 and then increased to \$8,900 in 2007.
- b. Please explain why expenses for Account Number 736, Contractual Services—Other are \$2,087 in 2005, increased to \$4,186, and then increased to \$8,408 in 2007.
- c. Please explain why expenses for Account Number 711, Sludge Removal Expense are \$0 in 2006 and then increased to \$525 in 2007.

- d. Please explain why expenses for Account Number 718, Chemicals, are \$588 in 2006 and then increased to \$1,006 in 2007.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that documents responsive to this Interrogatory are provided on the attached CD labeled "AUF's 7-28-08 Answers to OPC 2nd ROGs."

**Interrogatory No. 178:**

178. Please refer to the Company's MFRs for the Arrendondo Estates/Farms System and provide the following:
  - a. Please explain why expenses for Account Number 620, Materials and Supplies are \$260 in 2005, increased to \$1,008 in 2006, and then increased to \$1,450 in 2007.
  - b. Please explain why expenses for Account Number 636, Contractual Services—Other are \$3,894 in 2005, then increased to \$14,284 in 2006, and increased to \$17,569 in 2007.
  - c. Please explain why expenses for Account Number 711, Sludge Removal Expense are \$28,317 in 2005 and then increased to \$43,165 in 2006, and then decreased to \$39,118 in 2007.
  - d. Please explain why expenses for Account Number 720, Materials and Supplies are \$188 in 2006 and then increased to \$711 in 2007.

**Answer:** The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that documents responsive to this

**Interrogatory are provided on the attached CD labeled “AUF’s 7-28-08 Answers to OPC 2nd ROGs.”**

**Interrogatory No. 179:**

179. Please refer to the Company’s MFRs for the Oakwood System and provide the following:

- a. Please explain why expenses for Account Number 636, Contractual Services—Other are \$48 in 2005, then increased to \$643 in 2006, then increased to \$2,500 in 2007.
- b. Please explain why expenses for Account Number 675, Miscellaneous Expenses are \$106 in 2005 and then increased to \$14,075 in 2006.
- c. Please explain why expenses for Account Number 620, Materials and Supplies are \$0 in 2005, and then increased to \$1,046 in 2006, and then increased to \$1,780 in 2007.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that documents responsive to this Interrogatory are provided on the attached CD labeled “AUF’s 7-28-08 Answers to OPC 2nd ROGs.”**

**Interrogatory No. 180:**

180. Please refer to the Company’s MFRs for the Lake Josephine System and provide the following:

- a. Please explain why expenses for Account Number 615, Purchased Power are \$9,975 in 2005, then increased to \$12,675 in 2006, and then increased to \$18,367 in 2007.

- b. Please explain why expenses for Account Number 618, Chemicals are \$7,435 in 2005 and then increased to \$9,414 in 2006.
- c. Please explain why expenses for Account Number 620, Materials and Supplies are \$559 in 2005, and then increased to \$4,491 in 2006.
- d. Please explain why expenses for Account Number 631, Contractual Services—Engineering are \$272 in 2005 and then increased to \$1,133 in 2006.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that documents responsive to this Interrogatory are provided on the attached CD labeled “AUF’s 7-28-08 Answers to OPC 2nd ROGs.”**

**Interrogatory No. 181:**

181. Please refer to the Company’s MFRs for the Leisure Lakes System and provide the following:

- a. Please explain why expenses for Account Number 634, Contractual Services—Management Fees are \$6,273 in 2006 and then increased to \$9,379 in 2007.
- b. Please explain why expenses for Account Number 636, Contractual Services—Other are \$12,637 in 2006 and then increased to \$16,391 in 2007.
- c. Please explain why expenses for Account Number 711, Sludge Removal are \$5,070 in 2005, increased to \$9,800 in 2006, and then increased to \$10,134 in 2007.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that documents responsive to this**



**Interrogatory are provided on the attached CD labeled “AUF’s 7-28-08 Answers to OPC 2nd ROGs.”**

**Interrogatory No. 182:**

182. Please refer to the Company’s MFRs for the East Lake Harris System. Please explain why expenses for Account Number 636, Contractual Services—Other are \$880 in 2006 and then increased to \$2,699 in 2007.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that documents responsive to this Interrogatory are provided on the attached CD labeled “AUF’s 7-28-08 Answers to OPC 2nd ROGs.”**

**Interrogatory No. 183:**

183. Please refer to the Company’s MFRs for the Fern Terrace System and provide the following:

- a. Please explain why expenses for Account Number 615, Purchased Power are \$2,029 in 2005, increased to \$2,570 in 2006, and then increased to \$3,027 in 2007.
- b. Please explain why expenses for Account Number 620, Materials and Supplies are \$248 in 2005, increased to \$1,364 in 2006, and then increased to \$1,376 in 2007.
- c. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$1,028 in 2006 and then increased to \$2,166 in 2007.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that documents responsive to this**

**Interrogatory are provided on the attached CD labeled “AUF’s 7-28-08 Answers to OPC 2nd ROGs.”**

**Interrogatory No. 184:**

184. Please refer to the Company’s MFRs for the Grand Terrace System and provide the following:

- a. Please explain why expenses for Account Number 615, Purchased Power are \$1,363 in 2005, increased to \$1,876 in 2006, and were \$1,857 in 2007
- b. Please explain why expenses for Account Number 620, Materials and Supplies are \$22 in 2005, increased to \$1,434 in 2006, and were \$1,007 in 2007.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF answers that documents responsive to this Interrogatory are provided on the attached CD labeled “AUF’s 7-28-08 Answers to OPC 2nd ROGs.”**

**Interrogatory No. 185:**

185. Please refer to the Company’s MFRs for the Hobby Hills System and provide the following:

- a. Please explain why expenses for Account Number 636, Contractual Services—Other are \$476 in 2005, then increased to \$825 in 2006 and then increased to \$1616 in 2007.
- b. Please explain why expenses for Account Number 620, Materials and Supplies are \$51 in 2006 and then increased to \$2,314 in 2007.

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 187:**

187. Please refer to the Company's MFRs for the Haines Creek System. Please explain why expenses for Account Number 615, Purchased Power are \$738 for 2006 and then increased to \$1,692 in 2007.

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 188:**

188. Please refer to the Company's MFRs for the Imperial Mobile Terrace System and provide the following:

- a. Please explain why expenses for Account Number 620, Materials and Supplies are \$662 for 2006 and then increased to \$1,408 in 2007.
- b. Please explain why expenses for Account Number 636, Contractual Services—Other are \$1,134 in 2006 and then increased to \$10,702 in 2007.

**Answer:** The General Objections stated above are incorporated herein by reference.

Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.

**Interrogatory No. 189:**

189. Please refer to the Company's MFRs for the Kings Cove System and provide the following:

- a. Please explain why expenses for Account Number 615, Purchased Power are \$4,744 in 2005, increased to \$6,494 in 2006, and decreased to \$5,833 in 2007.
- b. Please explain why expenses for Account Number 620, Materials and Supplies are \$518 in 2005, increased to \$2,545 in 2006, and decreased to \$1,212 in 2007.

**Answer: The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Interrogatory within 15 days, pursuant to agreement of counsel.**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for Increase in water and )  
Wastewater rates in Alachua, Brevard, DeSoto, )  
Highlands, Lake, Lee, Marion, Orange, )  
Palm Beach, Pasco, Polk, Putnam, )  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )

Docket No. 080121-WS

Dated: July 28, 2008

AFFIDAVIT

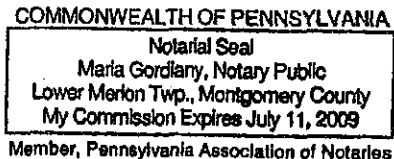
COMMONWEALTH OF PENNSYLVANIA

COUNTY OF MONTGOMERY

BEFORE ME, the undersigned authority, personally appeared Stan F. Szczygiel, who  
deposed and stated that he provided the answers to Interrogatories Office of Public Counsel, Set  
2, Nos. 102 - 189 served on July 28, 2008 by Aqua Utilities Florida, Inc. on the Office of Public  
Counsel and that the responses are true and correct to the best of his information and belief.

DATED at 28th, July, 2008.

Sworn to and subscribed before me this 28<sup>th</sup> day of July, 2008.



*[Handwritten Signature]*  
\_\_\_\_\_  
Stan F. Szczygiel

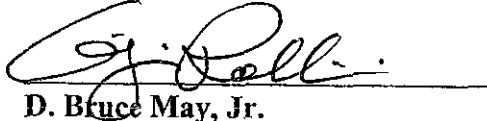
*[Handwritten Signature]*  
\_\_\_\_\_  
NOTARY PUBLIC

Commonwealth of Pennsylvania

My Commission Expires: 7/11/09

Dated this 28th day of July, 2008.

**HOLLAND & KNIGHT LLP**



**D. Bruce May, Jr.**

Florida Bar No. 354473

**Gigi Rollini**

Florida Bar No. 684491

Holland & Knight, LLP

Post Office Drawer 810

Tallahassee, Florida 32302-0810

(850) 224-7000 (Telephone)

(850) 224-8832 (Facsimile)

-and-

**Kimberly A. Joyce, Esquire**

Aqua America, Inc.

762 West Lancaster Avenue

Bryn Mawr, PA 19010


(610) 645-1077 (Telephone)

(610) 519-0989 (Facsimile)

*Attorneys for Aqua Utilities Florida, Inc.*

**CERTIFICATE OF SERVICE**

I hereby certify that the original and a true and correct copy of the foregoing was furnished by U.S. Mail and electronic transmission to **Charles Beck, Esq., Office of Public Counsel**, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, beck.charles@leg.state.fl.us; and a true and correct copy of the foregoing was furnished by U.S. Mail and electronic transmission to **Ralph Jaeger, Esq., Office of General Counsel, Florida Public Service Commission**, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, RJaeger@psc.state.fl.us; and courtesy copies of the foregoing were furnished by electronic transmission to **Katherine Fleming, Esq.** (keflemin@psc.state.fl.us), **Caroline Klancke, Esq.** (cklancke@psc.state.fl.us), **Erik Saylor, Esq.** (esaylor@psc.state.fl.us), this 28th day of July, 2008.

  
Attorney

# 5493514\_v2

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for increase in water and )  
wastewater rates in Alachua, Brevard, DeSoto, ) DOCKET NO. 080121-WS  
Highlands, Lake, Lee, Marion, Orange, )  
Palm Beach, Pasco, Polk, Putnam, ) DATE SERVED: June 27, 2008  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )  
\_\_\_\_\_ )

**AQUA UTILITIES FLORIDA, INC.'S RESPONSES AND OBJECTIONS  
TO CITIZENS' FIRST REQUEST FOR PRODUCTION OF DOCUMENTS  
TO AQUA UTILITIES FLORIDA, INC. (Nos. 1-8)**

Aqua Utilities Florida, Inc. ("AUF"), by and through its undersigned counsel and pursuant to Rule 28-106.206, Florida Administrative Code, and Rule 1.350, Florida Rules of Civil Procedure, hereby serves its responses and objections to the First Request for Production of Documents to AUF (Nos. 1-8) propounded by the Office of Public Counsel on behalf of Citizens of the State of Florida ("OPC") on May 28, 2008.

**PRELIMINARY STATEMENT**

By responding to OPC's First Request for Production ("Requests"), AUF does not waive its right to challenge the relevance, materiality, and admissibility of the information or documents provided, or to object to the use of the information or documents in any subsequent proceeding, trial, or hearing in this action.

AUF's search for information and documents is ongoing. Accordingly, AUF's responses to these Requests are based on information and documents known to it at this time. AUF reserves its right to supplement or amend its responses and its production at any time prior to final hearing. These Responses are limited to and filed on behalf of AUF.



## GENERAL OBJECTIONS

1. With respect to the "Definitions" and "Instructions" in the Requests, AUF objects to any definitions or instructions that are inconsistent with AUF's discovery obligations under applicable rules. If some question arises as to AUF's discovery obligations, AUF will comply with applicable rules and not with any of OPC's definitions or instructions that are inconsistent with those rules.

2. AUF objects to any definition or request that seeks to obligate persons or entities who are not parties to this action or that are not subject to discovery under applicable rules.

3. AUF also objects to any request that purports to require AUF or its experts to prepare studies, analyses, or to do work for OPC that has not been done for AUF.

4. AUF generally objects to any request that calls for data or information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law.

5. AUF reserves the right to supplement any of its responses to OPC's Request if AUF cannot locate the answers immediately due to their magnitude and the work required to aggregate them, or if AUF later discovers additional responsive information in the course of this proceeding. By making these general objections at this time, AUF does not waive or relinquish its right to assert additional general and specific objections to OPC's discovery.

6. AUF objects to OPC's representation in the Requests that it propounds only eight (8) specific requests for production of documents. The Requests, when subparts and compound requests are counted, demand production of approximately forty-five (45) separate categories of documents, not eight (8). AUF objects to any attempt by OPC to evade numerical limitations on

the number of requests for production allowed in this docket by using compound requests and subparts.

7. AUF objects to these Requests, individually and generally, to the extent the requested documents and/or information is in the public domain or equally accessible to OPC and Citizens.

8. By making these responses herein, AUF does not concede that any request is relevant to this action or is reasonably calculated to lead to the discovery of admissible evidence. AUF expressly reserves the right to object to further discovery into the subject matter of any of these requests, to the introduction of evidence of any response or portion thereof, and to supplement its responses should further investigation disclose responsive information.

9. In responding to these Requests, AUF has made a reasonable inquiry of those persons likely to possess information responsive thereto and has conducted a reasonable search of those records in AUF's possession, custody, or control where the requested information would likely be maintained in the ordinary course of business. To the extent that OPC requests ask AUF to go to greater lengths, AUF objects to because such requests are overly broad, unduly burdensome, and unreasonable.

10. In responding to these Requests, AUF does not waive the foregoing objections, or the specific objections that are set forth in the responses to particular requests.

### **REQUEST FOR PRODUCTION**

1. Please provide all workpapers and source documents for all exhibits attached to the testimony of the Company's witnesses and all tables and numbers included in the witnesses testimony. Provide the requested documents in electronic (i.e. Excel spreadsheet) spreadsheet format (if applicable) with all formulas and links intact.

**RESPONSE TO REQUEST NO. 1:** The General Objections stated above are incorporated herein by reference. Documents responsive to this request were already informally provided directly to OPC on June 13, 2008, pursuant to agreement of counsel. A bates stamped version of the same documents previously produced are provided on attached CD No. 1.

2. Please provide all documents, accounting records, memoranda, workpapers, studies undertaken, and calculations that support all adjustments to the Company's test year revenues, rate base and expenses, by system. Please provide all workpapers in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 2:** The General Objections stated above are incorporated herein by reference. Certain documents responsive to this request were already informally provided directly to OPC on June 13, 2008, pursuant to agreement of counsel. Those documents have been supplemented and are provided with bates stamps on attached CD No. 1.

3. Please provide an electronic copy (i.e. Excel spreadsheet) of the Company's Minimum Filing Requirements (MFRs) with all formulas and linked spreadsheets intact. Please provide any written instructions on how the model can be used to prepare the MFRs. Provide all passwords and any other documentation necessary to run the model. Provide all other write-ups addressing the model and its use for purposes of determining revenue requirements.

**RESPONSE TO REQUEST NO. 3:** The General Objections stated above are incorporated herein by reference. Documents responsive to this request were already informally provided directly to OPC on June 13, 2008, pursuant to agreement of counsel.

A bates stamped version of the same documents previously produced are provided on attached CD No. 1.

4. Please provide a complete set of workpapers associated with the compilation of the Company's MFRs. Provide the requested documents in both hard copy and electronic format (i.e. Excel spreadsheet) with all formulas and linked spreadsheets intact.

**RESPONSE TO REQUEST NO. 4:** The General Objections stated above are incorporated herein by reference. Certain documents responsive to this request were already informally provided directly to OPC on June 13, 2008, pursuant to agreement of counsel. Those documents have been supplemented and are provided with bates stamps on attached CD No. 1.

5. Please provide for AUF and each of its systems, Variance Reports or similar documents which show a comparison, with an explanation for the variance, of the Company's operating budget and capital budget to the actual results for 2006, 2007 and 2008. Please provide this comparison at the most detailed level available.

**RESPONSE TO REQUEST NO. 5:** The General Objections stated above are incorporated herein by reference. Documents responsive to this request were already informally provided directly to OPC on June 13, 2008, pursuant to agreement of counsel. A bates stamped version of the same documents previously produced are provided on attached CD No. 2.

6. Please provide the Aqua America, Inc.'s Aqua Services, Inc., and AUF's 2008 capital and expense budgets.

**RESPONSE TO REQUEST NO. 6:** The General Objections stated above are incorporated herein by reference. AUF further objects to Request No. 6 on the basis that Aqua America, Inc. does not have a capital budget. The Aqua Services 2008 capital budget is included in the excel file numbered AUF - 000696. 2008 expense budgets for Aqua America, Inc., Aqua Services (including ACO), and AUF are included in the excel document numbered AUF - 000697. These documents are being produced in conjunction with this written response and are provided on attached CD No. 2. AUF's 2008 capital budget is included in the documents produced in response to OPC Request No. 5.

7. Please provide for the years 2005, 2006, 2007, and monthly 2008 to-date the detailed general ledger for AUF, Aqua America, Inc. and Aqua Services, Inc. with the ability to select specific transactions recorded in the year.

**RESPONSE TO REQUEST NO. 7:** The General Objections stated above are incorporated herein by reference. Documents responsive to this request were already informally provided directly to OPC on June 13, 2008, pursuant to agreement of counsel. A bates stamped version of the same documents previously produced are provided on attached CD No. 2.

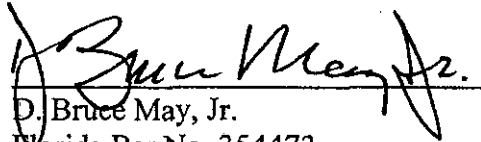
8. For purposes of this request, please refer to the information provided in response to Staff's Document Request 21 issued in Docket No. 060368-WS. Please provide the same information by system for each month of each of the following years: 2001, 2002, 2003, 2004, 2005, 2006, 2007 and 2008.

**RESPONSE TO REQUEST NO. 8:** The General Objections stated above are incorporated herein by reference. Documents responsive to this request were already

informally provided directly to OPC on June 13, 2008, pursuant to agreement of counsel.  
A bates stamped version of the same documents previously produced are provided on  
attached CD No. 2.

Dated this 27<sup>th</sup> day of June 2008.

**HOLLAND & KNIGHT LLP**



D. Bruce May, Jr.  
Florida Bar No. 354473  
Gigi Rollini  
Florida Bar No. 684491  
Holland & Knight, LLP  
Post Office Drawer 810  
Tallahassee, Florida 32302-0810  
(850) 224-7000 (Telephone)  
(850) 224-8832 (Facsimile)

-and-

Kimberly A. Joyce, Esquire  
Aqua America, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010  
(610) 645-1077 (Telephone)  
(610) 519-0989 (Facsimile)

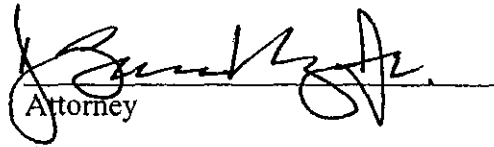
**Attorneys for Aqua Utilities Florida, Inc.**

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was furnished by hand delivery to the following this 27<sup>th</sup> day of June, 2008:

Charles Beck, Esq.  
Stephen C. Reilly, Esq.  
Office of Public Counsel  
111 West Madison Street  
Room 812  
Tallahassee, Florida 32399-1400

Ralph Jaeger, Esq.  
Katherine Fleming, Esq.  
Caroline Klancke, Esq.  
Office of General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

  
Attorney

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for increase in water and )  
wastewater rates in Alachua, Brevard, DeSoto, )  
Highlands, Lake, Lee, Marion, Orange, )  
Palm Beach, Pasco, Polk, Putnam, )  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )  
\_\_\_\_\_ )

**DOCKET NO. 080121-WS**

**DATE SERVED: June 30, 2008**

**AQUA UTILITIES FLORIDA, INC.'S RESPONSES AND OBJECTIONS  
TO CITIZENS' SECOND REQUEST FOR PRODUCTION OF DOCUMENTS  
TO AQUA UTILITIES FLORIDA, INC. (Nos. 9-123)**

Aqua Utilities Florida, Inc. ("AUF"), by and through their undersigned counsel and pursuant to Rule 28-106.206, Florida Administrative Code, and Rule 1.350, Florida Rules of Civil Procedure, hereby serves its responses and objections to the Second Request for Production of Documents to AUF (Nos. 9-123) propounded by the Office of Public Counsel on behalf of Citizens of the State of Florida ("OPC") on May 29, 2008.

**PRELIMINARY STATEMENT**

By responding to OPC's First Request for Production ("Requests"), AUF does not waive its right to challenge the relevance, materiality, and admissibility of the information or documents provided, or to object to the use of the information or documents in any subsequent proceeding, trial, or hearing in this action.

AUF's search for information and documents is ongoing. Accordingly, AUF's responses to these Requests are based on information and documents known to it at this time. AUF reserves its right to supplement or amend its responses and its production at any time prior to final hearing. These Responses are limited to and filed on behalf of AUF.



## GENERAL OBJECTIONS

1. With respect to the "Definitions" and "Instructions" in the Requests, AUF objects to any definitions or instructions that are inconsistent with AUF's discovery obligations under applicable rules. If some question arises as to AUF's discovery obligations, AUF will comply with applicable rules and not with any of OPC's definitions or instructions that are inconsistent with those rules.

2. AUF objects to any definition or request that seeks to obligate persons or entities who are not parties to this action or that are not subject to discovery under applicable rules.

3. AUF also objects to any request that purports to require AUF or its experts to prepare studies, analyses, or to do work for OPC that has not been done for AUF.

4. AUF generally objects to any request that calls for data or information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law.

5. AUF reserves the right to supplement any of its responses to OPC's Request if AUF cannot locate the answers immediately due to their magnitude and the work required to aggregate them, or if AUF later discovers additional responsive information in the course of this proceeding. By making these general objections at this time, AUF does not waive or relinquish its right to assert additional general and specific objections to OPC's discovery.

6. AUF objects to OPC's representation in the Requests that it propounds only one hundred fourteen (114) specific requests for production of documents. The Requests, when subparts and compound requests are counted, demand production of approximately three hundred seventeen (317) separate categories of documents, not one hundred fourteen (114). AUF objects to any attempt by OPC to evade numerical limitations on the number of requests for

production allowed in this docket by using compound and/or multiple requests and subparts within individually numbered requests.

7. AUF objects to these Requests, individually and generally, to the extent the requested documents and/or information is in the public domain or equally accessible to OPC and Citizens.

8. By making these responses herein, AUF does not concede that any request is relevant to this action or is reasonably calculated to lead to the discovery of admissible evidence. AUF expressly reserves the right to object to further discovery into the subject matter of any of these requests, to the introduction of evidence of any response or portion thereof, and to supplement its responses should further investigation disclose responsive information.

9. In responding to these Requests, AUF has made a reasonable inquiry of those persons likely to possess information responsive thereto and has conducted a reasonable search of those records in AUF's possession, custody, or control where the requested information would likely be maintained in the ordinary course of business. To the extent that OPC requests ask AUF to go to greater lengths, AUF objects to because such requests are overly broad, unduly burdensome, and unreasonable.

10. AUF objects to these Requests to the extent that any seek 2008 data outside of pro forma adjustments.

11. In responding to these Requests, AUF does not waive the foregoing objections, or the specific objections that are set forth in the responses to particular requests.

#### **DOCUMENTS REQUESTED**

9. Provide copies of any contracts with anyone who will or might testify in this case on behalf of the Company.

**RESPONSE TO REQUEST NO. 9:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.**

10. Please provide copies of current resumes or curriculum vitae of all expert witnesses who may be called at the final hearing in this case.

**RESPONSE TO REQUEST NO. 10:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.**

11. Please provide all correspondence between the Company and its consultants, Aqua America, Inc., and lawyers, for the services shown on Schedule B-10. This would include but not be limited to engagement letters, RFPs, responses to RFPs, etc.

**RESPONSE TO REQUEST NO. 11:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this request are provided in response to Request No. 9.**

12. Please provide copies of all e-mail, memoranda, notes, spreadsheets, workpapers, and written responses to audit requests provided to the FPSC auditors during their affiliate and rate case audits. Please provide all workpapers in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 12:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 3, which documents include all affiliated interest information provided to the FPSC auditors as of June 18, 2008.

13. Please provide an electronic searchable copy of the Company's prefiled testimony.

**RESPONSE TO REQUEST NO. 13:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.

14. Please provide all documents supporting the pro-forma plant additions/improvements to Plant in Service, including but not limited to: invoices, budgets, budget requisitions, signed contracts, bids if the project has not been completed, any requirements of the DEP for the proposed plant additions, and any other documents management relies upon for evaluating plant additions and improvements. Please provide the data in electronic format, if available.

**RESPONSE TO REQUEST NO. 14:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1. Please also refer to Request No. 36 for meter information. AUF will respond to the remainder of this Request within 15 days, pursuant to agreement of counsel.

15. Please provide a copy of the December 31, 2006, and December 31, 2007, trial balance, in the most detailed format available, for the water and wastewater operations of the Company. This would include a balance sheet and the income and expenses for the twelve months ended December 31, 2006, and December 31, 2007. Provide the monthly trial balances for each month of 2008 that is available. Provide the requested documents in electronic spreadsheet format (if applicable).

**RESPONSE TO REQUEST NO. 15:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.

16. Please provide for the years 2005 and 2006 the an electronic version of the detailed general ledger for AUF, Aqua America, Inc., and Aqua Services, Inc., with the ability to select specific transactions recorded in the year.

**RESPONSE TO REQUEST NO. 16:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 2.

17. Please provide a mapping of the Company's Chart of Accounts to NARUC accounts, in electronic format, if available.

**RESPONSE TO REQUEST NO. 17:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request

are provided on attached CD No. 1, which includes a listing of all accounting units in Florida (AUF and other systems) as well as the chart of accounts (the Company uses the NARUC Uniform System of Accounts for Class A Water Utilities).

18. Please provide a copy of each adjusting journal entry made in response to the Company's independent auditors' final recommendations in their most recent audit of Aqua America, Inc., Aqua Services, Inc., and Aqua Utilities of Florida. Include supporting documentation. Also identify and provide adjusting journal entries included in the independent auditors' final recommendations that were not accepted by or made by Aqua America, Inc., Aqua Services, Inc., and Aqua Utilities of Florida, along with a description of why the adjustment was not accepted or made. Provide the requested information for 2006 and 2007.

**RESPONSE TO REQUEST NO. 18:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which includes the adjustments identified and accepted by management and the company during the year end 2006 and 2007 accounting close of Aqua America, Inc. and subsidiaries, including adjustments, if any, that were identified by the Company's independent auditors (there were no separate recommendations by the independent auditors).

19. Please provide a copy of the Company's management letters and recommendations received from the Company's independent auditors for the years 2006 and 2007.

**RESPONSE TO REQUEST NO. 19:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which includes the quarterly required communications from the Company's outside auditors to the Audit Committee for the Board of Directors for 2006 and 2007.

20. Please provide the tax returns for Aqua America, Inc., for the years 2005-2007.

**RESPONSE TO REQUEST NO. 20:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this request are provided in response to Request No. 23.

21. Please provide the tax returns for ASI and Florida Water Service for the years 2002-2004 and any correspondence on IRS audits conducted on the years 2000-2004.

**RESPONSE TO REQUEST NO. 21:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include the tax returns for 2003 and 2004 (Aqua does not have any earlier tax returns because Aqua did not own these entities prior to 2003).

22. Provide all correspondence on IRS audits of Aqua America, Inc., conducted on the years 2005-2007.

**RESPONSE TO REQUEST NO. 22:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.

23. Please provide Form 1120 from Aqua America, Inc.'s tax returns for the years 2004, 2005, 2006, and 2007.

**RESPONSE TO REQUEST NO. 23:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include the 2004, 2005 and 2006 years (the return for tax year 2007 has not yet been filed).

24. For each unregulated subsidiary owned by Aqua America, Inc., please provide financial statements (income statements and balance sheets with notes to both) for 2005, 2006, and 2007.

**RESPONSE TO REQUEST NO. 24:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include unaudited financial statements for unregulated subsidiaries owned by Aqua America, Inc. that are identified separately for book purposes in our annual SEC reporting consolidation process.



25. For each unregulated subsidiary owned by Aqua Services, Inc., please provide financial statements (income statements and balance sheets with notes to both) for 2005, 2006, and 2007.

**RESPONSE TO REQUEST NO. 25:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that Aqua Services, Inc. does not have any unregulated subsidiaries.**

26. Provide Aqua America, Inc.'s most recently prepared strategic plans and/or similar documents that address the future goals and objectives of Aqua America, Inc., and its subsidiaries.

**RESPONSE TO REQUEST NO. 26:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Request within 15 days, pursuant to agreement of counsel.**

27. Please provide the minutes of any business development or acquisition committee meetings conducted during the last 18 months.

**RESPONSE TO REQUEST NO. 27:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that there are no minutes of any business development or acquisition committee meetings conducted during the last 18 months.**

28. Please provide any internal correspondence that addresses the acquisitions and divestitures currently pending or proposed for the next two years.

**RESPONSE TO REQUEST NO. 28:**

The General Objections stated above are incorporated herein by reference. AUF also objects to this Request on the basis that any correspondence regarding pending or proposed acquisitions and/or divestitures is confidential and highly proprietary information that is outside the scope of this rate proceeding. AUF further objects that this Request is overly broad, speculative, irrelevant and highly burdensome for AUF to be able to respond.

29. Please provide a copy of the agreement and all attachments and amendments with Mopac of Souderton referred to in the press release dated May 19, 2008.

**RESPONSE TO REQUEST NO. 29:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.

30. Please provide all documents in your possession, custody or control that discuss the arrangements between Aqua Wastewater Management, Inc., and Mopac of Souderton.

**RESPONSE TO REQUEST NO. 30:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.

31. Provide all documents and responses to informal and formal requests provided to the Staff of the FPSC in connection with the instant docket and all dockets of Aqua Utilities Florida, Inc., currently before the FPSC.

**RESPONSE TO REQUEST NO. 31:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that all documents in the instant docket have either been provided previously or are available on the Florida Public Service Commission website [www.floridapsc.com](http://www.floridapsc.com). All documents in all other open dockets are also available on the Florida Public Service Commission website [www.floridapsc.com](http://www.floridapsc.com). Currently the following dockets are before the FPSC: 080311-WS; 080167-WS; 080121-WS; 070739-WS; 060368-WS. Further, the Office of Public Counsel has been involved in both Docket Nos. 060368-WS and 080121-WS and has received all documents filed with the FPSC. There are also numerous discovery questions, both production of documents and interrogatories related to both Docket Nos. 080167-WS and 070369-WS in the instant docket.

32. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the interest rate that would be charged to AUF by outside investors.

**RESPONSE TO REQUEST NO. 32:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.

33. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, documenting the Company's current policies and procedures in place to accomplish operational efficiencies.

**RESPONSE TO REQUEST NO. 33:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.

34. Please provide any documents that address Aqua America, Inc.'s future plans to improve operational efficiencies.

**RESPONSE TO REQUEST NO. 34:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this request are provided in response to Request No. 26 (Aqua America, Inc. Five Year Plan).

35. Please provide any written policies and procedures that explain Aqua America's capital and expense budgeting process, from approval by the Board of Directors to the implementation and distribution of the budget to the state level.

**RESPONSE TO REQUEST NO. 35:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.

36. Please provide all documents in your possession, custody, or control that discuss the Company's meter change out program.

**RESPONSE TO REQUEST NO. 36:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request

are provided on attached CD No. 1, which documents include the bid documents and contacts for the 2007 & 2008 meter change-out program.

37. Provide all documents in your possession, custody, or control that set forth the terms of any contracts (including all attachments and amendments) between the Company, its parent company Aqua America, Inc., its affiliates, and its service company Aqua Services, Inc., for services rendered to or by either for 2005, 2006, 2007, and 2008 to-date.

**RESPONSE TO REQUEST NO. 37:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include copies of the Service Company Agreements between Aqua Utilities Florida, Inc. and Aqua Services, Inc. (there was no written agreement prior to the August 6, 2006 agreement).

38. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, documenting the Company's national contracts for vendors used to provide products/services to Aqua.

**RESPONSE TO REQUEST NO. 38:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 2, which documents include the National Contract.

39. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, documenting the Company's statewide contracts for vendors used to provide products/services to Aqua.

**RESPONSE TO REQUEST NO. 39:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Request were informally provided directly to OPC on June 30, 2008, pursuant to agreement of counsel. A bates stamped version of the same documents will be provided within 15 days.

40. For systems where the operations of the water and wastewater systems are contracted out, please provide the contract for these services for the years 2005, 2006, and 2007. Please provide this data in electronic format.

**RESPONSE TO REQUEST NO. 40:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that the following systems have verbal contacts for operating services:

1. ArroMark Corp - primarily for the Florida Commerce Center facilities;
2. Lake Osbourne Water System – one (1) contract operator and one (1) contract manager are retained under an existing long standing verbal contract agreement on a month to month basis;
3. Pugh Utilities, Inc. provides contract operations for: Peace River WTF; Lake Josephine WTF; & Sebring lakes WTF under an existing long standing verbal month to month contract;
4. Wendell Faircloth Jr. & Sr. provide contract operations for the Leisure Lakes WTF and Leisure Lakes WWTP under an existing long standing month to month verbal contract;

and the following system has a written contract:

South Seas Resort - Florida Utility Group's proposal for contract services to operate Aqua's South Seas WWTP.

Bates stamped documents responsive to this request are provided on attached CD No. 1.

41. Please provide the contracts between each Aqua America, Inc., affiliate that provides contract operator services, consulting services, or management service and the company to which these services are provided.

**RESPONSE TO REQUEST NO. 41:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.

42. For each system where the Company has contracted out a new sludge hauling agreement during 2007 or 2008, please provide the new and old sludge hauling contract.

**RESPONSE TO REQUEST NO. 42:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.

43. Please provide all documents documenting the Company's existing insurance contracts.

**RESPONSE TO REQUEST NO. 43:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.

44. Provide a copy of any documentation (formal and/or informal) and/or policy and procedures manuals that address how costs are allocated or charged by AUF to its various water and wastewater systems.

**RESPONSE TO REQUEST NO. 44:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that AUF does not have a procedures manual for how costs are allocated or charged by AUF to its various water and wastewater systems. Appendix 1 of the MFRs reflects the current procedures being followed.**

45. Please provide documentation for all costs directly assigned to the Company by its affiliates including the type of cost and basis for assignment. Provide each and every document related to affiliate costing guidelines and related studies utilized or relied on for comparison with or analysis of cost allocation practices affecting the Company in this proceeding.

**RESPONSE TO REQUEST NO. 45:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1. AUF also refers OPC to Appendix 1 to the MFRs.**

46. Please provide the workpapers, calculations, and all necessary documents that would allow an individual to recompute the amounts allocated to AUF by Aqua America, Aqua Services, and any other affiliate/subsidiary that allocated costs to AUF, for 2005, 2006, 2007, and for each month of 2008. The information provided should allow one to recompute the allocation factors and redistribute all costs that have been charged to AUF by Aqua America, Aqua Services, and any other affiliate that charges costs to AUF. The information provided should allow one to recompute allocations and then carry any associated adjustments, by system, to the expense and rate base items included in the instant rate proceeding. Please provide the requested information in electronic spreadsheet format with all formulas and links intact. The



above request includes, but is not limited to: by affiliate, the total dollars by general ledger account number to be allocated, the name of the general ledger account, the allocation factor applied to each account, the calculation of the allocation factor including the numerator for each company that is allocated a portion of the cost and the denominator of the allocation factor, and a description of the allocation factor. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 46:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this request are provided in response to Request No. 52 (2005 & 2006), which response provides the amounts allocated to AUF by Aqua America, Aqua Services, and any other affiliate/subsidiary that allocated costs to AUF. AUF also refers OPC to MFR Appendix 1 for 2007. Included therein is the total dollars by general ledger account number to be allocated, the name of the general ledger account, the allocation factor applied to each account, the calculation of the allocation factor including the numerator for each company that is allocated a portion of the cost and the denominator of the allocation factor, and a description of the allocation factor. Electronic files will be provided shortly but these files are not interactive and not electronically linked to the MFRs. Making any changes in a plug and play mode will not change any other schedules and will not make any net changes to the MFRs. The MFRs capture what was recorded, these files did not drive any of those postings.

47. Please provide the workpapers, calculations, and all other necessary documents that would allow an individual to adjust the amounts directly charged to AUF by Aqua America, Aqua Services, and any other affiliate/subsidiary for 2005, 2006, 2007, and for each month of

2008. The information provided should allow one to redistribute direct charges that have been charged by AUF to its various systems in Florida. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 47:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this request are provided in response to Request No. 52 (2005 & 2006), which response provides the amounts directly charged to AUF by Aqua America, Aqua Services, and any other affiliate/subsidiary that allocated costs to AUF. AUF also refers OPC to MFR Appendix 1 for 2007. Electronic files will be provided shortly but these files are not interactive and not electronically linked to the MFRs. Making any changes in a plug and play mode will not change any other schedules and will not make any net changes to the MFRs. The MFRs capture what was recorded, these files did not drive any of those postings.**

48. Please provide the workpapers, calculations, and all other necessary documents that would allow an individual to recompute the amounts allocated to each relevant AUF system by AUF for 2005, 2006, 2007, and each month of 2008. The information provided should allow one to recompute the allocation factors and redistribute all costs that have been charged by AUF to its various systems in Florida. The information provided should allow one to recompute allocations and then carry any associated adjustments, by system, to the expense and rate base items included in the instant rate proceeding. Please provide the requested information in electronic spreadsheet format with all formulas and links intact. The above request includes, but is not limited to: the total dollars by general ledger account number to be allocated, the name of the general ledger account, the allocation factor applied to each account, the calculation of the

allocation factor including the numerator for each system that is allocated a portion of the cost and the denominator of the allocation factor, and a description of the allocation factor. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 48:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this request are provided in response to Request No. 52 (2005 & 2006), which response provides the amounts allocated to each relevant AUF system. AUF also refers OPC to MFR Appendix 1 for 2007. Included therein is the total dollars by general ledger account number to be allocated, the name of the general ledger account, the allocation factor applied to each account, the calculation of the allocation factor including the numerator for each company that is allocated a portion of the cost and the denominator of the allocation factor, and a description of the allocation factor. Electronic files will be provided shortly but these files are not interactive and not electronically linked to the MFRs. Making any changes in a plug and play mode will not change any other schedules and will not make any net changes to the MFRs. The MFRs capture what was recorded, these files did not drive any of those postings.**

49. Please provide the workpapers, calculations, and other necessary documents that would allow an individual to adjust the amounts directly charged to each relevant AUF system by AUF for 2005, 2006, 2007, and each month of 2008. The information provided should allow one to redistribute direct charges that have been charged by AUF to its various systems in

Florida. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 49:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this request are provided in response to Request No. 52 (2005 & 2006), which response provides the amounts directly charge to each relevant AUF system by AUF. AUF also refers OPC to MFR Appendix 1 for 2007. Electronic files will be provided shortly but these files are not interactive and not electronically linked to the MFRs. Making any changes in a plug and play mode will not change any other schedules and will not make any net changes to the MFRs. The MFRs capture what was recorded, these files did not drive any of those postings.

50. Please provide a list, by system, of activities AUF employees billed to each system and the amounts booked for 2005, 2006, 2007, and monthly for 2008. Also provide the accounts those expenses were booked to. Please provide the requested information in electronic spreadsheet format with all formulas and linked files intact.

**RESPONSE TO REQUEST NO. 50:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that only non-expense and below-the-line Wage & Salary expenses were billed by activity to each system in 2005, 2006, & 2007 and these are not included in the instant filing.

51. Please provide a list by system of sundry expenses either allocated or directly charged to each system and the activities associated with each sundry expense for 2005, 2006, 2007, and monthly for 2008. If the sundry expenses are allocated, please provide the allocation

factor for each system including both the numerator and denominator for each year requested. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 51:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include a list of sundry expenses either allocated or directly charged to Florida and the activities associated with each sundry expense for 2007 & 2006 respectively (2005 will be provided at a later date). AUF refers OPC to MFR Appendix 1 for 2007 (Bates stamped pages 23 through 28), which show that all sundry expenses are allocated to the systems with the service expenses each month. AUF also refers OPC to its response to Request No. 52 (2006). AUF will respond to the remainder of this Request (2005 and 2006 data) within 15 days, pursuant to agreement of counsel.

52. Please provide the Excel spreadsheet used to allocate the direct and indirect costs for the accounting units associated with the Company for 2005, 2006, 2007, and to-date 2008. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 52:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include like schedules detailing the allocations for 2005 and 2006 from Aqua Services, Inc. to Florida and then to the systems,

as MFR Appendix 1 has provided for 2007 for all direct and indirect costs (the actual allocations themselves are performed monthly through the Lawson allocation module, not through Excel spreadsheets).

53. demonstrate that charges from all unregulated affiliates are provided to the Company at the lower of cost or market.

**RESPONSE TO REQUEST NO. 53:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this request are provided in response to Request No. 45 (charges from the unregulated affiliates to the Company are at cost).

54. Please provide all invoices from Aqua Resources/Aqua Wastewater Management, Inc. to the Company for 2006 and 2007.

**RESPONSE TO REQUEST NO. 54:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this request were informally provided directly to OPC on June 30, 2008, pursuant to agreement of counsel. A bates stamped version of the same documents will be provided within 15 days.

55. Please provide all workpapers and source documents used to prepare Schedule B-12 of the MFRs. The workpapers should allow one to tie the amounts charged from Aqua America, Inc., Aqua Services, Inc., and any other affiliate by account to the amounts depicted on this Schedule.

**RESPONSE TO REQUEST NO. 55:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF directs OPC to Schedule B-12 of the MFRs. B-12, Page 1 of 2, column (9) is a direct link to B-5, p2-5, Page 4 of 5, column (14). B-12, Page 2 of 2, column (9) is a direct link to B-5, p2-5, Page 5 of 5, column (14). B-12, Page 1 of 2, column (10) is a direct link to B-6, p2-5, Page 4 of 5, column (14). B-12, Page 2 of 2, column (10) is a direct link to B-6, p2-5, Page 5 of 5, column (14). B-12, Page 1 of 2, column (13) is supported by Appendix 1, AUF Intercompany and Intracompany Allocations Summary – 2007, Keys 1 through 9 (Bates stamped page # 5). B-12, Page 2 of 2, column (13) is supported by Appendix 1, AUF Intercompany and Intracompany Allocations Summary – 2007, Key 10 (Bates stamped page # 5). All other amounts or percentages are computed directly on the B-12.

56. Please provide a copy of Aqua America, Inc.'s organizational chart showing the relationship between Aqua America, Inc., and all its affiliates/subsidiaries for the years 2005, 2006, and 2007.

**RESPONSE TO REQUEST NO. 56:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include a listing of the direct and indirect subsidiaries of Aqua America, Inc. in 2005, 2006, and 2007. (Note that these lists were produced at different times during these years and incorporated changes that may have occurred earlier in these years.)

57. Please provide a copy of Aqua America, Inc.'s organizational chart depicting job titles and positions in the organization of all employees working for Aqua America, Inc., in 2005, 2006, and 2007.

**RESPONSE TO REQUEST NO. 57:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this request were informally provided directly to OPC on June 30, 2008, pursuant to agreement of counsel. A bates stamped version of the same documents will be provided within 15 days.

58. Please provide a copy of Aqua Services, Inc.'s organizational chart depicting job titles and positions in the organization of all employees working for Aqua Services, Inc., in 2005, 2006, and 2007.

**RESPONSE TO REQUEST NO. 58:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this request were informally provided directly to OPC on June 30, 2008, pursuant to agreement of counsel. A bates stamped version of the same documents will be provided within 15 days.

59. Please provide a copy of the Company's organizational chart showing the job titles and positions in the organization of any and all employees working for the Company for the years 2005, 2006, and 2007.

**RESPONSE TO REQUEST NO. 59:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.



60. Please provide a copy of all of the minutes of the Company's Board of Directors meetings for the years 2006, 2007, and 2008 to-date.

**RESPONSE TO REQUEST NO. 60:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.

61. Please provide a copy of any appraisals of property purchased by for use by the Company that involved an affiliated party. Provide the requested information since 2004.

**RESPONSE TO REQUEST NO. 61:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that there are no appraisals of property purchased for the requested time frame.

62. Please provide a copy of any appraisals of property sold by the Company since 2004.

**RESPONSE TO REQUEST NO. 62:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that there have been no appraisals of property sold in the requested time frame.

63. Please provide any and all documents in your possession, custody or control that address the treatment of negative and/or positive acquisition adjustments related to the Florida systems purchased by Aqua America, Inc.

**RESPONSE TO REQUEST NO. 63:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that the treatment of acquisition adjustments related to the systems purchased by Aqua Utilities Florida from Florida Water Services Corporation are discussed in Order No. PSC-05-1242-PAA-WS, issued December 20, 2005. The order states that "no acquisition adjustment shall be approved for rate-making purposes" and "ORDERED that pursuant to Rule 25-30.0371(3) (b), Florida Administrative Code, an acquisition adjustment shall not be included in rate base." Therefore, there are no negative and/or positive acquisition adjustments associated with any system purchased by Aqua America, Inc., included in the instant rate proceeding.

64. Please provide the purchase and sale agreement concerning the purchases of the Florida systems by Aqua America, Inc. Please provide all memos, reports, meeting minutes, and other documents prepared by or for Aqua America, Inc., concerning the sale and or purchase of any water or wastewater systems in Florida.

**RESPONSE TO REQUEST NO. 64:**

The General Objections stated above are incorporated herein by reference. AUF also specifically objects to this Request as overly broad and burdensome to produce. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include the purchase and sale agreement. Pursuant to agreement of counsel, AUF was granted a 15-day extension to produce any remaining documentation responsive to this Request. AUF will produce such remaining documentation via on-site review during OPC's already-scheduled trip to AUF's place of business.

65. Please provide a listing of each employee charged to administrative salaries and wages, including a detailed description of their duties.

**RESPONSE TO REQUEST NO. 65:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.

66. Provide all documents which describe how compensation and bonuses are developed and paid to employees of Aqua America, Inc., Aqua Services, Inc., and AUF; this includes but is not limited to the short-term and long-term incentive compensation plan and equity-based compensation plans.

**RESPONSE TO REQUEST NO. 66:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include the Aqua America, Inc. and Subsidiaries 2005-2008 Annual Incentive Compensation Plan documents.

67. Provide any analysis, notes, summaries, etc., that were developed during the review of any studies utilized to justify the Company's compensation levels.

**RESPONSE TO REQUEST NO. 67:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include a grid for recommended hiring ranges that was developed based on the analysis of the benchmarking information provided by an outside consultant, Saje Consulting (see attached credentials). The

compensation study for the Facility Operators and Utility Technicians was completed by Saje Consulting. All notes, analysis, documentation are retained by Saje Consulting regarding the benchmarking and grading analysis.

68. Provide the study of competitive market based salary rates described at page 4 of the prefiled testimony of Stan F. Szczygiel and at page 12 of the prefiled testimony of John M. Lihvarcik, along with all documents discussing, analyzing, or commenting on the study.

**RESPONSE TO REQUEST NO. 68:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.

69. Please provide a copy of all minutes (and attachments thereto) and documents provided at the meetings of the Aqua America, Inc., Executive Compensation Committee during 2006, 2007, and 2008.

**RESPONSE TO REQUEST NO. 69:**

The General Objections stated above are incorporated herein by reference. AUF further objects to Request No. on the basis that it requests confidential information that is entitled to confidentiality protection and is the subject of a Motion for Temporary Protective Order, filed with the Commission on June 30, 2008.

70. Please provide all documents relied upon by the Executive Compensation Committee in discharging their duties during 2006, 2007, and 2008.

**RESPONSE TO REQUEST NO. 70:**

The General Objections stated above are incorporated herein by reference. AUF further objects to Request No. on the basis that it requests confidential information that is

**entitled to confidentiality protection and is the subject of a Motion for Temporary Protective Order, filed with the Commission on June 30, 2008.**

71. Provide all documents produced by the Executive Compensation Committee in discharging their duties during 2006, 2007, and 2008.

**RESPONSE TO REQUEST NO. 71:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include the Executive Compensation Committee Report produced by the Executive Compensation Committee of Aqua America, Inc. in discharging its duties during 2006, 2007, and 2008, and which is included in the Aqua America Proxy Statement documents.**

72. Please provide copies of all travel and entertainment expense vouchers of Aqua America, Inc., senior managers, and executives whose costs are allocated or charged to the Company for the year 2007 and 2008 to-date.

**RESPONSE TO REQUEST NO. 72:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Request within 15 days, pursuant to agreement of counsel.**

73. Please provide a summary of the Receivable-Associated Companies and the Payable-Associated Companies by check and/or invoice, respectively for the year 2007.

**RESPONSE TO REQUEST NO. 73:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Request within 15 days, pursuant to agreement of counsel.**

74. Please provide all documentation supporting the Company's requested rate case expense shown on Schedule B-10, including but not limited to all invoices from consultants, witnesses, and counsel.

**RESPONSE TO REQUEST NO. 74:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.**

75. Please provide all bills from wholesale providers of water and wastewater service to the systems included in the instant rate proceeding. Please provide the requested information for the period January 2006 through March 2008.

**RESPONSE TO REQUEST NO. 75:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Request within 15 days, pursuant to agreement of counsel.**

76. Please provide all bills from providers of emergency water and/or wastewater service to the systems included in the instant rate proceeding. Please provide the requested information for the period January 2006 through March 2008.

**RESPONSE TO REQUEST NO. 76:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.**

77. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the assumption used to project pay increases for hourly and salaried employees.

**RESPONSE TO REQUEST NO. 77:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, the information responsive to this request is contained in AUF's response to OPC's Interrogatory Request No. 91, produced to OPC on June 30, 2008 (attachment 1 of 1 061308.xls).**

78. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the open positions used and their corresponding wage rates.

**RESPONSE TO REQUEST NO. 78:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that there are no open positions used in the instant docket; therefore, no documents exist. AUF made normalization adjustments to reflect terminations and retirements.**

79. Please provide complete copies of bonus programs or incentive award programs in effect for the Company for 2005, 2006, 2007, and 2008 to-date.

**RESPONSE TO REQUEST NO. 79:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this request are provided in response to Request No. 66.

80. Please provide the two most recent pension actuarial reports prepared for the Company or its parent or affiliates.

**RESPONSE TO REQUEST NO. 80:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include the two most recent pension actuarial reports prepared for the Aqua America, Inc. by our Actuary, Towers Perrin.

81. Please provide the two most recent PBOP actuarial reports prepared for the Company or its parent or affiliates.

**RESPONSE TO REQUEST NO. 81:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include the two most recent PBOP actuarial reports prepared for the Aqua America, Inc. by our Actuary, Towers Perrin. There are two PBOP Actuarial Reports for each year, one for Aqua America, Inc. and one for Consumer Water Company.

82. Please provide the assumptions used by the Company (or its parent or affiliates) and its actuaries regarding the pension and PBOP costs for the test year that are included in the



filing. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 82:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include Actuarial Reports. The assumptions used for the Aqua America, Inc. Pension Plan are identified in Section SI - 8 to SI - 12 in the attached Actuarial Report titled "Aqua America, Inc. Retirement Income Plan for Aqua America, Inc. and Subsidiaries - Pension Cost for Fiscal Year Ending December 31, 2007" (July 2007). The assumptions used for the Aqua America, Inc. PBO Plan are identified in Section SI -11 to SI - 15 in the attached Actuarial Report titled "Aqua America, Inc. Postretirement Welfare Plans - Postretirement Welfare Cost for Fiscal Year Ending December 31, 2007" (September 2007) and also in Section SI-9 to SI - 11 in the attached Actuarial Report titled "Consumer Water Company Retiree Welfare Plan - Postretirement Welfare Cost for Fiscal Year Ending December 31, 2007" (September 2007).

83. For purposes of this request, please refer to the 2007 Aqua America, Inc., Annual Report, p. 50, where it is stated:

Our discount rate assumption was determined using a yield curve that was produced from a universe containing over 500 U.S.-issued Aa-graded corporate bonds, all of which were noncallable (or callable with make-whole provisions), and excluding the 10% of the bonds with the highest yields and the 10% with the lowest yields. The discount rate was then developed as the single rate that would produce the same present value as if the Company used spot rates, for various time periods, to discount the projected pension benefit payments. The Company's pension expense and liability (benefit obligations) increases as the discount rate is reduced. A 25 basis-point reduction in this assumption would have increased 2007 pension expense by \$764 and the pension liabilities by \$7,500. The present values

of Aqua America's future pension and other post retirement obligations were determined using discount rates of 6.25% at December 31, 2007 and 5.90% at December 2006. Our expense under these plans is determined using a discount rate as of the beginning of the year, which was 5.90% for 2007 and will be 6.25% for 2008.

Please provide any and all documents which discuss the implications of a higher discount rate on the Company's future pension and benefits expenses.

**RESPONSE TO REQUEST NO. 83:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include an email exchange, dated February 1, 2008, from our Actuary, Towers Perrin, that speaks to the sensitivity analysis they performed to arrive at the impact of a 25 basis-point reduction in the discount rate, namely an increase in pension expense and benefit obligations of \$764k and \$7.5m, respectively. Towers did not perform a sensitivity analysis on the impact of a higher discount rate.

84. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's actual 2007 and 2008 to-date employee 401K savings expense.

**RESPONSE TO REQUEST NO. 84:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Request within 15 days, pursuant to agreement of counsel.

85. Please provide copies of all advertisements published in newspapers or other media, radio script advertisements, and TV script advertisements published by or for the Company in 2006, 2007, and 2008 to-date. Provide the invoices associated with each of these advertisements.

**RESPONSE TO REQUEST NO. 85:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include an attachment for an advertisement that appeared in the Florida Insider magazine. The advertisement ran one time and cost \$1,050. AUF does not have a copy of the invoice for this advertisement.

86. Please provide any studies or preliminary assessments performed by the Company that quantifies the impact weather had on test year revenue and expenses.

**RESPONSE TO REQUEST NO. 86:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that there are no studies or preliminary assessments performed by the Company that quantifies the impact weather had on test year revenue and expenses.

87. Please provide a copy of any documents which set forth rainfall data collected at the Company's plant sites.

**RESPONSE TO REQUEST NO. 87:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that there are no documents which set forth rainfall data collected at the Company's plant sites.

88. Please provide the capital expenditure budget, net of CIAC, for 2006; actual capital expenditures, net of CIAC, for 2006; the capital expenditure budget, net of CIAC, for 2007; any updates to the capital expenditure budget, net of CIAC, for 2007; actual capital expenditures to date, net of CIAC, for 2008, and any updates to the capital expenditure budget, net of CIAC, for 2008; and actual capital expenditures to date, net of CIAC, for 2008. Provide the data by month and by system in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 88:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, the documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 5, produced to OPC on June 27, 2008.

89. Please provide all source documents, workpapers, and electronic spreadsheets with all formulas and links intact supporting the retirements made for the ASI portion of the Company's assets. Please provide for each system the actual retirements recorded for 2006, 2007, year-to-date 2008, and as projected for 2008.

**RESPONSE TO REQUEST NO. 89:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF will respond to this Request within 15 days, pursuant to agreement of counsel.

90. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the capitalization rate used in calculating the non-O&M expense portion of Labor Expense.

**RESPONSE TO REQUEST NO. 90**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.

91. Please provide workpapers and supporting documents in electronic spreadsheet format with all formulas and links intact that show the correct amount of AFUDC that should be included in the Company's rate base, by system and USOA account, as a result of the Commission's decisions in Docket Numbers 60693-WS and 06819-WS.

**RESPONSE TO REQUEST NO. 91:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD Nos. 1 and 2, which documents include the following:

- Attachment 1 is a workpaper file in electronic spreadsheet format showing the correct amount of AFUDC that is in the Company's rate base, by system and USOA account, as a result of the Commission's decisions in Docket Numbers 060693-WS and 060819-WS.
- Attachment 2 is an April 2007 Journal Entry to record AFUDC for the months of October 2006 through March 2007.
- Attachment 3 is a workpaper file in electronic spreadsheet format showing the detailed calculation of the correct amount of AFUDC in support of the April 2007 Journal Entry mentioned above.
- Attachment 4 is an AFUDC Calculation Report which is being provided to support the AFUDC calculation for the months of April 2007 through December 2007.

92. Please provide all workpapers and documents used by the Company in the development of its used and useful calculations. Please provide the same spreadsheet with all formulas and links intact that will allow one to view all tabs with the correct data in each cell. Provide any updates to this spreadsheet.

**RESPONSE TO REQUEST NO. 92:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, the documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 4, produced to OPC on June 27, 2008 (data and calculations are in the file "F5-10.xls").

93. Please provide all workpapers supporting all used and useful adjustments. Please provide all workpapers in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 93:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, the documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 3, produced to OPC on June 27, 2008. (All adjustments are calculated within the master MFR calculation file, "Mstr\_Schdls\_A-G\_08.xls.")

94. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, for the Company's actual number of ERCs, by customer class, by system, for each month in 2006 and 2007 and each month of 2008.

**RESPONSE TO REQUEST NO. 94:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include the electronic spreadsheet used to compile the Company's number of ERCs from various source documents which provided the number of active and inactive connections for 2006 and 2007.

95. For each system that provides reuse without a charge, please provide all studies and analyses undertaken by or for the Company to assess the reasonableness of setting a reuse rate for these systems.

**RESPONSE TO REQUEST NO. 95:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that there are no systems that provide reuse without a charge; therefore there are no studies or analyses undertaken by or for AUF to assess the reasonableness of setting a reuse rate for the systems providing public access reuse at no charge.

96. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's development of its proposed water and wastewater rates.

**RESPONSE TO REQUEST NO. 96:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, the documents responsive to this request are contained in AUF's response to OPC's Request for Production Nos. 2, 3 and 4, produced to OPC on June 27, 2008 as a package of all source data files and processing files, which are all interrelated. The file MiniModel.xls calculates Interim rates. The file Mstr\_Schdls\_A-G\_08.xls generates the 59 MFRs (calculating standalone rates in the process). The file Mstr\_Groups\_08.xls combines the results of all MFRs to calculate proposed consolidated rates. AUF also directs OPC to AUF's response to OPC's Interrogatory Request No. 100, produced to OPC on June 30, 2008, which includes instructions on running the models that are contained in READ ME tabs in the Mstr files.

97. Please provide copies of any employee newsletters distributed by the Company for the years 2006, 2007, and 2008 to-date.

**RESPONSE TO REQUEST NO. 97:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that the Company did not distribute any newsletters during this time frame.

98. Please provide any inserts distributed to customers in Florida for the years 2007 and 2008 to-date.

**RESPONSE TO REQUEST NO. 98:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that the Company has not provided any inserts during this time frame.

99. With respect to each and every capital additions to plant in 2007 and as budgeted for 2008, please provide, by system, all cost benefit analyses (formal or informal), budget requisitions, and any other documents that discuss or analyze the cost and benefit of the blanket work order and/or the need for the capital additions resulting from the blanket work order.

**RESPONSE TO REQUEST NO. 99:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, the information responsive to this request is contained in AUF's response to OPC's Interrogatory Request No. 8, produced to OPC on June 30, 2008. AUF will respond to the remainder of this Request (information other than meters) within 15 days, pursuant to agreement of counsel.



100. With respect to each and every capital addition to plant in 2007 and projected for 2008, please provide all workpapers and all documents that quantify the cost savings to customers. Please provide all workpapers in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 100:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, the information responsive to this request is contained in AUF's response to OPC's Interrogatory Request No. 9 (cost savings to customers with regard to meter replacements in 2007 and projected for 2008), and OPC's Interrogatory Request No. 26 (cost savings to customers with regard to hardware and software purchases in 2007 and projected for 2008), produced to OPC on June 30, 2008. AUF will respond to the remainder of this Request (information other than meters) within 15 days, pursuant to agreement of counsel.

101. Please provide outlines, agendas, minutes, and any other documentation of the town hall meetings conducted by the Company during 2007 and 2008.

**RESPONSE TO REQUEST NO. 101:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this request are provided in response to Request No. 102.

102. Please provide all invoices and other documentation supporting the Company's requested recovery of expenses related to the town hall meetings.

**RESPONSE TO REQUEST NO. 102:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD Nos. 1 and 2. AUF further states that the documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 2 (attachment 13 of 15), produced to OPC on June 27, 2008.

103. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the cost savings realized by each system through Radio Frequency conversion.

**RESPONSE TO REQUEST NO. 103:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, the documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 2 (Attachment 8 of 15), produced to OPC on June 27, 2008. This supports AUF's pro forma adjustment to remove all outside contracted meter readers.

104. Please provide any documentation which describe the new metering system the Company is putting in place in Florida and the planned conversion schedule.

**RESPONSE TO REQUEST NO. 104:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, the information responsive to this request is contained in AUF's response to OPC's Interrogatory Request No. 24, produced to OPC on June 30, 2008.

105. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, used to develop the charts "FL AUF Water Consol Bill Analysis" and "FL AUF Sewer Consol Bill Analysis" handed out at the April 9, 2008, informal meeting.

**RESPONSE TO REQUEST NO. 105:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF directs OPC to AUF's response to Request No. 96, which is responsive to this Request as well. The charts to which that response refer are part of the Excel file (Mstr\_Groups\_08.xls, mentioned above), which calculates the proposed consolidated rates and includes the accounting data and workpapers. (The values used in the April 9 charts were for comparison purposes based on 2006 data and estimates, and are not from a filing. The values in the current file reflect the 2007 proforma data, as the charts are interrelated to the running of the MFRs.)

106. Please provide copies of all instructions and directives provided to employees, including assumptions, directives, manuals, policies and procedures, and timelines, in connection with the instant rate proceeding.

**RESPONSE TO REQUEST NO. 106:**

The General Objections stated above are incorporated herein by reference. AUF also objects to this Request on the basis that any such instructions and directives given in connection with the instant rate proceeding are confidential and protected information.

107. Please provide written operating plans that describe the Company's goals and objectives for the test year through 2009.

**RESPONSE TO REQUEST NO. 107:**

The General Objections stated above are incorporated herein by reference. AUF further objects to this Request on the basis that it requests confidential information that is entitled to confidentiality protection and is the subject of a Motion for Temporary Protective Order, filed with the Commission on June 30, 2008.

108. Please provide all written policies and procedures concerning notes and accounts payable to associated companies.

**RESPONSE TO REQUEST NO. 108:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include the Executive to the Intercompany SettleViaNet Manual for recording and settling accounts payable/receivable to affiliated companies Summary (Attachment 2 of 2). AUF also directs OPC to AUF's response to Request No. 37 (Affiliated Interest Agreement).

109. For purposes of this request, please refer to the 2007 Aqua America, Inc., Annual Report, p. 6, where it is stated:

Acquisitions – The AquaSource, Heater Utilities, Inc. and Florida Water Services acquisitions (generally referred to as our Aqua South operations) increased our operating expense ratio due to the operating revenues generated by these operations being accompanied by a higher ratio of operations and maintenance expenses as compared to the rest of the pre-existing, more densely-populated and integrated Aqua America operations. The Aqua South operations can be characterized as having relatively higher operating costs to fixed capital costs, in contrast to the rest of the Aqua America operations which generally consist of larger, interconnected systems, with higher fixed capital costs (utility plant investment) and lower operating costs per customer. In addition, we completed several acquisitions of companies that provide on-site septic tank pumping and sludge hauling services during 2006. The cost-structure of these businesses differs from our utility companies in that these businesses have a much higher ratio of operations and maintenance expenses to operating revenues and a lower-degree of

capital investment and consequently a lower ratio of fixed capital costs (plant investment requirements are lower) versus operating revenues. As a result, the ratio of operating income compared to operating revenues is not comparable between the businesses. The non-regulated wastewater and septage hauling service business is not a component of our Regulated segment.

Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the effect of the acquisition of the Florida systems has had on the operating expense ratio of Aqua America, Inc.

**RESPONSE TO REQUEST NO. 109:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include an analysis that had been prepared for the 2004 and 2005 Aqua America, Inc. Annual Reports, and served as a basis for the statement in the 2007 report.**

110. In a Press Release dated May 8, 2008 stated: "Aqua America, Inc. (Aqua) announced today that its Florida subsidiaries have purchased a regulated wastewater and a local irrigation system valued at approximately \$1.6 million. The newly acquired wastewater system, which will be operated as a regulated utility, serves approximately 3,000 residents in the Fountain Lakes development in Estero, Lee County, Florida. The company also purchased the community's independent irrigation system, which is supplied by on-site wells and ponds and is used by nearly 1,000 residents. Aqua said it plans to invest approximately \$400,000 over the next several years in capital improvements to the system." Please provide the purchase agreement for this system, including all attachments, exhibits, and amendments.

**RESPONSE TO REQUEST NO. 110:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.**

111. During the Aqua America, Inc., First Quarter 2008 Earnings Call, CEO Nicholas DeBenedictus referred to modeling performed by Chris Franklin regarding efficiency ratios. Please provide the models and all supporting workpapers in electronic spreadsheet format with all formulas and links intact for the time period that the modeling was undertaken. Provide any documents which describe the model and the results of the model.

**RESPONSE TO REQUEST NO. 111:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this request are provided in response to Request No. 109.**

112. Please provide a comparison of operation efficiency levels in the most detailed format available for each operating segment of Aqua America, Inc., for the last three years.

**RESPONSE TO REQUEST NO. 112:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.**

113. For purposes of this request, please refer to the 2007 Aqua America, Inc., Annual Report, p. 50, where it is stated:

Our discount rate assumption was determined using a yield curve that was produced from a universe containing over 500 U.S.-issued Aa-graded corporate bonds, all of which were noncallable (or callable with make-whole provisions),

and excluding the 10% of the bonds with the highest yields and the 10% with the lowest yields. The discount rate was then developed as the single rate that would produce the same present value as if the Company used spot rates, for various time periods, to discount the projected pension benefit payments. The Company's pension expense and liability (benefit obligations) increases as the discount rate is reduced. A 25 basis-point reduction in this assumption would have increased 2007 pension expense by \$764 and the pension liabilities by \$7,500. The present values of Aqua America's future pension and other post retirement obligations were determined using discount rates of 6.25% at December 31, 2007 and 5.90% at December 2006. Our expense under these plans is determined using a discount rate as of the beginning of the year, which was 5.90% for 2007 and will be 6.25% for 2008.

Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting Aqua America, Inc.'s calculation of its discount rate for 2006, 2007, and 2008.

**RESPONSE TO REQUEST NO. 113:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.**

114. For systems where improvements have been mandated by the Florida Department of Environmental Protection, please provide all documents concerning FDEP findings and orders in electronic format.

**RESPONSE TO REQUEST NO. 114:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF directs OPC to Volume No. 5 of the filed Minimum Filing Requirements, which have been provided in this docket as required by Rule 25-30.440(5) and (7), Florida Administrative Code.**

115. Please provide copies of the most recent bond rating agencies' reports on the Company.

**RESPONSE TO REQUEST NO. 115:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that the Company Aqua Utilities Florida Inc. is not rated by any bond agency.

116. Please provide a monthly cash flow source and uses statements used to develop the Company's financing needs over the 2006-2009 time periods. Please provide the monthly statements in both paper and electronic (Microsoft Excel Worksheet) forms. For the Microsoft Excel version, please include all formulas and links intact.

**RESPONSE TO REQUEST NO. 116:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include a schedule which provides the cash flow statements for Aqua Florida, Inc. (consolidated Florida operations) on a quarterly basis for the periods ended September 30, 2006 through March 31, 2008. The cash flow statements are not available for the quarters ended March 31, 2006 and June 30, 2006, as well as the periods ended June 30, 2008 through December 31, 2009.

117. Debt.

a. Please provide all documents, data, and workpapers used to develop the long-term debt cost rate.



b. Please provide the source and methodology for the forecasted interest rates on all 2008 and 2009 financings.

c. Please include all calculations related to the specific cost rates for the different debt issues, as well the computation of the source and amount of the amortization of debt discount and expense. Please provide all data and work papers in electronic (Microsoft Excel Worksheet) forms. For the Microsoft Excel version, please include all formulas embedded in the worksheet.

**RESPONSE TO REQUEST NO. 117:**

**The General Objections stated above are incorporated herein by reference.**

**Without waiving any such objections, AUF states the following:**

- A. Bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include a schedule of long-term debt balances for each issuance as of December 31, 2007 that support the debt cost rate.**
- B. There have been no financings in 2008 as of June 30, 2008.**
- C. The cost of each debt issuance is provided on the schedule attached to Response No. 117(A).**

**118. Please provide copies of all presentations made to rating agencies and investment firms by Aqua America, Inc., between January 1, 2005, and the present.**

**RESPONSE TO REQUEST NO. 118:**

**The General Objections stated above are incorporated herein by reference.**

**Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1.**

**119. Please provide copies of all prospectuses for any security issuances by Aqua America, Inc., since January 1, 2005.**

**RESPONSE TO REQUEST NO. 119:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on attached CD No. 1, which documents include:

- Prospectus dated as of December 16, 2005
- Prospectus Supplement dated as of June 7, 2006
- Prospectus Supplement dated as of August 10, 2006

120. Please provide copies of all studies performed by Aqua America, Inc., or by consultants or investment firms hired by Aqua America, Inc., to assess the Company's financial performance, the performance of AUF relative to other utilities, or the adequacy of AUF's return on equity or overall rate of return.

**RESPONSE TO REQUEST NO. 120:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that no such studies have been performed or exist.

121. Please provide copies of credit reports for Aqua America, Inc., from the major credit rating agencies published since January 1, 2005.

**RESPONSE TO REQUEST NO. 121:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that Aqua America, Inc.'s debt is not rated by the major credit rating agencies.

122. Please provide copies of all correspondence between Aqua America, Inc., and any of the three major bond rating agencies (S&P, Moody's, and Fitch) from January 1, 2005, to the

present. These include copies of letters, reports, presentations, emails, and notes from telephone conversations.

**RESPONSE TO REQUEST NO. 122:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that Aqua America, Inc.'s debt is not rated by any of the three major bond rating agencies.**

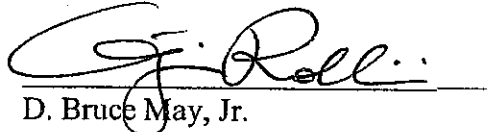
123. Please provide a copy of all written responses and attachments (where available) to these PODs in electronic format. Please provide spreadsheets with all formulas and links intact.

**RESPONSE TO REQUEST NO. 123:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that it has provided a copy of all written responses and attachments to these Requests in electronic format, where available, as well as spreadsheets with all formulas and links intact.**

Dated this 30<sup>th</sup> day of June, 2008.

**HOLLAND & KNIGHT LLP**



D. Bruce May, Jr.

Florida Bar No. 354473

Gigi Rollini

Florida Bar No. 684491

Holland & Knight, LLP

Post Office Drawer 810

Tallahassee, Florida 32302-0810

(850) 224-7000 (Telephone)

(850) 224-8832 (Facsimile)

-and-

Kimberly A. Joyce, Esquire

Aqua America, Inc.

762 West Lancaster Avenue

Bryn Mawr, PA 19010

(610) 645-1077 (Telephone)

(610) 519-0989 (Facsimile)

**Attorneys for Aqua Utilities Florida, Inc.**

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was furnished by hand delivery to the following this 30th day of June 2008:

Charles Beck, Esq.  
Stephen C. Reilly, Esq.  
Office of Public Counsel  
111 West Madison Street  
Room 812  
Tallahassee, Florida 32399-1400

Ralph Jaeger, Esq.  
Katherine Fleming, Esq.  
Caroline Klancke, Esq.  
Office of General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

  
\_\_\_\_\_  
Attorney

# 5435671\_v3

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for increase in water and )  
wastewater rates in Alachua, Brevard, DeSoto, )  
Highlands, Lake, Lee, Marion, Orange, )  
Palm Beach, Pasco, Polk, Putnam, )  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )  
\_\_\_\_\_ )

**DOCKET NO. 080121-WS**

**DATE SERVED: July 16, 2008**

**AQUA UTILITIES FLORIDA, INC.'S SUPPLEMENTAL RESPONSES AND  
OBJECTIONS TO CITIZENS' SECOND REQUEST FOR PRODUCTION OF  
DOCUMENTS TO AQUA UTILITIES FLORIDA, INC.  
(Nos. 12 and 87)**

Aqua Utilities Florida, Inc. ("AUF"), by and through their undersigned counsel and pursuant to Rule 28-106.206, Florida Administrative Code, and Rule 1.350, Florida Rules of Civil Procedure, hereby serves its supplemental responses and objections to the Second Request for Production of Documents to AUF (Nos. 12 and 87), propounded by the Office of Public Counsel on behalf of Citizens of the State of Florida ("OPC") on May 29, 2008.

**PRELIMINARY STATEMENT**

By responding to OPC's First Request for Production ("Requests"), AUF does not waive its right to challenge the relevance, materiality, and admissibility of the information or documents provided, or to object to the use of the information or documents in any subsequent proceeding, trial, or hearing in this action.

AUF's search for information and documents is ongoing. Accordingly, AUF's responses to these Requests are based on information and documents known to it at this time. AUF reserves its right to supplement or amend its responses and its production at any time prior to final hearing. These Responses are limited to and filed on behalf of AUF.

## GENERAL OBJECTIONS

1. With respect to the "Definitions" and "Instructions" in the Requests, AUF objects to any definitions or instructions that are inconsistent with AUF's discovery obligations under applicable rules. If some question arises as to AUF's discovery obligations, AUF will comply with applicable rules and not with any of OPC's definitions or instructions that are inconsistent with those rules.

2. AUF objects to any definition or request that seeks to obligate persons or entities who are not parties to this action or that are not subject to discovery under applicable rules.

3. AUF also objects to any request that purports to require AUF or its experts to prepare studies, analyses, or to do work for OPC that has not been done for AUF.

4. AUF generally objects to any request that calls for data or information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law.

5. AUF reserves the right to supplement any of its responses to OPC's Request if AUF cannot locate the answers immediately due to their magnitude and the work required to aggregate them, or if AUF later discovers additional responsive information in the course of this proceeding. By making these general objections at this time, AUF does not waive or relinquish its right to assert additional general and specific objections to OPC's discovery.

6. AUF objects to OPC's representation in the Requests that it propounds only one hundred fourteen (114) specific requests for production of documents. The Requests, when subparts and compound requests are counted, demand production of approximately three hundred seventeen (317) separate categories of documents, not one hundred fourteen (114). AUF objects to any attempt by OPC to evade numerical limitations on the number of requests for

production allowed in this docket by using compound and/or multiple requests and subparts within individually numbered requests.

7. AUF objects to these Requests, individually and generally, to the extent the requested documents and/or information is in the public domain or equally accessible to OPC and Citizens.

8. By making these responses herein, AUF does not concede that any request is relevant to this action or is reasonably calculated to lead to the discovery of admissible evidence. AUF expressly reserves the right to object to further discovery into the subject matter of any of these requests, to the introduction of evidence of any response or portion thereof, and to supplement its responses should further investigation disclose responsive information.

9. In responding to these Requests, AUF has made a reasonable inquiry of those persons likely to possess information responsive thereto and has conducted a reasonable search of those records in AUF's possession, custody, or control where the requested information would likely be maintained in the ordinary course of business. To the extent that OPC requests ask AUF to go to greater lengths, AUF objects to because such requests are overly broad, unduly burdensome, and unreasonable.

10. AUF objects to these Requests to the extent that any seek 2008 data outside of pro forma adjustments.

11. In responding to these Requests, AUF does not waive the foregoing objections, or the specific objections that are set forth in the responses to particular requests.



**DOCUMENTS REQUESTED**

**Request No. 12:**

12. Please provide copies of all e-mail, memoranda, notes, spreadsheets, workpapers, and written responses to audit requests provided to the FPSC auditors during their affiliate and rate case audits. Please provide all workpapers in electronic spreadsheet format with all formulas and links intact.

**RESPONSE:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, a bates stamped version of the documents responsive to this request and which were provided to OPC on June 30, 2008, are contained on attached CD labeled "Supplemental Response to OPC POD Set 2 #12".

**Request No. 87:**

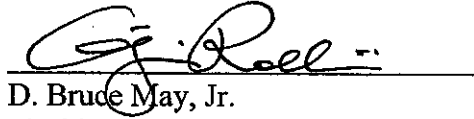
87. Please provide a copy of any documents which set forth rainfall data collected at the Company's plant sites.

**RESPONSE:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents providing AUF's 2007 rainfall data are provided on the attached CD labeled "AUF Response to OPC's 2<sup>nd</sup> PODs, POD #87" and, pursuant to agreement of counsel, a bates stamped version of these same documents will be provided to OPC on July 17, 2008.

Dated this 16th day of July, 2008.

**HOLLAND & KNIGHT LLP**



D. Bruce May, Jr.  
Florida Bar No. 354473  
Gigi Rollini  
Florida Bar No. 684491  
Holland & Knight, LLP  
Post Office Drawer 810  
Tallahassee, Florida 32302-0810  
(850) 224-7000 (Telephone)  
(850) 224-8832 (Facsimile)

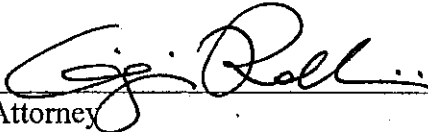
-and-

Kimberly A. Joyce, Esquire  
Aqua America, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010  
(610) 645-1077 (Telephone)  
(610) 519-0989 (Facsimile)

**Attorneys for Aqua Utilities Florida, Inc.**

**CERTIFICATE OF SERVICE**

I hereby certify that the original and a true and correct copy of the foregoing was furnished by hand-delivery and electronic transmission to **Charles Beck, Esq., Office of Public Counsel**, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, beck.charles@leg.state.fl.us; and a true and correct copy of the foregoing was furnished by hand-delivery and electronic transmission to **Ralph Jaeger, Esq., Office of General Counsel, Florida Public Service Commission**, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, RJaeger@psc.state.fl.us; and courtesy copies of the foregoing were furnished by electronic transmission to **Katherine Fleming, Esq.** (keflemin@psc.state.fl.us), **Caroline Klancke, Esq.** (cklancke@psc.state.fl.us), **Erik Sayler, Esq.** (esayler@psc.state.fl.us), this 16th day of July, 2008.

  
Attorney

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for increase in water and )  
wastewater rates in Alachua, Brevard, DeSoto, )  
Highlands, Lake, Lee, Marion, Orange, )  
Palm Beach, Pasco, Polk, Putnam, )  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )  
\_\_\_\_\_)

**DOCKET NO. 080121-WS**

**DATE SERVED: July 14, 2008**

**AQUA UTILITIES FLORIDA, INC.'S SUPPLEMENTAL RESPONSES AND  
OBJECTIONS TO CITIZENS' SECOND REQUEST FOR PRODUCTION OF  
DOCUMENTS TO AQUA UTILITIES FLORIDA, INC.**

**(Nos. 14, 26, 39, 51, 54, 57, 58, 64, 72, 73, 75, 84, 87, 89, 99 and 100)**

Aqua Utilities Florida, Inc. ("AUF"), by and through their undersigned counsel and pursuant to Rule 28-106.206, Florida Administrative Code, and Rule 1.350, Florida Rules of Civil Procedure, hereby serves its supplemental responses and objections to the Second Request for Production of Documents to AUF (Nos. 14, 26, 39, 51, 54, 57, 58, 64, 72, 73, 75, 84, 87, 89, 99 and 100), propounded by the Office of Public Counsel on behalf of Citizens of the State of Florida ("OPC") on May 29, 2008.

**PRELIMINARY STATEMENT**

By responding to OPC's First Request for Production ("Requests"), AUF does not waive its right to challenge the relevance, materiality, and admissibility of the information or documents provided, or to object to the use of the information or documents in any subsequent proceeding, trial, or hearing in this action.

AUF's search for information and documents is ongoing. Accordingly, AUF's responses to these Requests are based on information and documents known to it at this time. AUF reserves its right to supplement or amend its responses and its production at any time prior to final hearing. These Responses are limited to and filed on behalf of AUF.

## GENERAL OBJECTIONS

1. With respect to the "Definitions" and "Instructions" in the Requests, AUF objects to any definitions or instructions that are inconsistent with AUF's discovery obligations under applicable rules. If some question arises as to AUF's discovery obligations, AUF will comply with applicable rules and not with any of OPC's definitions or instructions that are inconsistent with those rules.

2. AUF objects to any definition or request that seeks to obligate persons or entities who are not parties to this action or that are not subject to discovery under applicable rules.

3. AUF also objects to any request that purports to require AUF or its experts to prepare studies, analyses, or to do work for OPC that has not been done for AUF.

4. AUF generally objects to any request that calls for data or information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law.

5. AUF reserves the right to supplement any of its responses to OPC's Request if AUF cannot locate the answers immediately due to their magnitude and the work required to aggregate them, or if AUF later discovers additional responsive information in the course of this proceeding. By making these general objections at this time, AUF does not waive or relinquish its right to assert additional general and specific objections to OPC's discovery.

6. AUF objects to OPC's representation in the Requests that it propounds only one hundred fourteen (114) specific requests for production of documents. The Requests, when subparts and compound requests are counted, demand production of approximately three hundred seventeen (317) separate categories of documents, not one hundred fourteen (114). AUF objects to any attempt by OPC to evade numerical limitations on the number of requests for

production allowed in this docket by using compound and/or multiple requests and subparts within individually numbered requests.

7. AUF objects to these Requests, individually and generally, to the extent the requested documents and/or information is in the public domain or equally accessible to OPC and Citizens.

8. By making these responses herein, AUF does not concede that any request is relevant to this action or is reasonably calculated to lead to the discovery of admissible evidence. AUF expressly reserves the right to object to further discovery into the subject matter of any of these requests, to the introduction of evidence of any response or portion thereof, and to supplement its responses should further investigation disclose responsive information.

9. In responding to these Requests, AUF has made a reasonable inquiry of those persons likely to possess information responsive thereto and has conducted a reasonable search of those records in AUF's possession, custody, or control where the requested information would likely be maintained in the ordinary course of business. To the extent that OPC requests ask AUF to go to greater lengths, AUF objects to because such requests are overly broad, unduly burdensome, and unreasonable.

10. AUF objects to these Requests to the extent that any seek 2008 data outside of pro forma adjustments.

11. In responding to these Requests, AUF does not waive the foregoing objections, or the specific objections that are set forth in the responses to particular requests.

## DOCUMENTS REQUESTED

### Request No. 14:

14. Please provide all documents supporting the pro-forma plant additions/improvements to Plant in Service, including but not limited to: invoices, budgets, budget requisitions, signed contracts, bids if the project has not been completed, any requirements of the DEP for the proposed plant additions, and any other documents management relies upon for evaluating plant additions and improvements. Please provide the data in electronic format, if available.

### RESPONSE:

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, the remaining bates stamped documents to respond to this request are provided on the attached CD labeled, "AUF's Supplemental Responses to OPC's 2nd PODs 7-14-08."**

### Request No. 26:

26. Provide Aqua America, Inc.'s most recently prepared strategic plans and/or similar documents that address the future goals and objectives of Aqua America, Inc., and its subsidiaries.

### RESPONSE:

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on the attached CD labeled, "AUF's Supplemental Responses to OPC's 2nd PODs – 7-14-08."**

**Request No. 39:**

39. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, documenting the Company's statewide contracts for vendors used to provide products/services to Aqua.

**RESPONSE:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this Request were informally provided directly to OPC on June 30, 2008, pursuant to agreement of counsel, and a bates stamped version of the same document is attached hereto on the CD labeled, "AUF's Supplemental Responses to OPC's 2nd PODs – 7-14-08."**

**Request No. 51:**

51. Please provide a list by system of sundry expenses either allocated or directly charged to each system and the activities associated with each sundry expense for 2005, 2006, 2007, and monthly for 2008. If the sundry expenses are allocated, please provide the allocation factor for each system including both the numerator and denominator for each year requested. Please provide the requested information in electronic spreadsheet format with all formulas and links intact.

**RESPONSE:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request, including a list of sundry expenses either allocated or directly charged to Florida and the activities associated with each sundry expense for 2005, are attached hereto on the CD labeled, "AUF's Supplemental Responses to OPC's 2nd PODs – 7-14-08." Bates stamped**



documents responsive to this request as related to 2005 data are also provided on the attached CD labeled, "AUF's Supplemental Responses to OPC's 2nd PODs -- 7-14-08".

**Request No. 54:**

54. Please provide all invoices from Aqua Resources/Aqua Wastewater Management, Inc. to the Company for 2006 and 2007.

**RESPONSE:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, a written response to this request was informally provided directly to OPC on June 30, 2008, pursuant to agreement of counsel, and is formally provided as follows: There are none.

**Request No. 57:**

57. Please provide a copy of Aqua America, Inc.'s organizational chart depicting job titles and positions in the organization of all employees working for Aqua America, Inc., in 2005, 2006, and 2007.

**RESPONSE:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, a written response to this request was informally provided directly to OPC on June 30, 2008, pursuant to agreement of counsel, and is formally provided as follows: A complete organization chart for the periods requested for Aqua America, Inc. and its subsidiaries is not available. There are no copies of the organization of all employees working in 2005, 2006, and 2007. The human resource software used is a real-time program. Formalized organization charts are not retained by the Company.

**Request No. 58:**

58. Please provide a copy of Aqua Services, Inc.'s organizational chart depicting job titles and positions in the organization of all employees working for Aqua Services, Inc., in 2005, 2006, and 2007.

**RESPONSE:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, a written response to this request was informally provided directly to OPC on June 30, 2008, pursuant to agreement of counsel, and is formally provided as follows: A complete organization chart for the periods requested for Aqua America, Inc. and its subsidiaries is not available. There are no copies of the organization of all employees working in 2005, 2006, and 2007. The human resource software used is a real-time program. Formalized organization charts are not retained by the Company.

**Request No. 64:**

64. Please provide the purchase and sale agreement concerning the purchases of the Florida systems by Aqua America, Inc. Please provide all memos, reports, meeting minutes, and other documents prepared by or for Aqua America, Inc., concerning the sale and or purchase of any water or wastewater systems in Florida.

**RESPONSE:**

The General Objections stated above are incorporated herein by reference. AUF also specifically objects to this Request as overly broad and burdensome to produce. Without waiving any such objections, AUF will produce the remaining documentation to

**respond to this request via on-site review during OPC's already-scheduled trip to AUF's place of business.**

**Request No. 72:**

72. Please provide copies of all travel and entertainment expense vouchers of Aqua America, Inc., senior managers, and executives whose costs are allocated or charged to the Company for the year 2007 and 2008 to-date.

**RESPONSE:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on the attached CD labeled, "AUF's Supplemental Responses to OPC's 2nd PODs – 7-14-08".**

**Request No. 73:**

73. Please provide a summary of the Receivable-Associated Companies and the Payable-Associated Companies by check and/or invoice, respectively for the year 2007.

**RESPONSE:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on the attached CD labeled, "AUF's Supplemental Responses to OPC's 2nd PODs – 7-14-08".**

**Request No. 75:**

75. Please provide all bills from wholesale providers of water and wastewater service to the systems included in the instant rate proceeding. Please provide the requested information for the period January 2006 through March 2008.

**RESPONSE:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on the attached CD labeled, "AUF's Supplemental Responses to OPC's 2nd PODs – 7-14-08".**

**Request No. 84:**

84. Please provide all documents, accounting records, and all workpapers and calculations in electronic spreadsheet format with all formulas and links intact, supporting the Company's actual 2007 and 2008 to-date employee 401K savings expense.

**RESPONSE:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF directs OPC to Appendix 1 for support for the Company's actual 2007 employee 401K savings expense (bates stamp page no. 44).**

**Request No. 87:**

87. Please provide a copy of any documents which set forth rainfall data collected at the Company's plant sites.

**RESPONSE:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that it continues to gather information responsive to this request and, pursuant to agreement of counsel, responsive documents will be provided by July 16, 2008.

**Request No. 89:**

89. Please provide all source documents, workpapers, and electronic spreadsheets with all formulas and links intact supporting the retirements made for the ASI portion of the Company's assets. Please provide for each system the actual retirements recorded for 2006, 2007, year-to-date 2008, and as projected for 2008.

**RESPONSE:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on the attached CD labeled, "AUF's Supplemental Responses to OPC's 2nd PODs - 7-14-08".

**Request No. 99:**

99. With respect to each and every capital additions to plant in 2007 and as budgeted for 2008, please provide, by system, all cost benefit analyses (formal or informal), budget requisitions, and any other documents that discuss or analyze the cost and benefit of the blanket work order and/or the need for the capital additions resulting from the blanket work order.

**RESPONSE:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that there are no additional documents responsive to this request.

**Request No. 100:**


100. With respect to each and every capital addition to plant in 2007 and projected for 2008, please provide all workpapers and all documents that quantify the cost savings to customers. Please provide all workpapers in electronic spreadsheet format with all formulas and links intact.

**RESPONSE:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, AUF states that, with regard to meter replacements in 2007 and projected for 2008, the same cost savings to customers question was answered in AUF's response to OPC's Interrogatory No. 9, produced to OPC on June 30, 2008. With regard to computer hardware and software purchases in 2007 and projected for 2008, the same cost savings question was answered in AUF's response to OPC's Interrogatory No. 26, produced to OPC on June 30, 2008.

Dated this 14th day of July, 2008.

**HOLLAND & KNIGHT LLP**



---

D. Bruce May, Jr.  
Florida Bar No. 354473  
Gigi Rollini  
Florida Bar No. 684491  
Holland & Knight, LLP  
Post Office Drawer 810  
Tallahassee, Florida 32302-0810  
(850) 224-7000 (Telephone)  
(850) 224-8832 (Facsimile)

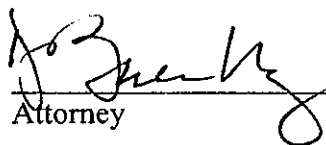
-and-

Kimberly A. Joyce, Esquire  
Aqua America, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010  
(610) 645-1077 (Telephone)  
(610) 519-0989 (Facsimile)

**Attorneys for Aqua Utilities Florida, Inc.**

**CERTIFICATE OF SERVICE**

I hereby certify that the original and a true and correct copy of the foregoing was furnished by U.S. Mail and electronic transmission to **Charles Beck, Esq., Office of Public Counsel**, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, beck.charles@leg.state.fl.us; and a true and correct copy of the foregoing was furnished by U.S. Mail and electronic transmission to **Ralph Jaeger, Esq., Office of General Counsel, Florida Public Service Commission**, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, RJaeger@psc.state.fl.us; and courtesy copies of the foregoing were furnished by electronic transmission to **Katherine Fleming, Esq.** (keflemin@psc.state.fl.us), **Caroline Klancke, Esq.** (cklancke@psc.state.fl.us), **Erik Saylor, Esq.** (esaylor@psc.state.fl.us), this 14th day of July, 2008.

  
\_\_\_\_\_  
Attorney



**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for increase in water and )  
wastewater rates in Alachua, Brevard, DeSoto, ) **DOCKET NO. 080121-WS**  
Highlands, Lake, Lee, Marion, Orange, )  
Palm Beach, Pasco, Polk, Putnam, ) **DATED: July 28, 2008**  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )  
\_\_\_\_\_ )

**AQUA UTILITIES FLORIDA, INC.'S RESPONSES AND OBJECTIONS  
TO CITIZENS' THIRD REQUEST FOR PRODUCTION OF DOCUMENTS  
TO AQUA UTILITIES FLORIDA, INC. (Nos. 124-181)**

Aqua Utilities Florida, Inc. ("AUF"), by and through their undersigned counsel and pursuant to Rule 28-106.206, Florida Administrative Code, and Rule 1.350, Florida Rules of Civil Procedure, hereby serves its responses and objections to the Third Request for Production of Documents to AUF (Nos. 124-181) propounded by the Office of Public Counsel ("OPC") on behalf of Citizens of the State of Florida on June 27, 2008.

**PRELIMINARY STATEMENT**

By providing these responses and objections to OPC's Third Request for Production ("Requests"), AUF does not waive its right to challenge the relevance, materiality, and admissibility of the information or documents provided, or to object to the use of the information or documents in any subsequent proceeding, trial, or hearing in this action.

AUF's search for information and documents is ongoing. Accordingly, AUF's responses and objections to these Requests are based on information and documents known to it at this time. AUF reserves its right to supplement or amend its responses and objections at any time prior to final hearing. These responses and objections are limited to and filed on behalf of AUF.

## GENERAL OBJECTIONS

1. With respect to the “Definitions” and “Instructions” in the Requests, AUF objects to any definitions or instructions that are inconsistent with AUF’s discovery obligations under applicable rules. If some question arises as to AUF’s discovery obligations, AUF will comply with applicable rules and not with any of OPC’s definitions or instructions that are inconsistent with those rules.

2. AUF objects to any definition or request that seeks to obligate persons or entities who are not parties to this action or that are not subject to discovery under applicable rules.

3. AUF also objects to any request that purports to require AUF or its experts to prepare studies, analyses, or to do work for OPC that has not been done for AUF.

4. AUF generally objects to any request that calls for data or information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law.

5. AUF reserves the right to supplement any of its responses or objections to OPC’s Requests if AUF cannot locate the information immediately due to their magnitude and the work required to aggregate its responses, or if AUF later discovers additional information in the course of this proceeding. By making these general objections at this time, AUF does not waive or relinquish its right to assert additional general and specific objections to OPC’s Requests.

6. AUF objects to OPC’s representation in the Requests that it propounds only fifty-seven (57) specific requests for production of documents. The Requests, when its subparts and compound requests are counted, demands production of approximately one hundred twenty (120) separate categories of documents, not fifty-seven (57). To date, the specific requests served by OPC, when subparts and compound requests are counted, totals four hundred thirty-seven (437).

AUF objects to any attempt by OPC to evade numerical limitations on the number of requests for production allowed in this docket by using compound and/or multiple requests and subparts within individually numbered requests.

7. AUF objects to these requests, individually and generally, to the extent the requested documents and/or information is in the public domain or equally accessible to OPC and Citizens.

8. By offering these responses and objections herein, AUF does not concede that any request is relevant to this action or is reasonably calculated to lead to the discovery of admissible evidence. AUF expressly reserves the right to supplement its responses and objections upon further investigation into the subject matter of any of these requests, as well as to the introduction of evidence of any response or portion thereof.

9. AUF has made a reasonable inquiry of those persons likely to possess information responsive thereto and has conducted a reasonable search of those records in AUF's possession, custody, or control where the requested information would likely be maintained in the ordinary course of business. To the extent that any of OPC's requests ask AUF to go to greater lengths, AUF objects thereto because such requests are overly broad, unduly burdensome, and unreasonable.

10. AUF objects to OPC's Requests to the extent that any seek 2008 data outside of pro forma adjustments.

## RESPONSES AND OBJECTIONS TO REQUESTS

124. For purposes of this request, please refer to Mr. Griffin's testimony, p. 4, lines 18 – 23, where he states:

Q. Did AUF record the Jasmine Lakes reclassification as set forth in Audit Finding No. 1?

A. Yes. The \$1,172,514 balance in Account 304 was transferred to Account 354 in December 2007. In addition, the \$100,695 of accumulated depreciation to-date was also reclassified from the water account to the wastewater account in December 2007.

Please provide the workpapers and other supporting documentation of this reclassification. Please provide in electronic spreadsheet format with all formulas and links intact.

### RESPONSE TO REQUEST NO. 124:

**The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF states that workpapers and other supporting documentation for the rate base adjustments ordered by the Commission were provided in AUF's response to OPC's Request to Produce No. 2 (Attachments 17 of 20 and 18 of 20), produced to OPC on June 27, 2008.**

125. For purposes of this request, please refer to Mr. Griffin's testimony, p. 5, lines 1-4, where he states:

Q. Did AUF provide the original cost studies for the Village Water water and wastewater systems and the Rosalie Oaks water and wastewater systems to the Commission in accordance with Audit Finding No. 2?

A. Yes. All four original cost studies were provided on or before June 30, 2007.

Please provide copies of the four original cost studies.

**RESPONSE TO REQUEST NO. 125:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on the attached CD labeled “7-28-08 AUF’s Responses to OPC’s 3rd PODs.”**

126. For purposes of this request, please refer to Mr. Griffin’s testimony, p. 5, lines 8-10, where he states:

Q. Did AUF record the rate base adjustments ordered by the Commission and set forth in Audit Finding No. 3?

A. Yes. The aforementioned rate base adjustments were booked in December 2007.

Please provide the workpapers and other supporting documentation for the rate base adjustments ordered by the Commission and set forth in Audit Finding No. 3.

**RESPONSE TO REQUEST NO. 126:**

**The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF states that workpapers and other supporting documentation for the rate base adjustments ordered by the Commission were provided in AUF’s response to OPC’s Request to Produce No. 2 (Attachments 17 of 20 and 18 of 20), produced to OPC on June 27, 2008.**

127. For purposes of this request, please refer to Mr. Griffin's testimony, p. 5, lines 18-20, where he states:

Q. Audit Findings No. 4 and 5 refer to projected plant retirements. Is there still an issue with the projected versus actual plant retirements?

A. No. The Oakwood plant retirement as been corrected.

Please provide the workpapers and other supporting documentation for the correction of the Oakwood plant retirement.

**RESPONSE TO REQUEST NO. 127:**

**The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs," which documents include information regarding Oakwood plant retirement correction (labeled "OPC POD 127.pdf").**

128. For purposes of this request, please refer to Mr. Griffin's testimony, p. 6, lines 4-7, where he states:

When the Company changed its corporate name to Aqua America and the subsidiary name to Aqua Utilities Florida, Inc., it incurred costs to change the signage on buildings and vehicles and to alert its customers of the name change through letters and newspaper notices.

Please provide the supporting documentation, including but not limited to invoices, purchase orders, bids, etc., for costs incurred related to the corporate and subsidiary name change.

**RESPONSE TO REQUEST NO. 128:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF states that the testimony cited above is in reference to Audit Finding No. 6 in Docket No. 060368-WS. The audit recommended an adjustment to remove \$34,058.83 from Plant and include it as an Acquisition Adjustment. The Company response to this finding requested that the Commission allow these customer-friendly costs. AUF also states that bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs" (three attachments), which documents include supporting documentation for the \$34,058.83 amount in Audit Finding No. 6.

129. For purposes of this request, please refer to Mr. Griffin's testimony, p. 7, lines 15-19, where he states:

Q. Audit Finding No. 13 states that for the Florida Water Services Corporation ("FWSC") systems there is a \$10,608 difference in 2005 depreciation expense between the general ledger and the MFRs. Has the Company adjusted for this difference?

A. Yes. Corrections were made to Accumulated Depreciation in 2006.

Please provide the workpapers and supporting documentation for the corrections made to Accumulated Depreciation.

**RESPONSE TO REQUEST NO. 129:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF states that workpapers and other supporting documentation for the rate base adjustments ordered by the Commission were provided in AUF's response

to OPC's Request to Produce No. 2 (Attachments 17 of 20 and 18 of 20), produced to OPC on June 27, 2008.

130. For purposes of this request, please refer to Mr. Griffin's testimony, p. 8, lines 1-4, where he states:

Q. Audit Finding No. 15 recorded a correction to the Ocala Oaks Accumulated Amortization of CIAC from 1989 to 2005. Has the Company adjusted for this difference?

A. Yes. The adjustment was recorded in 2007.

Please provide the workpapers and supporting documentation for the correction to the Ocala Oaks Accumulated Amortization of CIAC.

**RESPONSE TO REQUEST NO. 130:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF states that workpapers and other supporting documentation for the rate base adjustments ordered by the Commission were provided in AUF's response to OPC's Request to Produce No. 2 (Attachments 17 of 20 and 18 of 20), produced to OPC on June 27, 2008.

131. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-4.

- a. Please provide the analogous information contained on page 1 to include December 2006.
- b. Please provide the items included in the "Structures and Improvements" and "Computer Equipment" categories in the most detailed format available and their respective costs for each month of the time period December 2006 to December 2007.



**RESPONSE TO REQUEST NO. 131:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF states that:

- a. Bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs," which documents include December 2006.
- b. The documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 12, produced to OPC on June 30, 2008 and July 16, 2008, which documents include a detailed format for the "Structures and Improvements" and "Computer Equipment" categories (AUF AR #9 item 1-4 Attachment A.xls).

132. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 10, lines 5-6, where he states: "We also have state wide contracts for laboratory services, utility contracting, and supplies." Please provide a copy of all state wide contacts.

**RESPONSE TO REQUEST NO. 132:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF states that:

1. Regarding lab services, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs," which documents include "OPC POD 132.pdf," which contains the various lab services AUF utilizes to process water quality sampling. (Because of the geographical location of our systems, we do not contract with solely one lab.)

2. **Regarding supplies, documents responsive to this request were produced in AUF's response to OPC's Request to Produce No. 38, produced to OPC on June 30, 2008, which documents include its national contract to address where and how AUF purchases supplies.**
3. **Regarding contractors, AUF has approved contactors which are used to do utility work throughout the state. Bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs."**

133. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 11, lines 11-13, where he states: "An analysis was performed to compare AUF's salaries to other industry standards. With this information, salaries were developed for each of the geographical locations within Florida." Please provide all workpapers and supporting documentation of the analysis and comparison conducted.

**RESPONSE TO REQUEST NO. 133:**

**The General Objections stated above are incorporated herein by reference. Without waiving such objections, documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 2, produced to OPC on June 27, 2008, AUF's response to OPC's Request to Produce No. 68, produced to OPC on June 30, 2008.**

134. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 11, lines 19-23, where he states:

Through this commitment, we have consolidated our customer service to a call center located in Cary, North Carolina. This center has the ability to enhance customer service by allowing substantially high volumes of calls

to be automatically routed to two other call centers located in Pennsylvania and Illinois.

Please provide all analysis and studies undertaken to address the consolidation of the call centers.

**RESPONSE TO REQUEST NO. 134:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs."

135. In Mr. Lihvarcik's Exhibit JML-2, Mr. Lihvarcik uses the term "transient population" for the following systems: Lake Josephine, Palms Mobile Home Park, Silver Lake Estates/Western Shores, and Summit Chase. Please provide all customer complaints and identify those that are because of transient customers.

**RESPONSE TO REQUEST NO. 135:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF states that the customer complaints were provided as part of the minimum filing requirements pursuant to Rule 25-30.440(10), Florida Administrative Code, and AUF directs OPC to MFR Volume 5, Book 1. AUF is unable to specifically identify the customer complaints that are caused by transient customers.

136. Please provide all memorandum, studies, and other documents which mention, discuss, or analyze the 4 % pay increase implemented for AUF in April 2008.

**RESPONSE TO REQUEST NO. 136:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, documents responsive to this request are provided in response to Request No. 137.

137. Provide any documents in the Company's possession, custody, or control which address the pay increases implemented by Aqua systems in other states.

**RESPONSE TO REQUEST NO. 137:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs."

138. For purposes of this request, please refer to Mr. Szczygiel's testimony, p. 7, lines 11-12, where he states: "Where appropriate and available, contacts were made with suppliers of goods and services to confirm and document these changes." Please provide all supporting documentation of contacts made with suppliers, including but not limited to correspondence, contracts and amendments thereto, bids, purchase orders, etc.

**RESPONSE TO REQUEST NO. 138:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF states that all documents relating to the normalization and pro forma adjustments have been previously provided in response to numerous other production of document requests, including OPC's Request to Produce Nos. 2 and 42, produced to OPC on June 27, 2008 and June 30, 2008, respectively, and AUF's responses to Request Nos. 142-144, 146, 170-175, 178 and 179.

139. For purposes of this request, please refer to Mr. Szczygiel's testimony, p. 9, lines 13-15, where he states: "Pro Forma 'Other' miscellaneous employee benefit expenses were calculated based on the historical level of miscellaneous benefits as a function of pro forma payroll expense."

- a. Please provide for every month of 2007 the items included in "Other" Miscellaneous Employee Benefit Expenses and the amounts booked.
- b. Please provide supporting documentation for "Other" Miscellaneous Employee Benefit Expenses booked in 2007, including but not limited to receipts, expense forms, etc.

**RESPONSE TO REQUEST NO. 139:**

**The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF states that:**

- a. There are no "Other" Miscellaneous Employee Benefit Expenses. Mr. Szczygiel was referring to the Pro Forma adjustments to Employee Benefit Expenses based on the pro forma salary adjustments and cost/head.**
- b. There are no "Other" Miscellaneous Employee Benefit Expenses. Mr. Szczygiel was referring to the Pro Forma adjustments to Employee Benefit Expenses based on the pro forma salary adjustments and cost/head.**

140. Please provide all supporting evidence of the expenses booked in account "Contractual Services – Other Expense," including but limited to invoices, purchase orders, receipts, etc.

**RESPONSE TO REQUEST NO. 140:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF states that AUF sought clarification from OPC regarding this specific request on July 3, 2008. The parties have agreed that the list of invoices, provided the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs," are responsive to this request. The parties have also agreed that, if OPC desires that specific invoices from that list be produced, OPC will make a separate request to AUF.

141. For purposes of this request, please refer to Mr. Szczygiel's testimony, p. 10, lines 6-9.

Please provide a copy of the new lease for the plant at Lake Suzy.

**RESPONSE TO REQUEST NO. 141:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs."

142. Please provide all supporting documentation for the increases in purchased water and wastewater, including correspondence, contracts, tariffs, etc.

**RESPONSE TO REQUEST NO. 142:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF states that documents responsive to this request were produced in AUF's response to Request to Produce No. 2, produced to OPC on June 27, 2008, and AUF's response to OPC Request to Produce No. 46, produced to OPC on June 30, 2008.

143. Please provide all correspondence between the Company and all suppliers of water and wastewater service to the Company for the years 2007 and 2008.

**RESPONSE TO REQUEST NO. 143:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, the documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 2, produced to OPC on June 27, 2008.

144. Please provide a copy of the notice from Pasco County for the increase in sludge disposal rates.

**RESPONSE TO REQUEST NO. 144:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs."

145. Please provide supporting documentation for the normalization adjustment of the ammonia expense for the Chuluota system, including but not limited to all correspondence, contracts, purchase orders, bids, etc.

**RESPONSE TO REQUEST NO. 145:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs."

146. Please provide a copy of the new contract for sludge hauling for the South Seas system.

**RESPONSE TO REQUEST NO. 146:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, the documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 2, provided to OPC on June 27, 2008, and AUF's response to OPC Request to Produce Nos. 42 and 45, provided to OPC on June 30, 2008.

147. Please provide the following spreadsheets as they were missing from the Company's response to OPC POD 2:

- a. 2007 Benefits Allocation %'s.xls
- b. 2007 Unallocated PR Taxes.xls
- c. 2008 Prop Tax Projection.xls
- d. 2008 Prop Tax Projection.xls
- e. 2008 Prop Tax Projection.xls
- f. Labor Analysis - 2007 Actual vs 2008 Budget.xls
- g. Meter Reader Pro Forma Adjustments.xls
- h. namelookupAUF.xls
- i. Potential O&M Expenses Adjustments.xls
- j. Pro Forma Employee Benefits Adj - FLA Direct.xls
- k. Pro Forma Expense Adjs - Contract Services.xls
- l. Pro Forma Expense Adjs - Meetings.xls
- m. Purchased Sewer Adjs.xls
- n. Purchased water Adjs.xls
- o. Rent Adjustments.xls
- p. Salary Normalizations.xls
- q. Sludge Hauling Expense Adjustments.xls
- r. Transportation Expense Normalization.xls

**RESPONSE TO REQUEST NO. 147:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to requests a., b., f., j., k., & p. are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs." The files requested in c., d., & e. no longer exist, but the same information is



contained in the tab PropTax on the file "B15 Data.xls," which was included in AUF's response to OPC's Request to Produce No. 2, produced to OPC on June 27, 2008. The files requested in h. also no longer exist, but the same information is contained in the tab namelookup on any of the "B O&M Exp xxxx.xls" files included in AUF's response to OPC Request to Produce No. 2, produced to OPC on June 27, 2008. The files requested in g., i., l., m., n., o., q., & r. were also included in AUF's response to OPC Request to Produce No. 2, produced to OPC on June 27, 2008.

148. Provide all training materials used to train the customer call employees.

**RESPONSE TO REQUEST NO. 148:**

**The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs."**

149. For purposes of this request, please refer to lines 13-15, page 6 of Mr. Franklin's testimony which states "A new Chief Operating Manager was hired from a neighboring municipal system to increase the company's operating standard." Please provide the Operating Manager's job description.

**RESPONSE TO REQUEST NO. 149:**

**The General Objections stated above are incorporated herein by reference. Without waiving such objections, documents responsive to this request are provided in response to Request No. 150.**

150. For purposes of this request, please refer to page 6 of Mr. Franklin's testimony: Please provide the written job description of each person that was hired to enhance the Company's operations since 2007.

**RESPONSE TO REQUEST NO. 150:**

**The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to this request are provided on the attached CD labeled “7-28-08 AUF’s Responses to OPC’s 3rd PODs.”**

151. For purposes of this request, please refer to lines 1-6, page 2 of Mr. Prettyman’s testimony. Please provide the billing records utilized by Mr. Prettyman.

**RESPONSE TO REQUEST NO. 151:**

**The General Objections stated above are incorporated herein by reference. Without waiving such objections, documents responsive to this request are provided in response to Request No. 153 (tab “qryworking”).**

152. For purposes of this request, please refer to lines 1-6, page 2 of Mr. Prettyman’s testimony. Please provide the initial review that was made to test the reasonableness of the gross data received as compared to the actual books and records of AUF. Provide all documents, memorandum e-mail, and written analyses produced as a result of Mr. Prettyman’s review and analysis.

**RESPONSE TO REQUEST NO. 152:**

**The General Objections stated above are incorporated herein by reference. Without waiving such objections, documents responsive to this request are provided in response to Request No. 153 (tab “summary”).**

153. For purposes of this request, please refer to Mr. Prettyman’s testimony. Please provide the analysis and all supporting workpapers prepared by Mr. Prettyman in conducting his billing analysis and all adjustments made to the billing analysis. Please provide the workpapers in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 153:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs." AUF also states that the disks being provided with this response include all of the electronic workpapers used for development of the bill analysis and present rate revenues. There is a separate excel file for each operating system. Each file generally has four worksheet tabs as follows:

- i. **qryworking** – these are the actual billing records downloaded from Banner billing system. These records are the final product after many data sorts and analysis.
- ii. **Adjustments** – these are also downloaded from company billing records.
- iii. **Summary** – this is the initial review/comparison of the downloaded billing data to the books of the company to test the reasonableness of the data. This review used the actual data as is with no analysis or changes.
- iv. **Bill analysis** – this is a development of present rate revenues, similar to the E-2 Schedules. The initial column shows the actual number of bills then the pro forma number of bills. Hardcopies of this page were provided in response to Deficiency No. 23A with an explanation of certain adjustments that were made to the electronic version.

Occasionally they may be an extra tab in the file if there was a need for a specific customer analysis or group of customers.

154. For purposes of this request, please refer to lines 17-23, page 2 and line 1, page 3 of Mr. Prettyman's testimony. Please provide all workpapers and supporting documents used to adjust the base facility charges. Please provide the workpapers in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 154:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, documents responsive to this request are provided in response to Request No. 153 (tab "qryworking"). AUF also states that each rate code and meter size is grouped, and then average days of service are calculated.

155. For purposes of this request, please refer to lines 18-22, page 3 of Mr. Prettyman's testimony. Please provide the workpapers and source documents used to make the adjustments to Gibsonia Estates and Jasmine Lakes. Please provide the workpapers in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 155:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs," which documents include documents which were the basis for the adjustment. There are no specific electronic workpapers responsive to this request.

156. For purposes of this request, please refer to lines 2-5, page of Mr. Prettyman's testimony. Please provide the workpapers and source documents used to make the adjustments to customers described. Please provide the workpapers in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 156:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF states that there are no specific workpapers that summarize the requested information. Bates stamped documents that may be responsive to this

**request, including the analysis and adjustment, is provided in AUF's response to OPC Request to Produce No. 153 (tab "qryworking").**

157. The Company's B-7 Schedule states in many instances that the prior owner did not allocate all administrative costs to entities.

- a. For each system, please state the name of the prior owner.
- b. For each system, please explain what administrative costs were not allocated and how the Company knows that not all administrative costs were not allocated.
- c. For each system, explain how the Company came about this knowledge and identify each person this subject was discussed with in connection with purchasing the system(s) or subsequent to acquisition.

**RESPONSE TO REQUEST NO. 157:**

**The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to Part (a) of this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs." Regarding Parts (b) and (c), AUF states that it does not have any detailed information or documentation from prior owners that defines or describes the allocations of costs to entities.**

158. The Company's B-7 and B-8 Supplemental Schedules state in many instances that the prior owner did not allocate all administrative costs to entities. Provide all documents relied upon by the company to make this statement.

**RESPONSE TO REQUEST NO. 158:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, documents responsive to this request are provided in response to Request No. 157.

159. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. Please provide the source of the "4 pounds per meter and .90 cents per meter" contained under column Q.

**RESPONSE TO REQUEST NO. 159:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs," which contains the source of the "4 pounds per meter and .90 cents per meter" contained under column Q.

160. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. With respect to each proforma capital addition shown please provide, by system, all cost benefit analyses (formal or informal), budget requisitions, contracts, purchase orders, bids, budget comparisons and updates, any other documents that discuss or analyze the capital addition, and any cost and benefit studies of each capital addition.

**RESPONSE TO REQUEST NO. 160:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, the documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 2, produced to OPC on June 27, 2008; AUF's

responses to OPC's Request to Produce Nos. 14, 36, & 100, produced to OPC on June 30, 2008 and July 14, 2008; and AUF's answers to OPC's First Set of Interrogatories Nos. 7, 24 and 26, provided to OPC on June 30, 2008.

161. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. With respect to each and every proforma capital addition, please provide all workpapers and all documents that quantify the cost savings to customers. Please provide all workpapers in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 161:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, the documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 2, produced to OPC on June 27, 2008; AUF's responses to OPC's Request to Produce Nos. 14, 36, & 100, produced to OPC on June 30, 2008 and July 14, 2008; and AUF's answers to OPC's First Set of Interrogatories Nos. 7, 24 and 26, provided to OPC on June 30, 2008.

162. Please provide all brochures and all other literature in the Company's possession which describes the meters the Company is using in its meter replacement program.

**RESPONSE TO REQUEST NO. 162:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs."

163. Please provide all documents in the Company's possession, custody and control which summarize by system the amount of the interim and permanent rate increase and present and proposed rates requested in this proceeding.

**RESPONSE TO REQUEST NO. 163:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF states that:

a. For the "amount of the interim rate increase," documents responsive to this request are contained in AUF's response to OPC's Request to Produce Nos. 2-4, provided to OPC on June 27, 2008. An Excel file named "MiniModel\_08.xls" shows in column AH the incremental (compared to Test Year) Interim revenue requirement for each system, and in column AO the incremental revenue deferral that would result if the Interim rates are limited as proposed in the filing. The proposed requested Interim revenue increase would be the sum of those two columns.

b. For the "amount of the permanent rate increase," documents responsive to this request are contained in AUF's response to OPC's Request to Produce Nos. 2-4, provided to OPC on June 27, 2008. An Excel file named "Mstr\_groups\_08.xls" shows in tabs B-1 (for water) and B-2 (for sewer), for all systems, the permanent revenue increase on Line 1, Column (7).

c. The "present and proposed rates requested in this proceeding" are shown in each MFR in Schedules E-1w and E-1s for all Meter Sizes and Service Classes. The E-1 schedules as filed showed rates in effect as of the end of the test period (2007). AUF also states that AUF's response to Staff's Deficiency No. 38, including amended Schedule E-1 sheets, and in which an additional column shows the "present" rates as indexed in April 2008, is also responsive to this request. The amendments have no effect on the revenue requirements.

164. Please refer to the Company's response to OPC POD 5. Please provide the monthly variance reports for 2006 and 2007.



**RESPONSE TO REQUEST NO. 164:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs" (.zip file labeled "OPC POD 164 – AUF – 008118.zip," containing 22 Excel spreadsheets).

165. For purposes of this request please refer to the Company's response to OPC POD 5, specifically the 2007 Variance Report – Budget versus Actual. Please provide source documents and workpapers supporting the adjustments discussed on the Explanations Column for the Month, Quarter to Date, and Year.

**RESPONSE TO REQUEST NO. 165:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs" (.zip file labeled "OPC POD 165 – AUF 08119.zip," which contains 15 Excel spreadsheets).

166. Provide for the year ending 2007 and each month of 2008 budget variance reports for each system in the instant rate case.

**RESPONSE TO REQUEST NO. 166:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF states that AUF does not maintain budget variance reports for each system—AUF only does a state variance report, which has previously been provided in AUF's response to OPC's Request to Produce No. 5, produced on June 27, 2008.

167. Provide for the year ending 2007 and each month of 2008 budget variance reports for Aqua Services, Inc.

**RESPONSE TO REQUEST NO. 167:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs," which documents provide the year ending 2007 and each month of 2008 budget variance reports for Aqua Services, Inc.

168. Provide for the year ending 2007 and each month of 2008 budget variance reports for Aqua America, Inc.

**RESPONSE TO REQUEST NO. 168:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs."

169. Please provide budget variance reports for AUF, Aqua America and Aqua Services for May and June 2008.

**RESPONSE TO REQUEST NO. 169:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs."

170. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the purchased water rate increase for Palm

Terrace and Lake Suzy. This would include but not be limited to bills submitted to the Company and new contracts.

**RESPONSE TO REQUEST NO. 170:**

**The General Objections stated above are incorporated herein by reference. Without waiving such objections, the documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 2, provided to OPC on June 27, 2008, and AUF's response to OPC Interrogatory No. 46, provided to OPC on June 30, 2008.**

171. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the purchased sewage rate increase for Zephyr Shores and Lake Gibson. This would include but not be limited to bills submitted to the Company and new contracts.

**RESPONSE TO REQUEST NO. 171:**

**The General Objections stated above are incorporated herein by reference. Without waiving such objections, the documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 2, provided to OPC on June 27, 2008, and AUF's answer to OPC's First Set of Interrogatories No. 46, provided to OPC on June 30, 2008.**

172. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the Pasco County sludge hauling increase. This would include but not be limited to bills submitted to the Company and new contracts.

**RESPONSE TO REQUEST NO. 172:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, the documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 2, provided to OPC on June 27, 2008, and AUF's answer to OPC's First Set of Interrogatories No. 42, provided to OPC on June 30, 2008.

173. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the cost increase for Ammonia for Chuluota. This would include but not be limited to bills submitted to the Company and new contracts.

**RESPONSE TO REQUEST NO. 173:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs."

174. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the cost increase for new office rent. This would include but not be limited to bills submitted to the Company and new contracts.

**RESPONSE TO REQUEST NO. 174:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 2, provided to OPC on June 27, 2008. AUF states that additional documents responsive to this request have been bates stamped and

are contained in the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs," which documents include copies of bills to date.

175. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the cost increase for South Seas operator. This would include but not be limited to bills submitted to the Company and new contracts.

**RESPONSE TO REQUEST NO. 175:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, the documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 2, provided to OPC on June 27, 2008, and AUF's answer to OPC's First Set of Interrogatories No. 42, provided to OPC on June 30, 2008.

176. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the cost increase for the new town hall meeting expenses.

**RESPONSE TO REQUEST NO. 176:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, the documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 2, provided to OPC on June 27, 2008, and AUF's answer to OPC's First Set of Interrogatories No. 102, provided to OPC on June 30, 2008.

177. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the cost increase for each new employee. This

would include contracts, terms of employment, written job description, written job offers, etc.

**RESPONSE TO REQUEST NO. 177:**

**The General Objections stated above are incorporated herein by reference. Without waiving such objections, bates stamped documents responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs."**

178. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the following purchased water normalizations: Kingwood, Oakwood, Holiday Haven Pal Terrace, Zephyr Shores, Beecher's Point, Harmony Homes, Jungle Den, Lake Osborne, Village Water, Lake Suzy. This would include but not be limited to bills submitted to the Company and new contracts.

**RESPONSE TO REQUEST NO. 178:**

**The General Objections stated above are incorporated herein by reference. Without waiving such objections, the documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 2, provided to OPC on June 27, 2008, and AUF's answer to OPC's First Set of Interrogatories No. 46, provided to OPC on June 30, 2008.**

179. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the sludge hauling decrease for South Seas. This would include but not be limited to bills submitted to the Company and new contracts.

**RESPONSE TO REQUEST NO. 179:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, documents responsive to this request are contained in AUF's response to OPC's Request to Produce No. 2, provided to OPC on June 27, 2008. Bates stamped documents also responsive to this request are provided on the attached CD labeled "7-28-08 AUF's Responses to OPC's 3rd PODs," which documents include invoices from the previous sludge hauler and the newly contracted sludge hauler.

180. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting Lake Suzy land rent/sale. This would include but not be limited to bills submitted by the Company and new contracts.

**RESPONSE TO REQUEST NO. 180:**

The General Objections stated above are incorporated herein by reference. Without waiving any such objections, the documents responsive to this request are provided in response to Request No. 141.

181. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the bills for CJW associated with the adjustment for \$45,000 for "Erroneous reversal of CJW Audit Fees in Dec 07 applied to all Florida systems."

**RESPONSE TO REQUEST NO. 181:**

The General Objections stated above are incorporated herein by reference. Without waiving such objections, AUF states that documents responsive to the request are contained in MFR Appendix 1 (bates stamped page # 31). On the line titled "Carlstedt, Jackson, Nixon & Wilson, CPAs - Regional accrual," in the column titled "Dec-07," a credit of \$45,000.00 is shown and again in the "TOTALS" column. This journal entry

adjustment in December was booked in error as all Regional accruals for this were previously reversed in April. The credit of \$45,000.00 was allocated out to the systems in December and resulted in every system recording too low an expense for 2007.

Dated this 28th day of July, 2008.

**HOLLAND & KNIGHT LLP**



**D. Bruce May, Jr.**

Florida Bar No. 354473

**Gigi Rollini**

Florida Bar No. 684491

Holland & Knight, LLP

Post Office Drawer 810

Tallahassee, Florida 32302-0810

(850) 224-7000 (Telephone)

(850) 224-8832 (Facsimile)

-and-

**Kimberly A. Joyce, Esquire**

Aqua America, Inc.

762 West Lancaster Avenue

Bryn Mawr, PA 19010

(610) 645-1077 (Telephone)

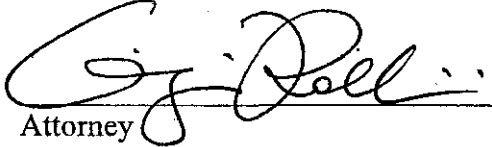
(610) 519-0989 (Facsimile)

*Attorneys for Aqua Utilities Florida, Inc.*



**CERTIFICATE OF SERVICE**

I hereby certify that the original and a true and correct copy of the foregoing was furnished by U.S. Mail and electronic transmission to **Charles Beck, Esq., Office of Public Counsel**, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, beck.charles@leg.state.fl.us; and a true and correct copy of the foregoing was furnished by U.S. Mail and electronic transmission to **Ralph Jaeger, Esq., Office of General Counsel, Florida Public Service Commission**, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, RJaeger@psc.state.fl.us; and courtesy copies of the foregoing were furnished by electronic transmission to **Katherine Fleming, Esq.** (keflemin@psc.state.fl.us), **Caroline Klancke, Esq.** (cklancke@psc.state.fl.us), **Erik Sayler, Esq.** (esayler@psc.state.fl.us), this 28th day of July, 2008.

  
Attorney

**COMPOSITE EXHIBIT "E"**

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for increase in water and )  
wastewater rates in Alachua, Brevard, DeSoto, )  
Highlands, Lake, Lee, Marion, Orange, )  
Palm Beach, Pasco, Polk, Putnam, )  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )  
\_\_\_\_\_ )

**DOCKET NO. 080121-WS**

**DATE: July 7, 2008**

**AQUA UTILITIES FLORIDA, INC.'S EXPEDITED OBJECTIONS  
TO CITIZENS' SECOND SET OF INTERROGATORIES TO  
AQUA UTILITIES FLORIDA, INC. (Nos. 102-189)**

Aqua Utilities Florida, Inc. ("AUF") by and through their undersigned counsel, pursuant to Rule 28-106.206, Florida Administrative Code, Rule 1.340, Florida Rules of Civil Procedure, and Order No. PSC-08-0429-PCO-WS, Section 5(A), issued June 27, 2008, hereby serves its expedited objections to the Second Set of Interrogatories (Nos. 102-189) propounded by the Office of Public Counsel on behalf of Citizens of the State of Florida ("OPC") on June 27, 2008.

**GENERAL OBJECTIONS**

1. With respect to the "Definitions" and "Instructions" in OPC's Second Set of Interrogatories ("Interrogatories"), AUF objects to any definitions or instructions that are inconsistent with AUF's discovery obligations under applicable rules. If some question arises as to AUF's discovery obligations, AUF will comply with applicable rules and not with any of OPC's definitions or instructions that are inconsistent with those rules.

2. AUF objects to any definition or interrogatory that seeks to encompass persons or entities who are not parties to this action or that are not subject to discovery under applicable rules.

3. AUF also objects to any interrogatory that purports to require AUF or its experts to prepare studies, analyses, or to do work for OPC that has not been done for AUF.

4. AUF generally objects to OPC's Interrogatories to the extent that they call for data or information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law.

5. AUF reserves the right to supplement any of its objections to OPC's Interrogatories if AUF cannot locate the answers immediately due to their magnitude and the work required to aggregate them, or if AUF later discovers additional responsive information in the course of this proceeding.

6. By making these general objections at this time, AUF does not waive or relinquish its right to assert additional general and specific objections to OPC's Interrogatories at a later time, including when AUF's response is due.

7. AUF objects to OPC's representation in the Interrogatories that it propounded only eighty-seven (87) specific Interrogatories. The Interrogatories, when subparts and compound requests within each separate interrogatory are counted, the Interrogatories demand answering approximately six hundred seventy-eight (678) specific requests, not eighty-seven (87). To date, the specific interrogatories served by OPC, when subparts and compound requests are counted, total nine hundred thirty-one (931), which exhausts and exceeds the number of separate interrogatories OPC is permitted to propound pursuant to Order No. PSC-08-0429-PCO-WS, Section 5(A) (capping interrogatories, including subparts, at 750). AUF objects to any attempt by OPC to evade numerical limitations on the number of specific interrogatories allowed in this

docket by using compound and/or multiple requests for answers and subparts within individually numbered requests.

8. AUF further objects to each interrogatory on the grounds and to the extent that the instructions impose or attempt to impose obligations greater than those imposed by the Rules of Civil Procedure or other applicable rules which govern this proceeding.

9. AUF further objects to each interrogatory on the grounds that it may call for the production of materials or information that constitute trade secrets or other confidential research, development, or commercial information, disclosure of which to competitors or to the public at large would materially harm AUF's interests.

10. AUF objects to these Interrogatories, individually and generally, to the extent the requested documents and/or information is in the public domain or equally accessible to Citizen's.

11. AUF objects to these Interrogatories to the extent that any seek 2008 data outside of pro forma adjustments.

12. By making these objections herein, AUF does not concede that any Interrogatory is relevant to this action or is reasonably calculated to lead to the discovery of admissible evidence. AUF expressly reserves the right to supplement its objections upon further investigation into the subject matter of any of these interrogatories, as well as to the introduction of evidence of any response or portion thereof.

13. In expediently objecting to OPC's Interrogatories, AUF has made a reasonable inquiry of those persons likely to possess information responsive thereto and has conducted a reasonable search of those records in AUF's possession, custody, or control where the requested information would likely be maintained in the ordinary course of business. To the extent that

any of OPC's requests ask AUF to go to greater lengths, AUF objects thereto because such requests are overly broad, unduly burdensome, and unreasonable.

### **OBJECTIONS**

#### Deferred Income Taxes

##### **Interrogatory No. 102:**

102. Please explain whether the Company, in its MFRs, considered the increase in credit deferred income taxes that would be generated by the requested pro forma additions to plant. If so, provide the amount and calculation of increased deferred tax credits by system. If not, please explain why this adjustment was not made.

**Objection: The General Objections stated above are incorporated herein by reference.**

##### **Interrogatory No. 103:**

103. Please provide the December 2006 and 2007 monthly balances of deferred income taxes associated with Corporate IT and Corporate Structure and Improvements and the appropriate method for allocating those balances to the AUF systems for the pro forma test year.

**Objection: The General Objections stated above are incorporated herein by reference.**

#### Working Capital

##### **Interrogatory No. 104:**

104. Provide a schedule that reflects the accrued tax debit balance by AUF system by month for 2007 and 2008 to date.

**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 105:**

105. Provide a breakdown and description of all amounts recorded in Account 186.2, Other Deferred Debits by month for 2006, 2007 and 2008 to date.

**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 106:**

106. Provide a description of all property losses that are included in Account 186.3, Regulatory Assets. For each regulatory asset included in this account, please provide the original amount of the loss, the amortization period and calculation, the order in which the amortization of the loss was approved by the Commission.

**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 107:**

107. Please provide the monthly balance of cash for AUF for 2005, 2006, 2007 and 2008 to date. Separate the balances between interest bearing and non-interest bearing balances.

**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 108:**

108. For purposes of this request, please refer to Mr. Griffin's testimony, p. 10, lines 7-19.

Please provide for each system and each deferred maintenance item, a description of the deferred maintenance including type and purpose, the original and test year balance of the

deferred maintenance, the date the deferred maintenance was incurred, the years of amortization, how often the maintenance is required, and the annual amortization amount.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 109:**

109. For purposes of this request, please refer to Mr. Griffin's testimony, p. 10, lines 7-19 where he discusses working capital. Provide cites to all FPSC orders where the Commission has approved of allowing the unamortized regulatory asset balance as part of working capital.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 110:**

110. Please provide the monthly balance for AUF for each item included in Account 241, Miscellaneous Current and Accrued Liabilities for 2004, 2005, 2006, 2007 and 2008 to date. At a minimum, the items should be broken down by the descriptions provided in the PSC annual report for accrued audit fees, workflow and postage, unclaimed checks and payroll, as well as pension and other operating reserves.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 111:**

111. Please explain why the balance of accrued audit fees, workflow and postage and payroll decreased from 2006 to 2007.



**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 112:**

112. Please provide the monthly balance for AUF for Account 231, Accounts Payable for 2004, 2005, 2006, 2007 and 2008 to date.

**Objection:** The General Objections stated above are incorporated herein by reference.

Amortization of CIAC

**Interrogatory No. 113:**

113. Please explain why the Company made test year adjustments labeled "PSC Depreciation Rate Correction" to depreciation expense and test year amortization of CIAC.

**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 114:**

114. Please provide the workpapers used to calculate test year depreciation and amortization of CIAC expense by system, by primary account or functional basis including the depreciation rate used.

**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 115:**

115. Upon review of each system's Schedule A-14 of the MFRs, for 34 of the combined water and/or wastewater systems, the Company did not amortize CIAC for one or more sub-

accounts during the test year. These accounts apparently are not fully amortized. Please explain why and how this occurred during the test year.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 116:**

116. Please provide a revised calculation of accumulated amortization of CIAC for the test year in the form of Schedule A-14 which reflects the 12-months of accumulated amortization by each sub-account using the PSC rule depreciation lives. Also reflect the necessary adjustments to rate base and test year amortization for each system. The systems are Beecher's Point, Carlton Village, Chuluota, Fern Terrace, Fl Central Commerce Park, Friendly Center, Gibsonia Estates, Grand Terrace, Harmony Homes, Hermits Cove, Hobby Hills, Holiday Haven, Jungle Den, Lake Gibson Estates, Lake Josephine, Lake Osborne Estates, Morningview, Orange Hill/Sugar Creek, Palm Terrace, Palms MHP, Piney Woods, Pomona Park, Quail Ridge, Sebring Lakes, Silver Lake Est/Western Shores, Silver Lake Oaks, Skycrest, St. John's Highlands, Stone Mountain, Tangerine, The Woods, Tomoka/Twin Rivers, Valencia Terrace, and Wootens.

**Objection: The General Objections stated above are incorporated herein by reference.**

AFPI

**Interrogatory No. 117:**

117. Please explain why the Company has requested uniform rates and service availability charges but has requested system specific AFPI charges.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 118:**

118. In its calculation of requested AFPI charges, explain whether the Company considered affordability of the amounts of the escalated charges and if so, why was affordability not addressed in the Company's petition.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 119:**

119. Please explain why the Company reflected the number of future customers as only the number of customers or lots included in the 5 year growth allowance and not the total denominator included for used and useful purposes.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 120:**

120. For Hermits Cove, the Company has requested that the water system be considered 31% used and useful and an AFPI charge for only one ERC of \$14,289.19 at the end of 2009 that escalates to \$81,802.27 at the end of 5 years. Explain why the Company has requested to collect the total carrying charges on the remaining 69% investment in non-used and useful plant from one ERC.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 121:**

121. For each system in which an AFPI charge was requested, explain why the net cost of qualifying assets included on line 3 of each AFPI schedule (page 1 of 3), reflects the gross plant, not the plant less accumulated depreciation.

**Objection:** The General Objections stated above are incorporated herein by reference.

Property tax expense.

**Interrogatory No. 122:**

122. Please explain the basis and calculations the Company used to make its property tax expense adjustments for pro forma plant additions.

**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 123:**

123. Please explain how the Company made its property tax expense adjustments for non-used and useful plant. Explain whether the pro forma plant was added to the historical plant balance prior to determining the ratio of non-used and useful plant to total plant. If the pro forma plant was included, please explain why this is proper when a separate adjustment was made to property taxes for pro forma plant.

**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 124:**

124. For purposes of this request, please refer to Mr. Griffin's testimony, p. 6, lines 4-7, where he states:

When the Company changed its corporate name to Aqua America and the subsidiary name to Aqua Utilities Florida, Inc., it incurred costs to change the signage on buildings and vehicles and to alert its customers of the name change through letters and newspaper notices.

- a. Please provide the cost of changing the corporate name to Aqua America, the amount of accumulated depreciation, the amount of depreciation expense, the amounts allocated to AUF, and the amounts allocated to each Florida system, and the accounts charged when initially incurred and the amounts included in the test year.
- b. Please provide the cost of changing the subsidiary name to Aqua Utilities Florida, Inc., the amount of accumulated depreciation, the amount of depreciation expense, the amounts allocated to AUF, and the amounts allocated to each Florida system, and the accounts charged when initially incurred and the amounts included in the test year.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 126:**

126. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. For each proforma adjustment:

- a. Please explain the difference between what is represented under column "ProForma Addition" and "ProForma MFR a-5" in the spreadsheet provided in response to POD 1.

- b. Please explain the purpose of the column "ProForma Retirement" and how it is utilized in the MFRs in the spreadsheet provided in response to POD 1.
- c. Please explain what is represented under the columns "Actual-May '09" and "Budget" in the spreadsheet provided in response to POD 1.
- d. Please explain what is meant by the following statement "Retirement for all meter replacements would be a complete retirement of amount in the account. These are complete replacements" and how meters are treated if they are replacements versus retirements.
- e. Provide an explanation of what the "4 pounds per meter and .90 cents per meter" contained under column Q is used for and describe the source of the information.
- f. What is an "FP" number?
- g. Please explain what the proforma retirement percentage is used for and how it is used in the MFRs.
- h. For each meter replacement, please provide by month through June 2008, the number of meters replaced, and the number of meters projected for replacement from July 2008 through December 2008.
- i. Please explain why from line 39 to line 166 there are no values in columns g, h, j, k in the spreadsheet provided in response to POD 1.

j. Please explain the purpose of lines 173 through 183.

**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 127:**

127. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. For each plant addition/proforma adjustment please explain how a change to the dollar value of the addition would be adjusted in the MFRs.

**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 128:**

128. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. For each plant addition/proforma adjustment please provide the following by system and project, including all administrative projects:

- a. A detailed description of each project, including but not limited to the purpose of the project, the reason for the project and the benefit to customers of the project.
- b. The original estimated date of completion, the current estimated date of completion, and the actual date of completion if applicable.

- c. The status of the engineering and permitting efforts, if the plant addition has not been through the bidding process.
- d. The actual cost to complete the addition, the monthly expenditures through June 2008 if the addition is not complete, and the current estimate of the completed cost of the addition.
- e. A statement if any of the proforma plant is required by the Florida Department of Environmental Protection or any other regulatory agency, and explain why it is required.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 129:**

129. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-4, pp. 2-3. For the following systems, please explain why the system is denoted as being included in the filing but has no information regarding the allocation information: Park Manor Water, Saratoga Harbour Water, Sugar Creek Water, and Western Shores Water.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 130:**

130. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 5, lines 16-18, where he states, "AUF seeks to employ the most qualified personnel available. AUF



ensures that all of our employees attend the necessary training courses (Continuing Education Units) to maintain their licenses.”

- a. Please state how many hours of Continuing Education Units are required to be completed by each employee annually and who is responsible for tracking Continuing Education Units.
- b. For each course employees attended in 2007, provide the name of the course, the number of Continuing Education Units the course qualifies for, the date of the course, the location of the course, the number of employees who attended, the cost of the course, the amount of travel and meal costs reimbursed to employees.
- c. Please demonstrate how the costs of continuing education are allocated to each system.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 131:**

131. Mr. Lihvarcik explains the services provided by the Leesburg, Florida, corporate office on p. 6 of his testimony (lines 4-8); however, Mr. Szczygiel states in his testimony, p. 7, line 8, “...personnel at the Company’s Sarasota and Leesburg, Florida locations...” Please explain what services are provided by the personnel at the Sarasota location and explain the necessity of two corporate offices in Florida.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 132:**

132. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 10, lines 6-9, where he states,

Our objective is to continue to standardize these purchasing practices and purchase in bulk, where possible, for items and services that we use on a daily basis, thereby achieving the lowest possible price and improve services and response time.

- a. Please quantify the savings from the Company's purchasing practices and point out where these are reflected in the MFRs.
- b. Please describe the Company's future plans in its efforts to continue standardizing the purchasing practices.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 133:**

133. Please provide the time period for which Employee Salary and Benefits was used to calculate the normalization adjustment and explain why this time period was used.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 134:**

134. For each employee of Aqua Services, Inc., who works in either the Leesburg or Sarasota, Florida, offices, please state the following, the name and title of the employee, the location of the employee, the annual salary for 2006, 2007 and 2008 projected, the amount of time devoted to the Florida systems, and the duties performed.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 135:**

135. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 11, lines 15-17, where he states, "We have a Customer Service Field Supervisor within Florida who manages all customer service functions between the Call Centers, Billing and Customer Service." Please state the name of the Customer Service Field Supervisor and provide his/her qualification.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 136:**

136. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 11, lines 19-23, where he states:

Through this commitment, we have consolidated our customer service to a call center located in Cary, North Carolina. This center has the ability to enhance customer service by allowing substantially high volumes of calls to be automatically routed to two other call centers located in Pennsylvania and Illinois.

- a. Please state when the customer service was consolidated to a call center in Cary, North Carolina.
- b. Please describe the customer call centers and how customer service was handled prior to the consolidation in Cary, North Carolina.
- c. Please quantify the savings associated with the consolidation of the customer service and state how such savings are reflected in the Company's filing, including the location in the MFRs and associated workpapers of the calculations by filename and tab.

**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 137:**

137. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 12, lines 10-14, where he states:

With RF water meters, we are able to read meters in a much more timely and efficient manner. Our Utility Techs are then able to spend more time performing maintenance work, answering customer service calls, and responding to daily calls.

- a. Please state how much more time the Company anticipates its Utility Techs to be able to spend on performing maintenance work, answering customer service calls, and responding to daily calls due to the conversion to RF water meters.

- b. Identify, by system, all cost savings included in the rate filing associated with the conversion to RF meters.
- c. Please state the other locations where Aqua America is converting its systems to RF meters.
- d. Please state by AUF system and by year, since RF conversion began, the number of meters budgeted for conversion and the number actually converted to RF.
- e. Please state which employees read the meters and the other duties performed by these employees.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 138:**

138. For purposes of this request, please refer to Mr. Lihvarcik's Exhibit JML-2, p. 1. Mr. Lihvarcik states AUF is using "Aqua Mag to coat the lines for Lead and Copper violation."

- a. Please state the costs of the Aqua Mag for each month of 2007 and 2008 to-date.
- b. Please explain when this process will be completed for the Jasmine Lakes system.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 139:**

139. For purposes of this request, please refer to Mr. Lihvarcik's Exhibit JML-2, p. 6. One of the operator duties listed is "Transport liquid chlorine from Orange Hill to Sugar Creek because the well location prohibits the chlorine trucks from making the delivery."

- a. Please state how the Company transports the liquid chlorine from Orange Hill to Sugar Creek.
- b. Please state how many miles must be traveled to transport the liquid chlorine from Orange Hill to Sugar Creek, indicating if the miles presented are one-way or round trip.
- c. Please state the related transportation costs for 2007 and as projected for 2008.
- d. Please explain if the Company has plans to make the site accessible to the chlorine trucks.
- e. Please explain why the Company can transport the chlorine, but the chlorine trucks can not.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 140:**

140. For purposes of this request, please refer to Mr. Lihvarcik's Exhibit JML-2. For the following systems, please explain how the Company is addressing the problems identified in Exhibit JML-2.

- a. On p. 19, Hobby Hills Water, Mr. Lihvarcik states, "The infrastructure is old causing service line and main breaks."
- b. On p. 23, Palms Mobile Home Park Water, Mr. Lihvarcik states, "Old distribution system requires a lot of maintenance."
- c. On p. 30, Tangerine Water, Mr. Lihvarcik states, "The distribution system is aging and we have been receiving numerous service line and main line breaks. We are preparing plans to begin replacing the aging water mains and service lines."
- d. On p. 31, Valencia Terrace Wastewater, Mr. Lihvarcik states, "The wwtp is old and requires numerous hours of operations to maintain optimum results."
- e. On p. 34, Chuluota Water, Mr. Lihvarcik states, "The system is aging resulting in service line and water main breaks."
- f. On p. 36, Florida Central Commerce Park Wastewater, Mr. Lihvarcik states, "Collection system has number of breaks due to soil types."
- g. On p. 37, Interlachen Lake Estates Water, Mr. Lihvarcik states, "Unaccounted water loss-continue to do leak detection to locate leaks."

- h. On p. 63, Pomona Park Water, Mr. Lihvarcik states, "Because of the age of the system we are beginning to replace the older service lines and water main."
- i. On p. 48, Ocala Oaks Water, Mr. Lihvarcik states, "We receive low pressure complaints from the Bellaire section during peak demands."
- j. On p. 50, Arrendondo Estates Water, Mr. Lihvarcik states, "We have numerous water service line and main breaks because of the age of the system."

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 141:**

141. For purposes of this request, please refer to Mr. Lihvarcik's Exhibit JML-2. For the following systems, please explain how the Company is addressing the I&I problems identified in Exhibit JML-2, including any studies conducted and their related costs.

- a. On p. 50, Arrendondo Estates Wastewater, Mr. Lihvarcik states, "Identified I&I problem which is being addressed."
- b. On p. 32, Venetian Village Wastewater, Mr. Lihvarcik states, "We have begun an I&I program to reduce filtration."
- c. On p. 34, Chuluota Wastewater, Mr. Lihvarcik states, "I&I problems are being addressed."

**Objection: The General Objections stated above are incorporated herein by reference.**



**Interrogatory No. 142:**

142. In Mr. Lihvarcik's Exhibit JML-2, Mr. Lihvarcik uses the term "transient population" for the following systems: Lake Josephine, Palms Mobile Home Park, Silver Lake Estates/Western Shores, and Summit Chase.

- a. Please explain what Mr. Lihvarcik means by "transient population."
- b. For each system by month for 2006 and 2007, please state the number of transient customers.
- c. Please describe any analyses the Company has done to determine that the water quality complaints are from customers identified as "transient."
- d. Please provide all customer complaints and identify those that are because of transient customers.

**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 143:**

143. In Mr. Lihvarcik's Exhibit JML-2, he identifies two systems as being in a low income area: Hobby Hills and Arrendondo Estates.

- a. Please explain how the Company determined these areas are low income areas.

- b. Separately for each system, please state the number of shut offs for each month of 2005, 2006, 2007, and 2008 to date.
- c. Please state the shut-off policy for each of the above systems and explain if the Company has considered modifying its shut off policy.
- d. Please explain if the Company's shut off policy is the same across all of its systems in Florida, and if not, explain how they are different.

**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 144:**

144. For purposes of this request, please refer to Mr. Szczygiel's testimony, p. 9, lines 7-9, where he states, "Finally, pro forma adjustments were made to reflect salary adjustments for the Florida operations personnel based on competitive market based rates."

- a. Please explain what a competitive market based rate is and describe how it was determined.
- b. Please state if the salary adjustments based on competitive market based rates are in addition to or instead of the 4% salary increase received in April.
- c. Please state the amount of the market based competitive increase for the AUF operational staff and explain how the competitive market based rates and subsequent increase were determined.

- d. For each employee who received the competitive market based rate increase, please provide the market based rate determined for that person, the employee's base rate, the amount of the increase, and the new rate.
- e. For each employee who received the competitive market based rate, please state which systems his/her salary is allocated or directly charged to and how the amount of the allocation or charge is determined.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 145:**

145. For purposes of this request, please refer to Mr. Szczyguel's testimony, p. 10, lines 1-4, where he states:

Q. Please describe the Contractual Services -- Other Expense.

A. Miscellaneous outside contractor expense consists of charges for required maintenance (i.e., specifically defined maintenance projects and other contractual services) incurred during the year.

For services provided by an outside independent contractor, please explain the reasons the outside independent contractor was hired instead of using the Company's current staff or an affiliated company.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 148:**

148. For purposes of this request, please refer to Mr. Franceski's testimony, p. 3, lines 21-22, where he states, "I have also calculated the appropriate rates for customers having Wastewater Only service using the average consumption for the respective rate class." Please clarify which rates were calculated – stand alone, consolidated, or both.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 149:**

149. With respect to the calculations of the stand alone rates for AUF's water and wastewater systems by Mr. Franceski, please discuss any deviations from past Company practices in calculating the rates.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 150:**

150. For purposes of this request, please refer to lines 3-5, page 4 of Mr. Franklin's testimony, which state: "Many of these systems needed major improvements. Our strategy was to spend our capital dollars to environmental compliance first."

- a. Identify each system now in AUF that needed to be brought into environmental compliance at the time of its purchase.
- b. For each system identified in response to (a) describe the necessary improvement to bring it into compliance.
- c. Provide the date on which each system identified in response to (a) was in compliance with all environmental regulations.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 151:**

151. For purposes of this request, please refer to lines 6-7, page 5 of Mr. Franklin's testimony, which state: "AUF is committed to providing quality and reliable water and wastewater service and a high level of customer service as measured by several key metrics."

- a. Identify each of these metrics.
- b. Identify the benchmark at which the Company believes the metric measures adequate service.
- c. Provide the results of the metrics since the AUF systems were purchased.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 152:**

152. For purposes of this request, please refer to lines 16-18, page 5 of Mr. Franklin's testimony which state: "The Company is in the midst of replacing all of its manually read meters with new meters equipped with a radio frequency ("RF") device."

- a. Please identify all AUF systems in which manually read meters are still in use.

- b. For each system identified in response to (a) please provide the total number of meters, and the number which are now equipped with an RF device.
- c. For each system identified in response to (a) please provide the estimated date on which all meters will have been replaced with RF meters.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 153:**

153. For purposes of this request, please refer to lines 23-24, page 5 of Mr. Franklin's testimony, which state: "The goal is to estimate less than one percent of all meters."
- a. Please explain how the 1% benchmark was determined.
  - b. Please provide the percentage of monthly bills for 2006, 2007, and 2008 to date, which are estimated in each of AUF's affiliated companies in each state in which Aqua America operates.
  - c. Provide the percentage of AUF bills that were estimated in each of the years 2004, 2005, 2006, and 2007, and 2008 to date.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 154:**

154. For purposes of this request, please refer to lines 1-6, page 6 of Mr. Franklin's testimony, which discusses the program Aqua Connects.
- a. Identify the date on which Aqua Connects was implemented.
  - b. Identify the total number of meetings Aqua Connects has held in Florida since implementation of the program.

- c. For each Aqua Connect meeting held to date provide the location, date, and number of customers in attendance.
- d. Identify the schedule of Aqua Connects meetings going forward through 2008 and 2009.
- e. Please discuss all facets of Aqua Connects in addition to public meetings.
- f. Explain how customers were invited to the meetings: by billing insert, ads in local newspapers, telephone calls, other?
- g. Identify, by system, and by account, all costs associated with Aqua Connects included in the test year.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 155:**

155. Identify each water quality concern that was raised at the Aqua Connects meetings and for each explain how the Company has responded to the problem.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 156:**

156. For purposes of this request, please refer to lines 13-15, page 6 of Mr. Franklin's testimony which state: "A new Chief Operating Manager was hired from a neighboring municipal system to increase the company's operating standard." Provide a detailed explanation of what is meant by "operating standard" and identify all benchmarks used to measure compliance with this standard. Provide the amount paid (salary, pensions and

- b. Provide monthly metric results for 2006, 2007 and the first quarter of 2008 for AUF.
- c. Provide the analogous monthly metric results for each of the other states in which Aqua America operates.
- d. Please describe how the customer call centers are organized and which call centers handle calls of AUF customers.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 160:**

160. For purposes of this request, please refer to lines 1-6, page 2 of Mr. Prettyman's testimony. Please describe in detail how Mr. Prettyman conducted his review of the gross data compared to the actual books and records and the analysis that was undertaken on a system by system basis.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 161:**

161. The Company's B-7 Supplemental Schedule for 48 Estates states under the explanation column that a new generator was the reason for the cost increase in fuel for power production. Please provide a detailed explanation of how the new generator increased fuel for power production. State the size of the new and old generators.

**Objection: The General Objections stated above are incorporated herein by reference.**



**Interrogatory No. 162:**

162. For purposes of this request please refer to the Company's response to OPC POD 5, specifically the 2007 Variance Report – Budget to Current.
- a. Referring to column k, line 8, please explain the purpose of the comment contained in this cell.
  - b. Referring to column k, line 8, please provide a detailed listing of the amount by system with a description of what caused the Company's water revenues to be under budget by \$1.1 million. Please explain the comment in this same cell.
  - c. Referring to column k, line 9, please provide a detailed listing of the amount by system with a description of what caused the Company's wastewater revenues to be under budget by \$.432 million. Please explain the comment in this same cell.
  - d. Please explain what expected rate increases would not be realized in 2007.
  - e. Referring to columns k and r, line 20, please provide a detailed explanation of the reasons for health and dental insurance to be under budget for 2007. Explain if this will continue into to 2008 and if not provide a detailed explanation as to why it would not continue.
  - f. Referring to columns k and r, line 20, please provide a detailed explanation of why profit sharing is over budget.
  - g. Referring to columns k and r, line 25, please explain how the refund of \$10,800 on sales tax on chlorine was treated for the test year and which system(s) it impacts. Please explain why South Seas is over budget and if this cost increase is expected in 2008.

- h. Referring to columns k and r, line 26, please provide a detailed itemization of the amounts by system which resulted in the amount year to date corporate services operations expenses being under budget. For each instance, explain if this will continue into 2008 and if not provide a detailed explanation as to why it would not continue.
- i. Referring to columns k and r, line 28, please provide a detailed explanation for each instance that expenses were over or under budget. For each instance, explain if this will continue into 2008 and if not, provide a detailed explanation as to why it would not continue.
- j. Referring to columns k and r, line 27, please provide a detailed itemization of the amounts by system which resulted in the amount year to date customer operations expenses being under budget. For each instance, explain if this will continue into to 2008 and if not provide a detailed explanation as to why it would not continue.
- k. Referring to columns k and r, line 29, please provide the amount of the Leesburg office rent escalation and back rent charged in 2007. Explain if this was removed from the test year and if so where this can be found in the MFRs.
- l. Referring to columns k and r, line 29, please provide the amount of lease expense back charged for 2005 and 2006 to Lake Suzy and the account this was charged to. Explain if this was removed from the test year and if so where this can be found in the MFRs.
- m. Referring to columns k and r, line 31, please provide a detailed explanation for each instance listed of transportation expenses that were over or under budget. Explain if

the Company expects these expenses to continue at this level into 2008 and if so provide a detailed explanation as to what they will continue into 2008.

- n. Referring to columns k and r, line 33, please explain why bad debt expense was over budget and itemize the dollar amount associated with each reason.
- o. Referring to columns k and r, line 34, please provide a detailed explanation for each instance listed that other expenses were over budget. Explain if the Company expects these expenses to continue at this level into 2008 and if so provide a detailed explanation as to why.
- p. Referring to columns k and r, line 34, identify each system where penalties were incurred in 2007 and indicate if these were included in the test year. If they are not included in the test year, please demonstrate that they have been removed.
- q. Referring to columns k and r, line 38, please explain why Chuluota sewer is over budget and the amount by which it is over budget. Please indicate if this level of expense is expected to continue into 2008, and if so please explain why it is expected to continue.
- r. Referring to columns k and r, line 40, please explain why property taxes are over budget. Please indicate if this level of expense is expected to continue into 2008, and if so please explain why it is expected to continue.

**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 165:**

- 165. For purposes of this request, please refer to the Company's response to POD 5, Variance Report Budget to Current, January 2008.

- a. Please explain why Chuluota's water revenue is over budget and the amount it is over budget.
- b. Please explain why South Seas wastewater revenue is under budget and state the amount it is under budget.
- c. Please itemize the amount of labor expense that is over budget.
- d. Explain what is meant by the following: "Some of the regular labor is due to Smith & Rendell and offset with positive variance in non-operating expenses."
- e. Explain what the PAAM credit is and why it is unfavorable.
- f. Explain why health and dental insurance are under budget.
- g. Explain why Palm Terrace purchased less water than expected.
- h. Explain what the CCR reports are.
- i. Please explain why Chuluota was under budget.
- j. Please explain why flow testing is under budget.
- k. Explain why supplies are under budget.
- l. Please explain why GE Fleet leases and services are under budget and why miscellaneous direct is under budget.
- m. Please provide a detailed explanation of the following: "Our aging is still compromised due to all of the credits/cancelled bills issued the end of 2007. A calculation based on our actual over 90 aging wouldn't give a true picture, therefore bad debt expense was estimated at 2% of revenue."
- n. Please provide a detailed explanation for each of the following variances: "The favorable items are customer education \$2400, Communication \$1600, fines \$4800 and licenses \$1300. The unfavorable items are postage (\$2000) due to refilling

postage meter which should last a few months and T&E related (\$1800) of which \$1500 is meals from the North Christmas party and dinners during the CAP meetings.”

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 166:**

166. For purposes of this request, please refer to the Company’s response to POD 5, Variance Report Budget to Current, February 2008.
- a. Identify the state in which the power outage caused an increase in labor costs.
  - b. Explain why health and dental insurance are under budget.
  - c. Please explain the following statement: “It appears as though the budget for employee insurances was for gross charges rather than including employee contributions. Jan emp contributions is \$9,055.”
  - d. Please explain the reason why most systems purchased water expense are under budget.
  - e. State the amount by which South Seas sludge hauling expense was lower due to a lower priced hauler. Provide the amount by which the charge was lower and how this was taken into consideration in the test year. If it was not taken into consideration, please provide an estimate of the impact on the test year.
  - f. Please explain all reasons that Chuluota’s chemical expense is under budget.
  - g. Please explain why corporate services and sundry expense are under budget.
  - h. Please explain why tank inspections are under budget.
  - i. Please explain why the following are under budget: water distribution repairs, hydrant testing, and collection system maintenance.

- j. Please explain why GE Fleet leasing and services are lower than expected.
- k. Please describe each of the following items and why they are over or under budget:  
“The favorable items are fines \$4700 and licenses \$2200, postage \$4100 & other/office supplies \$1500. The unfavorable items are civic education (\$5900) and T&E related (\$3000) some of which is related to hotels for the January CAP meeting attendees and dues & communication chgs (\$1300).”
- l. Please explain why depreciation expense is under budget.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 167:**

167. For purposes of this request, please refer to the Company’s response to POD 5, Variance Report Budget to Current, March 2008.
- a. Please explain why profit sharing is under budget.
  - b. Please explain the meaning of the following: “It appears as though the budget for employee insurances was for gross charges rather than including employee contributions. Mar emp contributions is \$9,300.” Is this the reason for health and dental insurance being below budget.
  - c. Please explain why each of the following items is over or under budget: “Regular labor is over (\$5100), OT is over (\$6,200). Bonus is under \$36,700 due 2007 unused bonus true up and stock option is over (\$3,700) due to a forfeiture true up.”
  - d. Explain how the unused bonuses for 2007 are reflected in the test year. Explain what gave rise to the unused bonuses.
  - e. Please explain why Palm Terrace’s purchase has been favorable all year.

- f. Please explain what is meant by: "The largest favorable is FL Comm Pk, no hauling due to plant upset."
- g. Please explain why Corporate Services is over budget by \$18,000.
- h. Please explain why tank inspection and outside meter reader expenses are under budget.
- i. Please explain why GE fleet services are favorable.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 168:**

168. For purposes of this request, please refer to the Company's response to POD 5, Variance Report Budget to Current, April 2008.

- a. Please explain why water revenues are over budget year-to-date, by system.
- b. Please explain why Corporate services are under budget and Sundry is over budget.
- c. Please explain by customer operations expense are favorable year-to-date.
- d. Please explain why tank inspection and outside meter reader expenses are under budget.
- e. Please explain why the following and under or over budget: "Unfavorable variances in pump repairs (\$234), and backflow certifications (\$125), Bldg & ground maint (\$2,800), collection system maint (\$1,700), Lift station cleaning/repairs (\$7,700). Favorable variances in Generator Maint \$12,500, Water Dist repairs \$2,600, WWTP maint \$5,800, Hydrant testing \$700"
- f. Please explain the following: "Village Water is under (\$6,200) they were budgeted based on the prior billings of the TX customers."

- g. Please explain the following: "Fountain Lakes was budgeted for (\$36,667) but location is not active until May 1."

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 169:**

169. Please explain why the following systems do not show an allocation or charge from Aqua Services, Inc.: Beecher's Point wastewater, Florida Central Commerce wastewater, Lake Suzy water, Lake Suzy wastewater, South Seas, and Village Water wastewater.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 170:**

170. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide a detailed explanation of the following proforma adjustments: Project ACO Dual Water/Sewer Customer adjustment to allocations, Projected Service Company Dual Water/Sewer Custom adjustment to allocations; Additional 2008 Service Co. employee benefits; and Additional 2008 Service Company headcount, fully loaded.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 171:**

171. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide a detailed explanation of the following normalization adjustments: Normalize 2007 Intracompany misallocation of a/c 426 to Operating Expenses; Normalize 2007



Intracompany misallocation; 'Normalize 2007 Intracompany misallocation of a/c 426 to Operating Expenses; 'Normalize 2007 Intercompany misallocation due to Fairways; and 'Allocate Payroll Taxes from Admin dept

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 172:**

172. Please refer to the Company's MFRs for all systems and provide the following:

- a. Provide an explanation of the changes to Account Number 601 and 701, Salaries and Wages - Employees, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
- b. Provide an explanation of the changes to Account Number 603 and 703, Salaries and Wages – Officers, Directors, Stockholders, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
- c. Provide an explanation of the changes to Account Number 632 and 732, Contractual Services – Accounting, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.

- d. Provide an explanation of the changes to Account Number 650 and 750, Transportation Expenses, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
- e. Provide an explanation of the changes to Account Number 656 and 756, Insurance -- Vehicle, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
- f. Provide an explanation of the changes to Account Number 657 and 757, Insurance -- General Liability, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
- g. Provide an explanation of the changes to Account Number 670 and 770, Bad Debt Expense, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.
- h. Provide an explanation of the changes to Account Number 675 and 775, Miscellaneous Expenses, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a

detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.

**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 173:**

173. Please refer to the Company's MFRs for Chuluota, Fern Terrace, Grand Terrace, Haines Creek, Holiday Haven, Jasmine Lakes, Jungle Den, JS 48 Estates, Kingswood, Lake Gibson Estates, Ocala Oaks, Palm terrace, Picciola Island, Pomona Park, River Grove, Silver Lake Estates/Western, Skycrest, South Seas, Tangerine, The Woods, Venetian Village, and Zephyr Shores. Please provide an explanation of the changes to Account Number 635 and 735, Contractual Services --Testing, from 2005 to 2006 and from 2006 to 2007. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis, where applicable, if the cause of the change is system specific.

**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 174:**

174. Please refer to the Company's MFRs for Lake Josephine, Sebring Lakes, Fern Terrace, Grand Terrace, Holiday Haven, Skycrest, Tangerine, Palm Terrace, Gibsonia Estates, Beechers Point, Chuluota, and Sunny Hills. Please an explanation of the changes to Account Number 604 and 704, Employee Pensions and Benefits, from 2005 to 2006 and

from 2006 to 2007 for each system. In particular, please provide a detailed explanation of what caused the expenses to either increase or decrease from year to year. Please provide this information on a per system basis

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 175:**

175. Please refer to the Company's MFRs for the Lake Osbourne Estates System. Please explain why expenses for Account Number 731, Contractual Services - Engineering, are zero in 2005, increased to \$226 in 2006, and then increased to \$230 in 2007.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 176:**

176. Please refer to the Company's MFRs for the Jasmine Lakes System. Please explain why expenses for Account Number 633, Contractual Services - Legal, are negative \$5,769 in 2005.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 177:**

177. Refer to the Company's MFRs for the Sunny Hills System and provide the following:

- a. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$4,495 in 2006 and then increased to \$8,900 in 2007.

- b. Please explain why expenses for Account Number 736, Contractual Services—Other are \$2,087 in 2005, increased to \$4,186, and then increased to \$8,408 in 2007.
- c. Please explain why expenses for Account Number 711, Sludge Removal Expense are \$0 in 2006 and then increased to \$525 in 2007.
- d. Please explain why expenses for Account Number 718, Chemicals, are \$588 in 2006 and then increased to \$1,006 in 2007.

**Objection:** The General Objections stated above are incorporated herein by reference.

**Interrogatory No. 178:**

178. Please refer to the Company's MFRs for the Arrendondo Estates/Farms System and provide the following:
- a. Please explain why expenses for Account Number 620, Materials and Supplies are \$260 in 2005, increased to \$1,008 in 2006, and then increased to \$1,450 in 2007.
  - b. Please explain why expenses for Account Number 636, Contractual Services—Other are \$3,894 in 2005, then increased to \$14,284 in 2006, and increased to \$17,569 in 2007.
  - c. Please explain why expenses for Account Number 711, Sludge Removal Expense are \$28,317 in 2005 and then increased to \$43,165 in 2006, and then decreased to \$39,118 in 2007.

- d. Please explain why expenses for Account Number 720, Materials and Supplies are \$188 in 2006 and then increased to \$711 in 2007.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 179:**

179. Please refer to the Company's MFRs for the Oakwood System and provide the following:
  - a. Please explain why expenses for Account Number 636, Contractual Services—Other are \$48 in 2005, then increased to \$643 in 2006, then increased to \$2,500 in 2007.
  - b. Please explain why expenses for Account Number 675, Miscellaneous Expenses are \$106 in 2005 and then increased to \$14,075 in 2006.
  - c. Please explain why expenses for Account Number 620, Materials and Supplies are \$0 in 2005, and then increased to \$1,046 in 2006, and then increased to \$1,780 in 2007.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 180:**

180. Please refer to the Company's MFRs for the Lake Josephine System and provide the following:
  - a. Please explain why expenses for Account Number 615, Purchased Power are \$9,975 in 2005, then increased to \$12,675 in 2006, and then increased to \$18,367 in 2007.

- b. Please explain why expenses for Account Number 618, Chemicals are \$7,435 in 2005 and then increased to \$9,414 in 2006.
- c. Please explain why expenses for Account Number 620, Materials and Supplies are \$559 in 2005, and then increased to \$4,491 in 2006.
- d. Please explain why expenses for Account Number 631, Contractual Services—Engineering are \$272 in 2005 and then increased to \$1,133 in 2006.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 181:**

181. Please refer to the Company's MFRs for the Leisure Lakes System and provide the following:

- a. Please explain why expenses for Account Number 634, Contractual Services—Management Fees are \$6,273 in 2006 and then increased to \$9,379 in 2007.
- b. Please explain why expenses for Account Number 636, Contractual Services—Other are \$12,637 in 2006 and then increased to \$16,391 in 2007.
- c. Please explain why expenses for Account Number 711, Sludge Removal are \$5,070 in 2005, increased to \$9,800 in 2006, and then increased to \$10,134 in 2007.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 182:**

182. Please refer to the Company's MFRs for the East Lake Harris System. Please explain why expenses for Account Number 636, Contractual Services—Other are \$880 in 2006 and then increased to \$2,699 in 2007.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 183:**

183. Please refer to the Company's MFRs for the Fern Terrace System and provide the following:

- a. Please explain why expenses for Account Number 615, Purchased Power are \$2,029 in 2005, increased to \$2,570 in 2006, and then increased to \$3,027 in 2007.
- b. Please explain why expenses for Account Number 620, Materials and Supplies are \$248 in 2005, increased to \$1,364 in 2006, and then increased to \$1,376 in 2007.
- c. Please explain why expenses for Account Number 636, Contractual Services—Other, are \$1,028 in 2006 and then increased to \$2,166 in 2007.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 184:**

184. Please refer to the Company's MFRs for the Grand Terrace System and provide the following:



- a. Please explain why expenses for Account Number 615, Purchased Power are \$1,363 in 2005, increased to \$1,876 in 2006, and were \$1,857 in 2007
- b. Please explain why expenses for Account Number 620, Materials and Supplies are \$22 in 2005, increased to \$1,434 in 2006, and were \$1,007 in 2007.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 185:**

185. Please refer to the Company's MFRs for the Hobby Hills System and provide the following:
- a. Please explain why expenses for Account Number 636, Contractual Services—Other are \$476 in 2005, then increased to \$825 in 2006 and then increased to \$1616 in 2007.
  - b. Please explain why expenses for Account Number 620, Materials and Supplies are \$51 in 2006 and then increased to \$2,314 in 2007.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 186:**

186. Please refer to the Company's MFRs for the Holiday Haven System and provide the following:

- a. Please explain why expenses for Account Number 636, Contractual Services—Other are \$790 in 2005, then increased to \$5,207 in 2006, and then increased to \$6,808 in 2007.
- b. Please explain why expenses for Account Number 711, Sludge Removal Expenses are \$9,018 in 2005, and then increased to \$11,577 in 2006, and then increased to \$15,205 in 2007.
- c. Please explain why expenses for Account Number 718, Chemicals are \$1,168 in 2005, increased to \$2,026 in 2006, and were \$2,008 in 2007.
- d. Please explain why expenses for Account Number 720, Materials and Supplies are \$213 in 2005, increased to \$1,969 in 2006, and decreased to \$1,461 in 2007
- e. Please explain why expenses for Account Number 736, Contractual Services—Other are \$8,427 in 2005, increased to \$13,472 in 2006, and increased to \$14,167 in 2007.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 187:**

- 187. Please refer to the Company's MFRs for the Haines Creek System. Please explain why expenses for Account Number 615, Purchased Power are \$738 for 2006 and then increased to \$1,692 in 2007.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 188:**

188. Please refer to the Company's MFRs for the Imperial Mobile Terrace System and provide the following:

- a. Please explain why expenses for Account Number 620, Materials and Supplies are \$662 for 2006 and then increased to \$1,408 in 2007.
- b. Please explain why expenses for Account Number 636, Contractual Services—Other are \$1,134 in 2006 and then increased to \$10,702 in 2007.

**Objection: The General Objections stated above are incorporated herein by reference.**

**Interrogatory No. 189:**

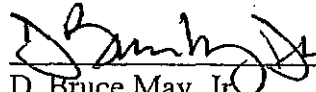
189. Please refer to the Company's MFRs for the Kings Cove System and provide the following:

- a. Please explain why expenses for Account Number 615, Purchased Power are \$4,744 in 2005, increased to \$6,494 in 2006, and decreased to \$5,833 in 2007.
- b. Please explain why expenses for Account Number 620, Materials and Supplies are \$518 in 2005, increased to \$2,545 in 2006, and decreased to \$1,212 in 2007.

**Objection: The General Objections stated above are incorporated herein by reference.**

Dated this 7th day of July, 2008.

**HOLLAND & KNIGHT LLP**



D. Bruce May, Jr.  
Florida Bar No. 354473  
Gigi Rollini  
Florida Bar No. 684491  
Holland & Knight, LLP  
Post Office Drawer 810  
Tallahassee, Florida 32302-0810  
(850) 224-7000 (Telephone)  
(850) 224-8832 (Facsimile)

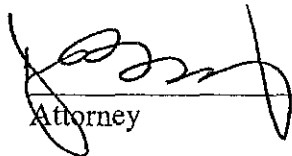
-and-

Kimberly A. Joyce, Esquire  
Aqua America, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010  
(610) 645-1077 (Telephone)  
(610) 519-0989 (Facsimile)

**Attorneys for Aqua Utilities Florida, Inc.**

**CERTIFICATE OF SERVICE**

I hereby certify that the original and a true and correct copy of the foregoing was furnished by U.S. Mail and electronic transmission to **Charles Beck, Esq., Office of Public Counsel**, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, beck.charles@leg.state.fl.us; and a true and correct copy of the foregoing was furnished by U.S. Mail and electronic transmission to **Ralph Jaeger, Esq., Office of General Counsel, Florida Public Service Commission**, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, RJaeger@psc.state.fl.us; and courtesy copies of the foregoing were furnished by electronic transmission to **Katherine Fleming, Esq.** (keflemin@psc.state.fl.us), **Caroline Klancke, Esq.** (cklancke@psc.state.fl.us), **Erik Sayler, Esq.** (esayler@psc.state.fl.us), this 7th day of July, 2008.

  
\_\_\_\_\_  
Attorney

# 5451935\_v1

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for increase in water and )  
wastewater rates in Alachua, Brevard, DeSoto, ) **DOCKET NO. 080121-WS**  
Highlands, Lake, Lee, Marion, Orange, )  
Palm Beach, Pasco, Polk, Putnam, ) **DATED: July 7, 2008**  
Seminole, Sumter, Volusia, and Washington )  
Counties by Aqua Utilities Florida, Inc. )  
\_\_\_\_\_)

**AQUA UTILITIES FLORIDA, INC.'S EXPEDITED OBJECTIONS  
TO CITIZENS' THIRD REQUEST FOR PRODUCTION OF DOCUMENTS  
TO AQUA UTILITIES FLORIDA, INC. (Nos. 124-181)**

Aqua Utilities Florida, Inc. ("AUF"), by and through their undersigned counsel and pursuant to Rule 28-106.206, Florida Administrative Code, Rule 1.350, Florida Rules of Civil Procedure, and Order No. PSC-08-0429-PCO-WS, Section 5(A), issued June 27, 2008, hereby serves its expedited objections to the Third Request for Production of Documents to AUF (Nos. 124-181) propounded by the Office of Public Counsel on behalf of Citizens of the State of Florida ("OPC") on June 27, 2008.

**PRELIMINARY STATEMENT**

By providing these objections to OPC's Third Request for Production ("Requests"), AUF does not waive its right to challenge the relevance, materiality, and admissibility of the information or documents provided, or to object to the use of the information or documents in any subsequent proceeding, trial, or hearing in this action.

AUF's search for information and documents is ongoing. Accordingly, AUF's objections to these Requests are based on information and documents known to it at this time. AUF reserves its right to supplement or amend its objections at any time prior to final hearing. These objections are limited to and filed on behalf of AUF.

## GENERAL OBJECTIONS

1. With respect to the "Definitions" and "Instructions" in the Requests, AUF objects to any definitions or instructions that are inconsistent with AUF's discovery obligations under applicable rules. If some question arises as to AUF's discovery obligations, AUF will comply with applicable rules and not with any of OPC's definitions or instructions that are inconsistent with those rules.

2. AUF objects to any definition or request that seeks to obligate persons or entities who are not parties to this action or that are not subject to discovery under applicable rules.

3. AUF also objects to any request that purports to require AUF or its experts to prepare studies, analyses, or to do work for OPC that has not been done for AUF.

4. AUF generally objects to any request that calls for data or information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law.

5. AUF reserves the right to supplement any of its objections to OPC's Requests if AUF cannot locate the answers immediately due to their magnitude and the work required to aggregate its responses, or if AUF later discovers additional information in the course of this proceeding. By making these general objections at this time, AUF does not waive or relinquish its right to assert additional general and specific objections to OPC's Requests.

6. AUF objects to OPC's representation in the Requests that it propounds only fifty-seven (57) specific requests for production of documents. The Requests, when its subparts and compound requests are counted, demands production of approximately one hundred twenty (120) separate categories of documents, not fifty-seven (57). To date, the specific requests served by OPC, when subparts and compound requests are counted, totals four hundred thirty-seven (437).

AUF objects to any attempt by OPC to evade numerical limitations on the number of requests for production allowed in this docket by using compound and/or multiple requests and subparts within individually numbered requests.

7. AUF objects to these requests, individually and generally, to the extent the requested documents and/or information is in the public domain or equally accessible to OPC and Citizens.

8. By making these expedited objections herein, AUF does not concede that any request is relevant to this action or is reasonably calculated to lead to the discovery of admissible evidence. AUF expressly reserves the right to supplement its objections upon further investigation into the subject matter of any of these requests, as well as to the introduction of evidence of any response or portion thereof.

9. In expediently objecting to OPC's Requests, AUF has made a reasonable inquiry of those persons likely to possess information responsive thereto and has conducted a reasonable search of those records in AUF's possession, custody, or control where the requested information would likely be maintained in the ordinary course of business. To the extent that any of OPC's requests ask AUF to go to greater lengths, AUF objects thereto because such requests are overly broad, unduly burdensome, and unreasonable.

10. AUF objects to OPC's Requests to the extent that any seek 2008 data outside of pro forma adjustments.



**OBJECTIONS TO REQUESTS**

124. For purposes of this request, please refer to Mr. Griffin's testimony, p. 4, lines 18 – 23, where he states:

Q. Did AUF record the Jasmine Lakes reclassification as set forth in Audit Finding No. 1?

A. Yes. The \$1,172,514 balance in Account 304 was transferred to Account 354 in December 2007. In addition, the \$100,695 of accumulated depreciation to-date was also reclassified from the water account to the wastewater account in December 2007.

Please provide the workpapers and other supporting documentation of this reclassification. Please provide in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 124:**

**The General Objections stated above are incorporated herein by reference.**

125. For purposes of this request, please refer to Mr. Griffin's testimony, p. 5, lines 1-4, where he states:

Q. Did AUF provide the original cost studies for the Village Water water and wastewater systems and the Rosalie Oaks water and wastewater systems to the Commission in accordance with Audit Finding No. 2?

A. Yes. All four original cost studies were provided on or before June 30, 2007.

Please provide copies of the four original cost studies.

**RESPONSE TO REQUEST NO. 125:**

**The General Objections stated above are incorporated herein by reference.**

126. For purposes of this request, please refer to Mr. Griffin's testimony, p. 5, lines 8-10, where he states:

Q. Did AUF record the rate base adjustments ordered by the Commission and set forth in Audit Finding No. 3?

A. Yes. The aforementioned rate base adjustments were booked in December 2007.

Please provide the workpapers and other supporting documentation for the rate base adjustments ordered by the Commission and set forth in Audit Finding No. 3.

**RESPONSE TO REQUEST NO. 126:**

**The General Objections stated above are incorporated herein by reference.**

127. For purposes of this request, please refer to Mr. Griffin's testimony, p. 5, lines 18-20, where he states:

Q. Audit Findings No. 4 and 5 refer to projected plant retirements. Is there still an issue with the projected versus actual plant retirements?

A. No. The Oakwood plant retirement as been corrected.

Please provide the workpapers and other supporting documentation for the correction of the Oakwood plant retirement.

**RESPONSE TO REQUEST NO. 127:**

**The General Objections stated above are incorporated herein by reference.**

128. For purposes of this request, please refer to Mr. Griffin's testimony, p. 6, lines 4-7, where he states:

When the Company changed its corporate name to Aqua America and the subsidiary name to Aqua Utilities Florida, Inc., it incurred costs to change the signage on buildings and vehicles and to alert its customers of the name change through letters and newspaper notices.

Please provide the supporting documentation, including but not limited to invoices, purchase orders, bids, etc., for costs incurred related to the corporate and subsidiary name change.

**RESPONSE TO REQUEST NO. 128:**

**The General Objections stated above are incorporated herein by reference.**

129. For purposes of this request, please refer to Mr. Griffin's testimony, p. 7, lines 15-19, where he states:

Q. Audit Finding No. 13 states that for the Florida Water Services Corporation ("FWSC") systems there is a \$10,608 difference in 2005 depreciation expense between the general ledger and the MFRs. Has the Company adjusted for this difference?

A. Yes. Corrections were made to Accumulated Depreciation in 2006.

Please provide the workpapers and supporting documentation for the corrections made to Accumulated Depreciation.

**RESPONSE TO REQUEST NO. 129:**

**The General Objections stated above are incorporated herein by reference.**

130. For purposes of this request, please refer to Mr. Griffin's testimony, p. 8, lines 1-4, where he states:

Q. Audit Finding No. 15 recorded a correction to the Ocala Oaks Accumulated Amortization of CIAC from 1989 to 2005. Has the Company adjusted for this difference?

A. Yes. The adjustment was recorded in 2007.

Please provide the workpapers and supporting documentation for the correction to the Ocala Oaks Accumulated Amortization of CIAC.

**RESPONSE TO REQUEST NO. 130:**

**The General Objections stated above are incorporated herein by reference.**

131. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-4.
- a. Please provide the analogous information contained on page 1 to include December 2006.
  - b. Please provide the items included in the "Structures and Improvements" and "Computer Equipment" categories in the most detailed format available and their respective costs for each month of the time period December 2006 to December 2007.

**RESPONSE TO REQUEST NO. 131:**

**The General Objections stated above are incorporated herein by reference.**

132. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 10, lines 5-6, where he states: "We also have state wide contracts for laboratory services, utility contracting, and supplies." Please provide a copy of all state wide contacts.

**RESPONSE TO REQUEST NO. 132:**

**The General Objections stated above are incorporated herein by reference.**

133. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 11, lines 11-13, where he states: "An analysis was performed to compare AUF's salaries to other industry standards. With this information, salaries were developed for each of the geographical locations within Florida." Please provide all workpapers and supporting documentation of the analysis and comparison conducted.

**RESPONSE TO REQUEST NO. 133:**

**The General Objections stated above are incorporated herein by reference.**

134. For purposes of this request, please refer to Mr. Lihvarcik's testimony, p. 11, lines 19-23, where he states:

Through this commitment, we have consolidated our customer service to a call center located in Cary, North Carolina. This center has the ability to enhance customer service by allowing substantially high volumes of calls to be automatically routed to two other call centers located in Pennsylvania and Illinois.

Please provide all analysis and studies undertaken to address the consolidation of the call centers.

**RESPONSE TO REQUEST NO. 134:**

**The General Objections stated above are incorporated herein by reference.**

135. In Mr. Lihvarcik's Exhibit JML-2, Mr. Lihvarcik uses the term "transient population" for the following systems: Lake Josephine, Palms Mobile Home Park, Silver Lake Estates/Western Shores, and Summit Chase. Please provide all customer complaints and identify those that are because of transient customers.

**RESPONSE TO REQUEST NO. 135:**

**The General Objections stated above are incorporated herein by reference.**

136. Please provide all memorandum, studies, and other documents which mention, discuss, or analyze the 4 % pay increase implemented for AUF in April 2008.

**RESPONSE TO REQUEST NO. 136:**

**The General Objections stated above are incorporated herein by reference.**

137. Provide any documents in the Company's possession, custody, or control which address the pay increases implemented by Aqua systems in other states.

**RESPONSE TO REQUEST NO. 137:**

**The General Objections stated above are incorporated herein by reference.**

138. For purposes of this request, please refer to Mr. Szczygiel's testimony, p. 7, lines 11-12, where he states: "Where appropriate and available, contacts were made with suppliers of goods and services to confirm and document these changes." Please provide all

supporting documentation of contacts made with suppliers, including but not limited to correspondence, contracts and amendments thereto, bids, purchase orders, etc.

**RESPONSE TO REQUEST NO. 138:**

**The General Objections stated above are incorporated herein by reference.**

139. For purposes of this request, please refer to Mr. Szczygiel's testimony, p. 9, lines 13-15, where he states: "Pro Forma 'Other' miscellaneous employee benefit expenses were calculated based on the historical level of miscellaneous benefits as a function of pro forma payroll expense."
- a. Please provide for every month of 2007 the items included in "Other" Miscellaneous Employee Benefit Expenses and the amounts booked.
- b. Please provide supporting documentation for "Other" Miscellaneous Employee Benefit Expenses booked in 2007, including but not limited to receipts, expense forms, etc.

**RESPONSE TO REQUEST NO. 139:**

**The General Objections stated above are incorporated herein by reference.**

140. Please provide all supporting evidence of the expenses booked in account "Contractual Services – Other Expense," including but limited to invoices, purchase orders, receipts, etc.

**RESPONSE TO REQUEST NO. 140:**

The General Objections stated above are incorporated herein by reference. AUF also states that it sought clarification from OPC regarding this specific request on July 3, 2008. The parties have agreed that a list of invoices will be responsive to this request and, if OPC desires that specific invoices from that list be produced, OPC will make such a request to AUF.

141. For purposes of this request, please refer to Mr. Szczygiel's testimony, p. 10, lines 6-9.  
Please provide a copy of the new lease for the plant at Lake Suzy.

**RESPONSE TO REQUEST NO. 141:**

The General Objections stated above are incorporated herein by reference.

142. Please provide all supporting documentation for the increases in purchased water and wastewater, including correspondence, contracts, tariffs, etc.

**RESPONSE TO REQUEST NO. 142:**

The General Objections stated above are incorporated herein by reference.

143. Please provide all correspondence between the Company and all suppliers of water and wastewater service to the Company for the years 2007 and 2008.

**RESPONSE TO REQUEST NO. 143:**

The General Objections stated above are incorporated herein by reference.



144. Please provide a copy of the notice from Pasco County for the increase in sludge disposal rates.

**RESPONSE TO REQUEST NO. 144:**

**The General Objections stated above are incorporated herein by reference.**

145. Please provide supporting documentation for the normalization adjustment of the ammonia expense for the Chuluota system, including but not limited to all correspondence, contracts, purchase orders, bids, etc.

**RESPONSE TO REQUEST NO. 145:**

**The General Objections stated above are incorporated herein by reference.**

146. Please provide a copy of the new contract for sludge hauling for the South Seas system.

**RESPONSE TO REQUEST NO. 146:**

**The General Objections stated above are incorporated herein by reference.**

147. Please provide the following spreadsheets as they were missing from the Company's response to OPC POD 2:

- a. 2007 Benefits Allocation %'s.xls
- b. 2007 Unallocated PR Taxes.xls
- c. 2008 Prop Tax Projection.xls
- d. 2008 Prop Tax Projection.xls
- e. 2008 Prop Tax Projection.xls
- f. Labor Analysis - 2007 Actual vs 2008 Budget.xls
- g. Meter Reader Pro Forma Adjustments.xls
- h. namelookupAUF.xls
- i. Potential O&M Expenses Adjustments.xls

- j. Pro Forma Employee Benefits Adj - FLA Direct.xls
- k. Pro Forma Expense Adjs - Contract Services.xls
- l. Pro Forma Expense Adjs - Meetings.xls
- m. Purchased Sewer Adjs.xls
- n. Purchased water Adjs.xls
- o. Rent Adjustments.xls
- p. Salary Normalizations.xls
- q. Sludge Hauling Expense Adjustments.xls
- r. Transportation Expense Normalization.xls

**RESPONSE TO REQUEST NO. 147:**

**The General Objections stated above are incorporated herein by reference.**

148. Provide all training materials used to train the customer call employees.

**RESPONSE TO REQUEST NO. 148:**

**The General Objections stated above are incorporated herein by reference.**

149. For purposes of this request, please refer to lines 13-15, page 6 of Mr. Franklin's testimony which states "A new Chief Operating Manager was hired from a neighboring municipal system to increase the company's operating standard." Please provide the Operating Manager's job description.

**RESPONSE TO REQUEST NO. 149:**

**The General Objections stated above are incorporated herein by reference.**

150. For purposes of this request, please refer to page 6 of Mr. Franklin's testimony: Please provide the written job description of each person that was hired to enhance the Company's operations since 2007.

**RESPONSE TO REQUEST NO. 150:**

**The General Objections stated above are incorporated herein by reference.**

151. For purposes of this request, please refer to lines 1-6, page 2 of Mr. Prettyman's testimony. Please provide the billing records utilized by Mr. Prettyman.

**RESPONSE TO REQUEST NO. 151:**

**The General Objections stated above are incorporated herein by reference.**

152. For purposes of this request, please refer to lines 1-6, page 2 of Mr. Prettyman's testimony. Please provide the initial review that was made to test the reasonableness of the gross data received as compared to the actual books and records of AUF. Provide all documents, memorandum e-mail, and written analyses produced as a result of Mr. Prettyman's review and analysis.

**RESPONSE TO REQUEST NO. 152:**

**The General Objections stated above are incorporated herein by reference.**

153. For purposes of this request, please refer to Mr. Prettyman's testimony. Please provide the analysis and all supporting workpapers prepared by Mr. Prettyman in conducting his billing analysis and all adjustments made to the billing analysis. Please provide the workpapers in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 153:**

**The General Objections stated above are incorporated herein by reference.**

154. For purposes of this request, please refer to lines 17-23, page 2 and line 1, page 3 of Mr. Prettyman's testimony. Please provide all workpapers and supporting documents used to adjust the base facility charges. Please provide the workpapers in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 154:**

**The General Objections stated above are incorporated herein by reference.**

155. For purposes of this request, please refer to lines 18-22, page 3 of Mr. Prettyman's testimony. Please provide the workpapers and source documents used to make the adjustments to Gibsonia Estates and Jasmine Lakes. Please provide the workpapers in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 155:**

**The General Objections stated above are incorporated herein by reference.**

156. For purposes of this request, please refer to lines 2-5, page of Mr. Prettyman's testimony. Please provide the workpapers and source documents used to make the adjustments to customers described. Please provide the workpapers in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 156:**

**The General Objections stated above are incorporated herein by reference.**

157. The Company's B-7 Schedule states in many instances that the prior owner did not allocate all administrative costs to entities.
- a. For each system, please state the name of the prior owner.
  - b. For each system, please explain what administrative costs were not allocated and how the Company knows that not all administrative costs were not allocated.
  - c. For each system, explain how the Company came about this knowledge and identify each person this subject was discussed with in connection with purchasing the system(s) or subsequent to acquisition.

**RESPONSE TO REQUEST NO. 157:**

**The General Objections stated above are incorporated herein by reference.**

158. The Company's B-7 and B-8 Supplemental Schedules state in many instances that the prior owner did not allocate all administrative costs to entities. Provide all documents relied upon by the company to make this statement.

**RESPONSE TO REQUEST NO. 158:**

**The General Objections stated above are incorporated herein by reference.**

159. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. Please provide the source of the "4 pounds per meter and .90 cents per meter" contained under column Q.

**RESPONSE TO REQUEST NO. 159:**

**The General Objections stated above are incorporated herein by reference.**

160. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. With respect to each proforma capital addition shown please provide, by system, all cost benefit analyses (formal or informal), budget requisitions, contracts, purchase orders, bids, budget comparisons and updates, any other documents that discuss or analyze the capital addition, and any cost and benefit studies of each capital addition.

**RESPONSE TO REQUEST NO. 160:**

**The General Objections stated above are incorporated herein by reference.**

161. For purposes of this request, please refer to Mr. Griffin's Exhibit RMG-5 and the electronic spreadsheet provided in response to POD 1. With respect to each and every proforma capital addition, please provide all workpapers and all documents that quantify the cost savings to customers. Please provide all workpapers in electronic spreadsheet format with all formulas and links intact.

**RESPONSE TO REQUEST NO. 161:**

**The General Objections stated above are incorporated herein by reference.**

162. Please provide all brochures and all other literature in the Company's possession which describes the meters the Company is using in its meter replacement program.

**RESPONSE TO REQUEST NO. 162:**

**The General Objections stated above are incorporated herein by reference.**

163. Please provide all documents in the Company's possession, custody and control which summarize by system the amount of the interim and permanent rate increase and present and proposed rates requested in this proceeding.

**RESPONSE TO REQUEST NO. 163:**

**The General Objections stated above are incorporated herein by reference.**

164. Please refer to the Company's response to OPC POD 5. Please provide the monthly variance reports for 2006 and 2007.

**RESPONSE TO REQUEST NO. 164:**

**The General Objections stated above are incorporated herein by reference.**

165. For purposes of this request please refer to the Company's response to OPC POD 5, specifically the 2007 Variance Report – Budget versus Actual. Please provide source documents and workpapers supporting the adjustments discussed on the Explanations Column for the Month, Quarter to Date, and Year.

**RESPONSE TO REQUEST NO. 165:**

**The General Objections stated above are incorporated herein by reference.**

166. Provide for the year ending 2007 and each month of 2008 budget variance reports for each system in the instant rate case.

**RESPONSE TO REQUEST NO. 166:**

**The General Objections stated above are incorporated herein by reference.**

167. Provide for the year ending 2007 and each month of 2008 budget variance reports for Aqua Services, Inc.

**RESPONSE TO REQUEST NO. 167:**

**The General Objections stated above are incorporated herein by reference.**

168. Provide for the year ending 2007 and each month of 2008 budget variance reports for Aqua America, Inc.

**RESPONSE TO REQUEST NO. 168:**

**The General Objections stated above are incorporated herein by reference.**

169. Please provide budget variance reports for AUF, Aqua America and Aqua Services for May and June 2008.

**RESPONSE TO REQUEST NO. 169:**

**The General Objections stated above are incorporated herein by reference.**

170. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the purchased water rate increase for Palm Terrace and Lake Suzy. This would include but not be limited to bills submitted to the Company and new contracts.

**RESPONSE TO REQUEST NO. 170:**

**The General Objections stated above are incorporated herein by reference.**

171. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the purchased sewage rate increase for Zephyr Shores and Lake Gibson. This would include but not be limited to bills submitted to the Company and new contracts.

**RESPONSE TO REQUEST NO. 171:**

**The General Objections stated above are incorporated herein by reference.**

172. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the Pasco County sludge hauling increase. This would include but not be limited to bills submitted to the Company and new contracts.

**RESPONSE TO REQUEST NO. 172:**

**The General Objections stated above are incorporated herein by reference.**



173. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the cost increase for Ammonia for Chuluota. This would include but not be limited to bills submitted to the Company and new contracts.

**RESPONSE TO REQUEST NO. 173:**

**The General Objections stated above are incorporated herein by reference.**

174. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the cost increase for new office rent. This would include but not be limited to bills submitted to the Company and new contracts.

**RESPONSE TO REQUEST NO. 174:**

**The General Objections stated above are incorporated herein by reference.**

175. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the cost increase for South Seas operator. This would include but not be limited to bills submitted to the Company and new contracts.

**RESPONSE TO REQUEST NO. 175:**

**The General Objections stated above are incorporated herein by reference.**

176. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the cost increase for the new town hall meeting expenses.

**RESPONSE TO REQUEST NO. 176:**

**The General Objections stated above are incorporated herein by reference.**

177. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the cost increase for each new employee. This would include contracts, terms of employment, written job description, written job offers, etc.

**RESPONSE TO REQUEST NO. 177:**

**The General Objections stated above are incorporated herein by reference.**

178. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the following purchased water normalizations: Kingwood, Oakwood, Holiday Haven Pal Terrace, Zephyr Shores, Beecher's Point, Harmony Homes, Jungle Den, Lake Osborne, Village Water, Lake Suzy. This would include but not be limited to bills submitted to the Company and new contracts.

**RESPONSE TO REQUEST NO. 178:**

**The General Objections stated above are incorporated herein by reference.**

179. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting the sludge hauling decrease for South Seas. This would include but not be limited to bills submitted to the Company and new contracts.

**RESPONSE TO REQUEST NO. 179:**

**The General Objections stated above are incorporated herein by reference.**

180. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the documentation supporting Lake Suzy land rent/sale. This would include but not be limited to bills submitted by the Company and new contracts.

**RESPONSE TO REQUEST NO. 180:**

**The General Objections stated above are incorporated herein by reference.**

181. Please refer to the file OPC\_POD\_Set#1\_Attachment 9 of 9\_061308. Please provide the bills for CJW associated with the adjustment for \$45,000 for "Erroneous reversal of CJW Audit Fees in Dec 07 applied to all Florida systems."

**RESPONSE TO REQUEST NO. 181:**

**The General Objections stated above are incorporated herein by reference.**

Dated this 7th day of July, 2008.

**HOLLAND & KNIGHT LLP**

  
\_\_\_\_\_

D. Bruce May, Jr.  
Florida Bar No. 354473  
Gigi Rollini  
Florida Bar No. 684491  
Holland & Knight, LLP  
Post Office Drawer 810  
Tallahassee, Florida 32302-0810  
(850) 224-7000 (Telephone)  
(850) 224-8832 (Facsimile)

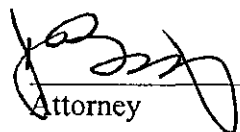
-and-

Kimberly A. Joyce, Esquire  
Aqua America, Inc.  
762 West Lancaster Avenue  
Bryn Mawr, PA 19010  
(610) 645-1077 (Telephone)  
(610) 519-0989 (Facsimile)

**Attorneys for Aqua Utilities Florida, Inc.**

**CERTIFICATE OF SERVICE**

I hereby certify that the original and a true and correct copy of the foregoing was furnished by U.S. Mail and electronic transmission to **Charles Beck, Esq., Office of Public Counsel**, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, beck.charles@leg.state.fl.us; and a true and correct copy of the foregoing was furnished by U.S. Mail and electronic transmission to **Ralph Jaeger, Esq., Office of General Counsel, Florida Public Service Commission**, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, RJaeger@psc.state.fl.us; and courtesy copies of the foregoing were furnished by electronic transmission to **Katherine Fleming, Esq.** (keflemin@psc.state.fl.us), **Caroline Klancke, Esq.** (cklancke@psc.state.fl.us), **Erik Sayler, Esq.** (esayler@psc.state.fl.us), this 7th day of July, 2008.

  
\_\_\_\_\_  
Attorney