

Diamond Williams

080121-WS

From: DAVIS.PHYLLIS [DAVIS.PHYLLIS@leg.state.fl.us]
Sent: Friday, July 01, 2011 11:12 AM
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Subject: RE: 100330-WS Electronic Filing - Petition Protesting Portions of the Proposed Agency Action
Attachments: OPC's Petition Protesting Portions of the Proposed Agency Action.pdf

Electronic Filing

a. Person responsible for this electronic filing:

Patricia A. Christensen, Associate Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
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b. Docket No. 080121-WS

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. 100330-WS

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

c. Document being filed on behalf of Office of Public Counsel

d. There are a total of 10 pages.

e. The document attached for electronic filing is **Office of Public Counsel's Petition Protesting Portions of the Proposed Action.**

Phyllis W. Philip-Guide
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Associate Public Counsel.
Office of Public Counsel
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DOCUMENT NUMBER-DATE

04525 JUL-1 =

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

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

DOCKET NO. 100330-WS
FILED: July 1, 2011

PETITION PROTESTING PORTIONS OF THE PROPOSED AGENCY ACTION

The Citizens of the State of Florida (Citizens), by and through undersigned counsel, pursuant to Section 120.57, Florida Statutes, and Rules 25-22.029 and 28-106.201, Florida Administrative Code, file this protest to the Florida Public Service Commission's (Commission) Order No. PSC-11-0256-PAA-WS, issued June 13, 2011 (PAA Order). In the PAA Order, the Commission approved, in part, water and wastewater rate increases for Aqua Utilities Florida, Inc. (Aqua or Company). In support of their Petition, Citizens state as follows:

1. The name and address of the agency affected and the agency's file number:

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
Dockets Nos.: 100330-WS, 080121-WS

DOCUMENT NUMBER-DATE

04525 JUL-1 =

FPSC-COMMISSION CLERK

2. The Citizens include the customers of Aqua whose substantial interests will be affected by the PAA Order because the PAA Order authorizes Aqua to collect from its customers the proposed rate increases.

3. Pursuant to Section 350.0611, Florida Statutes, the Citizens who file this Petition are represented by the Office of Public Counsel ("Citizens" or "OPC") with the following address and telephone number:

Office of Public Counsel c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, Florida 32399-1400
Telephone No. : (850) 488-9330

4. The Citizens obtained a copy of the Order via Commission email, on Monday, June 13, 2011.

5. At this time the disputed issues of material facts, including a concise statement of the ultimate facts alleged and those facts which Citizens contend warrant reversal and/or modification of the agency's proposed action are discussed below. The Commission's finding of marginal quality of service provided by Aqua to its customers in the PAA Order should be set aside. Aqua's quality of service should be found to be unsatisfactory. The Commission should lower Aqua's return on equity (ROE) by 100 basis points based on its less than satisfactory quality of service.

Citizens contend that the rate base, the net operating income (NOI), and the revenue requirement approved in Order No. PSC-11-0256-PAA-WS are overstated. Since the rate base, NOI, and revenue requirement are overstated, the resulting rates are unjust and unreasonable. Moreover, the PAA Order approved rates are unaffordable. Pursuant to Sections 367.081 and 367.121, Florida Statutes, the

Commission has the authority and duty to prescribe and fix just and reasonable rates and charges. Adjustments should be made to rate base, NOI, and revenue requirement to make the rates and charges just and reasonable for the customers of Aqua.

Citizens protest the following portions of the PAA Order relating to rate base, NOI, and revenue requirement areas and quality of service listed below. Further, Citizens protest any fallout issues resulting from the specifically identified areas. Further, Citizens' reserve their right to fully participate in the hearing process to resolve any issues identified in any other party's protest and cross-petitions. Attached to this Petition is a tentative issues list identified by Citizens.

A. Quality of Service

1. The quality of service provided to the customers.
2. The ROE impact if the quality of service is not found to be satisfactory.

B. Rate Base

1. The pro forma plant additions to the Lake Josephine/Sebring Lakes and Leisure Lakes systems.
2. The used and useful percentage adjustments for the following water treatment plants: Arredondo Estates, Arredondo Farms, Breeze Hill, Carlton Village, East Lake Harris/Friendly Center, Fairways, Fern Terrace, Hobby Hills, Interlachen/Park Manor, Lake Josephine/Sebring Lakes, Picciola Island, Rosalie Oaks, Silver Lakes Estates/Western Shores, Tomoka View, Twin Rivers, Venetian Village, Welaka, Zephyr Shores.
3. The used and useful percentage adjustments for the following water distribution systems: Arredondo Estates, Arredondo Farms, Beecher's Point, Breeze

Hill, Fairways, Gibsonia Estates, Interlachen/Park Manor, Lake Josephine/Sebring Lakes, Kingswood, Oakwood, Orange Hill/Sugar Creek, Palms Mobile Home Park, Palm Port, Peace River, Piney Woods, Ravenswood, River Grove, Rosalie Oaks, Silver Lakes Estates/Western Shores, Silver Lakes Oaks, Skycrest, Stone Mountain, Sunny Hills, Tomoka View, Twin Rivers, Valencia Terrace, Venetian Village, Village Water, Welaka, Wootens, The Woods, Zephyr Shores.

4. The used and useful percentage adjustments for the following wastewater treatment plants: Arredondo Farms, Breeze Hill, Fairways, Florida Central Commerce Park, Holiday Haven, Jungle Den, Kings Cove, Leisure Lakes, Morningview, Palm Port, Peace River, Rosalie Oaks, Silver Lake Oaks, South Seas, Summit Chase, Sunny Hills, Valencia Terrace, Venetian Village, Village Water, The Woods.

5. The used and useful percentage adjustments for the following wastewater collection systems: Beecher's Point, Breeze Hill, Fairways, Florida Central Commerce Park, Holiday Haven, Jungle Den, Peace River, Rosalie Oaks, Silver Lake Oaks, Sunny Hills, Village Water, The Woods, Zephyr Shores.

C. Net Operating Income

1. The overstated test year revenues and billing determinants due to weather, billing errors, and economic conditions.

2. The level of affiliate revenues, costs and charges allocated to Aqua.

3. The allocation methodology used to allocate costs to Aqua by Aqua America, Inc. and its affiliates including impacts on salaries and wages.

4. Rate case expense.

D. Revenue Requirement

1. Revenue requirement for the projected test year.

E. Other

1. The affordability of the rates generated from the revenue requirement.
6. Pursuant to Section 120.80(13)(b), Florida Statutes, a Section 120.57 hearing may address only those issues in dispute, and any other issues not in dispute are deemed stipulated. Citizens are not protesting the issues concerning the test period, cost of capital, or cost of service and rate design sections of PAA Order except to the extent the affordability and specifically identified issues impact them. However, Citizens reserve the right to take positions and file testimony on any additional issues raised by any other party's protest or cross-petition in this docket.
7. By Order No. PSC-11-0256-PAA-WS, protests of the PAA Order shall be filed with the clerk of the Office of Commission Clerk no later than the close of business on July 5, 2010. This Petition has been timely filed.
8. Citizens request that the Commission set the Proposed Agency Action, Order No. PSC-11-0256-PAA-WS, for hearing on Aqua's quality of service, rate base, net operating income, revenue requirement and rate affordability. Citizens further request that along with the service hearings, the technical hearing and a special agenda for voting on final rates be held in Aqua's service territory. The PAA Order covers 88 Aqua systems over 17 counties in Florida, mainly located in central Florida.

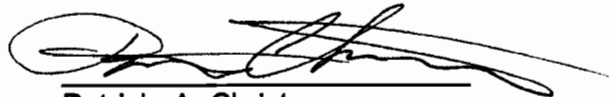
Aqua's customers have actively participated in the PAA process, including attending the numerous customer meetings and contacting the Commission, state and county representatives. In addition, at great expense to themselves a large group of

Aqua customers hired a bus to attend the Agenda Conference in Tallahassee. These customers come from working families, retired persons, and lower income communities. It would be fundamentally unfair to Aqua's customers who have fully participated in the process thus far, to require them to incur again the expense of coming to Tallahassee for the technical hearing and agenda conference. Thus, Citizens ask that the technical hearing and special agenda be located in an area central to the majority of Aqua's customers in order to accommodate the customers' right to attend and participate in the formal hearing and a special agenda conference.

WHEREFORE, the Citizens hereby protest and object to Commission Order No. PSC-11-0256-PAA-WS, as provided above, and petition the Commission to conduct a formal evidentiary hearing, under the provisions of Section 120.57(1), Florida Statutes, at a location in the service territory most centrally located to the customers affected by the PAA Order.

Respectfully Submitted,

JR Kelly
Public Counsel



Patricia A. Christensen
Associate Public Counsel
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Office of the Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, Florida 32399-1400

CERTIFICATE OF SERVICE

I, **HEREBY CERTIFY** that a true and correct copy of the Office of Public Counsel's Petition Protesting Portions of the Proposed Agency Action has been furnished by electronic mail and U.S. mail on this 1st day of July, 2011, to the following:

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Patricia A. Christensen
Associate Public Counsel

TENTATIVE ISSUES LIST

Quality of Service

Issue 1: What is Aqua's quality of service?

Issue 2: Should Aqua's return on equity be decreased based on Aqua's quality of service?

Rate Base

Issue 3: What are the appropriate pro forma plant additions to the Lake Josephine/Sebring Lakes and Leisure Lakes systems?

Issue 4: What are the appropriate used and useful percentage adjustments for the water treatment plant for the specifically identified systems: Arredondo Estates, Arredondo Farms, Breeze Hill, Carlton Village, East Lake Harris/Friendly Center, Fairways, Fern Terrace, Hobby Hills, Interlachen/Park Manor, Lake Josephine/Sebring Lakes, Picciola Island, Rosalie Oaks, Silver Lakes Estates/Western Shores, Tomoka View, Twin Rivers, Venetian Village, Welaka, Zephyr Shores?

Issue 5: What are the appropriate used and useful percentage adjustments for the water distribution system plant for the specifically identified systems: Arredondo Estates, Arredondo Farms, Beecher's Point, Breeze Hill, Fairways, Gibsonia Estates, Interlachen/Park Manor, Lake Josephine/Sebring Lakes, Kingswood, Oakwood, Orange Hill/Sugar Creek, Palms Mobile Home Park, Palm Port, Peace River, Piney Woods, Ravenswood, River Grove, Rosalie Oaks, Silver Lakes Estates/Western Shores, Silver Lakes Oaks, Skycrest, Stone Mountain, Sunny Hills, Tomoka View, Twin Rivers,

Valencia Terrace, Venetian Village, Village Water, Welaka, Wootens, The Woods, Zephyr Shores?

Issue 6: What are the appropriate used and useful percentage adjustments for the wastewater treatment plant for the specifically identified systems: Arredondo Farms, Breeze Hill, Fairways, Florida Central Commerce Park, Holiday Haven, Jungle Den, Kings Cove, Leisure Lakes, Morningview, Palm Port, Peace River, Rosalie Oaks, Silver Lake Oaks, South Seas, Summit Chase, Sunny Hills, Valencia Terrace, Venetian Village, Village Water, The Woods?

Issue 7: What are the appropriate used and useful percentage adjustments for the wastewater collection system plant for the specifically identified systems: Beecher's Point, Breeze Hill, Fairways, Florida Central Commerce Park, Holiday Haven, Jungle Den, Peace River, Rosalie Oaks, Silver Lake Oaks, Sunny Hills, Village Water, The Woods, Zephyr Shores?

Net Operating Income

Issue 8: Should any adjustments be made to the test year revenues and billing determinants reported by the company for ratemaking purposes?

Issue 9: What is the appropriate amount of affiliate revenues, costs and charges that should be allocated to Aqua systems?

Issue 10: Should adjustments be made to the allocation methodology used to allocate costs and charges to Aqua by Aqua America Inc. and its affiliates?

Issue 11: Should an adjustment be made to reduce rate case expense?

Revenue Requirement

Issue 12: What is the appropriate revenue requirement?

Other

Issue 13: Are the water and wastewater rates affordable based on the revenue requirement?