

010503

FLORIDA PUBLIC SERVICE COMMISSION
CASE MANAGEMENT SYSTEM
KICKBACK EMAIL ADDRESSES FOR EMAIL ID 310769

PARTY NAME	COMPANY CODE	EMAIL ADDRESS	ADDRESS IN MASTER COMMISSION DIRECTORY
Wayne Forehand		wayne9@worldnet.att.net	No

l-mail - 7/9/09

FPSC, CLK - CORRESPONDENCE		
<input checked="" type="checkbox"/> Administrative	<input type="checkbox"/> Parties	<input type="checkbox"/> Consumer
DOCUMENT NO. 05252.07		
DISTRIBUTION: _____		

Hong Wang

PSC-09-0489-CO-WS

010503

From: April Vicary
Sent: Tuesday, July 07, 2009 3:58 PM
To: CLK - Orders / Notices; Jennifer Brubaker; Ralph Jaeger
Subject: Order / Notice Submitted

Date and Time: 7/7/2009 3:57:00 PM
Docket Number: 010503-WU
Filename / Path: 010503.consummating.order.doc

Please issue the Consummating Order in docket number 010503-WU.

PSC, CLK - CORRESPONDENCE		
<input checked="" type="checkbox"/> Administrative	<input type="checkbox"/> Parties	<input type="checkbox"/> Consumer
DOCUMENT NO. 05252-07		
DISTRIBUTION:		

3-email

4-fax

5-mail

2-MCD clerk-Pasco

**FLORIDA PUBLIC SERVICE COMMISSION
CASE MANAGEMENT SYSTEM
PARTICIPATING EMAIL ADDRESSES FOR DOCKET 010503**

PARTY NAME	COMPANY CODE	EMAIL ADDRESS	ADDRESS IN MASTER COMMISSION DIRECTORY
Aloha Utilities, Inc.	WS001	administration@aloha-water.com	No
Office of the Attorney General (09)		cecilia.bradley@myfloridalegal.com	No
Wayne Forehand		wayne9@worldnet.att.net	No

Commission Clerk

From: Commission Clerk
Sent: Wednesday, July 08, 2009 11:09 AM
Subject: Order or Notice issued by the Public Service Commission (Email ID = 310769)
Attachments: 06824-09.pdf

The attached order or notice has been issued by the Public Service Commission.

If you have any problems opening this attachment, please contact the Office of Commission Clerk by reply email or at 850-413-6770.

When replying, please do not alter the subject line; as it is used to process your reply.

Thank you.

7/8/2009

Matilda Sanders

PSC-09-0370-PCO ~ WU

From: Timolyn Henry
Sent: Wednesday, May 27, 2009 10:23 AM
To: CLK - Orders / Notices
Cc: Jennifer Brubaker; Ralph Jaeger
Subject: Order / Notice Submitted

Date and Time: 5/27/2009 10:20:00 AM
Docket Number: 010503-WU
Filename / Path: 010503.05-19-09-OR.jsb.doc

FPSC, CLK - CORRESPONDENCE
☒ Administrative ☐ Parties ☐ Consumer
DOCUMENT NO. 05252-07
DISTRIBUTION: _____

ORDER REQUIRING TRANSFER OF ESCROWED INTERIM FUNDS

faxed 2
mailed 4
emailed 2

**FLORIDA PUBLIC SERVICE COMMISSION
CASE MANAGEMENT SYSTEM
PARTICIPATING EMAIL ADDRESSES FOR DOCKET 010503**

PARTY NAME	COMPANY CODE	EMAIL ADDRESS	ADDRESS IN MASTER COMMISSION DIRECTORY
Aloha Utilities, Inc.	WS001	administration@aloha-water.com	No
Office of the Attorney General (09)		cecilia.bradley@myfloridalegal.com	No

Commission Clerk

From: Commission Clerk
Sent: Wednesday, May 27, 2009 3:47 PM
Subject: Order or Notice issued by the Public Service Commission (Email ID = 894272)
Attachments: 05240-09.pdf

The attached order or notice has been issued by the Public Service Commission.

If you have any problems opening this attachment, please contact the Office of Commission Clerk by reply email or at 850-413-6770.

When replying, please do not alter the subject line; as it is used to process your reply.

Thank you.

5/27/2009

010503-WU

FLORIDA PUBLIC SERVICE COMMISSION
CASE MANAGEMENT SYSTEM
KICKBACK EMAIL ADDRESSES FOR EMAIL ID 656875

PARTY NAME	COMPANY CODE	EMAIL ADDRESS	ADDRESS IN MASTER COMMISSION DIRECTORY
Wayne Forehand		wayne9@worldnet.att.net	No

mailed 5/15/09

PSC-09-0334-PAA-WS

FPSC, CLK - CORRESPONDENCE

☒ Administrative ☐ Parties ☐ Consumer

DOCUMENT NO. 05252-07

DISTRIBUTION: _____

Tiffany Williams *PSC-09-0334-PAA-NS*

From: April Vicary
Sent: Thursday, May 14, 2009 4:14 PM
To: CLK - Orders / Notices; Ralph Jaeger
Subject: Order / Notice Submitted

20 pgs.

Date and Time: 5/14/2009 4:09:00 PM
Docket Number: 010503-WU
Filename / Path: 010503.060122.090120

FPSC, CLK - CORRESPONDENCE

☒ Administrative ☐ Parties ☐ Consumer

DOCUMENT NO. *05252-07*

DISTRIBUTION: _____

Please issue the NOTICE OF PROPOSED AGENCY ACTION ORDER REQUIRING TRANSFER OF ESCROWED INTERIM RATES TO THE FLORIDA GOVERNMENTAL UTILITY AUTHORITY FOR ESTABLISHMENT OF A RATE STABILIZATION ESCROW ACCOUNT AND PROCEDURAL ORDER REQUIRING SELECTION OF A NEW ESCROW AGENT AND FINAL ORDER APPROVING SALE TO THE FGUA AND CLOSING DOCKET NOS. 060606-WS AND 060122-WU

*Forwarded 4
mailed 11
emailed 6*

**FLORIDA PUBLIC SERVICE COMMISSION
CASE MANAGEMENT SYSTEM
PARTICIPATING EMAIL ADDRESSES**

PARTY NAME	COMPANY CODE	EMAIL ADDRESS	ADDRESS IN MASTER COMMISSION DIRECTORY
Aloha Utilities, Inc.	WS001	administration@aloha-water.com	No
Better Water Now		wayneforehand@verizon.net	No
Holland & Knight Law Firm		bruce.may@hklaw.com	No
Nabors Law Firm (08a)		barmstrong@ngnlaw.com	No
Nabors Law Firm (09)		barmstrong@ngnlaw.com	No
Wayne Forehand		wayne9@worldnet.att.net	No

Commission Clerk

From: Commission Clerk
Sent: Thursday, May 14, 2009 5:03 PM
Subject: Order or Notice issued by the Public Service Commission (Email ID = 656875)
Attachments: 04688-09.pdf

The attached order or notice has been issued by the Public Service Commission.

If you have any problems opening this attachment, please contact the Office of Commission Clerk by reply email or at 850-413-6770.

When replying, please do not alter the subject line; as it is used to process your reply.

Thank you.

5/14/2009

010503-WU

FLORIDA PUBLIC SERVICE COMMISSION
CASE MANAGEMENT SYSTEM
KICKBACK EMAIL ADDRESSES FOR EMAIL ID 349230

PARTY NAME	COMPANY CODE	EMAIL ADDRESS	ADDRESS IN MASTER COMMISSION DIRECTORY
Wayne Forehand		wayne9@worldnet.att.net	No

FPSC, CLK - CORRESPONDENCE

☒ Administrative ☐ Parties ☐ ConsumerDOCUMENT NO. 05252-07

DISTRIBUTION: _____

FLORIDA PUBLIC SERVICE COMMISSION

ADDENDUM

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Tuesday, May 19, 2009, 9:30 a.m.

LOCATION: Betty Easley Conference Center, Joseph P. Cresse Hearing Room 148

DATE ISSUED: May 12, 2009

NOTICE

Persons affected by Commission action on certain items on this agenda may be allowed to address the Commission, either informally or by oral argument, when those items are taken up for discussion at this conference. These items are designated by double asterisks (**) next to the agenda item number.

To participate informally, affected persons need only appear at the agenda conference and request the opportunity to address the Commission on an item listed on agenda. Informal participation is not permitted: (1) on dispositive motions and motions for reconsideration; (2) when a recommended order is taken up by the Commission; (3) in a rulemaking proceeding after the record has been closed; or (4) when the Commission considers a post-hearing recommendation on the merits of a case after the close of the record. The Commission allows informal participation at its discretion in certain types of cases (such as declaratory statements and interim rate orders) in which an order is issued based on a given set of facts without hearing.

See Rule 25-22.0021, F.A.C., concerning Agenda Conference participation and Rule 25-22.0022, F.A.C., concerning oral argument.

To obtain a copy of staff's recommendation for any item on this agenda, contact the Office of Commission Clerk at (850) 413-6770. There may be a charge for the copy. The agenda and recommendations are also accessible on the PSC Website, at <http://www.floridapsc.com>, at no charge.

Any person requiring some accommodation at this conference because of a physical impairment should call the Office of Commission Clerk at (850) 413-6770 at least 48 hours before the conference. Any person who is hearing or speech impaired should contact the Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD). Assistive Listening Devices are available in the Office of Commission Clerk, Betty Easley Conference Center, Room 110.

Video and audio versions of the conference are available and can be accessed live on the PSC Website on the day of the Conference. The audio version is available through archive storage for up to three months after the conference.

faxed: 3
mailed: 5
emailed: 2

FPSC, CLK - CORRESPONDENCE
✓ Administrative Parties Consumer
DOCUMENT NO. 05252-07
DISTRIBUTION: _____

ITEM NO.

CASE

6A**

Docket No. 010503-WU – Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: ECR: Fletcher, Willis

GCL: Brubaker, Jaeger

Issue 1: Should the Commission order Aloha Utilities, Inc. to transfer the escrowed interim funds from Regions Bank to the Florida Department of Financial Services, Division of Treasury, Bureau of Collateral Management?

Recommendation: Yes. The Commission should order Aloha, in cooperation with staff, to move the escrowed funds from Regions Bank to an escrow account with the Florida Department of Financial Services, Division of Treasury, Bureau of Collateral Management, consistent with the terms and conditions contemplated by Order No. PSC-01-2199-FOF-WU, by which the escrow account was originally established. If the Commission approves staff's recommendation and Aloha does not comport with the resulting Commission's order by May 26, 2009, staff recommends that it be authorized to seek enforcement of the Commission's order in a court of competent jurisdiction. Staff also recommends that the Commission approve the specific findings discussed in the analysis portion of staff's memorandum dated May 12, 2009, in anticipation that enforcement of the Commission's order may become necessary.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending final disposition of all pending matters in the docket.

**FLORIDA PUBLIC SERVICE COMMISSION
CASE MANAGEMENT SYSTEM
PARTICIPATING EMAIL ADDRESSES FOR DOCKET 010503**

PARTY NAME	COMPANY CODE	EMAIL ADDRESS	ADDRESS IN MASTER COMMISSION DIRECTORY
Aloha Utilities, Inc.	WS001	administration@aloha-water.com	No
Wayne Forehand		wayne9@worldnet.att.net	No

Dorothy Menasco

010503-WU

From: Booter Imhof
Sent: Tuesday, January 27, 2009 10:04 AM
To: Ralph Jaeger; Ruth Nettles; Dorothy Menasco
Cc: Mary Anne Helton; Jennifer Brubaker; William C. Garner; Bill McNulty; Marshall Willis; Tim Devlin; Cheryl Bulecza-Banks; Bart Fletcher; Jean Hartman; Samantha Cibula; Mary Bane; Chuck Hill
Subject: RE: Sundstrom letter Dated January 26, 2009, requesting release of escrowed funds for Aloha Utilities, Inc.

It has been reviewed and does not appear to be an ex parte communication.

Booter

FPSC, CLK - CORRESPONDENCE
☒ **Administrative** ☐ **Parties** ☐ **Consumer**
DOCUMENT NO. 05252-07
DISTRIBUTION:

From: Ralph Jaeger
Sent: Tuesday, January 27, 2009 9:34 AM
To: Ruth Nettles; Dorothy Menasco
Cc: Booter Imhof; Mary Anne Helton; Jennifer Brubaker; William C. Garner; Bill McNulty; Marshall Willis; Tim Devlin; Cheryl Bulecza-Banks; Bart Fletcher; Jean Hartman
Subject: Sundstrom letter Dated January 26, 2009, requesting release of escrowed funds for Aloha Utilities, Inc.

The letter forwarded to you by Mr. William Garner should be placed in the Docket File for Docket Nos. 060606-WS, 060122-WU, and 010503-WU. Either, Mr. Garner or Mr. McNulty will advise you as to the need for implementing ex parte communications procedures. The General Counsel is responding to this letter, and, at this time, Commission staff needs to take no further action on the letter pending a response to the General Counsel letter and the requests of either Mr. Garner or Mr. McNulty.

1/27/2009

Dorothy Menasco

From: Dorothy Menasco
Sent: Tuesday, January 27, 2009 9:40 AM
To: Ralph Jaeger
Cc: Ann Cole; Kimberley Pena; Hong Wang; Ruth Nettles; Mary Anne Helton
Subject: RE: Sundstrom letter Dated January 26, 2009, requesting release of escrowed funds for Aloha Utilities, Inc.

FPSC, CLK - CORRESPONDENCE
☒ **Administrative** ☐ **Parties** ☐ **Consumer**
DOCUMENT NO. 05252-07
DISTRIBUTION: _____

Thank you Ralph. We have placed DN 00634-09 in the 3 dockets mentioned below. The document is currently being scanned. We will have it forced out to the web as soon as the scanning process has completed.

From: Ralph Jaeger
Sent: Tuesday, January 27, 2009 9:34 AM
To: Ruth Nettles; Dorothy Menasco
Cc: Booter Imhof; Mary Anne Helton; Jennifer Brubaker; William C. Garner; Bill McNulty; Marshall Willis; Tim Devlin; Cheryl Bulecza-Banks; Bart Fletcher; Jean Hartman
Subject: Sundstrom letter Dated January 26, 2009, requesting release of escrowed funds for Aloha Utilities, Inc.

The letter forwarded to you by Mr. William Garner should be placed in the Docket File for Docket Nos. 060606-WS, 060122-WU, and 010503-WU. Either, Mr. Garner or Mr. McNulty will advise you as to the need for implementing ex parte communications procedures. The General Counsel is responding to this letter, and, at this time, Commission staff needs to take no further action on the letter pending a response to the General Counsel letter and the requests of either Mr. Garner or Mr. McNulty.

1/27/2009

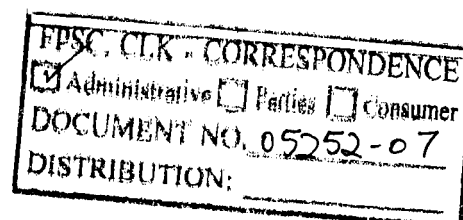
Kay Flynn

010503

From: Todd Brown
Sent: Thursday, March 30, 2006 4:58 PM
To: Alina Dieguez; Allen Mortham; Beth Salak; Betty Ashby; Bev DeMello; Blanca Bayo; Bob Trapp; Bridget Hoyle; Cameron Cooper; Carlotta Stauffer; Carol Purvis; Cayce Hinton; Chuck Hill; Cindy Miller; Dan Hoppe; Della Fordham; Diane Lee; Dorothy Boone; Hurd Reeves; Isilio Arriaga; J. Terry Deason; Jane Fautot; Janet Brunson; Janet Harrison; Jeremy Susac; Kathleen Stewart; Katrina Tew; Kay Flynn; Kay Posey; Kevin Bloom; Larry Harris; Linda Duggar; Lisa Edgar; Manuel Arisso; Marjorie Cooper; Martha Golden; Mary Bane; Mary Macko; Matthew Carter; Pat Dunbar; Patsy White; Rhonda Hicks; Richard Tudor; Rick Melson; Roberta Bass; Sandy Moses; Sharon Allbritton; Steven Stolting; Susan Howard; Tim Devlin; Todd Brown; Veronica Washington; William C. Garner
Subject: Items of Interest at Upcoming Agenda Conference 4/4/06

A news release was distributed to the daily newspapers this afternoon, 3/30/06, and is now available on the PSC web site:

<http://www.psc.state.fl.us/general/news/pressrelease.cfm?release=69>



3/31/2006



State of Florida
Public Service Commission
NEWS RELEASE

March 30, 2006

Contact: 850-413-6482

Items of Interest at Upcoming Agenda Conference 4/4/06

TALLAHASSEE — The following items are among those scheduled for consideration by the Commission at the April 4, 2006, Agenda Conference:

ITEM 6:

DOCKET NO. 050018-WU – INITIATION OF DELETION PROCEEDINGS AGAINST ALOHA UTILITIES, INC. FOR FAILURE TO PROVIDE SUFFICIENT WATER SERVICE CONSISTENT WITH THE REASONABLE AND PROPER OPERATION OF THE UTILITY SYSTEM IN THE PUBLIC INTEREST, IN VIOLATION OF SECTION 367.111(2), FLORIDA STATUTES.

DOCKET NO. 050183-WU – REQUEST BY HOMEOWNERS FOR THE COMMISSION TO INITIATE DELETION PROCEEDINGS AGAINST ALOHA UTILITIES, INC. FOR FAILURE TO PROVIDE SUFFICIENT WATER SERVICE CONSISTENT WITH THE REASONABLE AND PROPER OPERATION OF THE UTILITY SYSTEM IN THE PUBLIC INTEREST, IN VIOLATION OF SECTION 367.111(2), FLORIDA STATUTES.

DOCKET NO. 010503-WU – APPLICATION FOR INCREASE IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA UTILITIES, INC. The Commission will consider a staff recommendation addressing the comprehensive settlement between Aloha, OPC, and the intervenor customers (with the exception of Mr. Edward Wood) concerning all disputed issues arising from the above dockets.

ITEM 9: DOCKET NO. 060057-WS – INVESTIGATION INTO WHETHER LINDRICK SERVICE CORPORATION SHOULD BE ORDERED TO SHOW CAUSE AS TO WHY IT SHOULD NOT BE FINED FOR ITS APPARENT VIOLATIONS OF RULES 25-30.250, 25-30.251, 25-30.130, AND 25-22.032, FLORIDA ADMINISTRATIVE CODE, AND THE REQUIREMENTS OF ORDER NO. PSC-99-1883-PAA-SU, ISSUED SEPTEMBER 21, 1999 IN DOCKET NO. 980242-SU. The Commission will take up a staff recommendation on whether Lindrick should be required to show cause why it should not pay a fine for apparent rule violations.

ITEM 20: DOCKET NO. 060198-EI – REQUIREMENT FOR INVESTOR-OWNED ELECTRIC UTILITIES TO FILE ONGOING STORM PREPAREDNESS PLANS AND IMPLEMENTATION COST ESTIMATES. The Commission will take up a staff recommendation requiring each investor-owned electric utility to file storm preparedness plans and cost estimates by June 1, 2006.

ITEM 31: DOCKET NO. 020233-EI – REVIEW OF GRIDFLORIDA REGIONAL TRANSMISSION ORGANIZATION (RTO) PROPOSAL. The Commission will consider a staff recommendation related to a motion to withdraw the petition and to close the docket.

###

Website - <http://www.floridapsc.com>
Kevin Bloom, Director, Office of Public Information
Additional Press Contact: Todd Brown
2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

Hong Wang

From: Ralph Jaeger
Sent: Monday, December 05, 2005 4:00 PM
To: Hong Wang
Cc: Mary Anne Helton; Rick Melson; Marshall Willis; Patti Daniel
Subject: D. No. 010503-WU, Aloha Utilities, Inc.

In response to your request about the status of Docket No. 010503-WU: At this point in time there are two orders in this docket on appeal -- the refund order (Order No. PSC-04-1050-FOF-WU, issued 10/26/04), and the order modifying standards and requiring testing and reporting (Order No. PSC-05-0709-FOF-WU, issued 6/29/05). Although both appeals are being held in abeyance, I have talked to our General Counsel and he agrees that the case should be in litigation status. We hope that a settlement will be reached shortly (in the next couple of months).

12/5/2005

State of Florida



RECEIVED FPSC
AUG 25 PM 1:55
Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

COMMISSION
-M-E-M-O-R-A-N-D-U-M- CLERK

DATE: August 25, 2005
TO: Division of the Commission Clerk and Administrative Services
FROM: Ralph R. Jaeger, Senior Attorney, Office of the General Counsel
RE: Docket No. 010503-WU - Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

At the August 17, 2005 Special Agenda Conference, I was handed the attached note signed by John Newman. Please place this note in the correspondence side of the docket file for Docket No. 010503-WU.

RRJ/jb

cc: Division of Economic Regulation (Walden)

My name is John Newman. I live at 1873 Kinsmere Dr in Trinity Oaks. I have lived there since late December 2003.


After moving into my house, I was awakened several times by noise outside my bedroom window. Someone was running water from the faucet outside my bedroom window, and at times there were people talking. I went to see what was going on and found that there was an Aloha truck at the street. I called Aloha and asked what was going on outside my house. I was told that Aloha employees were taking a monthly water sample for testing, and that a previous owner of my house had authorized Aloha to take water samples from that location. I agreed that Aloha could continue to take the water samples.

The water sample is taken after running the water from that faucet for a period of time, apparently to clean out the pipes. I have never been informed about the results of this water testing.

Recently I became aware that the water supply to this faucet goes through my water softening system.

I have black water in my toilets and bathtubs. Black sludge has also clogged up my new Reverse Osmosis water purifying system.

I doubt that taking a water sample after it has been through my water softener system, and has been run to clear out the pipes, would provide any valid information about the black water problem that exists in my house and in our community. In fact it may well provide very deceptive data.


8/13/05

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

COMMISSION
CLERK

AUG - 4 PM 2:07

RECEIVED 11:00

050018
~~050183~~
010503

DATE: August 4, 2005
TO: Kay B. Flynn, Chief of Records, Division of the Commission Clerk & Administrative Services
FROM: Richard D. Melson, General Counsel *RDM*
RE: Notice of Aloha Special Agenda

Please arrange to have the attached notice published as a display advertisement in the Pasco County edition of the St. Petersburg Times as early as possible next week.

As indicated, Dr. Bane has approved publication of the notice.

Thanks.

RDM/mee

*(See attached material re publication.
Notice published 8/8/05. -14)*

NOTICE OF CUSTOMER MEETING

The Florida Public Service Commission will hold the customer meeting portion of a special agenda conference in Docket Nos. 050018-WU, 050183-WU and 010503-WU, which involve the Seven Springs service area of Aloha Utilities, Inc. at the following time and place:

Monday, August 15, 2005 – 12 p.m. (noon)
West Pasco Government Center
County Commission Board Room, Suite 160
7530 Little Road
New Port Richey, Florida

The purpose of this meeting is to permit interested persons to comment on the Commission staff's recommendation regarding acceptance of the Offer of Settlement submitted by Aloha Utilities, Inc. on July 20, 2005. The recommendation, including the Offer of Settlement, is accessible on the Commission's homepage, at <http://www.floridapsc.com>, under the heading "Hot Topics." A copy may also be obtained by contacting the Division of the Commission Clerk and Administrative Services at 1-850-413-6770.

All persons desiring to address the Commission are urged to appear at the beginning of the meeting, since the meeting may be adjourned early if no customers are present to provide comments.

Customers are encouraged to focus on providing comments that will help in the Commission's decision to accept or reject the Offer of Settlement.

Any person requiring some accommodation at this meeting because of a physical impairment should call the Division of the Commission Clerk and Administrative Services at 1-850-413-6770 at least 48 hours prior to the meeting. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD).

BY THE FLORIDA PUBLIC SERVICE COMMISSION

Approved
MAB
8/4/05

Kay Flynn

From: Rick Melson
Sent: Thursday, August 04, 2005 2:07 PM
To: Kay Flynn
Subject: aloha published notice.doc

Attachments: aloha published notice.doc



aloha
shed notice.doc

ere's the file.

Rick

Kay Flynn

From: Rick Melson
Sent: Thursday, August 04, 2005 2:37 PM
To: Kay Flynn
Subject: RE: aloha published notice.doc

Yes -- 1/8 page is fine.

Rick

-----Original Message-----

From: Kay Flynn
Sent: Thursday, August 04, 2005 2:37 PM
To: Rick Melson
Subject: RE: aloha published notice.doc

I just talked with the Times. They can publish a 1/8-page ad (4.25x8") for \$912, or a quarter-page ad for \$1795.50. The ad you worked up is about the size of the 1/8 page I believe. That size will be sufficient? They will be able to publish it Monday if I get them the info by 4 today. And they will have to re-typeset because they can't work with Word, so he's going to e-mail a proof to me tomorrow.

Is 1/8 page okay? And this will go in the Pasco County section of the Times.

Kay

-----Original Message-----

From: Rick Melson
Sent: Thursday, August 04, 2005 2:07 PM
To: Kay Flynn
Subject: aloha published notice.doc

Here's the file.

Rick

Kay Flynn

From: RSmith@sptimes.com
Sent: Thursday, August 04, 2005 3:05 PM
To: Kay Flynn
Cc: MTWilson@sptimes.com
Subject: Re: Display ad for publication in Pasco County section of Times

Attachments: aloha published notice.doc



aloha
shed notice.doc

Hi Kay, we got your information. Your contact for the proof will be Marion Wilson. Should you have any corrections, call her at 727-893-8354. Thanks, Rick.

Rick Smith
Category Manager
St. Petersburg Times
tbt* Tampa Bay Times
Florida's Largest Daily Newspaper
P.O. Box 1121
St. Petersburg, FL 33731-1121
Phone: 727-893-8427
Fax: 727-893-8981
rsmith@sptimes.com

"Kay Flynn"
<KFlynn@PSC.STATE.FL.US> To: <rsmith@sptimes.com>
cc: "Rick Melson" <RMelson@PSC.STATE.FL.US>, "Carol
Purvis" <CPurvis@PSC.STATE.FL.US>, "Blanca Bayo"
08/04/2005 02:48 PM <BBayo@PSC.STATE.FL.US>
Subject: Display ad for publication in Pasco County
section of Times

Rick, per our discussion, I have attached a display ad for publication in the Monday 8/8/05 Pasco County section of the St. Pete Times. Please publish the ad at 1/8 page in size (4.25 x 8 inches).

I understand the cost for publishing this ad is \$912.00. The bill should be sent to:

Florida Public Service Commission

• Division of the Commission Clerk and Administrative Services
2540 Shumard Oak Blvd.
Tallahassee FL 32399-0850

As we discussed, I will be expecting a proof tomorrow (Friday 8/5) for review before the ad runs on Monday 8/8.

Thanks very much for your assistance!

Kay Flynn
FPSC
850-413-6744
kflynn@psc.state.fl.us(See attached file: aloha published notice.doc)

NOTICE OF CUSTOMER MEETING

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West Pasco Government Center
County Commission Board Room, Suite 160
7530 Little Road
New Port Richey, Florida

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All persons desiring to address the Commission are urged to appear at the beginning of the meeting, since the meeting may be adjourned early if no customers are present to provide comments.

Customers are encouraged to focus on providing comments that will help in the Commission's decision to accept or reject the Offer of Settlement.

Any person requiring some accommodation at this meeting because of a physical impairment should call the Division of the Commission Clerk and Administrative Services at 1-850-413-6770 at least 48 hours prior to the meeting. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD).

BY THE FLORIDA PUBLIC SERVICE COMMISSION

LEGAL NOTICE

NOTICE OF CUSTOMER MEETING

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New Port Richey, Florida

The purpose of this meeting is to permit interested persons to comment on the Commission staff's recommendation regarding acceptance of the Offer of Settlement submitted by Aloha Utilities, Inc. on July 20, 2005. The recommendation, including the Offer of Settlement, is accessible on the Commission's home page, at <http://www.floridapsc.com>, under the heading "Hot Topics." A copy may also be obtained by contacting the Division of the Commission Clerk and Administrative Services at 1-850-413-6770.

All persons desiring to address the Commission are urged to appear at the beginning of the meeting, since the meeting may be adjourned early if no customers are present to provide comments.

Customers are encouraged to focus on providing comments that will help in the Commission's decision to accept or reject the Offer of Settlement.

Any person requiring some accommodation at this meeting because of a physical impairment should call the Division of the Commission Clerk and Administrative Services at 1-850-413-6770 at least 48 hours prior to the meeting. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD).

BY THE FLORIDA PUBLIC SERVICE COMMISSION

8/27/05

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COMMISSION
CLERK

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State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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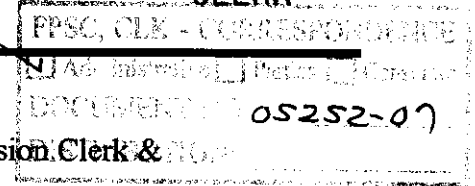
COMMISSION
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DATE: August 1, 2005

TO: Kay B. Flynn, Chief of Records, Division of the Commission Clerk & Administrative Services
Hong Wang, Management Review Specialist, Division of the Commission Clerk & Administrative Services
Cecelia R. Diskerud, Deputy Clerk, Office of the General Counsel
Wanda L. Terrell, Administrative Assistant, Office of the General Counsel

FROM: David E. Smith, Attorney Supervisor, Office of the General Counsel *DES*

RE: Aloha Utilities, Inc. v. The Florida Public Service Commission, Docket No. 010503-WU, First District Court of Appeal Case No. 1D05-3662



Please note that Marlene Stern is handling the above appeal. The Notice of Administrative Appeal was filed on July 28, 2005. The case schedule is as follows:

<u>Date</u>	<u>Item</u>
From day of filing:	
<u>09/02/05</u>	Draft of Index of Record from CCA to Appeals Attorney.
<u>09/16/05</u>	Index of Record served on Parties.
<u>09/26/05</u>	Copy of Record to Appeals.
<u>10/06/05</u>	Appellant's Initial Brief Due.
<u>10/21/05</u>	Draft Commission Answer Brief Due.
<u>10/26/05</u>	Commission's Answer Brief Due.
<u>11/15/05</u>	Appellant's Reply Brief Due.

DES:wlt

STATE OF FLORIDA

COMMISSIONERS:
BRAULIO L. BAEZ, CHAIRMAN
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
LISA POLLAK EDGAR



DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770 (CLERK)
(850) 413-6330 (ADMIN)

Public Service Commission

July 28, 2005

Jon Wheeler, Clerk
First District Court of Appeals of Florida
301 South Martin Luther King Boulevard
Tallahassee, Florida 32399

**Re: Application for increase in water rates for Seven Springs System in Pasco
County by Aloha Utilities, Inc., (Docket No. 010503-WU)**

Dear Mr. Wheeler:

Enclosed is a certified copy of a Notice of Administrative Appeal of Order No.
PSC-05-0709-FOF-WU, filed in this office on behalf of Aloha Utilities, Inc., filed July 28, 2005.

It is our understanding that the index of record is due to be served on the parties
to this proceeding on or before September 16, 2005.

Sincerely,

A handwritten signature in cursive script that reads "Marcia Sharma".

Marcia Sharma, Assistant Director

KF/mhl
Enclosure

cc: John L. Wharton, Esquire
F. Marshall Deterding, Esquire
David E. Smith, Esquire
parties of record

ORIGINAL

BEFORE THE FLORIDA PUBLIC
SERVICE COMMISSION

RECEIVED-FPSC
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ALOHA UTILITIES, INC.,

Petitioner/Appellant,

vs.

THE FLORIDA PUBLIC SERVICE
COMMISSION,

Respondent/Appellee.

COMMISSION
CLERK
Docket No. 010503-WU

NOTICE OF ADMINISTRATIVE
APPEAL

NOTICE IS GIVEN that ALOHA UTILITIES, INC., Appellant, appeals to the District Court of Appeal, First District, the order of the Florida Public Service Commission rendered June 29, 2005 (Order No. PSC-05-0709-FOF-WU), a conformed copy of which is attached. The nature of the order is a Final Order Setting Water Quality Goal and Requiring Testing and Reporting.

A TRUE COPY

ATTEST

Marcia Sharma
ASSISTANT DIRECTOR, DIVISION OF
COMMISSION CLERK AND
ADMINISTRATIVE SERVICES

John L. Wharton

John L. Wharton
FL Bar I.D. #563099
F. Marshall Deterding
FL Bar I.D. #515876
ROSE, SUNDSTROM & BENTLEY, LLP
2548 Blainstone Pines Drive
Tallahassee, Florida 32301
(850) 877-6555
Attorneys for Petitioner/Appellant

CMP _____
COM _____
CTR _____
ECR _____
GCL _____
OPC _____
RCA _____
SCR _____
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OTH Loxard

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via U.S. Mail to the following on this 28th day of July, 2005:

Ralph Jaeger, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0873

Edward O. Wood
1043 Daleside Lane
New Port Richey, FL 34655-4293

Harry Hawcroft
1612 Boswell Avenue
New Port Richey, FL 34655

Charles Beck, Esq.
Office of Public Counsel
111 Madison Street
Tallahassee, FL 32399-1400



JOHN L. WHARTON

aloha\35\appeal2.not

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for increase in water rates for Seven Springs System in Pasco County by <u>Aloha Utilities, Inc.</u>	DOCKET NO. 010503-WU ORDER NO. PSC-05-0709-FOF-WU ISSUED: June 29, 2005
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The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON
LISA POLAK EDGAR

APPEARANCES:

HARRY HAWCROFT, 1612 Boswell Avenue, New Port Richey, Florida 34655
On behalf of himself.

EDWARD O. WOOD, 1043 Daleside Lane, New Port Richey 34655
On behalf of himself.

CHARLES BECK, ESQUIRE, Office of Public Counsel, c/o The Florida
Legislature, 111 W. Madison St., Room 812, Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida.

F. MARSHALL DETERDING and JOHN WHARTON, ESQUIRES, Rose,
Sundstrom & Bentley, LLP, 2548 Blairstone Pines Drive, Tallahassee, Florida
32301
On behalf of Aloha Utilities, Inc.

RALPH R. JAEGER, MARY ANNE HELTON, and SAMANTHA CIBULA,
ESQUIRES, Florida Public Service Commission, General Counsel's Office, 2540
Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Commission.

FINAL ORDER SETTING WATER QUALITY GOAL AND REQUIRING TESTING AND
REPORTING

BY THE COMMISSION:

I. Background

In this rate proceeding for Aloha Utilities, Inc.'s (Aloha or utility) Seven Spring's System, this Commission found that the "overall quality of service provided by Aloha is unsatisfactory." Order No. PSC-02-0593-FOF-WU, issued April 30, 2002, in Docket No. 010503-WS, In re: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc., p. 20 (Final Order). When we made that decision, we determined, among other things, that steps had to be taken to combat the "black water" problem. One of these steps was the requirement that:

The utility shall make improvements starting with Wells Nos. 8 and 9, and then to all of its wells, to implement a treatment process designed to remove at least 98% of the hydrogen sulfide in the raw water. Such improvements to all of the utility's wells shall be placed into service by no later than December 31, 2003.

Final Order, p. 30. When Aloha appealed the Final Order to the First District Court of Appeal, the requirement to make improvements to the wells was stayed. Order No. PSC-02-1056-PCO-WU, issued August 5, 2002, p. 9. When the Court affirmed our decision, the due date for the well improvements became February 12, 2005.

On June 9, 2004, Aloha moved to modify the requirements of the Final Order, requesting that the requirement to remove 98% of hydrogen sulfide from the raw water be replaced with a requirement that Aloha make improvements as needed to meet a goal of 0.1 mg/L (milligrams per liter) of sulfides in its finished water as that water leaves the treatment facilities of the utility, and that this standard be implemented no later than February 12, 2005. We proposed to approve Aloha's request by Proposed Agency Action Order No. PSC-04-0712-PAA-WS (PAA Order), issued July 20, 2004.

V. Abraham Kurien, Harry Hawcroft, and Edward Wood (the Customers) filed a timely petition protesting several, but not all, provisions of the PAA Order. The Office of Public Counsel (OPC) also intervened.

Based on this partial protest of the Customers, we issued a Partial Consummating Order, Order No. PSC-04-0831-CO-WS, on August 25, 2004, which consummated the portions of the PAA Order that were not protested and recognized the portions of the PAA Order contested by the Customers. An administrative hearing was conducted on March 8, 2005. The issues raised by the customers in their protest are addressed below. Aloha raised the legal issue, which is also addressed below.

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 367, Florida Statutes (F.S.), including Sections 367.011(2) and (3), 367.081(2), 367.111(2), and 367.121(1)(a), (c), and (d), F.S.

II. Rulings

We considered several preliminary matters at the outset of the hearing on March 8, 2005. The motions and our rulings on each are set out below.

On March 1, 2005, Aloha filed a Verified Motion to Disqualify and Recuse Public Service Commission From All Further Consideration of This Docket. No oral argument was heard. The motion was denied because the allegations contained in the motion were not legally sufficient under Section 120.665, F.S., to demonstrate bias, prejudice, or interest in the proceeding as they were too tenuous and speculative.

Aloha also filed a Motion for Summary Final Order on March 1, 2005. After hearing oral argument, we denied the motion.

At the hearing, Aloha made an *ore tenus* motion to dismiss Dr. Kurien as a party. After the order was entered granting Dr. Kurien intervention, he moved out of Aloha's service territory. After hearing oral argument, this motion was granted. However, Dr. Kurien was allowed to testify as an expert witness.

Aloha's counsel also made an *ore tenus* motion at the hearing for modification to the Prehearing Order, which we treated as a motion for reconsideration of the Prehearing Order. After hearing oral argument, this motion was denied.

On March 1, 2005, Aloha filed an Expedited Motion for Continuance. After hearing oral argument, this motion was denied.

Commission staff filed a motion to quash subpoenas and for protective order on March 4, 2005. After hearing oral argument, this motion was granted.

III. Stipulation

The parties stipulated that this docket should remain open pending final disposition of the refund requirement for the appeals period, and this stipulation is approved.

ISSUES OF FACT, LAW, AND POLICY

IV. Goal vs. Maximum Contaminant Level and Location of Testing

The customers raised the issue of whether the 0.1 mg/L criterion specified in the Proposed Agency Action Order should be expressed as a goal or a Maximum Contaminant Level (MCL) and at what point compliance should be assessed.

A. Summary of Parties' Arguments

1. Aloha's Arguments

Aloha argues that Witness Kurien's "use and interpretation of the phrase 'maximum contaminant level' stands in stark contrast to the testimony in this case and to the utilization of that same phrase in Florida law." Citing Chapter 403, F.S., the testimony of witnesses Porter, Levine, and Sowerby (staff's DEP witness), and DEP v. Belleau, 96 ER FALR 86 (Final Order, 1996), Aloha argues that an MCL is a term of art and alleges as follows:

1. For an MCL, a given substance must never exceed a given level, while a goal is something to be strived for to the extent possible both from a technical and economic standpoint;
2. TBWA recognizes the 0.1 mg/L standard as a goal;
3. EPA and DEP set MCLs for substances that pose a health related risk of sufficient magnitude such that the cost of compliance is justified;
4. The process these agencies go through to set an MCL is very involved, complicated, and time consuming (can take years);
5. A cost benefit analysis is undertaken and involves utility representatives, state regulatory agency staff, water users, and many others who are assembled and who engage in a detailed analysis of the feasibility of setting an MCL;
6. Even DEP has not chosen to establish an MCL which did not originate from the EPA;
7. If DEP felt there was some inadequacy in a current primary or secondary water standard, it would be trying to do something about it and that DEP is not contemplating imposing or establishing any standard with regard to total sulfides;
8. To establish an MCL, a more reliable measurement method would need to be developed;
9. Establishment of an MCL, would mean that if that level were exceeded, it would be a violation of Chapter 403 and that proof of violation of a given MCL is proof of pollution.

Based on all the above, Aloha states that the TBWA standard is just what it says it is, a goal, and that this Commission "should not stray even further into the realm of water quality regulation and attempt to establish an MCL for total sulfides which would only apply to a single utility in the entire state of Florida." In Aloha's Post Hearing Memorandum, the utility argues that the burden of proof pursuant to Section 120.57, F.S., is upon the petitioner, and that any decision of this Commission must be based on competent substantial evidence. Aloha argues that the only pre-filed direct testimony on this issue supporting an MCL was provided by witness Kurien and that he erroneously referred to maximum contaminant level, standard, goal, compliance level, and action level, interchangeably.

Aloha argues that the only reasonable and meaningful point of measurement is at the plant site as the water first enters the distribution system. It is at that point the utility has complete control over the water and can identify and adjust treatment at wells failing to meet the established goal. Witness Porter notes that, while TBWA does strive to attain the same standard

throughout its transmission system, its obligation ceases once its water enters the distribution system of a member government, which Aloha maintains is analogous to Aloha's plant sites. He believes that water samples collected for testing should be gathered at the plant sites where sampling and test procedures can be closely controlled. Witness Porter maintains that field tests, such as those conducted at domestic meters would be highly impractical and would lead to unacceptably low accuracy and precision because the water from Aloha's plant sites is intermixed and there is no direct correlation between what a particular water plant is doing, and the water quality at a customer's home. He noted that if a water sample were tested in the distribution system, it may be two or three days old, and if it failed to meet the standard, the only conclusion is that a problem exists. It does not show where the problem is. To further complicate the issue, the water in the distribution system will already have been disinfected using chloramines, and he argues that the water cannot be retreated for sulfides.

2. Customer/OPC Arguments

In regard to whether the 0.1 mg/L standard should be stated as a goal, an MCL, or a performance standard, the Customers state that it is immaterial as long as that standard is "complied with at the point of delivery to the customers with actions taken to correct deficiencies as soon as such failure of compliance is detected."

OPC also agrees that whether the terms goal, standard, maximum contaminant level, compliance level, or action level is used is not important. OPC argues that the important point is that the TBWA requires action if total sulfides exceed 0.1 mg/L. OPC notes that other utilities have taken action to significantly reduce black water and rotten egg smell "without strict measurement and conformity with standards for total sulfide and elemental sulfur levels, such as membrane technologies (Dunedin Municipal Utility), aeration and biological oxidation (Pasco County Utility), and manganese green sand and potassium permanganate oxidation (Port Richey Utility), along with more appropriate adjustment of pH levels."

OPC argues that the above-noted methods have been proven to be more successful in reducing copper corrosion, and that both the hydrogen peroxide and chlorination methods "are reversible oxidative methods that can result in reformation of total sulfides and the production of elemental sulfur." Therefore, if Aloha is to use an oxidative method, OPC argues that there must be "strict adherence to more stringent standards that lower the levels of these substances that have been considered to be significant factors in the production of black water and rotten-egg smell."

With regard to the point of compliance, the Customers argue that the critical question is not whether Aloha can meet the standard at the treatment facility, but whether "these methods are sufficiently robust to keep the water stable till it reaches the customers' homes, sometimes 2-4 days later . . . and can maintain that stability in domestic plumbing for at least a reasonable time period after delivery."

In the joint Post Hearing Statement filed by Mr. Hawcroft and Mr. Wood (Joint Customer Statement), the Customers argue that the flushing records of Aloha itself show that the water at

the customers' meter is not "clean, clear and safe" as claimed by Aloha. Citing witness Kurien's Exhibit VAK-19 (part of Exhibit 23), the Customers argue that not only has the water been shown to be a "black, yellow, milky and rusty to brown" color, but also the chlorine residuals have been zero which negates Aloha's engineer's claim that the chlorine residual levels have been met.

The Customers further argue that Aloha's unwillingness to test at the customers' meters demonstrates that it is unable to "guarantee that the 'finished water' has not undergone deterioration of quality while still in the distribution system." Therefore, the Customers disagree with Aloha's premise that the deterioration occurs only in the customers' pipes. The Customers argue that in one instance of the treated water tested at the inflow to the main tank, the sulfide level had gone from "a level of less than 0.01 mg/L of total sulfides at the well sites" to a level of 0.12 mg/L and thus "demonstrates that such deterioration can occur and does occur even in the transmission system." Noting that Aloha argued that the above-noted water was only partially treated, the Customers claim that "Aloha must also concede that when total sulfides levels are very high in Well 9 and only a stoichiometrically inadequate amount of chlorine can be added" because of the maximum capacity of the chlorinator at that well, then the water from that well is only partially treated when it enters the distribution system.

The Customers conclude that the "widespread inability to provide stability of water in the transmission and distribution system points to either an inherent weakness in the current method, namely its easy reversibility and tendency to produce elemental sulfur, and/or the inadequacy of facilities that result in inability to add the necessary amount of oxidant or the inadequate maintenance of facilities and the distribution system."

OPC further notes that Aloha has repeatedly claimed that its responsibility ends at the outlet side of the water meter pursuant to Section 25-30.210, Florida Administrative Code (F.A.C.). Because Aloha owns all the piping up to that point, OPC argues that "by all common sense standards and the norms of commercial transactions," the testing to verify whether the product meets quality standards should be at the point of delivery, i.e., the outlet on the customer side of the meter.

Citing Exhibit 5, an excerpt from the Phase II Report of the Technical Review undertaken by witness Levine, OPC argues that the need to test the water after it has traveled through the distribution system is confirmed by the finding that sulfide reformation occurred. Although OPC admits that the process allowing reformation may not be clearly understood, it notes that there is the presence of sulfur reducing bacteria in the water and that, as has already been identified by the utility's consulting engineer, the reformation process may be related to turbidity induced by colloidal sulfur which may lower disinfection efficiency. OPC agrees with the Customers that the finding of 0.12 mg/L of total sulfides in the inflow pipe to the storage tank demonstrates that the sulfide reformation can occur prior to the customers' piping.

Citing the same flushing reports as the Customers, OPC states "that finished water is not adequately treated before discharge into the distribution system or . . . the processing method is easily reversible." Also, OPC argues that "[i]f a chlorine booster is necessary to treat water

further in the ground storage tank (which has no water softener or water conditioner) before the water left the same day, then "the chlorine decay in Aloha's water is much higher than documented by monthly operation reports (MORs) submitted to the FDEP."

OPC concludes its argument on this issue by noting that the TBWA agrees to maintain the 0.1 mg/L standard up to the point of connection with its customers (member government utilities), and to sample the water at least four times annually. By maintaining the standard up to the point of connection with the member government utilities, OPC argues that the TBWA thereby takes responsibility for maintaining the standard throughout its transmission and distribution system, and that Aloha should do the same.

B. Commission Analysis

Utility witness Porter testified that the standard for total sulfides as established by TBWA, to which OPC had already agreed, was developed as a goal and not an MCL. He explained that a goal is a target to be strived for, as opposed to an MCL which is a maximum concentration that cannot be exceeded. Witness Porter also testified that an MCL is arrived at after stringent testing and intense study and typically applies to some health risk.

Staff witness Sowerby explained that the promulgation of an MCL is an involved process, including a review of contaminants, health studies, laboratory tests, and cost/benefit. He said that in his twelve years with the Florida Drinking Water Program, establishment of an MCL has not been attempted that did not originate with the EPA.

Witness Kurien noted that he based his terminology on a Tampa Bay Water Authority (TBWA) reference, in which the terms goal, MCL, and standard appear to be used interchangeably. His recommendation is that the regional standard adopted by TBWA is an appropriate standard. His concern is that some objective measurement be established that would require some remedial action by Aloha if the level specified is not met.

Because the term "MCL" is a legal term of art used by the EPA and the DEP only after intense study and review, we find that the standard of 0.1 mg/L of total sulfides in the finished water shall be stated as a goal.

As regards the point of compliance, there are several potential locations for the point of compliance with the goal, including: (1) the finished water as that water leaves the treatment facilities of the utility and enters the distribution system as proposed by Aloha (plant sites), (2) within the distribution system (field sites), and (3) at the point of the water's entry into the domestic system at the domestic meter as proposed by the Customers (customers' meters). For the purposes of discussion, we will refer to the wells as plant sites to better capture the concept of the connection between the water source and the transmission/distribution system.

Testimony by witness Sowerby indicated that the majority of tests performed on drinking water are conducted from samples taken at the entry point to the water distribution system, although the DEP would not object if a utility were to sample more than the minimum

requirements. Samples which are taken in the distribution system would include chlorine residual, disinfection by-products, and coliform bacteria. Those things may change throughout the distribution system, whereas most of the other water quality parameters would not.

OPC maintains that, consistent with the TBWA standard, testing should be done when the water leaves the utility's system, or at the customers' meters. Witness Kurien believes it is imperative that the utility deliver water to the customers that does not exceed the performance standard or goal for total sulfides at the point of connection with the customer. He contends that this position is consistent with TBWA striving to achieve its goal of 0.1 mg/L throughout its transmission/distribution system to the point of connection with its member governments. TBWA's point of delivery is the connection with member governments and Aloha's point of delivery in its transmission and distribution system is the outlet side of the customer meter. His concern is that there could be uncontrolled conditions in the distribution system that could result in the formation of black water and rotten egg smell that would enter the customers' homes from the domestic meter and that testing at the entry to the distribution system will not capture these problems.

Witness Kurien recognized the difficulty of testing at the meter. He notes that water from eight different wells pumps into Aloha's water system. Four wells pump into a storage tank, and the other four wells pump directly into the water system. In addition, Aloha will be purchasing water from Pasco County (County). However, he maintains that the only meaningful way to measure compliance with a standard is by testing at the outlet side of the domestic meter in the distribution system area of each plant site. Witness Kurien notes that, in one of witness Levine's tests, treated water from a well on its way to a storage tank showed an increase in hydrogen sulfide level from 0.01 to 0.12 mg/L. He has concerns that this same phenomenon might be occurring in other parts of Aloha's distribution system where the water does not go into a storage tank but directly into the transmission system. He also testified that there is evidence that shows a significant difference between the free chlorine at the treatment facility and at the remote sampling point, indicating significant consumption of free chlorine residual within the transmission and distribution system. Reformation of total sulfides is a possible explanation for this change in chlorine residual.

We find that the TBWA philosophy of striving to attain a goal of not greater than 0.1 mg/L of total sulfides in its system applies only to the point of connection with member governments because that is the portion of its system over which TBWA has ownership and control. Therefore, it is reasonable that TBWA would not be sampling within a member government's transmission and distribution system. Aloha's transmission and distribution system are facilities over which Aloha has control. Rule 25-30.231, F.A.C., requires each utility to operate and maintain in safe, efficient and proper condition all the facilities and equipment used in connection with the distribution, regulation, measurement and delivery of water service to the customer up to and including the point of delivery into the piping owned by the customer. Rule 25-30.210(7), F.A.C., defines point of delivery for water systems as the outlet connection of the meter for metered service. We find that this is consistent with the TBWA measurement points.

We also believe that the changing characteristics of Aloha's water, as testified to by witness Kurien from his review of witness Levine's tests, merit concern. Based on the evidence presented, it appears that the problem with the current chlorination process is that the oxidizing process produces either elemental sulfur or a sulfate, and the total sulfur load remains in the treated water. Further, based on the dissipation of chlorine to chloride, and the action of sulfur reducing bacteria, sulfur or sulfate can be converted back to sulfides, which will then react with the customers' copper pipes to form "black water" (copper sulfide). It is already established in this docket that some customers are receiving discolored or black water in their homes. The treatment provided by Aloha through chlorination, coupled with the tests performed by Aloha at its plant sites, show compliance with DEP regulations. However, because Aloha customers continue to experience black water and rotten egg smell, it is logical to conclude something more is needed to further address the black water complaints.

We believe that the Customers are merely asking that the finished water delivered to their pipes, to the extent possible, be sufficiently stable so as to not immediately begin reacting with their pipes. Based on the past ten-year history with "black water," we find that this expectation is reasonable. We also believe that Aloha's argument that testing at points within the system will make it difficult to identify which well is causing the failure has merit, but find that the utility shall be held responsible for what happens while the water is within its facilities.

However, there are several problems with the Customers' request that Aloha perform duplicative tests at the outlet side of 16 different customer meters each month at a point most distant from each of the plant sites. First, there is no way to test the water at a customer's meter without either cutting into the line in front or back of the meter and putting in some kind of draw-off valve or faucet. This would require Aloha to continually go onto the property of different customers and dig, and possibly tear up their yard and erect what might be unsightly faucets or hose bibs. This might lead to even worse relations between Aloha and its customers. Second, to minimize customer dissatisfaction with this intrusion, Aloha could seek customer volunteers, but obtaining 16 suitably located customer volunteers each month might be difficult, if not impossible. Finally, because of the positioning of the wells and their interconnections, it is hard to determine the source of the water when more than one source might be nearby.

We note that Aloha has 30 bacteriological test sites distributed throughout the utility's service area so that the utility can monitor what is happening on a bacteriological basis in its system as required by DEP. Moreover, as testified to by witness Levine, water can be drawn off and tested for hydrogen sulfides at these sites. These test sites are already being used by Aloha and would cause little or no inconvenience to either Aloha or its customers.

Therefore, the water quality shall be measured at the plant sites to ensure that the water going into the distribution system meets the goal, and the goal for the plant sites shall be 0.1 mg/L of total sulfides. In addition, as a compromise between the utility and the customers, compliance with the goal shall be assessed at selected bacteriological test sites already set within the distribution system. This will eliminate the need to install new tap sites. We also recognize that water introduced into Aloha's system from the County may impact the level of total sulfides in the water delivered to customers. Witness Porter notes that the County refused to incorporate

the obligation to meet 0.1 mg/L goal in its purchased water contract with Aloha. He also noted that there is no space at the interconnection sites to treat the purchased water, even if re-treatment was feasible. Therefore, once Aloha begins taking water from the County, Aloha shall test that water monthly, and the goal for the tests out in the field shall be the greater of the County total sulfide level or 0.1 mg/L. The goal for the tests at Aloha's plants shall remain at 0.1 mg/L of total sulfides, regardless of the level of sulfides in the water purchased from the County.

Summary

The reference to sulfide in the "finished water" of 0.1 mg/L shall be stated as a goal, with specific actions to be taken if that goal is not consistently reached. Compliance shall be measured at two locations: (1) at the plant sites consistent with the TBWA goal, and (2) at selected field (bacteriological test) sites located out in the distribution system to address the customers' concerns about re-conversion, with the goal being the higher of the TBWA goal or the County level. Those locations are described in detail below.

The goal for the plant sites shall be 0.1 mg/L of total sulfides. In order to determine whether Aloha is meeting the goal of 0.1 mg/L of total sulfides at the plant sites, the finished water shall be tested as it first enters the distribution system, after it has been treated at the plant sites. For those wells where the water enters storage tanks prior to entering the distribution system, the finished water shall be tested after the storage tanks and final treatment, as the water first enters the distribution system, which sites will be referred to as the plant sites.

In order to determine whether Aloha is meeting the goal at the bacteriological test sites (field sites), Aloha shall test at the bacteriological test sites which are distributed throughout the utility's service area and are currently approved by DEP for compliance with coliform levels. Also, we note that the major problems with "black water" and rotten-egg smell are concentrated in the southern half of Aloha's Seven Springs division. For the purpose of determining compliance, in each round of testing, a majority of the field tests (six or more out of ten) shall be taken in this southern area. As previously discussed, there are a number of concerns with using customer meters to test for total sulfides; and we find that taking a sampling of the bacteriological test sites is the better solution.

Finally, the water purchased from the County shall be tested monthly at the point of interconnection with Aloha's distribution system. These test results will be used to establish the goal for the field test sites if the level of total sulfides in the County water exceeds 0.1 mg/L. We will refer to this testing site as the interconnection site.

By the previous Final Order issued in this docket, we found Aloha's quality of service to be unsatisfactory. Failure to substantially obtain the goal of 0.1 mg/L of sulfide in the finished water (or the higher level of the County water at the field sites if the purchased County water has a higher level) shall constitute continued provision of unsatisfactory quality of service which is not in the public interest. Aloha shall also be put on notice that meeting the goal agreed to by the parties does not relieve Aloha from ultimately addressing the black and smelly water complaints.

We shall retain the option to take additional action as appropriate in the future to address customer complaints, even if Aloha is meeting the 0.1 mg/L goal.

V. Removal vs. Oxidation or Conversion

The customers raised the issue of whether Aloha should be required to make improvements such that the sulfide present in the water should be removed as opposed to oxidizing or converting it. Aloha divided its argument into: 1. Credentials of Witness Kurien; and 2. Substantive Argument.

A. Credentials of Witness Kurien

1. Aloha's Arguments

Aloha argues that the only testimony or evidence in the record in support of the position that hydrogen sulfide should be removed rather than converted is provided by witness Kurien. Although we denied Aloha's motion to strike the testimony of witness Kurien, Aloha argues that this "ruling neither confers upon the witness the status of an expert, nor does it establish the weight that should be given to his testimony." As regards witness Kurien's expertise, Aloha listed 22 instances where Dr. Kurien did not have expertise. Aloha further contends that witness Kurien's credentials as a medical doctor have no "relationship whatsoever to the relevant issues in this proceeding." Moreover, Aloha argues that there is no evidence that witness Kurien's undergraduate degree in chemistry from the University of Mysore in India is "accredited by the State of Florida or the United States Department of Education pursuant to Section 817.567(1), Florida Statutes." Based on this complete lack of demonstrated expertise, Aloha states that witness Kurien's testimony at "TR 156-158, 161, TR 165-168, and 171-173 must be afforded no weight, as the entirety of those pages constitute testimony of Witness Kurien about water hydraulics, water distribution, water processing, water testing, water plant design, water plant operation and maintenance and engineering, water chemistry, and the financial aspects of all the above." Also, Aloha argues that witness Kurien's testimony found at TR 270-281 and TR 340-356 is opinion testimony outside his expertise and must be afforded little or no weight.

On the other hand, Aloha argues that the credentials of its two experts, witness Levine and witness Porter, are substantial. Witness Levine demonstrated that she has "more than 30 years of training and experience in areas related to engineering, biological and environmental science, water chemistry and environmental engineering, including a PhD in environmental engineering." Witness Porter's testimony showed that he had "32 years of experience in the operation, management, design and troubleshooting of water treatment facilities and having taught 14 years in the area at a community college (TR 284)." Where witness Kurien's testimony conflicts with Aloha's two experts, Aloha argues that "Witness Kurien's positions can be given little, if any, weight whatsoever."

2. OPC's Arguments

In OPC's Post Hearing Statement (OPC's Statement), OPC first addressed Aloha's attack on the credentials of witness Kurien. Citing the cases of Long v. State, 622 So. 2d 536 (Fla. 1st DCA 1993), review denied, 629 So. 2d 133 (Fla. 1993)(construed section 817.567, F.S., applies to only intentional misstatements), and Strang v. Satz, 884 F. Supp. 504 (S.D. Fla. 1995)(found that construed section 817.567, F.S., prohibiting people from claiming to hold academic degrees or titles unless such degrees were conferred by accredited institutions violated the First Amendment in that it was not narrowly tailored to achieve a substantial government interest). OPC argues that Aloha's statement "that Witness Kurien 'cannot say he has an undergraduate degree in chemistry under Florida Law' is completely contradicted" by those two cases.

3. Commission Analysis

As ruled on at hearing, witness Kurien, through working on this problem some 12 hours a day for 3 and 1/2 years for an estimated 8-10,000 hours of study, "has certainly acquired" the expertise to be able to give expert testimony in this proceeding. Pursuant to Section 90.702, F.S., this Commission found that witness Kurien has demonstrated that he has the knowledge, skill, training, and education to testify as an expert. Therefore, we find that we may give whatever weight we deem appropriate to witness Kurien's testimony.

B. Substantive Issues

1. Aloha's Arguments

As regards the substantive issue, Aloha argues that witness Kurien's testimony and theory that the elemental sulfur remains in the water subsequent to oxidation and converts back to total sulfides or reacts with the customers' pipes to form "black water" (copper sulfide) is based on complete and uncorroborated hearsay contained in Exhibits 8 and 9. Moreover, Aloha argues that even in Exhibit 8, the 1991 article by Troy Lyn, Mr. Lyn only "suggests a correlation could exist between black water and the presence of sulfur," and that the "article itself relates to the relationship of turbidity . . . to chlorination of water containing total sulfides." Aloha concludes that "the article presents no proof that the mere presence of elemental sulfur will or can result in black water."

Finally, as regards turbidity being an indicator of the presence of elemental sulfur and lower disinfection efficiency, Aloha points to the testimony of Aloha witness Porter stating that there was "absolutely no indication of disinfection inefficiency," and that in fact the opposite was true, with Aloha's disinfection process operating efficiently.

Based on all the above, Aloha argues that witness "Kurien's proposal that removal rather than conversion of total sulfides is necessary and appropriate is wholly unsubstantiated and rebutted," and that we must find that witness Kurien has failed to carry his burden. Or, even if he has carried his initial burden, Aloha argues that the underlying basis for his theory has clearly been rebutted. Therefore, Aloha states that we "should not require Aloha to implement a specific

treatment alternative which is clearly contrary to the longstanding" Commission practice against micro-management as stated in the PAA Order, at p. 38.

2. Customers' Arguments

The Customers argue that "Aloha has not provided any evidence to show that the method that it uses now and intends to use in the future is capable of producing 'finished water' that remains stable in the distribution system." Although Rule 62-555.315(5), F.A.C., does not apply to Aloha's wells, the Customers argue that it should still be considered. The Customers state that for the control of copper corrosion and black water, the rule's "guidelines emphasize the need to remove elemental sulfur from finished water if chlorination alone is used to process water and the hydrogen sulfide level in source water is higher than 0.3 mg/L." The customers recognize as a legal reality that the rule does not apply to Aloha's existing wells. However, they suggest that, because Aloha's wells contain more hydrogen sulfide than this threshold level of 0.3 mg/L, at least intermittently, as a "scientific and practical reality," the rule is instructive.

The Customers also argue that Aloha's two witnesses, as well as other water processing experts, concur that the presence of elemental sulfur in the finished water can diminish chlorine's disinfection capability, and can be associated with black water and a rotten-egg smell due to the activity of sulfur reducing bacteria. Also, the Customers disagree with Aloha's statement that the deterioration of the water quality is exclusively confined to the domestic plumbing and exacerbated by the removal of chlorine by water softeners.

Therefore, the Customers argue that it is essential that either almost all of the hydrogen sulfide (98%) should be removed as required by the Final Order, or the elemental sulfur should be removed if Aloha continues to use oxidation and does not use removal methods coupled with pH adjustments used by neighboring utilities. The Customers argue that the whole purpose of the Final Order in requiring the removal of 98% of the hydrogen sulfide from the raw water was to reduce the incidence of problems with black water and rotten-egg smell. The Customers do not believe that the use of oxidation alone will be sufficient to alleviate their problems.

3. OPC's Arguments

OPC reiterates and agrees with the arguments expressed by the Customers above, and especially with the use of the guidelines contained in Rule 62-555.315(5), F.A.C., and the hazards of using oxidation alone without associated removal of elemental sulfur to correct the black water and rotten-egg smell problems. OPC notes that at the time the Final Order was issued on April 30, 2002, the two methods being considered for use to significantly reduce black water and associated complaints were packed tower aeration and the MIEX resin method. Under these methods, the total sulfur load was reduced because the hydrogen sulfide was either expelled or extracted from the source water.

OPC recognizes that the hydrogen peroxide oxidation method is a more complex and sophisticated oxidation method than chlorination. However, it argues that "[u]nless continuous monitoring of hydrogen sulfide levels are undertaken at all wells and in the water purchased

from Pasco County Utility and stoichiometrically calculated doses of hydrogen peroxide are injected into the source water, it would appear to be impossible to reduce the concentration of elemental sulfur to minimal levels.” OPC states that this does not preclude Aloha from using the hydrogen peroxide method, but does require “the insertion of an extremely low level of elemental sulfur as an additional standard, or the inclusion of elemental sulfur within the total sulfide goal of 0.1 mg/L as a performance standard.”

Therefore, OPC concludes that we “should require removal of sulfides to a level not to exceed 0.1 mg/L in finished water delivered at the point of entry into the domestic system if this can be done economically.” Noting that Aloha had provided estimates of high cost systems in a previous proceeding, OPC states that Aloha should be directed “to submit alternative proposals for lower cost methods of removing at least a portion of the sulfides from its water,” and “prioritize treatment proposals and indicate where the most improvement could be obtained for the least cost.”

4. Commission Analysis

At the June 29, 2004 Agenda Conference, we considered Aloha’s Motion to Modify Order No. PSC-02-0593-FOF-WU (Final Order) issued April 30, 2002, which required removal of 98% of the hydrogen sulfide from Aloha’s water. Although the Final Order was upheld by the First District Court of Appeal, the parties agreed that we should modify that provision of the Final Order because the original standard of 98% removal was deemed unattainable on a system-wide basis. We are concerned that Aloha now wants to go to a different type of oxidation process using hydrogen peroxide and that this hydrogen peroxide methodology does not appear to have much of a proven track record when it comes to treating water for the removal of total sulfides.

Historical Perspective. There is indication, both in the Final Order and in witness Kurien’s and witness Porter’s testimony, that it is the southern half of Aloha’s Seven Springs division, around Wells 8 and 9, that is having the most problem with black water, and that the problem seemed to become a major problem shortly after those wells were placed on line. On page 29 of the Final Order, this Commission found:

As an initial step to combat the “black water” problem, we note that shortly after Wells Nos. 8 and 9 were placed into service in late 1995, the complaints on “black water” sky-rocketed. OPC witness Biddy suspects that Wells Nos. 8 and 9 have hydrogen sulfides spikes. Also, those wells are the closest to the subdivisions experiencing the worst “black water” problems. Although Aloha’s Seven Springs water system is totally interconnected, we believe that any solution to the “black water” problem must begin with Wells Nos. 8 and 9.

We believe that nothing has changed since that finding. Pursuant to the Final Order, the improvements were originally to be in place by December 31, 2003, and, because of the appeal and partial stay, that requirement was moved back to February 12, 2005. And yet, even as of the time of the March 8 administrative hearing, Aloha’s witnesses indicated that no improvements

had been put on line for any wells. As noted by Aloha's counsel, the Partial Consummating Order required Aloha to "make improvements to its wells 8 and 9 and then to all its wells as needed to meet a goal of 0.1 mg/L of sulfides in its finished water . . . by no later than February 12, 2005."

Aloha's counsel argues that Aloha is currently meeting the 0.1 mg/L standard and was meeting this standard without any improvements even prior to February 12, 2005. Both the testimony of witness Levine and witness Kurien show that improvements are needed to Wells 8 and 9, whether it be removal, use of the hydrogen peroxide methodology, or upgrading the current chlorination methodology employed by Aloha. Witness Levine admitted that the chlorination "system as it currently exists . . . is in need of upgrading." Moreover, witness Kurien thought Well 9 particularly was "under-engineered" and the chlorination capability at that well was just not sufficient to handle the level of total sulfides found in that well.

Aloha requested the change in the standard in June, 2004 and the PAA Order proposing to approve the change was issued July 20, 2004. Up to the time of the issuance of the Partial Consummating Order on August 25, 2004, Aloha should have known that pursuant to the Final Order it had until February 12, 2005 to make improvements to Wells 8 and 9 designed to reduce the black-water and rotten-egg smell problems – some five and one-half months.

Specific treatment methodology. No witnesses disputed Aloha witness Porter's testimony that if removal of total sulfides is desired, it will be an extremely costly project, costing over \$10 million. Based on a study completed in 2002 by witness Porter on the cost of conversion, he agreed that implementation of that process would likely result in at least a 100% increase in Aloha's rates. As stated in the PAA Order, oxidation would represent a significantly less expensive method of treatment. Aloha's estimated costs from that PAA Order are:

<u>Treatment Option</u>	<u>Conceptual Capital Cost</u>	<u>Conceptual O&M Cost</u>	<u>Estimated Rate Impact</u>
Packed Tower Aeration	\$14,500,000	\$3,100,000	261.95%
H2O2 Oxidation – Rental	\$3,500,000	\$390,000	43.85%
H2O2 Oxidation – Purchase	\$4,000,000	\$340,000	44.40%
Ozone Oxidation	\$6,900,000	\$520,000	72.99%
H2O2 Oxidation/Membrane – Rental	\$11,800,000	\$580,000	108.09%
H2O2 Oxidation/Membrane – Purchase	\$12,300,000	\$530,000	108.64%

During the hearing, Aloha witness Porter also noted that these figures were based on 2002 costs and the impact of inflation and shortages of certain materials could increase these estimates significantly.

While he declined to recommend a specific treatment, witness Kurien expressed reservations concerning the hydrogen peroxide process. He believes the method simply converts the sulfides to another form of sulfur and causes the sulfur load in the water to remain the same. Processing methods using chlorination and hydrogen peroxide are reversible oxidative methods that can result in the sulfides being reduced to either elemental sulfur or sulfate, but which may

be able, because of sulfur reducing bacteria and the dissipation of chlorine to chloride, to reform into sulfides. Therefore, the risk of reconversion to sulfides remains. Witness Kurien included, as Exhibit VAK-9 (Ex. 9) to his direct testimony, excerpts from a 1992 study which indicated that the oxidation of total sulfides can produce large amounts of elemental sulfur. The presence of elemental sulfur increases the turbidity of the water and can result in black water. If conditions that determine water quality change (from the time the water enters the distribution system until it arrives at the customers' meters), then there could be the reformation of hydrogen sulfide with its rotten-egg smell and tendency to react with the customers' copper pipes to form copper sulfide (black water). Witness Levine, in her Phase II Report, found that the sulfur in the water could be a problem within the transmission system of Aloha. Witness Sowerby also noted that elemental sulfur, under the right conditions, can be converted (or chemically reduced) back to sulfides leading to potential problems with black water.

Witness Kurien also noted that with Aloha's current treatment system, the level of total sulfides exceeded the stoichiometrical level of chlorine that could be added to the water, and as a result, elemental sulfur was always produced. The presence of elemental sulfur can cause problems because it can act as a hiding place for bacteria, which act on both elemental sulfur and sulfate to convert them back into sulfides. Witness Kurien maintains that with oxidation, there will always be some elemental sulfur, but that use of the hydrogen peroxide treatment methodology would allow the elemental sulfur to precipitate out and be filtered off. Based on a project undertaken by witness Levine in Hillsborough County, witness Kurien suggests that witness Levine is familiar with the process requirements. Therefore, witness Kurien suggests that if oxidation is the method chosen by Aloha, either the elemental sulfur should be filtered out, or a standard for elemental sulfur should be imposed to lessen the amount going into the domestic water supply consistent with witness Levine's findings in the Hillsborough study.

We note that there appears to be no simple tests for elemental sulfur, but the presence of sulfur might be ascertained by scanning with an electron micrograph. Witness Kurien agreed that there is currently no accepted test for elemental sulfur. However, he suggested testing the turbidity of the water before it is processed and again after it is processed, with the difference in the turbidity being indicative of the level of elemental sulfur present.

Witness Levine testified that a pilot test using hydrogen peroxide is being conducted and she was "pushing the limits" to determine what caused the adverse reactions to try to prevent them. While these tests are still occurring, so far, the results have shown no reversion to hydrogen sulfides. She also states several times that the goal of the testing is to produce stable water which does not experience reconversion. She anticipated several more months of tests before the exact treatment methodology will be refined for implementation on a system basis. Additionally, Aloha is being required to convert to the use of chloramines in place of chlorination for disinfection due to a similar change in treatment by TBWA. Because Aloha may purchase water from the TBWA system through the County, treatment methodologies must be consistent. Witness Levine sees benefits from the switch to chloramination, since both liquid chlorine and ammonium hydroxide raise the pH of the water, causing diminished likelihood of sulfide odor. The odor comes from total sulfides in a nonionized form. One of the results of using hydrogen peroxide for treatment is the addition of an oxidation step to stabilize the water.

It is important to make sure that the water is stable and whatever form the sulfur is in does not result in reversion or reaction.

Although it is clear that improvements are needed, it is also unclear what those improvements should be. OPC and the customers argue that if the hydrogen peroxide methodology is used, then it should also be coupled with the requirement for the removal of the elemental sulfur which will be formed by the oxidative process. However, we note that Aloha has hired two experts with over 30-years experience each addressing this type of problem. Therefore, we find that Aloha shall be allowed to follow the recommendations of these experts as long as some meaningful improvements to Wells 8 and 9 are made by October 1, 2005. Based on the record, if the utility opts for a treatment which converts rather than removes total sulfides, it shall provide an analysis to the Commission within 60 days of the issuance of this Order on elemental sulfur filtration options as described below.

Report Parameters. The analysis of the options for elemental sulfur filtration shall address all options that have been tested or implemented for water treatment systems for the control of hydrogen sulfide. For each filtration method or approach, at a minimum, the following information shall be provided:

1. A detailed description of the method;
2. A description of any additional equipment necessary to implement the method;
3. An estimate of the cost of the implementation of the method, including equipment and any periodic maintenance necessary to ensure proper performance of the method;
4. The name of the entities that have tested or implemented the method and a brief description of the utility (size, private or public, location and any other facts which would have a bearing on the use of the method);
5. The nature of the problem filtration was employed to address;
6. The results achieved by the methods and whether the entity implemented the process on a full or partial basis for daily operations; and
7. If the entity tested but chose not to deploy the method as a part of its treatment process, explain the rationale for rejecting its use.

We note that Docket No. 050018-WU, In re: Initiation of deletion proceedings against Aloha Utilities, Inc., for failure to provide sufficient water service consistent with the reasonable and proper operation of the utility system in the public interest in violation of Section 367.111(2), Florida Statutes, has been opened and that there is some question whether some of the subdivisions will remain in Aloha's territory. Considering the possibility of appellate proceedings, there is little likelihood the deletion proceeding will be resolved in less than a year and it appears that Aloha's current customers will remain Aloha's customers for well over a year, even if we ultimately decide to delete the territory. Moreover, Aloha's own expert admits improvements are necessary to Wells 8 and 9. Witness Levine states that the goal of the testing is to ensure that the water remains stable under different scenarios. It is also clear from witness Levine's testimony and previous research work that she is familiar with the impact of elemental sulfur and potential remedies for addressing the issue. Therefore it should not be a significant

additional burden for her to apply her previous findings in refining the methodology that will be employed by Aloha.

In conclusion, consistent with our past decisions, we will not order a specific treatment methodology. The hydrogen peroxide treatment or other upgrade proposed by Aloha shall be given a chance to work. However, if Aloha opts for a treatment which converts rather than removes total sulfides, it shall provide an analysis to this Commission within 60 days of the issuance of this Order on elemental sulfur filtration options as described above.

VI. Specific Testing Locations, Frequency and Number of Tests, and Required Reporting

In their protest, the Customers questioned whether compliance with the goal or standard should be determined based upon samples taken at least once a month at a minimum of two sites at domestic meters most distant from each of the multiple treatment facilities with such sites rotated to provide the greatest likelihood of detecting any departure from the maximum levels permitted. Earlier in this Order, we found that Aloha should be required to attain the goal for total sulfides in the finished water by testing Aloha's finished water at the utility's plant sites and at the field (bacteriological test) sites. Also, when Aloha begins purchasing water from the County (County), the goal for the field sites shall be set by testing the County water at the interconnection point and will be the higher of either the County total sulfide level or the 0.1 mg/L level. In this section of the Order, we address: (1) the frequency of the testing; (2) the number of tests and specific locations that should be used to determine compliance; and (3) the reporting requirements.

A. Summary of Parties' Arguments

1. Aloha's Arguments

Aloha argues that testing the water at the "domestic meters most distant from each of the multiple treatment facilities and at multiple and ever changing locations" is nonsensical, provides useless information, and is "not analogous to the Tampa Bay Water Authority's standard and method of measurement." Aloha argues that such a test would "have absolutely no relationship to the treatment facilities upon which the location of those tests are based," tell you nothing, be useless, provide much less benefit to the customers, and be unprecedented in the industry. Aloha argues that both its witnesses Levine and Porter testified that the purpose of the test "was to provide feedback and process control to the treatment undertaken by the Utility."

Further, Aloha argues that field tests, such as those conducted at domestic meters, would be highly impractical and would lead to unacceptably low accuracy and precision. Witness Porter explained how the water from Aloha's wells is intermixed and that there is no direct correlation between what a particular water plant is doing and the water quality at a customer's home. He noted that if a water sample were tested in the distribution system, it may be two or three days old, and if it failed to meet the standard, the only conclusion is that a problem exists. It does not show where the problem is. To further complicate the issue, the water in the distribution system will already have been disinfected using chloramines, and the water cannot

be retreated for sulfides. He suggests that tests, if performed anywhere other than the plant sites, should be undertaken by a commercial laboratory.

Aloha argues that testing as proposed by witness Kurien "would incorporate tests of water from various sources, including water purchased from the County, over which Aloha has no control." Aloha alleges that "there are no tests required of any utility . . . that analyzes total sulfides at the individual retail customer meter." Utility witness Porter believes that water samples collected for testing should be gathered at the plant sites where sampling and test procedures can be closely controlled. He asserts that the best place to perform the test is at the point where the water enters the distribution system. Aloha notes that TBWA is a wholesale provider of water who provides large quantities to its member governments and does not provide water to any individual customers. Aloha also states that its proposed method of testing would be more equivalent to the TBWA standard and that witness Kurien's contention that testing at the end of the system would be more equivalent is without merit.

In conclusion, Aloha argues that the "training and expertise of over 30 years each in water treatment analysis, engineering, testing, etc." of its two experts "is clearly far superior to the extremely limited amount of knowledge and experience of witness Kurien in these areas." Based upon all the above, Aloha argues that "the clear and great weight of evidence demonstrates that witness Kurien's proposal for the location and frequency of testing for compliance is inappropriate, unnecessary and unsupported by competent or substantial evidence," and that we "must reject witness Kurien's proposal to impose those unprecedented, unworkable and useless testing proposals."

2. Customers' Arguments

Aloha's water comes from eight plant sites, and, in the future, Aloha may purchase additional finished water from the County with no guarantee that the County's water will meet the goal of 0.1 mg/L of sulfide in the finished water. The Customers are requesting that there be two tests for each well (16 total tests) at the outlet side of the domestic meter most distant from each well, and that these tests be taken monthly and rotated. However, the Customers recognize the need for flexibility, and state that they are willing to consider adjustments as long as they are "consulted before any change is made."

The Customers further note that the frequency and number of tests "is a function of the method of processing used, the excellence of process control and the efficacy of system management which in turn includes adequacy of facilities and the maintenance of hygiene in the infrastructure that distributes processed water." Although the Customers state that the decisions regarding these tests would normally "be the province of the utility," the Customers note that the "history of Aloha's unwillingness to address these responsibilities . . . so that delivered water remains stable in domestic plumbing will always remain a red flag for its customers . . ." Also, the Customers argue that the DEP and this Commission "are remote and have not been effective in their supervision of the utility's day-to-day performance in relation to water quality during the last ten years."

If there is "consistent compliance certification at delivery points and reduction in customer complaints," the Customers state that it would "be appropriate to reduce the number of sites and frequency of tests for compliance." The Customers argue that "[t]he subjective assessments of customers of Aloha are essential for this process to become effective, because discoloration of water and rotten egg smell are more sensitive than even the standards that are being recommended at this time." The Customers further argue that "an adequate minimum of objective compliance measurements at the point of delivery will prevent subjective complaints of customers from holding the utility captive to non-provable claims of poor quality," and that disputes could be referred to the FDEP or the Commission.

3. OPC's Arguments

OPC agrees with the position of the Customers as to the frequency, number, and location of the sampling sites. Citing Exhibit 23, VAK-26 and 27, OPC notes that the TBWA Agreement calls for sampling to be done "at the Points of Connection," and that the maximum average would be calculated "using a running four quarterly sample average." OPC further states that Aloha's allegation that "annual sampling at the treatment facility" is "the norm at the TBWA" is "patently incorrect." Also, OPC notes that Aloha's witness Levine essentially agreed with Dr. Kurien stating that TBWA conducts its measurement "a few times a year" or quarterly. Because of the demonstrated problems with Aloha's water, OPC argues that the testing should be more frequent than TBWA, and should only be reduced to four times a year when Aloha can demonstrate that its delivered water is comparable to the water provided by TBWA.

B. Commission Analysis

Earlier in this Order, we decided that the test sites for compliance shall be the plant sites and the bacteriological/field test sites. The following discussion details how and when the tests shall be performed, and the requirements on the utility if any site fails to meet the specified goal.

Testing Frequency. The first round of tests for determining attainment of the goal shall be accomplished during the first five business days of November 2005. As to how frequently the tests should be accomplished, witness Kurien asserts that TBWA samples its water at least four times annually to assess compliance with its standard and suggests that, if Aloha intends to follow the example set by TBWA, it should test its water at least at this same frequency. Witness Porter maintains that the TBWA guidelines anticipated annual compliance reporting, even if multiple samples are taken more frequently.

Because this is both a new treatment process that has never been used and a new testing procedure, we find that the record supports more frequent testing, at least initially. Therefore, the testing periods shall be monthly for all plant sites and field sites, for the first three months (November and December 2005, and January 2006). Beginning in February 2006, quarterly testing periods shall be allowed for the plant and field sites, unless a plant or field site test exceeds the goal. If a plant or field site test exceeds the goal, it shall be retested monthly until the site achieves the goal for three consecutive months. When Aloha begins purchasing water from the County, the interconnection site shall be tested monthly so that the test results can be

used to establish the goal for the field test sites if the level of total sulfides in the County water exceeds 0.1 mg/L. In addition, as suggested by utility witness Porter, all field tests shall be performed by a commercial laboratory during the first five business days of each testing period.

Also, because flushing can temporarily increase the amount of chlorine residual in the water and reduce the hydrogen sulfide level, Aloha shall proceed with its normal flushing program. However, a temporary burst of chlorine could temporarily affect any test for sulfide, and any test taken immediately after flushing might not be indicative of the actual sulfide level which may be present under normal circumstances. Aloha's flushing reports show that some sites are flushed every weekday. Therefore, all tests for total sulfides shall be conducted prior to any flushing that is to be conducted for that day.

Number of Tests. All of the plant sites, as previously defined, shall be tested during each testing period (monthly or quarterly). Aloha estimated that each hydrogen sulfide test would cost approximately \$107, plus possibly some cost for setup. However, there was nothing in the record about the costs for testing for total sulfides. If Aloha tested all thirty field (bacteriological) sites in each testing period, the cost for testing for hydrogen sulfide alone would be over \$3,210. There would likely be additional costs for testing for the other sulfides. We believe that it is not necessary to test all 30 field sites in each testing period as described above. We find that testing ten field sites spread over the Seven Springs System in each testing period is enough for Aloha and this Commission to obtain an accurate picture of whether the sulfur or sulfate is converting back to sulfide in Aloha's distribution system.

Therefore, the field test sites shall be divided into three groups of ten, and one group of ten sites shall be tested during each testing period (monthly or quarterly). The first group of ten sites shall be tested in November 2005; the second group of ten sites shall be tested in December 2005; and the third group of ten sites shall be tested in January 2006. Subsequently, the first group of ten field sites tested in November 2005, shall be tested every third quarter, beginning in February 2006. The second group of ten sites, which were tested in December 2005, shall be tested every third quarter beginning in May 2006. The third group of ten sites which were tested in January 2006, shall be tested every third quarter beginning in August 2006. In determining the ten sites for each testing period, the sites shall be chosen so as to spread the tests over the Seven Springs Service Territory as evenly as possible. Any retesting of a field site, resulting from the site exceeding the goal, shall not count in the requirement to test ten field sites, unless it is in its normal rotation.

We have also found that the major problems with black water and rotten-egg smell are concentrated in the southern half of Aloha's Seven Springs territory. Looking at the map of Aloha's service territory, we estimate that the southern half of Aloha's Seven Springs territory begins south of the intersection of Mitchell Ranch Road and State Road 54. Therefore, in each testing period, at least six of the ten field site tests shall be taken south of the intersection of Mitchell Ranch Road and State Road 54. In the event there are not at least 18 field (bacteriological) sites in the southern half of Seven Springs, Aloha shall be allowed to use a southern test site more than once or create a new site, but, in any case, no field site shall be used more than twice in any three consecutive testing periods (unless it is a retest for a prior failure).

Based on this criterion, all of the plant sites, ten of the field sites, and, when Aloha begins purchasing from the County, the interconnection with the County shall all be tested during each regular testing period (monthly or quarterly). For purposes of retesting, the County water shall be tested monthly. In addition to those test sites, any plant or field sites which exceeded the goal will require retesting. As a result, when Aloha goes to quarterly testing, there may be retests in the intervening months for sites that exceed the goal in the prior month(s).

Reporting Requirements. By October 1, 2005, Aloha shall provide a list identifying the field sites to be included in each of the three groups of 10 field sites and a map identifying the field sites by test group.

By the last working day of November and December 2005, January and February 2006, and each subsequent quarter (May, August, November, etc.), Aloha shall file a report on the results of the tests. The report shall include the dates, specific location of each test site, and total sulfide levels found for each test site. For all quarterly reports beginning May 2006, Aloha shall provide, in addition, the same information for any retest sites that may have occurred in the intervening two months since the last quarterly report. In addition, if a plant or field site test exceeds the goal, the report shall include an analysis of the possible causes for exceeding the goal at each site, and any remedial action taken or proposed to be taken by Aloha to reduce the level of total sulfides at that site to the level prescribed by the goal.

All reports shall be filed with the Commission's Division of Commission Clerk and Administrative Services in this docket so Commission staff can monitor compliance with the established standard. If our staff believes the results should be brought to the Commission's attention, they may do so. Otherwise, the reports will remain on file. While the record does not address reporting requirements, we find that it is within our discretion to require follow-up reporting to ensure that the utility is continuing to meet the specified goal. Section 367.121(1)(c), F.S., states that we may require "such regular or emergency reports from a utility . . . as the commission deems necessary"

Summary. Based on all the above, we summarize our decision as follows:

Testing Frequency:

1. Monthly testing shall be required for all plant sites and field sites, for the first three months beginning November 2005.
2. Quarterly testing shall then be required for the plant and field sites, beginning February 2006, unless a plant or field site test exceeds the goal.
3. If a plant or field site test exceeds the goal, it shall be retested monthly until the site achieves the goal for three consecutive months.
4. When Aloha begins purchasing water from the County, the interconnection site shall be tested monthly.
5. All field tests shall be performed by a commercial laboratory during the first five business days of each testing period.

6. All tests in the field for total sulfides shall be conducted prior to any flushing that is to be conducted for that day.

Number of Tests:

1. All of the plant sites shall be tested during each testing period.
2. The field (bacteriological test) sites shall be divided into three groups of ten and one group of ten sites shall be tested during each testing period. Any retesting of a field site, resulting from the site exceeding the goal, will not count in the requirement to test ten field sites unless it is in its normal rotation.
3. At least six of the ten field site tests shall be taken south of the intersection of Mitchell Ranch Road and State Road 54. No field site shall be used more than twice in any three consecutive testing periods (unless it is a retest for a prior failure).

Reporting Requirements:

1. By October 1, 2005, Aloha shall provide a list identifying the field sites to be included in each of the three groups of 10 field sites and a map identifying the field sites by test group.
2. By the last business day of November and December 2005, January and February 2006, and each subsequent quarter (May, August, November, etc.), Aloha shall file a report on the results of all tests performed during that testing period, including retests. The report shall include the dates, specific location of each test site, and total sulfide levels found for each test site. For all quarterly reports beginning May 2006, Aloha shall also provide the same information for any retest sites that may have occurred in the intervening two months since the last quarterly report. In addition, if a plant or field site test exceeded the goal, the report shall include an analysis of the possible causes for each site's exceeding the goal and any remedial action taken or proposed to be taken by Aloha to reduce the level of total sulfides at that site to the level prescribed by the goal.
3. All reports shall be filed with the Commission's Division of Commission Clerk and Administrative Services in this docket.

ISSUE OF LAW

VII. Authority of the Commission to Regulate, Impose, or Establish Drinking Water Standards, Maximum Contaminant Levels, Action Levels, or Treatment Technique Requirements

At the Prehearing Conference, Aloha questioned whether this Commission had the authority to take the contemplated actions and requested that this legal issue be added.

A. Arguments of the Parties

1. Aloha's Arguments

Aloha argues that "the 2002 per curiam appellate decision of the First District Court of Appeal is not a [sic] 'affirmance' of that portion of the PSC's Order [Final Order] which required that 98% of the hydrogen sulfide in Aloha's raw water be removed." Citing Department of Legal Affairs v. District Court of Appeal, 434 So. 2d 310 (Fla. 5th DCA 1983), Aloha states that the Florida Supreme Court recognized "that the District Courts of Appeal, which have addressed the issue of the effect of a per curiam affirmance, have been firm in holding that such has no precedential value and have consistently held that a per curiam decision without opinion cannot be cited as precedent." Because "[s]uch a decision does not establish any point of law, and there is no presumption that the affirmance was on the merits . . . Department of Legal Affairs, at 311," Aloha argues that "no appellate court has ever ruled that the PSC has the lawful authority to impose water quality standards."

Moreover, Aloha notes that pursuant to Section 367.121(1)(a), F.S., the Commission shall have the power:

To prescribe fair and reasonable rates and charges, classifications, standards of quality and measurements, and to prescribe service rules to be observed by each utility, *except to the extent such authority is expressly given to another agency.*

(emphasis supplied by the utility)

In the past, Aloha notes that this Commission "has consistently, and properly, deferred to the appropriate environmental protection agencies on water quality issues," and cited In re: Application of South Brevard Utility, Inc., 90 F.P.S.C. 4:438, 442 (1990), where despite many customers complaints about the water having a color and a strange odor, this Commission "found that 'there is no requirement for opacity or odor control established by DER . . .'" Aloha then argues, as economic regulators, the Commission "may not impose an environmental standard that is greater than the standard set by the agency charged with enforcing various environmental standards." Aloha also cites In re: Application of RHV Utility, Inc., 95 F.P.S.C. 8: 115, 117 (1995), as a case where we explicitly deferred to the environmental protection authority and held "[a]s long as the utility appears to be cooperating with the agency of primacy in this area, our involvement is unnecessary."

Aloha notes that on numerous occasions we have dealt with the subject of hydrogen sulfide in the water of the utilities we regulate, and have "consistently observed that hydrogen sulfide is not harmful, that problems associated with it are typically localized in the customer's plumbing, and that the water in each of those cases nonetheless satisfied safe drinking water requirements." Aloha then cited eleven cases in support of its position, and stated that in each case, we chose not to extend our "jurisdiction to the implementation of water quality standards or water treatment protocols."

Aloha argues that we have “no lawful authority to stray into those areas of regulation whose implementation has expressly been reserved by state and federal law for environmental agencies . . .,” and that we have “only those powers granted by statute expressly or by necessary implication.” Deltona Corp. v. Mayo, 342 So. 2d 510 (Fla. 1977)(citing Cape Coral v. GAC Utilities, Inc., 281 So. 2d 493 (Fla. 1973)). In Deltona, Aloha notes that this Commission found that whether Deltona had engaged in unfair business practice or committed fraud was not of statutory concern to the Commission. In Cape Coral, Aloha states that the Florida Supreme Court noted that:

1. All administrative bodies created by the Legislature are not constitutional bodies, but, rather, simply mere creatures of statutes;
2. The PSC’s powers, duties and authority are those and only those that are conferred expressly or impliedly by statute of the State;
3. Any reasonable doubt as to the lawful existence of a particular power that is being exercised by the PSC must be resolved against the exercise thereof; and
4. The Legislature has never conferred upon the PSC a general authority to regulate public utilities.

Aloha argues that if this Commission “has jurisdiction to force a water treatment standard upon Aloha which exceeds any existing state or federal law . . . applied to any (much less all) other utilities, that authority would not logically be limited to the element of hydrogen sulfide,” but also would extend to “odor, taste, clarity, or fitness for human consumption.” And yet, Aloha argues that neither our “enabling statutes, nor its administrative rules even attempt to either establish any such standards or to provide when or how the implementation of any such standards would or could be appropriate.” Aloha states that if we were to issue an Order requiring the higher standards, this would usurp the jurisdiction of those “state and federal agencies that do have jurisdiction over the water quality of Florida’s regulated utilities,” which would be “neither lawful nor appropriate.”

In conclusion, Aloha argues that we should recognize that we do “not have the expertise to establish and enforce water quality standards.” Further, Aloha states that in our PAA Order, we recognized that we had made a mistake when we required the 98% removal standard from all wells, and that in that same PAA Order, we declined “to prescribe the treatment methodology that Aloha should use in order to comply with the requisite treatment standard.” Aloha concludes that we should not, again, attempt to extend our jurisdiction into areas beyond our expertise, as we did in our 2002 order to Aloha.

2. OPC/Customers’ Arguments

In its Supplement to Post-Hearing Statements of Issues and Positions, allowed by the Prehearing Officer over Aloha’s objections and Motion to Strike, OPC set out its argument as to why this Commission did have the authority to regulate, impose, or establish drinking water standards, maximum contaminant levels, action levels, or treatment technique requirements. OPC first cites Section 367.011(3), F.S., which states:

The regulation of utilities is declared to be in the public interest, and this law is an exercise of the police power of the state for the protection of the public health, safety and welfare. The provisions of this chapter shall be liberally construed for the accomplishment of this purpose.

OPC goes on to note that "water quality is such an important issue that when setting rates," pursuant to Subparagraph 367.081(2)(a)1., F.S.:

. . . In every such proceeding, the commission shall consider the value and quality of the service

OPC then cites subparagraph 367.121(1)(a), F.S., the same subparagraph cited by Aloha, and notes that the Commission has the power to prescribe "standards of quality and measurements" except to the extent that such power is limited or taken away by being expressly given to another state agency. OPC acknowledges that pursuant to Section 403.851, F.S., the responsibility for the safety of drinking water is shared between the Department of Environmental Protection and Department of Health.

However, OPC argues that the quality of water service is a much broader concept than safety, and that "water may be safe but still of inferior quality." OPC notes that in the case of City of North Miami Beach v. Metropolitan Dade County, 317 So. 2d 110 (Fla. 3d DCA 1975), cert. denied, 334 So. 2d 604 (Fla. 1976), "the Court found that the public health laws did not give the Department of Health and Rehabilitative Services [HRS] exclusive jurisdiction over water quality and services in Florida." The HRS attorney had argued that HRS and its agents had "final responsibility and general supervision and control over all systems of water supply insofar as their adequacy, sanitary and physical condition affect public health." Without addressing that argument, the court stated:

It is sufficient for a determination of this case to point out that the Division's position does not conflict with the position taken here by Metropolitan Dade County. It is clear that the County does not seek to over-ride a validly-exercised state authority. It seeks rather to assert an authority of its own in order 'to regulate on a county-wide basis according to a uniform plan those municipal functions that are susceptible to, and could be most effectively carried on under, a regulatory plan applicable to the entire county.

OPC argues that, like the County in the above-noted case, "the Commission has its own, legislatively provided power to prescribe standards of quality and measurements." OPC further notes that staff DEP witness Sowerby "expressed no concern about the Commission applying additional standards to Aloha," and his concern was only that the utility would conduct tests "at locations and with frequency at least as great as those required" by DEP.

OPC concludes that we have "explicit authority to prescribe standards of quality and measurements, and nothing proposed in this case conflicts with rules of other state agencies." Finally, OPC argues that quality of service is a "core concern found in several sections of

Chapter 367, Florida Statutes, and the legislature has given this Commission jurisdiction over that aspect of the service provided by water and wastewater companies,” and that this “Commission has ample authority to require Aloha to meet the standards proposed in this case.”

B. Commission Analysis

Aloha argues that “the 2002 *per curiam* appellate decision is not an ‘affirmance’ of that portion of the PSC’s Order which required that 98% of the hydrogen sulfide in Aloha’s raw water be removed.” Aloha is confusing “precedential value,” i.e., a *per curiam* affirmance cannot be used for precedential purposes, with what the appellate court did. The appellate court affirmed the entire Final Order, which included a requirement that Aloha, because of unsatisfactory quality of service, remove 98% of the hydrogen sulfide in Aloha’s raw water.

The legality of the 98% removal requirement was squarely before the 1st DCA. Aloha’s Initial Amended Brief filed at the 1st DCA raised the issue:

THE COMMISSION’S ORDER DIRECTING ALOHA TO IMPLEMENT A TREATMENT PROCESS DESIGNED TO REMOVE AT LEAST 98% OF THE HYDROGEN SULFIDE IN ALOHA’S RAW WATER IS NOT SUPPORTED BY COMPETENT, SUBSTANTIAL EVIDENCE AND EXCEEDS THE COMMISSION’S LAWFUL JURISDICTION.

When making its arguments to the Court, Aloha relied on the same cases and orders in its appellate brief as it now does in its Post-Hearing Memorandum. While the *per curiam* affirmance may not have any precedential value that “the PSC has the lawful authority to impose water quality standards,” Aloha’s arguments have previously not been accepted by the court.

We disagree with Aloha’s argument that this Commission lacks the authority to impose a water quality standard, and agree with the legal argument of OPC. Pursuant to Sections 367.011(2) and (3), 367.081(2)(a)1., 367.111(2), and 367.121(1)(a), (c) and (d), F.S., we have jurisdiction over the quality of service provided by Aloha, and pursuant to Section 367.011(3), F.S., the provisions concerning quality of service shall be liberally construed. Section 367.111(2), F.S., provides in pertinent part:

Each utility shall provide to each person reasonably entitled thereto such safe, efficient and sufficient service as is prescribed by Part VI of chapter 403 and parts I and II of Chapter 373, or rules adopted pursuant thereto; but such service shall not be less safe, less efficient, or less sufficient than is consistent with the approved engineering design of the system and the reasonable and proper operation of the utility in the public interest.

We have initiated show cause proceedings against Aloha in Docket No. 050018-WU because of the poor quality of service experienced by Aloha’s customers, and one of the statutes we relied on in doing so was Section 367.111(2), F.S. Aloha may or may not be violating any

DEP or HRS standards, and yet we have found it proper to initiate the deletion proceeding based in part on this section.

Moreover, Sections 367.121(1)(a), (c) and (d), F.S., provide in pertinent part:

- (1) In the exercise of its jurisdiction, the commission shall have power:
 - (a) To prescribe fair and reasonable rates and charges, classifications, standards of quality and measurements, and to prescribe service rules to be observed by each utility, except to the extent such authority is expressly given to another state agency.
* * *
 - (c) To require such regular or emergency reports from a utility . . .
 - (d) To require repairs, improvements, additions, and extensions to any facility, if reasonably necessary to provide any reasonably prescribed quality of service

We have previously determined that Aloha's quality of service was unsatisfactory and required Aloha to remove 98% of the hydrogen sulfide from its raw water, and that decision was affirmed by the appellate court. It was only after Aloha petitioned this Commission to modify the standard that we issued our PAA Order. The question then became how should the requirement affirmed by the court be modified, not if there should or could be a standard at all. Rule 25-30.433(1), F.A.C., governs our action in considering quality of service, and that rule requires us to consider: (1) the quality of the utility's product; (2) the operational conditions of the utility's plant and facilities; and (3) the utility's attempt to address customer satisfaction. The utility's attempt to address customer satisfaction is not governed by whether the utility is complying with EPA or DEP standards. In issuing our Final Order, we followed this rule.

Aloha's reliance on the language "except to the extent such authority is expressly given to another state agency," in Section 367.121(1)(a), F.A.C., is misplaced. In City of North Miami Beach, the Third DCA determined that the public health laws did not give HRS exclusive jurisdiction over water quality and services in Florida, and that the County was appropriately seeking to assert authority of its own. Likewise, the Legislature has provided this Commission with authority to review the quality of service provided by water and wastewater utilities and require improvements as we deem necessary.

On page 23 of its Post-Hearing Memorandum, Aloha cites eleven orders in which we dealt with the subject of hydrogen sulfide in the water of other utilities and in which it argues that we declined to require those utilities to take any action. Those eleven orders are:

- 1) In re: Application of Pennbrooke Utilities, Inc., 01 F.P.S.C. 6: 75, 81 (2001) [Order No. PSC-01-1246-PAA-WS, Docket No. 001382-WS];
- 2) In re: Application of United Water Florida, Inc., 97 F.P.S.C. 5: 641, 648-650 (1997) [Order No. PSC-97-0618-FOF-WS, Docket No. 960451-WS];
- 3) In re: Application of Heartland Utilities, Inc., 96 F.P.S.C. 11:268, 270-72 (1996)[Order No. PSC-96-1389-FOF-WU, Docket No. 960517-WU];

- 4) In re: Application of JJ's Mobile Homes, Inc. (JJs), 95 F.P.S.C. 10: 480, 485-87 (1995) [Order No. PSC-95-1319-FOF-WU, Dockets Nos. 921237-WS and 940264-WS];
- 5) In re: Application of Lake Josephine Water, 95 F.P.S.C. 8:389, 390-91 (1995) [Order No. PSC-95-1044-FOF-WS, Docket No. 950020-WU];
- 6) In re: Application of St. George Island Util. Co., Ltd., 94 F.P.S.C. 11: 141, 146-49 (1994) [Order No. PSC-94-1383-FOF-WU, Docket No. 940109-WU];
- 7) In re: Application of Ocean City Utilities, Inc., 94 F.P.S.C. 3: 97, 99 (1994) [Order No. PSC-94-0244-FOF-WU, Docket No. 920736-WSU];
- 8) In re: Application of CGD Corp., 93 F.P.S.C. 1: 70, 71 (1993) [Order No. PSC-93-0011-FOF-WS, Docket No. 920937-WS];
- 9) In re: Application of Springside at Manatee, Ltd., 92 F.P.S.C. 4: 213, 214 (1992) [Order No. PSC-92-0190-FOF-WS, Docket No. 910909-WS];
- 10) In re: Application of Laniger Enterprises of America, Inc., 91 F.P.S.C. 7: 341, 342 (1991) [Order No. 24817, Docket No. 900945-WS]; and
- 11) In re: Application of Fisherman's Cove of Stuart, Inc., 91 F.P.S.C. 3: 656, 658 (1991) [Order No. 24284, Docket No. 900654-WS].

Having reviewed those orders, we find that there are some common themes. As previously stated, pursuant to Rule 25-30.433(1), F.A.C., we consider the utility's attempt to address customer satisfaction. In doing so, we review the number of complaints, the severity of the complaints, the utility's attempt to respond to its customers' concerns, and the utility's cooperation with regulatory agencies. While we give great deference to the findings of DEP and the county health departments, we have repeatedly indicated that compliance with all primary, or even secondary standards, does not mean that the quality of service must be found to be satisfactory and that the utility need do nothing further.

In the United Water Florida and JJ's orders cited above, even though we found that the quality of service was satisfactory, we nevertheless required the utilities to take further action to address water problems. Finally, in each of the eleven orders, we either found that the quality of service was satisfactory or made no final pronouncement on the quality of service. In most of the orders, we noted that the utilities were taking measures to address the problem and were trying to respond to the customers concerns and be cooperative. Because of this cooperation and the utilities' efforts to resolve their problems, it was unnecessary for us to intercede or become involved, except as noted in United Water Florida and JJ's. Seven of the utilities were using some form of aeration to reduce the hydrogen sulfide level, and another utility was using two points of chlorination to try to keep the residual free chlorine at appropriate levels. At least seven of the Orders addressed very minimal customer complaints. For Springside at Manatee and Laniger there was only one customer complaint about odor for each utility, and for Laniger that complaint may have been against the wastewater treatment plant. Aloha's reliance on these orders is not persuasive.

We find that Aloha's situation is much worse than even the situations described in the United Water Florida and JJ's, the worst cases noted above. Concerning quality of service, United Water Florida had only 27 customers out of 28,500 testify, and JJ's had only 16

customers testify. In the hearing in this case, with a customer base considerably less than United Water Florida, Aloha had 29 customers testify and complain of black or discolored water, odor/taste problems, low pressure, and or sediment/sludge. See, Final Order, page 8. In the JJ's and United Water Florida cases, although the quality of service was found to be satisfactory, we required the utilities to take additional action. In this case, we found the customer testimony to be persuasive that the quality of service was unsatisfactory and that additional actions were required. Moreover, a review of our decisions shows that Aloha's customers have complained about black and smelly water for almost ten years and, as of the date of the hearing, it appears that Aloha has still not fixed the problem.

In its closing paragraph, Aloha argues that we do not have "the expertise to establish and enforce water quality standards," and that we should not again attempt to extend our jurisdiction into areas beyond our expertise, as we did in our 2002 Final Order. However, we note that this current process began upon Aloha's petition for us to modify the 98% removal standard to a more attainable standard. Therefore, the original question was not whether we could require additional actions and set standards, but how should the standard be modified. Aloha is now attempting to go back to the same position it took when it appealed the Final Order.

In conclusion, while we find that we should not use the terms drinking water standard or "maximum contaminant level" because of the use and meaning attached to them by DEP and EPA, we further find that there is no question but that we have jurisdiction over the quality of service provided by a utility and can require the utility to take specific actions to improve the quality of service. See, Sections 367.011, 367.081(2), 367.111(2), 367.121(1)(a), (c) and (d), F.S. Also, we have already ordered the utility to remove 98% of the hydrogen sulfide from its finished water and make improvements to its wells to improve the quality of service when we issued our previous Final Order in this case, and that Final Order was per curiam affirmed. Therefore, the question should not be whether we can require certain actions, but how should the previous Final Order be modified, and how to measure when additional actions are required, and what those actions will be.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the reference to total sulfide in the finished water of 0.1 mg/L shall be stated as a goal with specific actions to be taken if that goal is not consistently reached. It is further

ORDERED that attainment of the goal shall be determined by testing Aloha's water for total sulfides at the utility's plant sites as it first enters the distribution system and at field (bacteriological) sites which are distributed throughout the utility's service area. It is further

ORDERED that the goal for the plant sites shall be 0.1 mg/L of total sulfides. It is further

ORDERED that when Aloha Utilities, Inc., begins to purchase water from Pasco County, the County water shall be tested monthly for total sulfides in the same manner as all test sites,

and the goal for the bacteriological field test sites shall be the higher of the total sulfides level in the County water or 0.1 mg/L of total sulfides in the water. It is further

ORDERED that as determined in Order No. PSC-02-0593-FOF-WU, issued April 30, 2002, in this docket, we found Aloha's quality of service to be unsatisfactory, and failure to substantially obtain the goal of 0.1 mg/L of total sulfides in the finished water, or the higher level of the County if the purchased County water has a higher level, shall constitute continued provision of unsatisfactory quality of service which is not in the public interest. It is further

ORDERED that Aloha Utilities, Inc. shall be put on notice that meeting the goal does not relieve Aloha from ultimately addressing the black and smelly water complaints. In addition, we retain the option to take additional action as appropriate in the future to address customer complaints, even if Aloha is meeting the 0.1 mg/L goal. It is further

ORDERED that the hydrogen peroxide treatment or other upgrade proposed by Aloha shall be given a chance to work. However, if the utility opts for a treatment which converts rather than removes total sulfides, it shall file a report within 60 days of the issuance of this Order with an analysis on elemental sulfur filtration options as described in the body of this Order. It is further

ORDERED that, as described in the body of this Order, monthly testing shall be required for all plant sites and field sites for the first three months, beginning November 2005. It is further

ORDERED that quarterly testing shall then be required for the plant and field sites, beginning February 2006, unless a plant or field site test exceeds the goal. It is further

ORDERED that if a plant or field site test exceeds the goal, it shall be retested monthly until the site achieves the goal for three consecutive months. It is further

ORDERED that all field tests (bacteriological test sites) shall be performed by a commercial laboratory during the first five business days of each testing period, and shall be conducted prior to any flushing that is to be conducted for that day. It is further

ORDERED that all of the plant sites shall be tested in the first five days of each testing period. It is further

ORDERED that the field test sites shall be divided into three groups of ten, and one group of ten sites shall be tested during each testing period. In determining the ten sites for each testing period, the sites shall be chosen so as to spread the tests over the Seven Springs Service Territory as evenly as possible. It is further

ORDERED that any retesting of a field site, resulting from the site exceeding the goal, will not count in the requirement to test ten field sites unless it is in its normal rotation. It is further

ORDERED that at least six of the ten field site tests shall be taken south of the intersection of Mitchell Ranch Road and State Road 54, and no field site shall be used more than twice in any three consecutive testing periods (unless it is a retest for a prior failure). It is further

ORDERED that by October 1, 2005, Aloha shall provide a list identifying the field sites to be included in each of the three groups of 10 field sites and a map identifying the field sites by test group. It is further

ORDERED that by the last business day of November and December 2005, January and February 2006, and each subsequent quarter (May, August, November, etc.), Aloha shall file a report on the results of all tests performed during that testing period, including retests. The report shall include the dates, specific location of each test site, and total sulfide levels found for each test site. It is further

ORDERED that for all quarterly reports beginning May 2006, Aloha shall also provide the same information for any retest sites that may have occurred in the intervening two months since the last quarterly report. It is further

ORDERED that if a plant or field site test exceeded the goal, the report shall include an analysis of the possible causes for exceeding the goal at each site, and any remedial action taken or proposed to be taken by Aloha to reduce the level of total sulfides at that site to the level prescribed by the goal. It is further

ORDERED that all reports shall be filed with the Commission's Division of Commission Clerk and Administrative Services in this docket. It is further

ORDERED that the stipulation that the docket shall remain open pending final disposition of the refund requirement for the appeals period is approved.

By ORDER of the Florida Public Service Commission this 29th day of June, 2005.

/s/ Blanca S. Bayó

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

This is a facsimile copy. Go to the Commission's Web site,
<http://www.floridapsc.com> or fax a request to 1-850-413-
7118, for a copy of the order with signature.

(S E A L)

RRJ

Dissent of Commissioner Lisa Polak Edgar:

I respectfully dissent from the majority's decision limiting the location of testing for assessment of compliance with the 0.1 mg/L goal to the plant and field sites as prescribed in the Order. An efficient and effective sampling regime for testing at specifically identified customer meters, the point where the utility's responsibility ends and the customer / property owner's responsibility begins, would provide useful information to the customers, the utility, and the Commission. This additional sampling data would also be beneficial should there be future questions regarding whether the specified goal has been "consistently reached" as discussed on page 10 above. It is my opinion that the potential logistical concerns raised are manageable and resolvable.

Chapter 367, F.S., provides the Commission with jurisdiction over quality of service. This is consistent with, and complementary to, the authority of health and environmental agencies for water quality standards. I encourage further discussions by the Commission and its staff with other regulatory agencies and interested parties to consider statewide quality of service standards and other measures to further assure that Aloha's customers and all areas of Florida receive safe, high quality water with acceptable taste, odor and color.

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: June 6, 2005

TO: Blanca S. Bayó, Director, Division of the Commission Clerk and Administrative Services

FROM: Jane Faurot, Chief, Office of Hearing Reporter Services, Division of the Commission Clerk and Administrative Services

RE: DOCKET NO. 010503-WU, AGENDA HELD 05/31/05.

RE: APPLICATION FOR INCREASE IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA UTILITIES, INC.

DOCUMENT No: 05415-05, 06/06/05

The transcript for the above proceedings has been completed and is forwarded for placement in the docket file, including attachments.

Please note that Staff distribution of this transcript was made to:

LEGAL, ECR

Acknowledged BY:

A handwritten signature, likely of Jane Faurot, written in black ink. The signature is stylized and appears to be a combination of the letters 'J' and 'F'.

JF/rlm

• Kay Flynn

010503-WU

From: Denise Karnes

Sent: Thursday, May 26, 2005 2:59 PM

To: Alina Dieguez; Allen Mortham; Beth Salak; Betty Ashby; Bev DeMello; Blanca Bayo; Bob Trapp; Braulio Baez; Bridget Hoyle; Carlotta Stauffer; Carol Purvis; Cayce Hinton; Charles Davidson; Chuck Hill; Cindy Miller; Dan Hoppe; Della Fordham; Diane Lee; Dorothy Boone; Eileen Patrick; Hurd Reeves; J. Terry Deason; Jane Faurot; Janet Brunson; Janet Harrison; Kathleen Stewart; Katrina Tew; Kay Flynn; Kay Posey; Kevin Bloom; Larry Harris; Lisa Edgar; Manuel Arisso; Martha Golden; Mary Bane; Mary Macko; Norma Jenkins; Pat Dunbar; Patsy White; Rhonda Hicks; Richard Tudor; Rick Melson; Roberta Bass; Rudy Bradley; Sandy Moses; Sharon Allbritton; Steven Stolling; Susan Howard; Tim Devlin; Todd Brown; Veronica Washington

Subject: Items of Interest at Upcoming Agenda Conference, 5/31/05

A news release was faxed to the daily newspapers this afternoon, 5/26/05, and is now available on the PSC web site:
<http://www.psc.state.fl.us/general/news/pressrelease.cfm?release=13>

5/26/2005



State of Florida
Public Service Commission
NEWS RELEASE

May 26, 2005

Contact: 850-413-6482

Items of Interest at Upcoming Agenda Conference, 5/31/05

TALLAHASSEE — The following items are among those scheduled for consideration by the Commission at the May 31, 2005, Agenda Conference.

ITEM 10 – DOCKET NO. 050321-EM – APPROVAL OF INITIAL ELECTRIC TARIFFS FOR CITY OF WINTER PARK ELECTRIC UTILITY. The Commission will determine whether the electric tariffs filed by the City of Winter Park should be approved.

ITEM 13 – DOCKET NO. 050225-EI – JOINT PETITION OF OFFICE OF PUBLIC COUNSEL, FLORIDA INDUSTRIAL POWER USERS GROUP, AND TAMPA ELECTRIC COMPANY FOR APPROVAL OF STIPULATION AND SETTLEMENT AS FULL AND COMPLETE RESOLUTION OF ANY AND ALL MATTERS AND ISSUES WHICH MIGHT BE ADDRESSED IN CONNECTION WITH MATTERS REGARDING EFFECTS OF HURRICANES CHARLEY, FRANCES, AND JEANNE ON TAMPA ELECTRIC COMPANY'S ACCUMULATED PROVISION FOR PROPERTY INSURANCE, ACCOUNT NO. 228.1. The Commission will address a Stipulation and Settlement filed by the Office of Public Counsel, the Florida Industrial Power Users Group, and Tampa Electric Company to resolve all matters and issues regarding the effects of Hurricanes Charley, Frances, and Jeanne on Tampa Electric Company's property insurance reserve.

ITEM 16 – DOCKET NO. 010503-WU – APPLICATION FOR INCREASE IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA UTILITIES, INC. The Commission will address several quality of service and compliance issues related to Aloha Utilities, Inc.'s application for increase in water rates.

###

Website - <http://www.floridapsc.com>
Kevin Bloom, Director, Office of Public Information
2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

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RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON
LISA P. EDGAR

STATE OF FLORIDA



ORIGINAL

OFFICE OF THE GENERAL COUNSEL
RICHARD D. MELSON
GENERAL COUNSEL
(850) 413-6199
MAY 20 PM 3:31

COMMISSION
CLERK

Public Service Commission

May 20, 2005

The Honorable Mike Fasano
The Florida Senate
310 Senate Office Building
404 South Monroe Street
Tallahassee, FL 32399-1100

Re: Docket No. 010503-WU – Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Senator Fasano:

Enclosed is a copy of the Staff Recommendation filed in this matter on May 19, 2005. The Commission is expected to consider this Recommendation at its May 31, 2005, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, you may request a time certain from the Chairman. You are welcome to come to this Agenda Conference and observe. However, because this is a post-hearing decision, pursuant to Rule 25-22.0021(2), Florida Administrative Code, participation is limited to Commissioners and Staff. If you have any questions, please feel free to call me at (850) 413-6234.

Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:jb

cc: Division of Economic Regulation (Kummer, Daniel, Jenkins)
Office of the General Counsel (Moore)
Division of the Commission Clerk and Administrative Services (Docket file)

I:\010503recltr.jrb.doc

STATE OF FLORIDA

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OFFICE OF THE GENERAL COUNSEL
RICHARD D. MELSON
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

May 20, 2005

V. Abraham Kurien, M. D.
7726 Hampton Hills Loop
New Port Richey, FL 34654

Re: Docket No. 010503-WU – Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Dr. Kurien:

Enclosed is a copy of the Staff Recommendation filed in this matter on May 19, 2005. The Commission is expected to consider this Recommendation at its May 31, 2005, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard.. You are welcome to come to this Agenda Conference and observe. However, because this is a post-hearing decision, participation is limited to Commissioners and Staff. If you have any questions, please feel free to call me at (850) 413-6234.

Sincerely,

A handwritten signature in black ink, appearing to read "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:jb

cc: Division of Economic Regulation (Kummer, Daniel, Jenkins, Walden, Willis)
Office of the General Counsel (Moore)
Division of the Commission Clerk and Administrative Services (Docket file)

E:\010503recltr2.jrb.doc

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OFFICE OF THE GENERAL COUNSEL
RICHARD D. MELSON
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

May 20, 2005

Harry Hawcroft
1612 Boswell Avenue
New Port Richey, FL 34655

Re: Docket No. 010503-WU – Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Hawcroft:

Enclosed is a copy of the Staff Recommendation filed in this matter on May 19, 2005. The Commission is expected to consider this Recommendation at its May 31, 2005, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard.. You are welcome to come to this Agenda Conference and observe. However, because this is a post-hearing decision, participation is limited to Commissioners and Staff. If you have any questions, please feel free to call me at (850) 413-6234.

Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:jb

cc: Division of Economic Regulation (Kummer, Daniel, Jenkins, Walden, Willis)
Office of the General Counsel (Moore)
Division of the Commission Clerk and Administrative Services (Docket file)

F:\010503recltr2.jrb.doc

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OFFICE OF THE GENERAL COUNSEL
RICHARD D. MELSON
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

May 20, 2005

Wayne Forehand
1216 Arlinbrook Drive
Trinity, FL 34655

Re: Docket No. 010503-WU – Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Forehand:

Enclosed is a copy of the Staff Recommendation filed in this matter on May 19, 2005. The Commission is expected to consider this Recommendation at its May 31, 2005, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard.. You are welcome to come to this Agenda Conference and observe. However, because this is a post-hearing decision, participation is limited to Commissioners and Staff. If you have any questions, please feel free to call me at (850) 413-6234.

Sincerely,

A handwritten signature in black ink that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:jb

cc: Division of Economic Regulation (Kummer, Daniel, Jenkins, Walden, Willis)
Office of the General Counsel (Moore)
Division of the Commission Clerk and Administrative Services (Docket file)

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OFFICE OF THE GENERAL COUNSEL
RICHARD D. MELSON
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

May 20, 2005

Edward O. Wood
1043 Daleside Lane
New Port Richey, FL 34655

Re: Docket No. 010503-WU – Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Wood:

Enclosed is a copy of the Staff Recommendation filed in this matter on May 19, 2005. The Commission is expected to consider this Recommendation at its May 31, 2005, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard.. You are welcome to come to this Agenda Conference and observe. However, because this is a post-hearing decision, participation is limited to Commissioners and Staff. If you have any questions, please feel free to call me at (850) 413-6234.

Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:jb

cc: Division of Economic Regulation (Kummer, Daniel, Jenkins, Walden, Willis)
Office of the General Counsel (Moore)
Division of the Commission Clerk and Administrative Services (Docket file)

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BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770 (CLERK)
(850) 413-6330 (ADMIN)

Public Service Commission

March 18, 2005

F. Marshall Deterding, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blainstone Pines Drive
Tallahassee, Florida 32301

**Re: Aloha Utilities, Inc. vs. Florida Public Service Commission,
Case No. 1D04-5242 (Docket No. 010503-WU)**

Dear Mr. Deterding:

I have enclosed an invoice reflecting charges for preparation of the above-referenced record. Please forward a check in the amount indicated, made payable to the Florida Public Service Commission, at your earliest convenience.

Do not hesitate to call if you have any questions concerning this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kay Flynn".

Kay Flynn, Chief
Bureau of Records

KF:mhl
Enclosure

FLORIDA PUBLIC SERVICE COMMISSION

2540 Shumard Oak Blvd. ♦ Tallahassee, Florida 32399-0850

Date: March 18, 2005

To: F. Marshall Deterding, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

Date Paid _____

Amount Paid _____

Check # _____

☐ Check ☐ Cash

PSC Signature _____

9939

↑ ↑
This number must appear on
all checks or correspondence
regarding this invoice.

Please make checks payable to: FLORIDA PUBLIC SERVICE COMMISSION

QUANTITY	DESCRIPTION	PRICE	AMOUNT
889 pages	Copying and preparation of Docket 010503-WU on appeal to 1st DCA, Case No. 1D04-5242	@.05¢ per page	\$44.45
1	Certificate of Director		4.00
TOTAL			\$48.45

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(850) 413-6330 (ADMIN)

Public Service Commission

March 18, 2005

FILED - CORRESPONDENCE
☒ Administrative ☐ Parties ☐ Consumer
DOCUMENT NO. 050202-07
DISPATCHED 5/11/05

RECEIVED

Jon Wheeler, Clerk
First District Court of Appeals of Florida
301 South Martin Luther King Boulevard
Tallahassee, Florida 32399

MAR 18 2005

Re: Aloha Utilities, Inc. vs. Florida Public Service Commission,
Case No. 1D04-5242 (Docket No. 010503-WU)

JON S. WHEELER
Clerk District Court Of Appeal
1st District

Dear Mr. Wheeler:

The record in the above-referenced case, consisting of five binders is forwarded for filing in the Court. A copy of the index is enclosed for your use. Please initial and date the copy of this letter to indicate receipt.

Do not hesitate to call me at 850-413-6744 if you have any questions about the contents of this record.

Sincerely,

KF
Kay Flynn, Chief
Bureau of Records

KF/mhl
Enclosure

cc: F. Marshall Deterding, Esquire
John L. Wharton, Esquire
David E. Smith, Esquire
Christiana T. Moore, Esquire
parties of record

RECEIVED _____ DATE _____

OK + full

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COMMISSIONERS:
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Public Service Commission

March 18, 2005

Jon Wheeler, Clerk
First District Court of Appeals of Florida
301 South Martin Luther King Boulevard
Tallahassee, Florida 32399

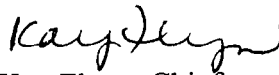
**Re: Aloha Utilities, Inc. vs. Florida Public Service Commission,
Case No. 1D04-5242 (Docket No. 010503-WU)**

Dear Mr. Wheeler:

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Do not hesitate to call me at 850-413-6744 if you have any questions about the contents of this record.

Sincerely,


Kay Flynn, Chief
Bureau of Records

KF/mhl
Enclosure

cc: F. Marshall Deterding, Esquire
John L. Wharton, Esquire
David E. Smith, Esquire
Christiana T. Moore, Esquire
parties of record

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vs.
Florida Public Service Commission
FPSC Docket No. 010503-WU
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Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: March 17, 2005

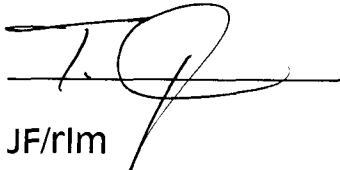
TO: Blanca Bayó, Director, Commission Clerk and Administrative Services

FROM: Jane Faurot, Chief, Office of Hearing Reporter Services

RE: DOCKET NO. 010503-WU, HEARING HELD 03/08/05.

Attached for filing are Exhibits 1 through 23, representing a complete filing of the exhibits identified and admitted into the record during the proceedings held in the above docket.

Acknowledged BY:


JF/rlm



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: March 16, 2005

TO: Blanca S. Bayó, Director, Division of the Commission Clerk and Administrative Services

FROM: Jane Faurot, Chief, Office of Hearing Reporter Services, Division of the Commission Clerk and Administrative Services

RE: DOCKET NO. 010503-WU, HEARING HELD 03/08/05.

RE: APPLICATION FOR INCREASE IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA UTILITIES, INC.

DOCUMENT Nos: Volume 1 - 02532-05, 03/15/05
 Volume 2 - 02533-05, 03/15/05
 Volume 3 - 02534-05, 03/15/05

The transcript for the above proceedings has been completed and is forwarded for placement in the docket file, including attachments.

Please note that Staff distribution of this transcript was made to:

LEGAL, ECR

Acknowledged BY:

A handwritten signature in black ink, appearing to be "JF", written over a horizontal line.

JF/rlm



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: March 7, 2005

TO: Blanca S. Bayó, Director, Division of the Commission Clerk and Administrative Services

FROM: Jane Faurot, Chief, Office of Hearing Reporter Services, Division of the Commission Clerk and Administrative Services

RE: DOCKET NO. 010503-WU, PREHEARING HELD 02/24/05.

RE: APPLICATION FOR INCREASE IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA UTILITIES, INC.

DOCUMENT No: 02155-05, 03/02/05

The transcript for the above proceedings has been completed and is forwarded for placement in the docket file, including attachments.

Please note that Staff distribution of this transcript was made to:

LEGAL, CMP

Acknowledged BY:

A handwritten signature, likely of Jane Faurot, written in black ink.

JF/rlm

COMMISSIONERS:
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J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON
LISA POLAK EDGAR

STATE OF FLORIDA



RECEIVED-PPSC
TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900
FEB 29 11:40

COMMISSION
CLERK

Public Service Commission

February 28, 2005

Mr. Edward Wood
1043 Daleside Lane
New Port Richey, Florida 34655

Re: Docket Nos. 010503-WU and 050018-WU

Dear Mr. Wood:

Thank you for your comments. As you know, the Commission and staff would like nothing better than to have the black water problems resolved. Also as you may know, there are two open dockets, which relate directly or indirectly to the black water problem. These dockets are 010503-WU, which address where and how often to measure for sulfides and whether sulfides should be eliminated or captured (oxidized) and 050018-WU which relates to possible deletion of a portion of Aloha's Seven Springs area territory.

The hearing for the 010503-WU docket is scheduled for March 8, 2005. Hearings for the other docket will be scheduled later, if needed. The hearing dates and times for all dockets can be found at the Public Service Commission website at www.psc.state.fl.us. At this time, the Commission and staff are restricted from commenting on the merits of the case until after the hearings are concluded and a decision made. Again, thank you for your comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph D. Jenkins".

JOSEPH D. JENKINS
Deputy Director

JDJ/ms

cc: Clerk Docket Nos. 010503-WU and 050018-WU
Rhonda Hicks Case No. 639853-W

Kimberley Pena

010503 - wu

From: Bronwyn Moderau [bmoderau@rsbattorneys.com]
Sent: Tuesday, March 01, 2005 11:22 AM
To: Kimberley Pena
Subject: Subpoena for Trial

Kim,

I need two more subpoenas for trial for March 8:

Stephen Watford
6915 Perrine Ranch Road
New Port Richey, FL 34655

Dave Porter
3197 Ryans Court
Green Cove Springs, FL 32043

issued by John Wharton.

Thanks, Kim. I really appreciate your help. Let me know when I can pick them up. \$8, right?

Bronwyn

3/1/2005

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Docket No. 010503-WU Application)
for increase in water rates for Seven Springs)
System in Pasco County by Aloha Utilities,)
Inc.)

SUBPOENA

THE STATE OF FLORIDA

TO Dave Porter, 3197 Ryans Court, Green Cove Springs, Florida 32043.

YOU ARE COMMANDED to appear before the Florida Public Service Commission at The Betty Easley Conference Center, 4075 Esplanade Way, Hearing Room 148, Tallahassee Florida, on March 8, 2005, at 9:30 a.m., to testify in this action.

YOU ARE SUBPOENAED to appear by the following attorney(s) and, unless excused from this subpoena by these attorneys or the Commission, you shall respond to this subpoena as directed.

DATED on March 1, 2005.

(SEAL)

Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission

By: Kay Flynn
Kay Flynn, Chief, Bureau of Records

John L. Wharton
Rose, Sundstrom & Bentley, LLP, 2548
Blairstone Pines Drive, Tallahassee, FL
32301
Attorney for Aloha Utilities, Inc.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Docket No. 010503-WU Application)
for increase in water rates for Seven Springs)
System in Pasco County by Aloha Utilities,)
Inc.)
_____)

SUBPOENA

THE STATE OF FLORIDA

TO Stephen Watford, 6915 Perrine Ranch Road, New Port Richey, Florida 34655.

YOU ARE COMMANDED to appear before the Florida Public Service Commission at The Betty Easley Conference Center, 4075 Esplanade Way, Hearing Room 148, Tallahassee Florida, on March 8, 2005, at 9:30 a.m., to testify in this action.

YOU ARE SUBPOENAED to appear by the following attorney(s) and, unless excused from this subpoena by these attorneys or the Commission, you shall respond to this subpoena as directed.

DATED on March 1, 2005.

(SEAL)

Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission

By: Kay Flynn
Kay Flynn, Chief, Bureau of Records

John L. Wharton
Rose, Sundstrom & Bentley, LLP, 2548
Blairstone Pines Drive, Tallahassee, FL
32301
Attorney for Aloha Utilities, Inc.

Kimberley Pena

From: Bronwyn Moderau [bmoderau@rsbattorneys.com]
Sent: Monday, February 28, 2005 9:30 AM
To: Kimberley Pena
Cc: John Wharton
Subject: Subpoenas

Hey Kim. I need Subpoenas for Trial for the Aloha case (Docket No. 010503-WU) for March 8, 2005 at 9:30 AM for Commission Hearing Room 148, Betty Easley Conference Center, PSC, 4075 Esplanade Way, Tallahassee, Florida for the following persons:

Rosanne Gervasi
Patti Daniel
Tom Walden
Marshall Willis
Connie Kummer

Please let me know when I may pick them up and the charge for the Subpoenas. Thank you for your help.

Bronwyn
877-6555

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Docket No. 010503-WU Application
for increase in water rates for Seven Springs
System in Pasco County by Aloha Utilities,
Inc.

SUBPOENA

THE STATE OF FLORIDA

TO Rosanne Gervasi, Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee,
FL 32399-0850

YOU ARE COMMANDED to appear before the Florida Public Service Commission at The
Betty Easley Conference Center, 4075 Esplanade Way, Hearing Room 148, Tallahassee Florida,
on March 8, 2005, at 9:30 a.m., to testify in this action.

YOU ARE SUBPOENAED to appear by the following attorney(s) and, unless excused from
this subpoena by these attorneys or the Commission, you shall respond to this subpoena as
directed.

DATED on February 28, 2005.

Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission

(SEAL)

By: Kay Flynn
Kay Flynn, Chief, Bureau of Records

John L. Wharton
Rose, Sundstrom & Bentley, LLP, 2548
Blairstone Pines Drive, Tallahassee, FL
32301
Attorney for Aloha Utilities, Inc.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Docket No. 010503-WU Application
for increase in water rates for Seven Springs
System in Pasco County by Aloha Utilities,
Inc.

SUBPOENA

THE STATE OF FLORIDA

TO Patti Daniel, Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL
32399-0850

YOU ARE COMMANDED to appear before the Florida Public Service Commission at The Betty Easley Conference Center, 4075 Esplanade Way, Hearing Room 148, Tallahassee Florida, on March 8, 2005, at 9:30 a.m., to testify in this action.

YOU ARE SUBPOENAED to appear by the following attorney(s) and, unless excused from this subpoena by these attorneys or the Commission, you shall respond to this subpoena as directed.

DATED on February 28, 2005.

Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission

(SEAL)

By: Kay Flynn
Kay Flynn, Chief, Bureau of Records

John L. Wharton
Rose, Sundstrom & Bentley, LLP, 2548
Blairstone Pines Drive, Tallahassee, FL
32301
Attorney for Aloha Utilities, Inc.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Docket No. 010503-WU Application)
for increase in water rates for Seven Springs)
System in Pasco County by Aloha Utilities,)
Inc.)
)
)
)

SUBPOENA

THE STATE OF FLORIDA

TO Tom Walden, Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL
32399-0850

YOU ARE COMMANDED to appear before the Florida Public Service Commission at The Betty Easley Conference Center, 4075 Esplanade Way, Hearing Room 148, Tallahassee Florida, on March 8, 2005, at 9:30 a.m., to testify in this action.

YOU ARE SUBPOENAED to appear by the following attorney(s) and, unless excused from this subpoena by these attorneys or the Commission, you shall respond to this subpoena as directed.

DATED on February 28, 2005.

Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission

(SEAL)

By: Kay Flynn
Kay Flynn, Chief, Bureau of Records

John L. Wharton
Rose, Sundstrom & Bentley, LLP, 2548
Blairstone Pines Drive, Tallahassee, FL
32301
Attorney for Aloha Utilities, Inc.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Docket No. 010503-WU Application
for increase in water rates for Seven Springs
System in Pasco County by Aloha Utilities,
Inc.

SUBPOENA

THE STATE OF FLORIDA

TO Marshall Willis, Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL
32399-0850

YOU ARE COMMANDED to appear before the Florida Public Service Commission at The Betty Easley Conference Center, 4075 Esplanade Way, Hearing Room 148, Tallahassee Florida, on March 8, 2005, at 9:30 a.m., to testify in this action.

YOU ARE SUBPOENAED to appear by the following attorney(s) and, unless excused from this subpoena by these attorneys or the Commission, you shall respond to this subpoena as directed.

DATED on February 28, 2005.

Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission

(SEAL)

By: Kay Flynn
Kay Flynn, Chief, Bureau of Records

John L. Wharton
Rose, Sundstrom & Bentley, LLP, 2548
Blairstone Pines Drive, Tallahassee, FL
32301
Attorney for Aloha Utilities, Inc.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Docket No. 010503-WU Application
for increase in water rates for Seven Springs
System in Pasco County by Aloha Utilities,
Inc.

SUBPOENA

THE STATE OF FLORIDA

TO Connie Kummer, Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee,
FL 32399-0850

YOU ARE COMMANDED to appear before the Florida Public Service Commission at The
Betty Easley Conference Center, 4075 Esplanade Way, Hearing Room 148, Tallahassee Florida,
on March 8, 2005, at 9:30 a.m., to testify in this action.

YOU ARE SUBPOENAED to appear by the following attorney(s) and, unless excused from
this subpoena by these attorneys or the Commission, you shall respond to this subpoena as
directed.

DATED on February 28, 2005.

Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission

(SEAL)

By: Kay Flynn
Kay Flynn, Chief, Bureau of Records

John L. Wharton
Rose, Sundstrom & Bentley, LLP, 2548
Blairstone Pines Drive, Tallahassee, FL
32301
Attorney for Aloha Utilities, Inc.

Kimberley Pena

010503-WU

From: Bronwyn Moderau [bmoderau@rsbattorneys.com]

Sent: Monday, February 28, 2005 4:10 PM

To: Kimberley Pena

Subject: Subpoena

Kim. Help. I need one more subpoena for trial for Audrey D. Levine, Ph.D., P.E., at the University of South Florida, Department of Civil and Environmental Engineering, 4202 East Fowler Avenue, ENB 118, Tampa, Florida 33620-5350 for the March 8 trial. Thanks again for your help.

Bronwyn

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Docket No. 010503-WU Application)
for increase in water rates for Seven Springs)
System in Pasco County by Aloha Utilities,)
Inc.)

SUBPOENA

THE STATE OF FLORIDA

TO Audrey D. Levine, Ph.D., P.E., University of South Florida, Department of Civil and Environmental Engineering, 4202 East Fowler Avenue, ENB 118, Tampa, Florida 33620-5350

YOU ARE COMMANDED to appear before the Florida Public Service Commission at The Betty Easley Conference Center, 4075 Esplanade Way, Hearing Room 148, Tallahassee Florida, on March 8, 2005, at 9:30 a.m., to testify in this action.

YOU ARE SUBPOENAED to appear by the following attorney(s) and, unless excused from this subpoena by these attorneys or the Commission, you shall respond to this subpoena as directed.

DATED on March 1, 2005.

Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission

(SEAL)

By: Kay Flynn
Kay Flynn, Chief, Bureau of Records

John L. Wharton
Rose, Sundstrom & Bentley, LLP, 2548
Blairstone Pines Drive, Tallahassee, FL
32301
Attorney for Aloha Utilities, Inc.

Kimberley Pena

From: Bronwyn Moderau [bmoderau@rsbattorneys.com]
Sent: Tuesday, February 15, 2005 9:37 AM
To: Kimberley Pena
Subject: Subpoena

Good morning, Kim.

I need one more subpoena (not duces tecum) for February 18 at 12 pm for Marshall Willis of the PSC to take place at Rose, Sundstrom & Bentley, LLP, 2548 Blairstone Pines Drive, Tallahassee, Florida in the Aloha docket 010503-WU.

How soon may I pick this up? What is the charge for it?

Thank you very much for your help.

Bronwyn
877-6555

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Docket No. 010503-WU Application
for increase in water rates for Seven Springs
System in Pasco County by Aloha Utilities,
Inc.

SUBPOENA FOR DEPOSITION

THE STATE OF FLORIDA

TO Marshall Willis, Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850

YOU ARE COMMANDED to appear before a person authorized by law to take depositions at the offices of Rose, Sundstrom & Bentley, LLP, 2548 Blairstone Pines Drive, Tallahassee, FL 32301, on February 18, 2005, at 12:00 p.m. or beginning immediately following the conclusion of the deposition of Mr. Tom Walden, to testify in this action.

YOU ARE SUBPOENAED to appear by the following attorney(s) and, unless excused from this subpoena by these attorneys or the Commission, you shall respond to this subpoena as directed.

DATED on February 15, 2005.

Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission

(SEAL)

By: Kay Flynn
Kay Flynn, Chief, Bureau of Records

John L. Wharton
Rose, Sundstrom & Bentley, LLP, 2548
Blairstone Pines Drive, Tallahassee, FL
32301
Attorney for Aloha Utilities, Inc.

Kimberley Pena

From: Bronwyn Moderau [bmoderau@rsbattorneys.com]
Sent: Monday, February 14, 2005 12:54 PM
To: Kimberley Pena
Subject: Subpoena for Deposition (not duces tecum)

Hey Kim.

Aloha Utilities, Inc. Docket No. 010503-WU

I need subpoenas for the following people, not duces tecum, for depositions on February 18, 2005 at our offices:

1. Rosanne Gervasi 9:00 AM
PSC
2540 Shumard Oak Blvd
2. Patti Daniel 10:00 AM
PSC
2540 Shumard Oak Blvd.
3. Ton Walden 11:00 AM
PSC
2540 Shumard Oak Blvd.
4. Connie Kummer 1:00 PM
PSC
2540 Shumard Oak Blvd.

I am requesting these subpoenas on behalf of:

John L. Wharton, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blaiirstone Pines Drive
Tallahassee, FL 32301
877-6555

May I pick these up today? My name is Bronwyn Moderau. Please call me if you need anything else - 877-6555. Thanks for your help.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Docket No. 010503-WU Application)
for increase in water rates for Seven Springs)
System in Pasco County by Aloha Utilities,)
Inc.)
_____)

SUBPOENA FOR DEPOSITION

THE STATE OF FLORIDA

TO Rosanne Gervasi, Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850

YOU ARE COMMANDED to appear before a person authorized by law to take depositions at the offices of Rose, Sundstrom & Bentley, LLP, 2548 Blairstone Pines Drive, Tallahassee, FL 32301, on February 18, 2005, at 9:00 a.m., to testify in this action.

YOU ARE SUBPOENAED to appear by the following attorney(s) and, unless excused from this subpoena by these attorneys or the Commission, you shall respond to this subpoena as directed.

DATED on February 14, 2005.

(SEAL)

Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission

By: Kay Flynn
Kay Flynn, Chief, Bureau of Records

John L. Wharton
Rose, Sundstrom & Bentley, LLP, 2548
Blairstone Pines Drive, Tallahassee, FL
32301
Attorney for Aloha Utilities, Inc.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Docket No. 010503-WU Application
for increase in water rates for Seven Springs
System in Pasco County by Aloha Utilities,
Inc.

SUBPOENA FOR DEPOSITION

THE STATE OF FLORIDA

TO Patti Daniel, Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL
32399-0850

YOU ARE COMMANDED to appear before a person authorized by law to take depositions at
the offices of Rose, Sundstrom & Bentley, LLP, 2548 Blairstone Pines Drive, Tallahassee, FL
32301, on February 18, 2005, at 10:00 a.m. or beginning immediately following the conclusion of
the deposition of Ms. Rosanne Gervasi, to testify in this action.

YOU ARE SUBPOENAED to appear by the following attorney(s) and, unless excused from
this subpoena by these attorneys or the Commission, you shall respond to this subpoena as
directed.

DATED on February 14, 2005.

Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission

(SEAL)

By: Kay Flynn
Kay Flynn, Chief, Bureau of Records

John L. Wharton
Rose, Sundstrom & Bentley, LLP, 2548
Blairstone Pines Drive, Tallahassee, FL
32301
Attorney for Aloha Utilities, Inc.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Docket No. 010503-WU Application
for increase in water rates for Seven Springs
System in Pasco County by Aloha Utilities,
Inc.

SUBPOENA FOR DEPOSITION

THE STATE OF FLORIDA

TO Tom Walden, Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850

YOU ARE COMMANDED to appear before a person authorized by law to take depositions at the offices of Rose, Sundstrom & Bentley, LLP, 2548 Blairstone Pines Drive, Tallahassee, FL 32301, on February 18, 2005, at 11:00 a.m. or beginning immediately following the conclusion of the deposition of Ms. Patti Daniel, to testify in this action.

YOU ARE SUBPOENAED to appear by the following attorney(s) and, unless excused from this subpoena by these attorneys or the Commission, you shall respond to this subpoena as directed.

DATED on February 14, 2005.

Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission

(SEAL)

By: Kay Flynn
Kay Flynn, Chief, Bureau of Records

John L. Wharton
Rose, Sundstrom & Bentley, LLP, 2548
Blairstone Pines Drive, Tallahassee, FL
32301
Attorney for Aloha Utilities, Inc.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Docket No. 010503-WU Application
for increase in water rates for Seven Springs
System in Pasco County by Aloha Utilities,
Inc.

SUBPOENA FOR DEPOSITION

THE STATE OF FLORIDA

TO Connie Kummer, Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee,
FL 32399-0850

YOU ARE COMMANDED to appear before a person authorized by law to take depositions at
the offices of Rose, Sundstrom & Bentley, LLP, 2548 Blairstone Pines Drive, Tallahassee, FL
32301, on February 18, 2005, at 1:00 p.m., to testify in this action.

YOU ARE SUBPOENAED to appear by the following attorney(s) and, unless excused from
this subpoena by these attorneys or the Commission, you shall respond to this subpoena as
directed.

DATED on February 14, 2005.

(SEAL)

Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission

By: Kay Flynn
Kay Flynn, Chief, Bureau of Records

John L. Wharton
Rose, Sundstrom & Bentley, LLP, 2548
Blairstone Pines Drive, Tallahassee, FL
32301
Attorney for Aloha Utilities, Inc.

Kay Flynn

010503

To: Ralph Jaeger
Cc: Hong Wang
Subject: RE: 020896/010503 - follow-up

Thanks, Ralph. This is exactly what I need.

Kay

-----Original Message-----

From: Ralph Jaeger
Sent: Monday, January 31, 2005 1:46 PM
To: Kay Flynn
Cc: Hong Wang
Subject: RE: 020896/010503 - follow-up

With very few exceptions, everything starting with document 10470-04 filed on 9/28/04 should be transferred to Docket No. 010503-WU. The exceptions are as follows, i.e., there is no need to transfer the following documents:

Doc. Nos. 12068-04 (Motions and responses applicable only to Docket No. 020896-WS)
 12069-04 "
 12084-04 "
 12222-04 "
 12382-04 (testimony for 020896-WS only)
 12384-04 through 12401-04 (testimony for 020896-WS only)
 12497-04 (correction to testimony for 020896-WS only)
 12868-04 (already in both dockets)

-----Original Message-----

From: Kay Flynn
Sent: Wednesday, January 26, 2005 4:36 PM
To: Ralph Jaeger
Cc: Hong Wang
Subject: RE: 020896/010503 - follow-up

Thanks. I'm sorry you're going through all this turmoil!

There isn't a rush. I'd just made a note to myself to ask once the order was issued....all the material is still here if anybody needs anything, and we'll just be waiting to hear from you when you have a chance to think about it.

Thanks again.

Kay

-----Original Message-----

From: Ralph Jaeger
Sent: Wednesday, January 26, 2005 4:32 PM
To: Kay Flynn
Subject: RE: 020896/010503 - follow-up

I have been run ragged with trying to get DEP testimony for the Aloha hearing -- it was supposed to have been filed on 1/25/05 and is now due to be filed tomorrow. The original DEP witness had three emergency surgeries in a row and was unavailable from January 17, 2005 through and past the present. So we had to get a new witness and that wasn't easy. I will in the next few days look at what was filed in 020896-WS, and see what needs to be transferred to 010503-WU.

-----Original Message-----

From: Kay Flynn
Sent: Wednesday, January 26, 2005 4:01 PM
To: Ralph Jaeger
Cc: Hong Wang
Subject: FW: 020896/010503 - follow-up

Ralph, I'm just checking to see if you got this message and have had time to even think about my questions yet?

Kay

-----Original Message-----

From: Kay Flynn
Sent: Tuesday, January 25, 2005 10:43 AM
To: Ralph Jaeger
Subject: 020896/010503

Ralph, back in September an order was issued to consolidate these dockets, and thereafter we filed documents only in 020896 (unless the filing referenced only 010503, then we placed it only in 010503). With the closing of 020896, do we need to go back through all the filings from 9/22/04 forward that were put only in 020896 and be sure they're all in 010503, or are there just certain filings that would need to be included in 010503? If there are just certain filings, could you identify them for us so we can make the record in 010503 complete?

Thanks.
Kay

Kay Flynn

010503-1011

From: Denise Karnes
Sent: Thursday, January 13, 2005 10:02 AM
To: Alina Dieguez; Allen Mortham; Beth Salak; Betty Ashby; Bev DeMello; Blanca Bayo; Bob Trapp; Braulio Baez; Bridget Hoyle; Carlotta Stauffer; Carol Purvis; Cayce Hinton; Charles Davidson; Chuck Hill; Cindy Miller; Dan Hoppe; Della Fordham; Diane Lee; Dorothy Boone; Eileen Patrick; Hurd Reeves; J. Terry Deason; Jane Faurot; Janet Brunson; Janet Harrison; JoAnn Chase; Kathleen Stewart; Katrina Tew; Kay Flynn; Kay Posey; Kevin Bloom; Larry Harris; Lisa Edgar; Manuel Arisso; Martha Golden; Mary Bane; Mary Macko; Norma Jenkins; Pat Dunbar; Patsy White; Richard Tudor; Rick Melson; Roberta Bass; Rudy Bradley; Sandy Moses; Sharon Allbritton; Steven Stolting; Susan Howard; Tarik Noriega; Tim Devlin; Veronica Washington
Subject: Items of Interest at Upcoming Agenda Conference, 1/18/05

A news release was faxed to the daily newspapers this morning, 1/13/05, and is now available on the PSC web site:
<http://www.psc.state.fl.us/general/news/pressrelease.cfm?release=-2147483324>

1/13/2005



State of Florida

Public Service Commission NEWS RELEASE

January 13, 2005

Contact: 850-413-6482

Items of Interest at Upcoming Agenda Conference, 1/18/05

TALLAHASSEE — The following items are among those scheduled for consideration by the Commission at the January 18, 2005, Agenda Conference.

ITEM 5 – DOCKET NO. 010503-WU – APPLICATION FOR INCREASE IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA UTILITIES, INC. The Commission will address a motion filed by Aloha Utilities, Inc. regarding customer refunds.

ITEM 9 – DOCKET NO. 041362-TI – INVESTIGATION AND DETERMINATION OF APPROPRIATE METHOD FOR REFUNDING UNIVERSAL SERVICE FUND OVERCHARGES BY SUPRA TELECOMMUNICATIONS AND INFORMATION SYSTEMS, INC. The Commission will evaluate a proposal by Supra Telecommunications and Information Systems, Inc. to issue refunds to affected customers for apparent Universal Service Fund overcharges from April 2003 to August 2004.

ITEM 14 – DOCKET NO. 041291-EI – PETITION FOR AUTHORITY TO RECOVER PRUDENTLY INCURRED STORM RESTORATION COSTS RELATED TO 2004 STORM SEASON THAT EXCEED STORM RESERVE BALANCE, BY FLORIDA POWER & LIGHT COMPANY. The Commission will consider its staff's recommendation regarding Florida Power & Light Company's request for preliminary surcharges to recover expenses incurred during the 2004 storm season.

ITEM 26 – DOCKET NO. 030444-WS – APPLICATION FOR RATE INCREASE IN BAY COUNTY BY BAYSIDE UTILITY SERVICES, INC. The Commission will review a proposed Settlement Agreement submitted by Bayside Utility Services, Inc. and the Office of Public Counsel.

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Website - <http://www.floridapsc.com>
Kevin Bloom, Director, Office of Public Information
Additional Press Contact: Tarik Noriega
2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

STATE OF FLORIDA

COMMISSIONERS:
BRAULIO L. BAEZ, CHAIRMAN
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON
LISA POLAK EDGAR



DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770 (CLERK)
(850) 413-6330 (ADMIN)

Public Service Commission

January 12, 2005

F. Marshall Deterding, Esquire
Rose, Sundstrom, & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

**Re: Docket No. 010503-WU - Aloha Utilities, Inc. vs. Florida Public Service
Commission, 1st DCA No. 1D04-5242**

Dear Mr. Deterding:

Enclosed is the index to the above-referenced docket on appeal. Please look the index over and let me know if you have any questions concerning the contents of the record.

The record will be filed with the Court on or before March 22, 2005.

Sincerely,

A handwritten signature in cursive script, reading "Kay Flynn".

Kay Flynn, Chief
Bureau of Records

KF:mhl

cc: John Wharton, Esquire
David E. Smith, Esquire
Samantha Cibula, Esquire
parties of record

I N D E X

Aloha Utilities, Inc.
vs.
Florida Public Service Commission
FPSC Docket No. 010503-WU
1st District Court Case No. 1D04-5242

VOLUME 1

Progress Docket	1
Order PSC-01-2199-FOF-WU approving interim rates, issued November 13, 2001	23
Final Order PSC-02-0593-FOF-WU denying water rate increase, requiring refunds, approving new rate structure and charges, increasing temporary service availability charges subject to refund, approving conservation measures, and requiring implementation of customer service measures, issued April 30, 2002	38
Notice of administrative appeal with attached Final Order PSC-02-0593-FOF-WU, on behalf of Aloha Utilities, Inc. ("Aloha"), filed May 29, 2002	143

VOLUME 2

[Continuation of] Notice of administrative appeal with attached Final Order PSC-02-0593-FOF-WU, on behalf of Aloha, filed May 29, 2002	201
Motion for stay, on behalf of Aloha, filed June 14, 2002	250
Response to motion for stay, on behalf of Citizens of the State of Florida ("Citizens"), by and through Stephen C. Burgess, Deputy Public Counsel ("OPC"), filed June 21, 2002	258
Memorandum dated July 11, 2002 from Commission's Division of Economic Regulation, Division of Consumer Affairs, and Office of the General Counsel to Division of the Commission Clerk and Administrative Services, filed July 11, 2002	263
Order PSC-02-1056-PCO-WU granting in part and denying in part motion for stay, issued August 5, 2002	278
Letter dated June 30, 2003 to Ralph Jaeger, Florida Public Service Commission ("Commission"), from F. Marshall Deterding, Aloha, requesting release of funds from escrow account, filed June 30, 2003	292
First District Court of Appeal ("DCA") June 30, 2003 Mandate with attached May 6, 2003 Opinion, DCA No. 1D02-2147, filed July 1, 2003	294

Memorandum dated July 24, 2003 [sic] from Commission's Division of Economic Regulation and Office of the General Counsel to Division of the Commission Clerk and Administrative Services, filed July 23, 2003	297
Memorandum dated August 12, 2003 from Ralph Jaeger, Commission, to all parties of record advising of informal meeting scheduled for August 14, 2003 with Aloha, filed August 12, 2003	301
Letter dated August 19, 2003 to Tricia Merchant, Commission, from F. Marshall Deterding, Aloha, providing revenue calculations, filed August 19, 2003	302
Letter dated August 21, 2003 to Tricia Merchant, Commission, from F. Marshall Deterding, Aloha, providing consolidated billing analysis, filed August 21, 2003	305
Memorandum dated August 28, 2003 from Ralph Jaeger, Commission, to all parties of record advising of Aloha's calculation of its interim rate refund, with attachment, filed August 28, 2003	328
Letter dated August 28, 2003 to Stephen G. Watford, Aloha, from Denise Vandiver, Commission, advising a billing analysis audit will be conducted, filed September 2, 2003 ...	357
Memorandum dated September 10, 2003 from Ralph Jaeger, Commission, to Commission Clerk with attached September 8, 2003 e-mail from Ed Wood, filed September 10, 2003	359
Memorandum dated September 17, 2003 to Bart Fletcher, Commission, from Denise Vandiver, Commission, with attached final audit report, Audit Control No. 03-240-2-2, filed September 18, 2003	362
Memorandum dated October 24, 2003 from Bart Fletcher, Commission, to Commission Clerk with attached letters from Senator Mike Fasano, dated October 16, 2003, and from Stephen G. Watford, dated October 17, 2003, filed October 24, 2003	369
Memorandum dated November 17, 2003 from Ralph Jaeger, Commission, to Commission Clerk with attached facsimile from Steve Burgess to Harold McLean faxed to Marty Deterding by staff counsel on August 7, 2003, filed November 17, 2003	373
Memorandum dated November 20, 2003 from Commission's Office of the General Counsel and Division of Economic Regulation to Division of the Commission Clerk and Administrative Services, filed November 20, 2003	381

VOLUME 3

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STATE OF FLORIDA

COMMISSIONERS:
BRAULIO L. BAEZ, CHAIRMAN
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON
LISA P. EDGAR



OFFICE OF THE GENERAL COUNSEL
RICHARD D. MELSON
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

January 6, 2005

RECEIVED
JAN - 6 PM 3:23
COMMISSION
CLERK

The Honorable Mike Fasano
The Florida Senate
310 Senate Office Building
404 South Monroe Street
Tallahassee, FL 32399-1100

Re: Docket No. 010503-WU – Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Senator Fasano:

Enclosed is a copy of the Staff Recommendation filed in this matter on January 6, 2005. The Commission is expected to consider this Recommendation at its January 18, 2005, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. However, you may request that the matter be set for a time certain. You are welcome to come to this Agenda Conference, but participation is at the discretion of the Commission. If you have any questions, please feel free to call me at (850)413-6234.

Sincerely,

Ralph R. Jaeger
Senior Attorney

RRJ:jb

cc: Division of Economic Regulation (Merchant, Fletcher)
Division of the Commission Clerk and Administrative Services

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STATE OF FLORIDA

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CHARLES M. DAVIDSON
LISA P. EDGAR



OFFICE OF THE GENERAL COUNSEL
RICHARD D. MELSON
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

January 6, 2005

Mr. Edward O. Wood
1043 Daleside Lane
New Port Richey, FL 34655-4293

Re: Docket No. 010503-WU – Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Wood:

Enclosed is a copy of the Staff Recommendation filed in this matter on January 6, 2005. The Commission is expected to consider this Recommendation at its January 18, 2005, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference, but participation is at the discretion of the Commission. If you have any questions, please feel free to call me at (850)413-6234.

Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:jb

cc: Division of Economic Regulation (Merchant, Fletcher)
Division of the Commission Clerk and Administrative Services

EA010503recltrjb.doc

RECEIVED PSC
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COMMISSION
CLERK

MEMORANDUM

December 1, 2004

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CA DEC -3 PM 3:38

COMMISSION
CLERK

TO: KAY FLYNN/CCA
HONG WANG/CCA
MARY DISKERUD/GCL-APP
WANDA TERRELL/GCL-APP

FPSC, CLK - CORRESPONDENCE		
<input checked="" type="checkbox"/> Administrative	<input type="checkbox"/> Policy	<input type="checkbox"/> Construction
DOCUMENT NO. 05252-07		
DISTRIBUTION		

FROM: DAVID E. SMITH, ATTORNEY SUPERVISOR, OFFICE OF
THE GENERAL COUNSEL DES/WS

RE: ALOHA UTILITIES, INC. v. FLORIDA PUBLIC SERVICE
COMMISSION, FLORIDA FIRST DISTRICT COURT OF APPEALS,
FPSC DOCKET NO. 010503-WU

Please note that the above appeal has been assigned to Samantha Cibula *Chris Moore*
The Notice of Administrative Appeal was filed on November 29, 2004. The case schedule is
as follows:

<u>Date</u>	<u>Item</u>
From day of filing:	
<u>01/04/05</u>	Draft of Index of Record from CCA to Appeals Attorney.
<u>01/18/05</u>	Index of Record served on Parties.
<u>01/28/05</u>	Copy of Record to Appeals.
<u>02/07/05</u>	Appellant's Initial Brief Due.
<u>02/22/05</u>	Draft Commission Answer Brief Due.
<u>02/27/05</u>	Commission's Answer Brief Due.
<u>03/19/05</u>	Appellant's Reply Brief Due.

STATE OF FLORIDA

COMMISSIONERS:
BRAULIO L. BAEZ, CHAIRMAN
J. TERRY DEASON
LILA A. JABER
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON



DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770 (CLERK)
(850) 413-6330 (ADMIN)

Public Service Commission

November 30, 2004

Jon Wheeler, Clerk
First District Court of Appeals of Florida
301 South Martin Luther King Boulevard
Tallahassee, Florida 32399

**Re: Aloha Utilities, Inc. vs. Florida Public Service Commission
(Docket No. 010503-WU)**

Dear Mr. Wheeler:

Enclosed is a certified copy of a Notice of Administrative Appeal of Order No. PSC-04-1050-FOF-WU, filed in this office on behalf of Aloha Utilities, Inc., filed November 29, 2004.

It is our understanding that the index of record is due to be served on the parties to this proceeding on or before January 18, 2005.

Sincerely,

A handwritten signature in cursive script that reads "Kay Flynn".

Kay Flynn, Chief
Bureau of Records

KF/mhl
Enclosure

cc: F. Marshall Deterding, Esquire
John L. Wharton, Esquire
David E. Smith, Esquire
parties of record

BEFORE THE FLORIDA
PUBLIC SERVICE
COMMISSION

DOCKET NO. 010503-WU

ALOHA UTILITIES, INC.,)
)
Petitioner/Appellant,)
)
FLORIDA PUBLIC SERVICE)
COMMISSION,)
)
Respondent/Appellee.)
_____)

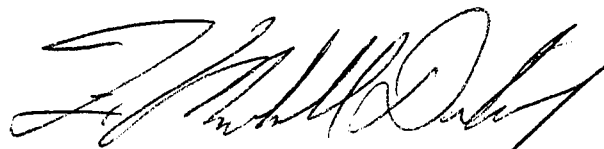
NOTICE OF
ADMINISTRATIVE
APPEAL

COMMISSION
CLERK

NOV 29 PM 4:01

RECEIVED FPOC

NOTICE IS GIVEN that ALOHA UTILITIES, INC., Appellant, appeals to the District Court of Appeal, First District, the order of the Florida Public Service Commission rendered on October 26, 2004 (Order No. PSC-04-1050-FOF-WU), a conformed copy of which is attached. The nature of the order is a Final Order Requiring Additional Refunds.



F. MARSHALL DETERDING, ESQ.

FL Bar No. 515876

JOHN L. WHARTON, ESQ.

FL Bar No. 563099

Rose, Sundstrom, & Bentley, LLP

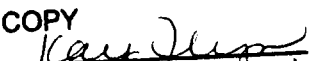
2548 Blairstone Pines Drive

Tallahassee, FL 32301

Counsel for Aloha Utilities, Inc.

A TRUE COPY

ATTEST


Chief Bureau of Records

DOCUMENT NUMBER DATE

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FD-502 (REV. 10-1-95)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U. S. Mail to the following on this 29th day of November, 2004:

Ralph Jaeger, Esq.
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

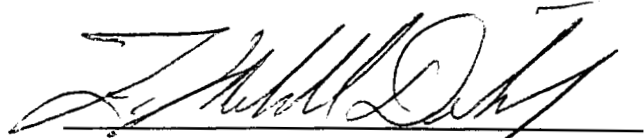
Stephen C. Burgess, Esq.
Deputy Public Counsel
Office of Public Counsel
111 Madison Street
Tallahassee, FL 32399-1400

Edward O. Wood
1043 Daleside Lane
New Port Richey, FL 34655-4293

Margaret Lytle, Esq.
S.W. Florida Water Management District
2379 Broad Street
Brooksville, FL 34604-6899

Jack Shreve, Esq.
Office of Attorney General
PL-01, The Capitol
Tallahassee, FL 32399-1050

Senator Mike Fasano
8217 Massachusetts Ave.
New Port Richey, FL 84653


F. MARSHALL DETERDING, ESQ.
JOHN L. WHARTON, ESQ.

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for increase in water rates
for Seven Springs System in Pasco County by
Aloha Utilities, Inc.

DOCKET NO. 010503-WU
ORDER NO. PSC-04-1050-FOF-WU
ISSUED: October 26, 2004

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
LILA A. JABER
RUDOLPH RUDY BRADLEY
CHARLES M. DAVIDSON

FINAL ORDER REQUIRING ADDITIONAL REFUNDS

BY THE COMMISSION:

BACKGROUND

Aloha Utilities, Inc. (Aloha or utility) is a Class A water and wastewater utility in Pasco County. The utility consists of two distinct service areas: Aloha Gardens and Seven Springs. At issue here is the refund of interim rates collected in the Seven Springs service area while the Commission's Final Order was on appeal. For the reasons discussed below, we find that Aloha is required to refund to its customers the remainder of the interim increase collected while our Final Order was pending before the First District Court of Appeal (First DCA). We base our decision on the principle of fundamental fairness that Aloha should not benefit from the higher interim rates it collected while our order was on appeal. The intent of our Final Order was clear

Aloha was not entitled to any increase under final rates. Fairness dictates that Aloha refund to its customers all of the interim increase collected after this Commission entered its Final Order, which was upheld on appeal.

We approved a 15.95% interim increase, subject to refund with interest, by Order No. PSC-01-2199-FOF-WU (Interim Rate Order), issued November 13, 2001. Aloha began collecting interim rates as of January 2002, and the 15.95% interim increase was secured by the utility's deposit of all monthly interim revenues in an escrow account through July 31, 2003.

Final rates were set by Order No. PSC-02-0593-FOF-WU (Final Order), issued April 30, 2002. Among other things, we denied a revenue increase, set a two-tiered inclining block rate structure, increased plant capacity charges, and required certain plant improvements. In that Order, we also established the interim refund methodology and required the utility to make an interim refund of 4.87% as set out below:

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According to Section 367.082(4), Florida Statutes, any refund must be calculated to reduce the rate of return of the utility during the pendency of the proceeding to the same level within the range of the newly authorized rate of return. Adjustments made in the rate case test period that do not relate to the period interim rates are in effect should be removed.

In this proceeding, the test period for establishment of interim rates was the twelve months ended June 30, 2001. The test year for final rates purposes was the projected year ended December 31, 2001. The approved interim rates did not include any provisions or consideration of pro forma adjustments in operating expenses or plant. The interim increase was designed to allow recovery of actual interest costs, and the floor of the last authorized range for equity earnings. Included in the interim test year were three months of expenses for purchased water from Pasco County.

To establish the proper refund amount, we calculated a revised interim revenue requirement utilizing the same data used to establish final rates. Rate case expense was excluded, because it was not an actual expense during the interim collection period. Aloha did not purchase water from Pasco County during the interim collection period. The interim collection period is from November 13, 2001 to the date that Aloha implements the final rates approved.

Using the principles discussed above, we calculated the interim revenue requirement from rates for the interim collection period to be \$1,914,375. This

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whether the Final Order addressed the appropriate refund amount for the interim rates collected while the Final Order was on appeal (May 2002 July 2003) (the appeal period). The utility collected interim rates for a 19-month period, from January 2002 through July 2003. The first four months were during the rate case period, and the remaining 15 months were during the appeal period. On or about September 10, 2003, the utility completed the 4.87% interim refunds required by the Final Order for the rate case period, and also refunded 4.87% for the appeal period. Recognizing that Aloha had made this 4.87% refund without using funds from the escrow account, we released \$153,510 from the escrow account to Aloha by Order No. PSC-03-1410-FOF-WU, issued December 15, 2003.

By Proposed Agency Action Order PSC-04-0122-PAA-WU (PAA Refund Order), issued February 5, 2004, we proposed to require Aloha to make additional refunds of approximately \$278,000 for the appeal period. This amount represented the additional revenues from the interim rates collected during the appeal period, less the 4.87% already refunded by Aloha. This decision never became final because, on February 26, 2004, Aloha protested the PAA Refund Order, requested a formal evidentiary proceeding, and requested that the petition be transferred to the Division of Administrative Hearings (DOAH) (Aloha s Petition). Aloha raised five issues concerning our decision to require additional refunds. Because there appeared to be no disputed issues of material fact, we denied Aloha s request for a Section 120.57(1) formal evidentiary proceeding in Order No. PSC-04-0614-PCO-WU, issued June 21, 2004. We instead directed the matter be set for an informal proceeding pursuant to Section 120.57(2), Florida Statutes, and required briefs to be filed by July 1, 2004, on the issues raised by Aloha. As a result, Aloha s request for the case to be transferred to DOAH became moot.

Aloha and the Office of Public Counsel (OPC) filed briefs on July 1, 2004. Aloha also requested oral argument on the issues raised in its brief. In addition, on July 12, 2004, Aloha filed a motion requesting the Commission to convert the informal proceeding into a formal evidentiary hearing arguing that OPC s brief raised disputed issues of material fact. Aloha also renewed its request that the matter be transferred to DOAH. Aloha did not request oral argument on this motion.

This Order addresses Aloha s July 12, 2004, motion for a formal hearing and the final disposition of the remaining interim revenues collected during the appeal period. We decided against hearing oral argument, and our decisions herein are based on the written arguments filed by the parties. We have jurisdiction pursuant to Sections 367.081 and 367.082, Florida Statutes.

ALOHA S MOTION TO TERMINATE INFORMAL
PROCEEDING AND TRANSFER THIS PROCEEDING TO DOAH

When Aloha filed its Petition and protested our PAA Refund Order, the utility argued that a formal evidentiary hearing was warranted and requested that the matter be transferred to DOAH. By Order No. PSC-04-0614-PCO-WU, we found that Aloha s Petition did not demonstrate disputed issues of material fact and set the matter for an informal proceeding and

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established a briefing schedule. Aloha claims that the arguments raised in the briefs demonstrate the existence of disputed issues of material fact. Aloha also argues that Rule 28-106.305(2), Florida Administrative Code, requires the termination of an informal proceeding when disputed issues of material fact arise, so that a formal proceeding can be conducted, unless waived by the parties. Aloha states that it does not waive its right to a formal administrative hearing, and requests that we terminate the informal proceeding, convene a formal proceeding, and transfer the matter to DOAH.

According to Aloha, OPC's brief shows the existence of the following disputed issues of material fact:

1. In Section C of its brief, OPC disputes the factual assertions made in Aloha's petition regarding the revenues collected during the appeal period and the revenues which would have been collected under the approved rate structure;
2. In Section D of its brief, OPC disputes Aloha's claim that there was only a 4.08% difference between interim rates and final rates. Also, OPC's statement that Aloha did not need any increase to make it whole is a disputed issue of material fact; and
3. In Section E of OPC's brief, OPC disputes Aloha's statement that in all prior cases the Commission has allowed a utility to continue collecting the interim rates and any ultimate refund was based upon the requirements of the original order.

In addition, Aloha argues:

Two of the prime material issues in this case are whether and to what extent, if any, Aloha received more revenues from the collection of interim rates during the appeal period than authorized by the PSC's Final Order dated April 30, 2002, and whether the PSC's proposed agency action constitutes a shift or change in established PSC policy, practice and procedure.

Concerning whether Aloha collected more revenues than authorized, Aloha alleges that OPC disputes the factual assertions made in Aloha's Petition regarding the relationship between the revenues collected during the appeal period and the revenues which would have been collected under the rate structure approved in the Final Order. Also, Aloha alleges that OPC's statement that Aloha did not need any increase to make it whole, raises a disputed issue of material fact.

In response, OPC states that it has not disputed the factual accuracy of those calculations, but, instead, has presented arguments about the relevance of that information. Upon review, we find that OPC does not take issue with Aloha's claim that there is a 4.09% difference in revenues collected under interim rates as opposed to those revenues collected under the approved final rates. OPC suggests that one possible explanation for the difference may be

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that final rates, which were designed to reduce consumption, were not implemented, and consumption remained higher than anticipated by the Final Order, i.e., the repression of usage was not realized and higher revenues than anticipated were collected. OPC notes that a revenue-neutral rate design shift cannot be achieved with absolute perfection, and concludes that Aloha's application of the new rate structure to actual usage that occurred under the old rate structure does not provide any meaningful analysis.

OPC also notes that the Final Order established two distinct actions: first, the Commission found that Aloha was not entitled to any rate increase, and, second, to encourage conservation, this Commission imposed a revenue neutral rate structure shift. OPC then reaches the legal conclusion that Aloha was already whole before the implementation of any interim rates, and, therefore, even with the refund of the entire interim rates, the utility would remain whole. OPC argues that the Final Order determined that Aloha did not need any revenue increase over what was being produced by the original rates to make it whole. Because Aloha was never entitled to any interim rate increase, equity would have dictated that the 15.95% should have been refunded for the entire time that it was collected. OPC further notes that, based on administrative finality, this Commission required no further refunds for the rate case period. Because that part of the decision was final, no further discussion concerning the disposition of refunds for the rate case period is appropriate.

Aloha argues that OPC's statement that Aloha did not need any increase to make it whole shows that there is a disputed issue of material fact. We specifically stated in our Final Order that the revenue requirement represented neither an increase nor a decrease. p. 80 We also stated that the revenue requirement had not increased. p. 85 OPC's statement that Aloha did not need any revenue increase to make it whole is a legal conclusion made in accordance with our Final Order. Accordingly, we find the issues about the differences between interim and final rates and whether the utility was made whole do not raise disputed issues of material fact.

Finally, Aloha states that it disputes the factual allegation that this case is so factually distinguishable from prior cases pertaining to refunds of interim rates as to render the PSC's prior established policy, practice and procedures inapplicable. Aloha also notes that OPC disputes Aloha's central contention that the procedure which Aloha seeks has been implemented in all prior cases. Aloha characterizes this dispute as a factual dispute.

OPC disagrees and argues that to properly apply precedent, one must examine only those prior cases which have identical or analogous relevant circumstances. Moreover, OPC notes that Aloha has made a blanket assertion about the PSC's precedent, and that as in any appellate brief, the assertions about applicable precedent do not require factual testimony, but are legal arguments appropriate for briefing.

In Aloha's original Petition requesting a formal hearing, Aloha alleged that the PAA Refund Order requiring additional refunds conflicted with and was contrary to the PSC's prior agency practices, procedures, and policies, and that the Commission had not explained or

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justified its abrupt change in this procedure or policy. In its Motion to Terminate Informal Proceeding, Aloha argues that the PSC is required to explain that policy and Aloha is entitled to present countervailing evidence in a trial-type hearing. McDonald v. Department of Banking and Finance, 346 So. 2d 569 (Fla. 1st DCA 1977). Our understanding of McDonald, however, is that trial type hearings should be provided only when disputed issues of material fact are present.

McDonald did state that the Administrative Procedures Act (APA) requires proof of incipient policy, permits countervailing evidence and argument, and requires an agency to explain the exercise of its discretion. In its original petition on proposed agency action, Aloha argued that the alleged change in policy required a formal hearing. We rejected this argument and found that all the issues raised by Aloha raised no disputed issues of material fact, but were mixed questions of policy and law. Therefore, we concluded that any claimed change in policy could be addressed in an informal proceeding. A review of the briefs shows that nothing has changed since we reached this conclusion. Aloha has failed to show that there is a disputed issue of material fact -- all issues remain mixed issues of policy or law.

Based on the above, we find that Aloha merely reiterates the points it previously made in its original petition, and has raised no new points in its Motion to Terminate Informal Proceeding that show the existence of any disputed issues of material fact. In addition, OPC does not believe that it raised any disputed issues of material fact. Accordingly, we deny Aloha's Motion to Terminate Informal Proceeding, and proceed with the informal proceeding, as discussed below.

APPROPRIATE REFUND AMOUNT FOR THE APPEAL
PERIOD MAY 1, 2002, THROUGH JULY 31, 2003

The ultimate question here is whether Aloha must make an additional refund for the interim rates it collected while our Final Order was on review at the First DCA. In making our decision, we must keep in mind that the file and suspend law was designed to provide accelerated [rate] relief without sacrificing the protections inherent in the overall regulatory scheme. Florida Power Corporation v. Hawkins, 367 So. 2d 1011, 1013 (Fla. 1979). Interim rates, which are one aspect of this scheme, were designed to make a utility whole during the pendency of the proceeding without the interjection of any opinion testimony. Citizens v. Public Service Commission, 435 So. 2d 784, 786 (Fla. 1983).

Section 367.082, Florida Statutes, governs the setting of interim rates for water and wastewater utilities. According to paragraph (2) (a), interim rates must be designed to bring the utility up to the minimum of its last authorized rate of return. Subsection (4) sets forth guidelines for the determination of any interim refund, which include the following:

Any refund ordered by the commission shall be calculated to reduce the rate of return of the utility or regulated company during the pendency of the proceeding

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to the same level within the range of the newly authorized rate of return which is found fair and reasonable on a prospective basis

In reaching the ultimate question, it is appropriate to address the following five issues raised by Aloha concerning whether additional refunds are required:

1. Whether the PSC's Final Order is binding and conclusive on the issue of refunds;
2. Whether the PSC Order granting a stay along with its Final Order, estops the PSC from changing its position concerning refunds;
3. Whether Aloha has already refunded more money to its customers than was necessary to bring its revenue requirement to the level established in the Final Order, adjusted in accordance with standard Commission practice during the interim collection period;
4. Whether the PAA Refund Order results in a windfall to Aloha's customers to the extreme detriment of Aloha; and
5. Whether the directives and statements contained within the PAA Refund Order conflict with and are contrary to the PSC's prior agency practices, procedures, and policies.

By Order No. PSC-04-0614-PCO-WU, issued June 21, 2004, we required the parties to address the above issues in their briefs. Each of the original issues and Aloha's and OPC's positions are discussed in turn below.

1. Whether the PSC's Final Order is Binding and Conclusive on the Issue of Refunds

In the PAA Refund Order, we concluded that the Final Order did not address the refund amount for the interim rates collected while the appeal was pending (May of 2002 through July of 2003)(the appeal period). Aloha argues that this conclusion is contrary to the wording of the Final Order, which determined an appropriate refund amount of 4.87% for the interim collection period which was defined as the period from November 3, 2001 to the date Aloha implements the final rates approved. Aloha argues that final rates were not implemented until August 2003, when the stay was lifted and the First DCA issued its mandate. According to Aloha, a stay simply maintains the status quo pending appellate proceedings, and does not interfere with what has already been done. Upon the issuance of the First DCA's mandate, Aloha argues that the Final Order became effective and set forth the amount to be refunded. Aloha concludes that separating out the 15-month appeal period and establishing a new and different methodology and rate of refund constituted an unlawful modification of the Final Order.

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Aloha also argues that the Final Order's new revenue requirement required a 4.87% refund. According to Aloha, there is nothing in the Final or Stay Orders that provide for one revenue requirement for the rate case period, a lower revenue requirement for the appeal period, and a different revenue requirement for the time the final rates are collected prospectively after the mandate was issued. Aloha further notes that while it refunded 4.87%, there was actually a 4.09% difference between what was collected under the interim rates and what would have been collected under the final rates.

OPC states that it is astonished that Aloha took the position that the Final Order could not be modified in light of Aloha's request, which we granted, that the Final Order be modified to eliminate the requirement to remove 98% of the hydrogen sulfide in Aloha's water provided to customers. OPC states that it brings out this point not because it believes that the PAA Refund Order actually modifies the Final Order, but to highlight Aloha's diametrically inconsistent positions and the disingenuousness of Aloha's current position. OPC argues that the PAA Refund Order identifies the appeal period as a different time frame than the rate case period identified in the Final Order.

It is undisputed that the Final Order states: The interim collection period is from November 13, 2001 to the date that Aloha implements the final rates approved. In addition, the calculation of the correct refund amount was not the subject of any appeal. When we set the final rates, we neither contemplated nor made any provision for what would happen in the event of an appeal. Section 367.082(1), Florida Statutes, provides that [t]he commission may, during any proceeding for a change of rates, . . . authorize the collection of interim rates until the effective date of the final order. The statute contemplates that interim rates would be collected only through the date of the issuance of a final order. This subsection also provides that interim rates may be based upon a test period different from the test period used in the request for permanent rate relief.

In this case, the interim test period was the historical test year ending June 30, 2001, and the permanent test period was the projected test year ending December 31, 2002. Based on the different test periods, certain expenses such as rate case expense (not allowed in interim) and purchased water costs (in the interim period but not in the period for permanent rate relief) could make the revenue requirements for the two periods diverge, as happened here. Even though we granted no permanent rate increase, using the formula set out in the Final Order, we determined that there was a 4.87% refund requirement for interim rates. We entered our Final Order on April 30, 2002, and it was Aloha's actions that delayed implementation of the final rates for an additional 15 months.

When we set final rates that are affirmed on appeal, instruction concerning the disposition of any refunds can be found in GTE Florida v. Clark, 668 So. 2d 971, 973 (Fla. 1996) and Village of North Palm Beach v. Mason, 188 So. 2d 778, 781 (Fla. 1966). Although, Aloha argues that these cases only pertain to erroneous Commission orders, we disagree. We find that

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both GTE and Mason are applicable when, for whatever reason, the charging of the appropriate rates has been delayed. In Mason, when deciding whether to allow the utility to collect higher rates that it was entitled to under a defective order that had been entered two years earlier, the Supreme Court stated that if the case had involved an order decreasing rates it would be equally inequitable to allow the utility to continue to collect the old and greater rates for the period between the entry of the first and second orders. Id. (quoted in GTE at 973.) The Supreme Court concluded in GTE that the company's customers should not benefit and receive a windfall from an erroneous Commission order. Similarly, Aloha should not benefit and receive a windfall from its unsuccessful appeal of our Final Order. Our decision that Aloha was not entitled to a revenue increase was upheld on appeal. Therefore, our decision that no revenue increase was warranted was correct as of the date of that Final Order April 30, 2002. It would be inappropriate and inequitable to allow Aloha to keep any of the 15.95% increase it collected over the 15-month appeal period.

Aloha has calculated a 4.09% difference between the interim and final rates. It is unclear why the difference would be 4.09% versus the expected 15.95% interim increase amount. However, ratemaking is not perfect, and there are a multitude of variables, including repression, that could have changed the expectant resulting revenue. The cause of any difference or the existence of any difference is irrelevant here, because if Aloha had implemented the approved final rates during the appeal period, no one could argue that any further refund would be due today. However, Aloha did not implement the final rates affirmed by the court during the appeal period; instead, it continued to collect the 15.95% interim increase. By appealing the Final Order, Aloha caused the delay in collecting final rates. It is fitting that Aloha refund the 15.95% interim increase that was collected during the appeal period. Such a refund is consistent with the purpose of interim rates, which is to provide utilities with a quick and dirty means to obtain immediate financial relief while a rate case is pending. Aloha received the immediate relief as intended by the interim statute while the case was pending before this Commission. Aloha should not be allowed to benefit from its appeal when the court unequivocally affirmed our finding that Aloha was not entitled to any prospective increase.

We believe that this analysis is similar to the analysis used in awarding post judgment interest after a judgment has been appealed and any monetary award has been stayed pending the appeal. If the monetary award is upheld on appeal, the courts determine that the award was due on the date of the judgment, and award interest for the duration of the appeal. See Amerace Corporation v. Stallings, 823 So. 2d 110 (Fla. 2002). Similarly, the finding that no rate increase was warranted was effective on April 30, 2002, the date of the Final Order, and the full amount of the 15.95% interim increase which Aloha continued to collect from that date forward was not authorized and must be refunded.

The facts of this case are similar to our decision in Order No. 16462, which was issued on August 12, 1986, in Docket No. 830059-WS, In Re: Application of Spring Hill Utilities, a division of Deltona Utilities, Inc., for increased water and sewer rates and charges to its

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customers in Hernando County, Florida. In Spring Hill, this Commission granted interim revenue increases designed to produce annual operating revenues of \$1,081,084 (a \$202,270 increase) for water, and \$957,752 (a \$397,943 increase) for wastewater. The final rates set post-hearing were designed to produce less water revenues than the original water rates. The final order established a \$856,901 revenue requirement for water, which represented a \$21,913 decrease for water over adjusted test year revenues. The utility appealed and requested a stay. In fashioning the stay, this Commission determined that the final revenue requirement for water was \$224,183 less than what the utility was currently collecting in interim rates, and yet only \$202,270 was subject to refund. This Commission determined that the \$202,270 amount was the maximum amount that the utility could be ordered to refund through the effective date of the final order. While we allowed the utility to continue collecting interim rates, it determined that on a going forward basis from the date of the final order, the amount held subject to refund for water should be the higher \$224,183 figure. Similarly, in this case, we determined that the amount to be refunded prior to issuance of the Final Order was only 4.87%. However, after issuance of the Final Order, we determined that the utility was not entitled to any of the 15.95% increase, and yet the utility continued to collect the full 15.95% interim increase. Therefore, as in Spring Hill, we find that the full 15.95% of interim rates subsequent to the issuance of the Final Order must be refunded.

Until we issued our Final Order, we correctly found that the refund for interim rates collected prior to the Final Order should be calculated on the refund methodology set out in the Final Order. However, after issuance of the Final Order, although we allowed Aloha to continue collecting the interim rates, we had made a final determination that as of the date of the Final Order, no revenue increase whatsoever was warranted. Therefore, the full 15.95% interim increase remained subject to refund from that date on. The Final Order neither contemplated nor made a provision for what would happen in the event of an appeal. The Stay Order noted that the Final Order did require Aloha to modify its rate structure such that it would no longer collect the interim increase allowed by the Interim Rate Order. Because the First DCA upheld the finding that Aloha was not entitled to any rate increase, we find that Aloha shall not be allowed to receive a windfall by its continued collection of the 15.95% interim rate increase. Because we did not specifically address the refund methodology for interim rates collected during the appeal period, we find that the Final Order is not binding and conclusive on the issue of refunds for this period.

2. Whether the PSC Order Granting a Stay Along With Its Final Order. Estops the PSC From Changing Its Positions Concerning Refunds

Aloha argues that the doctrines of administrative finality, res judicata, estoppel by judgment (collateral estoppel), and equitable estoppel preclude this Commission from modifying the refund requirements set forth in the Final Order. Aloha relies on the statement in the Final Order that the refund should be 4.87% for all monies collected during the interim collection period, which was defined as November 3, 2001, to the date Aloha implements the approved

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final rates. Aloha emphasizes that no party sought reconsideration or appealed any refund issue from the final or stay orders. According to Aloha, the Final Order specifically dealt with this issue of the appropriate amount of the refund, and Aloha relied on our decision related to this refund issue throughout the stay and appeal proceeding and thereafter.

Aloha argues that under the doctrine of administrative finality, we are precluded from further considering the issue of interim refunds. According to Aloha, the interim rates refund issue was addressed and determined in the Final Order, and any contrary theories of refund could have and should have been pursued in the initial proceeding. In support of its argument, Aloha relies on People's Gas System v. Mason, 187 So. 2d 335 (Fla. 1966), which provides that there must be a terminal point in every proceeding, both administrative and judicial, at which the parties and the public may rely on a decision as being final and dispositive of the rights and issues involved therein. Aloha concludes that the terminal point in this proceeding was the date of the First DCA's mandate, or even the date the Final Order was rendered because no party sought further review of the interim refund issue.

Aloha argues that the principle of law, *res judicata*, holds that a Final Order bars subsequent litigation between the same parties based upon the same cause of action and is conclusive as to all matters germane thereto that were or could have been raised. Moreover, Aloha states that estoppel by judgment [collateral estoppel] is applicable where the two causes of action are different, but the issue common to both causes of action were actually adjudicated in the prior proceeding. Gordon v. Gordon, 59 So. 2d 40 (Fla. 1952), *cert. denied*, 344 U.S. 878, 73 S. Ct. 165, 97 L. Ed. 680 (1952).

In addition, Aloha argues that our reliance on GTE and Mason is misplaced because those cases involved defective and erroneous orders of the Commission. Because the Final Order was upheld on appeal, Aloha states that the dictum in Mason is simply not applicable, and that we may only implement the provisions of the Final Order.

Finally, Aloha argues that based on the above arguments and prior Commission policy and procedure, the Commission is also equitably estopped from now requiring a 15.95% refund for the appeal period. Reedy Creek Improvement District v. Department of Environmental Regulation and Central Florida Utilities, 486 So. 2d 642 (Fla. 1st DCA 1986). According to the utility, it made business and financial decisions on its justifiable reliance that the refund would not exceed 4.87%. For the reasons discussed above, Aloha claims that we may not now change the amount to be refunded for the appeal period.

In its brief, OPC states that it does not know what issue Aloha is raising here, but notes that Aloha complains that it relied on the Commission's decision related to this refund issue throughout the stay and appeal proceeding and thereafter. OPC then notes that it is not reliance but detrimental reliance that is relevant. OPC concludes that it cannot see how Aloha has suffered any detriment based on this reliance.

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We find that Aloha's reliance on the principles of administrative finality, *res judicata*, collateral estoppel, and equitable estoppel to show that we are precluded from requiring a refund of all monies collected during the appeal period is unfounded. Under *res judicata*, a final judgment by a court of competent jurisdiction is absolute and puts to rest every justiciable, as well as every actually litigated issue. Albrecht v. State, 444 So. 2d 8, 11-12 (Fla. 1984). Administrative orders are also subject to finality. Mason, at 339. In the Final Order, we never addressed what would happen in the event of an appeal or stay of the final rates. Although we allowed the interim rates to remain in effect during the stay, on April 30, 2002, the date of the Final Order, we fixed what we found to be the appropriate final rates. We found that we were bound by the Final Order with respect to the interim refund for the rate case period. However, we never made any pronouncement in the Final Order concerning the methodology for refunding interim rates collected during the appeal period. Therefore, we find that the principles of *res judicata* and administrative finality are inapplicable to this case.

Collateral estoppel is a judicial doctrine that prevents identical parties from relitigating the same issues that have already been decided. Department of Health and Rehabilitative Services v. B.J.M., 656 So. 2d 906, 910 (Fla. 1995). For collateral estoppel to apply, the parties and issues must be identical, and the particular matter must have been fully litigated and determined in a contest which results in a final decision of a court of competent jurisdiction. *Id.* Because the question of what amount of interim rates collected during the appeal period should be refunded was never litigated in the evidentiary proceeding or addressed by this Commission in our Final Order, collateral estoppel is not appropriate here. When determining what amount, if any, of the interim rates should be refunded for the rate case period, we look backward to determine what adjustments should be made. The setting of final rates, however, must be prospective. Citizens v. Public Service Commission, 435 So. 2d 784, 786 (Fla. 1983). When we entered our Final Order, we set the rates that we found the utility should collect on a going forward basis. Despite the arguments Aloha raised on appeal, the First DCA agreed with our decision on the lawful final rates. Despite the stay, we did not set any methodology for refunding the interim rates collected during the appeal period. The Final Order set what we determined to be the fair and reasonable final rates to be applied prospectively. When we issued the Stay Order, we noted that Aloha would continue to charge the 15.95% interim rate increase, but that the Final Order required Aloha to make refunds and modify its rate structure such that it would no longer collect the interim increase. Because the issue of what refund, if any, would be appropriate for the appeal period was not addressed in the rate proceeding, the doctrine of collateral estoppel does not apply here. The appeal of the Final Order was an unanticipated event which created a new legal situation, and makes collateral estoppel inapplicable. See University Hospital, Ltd. v. Agency for Health Care Administration, 697 So. 2d 909 (Fla. 1st DCA 1997).

Equitable estoppel is another judicial doctrine which is applied in situations where, because of something which a party has done or omitted to do, the party is denied the right to plead or prove an otherwise important fact. 22 Fla. Jur. 2d Estoppel and Waiver 26.

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Equitable estoppel may be applied to a state agency, but only upon a showing of exceptional circumstances. Reedy Creek, at 647; North American Co. v. Green, 120 So. 2d 603, 610 (Fla. 1959). In Watson Clinic, LLP v. Verzosa, 816 So. 2d 832, 834 (Fla. 2d DCA 2002), the Second DCA noted that equitable estoppel must be applied with great caution, and that the following three elements must be present:

(1) the party against whom estoppel is sought must have made a representation about a material fact that is contrary to a position it later asserts; (2) the party claiming estoppel must have relied on that representation; and (3) the party seeking estoppel must have changed his position to his detriment based on the representation and his reliance on it.

In Watson Clinic, a doctor had spent money to which he was not entitled. The court found that no detrimental change in position can occur where the only claimed harm is the inability to retain money that should have never been received in the first place. Id. at 835. In this case, the money needed for the additional interim refund of monies collected during the appeal period is still in an escrow account and Aloha never had access to these funds. Aloha cannot have reasonably relied on obtaining those funds without them being released by this Commission. Like the doctor in Watson Clinic, Aloha cannot have detrimentally changed its position based on a claim to money that has never lawfully been in its control. Also, in our Stay Order, we advised Aloha that it was not entitled to keep any of the interim increase. Therefore, we find that none of the elements of equitable estoppel are present, and equitable estoppel is also not applicable to the facts of this case.

Contrary to Aloha's arguments, the Final Order did not address what would happen to the interim rates collected during the pendency of an appeal. Moreover, in our Stay Order, we stated the Final Order on Appeal specifically requires Aloha to make refunds and modify its rate structure such that it will no longer collect the interim increase allowed by Order No. PSC-01-2199-FOF-WU. (Stay Order, pages 8-9). Thus, when making our decision on the stay, we acknowledged that the interim rates set after hearing the evidence in the case, were no longer appropriate. Therefore, we find that the language in the Final Order concerning the interim rate period was not intended to address rates collected after we entered our Final Order. Moreover, if Aloha relied on the language in the Final Order as placing a 4.87% cap on the refund, we find that Aloha was not justified in that reliance. In sum, the money has always been held subject to refund with interest, has been maintained in an escrow account, and Aloha has not had access to those revenues. Until the court upheld our decision that no rate increase was warranted and approved the final rates on appeal, there could have been no calculation of the final refund for the appeal period. Based on the above discussion, we find that neither administrative finality, res judicata, collateral estoppel, nor equitable estoppel are applicable here.

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3. Whether Aloha Has Already Refunded More Money to Its Customers Than Was Necessary to Bring Its Revenue Requirement to the Level Established in the Final Order, Adjusted in Accordance With Standard Commission Practice During the Interim Collection Period
and

4. Whether the PAA Refund Order Results in a Windfall to Aloha s Customers to the Extreme Detriment of Aloha

Aloha s Issues 3 and 4 are sufficiently similar such that they may be considered together. Under Issue 3, Aloha argues that the premise behind the PAA Refund Order is that if the final rates were implemented immediately after issuance of the Final Order instead of interim rates, then those rates would have produced revenues at least 15% less than those produced by the interim rates collected during the appeal period. The utility argues that it has demonstrated through detailed billing information, filed by it and verified by our staff, that the interim rates produced only 4.09% more revenue than would have been produced had the final rates been implemented immediately after the Final Order and no appeal was taken.

OPC takes a different approach. It believes that we took two distinct actions in the Final Order: (1) we found that Aloha was not entitled to any rate increase, and (2) to encourage conservation, we imposed a revenue-neutral rate structure shift. According to OPC, a revenue-neutral rate design shift cannot be achieved with absolute perfection, and if the conservation-causing rate structure had actually been in effect during the appeal period, the usage would have been lower than it was with the old rate design. OPC thus argues that Aloha s application of the new rate structure to actual usage that occurred under the old rate structure does not provide any meaningful analysis.

In Issue 4, Aloha argues that Aloha did not receive a windfall when it continued to collect interim rates in the appeal period for which it refunded 4.87%, but the customers will receive a windfall if the utility is required to make the additional refund. Aloha s argument is based on the premise that there was a 4.09% difference between the interim and final rates, and Aloha has already refunded 4.87% which is more than was required.

In contrast, OPC argues that in hindsight, it is clear that Aloha did not need any increase to make it whole during a case that determined that its rates were already adequate. Therefore, OPC claims that the fact that the doctrine of administrative finality which allowed Aloha to keep some portion of the interim increase during the rate case period could in no way be characterized as a windfall to customers to the extreme detriment of Aloha. OPC argues that it is Aloha who actually will receive a windfall because it was allowed to keep over 11% of the interim revenues during the rate case period.

As stated previously, the refund requirement for the rate case period has been finalized and is no longer subject to change. We agree with OPC that ratemaking is not a science, and ratemaking seldom produces the exact revenue required. We do not dispute Aloha s calculations

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that the difference between interim and final rates was 4.09%. However, the intent of our Final Order was clear. We found that no revenue increase was warranted, and the final rates, while restructured, were designed to keep Aloha in the same position that it was prior to the filing of its case. The rate restructuring was designed to cause customers to use less water, but give Aloha the same amount of total revenues. Any latent rate increase the utility may have received was clearly not our intent. When we entered our Final Order, we did not intend for Aloha to keep any part of the 15.95% interim increase on a going forward basis, and advised Aloha of this in the Stay Order. Therefore, under Mason and GTE, we find that it is appropriate to require all of the 15.95% interim increase collected during the appeal period to be refunded, as we ordered in the PAA Refund Order.

5. Whether the Directives and Statements Contained Within the PAA Refund Order Conflict With and Are Contrary to the PSC's Prior Agency Practices, Procedures, and Policies

Aloha argues that in every prior case, based on the same methodology stated in the Final Order, we have allowed utilities to maintain interim rates during the pendency of an appeal, and any excessive interim rates were refunded at the appeals conclusion. Citing North Miami General Hospital, Inc. v. Office of Community Medical Facilities, Dept of Health and Rehabilitative Services, 355 So. 2d 1272 (Fla. 1st DCA 1978), Aloha states that it is a long-established principle of administrative law that agency action which yields inconsistent results based upon similar facts, without reasonable explanation, is improper. Aloha argues that when agencies change their established policies and practices and procedures, they must, by expert testimony, documentary opinion, or other evidence appropriate to the nature of the issue involved, give a reasonable explanation of the change supported by record evidence which all parties must have an opportunity to address. See Manasota-88, Inc. v. Gardiner, Inc., 481 So. 2d 948 (Fla. 1st DCA 1986); Florida Cities Water Company v. Florida Public Service Commission, 705 So. 2d 620 (Fla. 1st DCA 1998); and Section 120.68(7)(e)3., Florida Statutes. Aloha argues that the requirement for additional refunds over and above that required by the Final Order constitutes a change in policy, which has been neither explained nor justified. Aloha also alleges that this change is unsupported by record evidence and denies Aloha the right to offer countervailing evidence or otherwise address any potential or claimed reason for a deviation from established precedent and policy.

OPC disputes Aloha's central contention that the procedure which Aloha seeks has been implemented in all prior cases. OPC argues that to properly apply precedent, one must examine only those prior cases which have identical or analogous relevant circumstances. OPC concludes by stating that it was

Unaware of prior cases in which the Commission: (1) first allowed a utility interim rates to keep it whole during the pendency of the rate case; (2) then determined the utility was already financially whole without any rate increase; (3)

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and yet allowed the utility to keep some of the customers' money that was never necessary to make it financially whole in the first place.

We find that a decision to require additional refunds would be consistent with our Order No. 16462, issued in the Spring Hill rate case which we discussed above. In the Spring Hill decision, we determined that one refund was appropriate for the interim rates granted prior to the issuance of the final order, and another refund was appropriate while that order was on appeal and stayed.

Also, such a decision would be consistent with our decision in Docket No. 950387-SU, In re: Application for a rate increase for North Ft. Myers Division in Lee County by Florida Cities Water Company - Lee County Division, in which we treated the disposition of interim rates differently in the appeal period. Florida Cities did not involve the implementation of interim rates pursuant to Section 367.082, Florida Statutes, but did involve the implementation of proposed agency action (PAA) rates subject to refund after the PAA Order was issued pursuant to Section 367.081(6), Florida Statutes. During the course of two hearings and two appeals, this Commission determined that different revenue requirements and different refund amounts were required.

In calculating the appropriate amount of refund for the time the PAA rates were in effect, we took into account that rate case expense from a previous rate case was completely amortized during the time the PAA rates had been implemented, and Florida Cities had issued credits for the amortization of this previous expense. Also, we took into account that approximately three years of the rate case expense approved in the PAA Order had been amortized and the utility had incurred additional rate case expense subsequent to the issuance of the First Final Order. In the Second Final Order, we stated we have, therefore, calculated the refund by taking the difference between the revenue requirement, with rate case expense, and the PAA revenue requirement, with rate case expense, excluding the \$21,001 credit for rate case expense which expired from Docket No. 910756-SU. This was calculated to be 10.92% for the calendar year 1996, and 10.50% from January 1, 1997, through implementation of the final approved rates. This Second Final Order was also appealed, but was ultimately upheld by the First DCA.

In comparing Florida Cities with this case, we note that there are both differences and similarities. The main difference is that, in Florida Cities, we determined that a rate increase was warranted. Therefore, we had to determine what was the difference in revenues between the PAA rates implemented by the utility and the final rates approved by us. In the case at hand, we do not have to do any such calculation. We know we approved a 15.95% interim increase, but then found no increase whatsoever was warranted, and this decision was upheld by the First DCA. Therefore, there is no need to make any further comparisons, and we properly found that the full 15.95% interim increase, which Aloha continued to collect after issuance of the Final Order, shall be refunded for the appeal period. Therefore, the process used in this case is similar to the process we used in Florida Cities, but is much simpler because no rate increase whatsoever was found to be appropriate.

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Moreover, we disagree with Aloha's contention that this change is unsupported by record evidence and denies Aloha the right to offer countervailing evidence or otherwise address any potential or claimed reason for a deviation from established precedent and policy. The PAA Refund Order set forth the reasons for our decision based on the findings in the Final Order itself and the holdings in GTE and Mason. The findings in the Final Order were made after a full evidentiary hearing whereby we concluded that Aloha was entitled to no rate increase. Moreover, in this informal proceeding, Aloha has been given the opportunity to offer countervailing evidence or cite any case or order which it believes may be appropriate. Aloha has not shown that there is a disputed issue of material fact justifying a formal proceeding pursuant to Section 120.57(1), Florida Statutes. Moreover, Aloha has failed in its brief to cite any specific orders of this Commission which might be applicable or explain our policies and procedures in this type of situation. Aloha did cite Florida Cities, but this was for the principle that agency action which yields inconsistent results based upon similar facts, without reasonable explanation, is improper. In both Florida Cities, Spring Hill, as well as this case, this Commission was comparing the revenue requirement found to be appropriate with the actual revenue collected through the utility's continued collection of either the implemented PAA rates or interim rates after issuance of a final order.

Conclusion

The intent behind our Final Order is clear. We did not intend for the utility to collect any increased revenues when we issued our Final Order on April 30, 2002. Aloha's request for a rate increase was denied because the utility failed to meet its ultimate burden of proof. See Final Order, pps. 52, 68, 70, 72. Moreover, we found that Aloha should receive neither a rate increase nor a decrease. See Final Order, pages 80 and 85. Based on the interim statute, we determined that Aloha could keep 11.08% of the 15.95% interim increase for the rate case period. When Aloha appealed the Final Order and we ruled on the utility's request for a stay, we noted that the Final Order set rates such that Aloha would no longer collect the interim increase allowed by Order No. PSC-01-2199-FOF-WU. However, with the stay, Aloha continued to collect the full 15.95% interim increase for the 15-month appeal period. Subsequent to the First DCA's mandate, Aloha refunded 4.87% of the interim increase collected during the appeal period. The ultimate question that must be answered here is: Whether an additional refund, if any, is required for the period May 1, 2002, through July 31, 2003?

For the reasons discussed above, we find that Aloha shall refund to its customers the entire interim increase of 15.95% collected during the appeal period, including interest. In the Final Order, when we addressed whether interim rates should be refunded, we addressed only the refund for the rate case period. Thus, based on the principles of administrative finality, the disposition of interim rates collected during the rate case period is now closed. That is not the case for any remaining refunds for the interim rates collected during the appeal period. When reaching a decision on whether to require additional refunds for this period, we must keep in mind the principles of fairness set out in GTE. There the Supreme Court made it clear that it

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views ratemaking as a matter of fairness. 668 So. 3d at 973 Our decision herein is based on the principle of fairness that Aloha's customers should be refunded the interim increase collected during the appeal period. We did not intend for Aloha to receive any increase after we entered our Final Order. The only reason that Aloha was allowed to collect higher rates after we entered our Final Order was because it sought a stay while the order was on appeal, which resulted in the customers paying higher rates for an additional 15 months. Aloha could not have reasonably relied on the use of this money, however, because it has always been held subject to refund. It would be to the customers' detriment if Aloha was allowed to keep those additional revenues that were collected during the appeal period. On the other hand, Aloha remains in the same position it would have been in had it not appealed our Final Order. Accordingly, Aloha shall be required to refund the additional revenues that have not been refunded for the appeal period. Our decision conforms with our finding in the Final Order that Aloha was entitled to no revenue increase.

Because Aloha has already refunded 4.87% or \$121,983 (including \$530 of interest) for the appeal period, and because the total refund for the appeal period is \$397,519 without interest, an additional \$276,066 without interest shall be refunded. The additional refund shall be made with interest in accordance with Rule 25-30.360(4), Florida Administrative Code. The utility shall submit proper refund reports pursuant to Rule 25-30.360(7), Florida Administrative Code, and treat any unclaimed refunds as contributions-in-aid-of-construction (CIAC) pursuant to Rule 25-30.360(8), Florida Administrative Code. The entire amount remaining in the escrow account shall be released to the utility upon our staff's verification that the utility has made the additional refund.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Aloha Utilities, Inc., shall refund the additional principal amount of \$276,066 for the appeal period to its customers in accordance with Rule 25-30.360, Florida Administrative Code. It is further

ORDERED that the additional refund shall be made with interest in accordance with Rule 25-30.360(4), Florida Administrative Code. It is further

ORDERED that Aloha Utilities, Inc. shall submit proper refund reports pursuant to Rule 25-30.360(7), Florida Administrative Code, and treat any unclaimed refunds as contributions-in-aid-of-construction (CIAC) pursuant to Rule 25-30.360(8), Florida Administrative Code. It is further

ORDERED that the entire amount remaining in the escrow account shall be released to Aloha Utilities, Inc., upon our staff's verification that the utility has made the additional refund. It is further

ORDERED that this docket shall remain open to allow our staff to verify: (1) that Aloha has complied with the Final Order to improve its quality of service as subsequently modified,

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and (2) that Aloha has made the additional refunds with interest and treated any unclaimed refunds as contributions in aid of construction.

By ORDER of the Florida Public Service Commission this 26th day of October, 2004.

/s/ Blanca S. Bay

BLANCA S. BAY , Director
Division of the Commission Clerk
and Administrative Services

This is a facsimile copy. Go to the Commission's Web site,
<http://www.floridapsc.com> or fax a request to 1-850-413-
7118, for a copy of the order with signature.

(SEAL)

RRJ

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request:
1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: October 13, 2004

TO: Blanca S. Bayó, Director, Division of the Commission Clerk and Administrative Services

FROM: Jane Faurot, Chief, Office of Hearing Reporter Services, Division of the Commission Clerk and Administrative Services

RE: DOCKET NO. 010503-WU, AGENDA HELD 10-05-04.

RE: APPLICATION FOR INCREASE IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA UTILITIES, INC.

DOCUMENT NO.: 11000-04, 10/12/04

The transcript for the above proceedings has been completed and is forwarded for placement in the docket file, including attachments.

Please note that Staff distribution of this transcript was made to:

LEGAL, ECR

Acknowledged BY:

A handwritten signature, likely of Jane Faurot, written in black ink. The signature is stylized and appears to be a cursive "JF".

JF/rlm

Kay Flynn

010503

From: Denise Karnes
Sent: Friday, October 01, 2004 9:32 AM
To: Alina Dieguez; Allen Mortham; Beth Salak; Betty Ashby; Bev DeMello; Blanca Bayo; Bob Trapp; Braulio Baez; Bridget Hoyle; Carol Purvis; Cayce Hinton; Charles Davidson; Chuck Hill; Cindy Miller; Dan Hoppe; Della Fordham; Diane Lee; Dorothy Boone; Eileen Patrick; Hurd Reeves; J. Terry Deason; Jane Faurot; Janet Brunson; Janet Harrison; JoAnn Chase; Kathleen Stewart; Katrina Tew; Kay Flynn; Kay Posey; Kevin Bloom; Larry Harris; Lila Jaber; Manuel Arisso; Martha Golden; Mary Bane; Mary Macko; Norma Jenkins; Pat Dunbar; Patsy White; Richard Tudor; Rick Melson; Roberta Bass; Rudy Bradley; Sandy Moses; Sharon Allbritton; Steven Stolting; Susan Howard; Tarik Noriega; Tim Devlin; Veronica Washington
Subject: Items of Interest at Upcoming Agenda Conference, 10/5/04

A news release has been sent to the daily news media this morning, and is now available on our web site:

<http://www.psc.state.fl.us/general/news/pressrelease.cfm?release=-2147483336>

10/1/2004



State of Florida

Public Service Commission NEWS RELEASE

October 1, 2004

Contact: 850-413-6482

Items of Interest at Upcoming Agenda Conference, 10/5/04

TALLAHASSEE — The following items are among those scheduled for consideration by the Commission at the October 5, 2004, Agenda Conference.

ITEM 4 - DOCKET NO. 010503-WU - APPLICATION FOR INCREASE IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA UTILITIES, INC. The Commission will review a motion by Aloha Utilities, Inc. to terminate the informal proceeding and transfer the case to the Department of Administrative Hearings (DOAH) for a formal proceeding. In addition, the Commission will evaluate the appropriate calculation of refunds for the May 1, 2002 through July 31, 2003 time frame (the appeal period).

ITEM 7 - DOCKET NO. 040301-TP - PETITION BY SUPRA TELECOMMUNICATIONS AND INFORMATION SYSTEMS, INC. FOR ARBITRATION WITH BELL SOUTH TELECOMMUNICATIONS, INC. The Commission will address two motions associated with the current agreement between Supra Telecommunications and Information Systems, Inc. and BellSouth Telecommunications, Inc.

ITEM 17 - DOCKET NO. 040660-EG - PETITION FOR APPROVAL OF MODIFICATIONS TO BUILDSMART PROGRAM BY FLORIDA POWER & LIGHT COMPANY. The Commission will consider a staff recommendation regarding Florida Power & Light's petition to modify its BuildSmart program, which is designed to promote energy conservation for residential customers.

###

Website - <http://www.floridapsc.com>
Kevin Bloom, Director, Office of Public Information
Additional Press Contact: Tarik Noriega
2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

STATE OF FLORIDA

COMMISSIONERS:
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CHARLES M. DAVIDSON



RECEIVED - PSC
OFFICE OF THE GENERAL COUNSEL
RICHARD D. MELSON
GENERAL COUNSEL
(850) 413-6199
SEP 24 AM 11:08

COMMISSION
CLERK

Public Service Commission

September 23, 2004

Mr. Edward O. Wood
1043 Daleside Lane
New Port Richey, FL 34655-4293

Re: Docket No. 010503-WU – Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Wood:

Enclosed is a copy of the Staff Recommendation filed in this matter on September 23, 2004. The Commission is expected to consider this Recommendation at its October 5, 2004, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference, but participation is at the discretion of the Commission. If you have any questions, please feel free to call me at (850)413-6234.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:jb

cc: Division of Economic Regulation (Merchant, Fletcher, Willis)
Division of the Commission Clerk and Administrative Services

I:\010503recltr.jrb.doc

STATE OF FLORIDA

COMMISSIONERS:
BRAULIO L. BAEZ, CHAIRMAN
J. TERRY DEASON
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RUDOLPH "RUDY" BRADLEY
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OFFICE OF THE GENERAL COUNSEL
RICHARD D. MELSON
GENERAL COUNSEL
(850) 413-6199

SEP 24 AM 11:08
COMMISSION
CLERK

Public Service Commission

September 23, 2004

Senator Mike Fasano
8217 Massachusetts Avenue
New Port Richey, FL 34653

Re: Docket No. 010503-WU – Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Senator Fasano:

Enclosed is a copy of the Staff Recommendation filed in this matter on September 23, 2004. The Commission is expected to consider this Recommendation at its October 5, 2004, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. However, you may request that the matter be set for a time certain. You are welcome to come to this Agenda Conference, but participation is at the discretion of the Commission. If you have any questions, please feel free to call me at (850)413-6234.

Sincerely,

A handwritten signature in cursive script, reading "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:jb

cc: Division of Economic Regulation (Merchant, Fletcher, Willis)
Division of the Commission Clerk and Administrative Services

I:\010503\recltr.jrb.doc

Kay Flynn

020896-WS

From: Kay Flynn
Sent: Thursday, July 01, 2004 9:50 AM
To: Rosanne Gervasi
Cc: Mary Bane; Blanca Bayo
Subject: RE: Aloha vote sheet

~~010503-0111~~

Rosanne, I have made the correction on the vote sheet and in the minutes, pursuant to our discussion, and Issue 6 rec and decision in the minutes (and on the vote sheet) now read:

Issue 6: What further action should the Commission take at this time on the deletion petitions?

Recommendation: The Commission should decline to take further action on the customers' requests to delete the Seven Springs area until after Aloha has had an opportunity to implement the new treatment process required by Issue 4. Staff will bring a recommendation for further action on the deletion petitions as soon as practicable after the February 12, 2005 implementation deadline.

DECISION: The Commission voted to deny staff's recommendation and proceed directly to hearing on the deletion petitions.

Thank you for bringing this matter to my attention so promptly.

Kay

-----Original Message-----

From: Rosanne Gervasi
Sent: Thursday, July 01, 2004 9:33 AM
To: Kay Flynn
Subject: Aloha vote sheet

Kay, re: Issue 6, please correct the written-in change to read "The Commission denied staff's recommendation and voted to proceed directly to hearing on the deletion petitions."

Thank you.

Kay Flynn

010503-WU

From: Denise Karnes
Sent: Friday, June 25, 2004 9:30 AM
To: Alina Dieguez; Beth Salak; Betty Ashby; Bev DeMello; Blanca Bayo; Bob Trapp; Braulio Baez; Bridget Hoyle; Carol Purvis; Cayce Hinton; Charles Davidson; Chuck Hill; Cindy Miller; Dan Hoppe; Della Fordham; Diane Lee; Dorothy Boone; Eileen Patrick; Hurd Reeves; J. Terry Deason; Jane Faurot; Janet Brunson; Janet Harrison; JoAnn Chase; Kathleen Stewart; Katrina Tew; Kay Flynn; Kay Posey; Kevin Bloom; Larry Harris; Lila Jaber; Manuel Arisso; Martha Golden; Mary Bane; Mary Macko; Norma Jenkins; Pat Dunbar; Patsy White; Richard Tudor; Rick Melson; Roberta Bass; Rudy Bradley; Sandy Moses; Sharon Allbritton; Steven Stolting; Susan Howard; Tarik Noriega; Tim Devlin; Veronica Washington
Subject: Items of Interest at Upcoming Agenda Conference, 6/29/04

A news release was sent to the daily newspapers this morning, 6/25/04. It is now available on our web site:

<http://www.psc.state.fl.us/general/news/pressrelease.cfm?release=-2147483348>

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State of Florida

Public Service Commission

NEWS RELEASE

June 25, 2004

Contact: 850-413-6482

Items of Interest at Upcoming Agenda Conference, 6/29/04

TALLAHASSEE — The following items are among those scheduled for consideration by the Commission at the June 29, 2004, Agenda Conference.

ITEM 5 - DOCKET NO. 020896-WS – PETITION BY CUSTOMERS OF ALOHA UTILITIES, INC. FOR DELETION OF PORTION OF TERRITORY IN SEVEN SPRINGS AREA IN PASCO COUNTY.

DOCKET NO. 010503-WU – APPLICATION FOR INCREASE IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA UTILITIES, INC. The Commission will discuss a staff recommendation regarding the deletion petitions and Aloha Utilities, Inc.'s motion to modify the last rate case order. The latter required the utility to implement a process designed to remove at least 98% of the hydrogen sulfide in its raw water.

ITEM 16 - DOCKET NO. 031057-EI – REVIEW OF PROGRESS ENERGY FLORIDA, INC.'S BENCHMARK FOR WATERBORNE TRANSPORTATION TRANSACTIONS WITH PROGRESS FUELS. The Commission will address a staff recommendation concerning the Stipulation and Settlement signed by all parties in this case.

ITEM 18 - DOCKET NO. 040252-EI – PETITION FOR APPROVAL OF REVISIONS TO TARIFF SHEET NO. 9.930, APPLICATION FORM FOR MEDICALLY ESSENTIAL SERVICE, BY FLORIDA POWER & LIGHT COMPANY. The Commission will consider a staff recommendation regarding Florida Power & Light's proposed changes to its Application Form for the Medically Essential Service Tariff.

###

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Florida Public Service Commission

2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
1-800-342-3552



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: June 8, 2004

TO: Blanca S. Bayó, Director, Division of the Commission Clerk and Administrative Services

FROM: Jane Faurot, Chief, Office of Hearing Reporter Services, Division of the Commission Clerk and Administrative Services

RE: DOCKET NO. 010503-WU, AGENDA HELD 06/01/04.

RE: APPLICATION FOR INCREASE IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA UTILITIES, INC.

DOCUMENT NO.: 06340-04, 06/07/04

The transcript for the above proceedings has been completed and is forwarded for placement in the docket file, including attachments.

Please note that Staff distribution of this transcript was made to:

LEGAL, ECR

Acknowledged BY:

A handwritten signature in cursive script, appearing to read "Tameka C. Galt", written over a horizontal line.

JF/rlm



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: January 28, 2004

TO: Blanca S. Bayó, Director, Division of the Commission Clerk and Administrative Services

FROM: Jane Faurot, Chief, Office of Hearing Reporter Services, Division of the Commission Clerk and Administrative Services

RE: DOCKET NO. 010503-WU, AGENDA HELD 01-20-04, ITEM NO. 5.

RE: APPLICATION FOR INCREASE IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA UTILITIES, INC.

DOCUMENT NO.: 01191-04, 01/27/04

The transcript for the above proceedings has been completed and is forwarded for placement in the docket file, including attachments.

Please note that Staff distribution of this transcript was made to:

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Acknowledged BY:

A handwritten signature in cursive script, appearing to read "Jane Faurot", written over a horizontal line.

JF/rlm

STATE OF FLORIDA

COMMISSIONERS:
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J. TERRY DEASON
I H A A JARER
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON



OFFICE OF THE GENERAL COUNSEL
RICHARD D. MELSON
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

January 23, 2004

Mr. Stephen G. Watford, President
Aloha Utilities, Inc.
6915 Perrine Ranch Road
New Port Richey, FL 34655

RE: Docket No. 010503-WU - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Watford:

Through the attached letter from Wayne Forehand, dated January 14, 2004, it is Commission staff's understanding that a request was made by the Aloha Utilities Citizens' Advisory Committee (CAC), that you attend a meeting for the purpose of discussing and reviewing the CAC activities over the past year. Mr. Forehand's letter goes on to ask whether it would be appropriate for the Commission to contact Aloha and suggest that you initiate efforts to repair the "ill will" with the customers, and "begin to demonstrate that Aloha can be helpful and supportive to the very discouraged CAC members and Aloha customers."

While it is unclear from Mr. Forehand's letter whether you accepted or declined the CAC's invitation, it is staff's sincere hope that you would be willing to sit down with the CAC to discuss the events of the past year. In its Final Order creating the CAC, the Commission specifically stated that the primary purpose of the Aloha CAC would be to serve as a special communication link between Aloha customers and the utility. It is clear that the members of the CAC are attempting to further the communication link by inviting you to sit down with them to discuss the events of the past year, and we would hope that you too share that same interest. To that end, we strongly encourage you to accept the CAC's invitation to participate in a discussion of their activities over the past year.

Sincerely,

A handwritten signature in dark ink, appearing to read "Richard D. Melson".

Richard D. Melson
General Counsel

Enclosure

cc: Docket No. 010503-WU - All Parties of Record
The Honorable Mike Fasano
The Honorable Tom Anderson
Wayne Forehand, Chairman of the Aloha Utilities Customers' Advisory Committee
Division of Consumer Affairs (DeMello)
Division of Economic Regulation (Devlin, Willis)

Kay Flynn

010503-WU

From: Denise Karnes
Sent: Thursday, January 15, 2004 11:37 AM
To: Alina Dieguez; Beth Salak; Betty Ashby; Bev DeMello; Blanca Bayo; Bob Trapp; Braulio Baez; Carol Purvis; Cayce Hinton; Charles Davidson; Chuck Hill; Cindy Miller; Dan Hoppe; Della Fordham; Diane Lee; Dorothy Boone; Eileen Patrick; Hurd Reeves; J. Terry Deason; Jane Faurot; Janet Brunson; Janet Harrison; JoAnn Chase; Jorge Chamizo; Kathleen Stewart; Katrina Tew; Kay Flynn; Kay Posey; Kevin Bloom; Kevin Neal; Larry Harris; Lila Jaber; Martha Golden; Mary Bane; Mary Macko; Norma Jenkins; Pat Dunbar; Patsy White; Richard Tudor; Rick Melson; Roberta Bass; Rudy Bradley; Sharon Allbritton; Steven Stolting; Susan Howard; Tarik Noriega; Thelma Crump; Tim Devlin; Veronica Washington
Subject: Items of Interest at Upcoming Agenda Conference, 1/20/04

A news release was faxed to the daily newspapers this morning, 1/15/04, and is available on the web site:

<http://www.psc.state.fl.us/general/news/pressrelease.cfm?release=-2147483382>

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Public Service Commission



State of Florida

Public Service Commission NEWS RELEASE

January 15, 2004

Contact: 850-413-6482

Items of Interest at Upcoming Agenda Conference, 1/20/04

TALLAHASSEE — The following items are among those scheduled for consideration by the Commission at the January 20, 2004, Agenda Conference.

ITEM 5 - DOCKET NO. 010503-WU - APPLICATION FOR INCREASE IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA UTILITIES, INC. The Commission will address a staff recommendation concerning Aloha Utilities, Inc.'s refund of interim rates for the January 1, 2002 through April 30, 2002 time frame (the rate case period), as well as the appropriate calculation of refunds for the May 1, 2002 through July 31, 2003 time frame (the appeal period). In addition, the Commission will consider whether the utility should be ordered to justify why it should not be fined for its failure to escrow a percentage of all revenues collected during July 2003 in apparent violation of two PSC Orders.

ITEM 12 - DOCKET NO. 030569-GU - APPLICATION FOR RATE INCREASE BY CITY GAS COMPANY OF FLORIDA. The Commission will address a staff recommendation regarding City Gas Company of Florida's petition for a permanent rate increase.

###

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Florida Public Service Commission

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1-800-342-3552

Kay Flynn

From: Carol Purvis
Sent: Tuesday, January 13, 2004 3:07 PM
To: Blanca Bayo; Kay Flynn
Cc: Michael Staden
Subject: FW: Item 5: Aloha Utilities (Docket No. 010503-WU)

FYI

-----Original Message-----

From: Jorge Chamizo
Sent: Tuesday, January 13, 2004 3:02 PM
To: Mary Bane; Rick Melson; Mary Anne Helton; Lorena Holley; Ralph Jaeger; Carol Purvis; Tim Devlin; Jane Faurot; Kathleen Stewart
Cc: Commissioner Bradley & Staff; Commissioner Jaber & Staff; Commissioner Davidson & Staff; Commissioner Deason & Staff
Subject: Item 5: Aloha Utilities (Docket No. 010503-WU)

At the request of Senator Fasano's office, we will be taking up Item 5 first, right after the move staff list.

Ralph please advise the parties accordingly.

Thanks.

Jorge

STATE OF FLORIDA

COMMISSIONERS:
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 RUDOLPH "RUDY" BRADLEY
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OFFICE OF THE GENERAL COUNSEL
 RICHARD D. MELSON
 GENERAL COUNSEL
 (850) 413-6199

Public Service Commission

January 9, 2004

Mr. John P. Tomsuden
 1719 Cortleigh Drive
 Trinity, Florida 34655

Re: Aloha Utilities, Inc.

Dear Mr. Tomsuden:

On behalf of Commissioner Jaber, I am responding to your e-mail to her dated January 7, 2004. In your e-mail, you expressed concerns regarding a black coloration and the smell of the water from your home. You also requested that your area be deleted from Aloha Utilities, Inc.'s service territory.

First, the issue of "black water" has been thoroughly investigated by this Commission, the Florida Department of Environmental Protection (DEP), Florida's Department of Health, and various state agencies and water management districts. The black particulate in the water giving the water a black or grayish color is copper sulfide. Copper sulfide is formed by the reaction of hydrogen sulfide with copper pipes. Our research indicates that hydrogen sulfide is a naturally occurring substance found in source water across the state and has been known to emit a rotten-egg type odor.

By Order No. PSC-02-0593-FOF-WU (Final Order), issued April 30, 2002, in ~~Do not delete this number~~, the Commission ordered Aloha to make plant improvements to its Wells Nos. 8 and 9, and then to all its wells, to implement a treatment process designed to remove a significant amount of the hydrogen sulfide in its raw water. These improvements were required to be completed by December 31, 2003, which represented a 20-month deadline. However, on May 31, 2002, Aloha appealed this decision to the First District Court of Appeal (First DCA), and sought a stay. By Order No. PSC-02-1056-PCO-WU, issued August 5, 2002, the Commission granted in part and denied in part the utility's Motion for Stay. Specifically, the Commission stayed the implementation of the new rate structure, as well as the interim refunds and plant improvement requirements.

The First DCA affirmed the Commission's Final Order on May 6, 2003, and subsequently denied the utility's Motion for Rehearing on June 12, 2003. As a result, the appellate review is complete and all provisions of the Final Order are now final and effective. Thus, the stay on the Final Order was effectively lifted as of June 12, 2003. Applying the twenty month compliance period to this date would require Aloha to complete the plant improvements by February 12, 2005.

Subsequent to Aloha's appeal of the Final Order, the Commission received a customer petition requesting, among other things, that an independent audit of Aloha's processing plant and methodology be conducted. The Office of Public Counsel (OPC), who is the state consumer advocate, accepted the financial responsibility and retained Dr. Audrey Levine of the University of South Florida to conduct the audit. The final results of Dr. Levine's audit are expected to be published in the near future, which staff understands will address the plant improvements required by the Commission's Final Order.

In its letter to the Commission dated July 23, 2003, OPC stated that no improvements should be undertaken at this time until the parties have a chance to analyze Dr. Levine's final report and discuss a possible agreement on alternative courses of action to those outlined in the Final Order. Aloha agrees with OPC that it is premature to

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 COMMISSION
 CLERK

Mr. John P. Tomsuden
Page 2
January 8, 2004

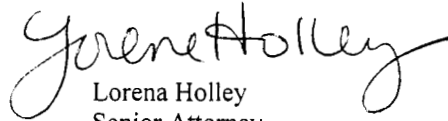
commence construction until the results of the independent audit are analyzed. Staff hopes that with Aloha, OPC, and the customers working together, a solution can be reached which will alleviate the black water problem in an expeditious and cost effective manner.

With regard to your request that your area be deleted from Aloha's service territory, the Commission already has an open docket, Docket No. 020896-WS, to address a petition signed by 1,491 residents from households located in a portion of Aloha's Seven Springs service area. This docket is currently being held in abeyance, pending Dr. Levine's final report. However, because the Commission has received several requests to take this docket out of its state of abeyance and schedule appropriate procedures for a hearing, staff is planning on filing a recommendation for the Commission's February 3, 2004, Agenda Conference, which will address this customer petition.

A copy of your January 7, 2004, e-mail will be forwarded to the Commission's Division of Clerk and Administrative Services for its placement in the correspondence section of Docket No. 020896-WS.

I hope this letter addresses your concern. Please note that the opinions contained in this letter are those of Commission staff and do not bind the Commission's decision on any future vote on this matter. If you have any questions, please do not hesitate to contact me at (850) 413-6185 or Marshall Willis at (850) 413-6914.

Sincerely,


Lorena Holley
Senior Attorney

cc: JoAnn Chase, Assistant to Commissioner Jaber
Division of Economic Regulation (Willis, Fletcher)

COMMISSIONERS:
BRAULIO L. BAEZ, CHAIRMAN
J. TERRY DEASON
LILA A. JABER
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

STATE OF FLORIDA



ORIGINAL

OFFICE OF THE GENERAL COUNSEL
RICHARD D. MELSON
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

January 9, 2004

COMMISSION
CLERK

JAN 12 AM 10:39

RECEIVED-7780

Wayne Forehand
Chairman - Aloha Utilities Citizens' Advisory Committee
1216 Arlinbrook Drive
Trinity, Florida 34655-4556

Dear Mr. Forehand :

I am writing to you, as Chairman of the Aloha Utilities Citizens' Advisory Committee, to inform you that as of January 1, 2004, Commissioner Lila Jaber's term as Chairman of the Public Service Commission came to an end. Commissioner Braulio Baez has now taken over the chairmanship of the Commission.

It is extremely important for staff to continue monitoring Aloha customer letters and e-mails in order to assure that an adequate response from the utility is sent to each customer. Accordingly, Tim Devlin, who is the Director of the Commission's Division of Economic Regulation, has been designated as the contact person to receive copies of these letters and e-mails. In the future, please send copies of letters and e-mails to his attention. In addition, to the extent it is possible, please advise other customers who wish to send a copy of letters or e-mails to the Commission, that those letters and e-mails should be copied to Tim Devlin. The letters can continue to be addressed to 2540 Shumard Oak Blvd., Tallahassee, Florida, 32399-0850, and e-mail correspondence can be sent to tdevlin@psc.state.fl.us.

Thank you in advance for your cooperation in this matter. Should you have any questions or concerns regarding this letter, please do not hesitate to contact me at (850) 413-6185.

Sincerely,

A handwritten signature in cursive script that reads "Lorena A. Holley".

Lorena A. Holley
Senior Attorney

cc: Braulio L. Baez, Chairman
Lila A. Jaber, Commissioner
Aloha Utilities, Inc.
Division of Economic Regulation (Devlin, Willis)

STATE OF FLORIDA

COMMISSIONERS:
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MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

JAN - 8 PM 3:21
COMMISSION
CLERK

Public Service Commission

January 8, 2004

Senator Mike Fasano
8217 Massachusetts Avenue
New Port Richey, FL 34653

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Senator Fasano:

Enclosed is a copy of the Staff Recommendation filed in this matter on January 8, 2004. The Commission is expected to consider this Recommendation at its January 20, 2004, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference but participation is dependent on Commission vote on Issue 1. If you have any questions, please feel free to call me at (850) 413-6234.

Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:jb

Enclosure

cc: Division of the Commission Clerk and Administrative Services
Division of Economic Regulation (Merchant, Fletcher, Lingo, Stallcup, Willis)
Division of Auditing and Safety (McPherson, Vandiver)
Office of the General Counsel (Holley)

i:\010503rc\tr3.rj

COMMISSIONERS:
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J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

STATE OF FLORIDA



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

January 8, 2004

Mr. Wayne Forehand
1216 Arlinbrook Drive
Trinity, FL 34655

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Forehand:

Enclosed is a copy of the Staff Recommendation filed in this matter on January 8, 2004. The Commission is expected to consider this Recommendation at its January 20, 2004, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference but participation is dependent on Commission vote on Issue 1. If you have any questions, please feel free to call me at (850) 413-6234.

Sincerely,

A handwritten signature in black ink that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:jb

Enclosure

cc: Division of the Commission Clerk and Administrative Services
Division of Economic Regulation (Merchant, Fletcher, Lingo, Stallcup, Willis)
Division of Auditing and Safety (McPherson, Vandiver)
Office of the General Counsel (Holley)

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STATE OF FLORIDA

COMMISSIONERS:

LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

January 8, 2004

Mr. Edward O. Wood
1043 Daleside Lane
New Port Richey, FL 34655-4293

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

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Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: JANUARY 8, 2004

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: OFFICE OF THE GENERAL COUNSEL (JAEGER, HOLLEY, HELTON)
DIVISION OF ECONOMIC REGULATION (FLETCHER, MERCHANT
WILLIS, JENKINS, DEVLIN) *JPW* *MS* *JOJ* *1/8*

RE: DOCKET NO. 010503-WU - APPLICATION FOR INCREASE IN WATER
RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA
UTILITIES, INC.
COUNTY: PASCO

AGENDA: 1/20/04 - REGULAR AGENDA - POST HEARING DECISION - ONLY
ISSUE 3 IS PROPOSED AGENCY ACTION - PARTICIPATION
DEPENDENT ON VOTE ON ISSUE 1

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: THIS RECOMMENDATION COMPLETELY REPLACES THE
NOVEMBER 20, 2003 RECOMMENDATION

FILE NAME AND LOCATION: S:\PSC\ECR\WP\010503.RCM

CASE BACKGROUND

Aloha Utilities, Inc. (Aloha or utility) is a Class A water and wastewater utility in Pasco County. The utility consists of two distinct service areas: Aloha Gardens and Seven Springs. On August 10, 2001, Aloha filed an application for an increase in rates for its Seven Springs water system. By Order No. PSC-01-2199-FOF-WU, issued November 13, 2001, the Commission approved interim rates subject to refund with interest, which increased rates by 15.95%. This 15.95% interim increase was secured by the utility's deposit of those funds in an escrow account.

The Commission set final rates by Order No. PSC-02-0593-FOF-WU (Final Order), issued April 30, 2002. Among other things, the Commission denied a revenue increase, set a two-tiered inclining block rate structure, increased plant capacity charges, required certain plant improvements, and set the methodology that required a 4.87% interim refund. The utility appealed the Final Order to the First District Court of Appeal (First DCA), and sought a stay while the decision was under appellate review.

By Order No. PSC-02-1056-PCO-WU (Stay Order), issued August 5, 2002, the Commission granted in part and denied in part the utility's Motion for Stay. The Commission stayed the setting of the new rate structure, as well as the interim refund and certain plant improvement requirements. The First DCA affirmed the Final Order on May 6, 2003, Aloha Utilities v. Florida Public Service Commission, 848 So. 2d 307 (Fla. 1st DCA 2003), and subsequently denied the utility's Motion for Rehearing on June 12, 2003. The First DCA issued its mandate on June 30, 2003. As a result, the appellate review process is complete and all provisions of the Final Order are now final and effective.

By letter dated June 30, 2003, Aloha requested the release of the escrow funds above the amount required for the 4.87% refunds. Due to billing cycle constraints, the utility was unable to cease its collection of interim rates and begin collecting the final rates affirmed by the First DCA until August of this year. The utility completed the 4.87% interim refunds required by the Final Order on or about September 10, 2003.

Staff filed its original recommendation to address Aloha's request to release escrow funds for consideration at the Commission's August 5, 2003, Agenda Conference. This recommendation was deferred. A revised recommendation was filed for the December 2, 2003, Agenda Conference, but consideration on this recommendation was also deferred.

Subsequent to the utility's request for partial release of escrowed funds, the utility completed making all refunds at the 4.87% rate set forth in the Final Order. By Order No. PSC-03-1410-FOF-WU, issued December 15, 2003, the Commission recognized that Aloha had refunded \$153,510 to its customers without withdrawing any funds from the escrow account. By that Order, the Commission directed that \$153,510 of escrowed funds could be released to Aloha. That Order further recognized that the issue of additional

DOCKET NO. 010503-
DATE: January 8, 2004

refunds and release of the remaining escrowed funds would be addressed at a later date. Staff's recommendations concerning the appropriate amount of any additional refunds and disposition of the remaining escrowed funds are set out below.

The period through the issuance of the Final Order shall be referred to by staff as the rate case period. The period after the issuance of the Final Order through the utility's implementation of the final rates shall be referred to by staff as the appeal period. For the rate case period, staff is in agreement that the appropriate refund has been made. For the appeal period, staff is not in agreement, and there are a primary and two alternative recommendations.

In the process of preparing this recommendation, staff learned that the utility failed to make the required escrow deposit of \$25,866 for July 2003. When this problem was brought to the utility's attention, it subsequently deposited the required amount.

The Commission has jurisdiction pursuant to Sections 367.081 and 367.082, Florida Statutes.

DISCUSSION OF ISSUES

ISSUE 1: Should interested persons be allowed to participate?

RECOMMENDATION: Yes, pursuant to Rule 25-22.021, Florida Administrative Code, when "the Commission is considering new matters related to but not addressed at hearing," interested persons are not barred from participating. Interested persons should be given ten minutes each to discuss the appropriate calculation of the refunds and the appropriate amount and timing of the release of the remaining escrowed funds. (JAEGER)

STAFF ANALYSIS: Aloha collected interim rates prior to the issuance of the Final Order and continued to collect the interim rates during the time of appellate review. Aloha has already refunded 4.87% of the 15.95% interim increase. At issue here is what additional amount of the interim rates that were collected, if any, should be refunded to customers. Because the Commission did not address the disposition of the interim rates collected during the time the appeal was pending, staff recommends that the parties be allowed to participate at Agenda Conference pursuant to Rule 25-22.021(2), Florida Administrative Code. This rule provides that the Commission may allow participation when "considering new matters related to but not addressed at hearing." Staff further recommends that interested persons should be given ten minutes each to discuss the appropriate amount of the refund and disposition of the remaining escrowed funds.

ISSUE 2: Has Aloha made the appropriate refund of interim rates for the period January 1, 2002, through April 30, 2002 (the rate case period)?

RECOMMENDATION: Yes. Aloha has made the 4.87% refund for the rate case period required by the Final Order. (FLETCHER, DEVLIN, MERCHANT, WILLIS, JAEGER, HOLLEY, JENKINS, HELTON)

STAFF ANALYSIS: Staff recommends that the Commission find that it has already addressed the disposition of interim refunds for the rate case period. The utility has already made the 4.87% refund required by the Final Order for the rate case period. No party challenged the interim refund provisions in the Final Order and that order was affirmed on appeal. Under the doctrine of administrative finality, the refund for this period should not be revisited. See Peoples Gas System, Inc. v. Mason, 187 So. 2d 335 (Fla. 1966)

The utility collected \$102,152 in increased rates during the interim period and has previously refunded the portion of those interim rates (\$31,527) required by the Final Order. By Order No. PSC-03-1410-FOF-WU, issued December 15, 2003, the Commission ordered that \$31,527 of escrowed funds collected during the rate case period be released to the utility. The remaining \$70,625 (\$102,152 less \$31,527) will be addressed in Issue 3.

ISSUE 3: What is the appropriate calculation of refunds for the period May 1, 2002 through July 31, 2003 (the appeal period)?

PRIMARY STAFF RECOMMENDATION: In addition to the refunds set forth in Order No. PSC-02-0593-FOF-WU, i.e. 4.87%, the utility should be required to make an additional refund of \$73,696 which includes interest. As a result, the total refund would be 7.85% which includes the 4.87% amount already refunded by the utility. The additional refund amount represents the adjustment needed to bring Aloha's earned return on equity (ROE) for the appeal period (May 1, 2002 through July 31, 2003) to its newly authorized midpoint of 11.34%. Of the total balance of \$352,352 held in escrow, the additional amount that should be released to Aloha is \$278,656. The remaining \$73,696 amount should be released to the utility upon staff's verification that Aloha has made the additional refund. The additional refund should be made with interest in accordance with Rule 25-30.360(4), Florida Administrative Code. The utility should submit proper refund reports pursuant to Rule 25-30.360(7), Florida Administrative Code. The utility should treat any unclaimed refunds as contributions in aid of construction (CIAC) pursuant to Rule 25-30.360(8), Florida Administrative Code. (DEVLIN, HOLLEY)

ALTERNATIVE ONE STAFF RECOMMENDATION: The refunds for interim rates collected during the appeal period should be as set forth in Order No. PSC-02-0593-FOF-WU. Aloha has completed the required 4.87% refunds, and an analysis of its earnings during the appeal period shows that no further refund is required. As such, all funds in the escrow account should be released to Aloha and the escrow account should be closed. The utility should treat any unclaimed refunds as contributions in aid of construction (CIAC) pursuant to Rule 25-30.360(8), Florida Administrative Code. (FLETCHER, MERCHANT, WILLIS, JAEGER)

ALTERNATIVE TWO STAFF RECOMMENDATION: As discussed in Issue 2, no additional refund above the \$31,527 amount is necessary for the rate case period. Because the Final Order was upheld on appeal, and did not allow for any increase whatsoever, the total 15.95% increase for interim rates collected after April 30, 2002, should be refunded. This amounts to a total of \$397,519 without interest, or \$400,096 with interest, for the appeal period. Because the utility has already refunded \$121,983 for the appeal period, an additional \$278,113 remains to be refunded (\$400,096 less \$121,983). As security for this additional refund, Aloha should maintain \$278,113 in the escrow account. Therefore, of the total

balance of \$352,352 held in escrow, the additional amount that should be released to Aloha is \$74,239 (\$352,352 less \$278,113). The remaining \$278,113 amount of the escrow account should be released to the utility upon staff's verification that the utility has made the additional refund. The additional refund should be made with interest in accordance with Rule 25-30.360(4), Florida Administrative Code. The utility should submit proper refund reports pursuant to Rule 25-30.360(7), Florida Administrative Code. The utility should treat any unclaimed refunds as contributions in aid of construction (CIAC) pursuant to Rule 25-30.360(8), Florida Administrative Code. (JENKINS, HELTON)

STAFF ANALYSIS: The file and suspend law "was designed to provide accelerated [rate] relief without sacrificing the protections inherent in the overall regulatory scheme." Florida Power Corporation v. Hawkins, 367 So. 2d 1011, 1013 (Fla. 1979). Interim rates, which are one aspect of this scheme, were designed "to make a utility whole during the pendency of the proceeding without the interjection of any opinion testimony." Citizens v. Public Service Commission, 435 So. 2d 784, 786 (Fla. 1983). Thus, the provision of interim rates is a quick and dirty means by which a utility can obtain immediate financial relief. Citizens v. Mayo, 333 So. 2d 1, 5 (Fla. 1976).

Section 367.082, Florida Statutes, governs the setting of interim rates for water and wastewater utilities. According to paragraph (2)(a), interim rates must be designed to bring the utility up to the minimum of its last authorized rate of return. Subsection (4) sets forth guidelines for the determination of any interim refund, which include the following:

Any refund ordered by the commission shall be calculated to reduce the rate of return of the utility or regulated company during the pendency of the proceeding to the same level within the range of the newly authorized rate of return which is found fair and reasonable on a prospective basis

By Order No. PSC-01-2199-FOF-WU, issued November 13, 2001 in this docket, the Commission approved a 15.95% interim increase, subject to refund with interest. In response, Aloha opened an escrow account on October 31, 2001, to secure the funds collected subject to refund, and subsequently began depositing 15.95% of all

monthly interim revenues in the escrow account through June 30, 2003.

In its Final Order in this docket, Order No. PSC-02-0593-FOF-WU, issued April 30, 2002, the Commission set final rates for the utility. The Commission determined that Aloha was entitled to no revenue increase and modified the rate structure to a two-tiered inclining block. The Commission also established the interim refund methodology and required the utility to make an interim refund of 4.87%. In arriving at the 4.87% refund, the Commission stated:

According to Section 367.082(4), Florida Statutes, any refund must be calculated to reduce the rate of return of the utility during the pendency of the proceeding to the same level within the range of the newly authorized rate of return. Adjustments made in the rate case test period that do not relate to the period interim rates are in effect should be removed.

In this proceeding, the test period for establishment of interim rates was the twelve months ended June 30, 2001. The test year for final rates purposes was the projected year ended December 31, 2001. The approved interim rates did not include any provisions or consideration of pro forma adjustments in operating expenses or plant. The interim increase was designed to allow recovery of actual interest costs, and the floor of the last authorized range for equity earnings. Included in the interim test year were three months of expenses for purchased water from Pasco County.

To establish the proper refund amount, we calculated a revised interim revenue requirement utilizing the same data used to establish final rates. Rate case expense was excluded, because it was not an actual expense during the interim collection period. Aloha did not purchase water from Pasco County during the interim collection period. The interim collection period is from November 13, 2001 to the date that Aloha implements the final rates approved.

Using the principles discussed above, we calculated the interim revenue requirement from rates for the interim

collection period to be \$1,914,375. This revenue level is less than the interim revenue of \$2,009,292, which was granted in Order No. PSC-01-2199-FOF-WU. This results in a 4.87% refund of interim rates, after miscellaneous revenues have been removed.

Final Order, pps. 90-91. Neither the above methodology nor the 4.87% refund was raised as an issue on appeal.

Aloha began collecting interim rates in January of 2002, and the utility continued to collect interim rates while both the rate case and appeal were pending. Final rates were not implemented until August 2003, after the First DCA had affirmed the Commission's decision denying a revenue increase. Thus, the utility collected interim rates for a period of 19 months. The Final Order established the methodology for the interim refund for the first four months, when the utility collected interim rates while the rate case was pending before the Commission (January 2002 - April 2002) (the rate case period). The Commission, however, did not specifically address the appropriate refund amount for the time the interim rates continued to be collected during the appeal to the First DCA (May 2002 - July 2003) (the appeal period). Therefore, staff believes further analysis is required to determine the appropriate methodology or amount of refund that should be made for the interim rates collected during the 15-month appeal period.

The utility has already refunded 4.87% of the interim rates collected and has been allowed to withdraw a corresponding amount from escrow. This refund covers both the rate case and appeal periods. Because the utility believes that it has refunded the full amount required by the Final Order, Aloha now believes that all escrowed funds should be released.

Staff originally recommended that the refund for the whole period of interim rates be at the 4.87% rate. Therefore, staff had recommended that all funds in the escrow account not needed to cover the 4.87% refund amount be released to the utility. The Office of Public Counsel (OPC) disagreed with staff's original calculation and opposed the release of the remaining escrow funds to Aloha. In a facsimile dated August 5, 2003, OPC argued that:

any refund should be based on the simple equation of:

(What was actually)

(What should have)

(collected in a) minus (been collected in)= Refund
(Period) (the same period)

OPC also argued that in calculating the required refund the Final Order properly used the revenue requirement from that interim collection period. However, in determining the amount that Aloha actually collected during the interim collection period, OPC argued that the Final "Order did not use the interim collection period at all," but rather "the revenue requirement from an earlier period (2000/2001 split year)." According to OPC, this was error and caused a mismatch.

Now, according to its refund report dated December 16, 2003, Aloha has refunded \$153,510 which is based on the 4.87% in the Final Order through the entire interim period. The utility stated that of the total \$153,510 refund, \$139,077 was issued through credits on existing customer accounts and \$14,433 was issued through checks. Aloha also stated that \$1,311 of the checks have not been cashed and that \$359 of the checks were returned as undeliverable. The utility further stated that it would wait another 30 days for more checks to be cashed and then cancel the checks in order to book all unclaimed refunds as CIAC. Based on staff's review of the utility's refund report, it appears that Aloha has completed \$153,510 in refunds for which \$31,527 was for the rate case period and \$121,983 was for the appeal period.

As stated in Issue 2 above, staff agrees that the \$31,527 refund amount is correct for the rate case period. However, for the appeal period, there are a primary and two alternative staff recommendations set forth below.

A table depicting all three staff recommendations for the appeal period is set forth below:

DOCKET NO. 010503-WU
DATE: January 8, 2004

COMPARISON OF STAFF POSITIONS ON APPROPRIATE REFUNDS

Different Positions for Staff Recommendation of Appropriate Refund	(1) Amount Already Refunded & Released to the Utility w/ Interest	(2) Recommended Add'l Refund (includes Interest) and Amount to be Maintained in Escrow Acct.	(3) Recommended Total Refund Amount	(4) Approximate Escrow Acct. Balance as of 1/6/04 (1)	(5) Excess Security To Be Released Immediately [4 - 2]
Primary (7.85%)	\$ 153,510	\$ 73,696	\$ 227,206	\$ 352,352	\$ 278,656
Alternate 1 (4.87%)	\$ 153,510	\$ 0	\$ 153,510	\$ 352,352	\$ 352,352
Alternate 2 (15.95%)	\$ 153,510	\$ 278,113	\$ 431,623	\$ 352,352	\$ 74,239

(1) The calculation of the escrow account balance as of 12/18/03 is reflected in the following table.

Escrow Account Balance as of 12/18/03 and Commission-Ordered Escrow Balance	
Amount Deposited during Rate Case Period	\$ 102,152
Amount Deposited during Appeal Period	371,653
Interest Earned on Escrow Account	<u>6,191</u>
Total Amount Before Release of Refunded Amount (Per utility on 12/18/03)	\$ 479,996
Amount Released to Aloha, per Order No. PSC-03-1410-FOF-WS.	<u>153,510</u>
Escrow Account Balance as of 12/18/03	\$ 326,486
Under-Escrowed Amount subsequently deposited (See Issue 4)	<u>25,866</u>
Approximate Escrow Account Balance as of 1/6/04	<u>\$ 352,352</u>

PRIMARY STAFF ANALYSIS: This recommendation is based on the reasonableness of the interim rates during the appeal period. Calendar year 2002 is used as a proxy for this period because the utility's annual report is based on this period. Adjustments are then made consistent with the final order in the rate case. The calculation of the recommended refund is as follows:

		<u>Calendar Year 2002</u>
Rate Base (1)		\$814,092
ROR @ 11.34% ROE		8.78%
Allowed Net Operating Income (NOI)		\$71,479
Operating Revenue	\$1,698,615	
Adjustment:2002 Deferred Revenues (2)	<u>219,137</u>	
Adjusted Operating Revenue		\$1,917,752
Operating Expenses	\$1,861,218	
Adjustment:Remove Officer Salaries (3)	(29,350)	
Other Taxes (4)	9,861	
Income Taxes (5)	<u>(30,161)</u>	
Adjusted Operating Expenses		<u>1,811,568</u>
Achieved NOI		\$106,184
Excess NOI		\$34,706
Revenue Expansion Factor		<u>1.678885</u>
Excess Revenue on Annual Basis		\$58,267
Excess Revenue for Period 5/1/02 to 7/31/03		\$72,834
Interest		<u>862</u>
Total Interim Excess Revenue		<u>\$73,696</u>

Notes:

(1) Staff increased rate base by \$10,632, pursuant to Stipulation No.1 in Order No. PSC-02-0593-FOF-WU, p. 5.

(2) This amount represents the portion of escrowed funds after subtracting the initial refund of \$153,510 attributed to the calendar year 2002.

(3) Adjustment pursuant to Order No. PSC-02-0593-FOF-WU, p. 30.

(4) This represents the RAFs on the additional \$219,137 revenues.

(5) This figure represents the difference between staff's calculated income taxes and the amount reflected in the utility's annual report.

It would have been preferable to evaluate earnings during the appeal period (5/1/02 to 7/31/03). However, financial information for this period is not available. The 2002 annual report is the most reliable and time relevant document that can be used to gauge the reasonableness of interim rates, during the appeal period. This varies from the calendar 2001 rate case test period and the period used to evaluate the interim rates during the rate case period (January 1, 2002 through April 30, 2002).

This is consistent with Order No. PSC-92-0580-FOF-GU, In Re: Petition for a rate increase by West Florida Natural Gas Company, where the test period for evaluating interim rates (12 months ended 06/30/92) varied from the rate case test period (12 months ended 06/30/93).

Revenue requirements for interim rates may vary from final rates. This was evident in Order No. PSC-01-1274-PAA-GU, issued June 8, 2001, Docket No. 001447-GU, In Re: Request for rate increase by St. Joe Natural Gas Company, Inc. In this gas case, the interim revenue requirements were higher than final revenue requirements and the Commission found that no refund of interim was required. So, the fact that Aloha was not awarded an increase in final rates does not necessarily mean that a full refund of interim rates is warranted.

Certain adjustments were made to the 2002 annual report to be consistent with the rate case order and provide a better picture of actual 2002 results. These are footnoted above. One adjustment that was not taken into account relates to the Commission ordered conservation programs whose costs were projected to be \$120,000. Although there is some evidence that some costs have been incurred, such as the hiring of the water auditor, it is uncertain as to what extent because there was no implementation deadline. Also, it would be inappropriate to pro forma these costs when other changes would affect Aloha's earnings in 2003, such as revenue growth.

A refund of \$73,696 would bring Aloha's return on equity down to 11.34%, the newly authorized midpoint. This is consistent with Section 367.082(4), Florida Statutes, which provides:

Any refund ordered by the Commission shall be calculated to reduce the rate of return of the utility or regulated company during the pendency of the proceeding to the same level within the range of the newly authorized rate of

return which is found fair and reasonable on a prospective basis.

In addition to the refunds set forth in Order No. PSC-02-0593-FOF-WU, i.e. 4.87%, primary staff recommends that the utility should be required to make an additional refund, with interest, of \$73,696. As a result, the total refund would be 7.85% which includes the 4.87% amount already refunded by the utility. Of the total balance of \$352,352 held in escrow, the additional amount that should be released to Aloha is \$278,656. The remaining \$73,696 amount should be released to the utility upon staff's verification that Aloha has made the additional refund.

The additional refund should be made with interest in accordance with Rule 25-30.360(4), Florida Administrative Code. The utility should submit proper refund reports pursuant to Rule 25-30.360(7), Florida Administrative Code. The utility should treat any unclaimed refunds as CIAC pursuant to Rule 25-30.360(8), Florida Administrative Code.

ALTERNATIVE ONE STAFF ANALYSIS: Alternative one staff believes the central issue regarding the appropriate refund should be did the utility improperly benefit from its appeal of the Commission's Final Order, and, if so, by what amount. See GTE Florida v. Clark, 668 So. 2d 971 (Fla. 1996). To determine whether the utility was unduly enriched, alternative one staff has performed a comparative analysis of total revenue collected under interim rates and total revenue that would have been collected under the Final Order rate structure.

By letter dated August 19, 2003, Aloha provided such an analysis which shows that for the period May 2002, through the end of the refund period, July 2003 (the appeal period), the total revenue billed under interim rates was \$2,492,285. The utility's analysis also reflected that the revenue that could have been billed under the final rates would have been \$2,390,364. This represents a difference between the interim and final revenues of \$101,921, or 4.09%, which is less than the 4.87% already refunded.

On September 9, 2003, the Commission staff completed its audit of Aloha's billing analysis for the fifteen months ended July 31, 2003. The staff auditors reviewed the utility's billing analysis for the number of bills, dollars billed and gallonage for the period of May 2002 to July 2003. The staff auditors were able to

reconcile the total gallons and dollars billed that were reported in Aloha's billing analysis with the utility's billing registers for this 15-month period. Alternative one staff recalculated the revenues collected under the interim and final rates and agrees with the utility's calculation of revenues.

Section 367.081(2)(a), Florida Statutes, states that the Commission shall fix rates which are just, reasonable, compensatory, and not unfairly discriminatory. Since the Final Order rates were set pursuant to that statute, alternative one staff believes that only those revenues in excess of the revenues that would have been generated by the Final Order should be refunded, unless it is shown that Aloha is earning above its authorized range of return during the appeal period. To determine the utility's achieved rate of return for this period, alternative one staff performed a prima facie earnings review of the utility's 2002 annual report and made adjustments consistent with those required by the Final Order.

Our analysis is consistent with the analysis performed by the primary staff with one exception. In the Final Order, the Commission allowed the recovery of \$120,000 on an annual basis for conservation measures. Pursuant to the Stay Order, the Commission ordered that implementation of the conservation programs described in the Final Order shall not be stayed. Based on status reports filed by Aloha, the utility stated it had hired an individual, in the last quarter of 2002, to develop and implement a conservation program for the utility. Further, staff is aware that the utility has incurred additional costs for: 1) sponsoring a rain barrel water conservation workshop; 2) distributing conservation kits to customers, including low-flow shower heads, adjustable kitchen faucets, aerators, and dye tablet leak detectors; 3) conducting irrigation audits for customers; and 4) expanding its website to address conservation measures. Alternative one staff is not aware of the actual amount expensed during the appeal period. However, this staff believes that it is reasonable to assume that no more than \$30,000 was spent in 2002, given the estimated time frames. Accordingly, alternative one staff believes that 3/4 of the \$120,000 should be added to 2002 expense to reflect the full year allowed by the Commission in the Final Order. Thus, alternative one staff made a \$90,000 adjustment in our earnings review to increase O&M expenses for conservation measures. According to our review, Aloha is earning below its authorized range of return.

Further, alternative one staff notes that a utility is afforded the opportunity to earn a fair rate of return. This principle is set forth in Bluefield Co. v. Public Service Commission, 262 U.S. 679 (1923). In that case, the United States Supreme Court held:

The just compensation safeguarded to the utility by the Fourteenth Amendment is a reasonable return on the property used at the time that it is being used for the public service. And rates not sufficient to yield that return are confiscatory.

Bluefield at 692. Thus, alternative one staff further believes that to make Aloha refund any revenues above the calculated 4.09% would be confiscatory, unless the utility were to agree to refund a greater amount.

In its August 19, 2003 letter, Aloha had also agreed that the 4.87% refund during the entire time the interim rates were in effect was appropriate. However, Aloha also stated that if the Commission is going to change the refund percentage for the period after the final rates should have been in effect, then the percentage should actually be decreased from 4.87% to 4.09%. As stated earlier, Aloha has already refunded \$153,510 which is based on the 4.87% in the Final Order through the entire interim period. Aloha stated that \$121,006 of the total refunds are from revenues collected subsequent to the issuance of the Final Order. This represents a difference of \$19,085 (\$121,006 less \$101,921) from the calculated 4.09% refund.

In conclusion, alternative one staff recommends that the refunds for interim rates collected during the appeal period should be as set forth in the Final Order. Further, because the utility has already completed the required 4.87% refunds, alternative one staff also recommends that all funds in the escrow account be released to Aloha and the escrow account be closed.

ALTERNATIVE TWO STAFF ANALYSIS: For the reasons set out below, alternative two staff recommends that the Commission find that all interim rates collected during the appeal period be refunded to Aloha's customers.

The intent behind the Commission's final order is clear. The Commission did not intend for the utility to collect any increased

revenues. Aloha's request for a rate increase was denied because the utility failed to meet its ultimate burden of proof. See Order No. PSC-02-0593-FOF-WU, pps. 52, 68, 70, 72. Moreover, the Commission found that Aloha should receive neither a rate increase nor a decrease. See Order No. PSC-02-0593-FOF-WU, pps. 80, 85. However, by appealing the decision and collecting interim rates during the 15-month appeal period, Aloha had the benefit of the higher interim rates during this time. Since the Commission found, and the First DCA ultimately agreed, that no revenue increase was justified, it is patently unfair to allow Aloha to benefit from the higher interim rates it collected during the appeal period.

The Florida Supreme Court views ratemaking as a matter of fairness between the utility and its ratepayers. GTE Florida v. Clark, 668 So. 2d 971, 973 (Fla. 1996). In GTE, the Supreme Court reversed a Commission order that denied GTE's request to surcharge ratepayers to recover costs that the Court had previously determined had been improperly disallowed by the Commission. In making its decision, the Supreme Court relied on Village of North Palm Beach v. Mason, 188 So. 2d 778, 781 (Fla. 1966). In Mason, when deciding whether to allow the utility to collect higher rates that it was entitled to under a defective order that had been entered two years earlier, the Supreme Court stated that if the

case had involved an order decreasing rates it would be equally inequitable to allow the utility to continue to collect the old and greater rates for the period between the entry of the first and second orders.

Id. (Quoted in GTE at 973.) The Supreme Court concluded in GTE that the company's customers should not benefit and receive a windfall from an erroneous Commission order. Similarly, Aloha should not benefit and receive a windfall from its unsuccessful appeal of the Final Order. The Commission lawfully found that Aloha was not entitled to a revenue increase. Aloha's appeal of this decision was without merit. It would be unfair to require Aloha's customers to pay the higher interim rates for the 15-month period that the appeal was pending. Accordingly, Aloha should be required to refund the 15.95% interim increase that was collected during the appeal period.

This refund is consistent with the purpose of interim rates, which is to provide utilities with a "quick and dirty" means to obtain immediate financial relief while a rate case is pending.

Aloha received the immediate rate relief as was intended by the procedure. As discussed above, based on the interim statute, the Commission determined that Aloha should keep 11.08% of the interim increase for the rate case period. However, when the Commission stayed certain provisions of the Final Order and allowed Aloha to continue to collect interim rates, the Commission stated:

The Final Order on Appeal specifically requires Aloha to make refunds and modify its rate structure such that it will no longer collect the interim increase allowed by Order No. PSC-01-2199-FOF-WU.

Order No. PSC-02-1056-PCO-WU, pps. 8-9. The Commission stayed the refund and allowed Aloha to continue collecting interim rates. Because the Commission did not know if an appeal would be filed, the Final Order did not address the appropriate refund methodology for the appeal period. Further, because the appeal and subsequent stay of the final rates delayed the implementation of the appropriate final rates, the utility continued to collect a 15.95% increase to which the Final Order said it was not entitled.

Because the appeals court upheld the finding that Aloha was not entitled to any rate increase, Aloha should not be allowed to receive a windfall by its continued collection of the 15.95% interim rate increase. Although this could be interpreted as a change in policy, staff believes that, if in fact there is a change, the change has been fully justified and explained as required by Section 120.68(7)(e)3., Florida Statutes. See also Florida Cities Water Company v. Florida Public Service Commission, 705 So. 2d 620, 626 (Fla. 1st DCA 1998), (the Commission must adequately explain policy changes). Aloha should not be authorized to benefit from the continued collection of higher interim rates during the appeal period, when it did not ultimately meet its burden to justify a rate increase. In previous cases, the Commission has allowed the utilities to keep interim increases during an appeal period because the utility had at least partially justified a rate increase. That is not the case here.

For the reasons discussed above, alternative two staff recommends that the Commission require Aloha to refund to its customers the entire interim increase collected during the appeal period, including interest. As discussed in Issue 2, no additional refund above the \$31,527 amount is necessary for the rate case period. Staff has verified that Aloha has made \$121,983 in refunds

for the appeal period. Therefore, if the Commission agrees that a refund, with interest, of \$400,096 (\$431,623 less \$31,527) is appropriate for the appeal period, then only \$278,113 (\$400,096 less \$121,983) in additional refunds is required. Therefore, the utility should be required to maintain \$278,113 in the escrow account to secure the remaining amount to be refunded. Of the total balance of \$352,352 held in escrow, the additional amount that should be released to Aloha is \$74,239 (\$352,352 less \$278,113). The \$278,113 required to be maintained in the escrow account should be released upon staff's verification that the utility has made the additional refund.

The additional refund should be made with interest in accordance with Rule 25-30.360(4), Florida Administrative Code. The utility should submit proper refund reports pursuant to Rule 25-30.360(7), Florida Administrative Code. The utility should treat any unclaimed refunds as CIAC pursuant to Rule 25-30.360(8), Florida Administrative Code.

ISSUE 4: Should Aloha Utilities, Inc., be ordered to show cause, in writing within 21 days, why it should not be fined for its failure to escrow 15.95% of all revenues collected for the month of July 2003 in apparent violation of Orders Nos. PSC-01-2199-FOF-WU and PSC-02-1056-PCO-WU?

RECOMMENDATION: Yes. Aloha should be ordered to show cause, in writing within 21 days, why it should not be fined \$200 for the apparent violation of Orders Nos. PSC-01-2199-FOF-WU and PSC-02-1056-PCO-WU. The order to show cause should incorporate the conditions stated below in the staff analysis. (JAEGER, FLETCHER)

STAFF ANALYSIS: Pursuant to Order No. PSC-01-2199-FOF-WU (Interim Rate Order), Aloha began collecting interim rates designed to increase rates by 15.95%. That Order required the interim rates to be protected by either a bond, letter of credit, or escrow account. Aloha chose to use an escrow account and, pursuant to that Interim Rate Order began depositing 15.95% of all monthly revenues in that escrow account.

By the Final Order, Aloha was directed to cease charging the interim rates and begin charging new rates based on a two-tiered inclining block rate structure and designed to give Aloha no revenue increase over its original rates. However, Aloha appealed this Order and requested a stay of both the newly approved rates (i.e., allow the utility to continue charging the interim rates) and any refund requirement. By Order No. PSC-02-1056-PCO-WU (Stay Order), issued August 5, 2002, the Commission approved this portion of the request for a stay, and ordered that Aloha "shall be allowed to continue collecting the interim rates and escrowing the amounts subject to refund and making monthly reports as required by Order No. PSC-01-2199-FOF-WU."

As stated above, the First District Court of Appeal affirmed the Final Order of the Commission on May 6, 2003, denied rehearing on June 12, 2003, and issued its mandate on June 30, 2003. Because the Final Order called for a 4.87% refund and the appeal process was now finalized, the utility by letter dated June 30, 2003, requested that it be allowed to withdraw all but \$136,000 (total estimated amount of refund at the 4.87% rate) from the escrow account. In that letter, the utility further stated: "We will then escrow from this point forward, 4.87% of any monies collected under the old rates."

Although Aloha continued to collect the interim rates for July 2003, Aloha did not escrow any revenues for that month. Staff calculates that \$25,866 should have been escrowed for that month. This failure to escrow any funds for that month appears to be in direct contravention of Orders Nos. PSC-01-2199-FOF-WU and PSC-02-1056-PCO-WU, which required Aloha to escrow 15.95% of all interim revenues.

However, it should be noted that on July 23, 2003, staff filed its recommendation, recommending that "\$328,209 should be released to Aloha," and that "consistent with the Final Order, the utility should prospectively deposit 4.87% of any revenues collected under the interim rate structure." Action on this recommendation was deferred at the August 5, 2003, Agenda Conference.

By letter dated January 6, 2004, Aloha acknowledges that it did not escrow any of the July 2003 revenues, and states that it has now placed \$25,866 in the escrow account to correct this oversight. Therefore, the amount in the escrow account, except for a minimum amount of interest that would have accrued, is now correct. However, staff believes that Aloha did violate the above-noted orders, and notes that, in the past, Aloha has been put on notice that future violations would not be tolerated.¹

Section 367.161, Florida Statutes, authorizes the Commission to assess a penalty of not more than \$5,000 per day for each offense, if a utility is found to have knowingly refused to comply with, or to have willfully violated any Commission rule, order, or provision of Chapter 367, Florida Statutes. Each day that such refusal or violation continues constitutes a separate offense.

Utilities are charged with the knowledge of the Commission's orders, rules, and statutes. Additionally, "it is a common maxim, familiar to all minds that 'ignorance of the law' will not excuse any person, either civilly or criminally." Barlow v. United States, 32 U.S. 404, 411 (1833). Thus, any intentional act, such as failing to escrow 15.95% of interim revenues, would meet the standard for a "willful violation." In Order No. 24306, issued

¹ See, Order No. PSC-01-0326-FOF-SU, issued February 6, 2001, in Docket No. 991643-SU, In Re: Application for increase in wastewater rates in Seven Springs System in Pasco County by Aloha Utilities, Inc.

April 1, 1991, in Docket No. 890216-TL titled In Re: Investigation Into The Proper Application of Rule 25-14.003, Florida Administrative Code, Relating To Tax Savings Refund for 1988 and 1989 For GTE Florida, Inc., the Commission having found that the company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "'willful' implies an intent to do an act, and this is distinct from an intent to violate a statute or rule." Id. at 6.

Although the utility initially failed to escrow approximately \$25,866 of interim revenues for July 2003, staff notes that pursuant to the Final Order, Aloha had escrowed \$102,152 for the rate case period and that the Final Order only required \$31,527 in refunds for the rate case period. Therefore, if the Commission agrees with staff that no additional refunds are due for the rate case period, then there is an excess of approximately \$70,625 (\$102,152 less \$31,527 = \$70,625) remaining in the escrow account for this period. These additional revenues have not yet been released to the utility. Therefore, even without the utility having deposited the additional \$25,866 in revenues into the escrow account for the appeals period, it appears that the customers were fully protected and there was over \$40,000 in excess security remaining in the escrow account to cover any additional refunds required for the appeals period.

Despite the failure to escrow the July 2003 interim revenues, staff agrees that there was more than enough in the escrow to cover any potential refund, but this does not excuse the utility from complying with an Order of this Commission. Staff notes that upon being notified of this failure, Aloha agreed to immediately deposit the required amount. Therefore, staff recommends that Aloha should be ordered to show cause, in writing, within 21 days, why it should not be fined \$200 for the apparent violation of the requirement to escrow 15.95% of interim revenues for the month of July 2003.

Although \$200 may not appear to be a significant fine, staff notes that the customers appear to be fully protected, and the violation only happened for the one month in question following the issuance of the First District Court of Appeal's mandate. Moreover, staff believes that the utility showed good faith by depositing the correct amount upon being advised by staff of the discrepancy, and believes the fine is enough to put the utility on notice that it must comply with all rules, statutes and orders of this Commission.

DOCKET NO. 010503
DATE: January 8, 2004

Staff recommends that the show cause order incorporate the following conditions: Aloha's response to the show cause order must contain specific allegations of fact and law. Should Aloha file a timely written response that raises material questions of fact and makes a request for a hearing pursuant to Sections 120.569 and 120.57(1), Florida Statutes, a further proceeding will be scheduled before a final determination of this matter is made. If a protest is also filed and a request for a formal hearing is made on other issues in this docket, the issues will be addressed in a single hearing to be scheduled in this docket. A failure to file a timely written response to the show cause order shall constitute an admission of the facts herein alleged and a waiver of the right to a hearing on this issue. In the event that Aloha fails to file a timely response to the show cause order, the fine is deemed assessed with no further action required by the Commission. If the utility responds timely but does not request a hearing, a recommendation should be presented to the Commission regarding the disposition of the show cause order. If the utility responds to the show cause by remitting the fine, the show cause matter should be considered resolved.

DOCKET NO. 010503-
DATE: January 8, 2004

ISSUE 5: Should this docket be closed?

RECOMMENDATION: No. This docket should remain open to verify the completion of additional refunds, if any, as well as the construction of pro forma plant as required in the Final Order. (JAEGER, HOLLEY, FLETCHER)

STAFF ANALYSIS: This docket should remain open to verify the completion of additional refunds, if any, as well as the construction of pro forma plant as required in the Final Order.

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

STATE OF FLORIDA



ORIGINAL

OFFICE OF THE GENERAL COUNSEL
RICHARD D. MELSON
GENERAL COUNSEL
(850) 413-6199 AM 10:44

Public Service Commission COMMISSION
CLERK

December 18, 2003

Mr. Wayne T. Forehand
1216 Arlinbrook Drive
Trinity, Florida 34655-4556

Dear Mr. Forehand:

I am writing in response to your recent letter to Chairman Jaber, in which you reference information that the Aloha Utilities Citizens' Advisory Committee (CAC) requested from Mr. Tom Pound, Utility Director for Aloha Utilities. As you know, the CAC was created pursuant to the Commission's Final Order No. PSC-02-0593-WU, issued April 30, 2002, ~~in re: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.~~, In re: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc. That Order states that the primary purpose of the Aloha CAC would be to serve as a special communication link between Aloha customers and the utility. It is staff's sincere hope that the CAC and Aloha Utilities will continue to work together to further the communication link between the two groups.

In your letter, you also state that if urgent actions are not initiated by the Public Service Commission as soon as Dr. Levine's audit report is submitted, "the customers will have no recourse but to contemplate more effective ways of expressing their protests to obtain remedies that are long overdue." To date, Dr. Levine's audit report has not been issued. Staff has been informed by the Office of Public Counsel that the report is expected to be finalized sometime in January. In addition, you may be aware that we have received several requests to remove Docket No. 020896-WS, which addresses the petition filed by approximately 1,400 customers of Aloha, out of its state of abeyance, and to schedule appropriate procedures for a hearing. To that end, staff is planning on filing a recommendation for the Commission's February 3, 2004, Agenda Conference, in order to address these matters.

Staff's recommendation for the Commission's February 3, 2004, Agenda Conference, will be filed on January 22, 2004. I will be happy to send you a copy of staff's recommendation once it is filed. Should you have any further questions, please do not hesitate to contact me at (850) 413-6185.

Sincerely,

A handwritten signature in cursive script that reads "Lorena A. Holley".

Lorena A. Holley
Senior Attorney

cc: Lila A. Jaber, Chairman
Stephen C. Burgess, Office of Public Counsel
Aloha Utilities, Inc.
Marty Deterding, Esquire
The Honorable Mike Fasano
The Honorable Tom Anderson

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LILA A. JABER
CHAIRMAN

STATE OF FLORIDA



Docket # 010503-WU
CAPITAL CIRCLE OFFICE CENTER
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
(850) 413-6044

Public Service Commission

November 14, 2003

The Honorable Tom Anderson
Florida House of Representatives
435 U.S. 19, Suite 160
Holiday, FL 34691

RE: Aloha Utilities, Inc.

Dear Representative Anderson:

I am writing in response to your letter dated November 3, 2003, in which you request that a public hearing be scheduled to consider the wishes of the customers of Aloha Utilities, Inc. (Aloha).

As you may be aware, the Commission currently has two open dockets that relate to Aloha Utilities: Docket No. 010503-WU - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc., and Docket No. 020896-WS - Petition by customers of Aloha Utilities, Inc. for deletion of territory in Seven Springs area in Pasco County.

Docket No. 010503-WU. This docket was opened to address an application for an increase in rates for its Seven Springs water system that was filed by Aloha in August of 2001. A hearing on this application was subsequently held in Pasco County on January 9 through 11, 2002, and the Commission issued its Final Order No. PSC-02-0593-FOF-WU (Final Order) on April 30, 2002. In addition to denying Aloha's requested rate increase, our Final Order found that the overall quality of service of Aloha was unsatisfactory, and directed Aloha to implement certain directives specifically designed to improve its water treatment system. The utility appealed this decision to the First District Court of Appeal, and sought a stay. The First DCA affirmed the Commission's Final Order on May 6, 2003, and subsequently denied the utility's Motion for Rehearing on June 12, 2003. The First DCA's mandate was issued on June 30, 2003, and as a result, the appellate review is complete and all provisions of the Final Order are now final and effective.

Docket No. 020896-WS. Subsequent to Aloha's appeal of our Final Order, we received a customer petition which had been signed by approximately 1,491 residents from households located in a portion of Aloha's Seven Springs service area. Docket No. 020896-WS was established in order to address the customers' petition.

Among the various issues raised in the petition, the customers requested that an independent audit of Aloha's water processing plant and treatment methodology be conducted. Because the subject of the petition and the issues contained therein were subsumed in the appeal of the Final Order, at our November 19, 2002 Agenda Conference, we unanimously voted to hold the customer petition docket in abeyance pending the outcome of the appeal. However, during the course of discussions regarding this docket, the Office of Public Counsel (OPC) volunteered to accept the responsibility to undertake and finance an independent audit of Aloha's water processing plant and treatment methodology, which was requested by the customers in their petition.

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COMMISSION
CLERK

Representative Tom Anderson

Page 2

November 14, 2003

OPC commissioned Dr. Audrey Levine of the University of South Florida to conduct the independent audit, the final results of which are expected to be published in the near future. Commission staff has informed me that the parties are moving forward with respect to the final testing needed to complete the independent audit, and hope to have the audit complete before the end of this year.

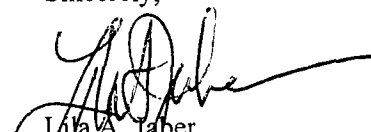
A meeting was recently held among members of the Commission staff that are assigned to these dockets, representatives from the utility, representatives from the Office of Public Counsel, several customers, and a representative from Senator Mike Fasano's office. One of the purposes of the meeting was to discuss recent letters in which requests were made that the Commission hold a hearing to address the customers' petition by the first week of November.

During the course of the meeting, Commission staff confirmed that all parties are in agreement with respect to OPC's Independent Audit moving forward, and are also in agreement that no further action should be taken with respect to Docket No. 020896-WS until after the report has been completed, published, and until the parties have been given the opportunity to study its contents.

Accordingly, Docket No. 020896-WS will continue to be held in abeyance until the events described above are completed. At that time, the Commission will be able to determine the next appropriate steps that should be taken and whether that includes holding a public hearing. If the Commission ultimately decides to conduct a public hearing on the matter, it will be held in the utility's service area.

I hope this letter addresses your concerns. Should you have any specific questions with respect to either of the dockets referenced herein, please do not hesitate to contact either Marshall Willis at (850)413-6914, or Lorena Holley at (850)413-6185, both of whom are Commission staff members assigned to these dockets.

Sincerely,



Lila A. Jaber
Chairman

cc: Commission Clerk and Administrative Services
All Parties of Record (Docket Nos. 010503-WU and 020896-WS)

2435 U.S. 19, Suite 160
Holiday, FL 34691
(727) 943-4760



1102 The Capitol
402 South Monroe Street
Tallahassee, FL 32399-1300
(850) 488-8528

Florida House of Representatives

Representative Tom Anderson
District 45

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Florida Public Service Commission
CHAIRMAN JABER

November 3, 2003

Lila Jaber, Chairman
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Dear Ms. Jaber:

I am writing to you to request a public hearing of the Florida Public Service Commission to consider the wishes of the customers of Aloha Utilities.

As captive customers of Aloha, they have endured years of unacceptable drinking water. Having exhausted other means to audit or improve Aloha's water quality, these citizens deserve to be heard.

Please seriously consider scheduling a public hearing after the holidays in the southwest Pasco County area where their customer base lies.

Sincerely,

A handwritten signature in cursive script that reads "Tom Anderson".

Tom Anderson
Representative
District 45

TA/tc

Kay Flynn

010503

From: Denise Karnes
Sent: Friday, September 26, 2003 10:16 AM
To: Alina Dieguez; Beth Salak; Betty Ashby; Bev DeMello; Blanca Bayo; Bob Trapp; Braulio Baez; Breda Platt; Carol Purvis; Cayce Hinton; Charles Davidson; Chuck Hill; Cindy Miller; Dan Hoppe; Della Fordham; Diane Lee; Dorothy Boone; Harold McLean; Hurd Reeves; J. Terry Deason; Jane Fautot; Janet Brunson; Janet Harrison; JoAnn Chase; Jorge Chamizo; Kathleen Stewart; Katrina Tew; Kay Flynn; Kay Posey; Kevin Bloom; Kevin Neal; Larry Harris; Lila Jaber; Martha Golden; Mary Bane; Mary Macko; Norma Jenkins; Pat Dunbar; Patsy White; Richard Tudor; Roberta Bass; Rudy Bradley; Sharon Allbritton; Susan Howard; Tarik Noriega; Thelma Crump; Tim Devlin; Veronica Washington
Subject: Items of Interest at Upcoming Agenda Conference, 9/30/03

A news release was faxed to the daily newspapers this morning, 9/26/03, and may be viewed by clicking the link below:

<http://www.psc.state.fl.us/>

WARNING:

Changes in appearance and in display of formulas, tables, and text may have occurred during translation of this document into an electronic medium. This HTML document may not be an accurate version of the official document and should not be relied on.

For an official paper copy, contact the Florida Public Service Commission at contact@psc.state.fl.us or call (850) 413-6770. There may be a charge for the copy.

State of Florida

Public Service Commission

NEWS RELEASE

September 26, 2003 Contact: 850-413-6482

Items of Interest at Upcoming Agenda Conference, 9/30/03

TALLAHASSEE -- The following items are among those scheduled for consideration by the Commission at the September 30, 2003, Agenda Conference.

ITEM 5 - DOCKET NO. 030867-TL - PETITION BY VERIZON FLORIDA INC. TO REFORM INTRASTATE NETWORK ACCESS AND BASIC LOCAL TELECOMMUNICATIONS RATES IN ACCORDANCE WITH SECTION 364.164, FLORIDA STATUTES.

DOCKET NO. 030868-TL - PETITION BY SPRINT-FLORIDA, INCORPORATED TO REDUCE INTRASTATE SWITCHED NETWORK ACCESS RATES TO INTERSTATE PARITY IN REVENUE-NEUTRAL MANNER PURSUANT TO SECTION 364.164(1), FLORIDA STATUTES.

DOCKET NO. 030869-TL - PETITION FOR IMPLEMENTATION OF SECTION 364.164, FLORIDA STATUTES, BY REBALANCING RATES IN A REVENUE-NEUTRAL MANNER THROUGH DECREASES IN INTRASTATE SWITCHED ACCESS CHARGES WITH OFFSETTING RATE ADJUSTMENTS FOR BASIC SERVICES, BY BELLSOUTH TELECOMMUNICATIONS, INC. The Commission will consider a staff recommendation addressing the Office of Public Counsel's Motions to Dismiss the Petitions associated with the Tele-Competition Innovation and Infrastructure Enhancement Act.

ITEM 8 - DOCKET NO. 010503-WU - APPLICATION FOR INCREASE IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA UTILITIES, INC. The Commission will evaluate a staff recommendation addressing Aloha's Motion for Extension of Time to Comply with the PSC's Final Order in Aloha's last water rate case.

ITEM 15 - DOCKET NO. 030884-EU - OBJECTIONS TO FLORIDA POWER & LIGHT COMPANY'S 2003 REQUEST FOR PROPOSALS FILED AUGUST 25, 2003, BY FLORIDA PARTNERSHIP FOR AFFORDABLE COMPETITIVE ENERGY (PACE) AND SOME INDIVIDUAL MEMBER COMPANIES. The Commission will review a staff recommendation regarding Florida Power & Light Company's (FPL) Motion to Exclude PACE from the Bid Rule Objection Process, and will consider whether PACE's Objections to FPL's Request for Proposals indicate a violation of any portion of Rule 25-22.082, Florida Administrative Code.

ITEM 20 - DOCKET NO. 021249-TP - COMPLAINT OF SUPRA TELECOMMUNICATIONS AND INFORMATION SYSTEMS, INC. AGAINST BELL SOUTH TELECOMMUNICATIONS, INC. FOR NON-COMPLIANCE WITH COMMISSION ORDER PSC-02-0878-FOF-TP. The Commission will address a staff recommendation regarding BellSouth, Inc.'s request to dismiss the FastAccess complaint filed by Supra.

#

ORIGINAL

STATE OF FLORIDA

COMMISSIONERS:

LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON



OFFICE OF THE GENERAL COUNSEL
RICHARD D. MELSON
GENERAL COUNSEL
(850) 413-6199
RECEIVED 11-SC
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Public Service Commission

COMMISSION
CLERK

November 24, 2003

Edward O. Wood
1043 Daleside Lane
New Port Richey, FL 34655-4293

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Wood:

Enclosed is a copy of the Staff Recommendation filed in this matter on November 20, 2003. The Commission is expected to consider this Recommendation at its December 2, 2003, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe/participate. However, please note that participation is dependent on vote on Issue 1. If you have any questions, please feel free to call me at (850) 413-6234.

Sincerely,

Handwritten signature of Ralph R. Jaeger.

Ralph R. Jaeger
Senior Attorney

RRJ:jb
Enclosure

cc: Division of the Commission Clerk and Administrative Services
Division of Economic Regulation (Merchant, Fletcher, Lingo, Stallcup, Willis)
Division of Auditing and Safety (McPherson, Vandiver)
Office of the General Counsel (Holley)

ORIGINAL

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

September 18, 2003

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COMMISSION
CLERK

Mr. Edward O. Wood
1043 Daleside Lane
New Port Richey, Florida 34655-4293

Re: ~~Docket No. 010503-WB~~ Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Wood:

Enclosed is a copy of the Staff Recommendation filed in this matter on September 18, 2003. The Commission is expected to consider this Recommendation at its September 30, 2003, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe. Because this is a post-hearing decision, participation is limited to Commissioners and Staff, however, participation may be allowed at the Commissioner's discretion. If you have any questions, please feel free to call me at (850) 413-6185.

Sincerely,

A handwritten signature in cursive script that reads "Lorena A. Holley".

Lorena A. Holley
Senior Attorney

LAH/dm

cc: Division of the Commission Clerk and Administrative Services

I:\010503\010503-rec-ltr.lah

ORIGINAL

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

September 19, 2003

RECEIVED PSC
03 SEP 19 PM 1:28
COMMISSION
CLERK

V. Abraham Kurien, M.D.
1822 Orchardgrove Avenue
New Port Richey, FL 34655

Re: ~~Dr. V. Abraham Kurien~~ Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Dr. Kurien:

Enclosed is a copy of the Staff Recommendation filed in this matter on September 18, 2003. The Commission is expected to consider this Recommendation at its September 30, 2003, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe. Because this is a post-hearing decision, participation is limited to Commissioners and Staff, however, participation may be allowed at the Commissioner's discretion. If you have any questions, please feel free to call me at (850) 413-6185.

Sincerely,

A handwritten signature in cursive script that reads "Lorena A. Holley".

Lorena A. Holley
Senior Attorney

LAH/dm

cc: Division of the Commission Clerk and Administrative Services

I:\010503\010503-rec-ltr.lah

STATE OF FLORIDA

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J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

September 19, 2003

Mr. Wayne Forehand
1216 Arlinbrook Drive
Trinity, FL 34655

Re: Docket No. 010503-WU - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Forehand:

Enclosed is a copy of the Staff Recommendation filed in this matter on September 18, 2003. The Commission is expected to consider this Recommendation at its September 30, 2003, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

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Sincerely,

A handwritten signature in cursive script that reads "Lorena A. Holley".

Lorena A. Holley
Senior Attorney

LAH/dm

cc: Division of the Commission Clerk and Administrative Services

FA010503\010503-rec-ltr.lah

Kay Flynn

010503-WU

From: Mary Anne Helton
Sent: Thursday, September 04, 2003 9:41 AM
To: JoAnn Chase
Cc: Nicki Garcia; Kay Flynn; Sandy Moses; Rose Thompson; Jackie Edwards; Lorena Holley; Ralph Jaeger; Tim Devlin; Marshall Willis; Connie Kummer; Cayce Hinton; Mary Macko
Subject: Docket No. 010503-WU - Aloha Utilities, Inc.

JoAnn, Tim and I spoke to Commissioner Deason, and he has agreed to be added to the panel for the above docket. Please let me know if there is anything further I need to do to accomplish this. We plan to file a recommendation today for which Deason should be listed as a panel member.

Mary Anne Helton
Attorney Supervisor
Florida Public Service Commission
Office of General Counsel
Economic Regulation Section
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0862
(850) 413-6096 (voice)
(850) 413-6250 (fax)
mhelton@psc.state.fl.us

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GENERAL COUNSEL
(850) 413-6199

Public Service Commission

July 25, 2003

COMMISSION
CLERK

RECEIVED PSC
JUL 28 AM 10:39

V. Abraham Kurien, M.D.
1822 Orchardgrove Avenue
New Port Richey, FL 34655

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Dr. Kurien:

Enclosed is a copy of the Staff Recommendation filed in this matter on July 24, 2003. The Commission is expected to consider this Recommendation at its August 5, 2003, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe. However, because this is a post-hearing decision, participation is limited to Commissioners and Staff. If you have any questions, please feel free to call me at (850) 413-6234.

Sincerely,

A handwritten signature in cursive script, reading "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:jb

Enclosure

cc: Division of the Commission Clerk and Administrative Services
Division of Economic Regulation (Merchant, Fletcher, Lingo, Stallcup, Willis)
Division of Auditing and Safety (McPherson, Vandiver)
Office of the General Counsel (Holley)

i:\010503rcltr2.rnj

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OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

July 25, 2003

Margaret Lytle
Southwest Florida Water Management District
2379 Broad Street
Brooksville, FL 34604-6899

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Ms. Lytle:

Enclosed is a copy of the Staff Recommendation filed in this matter on July 24, 2003. The Commission is expected to consider this Recommendation at its August 5, 2003, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

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Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:jb

Enclosure

cc: Division of the Commission Clerk and Administrative Services
Division of Economic Regulation (Merchant, Fletcher, Lingo, Stallcup, Willis)
Division of Auditing and Safety (McPherson, Vandiver)
Office of the General Counsel (Holley)

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OFFICE OF THE GENERAL COUNSEL
HAROLD A. McLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

July 25, 2003

The Honorable Mike Fasano
8217 Massachusetts Ave.
New Port Richey, FL 34653

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Fasano:

Enclosed is a copy of the Staff Recommendation filed in this matter on July 24, 2003. The Commission is expected to consider this Recommendation at its August 5, 2003, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

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Sincerely,

A handwritten signature in black ink, appearing to read "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:jb

Enclosure

cc: Division of the Commission Clerk and Administrative Services
Division of Economic Regulation (Merchant, Fletcher, Lingo, Stallcup, Willis)
Division of Auditing and Safety (McPherson, Vandiver)
Office of the General Counsel (Holley)

i:\010503rcltr2.rnj

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HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

July 25, 2003

F. Marshall Deterding, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Dr.
Tallahassee, Florida 32301

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Deterding:

Enclosed is a copy of the Staff Recommendation filed in this matter on July 24, 2003. The Commission is expected to consider this Recommendation at its August 5, 2003, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

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Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:jb

Enclosure

cc: Division of the Commission Clerk and Administrative Services
Division of Economic Regulation (Merchant, Fletcher, Lingo, Stallcup, Willis)
Division of Auditing and Safety (McPherson, Vandiver)
Office of the General Counsel (Holley)

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RUDOLPH "RUDY" BRADLEY



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

July 25, 2003

Stephen Burgess, Esquire
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, #812
Tallahassee, Florida 32399-1400

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Burgess:

Enclosed is a copy of the Staff Recommendation filed in this matter on July 24, 2003. The Commission is expected to consider this Recommendation at its August 5, 2003, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

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Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:jb

Enclosure

cc: Division of the Commission Clerk and Administrative Services
Division of Economic Regulation (Merchant, Fletcher, Lingo, Stallcup, Willis)
Division of Auditing and Safety (McPherson, Vandiver)
Office of the General Counsel (Holley)

i:\010503rc\ctr3.mj

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OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

July 25, 2003

Mr. Edward Wood
1043 Daleside Lane
New Port Richey, Florida 34655-4293

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Wood:

Enclosed is a copy of the Staff Recommendation filed in this matter on July 24, 2003. The Commission is expected to consider this Recommendation at its August 5, 2003, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

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Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:jb
Enclosure

cc: Division of the Commission Clerk and Administrative Services
Division of Economic Regulation (Merchant, Fletcher, Lingo, Stallcup, Willis)
Division of Auditing and Safety (McPherson, Vandiver)
Office of the General Counsel (Holley)

i:\010503rcltr4.rnj

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TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

May 15, 2003

COMMISSION
CLERK

MAY 15 AM 11:29

RECEIVED-PSC

Mr. Wayne T. Forehand
1216 Arlinbrook Drive
Trinity, FL 34655-4556

Re: Docket No. 010503-WU - The Citizens Advisory Committee (CAC) for Aloha Utilities, Inc.

Dear Mr. Forehand:

The Chairman has forwarded your April 30, 2003, letter to me and the Office of General Counsel for an appropriate response. In your letter, you set out the following two concerns regarding the formation of the CAC for Aloha Utilities, Inc.:

- 1) whether, as stated in Article X of the CAC Bylaws, the Commission would provide indemnification for the CAC for civil legal issues arising from participation on the CAC; and
- 2) whether the Commission would designate funding from Aloha's O&M expenses to meet CAC 2003 meeting expense of perhaps \$1,000.

With regard to your first concern related to indemnification, the Commission's Office of General Counsel has advised me that a similar situation was addressed in the Attorney General Opinion 95-12. In that Opinion, Attorney General Butterworth stated as follows:

The sovereign immunity of the state in tort has been waived to the extent provided in Section 768.28, Florida Statutes (1994 Supp.), and the Department of Health and Rehabilitative Services may not enter into an agreement containing indemnification or hold harmless provisions that alter the state's waiver of immunity in tort or otherwise impose liability on the department for which it would not otherwise by law be responsible.

It is the opinion of legal staff that Attorney General Opinion 95-12 would be applicable in this situation and what you request would likewise be prohibited, i.e. the Commission could not commit to such indemnification. Therefore, staff believes that this provision (Article X) should be stricken in its entirety.

Mr. Wayne T. Forehand
Page 2
May 15, 2003

Regarding your second concern related to meeting expenses, staff recognizes that the Commission's Order No. PSC-02-0593-FOF-WU (Final Order), issued April 30, 2002, does provide the following:

CAC meetings would be open to public, and any Aloha customer could attend . . .
The CAC would also conduct citizen meetings in each of the target areas, meet with representatives of neighborhood organizations, disseminate information throughout Aloha's community, and go door-to-door to ensure that citizens are aware of CAC activities.

In an effort to assist the CAC to secure meeting locations, staff has conducted a search for possible locations to hold CAC meetings. The following is a location that the CAC could hold its meetings at no charge.

Regency Park Library, 9701 Little Road, New Port Richey, FL 34654.

Capacity: 50 people.

Hours of Operation: Monday & Tuesday from 12:00 noon to 9:00 p.m., Wednesday & Thursday from 10:00 p.m. to 6:00 p.m., and Friday & Saturday from 10:00 p.m. to 5:00 p.m.

Contact Person to Reserve Room: Rose Keeler at (727) 861-3049.

According to Aloha Utilities, Inc. (Aloha or utility), the first organizational meeting of the CAC was held at the Heritage Springs Clubhouse at no charge. As such, staff suggests contacting the homeowner associations throughout the utility's service area to explore the availability of other possible clubhouses at no charge. Staff also suggests exploring the availability of any community centers at no charge.

As stated in the Commission's Final Order, the primary purpose of the CAC is "to serve as a special communication link between Aloha customers and the utility." Given that purpose, staff believes the Commission did not envision that there would be expenses incurred to secure a location for CAC meetings. Staff suggests that the CAC focus on specific areas within the service territory to conduct its citizen meetings, in order to limit the location capacity requirement.

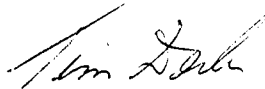
Mr. Wayne T. Forehand

Page 3

May 15, 2003

The opinions contained in this letter are those of Commission staff and do not bind the Commission's decision on any future vote on this matter. Thank you for your comments and I hope that this letter addresses your concerns. If you have any questions, please contact Ralph Jaeger of legal staff at (850) 413-6234 or Bart Fletcher of technical staff at (850) 413-7017 regarding your concerns.

Sincerely,

A handwritten signature in dark ink, appearing to read "Tim Devlin", written in a cursive style.

Timothy Devlin
Director

TD:sbf

cc: Chairman's Office (Chase)
Dr. Mary Bane, Executive Director
Division of Economic Regulation (Jenkins, Willis, Merchant, Fletcher)
Office of the General Counsel (McLean, Helton, Jaeger, Holley)
Division of the Commission Clerk & Administrative Services
Stephen G. Watford, Aloha Utilities, Inc.

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BLANCA S. BAYO
DIRECTOR
(850) 413-6770 (CLERK)
(850) 413-6330 (ADMIN)

Public Service Commission

September 13, 2002

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DOCUMENT NO. 05252-07		
DISTRIBUTION: GCL		

Jon S. Wheeler, Clerk
First District Court of Appeal of Florida
District Court Building
Tallahassee, Florida 32301

Re: Aloha Utilities, Inc. vs. Lila C. Jaber, Chairman, et al. (Docket No. 010503-WU)

Dear Mr. Wheeler:

The record in the above-referenced case, consisting of nine binders, ten hearing transcripts, and four pouches of hearing exhibits is forwarded for filing in the Court. A copy of the final index is enclosed for your use. Please initial and date the copy of this letter to indicate receipt.

Do not hesitate to call me at 413-6744 if you have any questions about the contents of this record.

Sincerely,

14

Kay Flynn, Chief
Bureau of Records and Hearing Services

Enclosure

cc: F. Marshall Deterding, Esquire
Samantha Cibula, Esquire
Stephen Burgess, Esquire
Representative Mike Fasano
Edward O. Wood

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(850) 413-6330 (ADMIN)

Public Service Commission

September 13, 2002

Jon S. Wheeler, Clerk
First District Court of Appeal of Florida
District Court Building
Tallahassee, Florida 32301

Re: Aloha Utilities, Inc. vs. Lila C. Jaber, Chairman, et al. (Docket No. 010503-WU)

Dear Mr. Wheeler:

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Sincerely,

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Kay Flynn, Chief
Bureau of Records and Hearing Services

Enclosure

cc: F. Marshall Deterding, Esquire
Samantha Cibula, Esquire
Stephen Burgess, Esquire
Representative Mike Fasano
Edward O. Wood

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vs.
Lila A. Jaber, Chairman, et al.
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1st District Court of Florida
Case No. 1D02-2147

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akt file

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770 (CLERK)
(850) 413-6330 (ADMIN)

Public Service Commission

August 13, 2002

F. Marshall Deterding, Esquire
John L. Wharton, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

**Re: First District Court Case No. 1D02-2147 - Aloha Utilities, Inc.
vs. Lila A. Jaber, Chairman, et al. (Docket No. 010503-WU)**

Dear Mr. Deterding:

Enclosed is amended page seven to the index to the above-referenced docket on appeal. The amended page indicates the addition of the Commission vote sheet from the April 2, 2002 conference to be included in the record. Please let me know if you have any questions concerning the contents of the record.

It is our understanding that the record is due to be filed with the court on or before September 13, 2002.

Sincerely,

Kay Flynn
Kay Flynn, Chief
Bureau of Records and Hearing Services

KF:mhl

cc: Samantha Cibula, Esquire

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STATE OF FLORIDA

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BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770 (CLERK)
(850) 413-6330 (ADMIN)

Public Service Commission

August 9, 2002

F. Marshall Deterding, Esquire
John L. Wharton, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blainstone Pines Drive
Tallahassee, Florida 32301

Re: 1st District Court Case No. 1D02-2147 - Aloha Utilities, Inc. vs. Lila A. Jaber, Chairman,
et al. (Docket No. 010503-WU)

Dear Mr. Deterding:

I have enclosed an invoice reflecting charges for preparation of the above-referenced record. Please forward a check in the amount indicated, made payable to the Florida Public Service Commission, at your earliest convenience.

Do not hesitate to call if you have any questions concerning this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kay Flynn".

Kay Flynn, Chief
Bureau of Records and Hearing Services

KF:mhl
Enclosure

FLORIDA PUBLIC SERVICE COMMISSION

2540 Shumard Oak Blvd. ♦ Tallahassee, Florida 32399-0850

Date: 8/9/02

To: F. Marshall Deterding, Esquire
John L. Wharton, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blainstone Pines Drive
Tallahassee, Florida 32301

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Amount Paid _____

Check # _____

☐ Check ☐ Cash

PSC Signature _____

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1	Certificate of Director	@4.00	4.00
4	Enlarged Maps	@3.37	3.37
TOTAL			\$218.52

LAW OFFICES
ROSE, SUNDSTROM & BENTLEY, LLP
2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

(850) 877-6555

CHRIS H. BENTLEY, P.A.
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Of Counsel
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Kay Flynn, Chief
Bureau of Records and Hearing Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

010503-WU

Re: Aloha Utilities, Inc.; Case No. 1D02-2147
Our File No. 26038.35

Dear Kay:

After a quick review of the index to the record that you provided to me, I wanted to note two apparent deficiencies that I have found.

First, Late-Filed Exhibit No. 36 was not noted. This exhibit should include not only the Consent Agreement forwarded with my February 12, 2002 letter, but also the two follow up letters dated February 20, 2002 and February 28, 2002 and the attachments thereto. These all constituted Late-Filed Exhibit No. 36.

The index did not include a copy of the Vote Sheets from the Commission's April 2, 2002 agenda conference.

We will continue to review the index and let you know if we find any other errors.

If you have any questions in this regard, or if you have any problems with the addition of these two items, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY


F. Marshall Deterding
For The Firm

FMD/tms
cc: Mr. Stephen Watford

aloha\35\flynn.ltr

8.13.02
Unclued
4.2.02 Vote Sheet
Un. Vol. 8. pg. 1560A
+ sent out to parties

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LILA A. JABER, CHAIRMAN
J. TERRY DEASON
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MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

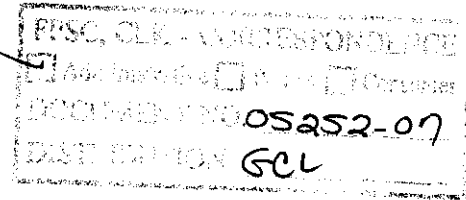
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DIRECTOR
(850) 413-6770 (CLERK)
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Public Service Commission

July 16, 2002



F. Marshall Deterding, Esquire
John L. Wharton, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blainstone Pines Drive
Tallahassee, Florida 32301

**Re: First District Court Case No. 1D02-2147 - Aloha Utilities, Inc.
vs. Lila A. Jaber, Chairman, et al. (Docket No. 010503-WU)**

Dear Mr. Deterding:

Enclosed is an index to the above-referenced docket on appeal. Please look the index over and let me know if you have any questions concerning the contents of the record.

It is our understanding that the record is due to be filed with the court on or before September 13, 2002.

Sincerely,

A handwritten signature in cursive script that reads "Kay Flynn".

Kay Flynn, Chief
Bureau of Records and Hearing Services

KF:mhl

cc: Samantha Cibula, Esquire

I N D E X

Aloha Utilities, Inc.
vs.
Lila A. Jaber, Chairman, et al.
PSC Docket No. 010503-WU

1st District Court of Florida
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Letter dated June 20, 2002 from F. Marshall Deterding to Jon S. Wheeler with attached completed docketing statement, filed June 20, 2002	1788
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Notice of filing agenda conference transcript with attached transcript of agenda conference, Item No. 11, held April 2, 2002 in Tallahassee, on behalf of Aloha, filed July 1, 2002	1800
Memorandum from Commission's Divisions of Economic Regulation, Consumer Affairs, and Office of the General Counsel to Division of the Commission Clerk and Administrative Services, filed July 11, 2002	1834
Certificate of Director, Division of the Commission Clerk and Administrative Services	1849

HEARING TRANSCRIPTS AND EXHIBITS

Transcript of hearing held January 9, 2002, Volume 1, pages 1 through 196 (reference court reporter's original page numbers in this and all succeeding volumes)
Transcript of hearing held January 9, 2002, Volume 2, pages 197 through 253
Transcript of hearing held January 9, 2002, Volume 3, pages 254 through 349
Transcript of hearing held January 10, 2002, Volume 4, pages 350 through 535
Transcript of hearing held January 10, 2002, Volume 5, pages 536 through 693
Transcript of hearing held January 10, 2002, Volume 6, pages 694 through 862
Transcript of hearing held January 10, 2002, Volume 7, pages 863 through 948
Transcript of hearing held January 11, 2002, Volume 8, pages 949 through 1131
Transcript of hearing held January 11, 2002, Volume 9, pages 1132 through 1335
Transcript of hearing held January 11, 2002, Volume 10, pages 1336 through 1446
Hearing Exhibits 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, and 37 from January 9-11, 2002 Hearing

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

July 11, 2002

RECEIVED PSC
JUL 15 PM 4:09
COMMISSION
CLERK

V. Abraham Kurien, M. D.
1822 Orchardgrove Avenue
New Port Richey, FL 34655

Re: Docket No. 010503-WU - Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Dr. Kurien:

Thank you for your letter dated June 27, 2002, concerning the problems that the customers of Aloha Utilities, Inc., (Aloha) continue to experience with the formation of copper sulfide. Your Review of Aloha's Water Processing Method and Processing Plant shows that you have spent a lot of time analyzing this problem, and, despite your disclaimers, appears to be quite extensive.

I will forward your letter and attached "Review" to the staff engineer, the attorney for Aloha, and to our Division of the Commission Clerk and Administrative Services for placement in the correspondence side of the docket file.

As you note, Aloha appealed Order No. PSC-02-0593-FOF-WU, issued on April 30, 2002, and on June 14, 2002, filed its motion requesting a stay of that order. The Office of the Public Counsel (OPC) responded to this motion on June 21, 2002, and the Commission is scheduled to consider staff's recommendation on Aloha's request for stay and OPC's response at the July 23, 2002, Agenda Conference. The Commission should make a determination at this Agenda Conference of what portions of Order No. PSC-02-0593-FOF-WU should be stayed. Because of the appeal, the Commission loses jurisdiction over the rate case and cannot take actions that would interfere with the jurisdiction of the First District Court of Appeals.

V. Abraham Kurien, M. D.

Page 2

July 11, 2002

Again, thank you for your letter and the time that you have spent analyzing this copper sulfide problem. If I can be of any further assistance, please contact me at 850-413-6234 or write me at this address.

Sincerely,

A handwritten signature in black ink, reading "Ralph R. Jaeger". The signature is written in a cursive style with a large, stylized "R" and "J".

Ralph R. Jaeger
Senior Attorney

RRJ:jb

Enclosure

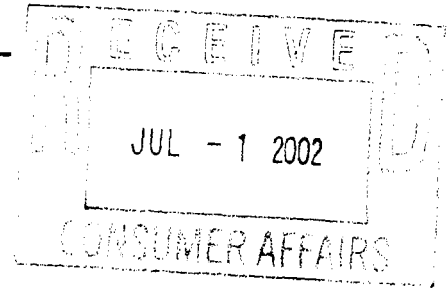
cc: F. Marshall Deterding
Division of Economic Regulation (Willis, Wetherington)
Division of Commission Clerk and Administrative Services
Representative Mike Fasano
Mr. Edward Wood
Office of Public Counsel (Burgess)

I:\kurienltr.rj

ORIGINAL

ORIGINAL

V. Abraham Kurien, M. D.
1822 Orchardgrove Avenue
NEW PORT RICHEY, FL 34655
Tel: 727 376-9747



PUBLIC SERVICE COMMISSION
STATE OF FLORIDA
2540 SHUMARD OAK BOULEVARD,
TALLAHASSEE, FL 32399-0850

010503-WU

June 27, 2002

Gentlemen,

I have heard from Mr Charles Wood that Aloha Utilities has filed a motion to appeal in First District Court the PSC Order No 02-593-FOF-WU issued on April 30, 2002. Further, I understand that Aloha has requested PSC for a stay of the same Order, till the Court has disposed of its appeal.

The Citizens' Advisory Committee, which Aloha had indicated it would form to give customers an opportunity to address issues of concern to them about Aloha's potable water supply, has thus suffered a 'still birth'! As an advocate of that proposal during the PSC hearing of January 2002, I must admit that I am disappointed, but not surprised.

In the absence of such a platform for creative discussions, it seems appropriate that I communicate my concerns about Aloha's water processing methodology and physical plant directly with you. I have not been able to get all the information that I would have liked to make this a more comprehensive review, but I have pieced together a picture, which I would like to offer as an explanation of why Aloha has not been able to deal with the problems that the citizens of Seven Springs area are continuing to experience.

I am sending a copy of this review to the Office of Public Counsel as it also prepares to defend the interests of the citizens in court. You may forward a copy of this document to Aloha if you would like to do so. If Aloha Utilities is willing to share other information that it may have with you, you may be able to create a more revealing and more accurate review.

Thank you for the opportunities you have given me to communicate with you and try to solve the problems the customers have been experiencing for many years.

Yours sincerely,

V. Abraham Kurien

V. Abraham Kurien

AUS _____
CAF _____
CMP _____
COM _____
CTR _____
ECR _____
GCL _____
OPC _____
MMS _____
SEC _____
OTH _____

A REVIEW OF ALOHA'S WATER PROCESSING METHOD AND PROCESSING PLANT

INTRODUCTION: *Whenever concerns are raised about the quality of potable water, the characteristics of raw water, the processing methods used, the physical plant of the Utility and standards established for the finished product must **all** be carefully reviewed.*

Normally this is done in co-operation with the Utilities concerned, the Bureau of Water Quality Regulation of the Department of Environmental Protection and using the basic data available about the nature of raw water that undergoes processing. Unfortunately, the unwillingness of Aloha Utilities to answer queries concerning its methods of processing, its physical plant and to share essential data about raw water characteristics have necessitated some assumptions in this review. Data have been pieced together from a variety of sources, but they are individually acknowledged.

RAW WATER: ITS SOURCE AND ITS CHEMISTRY

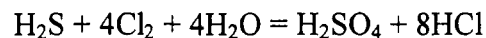
Underground Florida Aquifer is the source of Aloha's raw water supply. A number of wells in different fields contribute towards the total volume of extracted water. Since the wells that have been considered to supply most of the water that is delivered to the Seven Springs Area comes from Wells 8 and 9, detailed discussion is limited to this source.

Underground water in many areas of Florida contain hydrogen sulfide and this has been acknowledged by DEP, Aloha Utilities and the many studies undertaken to try to solve the 'black water' problem and complaints of rotten egg smell in domestic water. Wells 8 and 9 are not known to be an exception to this fact, though as far as I could discover, a test well was not drilled to assess the suitability of these wells to act as sources for potable water prior to bringing them on line in late 1995. According to Mr Gerald Frost of the Tampa Office of the DEP the only data available in DEP records of any attempt to determine the concentration of hydrogen sulfide in these wells was in 1996. An 'odor test' was recorded at a level of '0', using the limited capacities of a human nose!. Since the DEP at the State and Federal levels have no mandatory requirement for sulfide measurement, it is not surprising that no chemical measurements were made at that time or have been recorded subsequently. At least according to Mr David Porter, the Water Engineering consultant for Aloha, Aloha Utilities does not measure sulfide concentrations in raw water. But Southern Analytical Laboratories reported to PSC in 1999 values as high as 1.8mg/l in raw water from **well 8** and 2.6mg/l in raw water from **well 9**.

PROCESSING METHOD

The only processing that Aloha undertakes of the raw water that it extracts is the addition of chlorine. The purpose of chlorination is two fold: to convert sulfides into sulfate and to disinfect water. The desire to eliminate sulfide radicals from water is based on the knowledge that sulfide is corrosive to copper pipes and because hydrogen sulfide has a rotten egg smell and imparts an unpleasant taste to water.

Chlorination has been used by Aloha as a bactericidal agent to prevent multiplication in drinking water of bacteria pathogenic for humans. An effective chlorine residual of at least 0.2mg/l must be present at all times even at the most distant periphery of a delivery system to meet Federal DEP standards. *Chlorination is also used by Aloha Utilities as its sole method for removing hydrogen sulfide from the raw water.* According to Mr Porter the following is considered to be the relevant equation that describes this chemical reaction.



It has been reported that Aloha considers a constant injection rate of 5 parts of chlorine per million (5mg/L) as adequate for the conversion of the hydrogen sulfide present in water from wells 8 and 9. Levels of TTHM in processed water place a limit on the maximum amount of chlorine that can be used. Chlorination as a method for converting sulfide to sulfate is associated with a significant decrease in pH values because both sulfuric acid and hydrochloric acid ionize very strongly. However, there is no provision in Aloha's processing methodology for adjustment of pH by adding sodium hydroxide (NaOH) or any other alkalizing agent. No significant buffering system is known to exist in the underground water.

Aloha Utilities has been adding a corrosion-inhibiting agent (an orthophosphate) since 1996 to its processed water in an attempt to reduce the formation of copper sulfide. The Copper Corrosion Project Report of May 2001 concluded, "*The water conditioning units did not remove the orthophosphate added by the utility to inhibit copper corrosion*". Using copper levels in domestic water as an indicator of effectiveness, there seems to be some benefit to the use of this additive. But the degree of this has not been extensively quantified because copper level measurements are restricted to homes without water softening systems. Where intense 'black water' formation has been reported, obviously the additive has not been very effective. Increases in sulfide concentration secondary to its *de novo* formation in domestic plumbing may be rendering the orthophosphate less effective.

WATER CHEMISTRY OF PROCESSED & DELIVERED WATER

For drinking water standards, there exists an elaborate list of chemicals, contaminants, and bacteria that must be measured and/or monitored according to the DEP regulations. Unfortunately, a major deficiency in these standards is the lack of MCL for hydrogen sulfide.

It has already been noted that a significant pH change occurs when chlorination is used as the *sole* method for removing hydrogen sulfide from raw water by conversion to sulfate. pH levels of raw water are measured regularly, but no paired measurements of raw water and processed water pH are available to me, to assess the degree of change in pH that occurs as a result of chlorination. The only information that I have of the pH of processed water is a report provided to me by Mr Hoofnagle, Administrator of the Drinking Water Program of the DEP office in Tallahassee. According to him, pH of delivered water was between 7.2-7.4 in 1999. pH of delivered water was noted to have fallen to 6.9 in March 2002. Values as low as 6.5 were reported in April/May 2002 at certain sites. If there was no change in the pH of raw water between 1999 and 2002, then the recent lowering could be an indicator of a higher degree of chlorination since 1999, necessitated perhaps by an increased concentration of sulfide in raw water. Since Aloha had been extracting more water than permitted by SWFWMD in 2000 and

2001, it is likely that the extracted water could have contained a higher concentration of hydrogen sulfide. This may explain why there was a drop in pH values in delivered water.

Mr David Porter has maintained that Aloha does not measure sulfide concentration in delivered water, but in spite of that argues very vehemently that there are no sulfide residuals in its delivered water. Recent measurements by FRWA in the presence of Mr Hoofnagle have demonstrated that Mr Porter's claim is unfounded. There was a small amount of sulfide in the range of 0.0 - 0.04 mg/l present when measurements were taken on March 25, 2002. Of course the concentrations of hydrogen sulfide is reduced in proportion to the concentration of chlorine residual, which is a strong oxidizing agent and would convert any hydrogen sulfide present to sulfate if adequate mixing occurs. *In the presence of adequate concentrations of chlorine, any sulfide detected may be an indication of inadequate mixing of chlorine and raw water prior to distribution.* The daily flushing of fire hydrants in one subdivision, wasting as much as 7,500 gallons per day, may be an indirect indicator of Aloha's inability to maintain satisfactory chlorine residuals and/or to obtain complete elimination of hydrogen sulfide at all times.

PROCESSING PLANT:

As far as I could gather, Wells 8 and 9 each have a small mixing/storage tank with a capacity of 10,000 gallons. Each well processes approximately 8 million gallons of water every month. At a well that extracts 300,000 gallons of water in 24 hours, if peak flows occasionally exceed 75,000 gallons per hour, a mixing tank of 10,000 gallons may provide only a mixing time of 8 minutes. This is only 50% of the *minimum* mixing time of 15 minutes recommended for chlorine to exert its optimum effect. If chlorine does not have enough time to convert all the sulfides present in raw water to sulfates, it is entirely possible that at least during peak flows small quantities of sulfide present in raw water may reach the copper pipes that are present after domestic meters. Sulfide radicals will combine with copper ions in those pipes to form copper sulfide, and cause mild grayish discoloration of water.

In the absence of adequate mixing time, it is also probable that processed water may reach domestic plumbing before chlorine has had a chance to be effective as a bactericidal agent. Live sulfate-reducing bacteria *Divibrio sulfuricans* were detected at the point of entry (POE) into domestic plumbing system during the DEP study of 'black water' in 1998. Mr David Porter in a letter to me dated June 5 2002, has indicated "*Sulfur reducing organisms are plentiful in nature and found naturally in water supplies. The relative number of these organisms is reduced by chlorination, however, it is not possible to kill all such organisms in a water system*". If the injection rate of chlorine is held constant at 5 parts per million, all the chlorine will be used up in the conversion of sulfides to sulfate if the hydrogen sulfide concentration is greater than 0.6mg/l. When higher levels are present (values as high as 2.6mg/l have been reported - see above), this will result in low or no chlorine residuals in delivered water and live bacteria may not be eliminated from the processed water. In this scenario, live SRB may be present in delivered water and can cause colonization of domestic plumbing. Re-conversion of varying amounts of sulfate present in delivered water to hydrogen sulfide will now occur and both 'black water' and rotten egg smell will manifest depending on the type of material used in domestic plumbing. Colonization by SRB documented in the DEP study of 1998 showed equal incidence of live bacteria irrespective of the presence or absence of domestic processing systems. On the other hand, if domestic water conditioning systems contain *activated charcoal filters that remove chlorine*, bacteria such as *Divibrio sulfuricans* that enter the domestic plumbing in a live state

may be expected to become established as colonizing agents, even in the presence of adequate chlorine residuals in delivered water.

Thus in wells where variability of hydrogen sulfide levels is a likely scenario, a chlorine injection system of constant concentration as the *sole method of processing of raw water exposes the customers to a greater likelihood of the consequences of incomplete elimination of hydrogen sulfide, and a higher count than the unavoidable minimum of live SRB that convert sulfate to sulfide. Most likely this state of affairs is what predisposes to the occurrence of black water, copper corrosion and rotten egg smell in domestic water.* **Appendix D, "Sulfides in Potable Groundwater Sources" of the Interagency Copper Pipe Corrosion Project's Final Report recommends direct chlorination only for raw water with a sulfide level of <0.3 mg/l.**

CONCLUSION:

I have pieced together a probable picture of Aloha's processing methodology and its processing plant, which may explain why the Utility is not able to effectively solve copper corrosion, 'black water' problems and complaints of rotten egg smell in domestic plumbing. *This is only a hypothesis, but it is based on facts already known, as well as data recently obtained by the Bureau of Water Facilities Regulation.* Instead of admitting inadequacies that can be solved with a better understanding of water chemistry, more appropriate processing methods and more adequate equipment, Aloha seems to have chosen to deny legitimate information to its customers and use legalistic maneuvers to prevent exposure of possible deficiencies. Having started along the legal route it may have found itself mired in a situation from which it cannot escape without fear of legal liability. Therefore Aloha may have been forced to harden its heart against any scientific solution. Hence the impasse in which we find ourselves.

There is an urgent need to establish whether this *scientifically testable hypothesis* has validity. It seems to account for all the data we now have. Its *verification* by an unannounced audit of Aloha Utility can convert it from a testable hypothesis to a sound basis for a scientific solution of the problems encountered. DEP staff may not have the mandate or the specialized knowledge in the field of water chemistry to be able to put this hypothesis to test. *To depend for an evaluation of Aloha Utilities on Mr. Porter who claims such special knowledge would be a major conflict of interest. Only an INDEPENDENT AUDIT can determine the appropriateness as well as the adequacy or otherwise of Aloha's water processing method and its physical plant.*

The customers of Aloha are *entitled* to such an audit. If Aloha will choose to be transparent even at this late stage, further damage to domestic plumbing can be ameliorated as shown by the experience of reduced incidence of 'black water' reported by Mr Powell of Pasco County Utility at a Copper Corrosion Project meeting in 2000/2001.

'Black water' and associated complaints should be matters for scientific investigations to resolve and not for politicians or attorneys to debate endlessly.

New Port Richey
June 27, 2002

V. Abraham Kurien
V. Abraham Kurien, M.D.

STATE OF FLORIDA

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



OFFICE OF GENERAL COUNSEL
HAROLD A. MCLEAN
(850) 413-6199

Public Service Commission

July 12, 2002

RECEIVED
JUL 12 AM 10:43
COMMISSION
CLERK

Edward O. Wood
1043 Daleside Lane
New Port Richey, FL 34655-4293

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Wood:

Enclosed is a copy of the Staff Recommendation filed in this matter on July 11, 2002. The Commission is expected to consider this Recommendation at its July 23, 2002, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe; however, participation is dependent on the Commission vote on Issue I.

If you have any questions, please feel free to call me at (850) 413-6199.

Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ/jb

cc: Division of Economic Regulation (Willis)
Division of the Commission Clerk and Administrative Services

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COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

STATE OF FLORIDA



OFFICE OF GENERAL COUNSEL
HAROLD A. MCLEAN
(850) 413-6199

Public Service Commission

July 12, 2002

RECEIVED
JUL 12 AM 10:43
COMMISSION
CLERK

Marshall Deterding, Esquire
Rose Law Firm
2548 Blairstone Pines Drive
Tallahassee, FL 32301

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Deterding:

Enclosed is a copy of the Staff Recommendation filed in this matter on July 11, 2002. The Commission is expected to consider this Recommendation at its July 23, 2002, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe; however, participation is dependent on the Commission vote on Issue I.

If you have any questions, please feel free to call me at (850) 413-6199.

Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ/jb

cc: Division of Economic Regulation (Willis)
Division of the Commission Clerk and Administrative Services

i:\010503r12-det.rj

STATE OF FLORIDA

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



OFFICE OF GENERAL COUNSEL
HAROLD A. MCLEAN
(850) 413-6199

Public Service Commission

July 12, 2002

RECEIVED
JUL 12 AM 10:43
COMMISSION
CLERK

Representative Mike Fasano
8217 Massachusetts Avenue
New Port Richey, FL 34653

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Representative Fasano:

Enclosed is a copy of the Staff Recommendation filed in this matter on July 11, 2002. The Commission is expected to consider this Recommendation at its July 23, 2002, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe; however, participation is dependent on the Commission vote on Issue I.

If you have any questions, please feel free to call me at (850) 413-6199.

Sincerely,

Ralph R. Jaeger
Senior Attorney

RRJ/jb

cc: Division of Economic Regulation (Willis)
Division of the Commission Clerk and Administrative Services

i:\010503rl2-fas.rrj

STATE OF FLORIDA

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



OFFICE OF GENERAL COUNSEL
HAROLD A. MCLEAN
(850) 413-6199

Public Service Commission

July 12, 2002

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JUL 12 AM 10:43
COMMISSION
CLERK

Stephen Burgess, Esquire
Office of Public Counsel
111 West Madison Street, #812
Tallahassee, FL 32399-1400

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Burgess:

Enclosed is a copy of the Staff Recommendation filed in this matter on July 11, 2002. The Commission is expected to consider this Recommendation at its July 23, 2002, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe; however, participation is dependent on the Commission vote on Issue I.

If you have any questions, please feel free to call me at (850) 413-6199.

Sincerely,

A handwritten signature in black ink that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ/jb

cc: Division of Economic Regulation (Willis)
Division of the Commission Clerk and Administrative Services

i:\010503rl2-opc.rrj

STATE OF FLORIDA

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



OFFICE OF GENERAL COUNSEL
HAROLD A. MCLEAN
(850) 413-6199

Public Service Commission

July 12, 2002

COMMISSION
CLERK

JUL 12 AM 10:43

RECEIVED FPSC

Dr. V. Abraham Kurien, M. D.
1822 Orchardgrove Avenue
New Port Richey, FL 34655

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Dr. Kurien:

Enclosed is a copy of the Staff Recommendation filed in this matter on July 11, 2002. The Commission is expected to consider this Recommendation at its July 23, 2002, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe; however, participation is dependent on the Commission vote on Issue I.

If you have any questions, please feel free to call me at (850) 413-6199.

Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ/jb

cc: Division of Economic Regulation (Willis)
Division of the Commission Clerk and Administrative Services

i:\010503r12-kur.rrj

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

STATE OF FLORIDA



OFFICE OF GENERAL COUNSEL
HAROLD A. MCLEAN
(850) 413-6199

Public Service Commission

July 12, 2002

Margaret Lytle
Southwest Florida Water Management District
2379 Broad Street
Brooksville, FL 34604-6899

COMMISSION
CLERK

JUL 12 AM 10:43

RECEIVED-PSC

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Ms. Lytle:

Enclosed is a copy of the Staff Recommendation filed in this matter on July 11, 2002. The Commission is expected to consider this Recommendation at its July 23, 2002, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe; however, participation is dependent on the Commission vote on Issue I.

If you have any questions, please feel free to call me at (850) 413-6199.

Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ/jb

cc: Division of Economic Regulation (Willis)
Division of the Commission Clerk and Administrative Services

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STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

June 24, 2002

RECEIVED FPSC
02 JUN 26 PM 1:45
COMMISSION
CLERK

Edward O. Wood
1043 Daleside Lane
New Port Richey, FL 34655-4293

Re: Aloha Utilities, Inc., Docket No. 010503-WU, Your Letter Dated June 10, 2002, Concerning Inability to File Complaint on Commission's Website

Dear Mr. Wood:

Thank you for your letter to the Chairman concerning your inability to file a water and wastewater complaint against Aloha Utilities, Inc. (Aloha), using the Commission's online procedures. Because the Aloha rate case in Docket No. 010503-WU has not yet concluded, it would be improper for Chairman Jaber to comment, and her office has requested that I respond to your letter.

As you know, the Commission issued Order No. PSC-02-0593-FOF-WU on April 30, 2002. That Order required the utility to make certain improvements to alleviate the "black water" problem, and also directed Aloha to form a Citizens Advisory Committee. Moreover, the Order also required a partial refund of the interim rates. Aloha has appealed that Order, and on June 14, 2002, filed a Motion for Stay of that Order pending the appeal.

The Commission will consider the utility's motion for stay in the near future and issue an appropriate Order. We will know after the Commission votes on the motion for stay whether the requirements of Order No. PSC-02-0593-FOF-WU will be in effect pending the appeal.

Regarding the problems you experienced with filing online complaints, efforts are underway to improve the Commission's online complaint system. The online complaint form is currently unavailable during the upgrade, but should be available again beginning July 1, 2002.

Consumer Affairs states that they do accept complaints of consumers by telephone, and you can file complaints with the Commission by calling 1-800-342-3552 on normal business days between the hours of 8:00 a.m. and 5:00 p.m. I am not sure why you had problems in the past, but you should be able to file a complaint by telephone if you wish. The Commission also accepts written complaints by facsimile at 1-800-511-0809, by e-mail at contact@psc.state.fl.us, or by mail

Edward O. Wood
Page 2
June 20, 2002

at:

Florida Public Service Commission
Division of Consumer Affairs
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

I apologize for the problems you have had with our online complaint system and any inconvenience that this may have caused you. However, as set out above, there are four other methods for you to register a complaint.

Thanks again for keeping us informed.

Sincerely,

A handwritten signature in black ink that reads "Ralph R. Jaeger". The signature is written in a cursive style with a large, stylized "R" at the beginning.

Ralph R. Jaeger
Senior Attorney

RRJ/jb

cc: Division of Economic Regulation (Willis)
Representative Mike Fasano
Stephen Burgess (Office of Public Counsel)
Margaret Lytle (Southwest Florida Water Management District)
F. Marshall Deterding, Esq.
JoAnn Chase
Division of Consumer Affairs (DeMello, R. Roland)
Division of the Commission Clerk and Administrative Services

Mr. & Mrs. E. O. Wood

1043 Daleside Lane

New Port Richey, FL. 34655-4293

727 376 0380

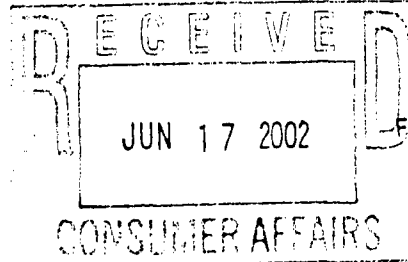
June 10, 2002

ORIGINAL

01-0462 JUN 17

RECEIVED

Ms. Lila A. Jaber, Chairman
Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL. 32399



JUN 12 2002

Florida Public Service Commission
CHAIRMAN JABER

Dear Ms. Jaber:

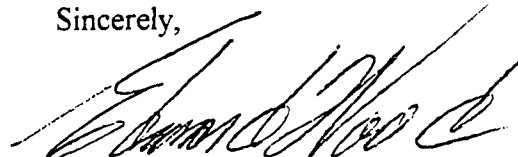
With much disgust do I write this letter. I have been trying for months to file Water and Wastewater complaints regarding Aloha Utilities of Pasco County. Every time I try, I get a message that your site is not working. This goes back to February of 2002. I am mailing you the complaint I almost got thru on 5/31/2002 (Attachment). It would seem that a state agency should have better results with its web site than the PSC is having.

In addition to the complaint attached, I have encountered this Black Water situation on many occasions since the January hearings in New Port Richey. The most recent being on Saturday June 8, 2002. This is the worst I have experienced. I still have black water 24 Hours after flushing the system.

You May ask, why haven't I called in the complaint? I haven't used the phone contact since the PSC refused to take my complaints in the past. Calling the Utility is useless. I don't believe any one in the State of Florida Government is concerned about what this utility is doing to its customers. This is evident from the conclusions from various agencies and committees charged with studying the Black Water Problem. Everyone seems more concerned with staying on the good side of the utility rather than addressing the problem and seeing it corrected.

I don't understand how and why Pasco County Utilities doesn't have the same problems as Aloha. All this points to is, Aloha's system is not up to processing the water. I certainly believe that the Commission should reduce the size of the Aloha District to an area that can be handled with the primitive processing system they have in place.

Sincerely,



Edward O. Wood

CC. Representative Mike Fasano

ORIGINAL



my Florida Public Service Commission

[BEGIN COMPLAINT](#) [COMPLAINT INFORMATION](#) [COMPLAINT DETAILS](#) [CUSTOMER INFORMATION](#) [SUBMISSION OPTIONS](#) [REVIEW INFORMATION](#)

Your online complaint now will be sent to the
Florida Public Service Commission.

Please review your information to ensure that it is correct. If there is a mistake, please choose the applicable "Make Corrections" button to make the necessary changes. **Once you click "Submit Complaint," you will not be able to make any more changes to your complaint.**

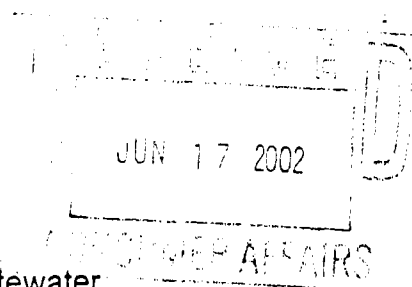
SUBMIT COMPLAINT

Complaint Type

Utility Type: Water & Wastewater

County: PASCO

MAKE CORRECTIONS



Complaint Information

Utility Name: Aloha Utilities, Inc.

Have you previously contacted the utility? **Yes**

If so, with whom did you speak?

Date you contacted the utility:

Have you previously contacted the **Yes**

ORIGINAL

Name:	Name:
Name: Edward Wood	Name: Edward Wood
Address: 1043 Daleside Lane	Address: 1043 Daleside Lane
City: New Port Richey	City: New Port Richey
State: FL	State: FL
Zip: 34655	Zip: 34655
County: Pasco	County:
E-Mail: eow3rd@gte.net	E-Mail: eow3rd@gte.net
Daytime Telephone: (727) 376-0380	Daytime Telephone:
Evening Telephone:	Evening Telephone:

Preferred Method of Contact: **Telephone**[MAKE CORRECTIONS](#)

Your online complaint will now be sent to The Florida Public Service Commission

Please review your information to ensure that it is correct. If there is a mistake, please choose the applicable "Make Corrections" button to make the necessary changes. **Once you click "Submit Complaint," you will not be able to make any more changes to your complaint.**

[SUBMIT COMPLAINT](#)[About PSC](#)[Agendas & Hearings](#)[Consumer Assistance](#)[Dockets & Filings](#)[Publications](#)[Utility Regulation](#)

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MEMORANDUM

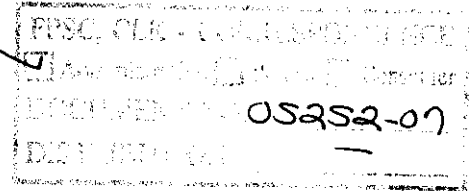
June 6, 2002

RECEIVED-FPSC

02 JUN -7 PM 1:51

COMMISSION
CLERK

**TO: KAY FLYNN/CCA
SANDY MOSES/CCA
MARY DISKERUD/GCL-APP
WANDA TERRELL/GCL-APP**



**FROM: DAVID E. SMITH, ATTORNEY SUPERVISOR, GENERAL
COUNSEL/APEALS, RULES & MEDIATION**

DES/wd

**RE: ALOHA UTILITIES, INC. v. LILA A. JABER, et al; FPSC DOCKET NO.
010503-WU; FIRST DCA CASE NO. 1D02-2147**

Please note that the above appeal has been assigned to Samantha Cibula in GCL-Appeals. The Notice of Administrative Appeal was filed on May 29, 2002. The case schedule is as follows:

<u>Date</u>	<u>Item</u>
<u>From day of filing:</u>	
<u>07/04/02</u>	Draft of Index of Record from CCA to Appeals Attorney.
<u>07/18/02</u>	Index of Record served on Parties.
<u>07/28/02</u>	Copy of Record to Appeals.
<u>08/07/02</u>	Appellant's Initial Brief Due.
<u>08/22/02</u>	Draft Commission Answer Brief Due.
<u>08/27/02</u>	Commission's Answer Brief Due.
<u>09/16/02</u>	Appellant's Reply Brief Due.



David W. Porter, P.E., C.O.
Water and Wastewater Engineering Consultants

010503-WW

June 5, 2002

Mr. V. Abraham Kurien, M.D.
1822 Orchardgrove Avenue
New Port Richey, FL 34655-4716

Re: Aloha Utilities, Inc.
Seven Springs Water System

**Regulatory Assistance;
Process Troubleshooting;
System Design, Permitting,
Construction Observation;
Forensic Engineering,
Expert Witness Testimony;
Rate Case Support**

Dear Dr. Kurien:

My client, Aloha Utilities, Inc., has requested that I respond to your letter of April 9, 2002 which provides your "conclusions about the 'black water' problem customers of Aloha Utilities have been experiencing for many years." Attached to your letter was another letter which you had sent to Representative Fasano and copied to the Public Service Commission and the Office of Public Counsel.

First, let me say that I appreciate the fact that you are a medical doctor and therefore have been schooled in chemistry as it applies to medicine. However, water chemistry is a specialized field, requiring not only specialized education and training, but a great deal of experience to fully understand. Your letter to Representative Fasano contains a number of assumptions and conclusions that I believe are incorrect and that do not agree with the large number of water treatment experts that have studied this issue for many years. I am sure that you will appreciate the importance of accuracy in this situation. Offering the decision makers incorrect conclusions drawn from the misdiagnosis of the problem could lead to the expenditure of large sums of money in building ineffectual or inefficient physical plant at substantial long run cost to the Utility, and therefore, its customers.

Below I provide comments related to each of the points you discussed in your letter to Mr. Fasano:

1. You stated that the recent unannounced testing of water at the homes in Aloha's service area showed that residual sulfides did exist in the water delivered by Aloha.

I have spoken to Mr. Hoofnagle and obtained a copy of the tabulation of the testing results. Based on the comments you have made in several of your letters where you discussed and/or interpreted the results, it became readily apparent that you have misunderstood this data. The data shows that the concentration of sulfide found in the 30 homes ranged from 0.00 mg/L (for 12 homes) to 0.04 mg/L (for 2 homes). These concentrations are inconsequential and would be considered 0 for the purposes of this analysis by water treatment experts. What you evidently do not understand is that all water testing methods have some intrinsic inaccuracy when you approach 0 concentration. The point at which the test method is no longer accurate is called the "Minimum Detection Limit (MDL)" and the repeatability of a method is represented by its Standard Deviation value. For the testing method utilized here, the MDL is 0.01 mg/L with a repeatability (Standard Deviation value) of 0.02 mg/L. It is important to note that the MDL and the Standard Deviation values published for the test method represent the "best case" scenario (i.e.: use of fresh reagents, controlled laboratory testing conditions, expert technique, very clean glass ware, etc.) which are frequently not found in field testing situations (as was undertaken here). I spoke with the manufacturer of the testing equipment used and they reported that the 0.01 average value found during the testing should be reported as 0 mg/L based on their published accuracy and repeatability data for the kit. In addition, the test method used in this analysis was not certified by the USEPA for use in testing the sulfide concentration of drinking water. Therefore, the method chosen to determine the level of sulfides was not appropriate for use in this situation.

There were several other problems with the testing program undertaken. Among them was that the water was not taken from the point of entry to the home at the meter. When I spoke with Mr. Hoofnagle I was told that the water samples were taken from hose bibs attached to the sides of the homes. You may not be aware of this fact, but, the location from which the samples were taken invalidates the use of the data. This is because as the water resides in the home water piping, some conversion of sulfates to sulfide is not uncommon. The quantity of sulfides generated in this way may be very small, just as you found. The water should have been sampled at the meter if you wanted to determine the actual quality of the water delivered by Aloha. The water tested was not therefore representative of the water delivered by Aloha.

A review of the chlorine residual data taken with the sulfide data, shows a substantial variation in the concentration of chlorine residual from home to home where the samples were taken. In fact, the data shows that the chlorine residual from home to home, closely situated on the same street varied a great deal. This shows that either the testing was flawed or that the water samples obtained from each home were not representative of the water being delivered from the water mains in the street. Since the person who actually did the analysis routinely undertakes chlorine residual testing, I have no reason to doubt the testing. Therefore, the variability in the chlorine residual results shows that the samples taken from the home hose bibs were not representative of the water being delivered by Aloha. Since the same samples were used to determine the sulfide concentrations, this shows that the samples taken for sulfide were also not representative.

Based on the conditions of the test and the inherent accuracy of the test method, no sulfides were found in the water delivered by Aloha. This unannounced testing program has once and for all shown that Aloha's water does not contain sulfides, and therefore, also shows that sulfides are being generated in the homes of some of the customers as Aloha and many water treatment experts have contended for many years. The generation of hydrogen sulfide in home hot water units is a well documented fact that has been known for many, many years. It is common knowledge in the water industry.

2. Since the data shows that there is no meaningful or significant sulfide being delivered in Aloha water, your theory that there is a "diffuse and universal type" of black water problem caused by hydrogen sulfide being delivered by Aloha has no basis in fact. The vast majority of Aloha's customers, system wide, do not report any black water problem. The problem has been reported by a limited number of customers. I have personally visited many of the customers that have reported the problem over the years. In a limited number of cases, I did witness copper sulfide flowing from a tap inside the home, however, in the majority of these cases the homeowner had installed an on-site water treatment unit that effectively changed that water chemistry of Aloha's water. Many of the visits I have made to customer's homes resulted in the inability of the customer to produce any black water in their home what so ever.

Often, when the customer could not produce any black water, I was taken to a bathroom where the customer lifted the toilet water reservoir cover and showed me some discoloration (of various colors) on the inside of the reservoir; this type of discoloration is normal and common and is in no way related to copper sulfide. However, as you may have heard in the hearings, many customers have testified that they are affected by the "black water" problem based solely on this toilet tank reservoir discoloration. This fact illustrates that a substantial amount of incorrect information has been circulated relative to this issue. To add any more to that already present only serves to hinder the resolution of the problem and ultimately leads to increased costs for the Utility and the customers.

There has been a substantial quantity of data produced related to this issue in the last 6 years. Quite a lot of this data was produced by State of Florida agencies and study groups. All of the work by all of these various groups and experts has agreed that the black water problem is caused by the generation of hydrogen sulfide from sulfate within the home of a limited number of customers, many of which have on-site water treatment systems that change the chemistry of the Utility's water.

3. In the water treatment industry, water disinfection is practiced. Disinfection is defined as a process where pathogenic organisms are killed to protect human health. At least one of your recent letters has proposed "sterilization" of the water as a potential solution to the black water problem. Sterilization, the killing of all living organisms is not practiced in the water industry because it would be cost prohibitive if not technically impossible to accomplish. Therefore, a number of organisms can be found in all drinking water. Sulfur reducing organisms are plentiful in nature and found naturally in water supplies. The relative number of these organisms is reduced by chlorination, however, it is not possible to kill all such organisms in a water system. However, when a homeowner passes the utilities water through a home treatment system, the chlorine added by the utility is removed. Once this chlorine is removed, the remaining sulfur reducing bacteria grow and multiply. The rate at which these organisms multiply is related to a number of factors such as the temperature of the water and the presence of an energy source for biological metabolism. The reported incidence of hydrogen sulfide odor occurs more in home hot water systems than the cold water systems. Since the generation rate of hydrogen sulfide is greater in hot water systems this also explains why the reported incidence of black water (copper sulfide) occurs most often in hot water systems.

This is why Aloha and a number of water treatment experts (including FDEP staff members) have repeatedly testified that the use of home treatment systems is one of the factors that exacerbates the black water problem. Many other factors also exacerbate the problem. These factors include such things as infrequent flushing of hot water tanks (as outlined in hot water tank manufacturer's handbooks), the length of time water is allowed to stand idle in the home without use (allowing for the maximum growth of sulfur reducing bacteria and the generation of hydrogen sulfide), etc.

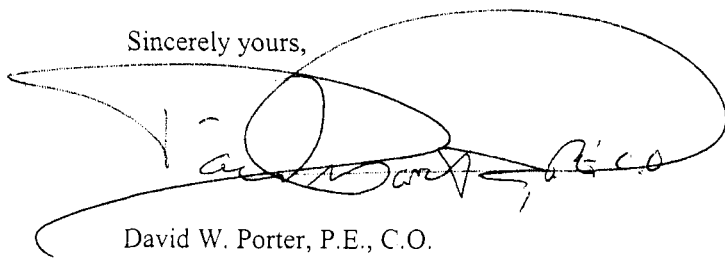
Dr. Kurien, your letter makes statements that infer that the entire water industry has not addressed hydrogen sulfide control in a scientific manner. I can assure you that I, and the tens of thousands of individuals who have chosen to make the water industry our career, would differ with your opinion. Numerous water treatment experts have conducted scientific studies related to this problem over the last 6 years. These studies were conducted by not only the Utility and its consultants but also by the FDEP, the University of Florida, the Florida Department of Community Affairs and others.

June 5, 2002
Dr. Abraham Kurien
Page 4

Your statement "The elimination of sulfides and sulfate reducing bacteria from distributed water before it enters the domestic supply is essential for remediation of the problem" shows that your understanding of this issue is quite simplistic. Even if the levels of sulfide you reported were correct, they would represent values that any water system would be proud to exhibit in their water. If I were asked to design the most technologically sophisticated treatment plant possible utilizing the best in current technology I would not expect to see sulfide values lower than those you are quoting. To accomplish what you have stated is not technically or financially feasible.

I hope that this letter assists you in better understanding the problem and the work completed to date to study and develop corrective actions that are feasible.

Sincerely yours,

A handwritten signature in black ink, appearing to read "David W. Porter", is written over a large, loopy circular flourish.

David W. Porter, P.E., C.O.
Engineering Consultant

Cc: Mr. Stephen G. Watford, President/AUI
Mr. Marshall F. Deterding, Esquire/RS&B
Blanca S. Bayo/Public Service Commission
Ralph Jaeger, Esquire/Public Service Commission
Michael Wetherington, P.E./Public Service Commission
Stephen C. Burgess, Esquire/Office of Public Council
Representative Mike Fasano

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER., CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES
BLANCA S. BAYO
DIRECTOR
(850) 413-6770 (CLERK)
(850) 413-6330 (ADMIN)

Public Service Commission

May 30, 2002

Jon S. Wheeler, Clerk
First District Court of Appeal of Florida
District Court Building
Tallahassee, Florida 32301

**Re: Aloha Utilities, Inc. vs. Lila C. Jaber, Chairman, et al.
(Docket No. 010503-WU)**

Dear Mr. Wheeler:

Enclosed is a certified copy of a Notice of Administrative Appeal, filed in this office on behalf of Aloha Utilities, Inc., filed May 29, 2002. A copy of Order No. PSC-02-0593-FOF-WU, the order on appeal, is attached to the notice as an exhibit.

It is our understanding that the index of record is due to be served on the parties to this proceeding on or before July 18, 2002.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kay Flynn".

Kay Flynn, Chief
Bureau of Records and Hearing Services

KF:mhl
Enclosure

cc: F. Marshall Deterding, Esquire
David Smith, Esquire

COMMISSIONERS:
LILA A. JABER., CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

STATE OF FLORIDA

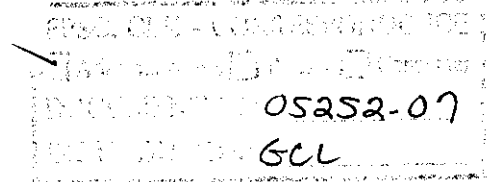


DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770 (CLERK)
(850) 413-6330 (ADMIN)

Public Service Commission

May 30, 2002

Jon S. Wheeler, Clerk
First District Court of Appeal of Florida
District Court Building
Tallahassee, Florida 32301



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Sincerely,

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Kay Flynn, Chief
Bureau of Records and Hearing Services

KF:mhl
Enclosure

cc: F. Marshall Deterding, Esquire
David Smith, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ALOHA UTILITIES, INC.,

Petitioner/Appellant,

FPSC Docket No. 010503-WU

vs.

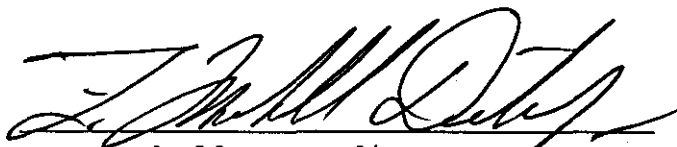
THE FLORIDA PUBLIC SERVICE
COMMISSION, ET. AL.

Respondents/Appellees.

NOTICE OF ADMINISTRATIVE APPEAL

NOTICE IS GIVEN that ALOHA UTILITIES, INC., Petitioner/Appellant, appeals to the First District Court of Appeal, the attached Final Order of the Florida Public Service Commission, rendered April 30, 2002. The nature of the Order, attached to this Notice, is a Final Order of the Florida Public Service Commission and this appeal is filed pursuant to Rule 9.110, Florida Rules of Appellate Procedure.

Respectfully submitted this 29th day of May, 2002.



F. Marshall Deterding
FL Bar I.D. #515876

John L. Wharton
FL Bar I.D. #563099
ROSE, SUNDSTROM & BENTLEY, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
(850) 877-6555
Attorneys for Petitioner/Appellant

DOCUMENT NUMBER-DATE

05685 MAY 29 2002

FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via U.S. Mail to the following on this 29th day of May, 2002:

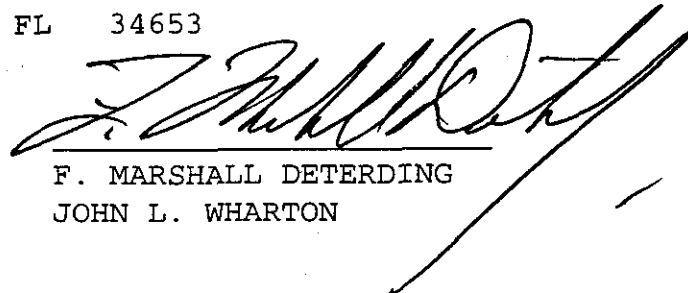
Ralph Jaeger, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0873

Edward O. Wood
1043 Daleside Lane
New Port Richey, FL 34655-4293

Margaret Lytle, Esquire
S.W. Florida Water Management District
2379 Broad Street
Brooksville, FL 34604-6899

Stephen C. Burgess, Esq.
Deputy Public Counsel
Office of Public Counsel
111 Madison Street
Tallahassee, FL 32399-1400

State Representative Michael Fasano
Florida House of Representatives
8217 Massachusetts Avenue
New Port Richey, FL 34653



F. MARSHALL DETERDING
JOHN L. WHARTON

aloha\35\appeal.not

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase
in water rates for Seven Springs
System in Pasco County by Aloha
Utilities, Inc.

DOCKET NO. 010503-WU
ORDER NO. PSC-02-0593-FOF-WU
ISSUED: April 30, 2002

The following Commissioners participated in the disposition of
this matter:

LILA A. JABER, Chairman
BRAULIO L. BAEZ
MICHAEL A. PALECKI

APPEARANCES:

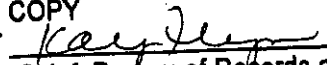
F. MARSHALL DETERDING and JOHN WHARTON, ESQUIRES, Rose,
Sundstrom & Bentley, LLP, 2548 Blairstone Pines Drive,
Tallahassee, Florida 32301
On behalf of Aloha Utilities, Inc.

MARGARET LYTLE, ESQUIRE, 2379 Broad Street, Brooksville,
Florida 34604-6899
On behalf of the Southwest Florida Water Management
District.

STEPHEN BURGESS, ESQUIRE, Office of Public Counsel, c/o
The Florida Legislature, 111 West Madison Street, Room
812, Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida.

REPRESENTATIVE MIKE FASANO, 8217 Massachusetts Avenue,
New Port Richey, Florida 34653
On behalf of himself.

EDWARD O. WOOD, 1043 Daleside Lane, New Port Richey,
Florida 34655-4293
On behalf of himself.

A TRUE COPY
ATTEST 
Chief, Bureau of Records and
Hearing Services

DOCUMENT NUMBER-DATE

04725 APR 30 8

FPSC-COMMISSION CLERK

RALPH R. JAEGER and LORENA ESPINOZA, ESQUIRES, Florida
Public Service Commission, 2540 Shumard Oak Boulevard,
Tallahassee, Florida 32399-0850
On behalf of the Commission.

FINAL ORDER DENYING WATER RATE INCREASE,
REQUIRING REFUNDS, APPROVING NEW RATE STRUCTURE AND CHARGES,
INCREASING TEMPORARY SERVICE AVAILABILITY CHARGES SUBJECT TO
REFUND, APPROVING CONSERVATION MEASURES, AND REQUIRING
IMPLEMENTATION OF CUSTOMER SERVICE MEASURES

BY THE COMMISSION:

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I. BACKGROUND

Aloha Utilities, Inc. (Aloha or utility) is a Class A water and wastewater utility in Pasco County. The utility consists of two distinct service areas: Aloha Gardens and Seven Springs. The utility's service area is located within the Northern Tampa Bay Water Use Caution Area as designated by the Southwest Florida Water Management District (SWFWMD). Critical water supply concerns have been identified by SWFWMD within this area.

On August 10, 2001, Aloha filed an application for an increase in rates for its Seven Springs water system. Since the utility's application was complete as filed, the official filing date was established as August 10, 2001, pursuant to Section 367.083, Florida Statutes. In its minimum filing requirements (MFRs), the utility requested total water revenues of \$3,044,811. This represents a revenue increase of \$1,077,337 (or 54.76%). These final revenues are based on the utility's requested overall rate of return of 9.07%.

The utility's requested test year for setting final rates is the projected year ended December 31, 2001. Also, the utility requested that this application be directly set, for hearing. By

Order No. PSC-01-2092-PCO-WU, issued October 22, 2001, we suspended the utility's requested final rates. Also, by Order No. PSC-01-2199-FOF-WU, issued November 13, 2001, we approved interim rates subject to refund with interest, which increased rates by 15.95%. A hearing in Pasco County was held on January 9 through 11, 2002.

Edward O. Wood, the Office of Public Counsel (OPC), SWFWMD, and Representative Mike Fasano intervened in this case.

This Order reviews the appropriate revenue requirement, rate structure, rates, and service availability charges for Aloha's Seven Springs water system. We have jurisdiction pursuant to Sections 367.081 and 367.111, Florida Statutes.

II. STIPULATIONS

At the hearing, we approved the following stipulations presented in the prehearing order and two additional stipulations regarding Issues 6 and 12.

A. Category One Stipulations

Those stipulations where the utility, SWFWMD, OPC, and our staff agreed are set forth below:

1. For items erroneously expensed by the utility during the test year ended December 31, 2000, both plant and retained earnings shall be increased by \$11,522 for the projected test year. Further, corresponding adjustments to operation and maintenance expense (\$12,396), accumulated depreciation (\$920), and depreciation expense (\$613) shall be made to the 2001 projected test year.

2. To reflect the appropriate depreciation rate for computer equipment, accumulated depreciation shall be increased by \$2,262, and retained earnings shall be decreased by \$2,262.

3. CIAC shall be increased by \$27,236 to correct the amount of contributed property received from April through December 2001. Corresponding adjustments shall be made to increase accumulated amortization of CIAC (\$64) and test year amortization of CIAC (\$837).

4. To correct the historic starting point, the projected test year rate base shall be reduced by \$10,877 to reflect the 13-month average balance of Accumulated Amortization of Contributed Taxes.

5. All deferred rate case expense related to Docket No. 991643-SU shall be excluded from working capital because those costs were specifically allocated to the Seven Springs wastewater system. Total company working capital that is allocated shall be reduced by \$61,702.

6. Total company working capital that is allocated shall be reduced by \$32,868 to reflect the amortization of regulatory commission expense associated with Docket No. 960545-WS. A corresponding reduction to retained earnings shall also be made.

7. The annual amortization of issuing expense for the Bank of America loan shall be reduced by \$1,760.

8. The total projected 13-month average balance of long-term debt shall be \$9,267,979, as shown on minimum filing requirement Schedule D-5(A). The respective cost rates are those shown on that same schedule and subject to the resolution of other issues.

9. Historical December 31, 2000, test year revenues shall be increased by \$7,154 to properly allocate interest income. The interest income adjustment shall be escalated by the customer growth factor for a total increase of \$7,490. In addition, projected test year revenues shall be increased by \$4,176 to reflect the appropriate amount of revenues for residential vacation bills.

10. Bad debt expense shall be increased by \$1,237 to account for an allocation error.

11. The cost per 1,000 gallons of water to be purchased from Pasco County shall be \$2.35.

12. To properly allocate the utility's recent purchase of a new office building, land and plant shall be reduced by \$5,776 and \$5,935, respectively.

13. Two employees were included in salaries and wages for officers as well as the annualization of employees' salaries. Salaries and wages shall be reduced by \$8,769.

14. The testimony and exhibit of staff witness Vincent C. Aldridge, the staff auditor, may be admitted into evidence, and he may be excused from attending the hearing.

15. The testimony of staff DEP witnesses Van Hoofnagle and Gerald Foster shall be taken up no later than the second day of the hearing.

16. All SWFWMD witnesses may be excused from attending the first day of the hearing. Moreover, Jay Yingling may be excused from attending the second day, and his testimony will be taken on the third day.

17. Paul Stallcup has been substituted for Staff witness Lingo and has adopted her testimony and exhibits except for Ms. Lingo's testimony on her background and experience on pages two through line 15 of page 4 (where he has substituted his own), and her testimony on page 22, lines 5 through 14 (which has been deleted).

18. The appropriate number of ERCs for the projected 2001 test year is 10,560.

B. Category Two Stipulations

Those stipulations where the utility, SWFWMD, and Staff agreed, but where OPC took no position in the stipulations are set forth below:

19. The used and useful percentages for the water treatment plant and the water distribution system are both 100%.

20. The return on equity shall be calculated using the current leverage formula in effect at the time the Commission makes its final decision in this case.

21. The utility's 44.83% allocation of pension expense to the Seven Springs water system is appropriate.

C. Issues Stipulated at Hearing

Issue 6. The cost rate for variable cost, related party debt shall be the prime rate plus two percent as of December 31, 2001.

Issue 12. Salary expense shall be reduced by \$21,268 to correctly allocate the annualized salary of the utility operations supervisor.

III. QUALITY OF SERVICE

Section 367.081(2)(a)1., Florida Statutes, and Rule 25-30.433(1), Florida Administrative Code, specify that in every rate case, we shall determine the value and quality of service provided by the utility. Rule 25-30.433(1), Florida Administrative Code, requires us to evaluate three separate components of water and wastewater utility operations: (1) quality of the utility's product; (2) operational conditions of the utility's plant and facilities; and (3) the utility's attempt to address customer satisfaction. Our analysis of each of the three components identified in Rule 25-30.433(1), Florida Administrative Code, is set out below.

A. Quality of Utility's Product

In this facet of the quality of service determination, we consider the quality of the utility's product and whether the water delivered to the customers' meters meets state and federal standards.

At the hearing, we heard testimony from 29 customers who were dissatisfied with the quality of service provided by Aloha. They complained of black or discolored water; odor/taste problems; low pressure; sediment/sludge; and the utility's response to customer complaints or inquiries. Many customers brought containers of discolored or black water to the hearing for viewing. Their testimony is summarized below.

Representative Fasano testified that Aloha delivers to its customers smelly, foul, dirty black water. He also alluded to the newspaper photograph which showed an Aloha fire hydrant spewing discolored water. He made reference to the fact that the black

water problem had been on-going for years, was occurring in 1996 and before, and that complaints to his office still continue. The amount of complaints received amounts to reams and reams of paper.

Customer witness Oberg testified that the water in his house was dirty, occasionally turned gray, and smelled like rotten eggs. He also testified that the water in his toilet tank was black and some water he drained from his hot water heater was black.

Customer witness Hawcroft testified that the water he receives is foul smelling and discolored and causes stained laundry. His household uses bottled water. He stated that he testified about the very same water quality problems two years ago, and the problems remain the same.

Customer witness Kurien testified that he receives black water.

Customer witness Corelli also testified that the water he receives is not drinkable, is an inferior product and that he receives black water.

Customer witness Chestnutt testified that Aloha had never provided him with decent water.

Customer witness Hartinger testified that the water he receives is filthy, the water in a filter housing was black, and the filter itself was full of black grit. He further described the water as disgusting, vile, and foul smelling.

Customer witness Wood, also an intervenor to this proceeding, spoke about the corrosive nature of Aloha's water. He stated that copper pipe does not react to water in the plumbing system unless there is an acid contaminant in the water. He testified that the hydrogen sulfide is the culprit, and the water Aloha supplies is corrosive and is the cause of the black water. He also stated that the water was revolting.

Customer witness Bradbury testified that the water was black and smelly. He also referred to his soft water unit that failed after three years due to sludge buildup.

Customer witness Bulmer testified that the water quality was poor.

Customer witness Wickett testified that he had received dirty water, and it had a pretty strong smell. He is forced to buy bottled water whenever he has company over to his house.

Customer witness Logan testified that he found a black greasy substance on the inside of his copper pipes. Also, when he filled his garden tub, there was black stuff floating in the water. He stated that he was sickened by the water and that it smelled like sulphur.

Customer witness Nowack testified that the water that came out of her kitchen faucet was black, greasy sludge. She said the quality of the water is the worst she has experienced in her whole life.

Customer witness Depergola testified that he received stinky, lousy, miserable water, and that when he took a shower his body smelled worse than before. He further stated that the water causes stained laundry, is not drinkable, smells, and is dirty. His pipes are filthy inside.

Customer witness Karas testified that the water was lousy, smelly, and nasty. It seems like it has rust, and, most of the time, you see a lot of black.

Customer witness Skipper testified that she did not drink the water nor bathe in it. It has a bad taste and a bad smell. The water turns her ice cubes yellow. She has a refrigerator with door water and ice, which she will not use.

Customer witness Legg testified that the water was black, very dirty, left an oily residue, and was always cloudy. If he does not use the water for a week and then turns it on, it will be brown and oily, but not to the extent of the first time that it happened.

Customer witness Whitener testified that she was unable to drink her water.

Customer witness Rifkin testified that he received black, dirty, stinking water.

Customer witness Lewandowski testified that the water quality was poor.

Aloha, through a late-filed exhibit, submitted a summary of its attempt to contact all of the customers who complained about the quality of the water. Fifteen of these customers allowed an Aloha engineer to come into their home. At each home the engineer took samples of the water coming into the home and inquired of the customers where they had the most trouble inside their homes. These locations were used for the interior samples. Nowhere during any of the visits did Aloha's engineer see anything other than clean, clear water.

The engineers of the utility, OPC, and DEP all appear to agree that the black particulate in the water giving the water a black or grayish color is copper sulfide. They also appear to agree that the copper sulfide is formed by the reaction of hydrogen sulfide with copper pipes. However, the reason why some homes with copper pipes have a copper sulfide problem (black water), and others do not, is not as easily explained. For Aloha, the black water problems were initially concentrated in its Chelsea, Wyndtree, and Wyndgate subdivisions, but appears to be spreading to other subdivisions.

Hydrogen sulfide naturally occurs in much of the source water for Florida's utilities. The black water problem is not unique to the customers of Aloha and does occur in other areas of Florida. It is but one manifestation of a larger problem, that of copper piping corrosion that is prevalent in many parts of Florida. Witness Hoofnagle testified that black water had been found in the Ft. Myers area, and in Polk, Hillsborough, Pasco, Volusia, and Pinellas Counties. According to Mr. Hoofnagle, it appears that most of these events are episodic or have been resolved.

Utility witness Watford testified that the hydrogen sulfide in Aloha's source water is converted to sulfates by chlorination. Sulfates or elemental sulfur will not react with copper under normal conditions, and Mr. Watford claims that there is no sulfide coming through the customer's meter. However, once the water

enters the customer's home, a multitude of things can cause the formation of sulfide. Utility witness Porter testified that the black water problem occurs in customers' home water piping. Aloha claims that the water delivered to Aloha's customers is pure, clean, color-free, odorless, and meets all State and Federal laws, rules and regulations.

The DEP witnesses agreed that copper sulfide occurs when elemental sulfur or sulfate in the water is converted biochemically in the customer's home from harmless sulfate and elemental sulfur to hydrogen sulfide, which can attack the home copper water piping and create copper sulfide which is the black substance reported by some of Aloha's customers. Factors necessary for the formation of copper sulfide include an energy source, time, temperature, sulfur reducing bacteria, and either sulfates or elemental sulfur. DEP witness Hoofnagle stated that the above conditions are found in both the customer's hot water heater, and the elemental sulfur or sulfates are introduced from Aloha's distribution system.

Aloha's water contains very small quantities of sulfate as it is delivered to the customer, varying from single digit values to the 20 to 25 mg/L level. The national drinking water standards allow 250 mg/L sulfate levels, so Aloha's water contains at most only one tenth of the national limit. DEP believes that the black water is being formed in the customer's pipes after the meter and that this formation of black water after the meter does not constitute a violation of drinking water standards.

Mr. Foster also testified that the finished water produced by Aloha meets all the state and federal maximum contaminant levels for primary and secondary water quality standards including the lead and copper rule. Also, Aloha's compliance with the lead and copper rule has led to a lessening of the monitoring requirements.

OPC witness Biddy disagrees with utility witness Watford's contention that no hydrogen sulfide is coming through the customers' meters. He believes that there is a varying concentration of hydrogen sulfide in the raw water, and that periodically you get much higher concentrations. He believes that when the high concentrations peak, all the chlorine is used up, and not all the hydrogen sulfide is converted to either harmless sulfates or elemental sulfur. Under these circumstances, he

believes hydrogen sulfide is pumped directly into the system, through the customers' meters, and into the homes.

Witness Hoofnagle testified that there are a number of things the utility might study and implement to reduce or eliminate over time the black water problems now being experienced. There is no panacea or guarantees due to the complex nature of the water and corrosion chemistry and relatively unique specific conditions that are found in the customers' water. However, aeration with pre- and post-pH adjustment added with alkalinity control has proven to be the most effective in other parts of Florida. Additionally there are emerging technologies that lend themselves to addressing the future Disinfection Byproducts Rule 62-550.821, Florida Administrative Code, as well, such as the MIEX system. This is a relatively cost effective solution. Since the black water problems do not appear in all of Aloha's service subareas, it is the DEP's belief at this time that a centralized treatment system would not be cost effective. Future and on-going engineering and cost studies need to identify technical solutions and their associated costs.

In late-filed Exhibit 3, staff witness Foster of the DEP presented a description of the tri-level water treatment process used by Pasco County to remove hydrogen sulfide and reduce the corrosiveness of the water. This process begins with cascade aeration to remove sulfides. After aeration, the water is sent to storage tanks containing a naturally-occurring bacteria. These bacteria convert hydrogen sulfide into elemental sulfur. The water is then chlorinated to remove bacteria and oxidize the remaining sulfide.

When asked what steps Aloha had taken to alleviate the black water problem, witness Foster testified that the utility was permitted on December 12, 1995, to use a polyphosphate corrosion inhibitor. However, some home treatment units can cause the corrosion inhibitor to be less effective. The units tend to remove mineral calcium, iron and magnesium, causing the water to become corrosive, and the pH is lowered.

Although some customers are dissatisfied with the taste, odor, and color of the water, witnesses Hoofnagle and Foster testified that Aloha meets the drinking water standards set forth by the DEP

for water quality, and that the black water is created beyond the meter. We therefore find that the quality of Aloha's product is satisfactory.

It is apparent from the DEP testimony that Aloha has complied with all DEP rules regarding the quality of the water it produces for its customers. The method it has chosen, however, to meet this responsibility, i.e., the chemical conversion of sulfides to sulfates, has been shown to be reversible in customers' service piping and is one of the factors leading to the formation of black water. Even though Aloha has apparently met its legal obligation regarding water quality, we believe it should be taking a more proactive approach to dealing with the black water problem and responding to its numerous customer complaints about water quality.

Regarding a potential solution to the black water problem, witness Hoofnagle stated that if all the homes had chlorinated polyvinyl chloride (CPVC) piping there would not be a black water issue. When asked if there was anything else that would eliminate the black water problem, witness Hoofnagle stated that some form of water treatment to include aeration could greatly reduce the problem. Staff witness Foster, when asked if there was a mechanism, short of replacing the copper pipe, that would eliminate the black water problem, responded by calling the plastic pipe replacement a quick fix and, outside of that, he did not see an easy way of doing it. Utility witness Watford testified that a customer named Vento had his copper pipe replaced with CPVC and had never seen discolored water again.

Both witnesses from DEP were asked to state what they believed to be the solution to the black water problem and neither cited anything as a final solution except for the replacement of the customers' copper pipe with CPVC. Witness Hoofnagle testified that forms of water treatment would only reduce the problem and stopped short of saying that additional treatment of the water would eliminate the problem. It appears that at least a very large part of the solution to the black water problem in the Aloha service area is the replacement of the customers' copper service pipes with non-copper pipe. However, notwithstanding this, we believe that Aloha's chosen treatment method of converting hydrogen sulfide to sulfate or elemental sulfur through chlorination has not proven to be an adequate remedy. Moreover, Aloha's use of ortho-

polyphosphates has not proven to be an adequate remedy. Therefore, Aloha shall be required to take additional measures to correct this "black water" problem.

B. Operational Conditions of the Plant

In this facet of the quality of service determination, we consider the operational conditions of the utility's plant facilities, and whether the plant facilities meet DEP standards and are functioning properly.

Utility witness Watford testified that Aloha utilizes chlorination to convert the hydrogen sulfide in the raw water to the sulfate form. Utility witness Porter testified that Aloha also uses an orthopolyphosphate corrosion inhibitor. Aloha's use of a corrosion inhibitor has resulted in a lessening of the monitoring requirements under the lead and copper rule.

Four of the customers who testified complained about low pressure. One of these customers stated that his pressure was low constantly, and was not adequate compared to other places he has lived.

Staff witness Foster testified that the Aloha water system meets all current DEP standards for a drinking water system including the maintenance of the required minimum pressure, quality of the finished water, monitoring, required chlorine residual, certified operators, and auxiliary power. The system is generally in compliance with all applicable DEP rules. Also, Aloha's corrosion inhibitor program was approved by DEP on December 12, 1995. Witness Foster further testified that the chemical analyses of Aloha's finished water indicates no need for further treatment.

Staff witness Hoofnagle testified about fire hydrant flushing. He stated that how often a hydrant should be flushed varies tremendously. He further testified that DEP encourages utilities to flush lines through the hydrants and that it is a standard practice.

The record shows that the utility is meeting standards set forth by the DEP for operating conditions of its plants, as evidenced by the testimony of DEP witness Foster as well as by

utility witnesses Watford and Porter. Therefore, we find that the operational condition of the plant is satisfactory.

C. Customer Satisfaction

In addition to the customer testimony summarized above, we heard testimony from customers about the level of customer service received from the utility. Customers testified for the most part about discolored or black water. There were some complaints of undesirable taste and odor, and insufficient pressure. Some customers testified about the attitude of the utility. This testimony is summarized below.

Representative Fasano testified about Aloha's defensive attitude and lack of helpfulness. He characterized the service as poor and pointed out what he believed to be an effort by Aloha to intimidate its customers into not participating in the legal process. This effort was a newsletter in which Aloha stated that if an appeal of a Public Service Commission order was pursued, it would cost the utility hundreds of thousands of dollars, the cost of which would be passed on to the customers. Representative Fasano reported this newsletter to the Commission and was told that Aloha's claims of potential legal costs were not so exaggerated as to be deceptive. He also characterized Aloha as a company who does not care about its customers.

Customer witness Stingo testified about the expense of installing an irrigation meter. He believed that the water distribution system as it was installed should not have been allowed and caused the installation of an irrigation system to cost more money than it should have.

Customer witness Marden testified about a damaged fire hydrant, and his concerns about fire protection and safety. In late-filed Exhibit 37, Aloha stated that it repaired the hydrant on January 10, 2002.

Customer witness Kurien testified that we should not be bullied by Aloha's claims of meeting DEP standards.

Customer witness Shepherd testified that he believed that Aloha was engaged in foot dragging as a response to water problems.

Customer witness Lane testified that he was in agreement with Representative Fasano about the intimidating newsletter, and that Aloha is not responsive to customer complaints. He stated that when he called to complain about weak pressure, the utility came out, measured it, and said that the existing pressure meets the standard, and that is all they can do. Mr. Lane believes that this was not responsive.

Customer witness Wood testified that Aloha's service is substandard and totally unsatisfactory.

Customer witness Nowack testified that Aloha is very rude to her and to its customers. She also stated that Aloha hangs up on her.

Customer witness Skipper testified that she had written Aloha a letter in the summer and had not gotten any response from them at all.

Customer witness Rifkin testified that he wrote on his bill a note to Mr. Watford that the water is dirty, black, and stinking. Mr. Rifkin never received a response to the note.

Customer witness Lewandowski testified that every time he has called Aloha, they have been nothing more than arrogant, egotistical prima donnas.

Customer witness Brown had questions about how the sewer rate was calculated on his bill and also expressed concerns over Aloha's brand new vehicles. He also had concerns about Aloha's threatening newsletter concerning legal costs being passed on to the ratepayers.

We also heard testimony from the parties concerning customer service. OPC witness Larkin testified that Aloha's water quality does not meet a competitive standard and in a competitive environment would be rejected by customers. It was only because Aloha was a monopoly that it could get away with this level of service and that this Commission must act as a true substitute for competition. He stated that, in a previous docket, there was overwhelming evidence that a vast number of the Seven Springs water customers found Aloha's overall product and service to be

completely unacceptable. Further, based on the customer testimony that has been presented in the two recent Aloha dockets, vast numbers of customers would go elsewhere if they had a choice. He stated that he has never encountered a higher level of customer dissatisfaction, and that in a competitive environment, Aloha would not be able to raise prices because the quality of its water is below comparable service from other water companies.

Staff witness Durbin testified that during the period between January 1, 1999, and October 31, 2001, the Commission logged 193 complaints against Aloha Utilities. This number of complaints constituted the highest number of complaints per 1,000 customers of any of the similarly sized water and wastewater utility companies reviewed. The similarly sized companies included other Class A and B water and wastewater companies in Pasco County plus other selected Class A companies outside of Pasco County. The review indicated that Aloha had 15.16 complaints per 1,000 customers for the period January 1, 1999, through November 13, 2001. The other companies reviewed ranged from a low of .024 complaints per 1,000 customers by Florida Cities Water Company - Lee County Division, to a high for the other companies of 13.45 complaints per 1,000 customers by Jasmine Lakes Utility Corporation.

Mr. Durbin testified that two of the complaints involved an apparent violation of the Florida Administrative Code or the company tariff. Of these two, one was a complaint in which it appeared that the company had sent the customer an improper bill. The other apparent violation concerned a delay in connection of service in a timely manner. Mr. Durbin testified that the two most common complaints involved high water bills and water quality concerns, including black water complaints. Witness Durbin further testified that Aloha provided a timely response in 92% of the cases that were filed in 1999, 2000, and year-to-date 2001.

Utility witness Watford also testified as to customer satisfaction and stated that the two cases where the utility was found to have done anything wrong averaged out to less than one complaint per year. He believes this to be a very good record. Mr. Watford also testified about the late responses. For five of the alleged eleven late responses, Aloha contends that it was not late in providing a response. In one particular case, he stated that Aloha has a facsimile confirmation that it did in fact file a

response on the due date. Aloha then sent a confirmation the next day. This second submission was apparently incorrectly logged in as Aloha's response.

In four other cases, Mr. Watford contends that the complaint was sent to Aloha's old fax number after it had moved to its new offices. After finding out about the complaints Aloha asked that the complaints be resent to the new number. In each of these cases, Aloha contends they filed a response in less than the normal 15 days. In at least three of the alleged late response cases, Aloha contends that the Commission's facsimile machine failed to accept a faxed response so it was sent by mail on the due date. Based on these explanations, Mr. Watford testified that he believed there were zero late responses that were not justified.

In addition, witness Watford testified that because witness Durbin did not review the other utilities cited as comparable to Aloha to determine if they were involved in rate proceedings during the time analyzed, that Mr. Durbin's testimony was flawed. Also, no attempt was made to segregate water complaints from sewer complaints, and the period of time chosen for analysis was questionable. For these reasons, he believed that Mr. Durbin's analysis was not a fair representation of Aloha's customer complaint level. Witness Watford also cited this Commission's management audit of Aloha, which stated that Aloha's customers are generally satisfied with Aloha's customer service.

We have reviewed the management audit conducted by our staff, and note that it was based on a very limited number of samples over a very short period of time. As stated in the report on page 19: "The four-question survey was a snapshot of one week of service requests originated during the week of September 26 through October 2, 2000. Staff randomly contacted a judgement [sic] sample of 37 of the 209 customers having interaction with Aloha during the designated period." Even the staff who conducted the audit acknowledged that the survey sample size fell short of being statistically valid. The record shows that the conclusions of the management audit staff that Aloha's customers were generally satisfied with service, timeliness of response and overall handling of customer requests is inconsistent with the multitude of customers who testified almost in one voice about Aloha's poor

quality of service and the unresponsiveness of Aloha to consumers' complaints.

We find that a significant number of customers have been receiving "black water" from Aloha for over six years, and it is past time for Aloha to do something about it. While the water quality provided meets the DEP standards at the meter, the presence of hydrogen sulfide in the raw water that is converted to sulfates and back into sulfides is not acceptable because this conversion process is one of the factors leading to the creation of copper sulfide in the customers' water. This copper sulfide is the black substance in the water causing the water to be either black or gray in color. Even though Aloha complies with DEP's Lead and Copper Rule, a significant number of Aloha customers experience corrosion in their service piping, which leads to the formation of copper sulfide in their homes.

We also find that a large number of customers had complaints about Aloha's attitude in dealing with its customers. We heard testimony that the utility was arrogant, egotistical, very rude, unresponsive, and acted like prima donnas.

A significant portion of the customers are clearly dissatisfied with Aloha's overall quality of service, and have been for some time. Therefore, we find that the utility is not providing good customer service and the quality of customer service provided by Aloha is unsatisfactory.

Aloha has violated its water use permit with SWFWMD starting in 1994, and consistently since 1996. In addition, Aloha's customers have complained about black water since at least early 1996. Any actions that Aloha has taken to eliminate these problems have come about in response to requirements made by governmental authorities. Moreover, the actions that Aloha has taken have been slow-moving and ineffective. Because of Aloha's long-term problems with black water and other water quality complaints, long-term violation of its consumptive use permit, its lack of a proactive approach to finding acceptable solutions to these problems, and the customer complaints about the attitude of the utility, we find that the overall quality of service provided by Aloha is unsatisfactory.

IV. IMPACT OF UNSATISFACTORY QUALITY OF SERVICE

A. OPC's Competitive Standard Argument

Both Mr. Wood and OPC argue that the utility's entire rate request should be denied due to its poor quality of service. OPC specifically argues that we should adopt a competitive standard for service. OPC witness Larkin argues that Aloha's water quality and service would fail this standard, and testified:

The competitive principle requiring that regulation be a substitute for competition would view both price and service from a competitive standpoint. If the provision of water services were a competitive product, and the customers of the Seven Springs Water Division of the Aloha Utility had a choice, they would clearly reject to deal with Aloha because of the poor quality of the water service provided. Aloha's water quality would not meet a competitive standard, and in a competitive environment would be rejected by customers.

According to OPC, in exchange for taking away the customers' right to choose, Florida laws impose a regulatory framework that acts as a surrogate for the open market. Mr. Larkin testified that "since the customer choice is removed, a strong regulatory process is the only thing that remains to keep the supplier 'honest.'"

OPC argues that:

If Aloha faced any competition, it would lose customers in droves - even at the current rates. At this level of disapproval with its product, if a competitive enterprise were to actually be brazen enough to increase prices, it would assure a mass exodus of its customers.

Under this competitive standard, OPC argues that the expenditures that Aloha is seeking to recover would not be considered to be just or reasonable. According to OPC, Aloha has turned "competitive reality on its head," because Aloha first wants an increase in rates before it will improve its product to a level acceptable to its customers. Mr. Larkin testified that, as in a competitive market, ". . . Aloha should first be required to demonstrate a

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product acceptable to customers, and then be considered for increased rates."

In his testimony, OPC witness Larkin relied on James C. Bonbright's *Principles of Public Utility Rates*, as follows:

Regulation, it is said, is a substitute for competition. Hence its objective should be to compel a regulated enterprise, despite its possession of complete or partial monopoly, to charge rates approximating those which it would charge if free from regulation but subject to the market forces of competition. In short, regulation should be not only a substitute for competition, but a closely imitative substitute.

In conclusion, OPC argued against granting Aloha an increase in rates, stating:

Aloha's customers should not be required to pay higher prices for Aloha's inferior product. The protections of the regulatory process should not be a one-way street. The regulatory process protects Aloha from facing any competition; the regulatory process should also protect Aloha's customers from paying higher prices for an inferior product.

Mr. Wood echoed OPC, stating:

The utility should be denied this increase and all subsequent increases until they can deliver a product that is considered satisfactory to the customer. It should be a product that the customer would buy in the open market.

In response, Aloha argues that pursuant to Section 367.081, Florida Statutes, it is the Commission's "responsibility to set just and reasonable rates" Moreover, Aloha asserted that "Mr. Larkin could not, or would not, provide any quantitative or other defined basis upon which the Commission could apply his standard for judging a Utility's level of service." Aloha argued that Mr. Larkin admitted that he had done no analysis to determine the level of customer satisfaction for the customer base as a

whole; that he had done no analysis of the quality of water provided by the utility; and that he based his contention that the utility provided service below a "competitive standard" solely on the basis of the customer complaints of less than 1/10th of 1% of the utility's customers, which he witnessed testify at hearings in this and the prior wastewater rate case, that there was no statute or rule that authorized this Commission to deny a rate increase based upon this undefined standard, and that Mr. Larkin knew of no cases where such a standard had previously been applied.

In its Post-Hearing Brief, Aloha argued:

Mr. Larkin's proposal must be rejected, not only because it is wholly undefined and unclear and based upon only anecdotal and very limited evidence, but also because it is clearly contrary to law and the Commission's responsibility to set just and reasonable rates under the provisions of Section 367.081, Florida Statutes and the underlining [sic] rules of the Commission.

SWFWMD supported a rate increase, and argued that "even if the Commission finds the utility is providing poor quality of service to its customers, a rate increase would support the District's ongoing effort regarding water supply planning and resource protection."

In considering the above arguments, we note that pursuant to Section 367.111(2), Florida Statutes, a public utility must provide:

such safe, efficient, and sufficient service as is prescribed by part VI of Chapter 403 and parts I and II of chapter 373, or rules adopted pursuant thereto; but such service shall not be less safe, less efficient, or less sufficient than is consistent with the approved engineering design of the system and the reasonable and proper operation of the utility in the public interest. If the Commission finds that a utility has failed to provide its customers with water or wastewater service that meets the standards promulgated by the Department of Environmental Protection or the water management

districts, the commission may reduce the utility's return on equity until the standards are met.

While the service provided by Aloha appears to meet DEP standards, the question here is whether Aloha operates its system in the public interest. In addition, Section 367.081(2)(a)1., Florida Statutes, provides that we shall "fix rates which are just, reasonable, compensatory, and not unfairly discriminatory," and in every such proceeding, we "shall consider the value and quality of the service and the cost of providing the service." (Emphasis supplied)

OPC witness Larkin's "competitive standard" proposal raises the same question that we have faced many times before, that is, whether we should deny an otherwise warranted rate increase based on either inadequate or inefficient service. To answer the question, we must start with the principle set forth in Bluefield Co. v. Public Service Commission, 262 U.S. 679 (1923). In that case, the United States Supreme Court held:

The just compensation safeguarded to the utility by the Fourteenth Amendment is a reasonable return on the property used at the time that it is being used for the public service. And rates not sufficient to yield that return are confiscatory.

Bluefield at 692.

There are limitations and caveats associated with this principle. We have on several occasions reduced a utility's return on equity or denied a rate increase for mismanagement or inefficient service. For instance, in Gulf Power v. Wilson, 597 So. 2d 270 (Fla. 1992), we reduced Gulf Power's return on equity by 50 basis points from the midpoint of the approved range because of a finding of utility mismanagement. With the reduction, the return was still well within the authorized range. The utility argued that this reduction was an unauthorized penalty and was in contravention of the holdings in Florida Tel. Corp. v. Carter, 70 So. 2d 508 (Fla. 1954), and Deltona Corp. v. Mayo, 342 So. 2d 510 (Fla. 1977). The Supreme Court disagreed and found that this reduction was neither a penalty nor confiscatory, but was merely a recognition of management inefficiency. The Court noted that in

both Carter and Mayo the Commission had improperly attempted to deny rates such that the rate of return was "well below the range found by the Commission as being fair and reasonable," and that this was not the case in Gulf Power. Gulf Power at 273. According to the Florida Supreme Court, "it is well established that all a regulated public utility is entitled to is 'an opportunity to earn a fair or reasonable rate of return on its invested capital.'" Gulf Power at 273, citing United Tel. Co. v. Mann, 403 So. 2d 962, 966 (Fla. 1981)."

Under Florida law, however, "the public should not be compelled to pay increased rates because of an inefficient system." North Florida Water Company v. Bevis, 302 So. 2d 129, 130 (Fla. 1974). In the North Florida case, the Commission had found that the system contained leaks, that 34.4% of the water pumped was unaccounted for, and that a significant number of meters were stalled and not recording, which led the Commission to deny the requested rate increase. The Florida Supreme Court upheld the Commission's decision to deny a rate increase and concluded:

The fixing of public utility rates necessarily involves a balancing of the public's interest in withholding rate relief because of inadequate service and the utility's interest in obtaining rate increases to finance its necessary service improvement program. The Commission in the instant case found the former interest to be predominant. From our examination of the record, we find the Commission order to be supported by competent substantial evidence.

North Florida at 130.

In making its decision, the Court relied on United Telephone Company of Florida v. Mayo, 215 So. 2d 609 (Fla. 1968), which held that while Section 366.041, Florida Statutes, provides that no public utility shall be denied a reasonable rate of return, it in no manner compels the Commission to grant a rate increase where the applicant's existing service is shown to be inefficient. In United Telephone, the utility sought review of a Commission order that withheld approval of a rate increase until the utility completed its plans for improvements. The Court held that Section 366.041, Florida Statutes, plainly authorized the Commission to withhold

approval of a rate increase. At the time, Section 366.041, Florida Statutes (1967), provided:

In fixing the just, reasonable, and compensatory rates, charges, fares, tolls, or rentals to be observed and charged for service within the state of Florida by any and all public utilities under its jurisdiction, the Florida Public Service Commission is authorized to give consideration, among other things, to the efficiency, sufficiency, and adequacy of the facilities provided and the services rendered, the value of such service to the public, and the ability of the utility to improve such service and facilities; provided that no public utility shall be denied a reasonable rate of return upon its rate base in any order entered pursuant to such proceedings.

.....
United Telephone at 609. The current ratemaking statute for water and wastewater utilities, Section 367.081(2)(a)1., Florida Statutes, is very similar to the statute quoted above.

United Telephone had also challenged Section 366.041, Florida Statutes, on constitutional grounds, asserting that the statute deprived the utility of property, namely the rate increase, without due process of law. Disagreeing with the utility, the Court held "that the Commission's order is authorized by statute, and the statute was not shown beyond a reasonable doubt to be invalid." United Telephone at 610.

The petitioners in United Telephone had also argued that the law was settled in Carter, whereby the Commission had determined that an 18.359 percent increase was warranted, but that a penalty reduction of approximately twenty-five percent was fair and reasonable in view of inadequate and inefficient service being rendered by the utility. In Carter, the Florida Supreme Court held that the Commission could not authorize an increase in rates and at the same time assess a penalty for inadequate service. In United Telephone, the Florida Supreme Court noted that Section 366.041, Florida Statutes, was enacted subsequent to the Carter decision, and "for ought we know, was intended to overcome the decision." United Telephone at 610.

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We have also denied rate increases for other utilities because of poor and inefficient service. Subsequent to the holdings in North Florida and United Telephone, finding problems with record keeping, operations, and unsatisfactory service (which required correction) for systems owned by General Development Utilities, Inc. (GDU), we denied GDU's request for rate relief by Order No. 7407, issued August 27, 1976, in Docket No. 750769-WS. Relying on the decisions in United Telephone and North Florida, we denied a request for reconsideration by GDU. See Order No. 7737, issued April 5, 1977, in Docket No. 750769-WS.

In addition, in Order No. 6750, issued June 26, 1975, in Docket No. R-74736-S, we denied Central Brevard Utilities Corporation's request for a rate increase because:

The utility has not acted in good faith with this Commission or the public they serve, by ignoring the requirements of sewage treatment imposed by Florida law. In view of the inefficiency of their system, the application for a rate increase to Central Brevard Utilities Corporation is hereby denied.

In Order No. 6750, we found that Central Brevard Utilities was:

not complying with the requirements of Chapter 17-4, Florida Administrative Code, for sewer systems and that the customers should not be required to pay an increase in rates to a utility that is not providing service as required by Florida law. Central Brevard Utilities Corporation has not met the sewage treatment standards as required by Florida Statutes for a period of eight (8) years. The utility has not made reasonable efforts to upgrade its operation to meet state standards for sewage treatment.

We believe that the holding of the Florida Supreme Court in Gulf Power is controlling. In that case, the Florida Supreme Court found:

. . . that the Commission's adjustment of Gulf Power's rate of return within the fair rate of return range falls within those powers expressly granted by statute or by

necessary implication. City of Cape Coral v. GAC Utilities, 281 So. 2d 493 (Fla. 1973). This Court has previously recognized that this authority includes the discretion to reward, within the reasonable rate of return range, for management efficiency. In fact, Gulf Power has in the past received a ten basis point reward for efficient management through its energy conservation efforts. Gulf Power Company v. Cresse, 410 So. 2d 492 (Fla. 1982). We find that, inherent in the authority to adjust for management efficiency is the authority to reduce the rate of return for mismanagement, as long as the resulting rate of return falls within the reasonable range set by the Commission.

Gulf Power at 273.

In this case, the evidence shows that Aloha treats its customers poorly and has made slow progress towards finding a solution for the "black water" problem. Moreover, the evidence does not show that the utility has aggressively sought alternate sources of water. Aloha's only efforts appear to have been limited to seeking an increase in its water use permits (WUPs) (or attempting to have other WUPs transferred to them), using reuse, implementing some conservation measures, and interconnecting with the county. Aloha should have begun aggressively seeking alternate sources of water prior to its consistently exceeding the limits of its WUP in 1996. Moreover, the utility specifically met with SWFWMD to address its noncompliance with its WUP in May of 1997, and other than interconnecting with the county, has secured no alternate source of water which might have proved to be more cost effective.

It is undisputed that Aloha did initially begin the anti-corrosion program as required by DEP and that it is now again below the action levels for DEP's Lead and Copper Rule. Also, Aloha has complied with our requirement to implement a pilot project using the best available treatment alternative to remove the hydrogen sulfide, thereby enhancing the water quality and diminishing the tendency of the water to produce copper sulfide in customers' homes. See Order No. PSC-00-1628-FOF-WS, issued September 12, 2000, in Docket No. 960545-WS. However, notwithstanding these

minimal efforts, the "black water" problem has continued to persist for a significant number of customers since 1996, if not before.

1. Solution to Copper Sulfide Problem

For those customers experiencing "black water," the only absolute "fix" appears to be repiping with CPVC. However, another possible solution is the removal of almost all hydrogen sulfide. While the utility has proceeded with the pilot project as ordered by this Commission and has provided monthly reports as required, the pilot project has lasted for over 18 months, and the record shows that there has been little progression with it since July 2001. The utility states that it is just now ready to begin the final stage of the pilot project, and that the final stage is projected to last anywhere from six to twelve months. We acknowledge that the need for alternate sources to increase the utility's water supply and the possibility that Pasco County may adopt a chloramine process have complicated the utility's search for a process that will correct the "black water" problem and remove hydrogen sulfide from the water. Nevertheless, it is past time for Aloha to take decisive action.

We further note that DEP witness Foster testified that Pasco County had a hydrogen sulfide problem in its water and installed a treatment system to deal with it. According to witness Foster, he has never seen a problem with black water in the county. We believe that if Aloha had committed themselves to a more proactive approach to this problem, and this type of problem having already been addressed by the County, that Aloha had the opportunity to prevent the situation from becoming as bad as it is and possibly eliminate it entirely.

As an initial step to combat the "black water" problem, we note that shortly after Wells Nos. 8 and 9 were placed into service in late 1995, the complaints on "black water" sky-rocketed. OPC witness Biddy suspects that Wells Nos. 8 and 9 have hydrogen sulfide spikes. Also, those wells are the closest to the subdivisions experiencing the worst "black water" problems. Although Aloha's Seven Springs water system is totally interconnected, we believe that any solution to the "black water" problem must begin with Wells Nos. 8 and 9.

By Order No. PSC-00-1285-FOF-WS, we required Aloha to immediately implement a pilot project using the best available treatment alternative to enhance the water quality and to diminish the tendency of the water to produce copper sulfide in the customers' homes. Based on the above, the utility shall make improvements starting with Wells Nos. 8 and 9, and then to all of its wells, to implement a treatment process designed to remove at least 98% of the hydrogen sulfide in the raw water. Such improvements to all of the utility's wells shall be placed into service by no later than December 31, 2003. Moreover, Aloha shall submit a plan within 90 days of the date of the Final Order in this docket showing how it intends to comply with this requirement to remove hydrogen sulfide.

2. Return on Equity Set at Minimum

Based on the above, and after considering the value and quality of the service, we find that the utility's rates shall be set to give it the opportunity to earn the minimum of its authorized rate of return in accordance with Gulf Power. We have set the rates at the minimum of the range of return on equity because of the overwhelming dissatisfaction of Aloha's customers due to the poor quality of the water service and their treatment by the utility in regards to their complaints and inquiries. Our actions are consistent with past decisions in this regard. See Order No. 14931, issued September 11, 1985, in Docket No. 840267-WS, Order No. 17760, issued June 28, 1987, in Docket No. 850646-SU, Order No. 24643, issued June 10, 1991, in Docket No. 910276-WS, and Order No. PSC-96-1320-FOF-WS, issued October 30, 1996, in Docket No. 950495-WS.

3. Reduction to President's and Vice-President's Salary

Also, we find the continuing problems with "black water" over at least the last six years, the customers' dissatisfaction with the way they are treated, the poor service they receive from the utility, and the failure of the utility to aggressively and timely seek alternate sources of water supply reflect poor management of this utility. Therefore, based on this poor management and mismanagement, the amount allowed for salaries and benefits of both the President and Vice-President shall be reduced by 50%. Based on this adjustment and noting Stipulation No. 13 (double counting of

one employee's salary), the adjustment to officers' salaries is a reduction of \$28,969, and the total reduction to benefits is \$6,402. This is consistent with our actions taken in: Order No. 23573, issued October 3, 1990, in Docket No. 891345-EI; Order No. PSC-93-0295-FOF-WS, issued February 24, 1993, in Docket No. 910637-WS, Order No. PSC-01-1162-PAA-WU, issued May 22, 2001, in Docket No. 001118-WU; and Order No. PSC-01-1988-PAA-WU, issued October 8, 2001, in Docket No. 001682-WU. In Order No. PSC-01-1162-PAA-WU, we specifically stated:

In past cases, we have found it appropriate to reduce the president's salary based on poor quality of service and the performance by management. Specifically, in Order No. PSC-93-0295-FOF-WS, issued February 24, 1993, in Docket No. 910637-WS, we found that it was appropriate to reduce the salary of Mad Hatter Utility Inc.'s (MHU) president because of the concerns with MHU's overall quality of service and the performance of its management. We found in Order No. PSC-93-0295-FOF-WS that reducing the salary of the utility's president would have a direct and immediate impact equal to or greater than a reduction to the return on equity. We further found that it sends the proper signal to management to make improvements, and that it is management, specifically the president, who is ultimately responsible for the conduct of the corporate entity, and who should be held accountable.

B. Customer Service Improvements

As we discussed above, the customers who testified in this case were overwhelmingly dissatisfied with the customer service provided by Aloha. Thus, the evidence suggests that Aloha needs to improve its customer relations. Because the foundation for a good customer relationship is good communications, we have identified the following five measures that will greatly improve Aloha's communications with its customers, and will ultimately improve the level of customer service provided by Aloha. To that end, Aloha shall implement these five measures as further discussed below.

1. The Transfer Connect Program

We strive to resolve disputes between regulated companies and their customers in an efficient and effective manner. One of the tools that we have to accomplish that goal is the Transfer Connect Program, a low-cost optional program that allows each participating company to provide a toll-free telephone number by which the Commission may directly transfer a consumer for assistance. When the transfer is complete, any further charges for the call are the responsibility of the company, and not the Commission or the consumers. Each company subscribing to the Transfer Connect Program must provide consumer assistance personnel to handle transferred calls during the company's normal business hours (i.e., a "live" customer service representative). There are 18 companies currently participating in the Transfer Connect Program. The participants are: Florida Power & Light, BellSouth, Florida Power Corporation, Florida Water Services, Sprint-Florida, Sprint-Long Distance, Verizon, Tampa Electric Company, Excel Communications, NOS Communications, Intermedia Communications, MCI WorldCom, USA Telecorp., Billing Concepts, AT&T (Residential and Slamming), Supra Telecommunications, Gulf Power Company, and OLS. According to Commission statistics, the Commission is transferring about 1,000 calls per month to participating companies. During the 2000-2001 fiscal year, 14 percent of the more than 67,000 total calls answered via the Commission's 800 toll-free answer line were transferred directly to the utilities. There were 1,423 cases resolved in this manner by the Telecommunications Industry, 578 cases by the Electric Industry, and 20 by the Water and Wastewater Industry.

According to companies who have recently signed up to be on the Commission's Call Transfer program, Aloha may incur the following costs, which appear to be immaterial for a company such as Aloha:

Installation - \$0.00
Monthly Rate - \$20.00
Per Minute Charge - \$.216

We find that Aloha would better serve its customers by using this service because customers would have the opportunity to have their problems addressed quickly by the company. Therefore, Aloha shall

participate in the Transfer Connect Program, as described in Rule 25-22.032(3), Florida Administrative Code. At a minimum, Aloha needs to have personnel available from Monday through Friday, 9 a.m. to 4 p.m., Eastern Standard Time, excluding holidays observed by the company, to answer the telephone.

2. Employee Training, Customer Service Guarantees, and Implementation of Standards Covering Aloha's Customer Service and Operational Activities

At the hearing, we heard testimony that Aloha's customers perceive that Aloha is not committed to quality customer service. Customer witness Nowack states, "[t]his kind of consumer relationship is not what you would call good. Florida Power, there's no problem. Verizon, there's no problem. Anybody else, there's never a problem, but Aloha Utilities hates their customers." Customer witness Stingo stated similarly, "Aloha does not care about the customer." Customer witness Depergola states, "I'm a businessman. I treat my customers with white gloves. I go the extra mile for my customers. I am a tailor by trade. I make sure that my customers are served properly, honestly, and on top of that, I stayed in business with recommendations. All I hear tonight, disappointment from Aloha customers, nothing but sad stories from decent people."

To improve its customer relations, Aloha needs to focus on providing good customer service. We find that one method available to improve its customer relations is the offering of service guarantees. In addition, we find that customer service would be better if the utility improved its customer service procedures by doing things such as making it easier for customers to gain access to the utility's complaint-handling system. To improve its customer relations, we find that Aloha shall implement the following changes to its customer service procedures:

- a. Aloha shall supervise and train its employees to be courteous, considerate, and efficient at all times in their contact and dealings with its subscribers and the public in general and shall make checks from time to time to insure that courteous service is actually being rendered. The utility shall also implement cross training and internal customer service programs, as well

as essential customer skills training, such as "telephone courtesy," "listening skills," and "how to communicate caring." In addition, Aloha shall prepare a manual for customer service, which should be used regularly in order to ensure consistency in Aloha employees' dealings with customers.

b. Aloha shall implement a program that places automatic credits on a customer's bill if the company fails to meet established timeliness standards for making repairs or installing service. These expenses shall be accounted on Aloha's books below the line so that the general body of ratepayers will not have to reimburse Aloha for its failure to provide timely service. Aloha shall file revised tariff sheets to include the following credit possibilities:

- a \$15 credit for each missed appointment
- a \$15 credit if an out of service repair exceeds 24 hours
- a \$15 credit if service is not reconnected within 12 hours of receipt of customer payment.

c. Aloha shall implement a multitude of standards covering its customer service and operational activities and maintain an effective system for measuring performance against those standards. Each standard should be discrete, that is, relatively narrow in scope and confined to measurable service features, particularly through the company's automated (Interactive Voice Response) telephone system.

Examples of possible standards include, but are not limited to:

- Process and handle all customer complaints within 5 days of receipt.
- Keep busy signals below 5 percent of incoming calls.

- Maintain hold or wait time at less than 1 minute.
- Return all internal and external calls within 8 working hours.

3. Customer Billing Improvements

Aloha shall make changes to its bills to develop a clearer billing format to reduce customer confusion. Our staff has taken complaints from Aloha customers who could not decipher their monthly bills. For example, customer witness Nowack states, "[m]y big beef with Aloha is, they can't consistently bill me for any particular time. I've been fighting with them for three or four years now, and they will read a meter, and it will have the same amount at the beginning and at the end."

Rule 25-30.335(1), Florida Administrative Code, Customer Billing, states:

Except as provided in this rule, a utility shall render bills to customers at regular intervals, and each bill shall indicate: the billing period covered; the applicable rate schedule; beginning and ending meter reading; the amount of the bill; the delinquent date or the date after which the bill becomes past due; and any authorized late payment charge.

The current billing format does not include the applicable rates for water and wastewater charges, nor does it clearly break out the difference between the prior balance and any amounts past due. Aloha shall redesign its current bill to include water, wastewater, and miscellaneous charges when applicable. Also, Aloha shall redesign its current bill to reflect an accurate previous balance and any payments received (and the date received). For example:

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Previous Balance	\$ XX.XX
Payment Received on DATE	XX.XXCR
Outstanding Balance	.00
Water Base Facility Charge	\$ X.XX
Gallonge Charge (XXXX Gallons @ .XXXXXX)	\$ XX.XX
Total Water	\$ XX.XX
Wastewater Base Facility Charge	\$ X.XX
Gallonge Charge (XXXX Gallons @ .XXXXXX)	\$ XX.XX
Total Wastewater	\$ XX.XX
Non-jurisdictional Charges	
Garbage	\$ XX.XX
Street Lighting	\$ XX.XX
Total Current Charges Due by Date	\$ XX.XX

Aloha's tariff does not contain a copy of the current bill, and the example bill shown in the tariff was last revised in 1978. Aloha shall file a revised tariff that reflects the current bill within 30 days of the issuance of the Final Order in this docket. Also, Aloha shall have its billing format changed along with revised tariff sheets reflecting this change within 120 days of the issuance of the Final Order in this docket.

In addition, Aloha shall provide payment options for its customers, which may include preauthorized direct debit and payment connectivity over the Internet between online customers and the utility. Preauthorized direct debit involves a customer having the payment taken directly from a checking or savings account each month. For payments via the Internet, Aloha could choose a payment processing network that allows its Web site to support multiple payment types. Many software programs today can be customized to integrate with a company's existing Web site. We find that these changes should enhance Aloha's customer relations and eliminate confusion over the billing process.

4. Citizens' Advisory Committee (CAC)

Aloha shall form a Citizens' Advisory Committee (CAC). This concept was raised by the customers at the hearing as a means to improve customer relations. Many organizations form advisory committees to generate recommendations and provide ideas about issues facing the organization. Advisory Committees also provide

opportunities for an agency to ensure that the many diverse interests of its customer base are represented on an ongoing basis. The primary purpose of the Aloha CAC would be to serve as a special communication link between Aloha customers and the utility. In addition, the CAC would allow Aloha to receive constructive input from customer representatives about any issues deemed relevant by any party, thus enabling Aloha to better understand the desires of its customers and to work toward more compatible solutions.

The committee would be comprised of 15-20 citizens representing a cross-section of individual customers and various homeowners' associations in Aloha's territory who have interests and concerns about the utility's ongoing customer service. Members would probably serve two-year terms. The CAC would be formed to assist Aloha in making critical decisions that impact the level of service provided to the community. The group would research, study, and discuss specific issues with both short and long-term implications, forwarding their recommendations to Aloha. The president of Aloha or his designee would attend all meetings.

CAC meetings would be open to the public, and any Aloha customer could attend or contact a member to pass along any concerns, questions, comments, etc. In addition, notification of the advisory committee meetings would be made in Aloha's existing newsletter and other publications. The CAC would meet, at a minimum, once a month, and the meetings would be scheduled at the convenience of the committee. The CAC would provide a mechanism for citizen involvement, and its activities would be promoted through the publication of reports published in Aloha's current newsletter and on Aloha's Web site. The CAC would also conduct citizen meetings in each of the target areas, meet with representatives of neighborhood organizations, disseminate information throughout Aloha's community, and go door-to-door to ensure that citizens are aware of the CAC activities.

Meeting summaries would be prepared after each meeting. Summaries would be available for citizen inspection. Key issues addressed during the advisory committee process would also be highlighted in the meeting notes. A CAC mailing list would be developed by members of the CAC and Aloha, and it would continue to evolve as new citizens and interested persons call to get on the mailing list.

In its initial meeting, the CAC would need to elect, at the very least, a chairman and a vice chairman. Both a chairman and a vice chair would be elected by a majority vote of the CAC members with a quorum present. The Executive Secretary of the CAC would be a designated Aloha staff person. The Executive Secretary would be responsible for recording the minutes of all CAC meetings, transmitting notices and agendas to the membership, and would transmit a copy of the minutes of each CAC meeting to each member prior to the next regular meeting. The Executive Secretary would also insure that consensus, majority, and dissenting views on all matters and issues were recorded, and, upon request, reported. He or she would also assist the subcommittees and task forces, as needed. *Robert's Rules of Order Newly Revised* would be the parliamentary authority for the conduct of meetings, except in cases where it might conflict with the bylaws to be adopted by the CAC. In addition, the CAC would adopt some guiding "principles" for conduct and actions at all future meetings. At the initial meeting, the CAC could begin formulating its mission statement, as well as its goals and objectives. At this first meeting, the CAC and Aloha could place on the record items that each party considers appropriate for an Advisory Committee to discuss. The CAC could designate subcommittees to study issues of concern and present recommendations to the full CAC. Task forces could also be appointed to study or deal with issues that generally are of short duration and very specific in responsibility.

We find that the formation of the CAC will improve communications between the utility and its customers, and thus improve customer service.

5. Develop a Consumer-Friendly Web Site

Internet Web sites are increasingly becoming accepted and used as a communications vehicle for businesses and organizations. The Internet provides a vehicle for reaching an information-oriented segment of the residential market. During the customer hearing, Aloha's witness Watford testified that the utility was developing a Web site. We find that the company's Web site would be a good source of information for Aloha customers. The site should be designed to offer customers an easy-to-follow format and the ability to file a complaint, comment on a company policy, or ask a

question. The web site should link Aloha's customers to education materials and other related Internet sites.

When designing and updating its Web activities, Aloha should consider the following factors to help foster a customer's perception of a positive experience and promote a repeat visit and positive word-of-mouth publicity:

- Simplify online activities so that they are clear and have concise directions that are easy to follow. As an example, if Aloha wants customers to be able to e-mail the company, Aloha needs to be sure that the customers can e-mail from the Web site, as opposed to having to leave the site and then send an e-mail message.
- Organize the information presented within Aloha's Web site, so customers can easily find topics. A consumer interested in information about a company's conservation programs should not have to first wade through extraneous materials.
- Update information frequently. Nothing deters online visitors quicker than the perception that a Web site's primary contents are yesterday's news. At a minimum, Aloha needs to update its Web site and check for accuracy at least once a week.
- Include a feature that would offer customers a way to respond to special utility programs or services, and also a way to suggest how to improve Aloha's customer service.
- Highlight items related to conservation issues, including links back to the water management districts' conservation information.
- Include a section of "frequently-asked customer questions" and a section offering water usage calculations.

- Include a line item explanation of a sample customer bill.
- Include a link to the Commission's Web site, so customers would have the opportunity to file an online complaint with the Commission.

Aloha shall implement these five customer service measures within 120 days from the date of the Final Order. An additional operation and maintenance (O&M) expense of \$44,136 shall be allowed for Aloha to implement these customer service measures.

V. RATE BASE

A. Amount of Pilot Project to Include in Working Capital

In its MFRs, Aloha included a \$190,000 increase to working capital for the average estimated cost of the pilot project recognized in Order No. PSC-01-1374-PAA-WS, issued June 27, 2001, in Dockets Nos. 000737-WS and 010518-WS. That Order finalized the overearnings investigation for the Aloha Gardens water and wastewater systems and the Seven Springs water system, and was based on the projected test year ended December 31, 2000.

By Order No. PSC-00-1285-FOF-WS, issued July 14, 2000, in Docket No. 960545-WS (the water quality docket), we ordered Aloha to implement the pilot project to enhance water quality. In Order No. PSC-01-1374-PAA-WS, subsequent to the water quality docket, we noted that Aloha had submitted a cost estimate for the pilot project of \$380,000 in December 2000. We found the estimate to be reasonable and allowed the average balance of \$190,000 to be included in working capital only. Because the pilot project was not yet completed, we stated that the appropriate final treatment for these costs could be addressed in the upcoming rate case for this system (i.e., this docket).

OPC witness DeRonne testified that the pilot project has essentially been suspended and a final report has not yet been prepared by Aloha's engineer. According to Ms. DeRonne and OPC witness Biddy, the utility is apparently waiting until water supply issues are resolved prior to completing the pilot project. Ms. DeRonne stated that based on Aloha's response to discovery, the actual balance Aloha spent and recorded on its general ledger for

the pilot project as of August 2001 was \$74,746. In Exhibit 9 (DD-1), Schedule C-1, Ms. DeRonne provided the month-end balances in the pilot project account, along with the monthly increases in the balance.

Ms. DeRonne testified that since the actual amount spent to date is considerably lower than the projected cost of \$380,000, the balance included in working capital should be revised. She asserted that working capital should be based on the actual projected 13-month average balance for the 2001 test year, not 50% of the total projected amount to be spent. According to Ms. DeRonne, it is highly unlikely that the 13-month average test year balance would be \$190,000, particularly since Aloha essentially put the project on hold.

In calculating her projected test year average balance, Ms. DeRonne used the actual balances for December 2000 through August 2001. She then estimated the monthly additions for the remainder of the test year based on the average monthly expenditures for the first eight months of the year. Ms. DeRonne testified that this would probably overstate the actual amount spent given that the delay in the program might result in lower amounts being spent than projected during the last few months of the year. Her calculation of the 13-month average is also reflected on Schedule C-1 of Exhibit 9. Ms. DeRonne concludes that working capital should be reduced by \$135,730 to reflect a projected test year thirteen-month average balance of \$54,270.

Ms. DeRonne notes that Aloha based its adjustment on the total estimated cost divided by two. She believes that the amount in the working capital calculation should be based on the amounts that were actually incurred and reasonably projected in that 12-month period. Further, she did not believe that we specifically prescribed the accounting treatment in the last overearnings investigation. We just made that adjustment to calculate the rate base impact in that particular case. She was not saying that Aloha should never recover the costs of this pilot project. Her testimony was that the calculation of working capital in this case should be based on the actual amounts expended.

Through review of monthly reports and other discovery, Mr. Bidy stated he was able to analyze Aloha's actions in response to

our order requiring the pilot project. Mr. Bidy noted that in the August 2001 report, Mr. Porter informed the Commission that "water supply issues have come up" and that "he has been looking into alternative water sources for the long term supply for Aloha." The August report also stated that Mr. Porter will complete a draft of the MIEX pilot trials report and review it with DEP prior to preparing the final report. Mr. Bidy stated that the September and October 2001 reports reiterate similar comments regarding the progress of the pilot project.

Based on the pilot project reports in the beginning of 2001, Mr. Bidy stated that he thought that an economical solution for hydrogen sulfide removal may have been found. But when the July 2001 report suddenly reflected that "water supply issues have come up," Mr. Bidy was left with the impression that the water supply issue was of higher concern than finding a solution to the hydrogen sulfide or black water problem in Aloha's wells. In summary, Mr. Bidy testified that he believed that Aloha's pilot testing reflected progress in solving the black water problem, but that Aloha was delaying completion of the project until they solved the water supply problem. Thus, Mr. Bidy concludes that Aloha may have complied with the letter, but not the spirit of our order regarding the pilot project, and that Aloha simply was stalling on this issue, as well as the issue of overpumping their permit.

Aloha witness Nixon, in his rebuttal, testified that because the project was ordered by this Commission, and Aloha was allowed pro forma recovery of the carrying costs in the recent overearnings investigation, that we should be consistent with this regulatory treatment. He argued that Ms. DeRonne's suggestion that Aloha would receive a windfall if this amount were included in rate base is false. The inclusion of \$190,000 in working capital yields approximately \$16,500 in annual revenue compared to Aloha's actual out-of-pocket costs through August 2001 of approximately \$75,000. Thus, he stated that it would take 4 1/2 years to recover the costs incurred through August 2001, which is hardly a windfall for the utility.

Mr. Nixon testified that Ms. DeRonne does not provide any explanation or justification for her elimination of this pro forma adjustment. He suggested that she was just influenced by the testimony of OPC witness Bidy, who believed that the project is

substantially complete, or she believed that the total project cost of \$380,000 should have been substantially incurred by now. However, Mr. Nixon does not address Ms. DeRonne's projection methodology.

Aloha witness Porter disagreed with Ms. DeRonne's testimony that an adjustment to working capital is necessary because the pilot project has been "put on hold and delayed by the Company." In his rebuttal, he testified that she incorrectly characterized the status of the pilot project. Mr. Porter stated that the pilot project is moving ahead and has not been but on hold in any way. He testified that he is still working with the MIEX representatives in developing the next stage in the pilot process, which is the demonstration scale facility. Shortly before Mr. Porter filed his rebuttal testimony, he received and reviewed a proposal from the MIEX representatives related to the next phase. He also had discussions with MIEX representatives and Aloha to move ahead with the demonstration facility in early 2002 if everything could be arranged by that time. Mr. Porter concluded that he thought no working capital adjustment was justified.

Upon cross examination, Mr. Porter testified that the demonstration facility for the MIEX process may cost between \$200,000 and \$300,000, but he could not be exact. Further, these costs would be a combination of plant and operating costs. Exhibit 27 shows that Aloha believed that its original projection of \$380,000 is considerably understated because of the impact of purchased water from Pasco County regarding the cost and water chemistry, and SWFWMD's requirement to perform a reverse osmosis (R/O) feasibility study. Aloha's pilot project reports submitted to the Commission for January 2001 through December 2001 reflect that substantial incremental costs have not been incurred for the pilot project above those projected by Ms. DeRonne for the last several months of the test year.

Mr. Watford testified that Aloha has spent substantial amounts of money on this pilot testing of the MIEX treatment process in order to remove hydrogen sulfide. He added that it is now known that changes will occur in the coming years, both from the chemical makeup of water being provided by Pasco County and by the increased reliance on some other long-term water source. Mr. Watford stated that it would be imprudent to proceed with the next major phase of

the pilot project without knowing more about possible impacts of the changes; however, the utility is still moving forward by accumulating data collected from the first phase of the pilot project.

According to Mr. Watford, the suggestion by OPC that the pilot project is on hold or will cost less than the figure estimated and required to be recognized as working capital in the last proceeding is absurd. He added that Aloha expects to spend substantially more in the future than originally estimated especially including the cost of the R/O feasibility study. Further, Mr. Watford noted that Aloha accounted for the pilot project by including it in working capital exactly as ordered by the Commission in the recent overearnings investigation.

Aloha has relied upon the treatment and amount included in Order No. PSC-01-1374-PAA-WS (the overearnings investigation Order) for the amount to include in working capital for the pilot project. At the time of that Order, the amount was based on an estimate, and Aloha had not submitted its first report on the MIEX project. Further, Aloha's witnesses presumed that our Order in the overearnings investigation mandated that Aloha account for the estimated costs in a certain way. However, our order clearly states: "because the results of the pilot project are not yet completed . . . the appropriate final treatment for these costs can be addressed in the upcoming rate case for this system." (Order at p. 8)

The main dispute regarding this issue is the timing of the estimated and actual costs incurred for the pilot project. OPC's witnesses contend that the MIEX project has slowed substantially, possibly to a halt, pending a solution for the water supply problems. Whereas, Aloha's witnesses testify that upcoming changes have caused the utility to modify its project to the point that the costs will increase higher than those originally estimated.

We believe the overriding issue is what is the projected 13-month balance of the pilot project costs that should be included in the working capital allowance. To be consistent with Aloha's projection methodology for all of its balance sheet accounts, we find that this account should be based on the test-year projected balance.

Ms. DeRonne testified that she made the adjustment to comply with the regulatory concept of a test year. Her estimates of what Aloha spent during the test year were undisputed. Aloha seeks to recover more money than a reasonable projection would reflect that the utility spent at the end of the test year. To allow an additional amount simply because Aloha may spend more on the overall project cost does not represent what actually happened during the test year or any reasonable time thereafter. Aloha had the opportunity to submit additional evidence to support its actual costs incurred through the end of the projected test year, but did not do so. Based on the above, we find Ms. DeRonne's estimate of \$54,270 for working capital for the Seven Springs water system is reasonable and shall be allowed. This results in a decrease of \$135,730 to the amount of working capital for the pilot project requested by the utility.

B. Total Working Capital

The utility used the balance sheet approach to calculate working capital. The utility calculated total company working capital and allocated it to each of the utility's systems based on O&M expenses. Aloha made specific adjustments to the working capital allowance for the Seven Springs water system for deferred pilot project costs of \$190,000 and unamortized deferred rate case expense of \$223,250. The utility's adjusted working capital for the Seven Springs water system for the projected test year was \$843,970.

As discussed above, we have approved two adjustments to Aloha's calculation of total company working capital that were stipulated to by the parties. The first stipulation removed deferred rate case expense related to the prior Seven Springs wastewater rate case, Docket No. 991643-SU, as this was fully allocated to the wastewater system. The second adjustment reduced working capital by \$32,868 to reflect additional amortization of the regulatory Commission expense associated with Docket No. 960545-WS.

Because we found the test-year-pilot-project costs to be \$54,270, we reduced working capital by an additional \$135,730, as discussed in the previous section. Also, as discussed below, the total rate case expense approved by us is \$205,208. Consistent

with the methodology used by the utility, the average unamortized balance of total rate case expense should be added as a specific adjustment to the working capital for the Seven Springs water system. Thus, 50% of the rate case expense of \$205,208, or \$102,604, is the appropriate balance to include for the Seven Springs water system.

Below is our calculation of working capital for the total company and the Seven Springs allocated portion. The appropriate allocation percentage of the total company working capital of \$900,785 was 32.040%, and resulted in \$288,607 being allocated to the Seven Springs water division. We then added specific adjustments to the Seven Springs water division for the pilot project (increase of only \$54,270 and not the \$190,000 requested by the utility), and deferred rate case expense (increase of only \$102,604, and not the \$223,250 requested by the utility), for a total increase of \$156,874, resulting in a total working capital of \$445,482.

Working Capital - Balance Sheet Approach
Projected 12/31/01 - 13 Month Average

Total Company Working Capital Calculation	Balance	Stipulated	Adjusted
Current Assets:	<u>Per Utility</u>	<u>Adjustments</u>	<u>Balance</u>
Cash	\$594,691	\$0	\$594,691
Petty Cash	400	0	400
Accounts Receivable -Trade	788,297	0	788,297
Allowance for Bad Debts	(6,900)	0	(6,900)
Prepayments	133,805	0	133,805
Loss on Plant Retirement	4,830	0	4,830
Deferred Rate Case Expense	5,309	(61,702)	(56,393)
Other Misc. Deferred Debits	<u>428,574</u>	<u>(32,868)</u>	<u>395,706</u>
Total Current Assets & Deferred Debits	<u>\$1,949,006</u>	<u>(\$94,570)</u>	<u>\$1,854,436</u>
Current Liabilities:			
Accounts Payable	\$569,491	\$0	\$569,491
Accrued Taxes	384,160	0	384,160
Deferred Rate Case Expense	0	0	0
Total Liabilities & Deferred Credits	<u>953,651</u>	<u>0</u>	<u>953,651</u>
Total Company Working Capital	<u>\$995,355</u>	<u>(\$94,570)</u>	<u>\$900,785</u>

<u>Allocation Methodology</u>	<u>Adj. O&M Expenses</u>	<u>% to Total</u>	<u>Allocated Working Capital</u>
Aloha Gardens Water	444,837	9.411%	84,777
Aloha Gardens Wastewater	862,062	18.239%	164,292
Seven Springs Water	1,514,359	32.040%	288,607
Seven Springs Wastewater	<u>1,905,275</u>	<u>40.310%</u>	<u>363,108</u>
Total	<u>\$4,726,533</u>	<u>100.000%</u>	<u>\$900,785</u>

<u>Adjustments to Seven Springs Water</u>	<u>Amount Per Utility</u>	<u>Amount Per Comm.</u>	<u>Comm. Adjustment</u>
Seven Springs Allocated Portion	\$430,720	\$288,607	(\$142,113)
Specific Adjustments			
Pilot Project	190,000	54,270	(135,730)
Deferred Rate Case Expense (Avg Unamortized)	<u>223,250</u>	<u>102,604</u>	<u>(120,646)</u>
Total Adjustments	<u>413,250</u>	<u>156,874</u>	<u>(256,376)</u>
Total Working Capital	<u>\$843,970</u>	<u>\$445,482</u>	<u>(\$398,488)</u>

Therefore, for the Seven Springs water division, working capital is calculated to be \$445,482.

C. Total Rate Base

Based upon the utility's adjusted 13-month average test year balances, the approved stipulations, and our adjustments, the appropriate projected rate base for Aloha is \$1,381,612. Schedule No. 1-A, which is attached, reflects our rate base calculation. Our adjustments to rate base are depicted on the attached Schedule No. 1-B.

VI. COST OF CAPITAL

The weighted average cost of capital is calculated to be 8.52%, with a range of 8.52% to 8.78%. This is based on a return on equity of 10.34%, which is the minimum of the newly established range of 10.34% to 12.34%. Based on inadequate service and mismanagement, we have reduced the return on equity to the minimum of the range. This issue is also a fall-out of Stipulation 7 (annual amortization of issuing expense for the Bank of America loan), Stipulation 8 (the appropriate projected 13-month average balance of long-term debt); Stipulation 20 (use of current leverage formula); and Stipulated Issue 6 (cost rate for related party

variable cost debt should be prime rate plus two percent as of December 31, 2001). Schedule No. 2, which is attached, depicts our cost of capital calculation.

VII. NET OPERATING INCOME

A. Number of Gallons Sold for the Projected 2001 Test Year

1. Utility Forecast

Utility witness Porter supported a model based on the average consumption for calendar year 2000 of 261 gallons per day (gpd), plus the number of projected new ERCs times 500 gpd. The rationale for this formulation was that new customers coming on line would use significantly greater amounts of water than the current average Aloha customer. To support the higher average usage of the new ERCs, utility witness Watford attached to his rebuttal testimony examples of sales brochures indicating that the homes now being marketed in the Seven Springs area were larger, family oriented units as opposed to the utility's original base of small retirement homes. For the reasons discussed below, we believe that Mr. Porter's model has several flaws.

First, the utility's methodology consistently confuses marginal usage with average usage. While it may be true that new customers will use more than the average, it is also true that many of the existing customers use less than the average. The only way the additional customers would significantly affect average system usage is if the number of new customers is significantly larger than the number of existing customers. The projected additional 473 ERCs represent less than 4% of the utility's total customers. Using information provided by Mr. Watford in Exhibit 29, Attachment A shows that adding 473 customers using 500 gallons/day to the total system only increases the weighted system average one gallon per day (262 gpd compared to the 261 gpd shown on Page 1 of 2 on that Attachment). Page 2 of 2 on that Attachment shows that even if every subdivision that uses more than the average of 261, but less than 500 gallons per day, were to use the utility's projected 500 gallons per day, the weighted system average usage would only increase to 290 gallons per day. While Mr. Porter's assertion that, as the higher use customers come to dominate the lower use customers, the system average usage will increase is correct in a

mathematical sense, this will be a long term result which need not be addressed here. To simply take a system average and add 500 gpd per additional ERC per day, significantly overstates the projected usage.

Second, Mr. Porter's forecasting methodology was inconsistent with the method he used to forecast the ERCs. Mr. Porter used a simple time trend model over the previous five years to project the increase in new ERCs, as required by the Commission's MFRs. A "sanity check" performed by staff witness Stallcup using our preferred linear regression forecasting approach resulted in an ERC forecast nearly identical to the forecast that the utility's method produced. Neither this Commission nor OPC objected to the results of Mr. Porter's ERC analysis. However, Mr. Porter used an average analysis to forecast the gallons used. Unlike the time trend over five years used for the ERC forecast, Mr. Porter relied on the total system usage over all subdivisions for a twelve-month period from July 2000 to June 2001, then added average usage for newer subdivisions times the projected additional ERCs.

We believe that simple time trending may yield reasonable results for projecting growth in ERCs only because changes in the number of ERCs is relatively slow and easily predictable. Such stability does not apply to gallons used which can fluctuate with changes in weather or watering restrictions. Therefore, neither the 12-months data nor the averaging approach used by Mr. Porter to project ERCs is sufficient for forecasting usage.

Third, he assumed that all of the new ERCs are residential ERCs and that all will come on line on January 1 of the test year. OPC Witness Stewart stated that the assumption that all new ERCs are residential, and thus subject to the 500 gallon assumption, is in error. Witness Stallcup also disputed Mr. Porter's assumption that all of the new ERCs will be connected to the system on January 1. He maintained that the connections will take place over the entire year, and to include the total expected usage for the entire year overstates the total gallons used.

Fourth, the utility stated that the water usage restrictions imposed by the SWFWMD should be considered in determining the appropriate forecast. Witness Porter stated that expected water usage could increase if watering restrictions were to be lifted,

resulting in even higher usage per customer than proposed by the utility's forecast. However, this approach ignores the fact that the reason the watering restrictions would be lifted is that rainfall approached a normal year. While able to use more water, the customers may actually use less water than they currently use to achieve the same results because of the increased rainfall. OPC witness Biddy also noted that the newer homes had high irrigation needs due to new lawns and landscaping, which may necessitate frequent watering, which would likely decline as the lawns became established. In an effort to be as accurate as possible, witness Stallcup presented a revised forecast which attempted to capture changes in water management restrictions. This revised forecast is what resulted in the greater deviation from the actual 2001 data in his revised forecast.

2. OPC Forecast

OPC Witness Stewart computed an historical average gallons per day for the period 1995 through 2000, and multiplied this number by the projected ERCs to arrive at total gpd. This number times 365 days resulted in an annual consumption number. Although he did not incorporate a separate variable for weather in his projection, Mr. Stewart stated that his results did take into account rainfall in that the recorded usage would have been affected by the amount of rain. Mr. Stewart also recommended that the base-year 2000 data be adjusted for what he termed "abnormally dry conditions" which he contended resulted in inflated usage numbers going forward. In Exhibit 22, witness Stallcup used data from the U.S. Drought Monitor to show that, using National Drought Mitigation Center tools, there was not a significant difference in the drought index between the two years. Therefore, he rejected OPC's adjustment to Year 2000 base data. Aloha also took issue with the simple average of the last five years as an adequate predictor for future periods, in that it does not take into account the higher usage of new customers coming onto the system.

3. Staff Witness Stallcup's Forecast

Staff Witness Stallcup constructed separate econometric models that we find to be superior to OPC's model because they explicitly incorporate discrete variables to account for conditions that affect the number of gallons customers use. Each of Mr. Stallcup's

multiple linear regression models begins with the assumption that a portion of water usage, especially irrigation use, is related to the amount of natural moisture available. While OPC's model implicitly includes the effect of rainfall, Mr. Stallcup's model goes a step further and incorporates a Moisture Deficit Variable (MDV), which is a composite variable that takes into account both temperature and rainfall. This is an important combination because as temperature rises, the impact of a given amount of rainfall decreases due to evaporation. Further, we have recognized the validity of using the MDV in prior rate cases.

In addition, Mr. Stallcup's model adds a variable for lagged consumption to detect trends in usage per customer. This approach addresses the utility's concerns that new customers are predicted to use significantly more water than the current system average. By adding consideration of the usage one year prior, a pattern of usage is established to include the effects of increases in average usage. Since variations in weather can affect usage, Mr. Stallcup also included three binary variables to adjust out any unexplained weather deviation in both the current and lagged usage variable. This prevents abnormally wet weather from artificially depressing the forecast, or artificially dry weather from inflating the forecast. As noted above, Mr. Stallcup also revised his original forecast to take into account the possibility that water usage restrictions may be lifted in the near future.

4. Conclusion

We find that the more comprehensive multiple linear regression models more accurately capture variables affecting customer usage, and are consistent with our practice. (See, PSC-97-0618-FOF-WS in Docket No. 960451-WS, PSC-99-0513-FOF-WS in Docket No. 980214-WS, and PSC-00-0248-PAA-WU in Docket No. 990535-WU.) Therefore, we find that the multiple linear regression models shall be used to determine the number of gallons sold for the 2001 test year.

We adopt the methodology and results based on the regression model proposed by staff witness Stallcup. His model incorporates variables that control for weather and capture trends in usage on a weather-adjusted basis. Comparing Mr. Stallcup's projections with actual usage produces a smaller deviation than either the method presented by Aloha or by OPC, as shown on the table below.

Actual data annual usage	Staff forecast 1/2001-6/2001	OPC forecast 1/2001-6/2001	Aloha forecast 1/2001-6/2001
1,001,718,992	1,016,121,784	1,021,416,846	1,105,069,500
Percent Difference	1.4%	2.0%	10.30%

Mr. Stallcup's original forecast of 1,001,021,846 gallons was within less than 1/1000th of a percentage point from the actual gallons sold. However, in Exhibit 21, witness Stallcup revised his forecast based on further review to recognize the utility's concerns about changes in usage if the water management district lifted or lessened water restrictions. This adjustment is necessary and correct to better reflect the time period rates will actually be in effect.

Accordingly, the appropriate number of gallons sold for the projected test year 2001 is 905,635,244 for residential service and 110,486,540 for general service.

B. Projected Number of Gallons of Purchased Water From Pasco County

In its MFRs, Aloha projected that it would purchase 421,860,000 gallons annually from Pasco County, with a pro forma adjustment of \$739,013.

The utility argued that the primary reason for filing this rate case was because Aloha must obtain all water above its SWFWMD permit levels from Pasco County. Aloha stated that in the past, the regulatory authorities have not been strict in requiring it to conform completely to the water use permit (WUP) limitations, but that SWFWMD is now strictly requiring that Aloha limit its withdrawals for raw water to the levels authorized in its permit. Aloha argued that SWFWMD has also refused to allow an increase in the permit withdrawal levels, leaving Aloha with no choice but to purchase additional water from Pasco County.

We disagree. Aloha has not sustained its burden of proof. We believe that a rate increase should be granted only if the reasons for it are clear and well justified. No evidence was presented to indicate whether or not the purchase of water from Pasco County is a cost-effective alternative. In addition, no evidence was

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presented to indicate that Aloha did any kind of a cost benefit analysis of any other proposed alternative water supply. There is also no record evidence to indicate that Aloha took any steps to attempt to negotiate a lower water rate with Pasco County.

We believe that the plan to purchase water from Pasco County is at best a short-term fix. Further, the plan to purchase water does nothing to address the long-term black water problem.

By this Order, we are requiring that Aloha provide a report showing how it will have water treatment facilities installed and operational by the end of 2003. This construction will in all probability require Aloha to file a rate case. At that time, because of the material additions to rate base, we anticipate that Aloha will be able to implement an aggressive conservation rate structure.

By this Order, we also require Aloha to perform a cost benefit analysis of all alternatives to determine the most cost-effective alternative for Aloha's customers at this time. Because the purchase of water from Pasco County has not been adequately studied, it is premature to judge that it is the only alternative.

Accordingly, we find that the appropriate projected number of purchased water gallons from Pasco County at this time is zero with a resulting expense of \$0. Further, Aloha shall be required to perform a cost benefit analysis of an appropriate alternative water supply that allows it to fit permanently into the long-term alternative water supply plan in a manner that is not deleterious to the environment or Aloha's ratepayers. This analysis shall include negotiating with Pasco County for a better bulk rate, which might include paying an impact fee up front.

We note that our denial of Aloha's request to recover expenses for purchased water from Pasco County should not be construed to mean that this Commission does not support the SWFWMD's conservation goals. We support those goals. However, we must also consider the impact on Aloha's captive ratepayers. These customers should not be held responsible for the utility's failure to properly plan for its customers' long-term water needs.

The Commission strongly encourages all parties to work toward a long-term solution to Aloha's water supply problems. We recognize that once a prudent long-term solution is identified, a rate increase and a conservation rate structure may be justified.

We continue to expect Aloha to comply with all requirements of the SWFWMD. Consistent with our Memorandum of Understanding with Florida's five water management districts, this Commission commits to work with our sister agency, the SWFWMD, to promote greater conservation of Florida's precious water resources and to continue to take all reasonable steps to implement conservation-oriented rate structures as needed.

C. Monitoring Gallons Pumped Versus Potential Shortfall Or Excess for Customer Usage

At OPC's request, we added an issue to consider whether we should monitor whether the actual gallons pumped from Aloha's wells differs from the maximum permitted quantity on an annual average basis under the WUP. In response to this, Aloha thought that if there was a specific provision for monitoring overpumping, then there should be some similar provision if the consumption of the customers proved to be greater than estimated, and Aloha experienced a shortfall in revenues.

According to OPC witness DeRonne, if Aloha continues to withdraw more water from its wells than allowed under the WUP, even though its base rates are set to comply with the WUP, the utility will receive a windfall at the cost of ratepayers. She recommended that quarterly reporting requirements be put into place in the Final Order as a safety measure to ensure that ratepayers do not pay excessive amounts for water purchases that are not ultimately made by Aloha.

On rebuttal, both Aloha witness Nixon and Watford testified that the possibility of windfall profits, by continued overpumping after this case is completed, was not likely due to SWFWMD's proposed substantial penalty for Aloha's past and present overpumping. Mr. Watford did not believe that additional monitoring was appropriate as the purchased water issue was no different than other expense changes that could affect earnings. If we did propose to monitor earnings and purchased versus pumped water, Mr.

Watford believes that recognition of both under and overearnings by the utility should be trued-up on a going forward basis. He thought that it must work both ways for all potential problems, including erroneous projections, resulting from deviations of water purchased versus water pumped.

As to the utility's concern about a shortfall in earnings due to an underestimation of customer consumption, OPC argued that no special rate setting provision should be made for any potential shortfall or excess if usage by customers differs from that included in this rate case.

We believe Gulf Power requires us to set rates to give the utility the opportunity to earn a fair rate of return on its investment. We are not required to guarantee recovery of losses. If the utility perceives that its future earnings will generate less than a fair rate of return, it is within its management's purview to seek relief. Also, we note that we are projecting the number of purchased water gallons from Pasco County to be zero. Therefore, we find that there is neither a need to monitor the gallons purchased nor a need for additional monitoring requirements for earnings purposes.

D. Projected Chemicals and Purchased Power

On MFR Schedule B-7(B), the utility reported historical December 31, 2000, chemicals and purchased power expenses of \$89,344 and \$80,713, respectively. These historic figures were then multiplied by Aloha's projection factors to arrive at the 2001 test year totals. Chemical expense was projected by applying the 2000 GNP Price Deflator Index of 2.5% and the customer-growth factor of 4.688%. The utility projected purchased power using only the customer-growth factor because of the stability of electric prices. On MFR Schedule B-7(A), the utility reflected projected December 31, 2001, chemicals and purchased power expenses of \$95,870 and \$84,497, respectively.

In OPC witness DeRonne's direct testimony, she agreed with the general statement that any recommended reductions to the projected test year amount of gallons sold to customers would in turn have an impact on the utility's projected level of chemical expense and purchased power. However, she did not agree with the utility's

application of the inflation factor to its historic test year chemical expense. Ms. DeRonne argued that the two largest components of the utility's chemical expense were chlorine gas and Aquadene Liquid. The unit cost per pound for chlorine gas was \$0.47 for all of 2000 and through at least June 2001. The unit cost per gallon of Aquadene Liquid was \$10.10 for all purchases in 2000 and for the first 6 months of 2001. Based on this lack of change, she concluded that the inflation factor of 2.5% was not warranted and should not be applied to the historic test year level of chemical expense. In fact, the total chemical expense for the first seven months of 2001 was \$8,141 lower than the chemical expense for the same seven-month period in 2000. She testified that the projected test year chemical expense resulted in an \$8,303 reduction to the Aloha's requested level. The projected test year purchased power expense resulted in a \$5,389 reduction to purchased power expense. Ms. DeRonne further testified that for the first six months of 2001, which is the first half of the projected test year, the company's chemical expense had actually decreased significantly. She stated that she had not made an adjustment to reflect that anomaly, but left chemical expense at the test year level without inflation.

Aloha witness Nixon testified that an inflation factor was an appropriate tool for projecting chemical costs. Because rates are set on a going-forward basis, Mr. Nixon believed that an inflation factor was appropriate, despite the fact there had been no recent increases. Further, Mr. Nixon thought the use of an inflation factor was similar to our own price-index rate increase procedures.

Aloha witness Porter disagreed with Ms. DeRonne's characterization that power and chemical costs were going to decrease because of the repression in water consumption due to the new rates. Mr. Porter argued there would be other off-setting costs that would potentially increase because of buying the water from Pasco County.

Mr. Porter argued that Ms. DeRonne incorrectly based her testimony on the assumption that Mr. Stewart's projections were correct. Further, Mr. Porter testified that Aloha's chemical and power cost projections provided were potentially understated due to two factors. Mr. Porter concluded that Aloha's water use and

chemical cost projections were correct, and, therefore, no adjustment was necessary.

We find that it is valid to look at a material expense to see if any trends occur that might render a projection methodology inaccurate. Since the unit costs of the two largest components of Aloha's chemical expense did not change from January 2000 through June 2001, we agree with Ms. DeRonne that those costs have not been affected by inflation. If these costs do increase in the future, then our price index mechanism can be used to offset those increases on a prospective basis. In order to remove the inflation factor applied to the historical test year, chemical expense shall be reduced by \$2,234.

Based on our decision concerning the purchase of water from the County, no further adjustments are necessary to the test year amounts of chemicals and purchased power. Since both of these expenses were projected based on 2000 amounts escalated for customer growth and Aloha purchased only a small amount of water from Pasco County during that year, we find that the test year chemical and purchased power expense are reasonable.

E. Salaries and Wages for Open Positions

On MFR Schedule B-7(B), Aloha projected 2001 salaries for existing employees of \$346,223. According to MFR Schedule G-8, Aloha annualized projected salaries to reflect a raise given on July 9, 2001. This resulted in an increase to salaries of \$16,445, for total annualized salaries of \$362,668 for the 2001 test year. The utility also made an adjustment to increase salaries to reflect ten open positions with projected salaries of \$107,850. Aloha's total salary request for the 2001 test year was \$470,518.

Aloha testified that Aloha has historically had salary scales that have led to continuing high employee turnover. Because Aloha and Pasco County competed for the same qualified employees, Aloha obtained a copy of the study done by Pasco County on utility employee compensation. Aloha implemented a new wage and salary scale effective July 9, 2001, based on this study. The revised salaries and wages implemented were used to project salary expenses and benefits for July through December 2001. The utility testified that the new salary and wage scales, would make them

competitive with Pasco County and reduce the high turnover rate. The utility included in its filing pro forma recognition of salaries for ten open positions, which the utility was in the process of filling.

OPC testified that the adjustment for the ten additional employees would increase salary and wage expense by 30% beyond the actual as of June 30, 2001. According to OPC, of the ten additional staff positions, five were for newly created positions and five were for existing positions which were vacated by former employees.

At the time intervenor direct testimony was filed, these ten positions were not filled, and Aloha had reported three additional vacancies. OPC argued that it was unlikely Aloha would be able to fill and retain thirteen additional employees in the near future. Therefore, OPC concluded that the entire \$107,850 for the ten additional employees should be removed from the utility's filing.

On rebuttal, the utility testified that its rates should be set to provide safe and efficient service, and that with the salary increase effective July 9, 2001, the high turnover rate should be greatly reduced. Also, the addition of a utility director would enable the utility to improve its long and short range planning. The utility further testified that to the extent that some or all of the new and open positions are approved, an adjustment would be required to employee benefits for these positions.

The utility argued it would never be able to hire and keep the needed employees to continue to provide high quality of service and hopefully to improve customer service, if the Commission did not approve these pro forma salary additions. According to the utility, the new employee positions and all of the vacant positions, except for that of the Utility Director, had been filled by mid-December, 2001. In addition, the utility stated it has been actively pursuing an employee to fill the Utility Director position.

Based on the utility's testimony that it has addressed its salary, under-staffing, and limited office space problems, and because the vacant positions are filled, except Utility Director, we find that all the positions, except that of Utility Director,

shall be included in operating and maintenance expenses. These changes should contribute to retaining the current staff and should work towards providing better customer service for their customers. Based on this finding, salary and wages expenses shall be reduced by \$19,835, and a corresponding reduction to the benefit expense of \$4,384 shall be made, for a total reduction of \$24,219. This represents the Seven Springs water allocated portion of the Utility Director's projected salary.

F. Pension Expense

On MFR Schedule B-3(A), the utility projected employee pensions and benefits expense of \$66,025 for the projected December 31, 2001 test year. OPC argued that Aloha had misallocated expenses between the Seven Springs water system and the Aloha Gardens wastewater system, and the utility agreed. In addition, OPC argued that the pension expense should be based on the updated 2001 pension expense amounts provided by Aloha's pension plan administrator, instead of the estimated amounts set out in the utility's MFRs.

We find that the pension expense should be based on the 2001 updated pension expense figure established by the utility's pension plan administrator, and increase pension expense by \$40,509, accordingly. This adjustment reflects the additional liability obligation and corrects the recording error initially made by the utility. Moreover, the evidence shows that the benefit percentage for employees shall be changed from 12.29% to 22.10%, and this percentage applies to the ten new positions. This results in an additional increase in benefit expense of \$10,580 for these open positions.

G. Excessive Unaccounted For Water

In its MFRs, the utility provided documentation that unaccounted for water for the year 2000 was 9.2%. The utility used a 10% unaccounted for water figure for the applicable projected test year expenses. The actual water use data for the first nine months of the test year 2001 indicates that the unaccounted for water was 10.2%.

As a starting point, it is our practice to allow 10% of the total water treated as an acceptable amount of unaccounted for water in order to allow for a reasonable amount of non-revenue producing water caused by stuck meters, line flushing, etc. (See Orders Nos. PSC-00-0248-PAA-WU, issued February 7, 2000, in Docket No. 990535-WU, and PSC-00-2005-PAA-WU, issued June 7, 2000, in Docket No. 000331-WU).

OPC presented conflicting testimony concerning the correct percentage to use for unaccounted for water. OPC witness DeRonne argued that the number was less than 10%, and that it should be based on the actual numbers.

OPC witness Biddy testified that, based on the first nine months of water usage, the unaccounted for water should be 14%. He calculated this by dividing the total water sold by the total water pumped through September.

Utility witness Porter testified that Mr. Biddy did not take into account the water used in operating the system and that the unaccounted for water based on actual water usage figures for the first nine months of 2001 was 10.2%. We agree that witness Biddy failed to take into account the non-revenue producing but accounted for water in his unaccounted for water calculation.

Utility witness Nixon testified that he utilized a 10% unaccounted for water factor for an adjustment to purchased water expense for two reasons. First, he noted that it was our accepted practice to use this limit. Second, there were two months indicated in the MFR's where the company sold more water than it had pumped and purchased. He testified that the use of a 10% unaccounted for water percentage is reasonable since he was attempting to normalize the test year for going forward expenses.

We find that Intervener Wood's position that a business in a competitive marketplace could not survive with a 10% unaccounted for loss is not applicable in that the amount of acceptable loss of inventory in any business will be unique to that business. It is generally accepted in the water industry that a water system will have some unaccounted for water loss. The only question is how much is acceptable.

The utility reported that 851,020,000 gallons of water were pumped from wells or purchased during the first nine months of the test year, and 764,121,000 gallons were sold or otherwise accounted for, leaving 86,899,000 gallons as unaccounted for water. This results in 10.2% unaccounted for water for the first nine months of the test year. Because the unaccounted for water for 2000 was 9.2% and the unaccounted for water for the first nine months of 2001 was 10.2%, we find it reasonable to use a 10% figure for unaccounted for water for the test year. This is not excessive, and no adjustments for excessive unaccounted for water are necessary.

H. Related-Party Purchased Water Transactions

Aloha currently purchases water from four different entities: Tahitian, Interphase, Mitchell, and Pasco County. Both Tahitian and Interphase are related parties to Aloha, whereas Mitchell and Pasco County are non-related parties. Aloha pays royalties for water purchased from its related parties at \$0.32 per thousand gallons and pays Mitchell only \$0.10 per thousand gallons. The purchased raw water expense from both Tahitian and Interphase was \$128,480 for the test year. The current price that Pasco County charges for treated water is \$2.35 per thousand gallons.

Each of the three private parties installed and incurred the original costs of the wells. Aloha has paid for repairs and maintenance and some improvements to the wells since their initial installation. The raw water agreements originated in 1972 for Mitchell, 1977 for Tahitian, and 1978 for Interphase. The original Mitchell agreement in 1972 provided for a charge of \$0.05 per thousand gallons of water extracted, but this rate was increased to \$0.10 in October 1975. The Mitchell rate has not changed since 1975.

The 1977 Tahitian agreement provided for a charge of \$0.10 per thousand gallons of water extracted, but this was increased in 1988 to \$0.25 and in 1992 to \$0.32. The 1978 Interphase agreement started at \$0.10 per thousand gallons of water extracted and was also increased to \$0.32 subsequently.

Utility witness Watford thought that the royalty agreements were the best course available to Aloha for many reasons, and stated that this method of payment has been previously approved by

the Commission in prior cases for Aloha and other utilities. He further argued that the royalty agreements allow Aloha the right to relocate wells at any point in time in the future, without buying land, if an initial location becomes unacceptable, and so it was better than owning the land.

Mr. Watford noted that the Commission approved the unrelated Mitchell property royalty rate in Aloha's 1976 rate case, which contained a 100% increase of the royalty rate (from \$.05 to \$.10). Mr. Watford argues that just because the related party royalty rates charged by Tahitian and Interphase have increased more than that charged for the Mitchell property, that this basis alone is inappropriate to deny the cost. He believes that a better indicator for determining the reasonableness of the related party charge would be to measure the effects of inflation on the amount approved in the 1979 Order.

In addition, Mr. Watford testified that it is unreasonable for the Commission to have approved this methodology for acquiring raw water in the past, and then to suggest now that Aloha should have done something different over the intervening years. Regardless, Mr. Watford argued that we should view the current related-party arrangement in light of the alternative sources of water Aloha has available, which he states is the purchase of bulk treated water from Pasco County. He questioned whether the County would be willing to guarantee the quantities that Aloha needs, and thought that this would also make Aloha a captive customer of the County, and would be unreasonable, unstable and risky, and much more expensive.

Mr. Watford testified that we should recognize the related-party royalty charge as a reasonable cost for providing service, which he believed was at or below the charge that would be imposed by an unrelated entity. Mr. Watford also added that if we deny recognition of the cost of the royalty paid on raw water, Aloha would be forced to use an alternative water source for all of its water needs, which will drive rates even higher.

Mr. Fletcher agreed with Mr. Watford that we included the \$0.10 Mitchell charge in the rates determined in Order No. 8450, issued August 29, 1978, in Docket No. 770720-WS. Mr. Fletcher

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noted, however, that neither the Tahitian nor Interphase royalty transactions were issues addressed in that case.

Mr. Fletcher stated that in the Florida Cities Water Company (FCWC) case, we reviewed the reasonableness of a related-party royalty agreement for the purchase of raw water. In Order No. PSC-96-0859-FOF-WU, issued July 2, 1996, in Docket No. 951029-WU, we approved operating expenses for a royalty fee of \$0.03 per thousand gallons in perpetuity for raw water extracted. To test the reasonableness of the royalty fee, we compared the original cost of the land when first devoted to public service with the cost of the royalty. In doing this, we found that a third party appraisal at the time the land was sold to a non-related party was an appropriate measure of the original cost of the land necessary for the wells, including required easements. We then took an assumed rate of return and added income, property, and other tax effects to generate an approximate annual expense if the land had been owned by the FCWC. Using this calculation, we found that the royalty fee transaction was less than the original cost estimate and thus approved the \$0.03 per thousand gallons royalty fee.

Mr. Fletcher testified that we specifically addressed Aloha's royalty fees for the purchase of raw water in Docket No. 000737-WS. That docket was an overearnings investigation of the Aloha Gardens water and wastewater systems and the Seven Springs water system. By Order No. PSC-01-1374-PAA-WS, issued June 27, 2001, we attempted to use the same test used in the FCWC case to evaluate Aloha's royalty fees. However, Aloha maintained that its related parties did not have documentation of the original cost of the well and land when first devoted to the service of Aloha ratepayers. In that Order, we found that the utility should have taken the appropriate steps to determine the original cost of the land and wells as of the date the utility began extracting water from these wells in order to test whether the transaction was prudent.

Further, we found that Aloha could have had these lands appraised by an independent appraiser and retained the services of a professional engineer to conduct an original cost study on the wells initially installed. Without this information, we found that we could not evaluate the reasonableness of Aloha's related-party royalty fees at that time. In our Order, we found that it was the utility's burden to prove that its costs were reasonable.

By their very nature, related-party transactions require closer scrutiny. Although a transaction between related parties is not per se unreasonable, it is the utility's burden to prove that its costs are reasonable. Florida Power Corp. v. Cresse, 413 So. 2d 1187, 1191 (Fla. 1982). This burden is even greater when the transaction is between related parties. In GTE Florida, Inc. v. Deason, 642 So. 2d 545 (Fla. 1994), the Florida Supreme Court established that the standard to use in evaluating affiliate transactions is whether those transactions exceed the going market rate or are otherwise inherently unfair. In the Order in the overearnings docket, we directed that the issue regarding the reasonableness of the rates charged by Mitchell, Tahitian, and Interphase be addressed in the instant rate case for the Seven Springs water system.

Mr. Fletcher conducted an analysis of Aloha's royalty agreements with Mitchell, Tahitian, and Interphase. That analysis shows that the Mitchell property contains 6,700 acres on which Aloha can locate its wells as well as a 10-acre water plant, with only a few restrictions. The Tahitian and Interphase agreements relate to only 30 and 638 acres, respectively. Mr. Fletcher expressed concern that the related parties' agreements can be cancelled by Tahitian and Interphase with 30-days written notice. When asked if this provision could be deleted, Aloha responded that it could not. The related-party agreements also contain escalation provisions. Mr. Fletcher noted that the Mitchell and FCWC royalty provisions were analogous in that they were both perpetual and contained a fixed rate. Since the Mitchell agreement was an arm's-length transaction, and having reviewed the other related party agreements, Mr. Fletcher concluded that the Mitchell charge of \$0.10 was reasonable, and was of greater value to Aloha than the related-party purchased water agreements. He added that given the greater value of the Mitchell agreement, the royalty fees charged by the related parties should have been less than that charged by Mitchell.

Mr. Fletcher further concluded that he did not believe that Aloha had met its burden of proof that the royalty fee paid to its related parties for raw water was reasonable. The utility failed to provide the original cost of the land and wells as of the date Aloha began purchasing water from its related parties which would enable us to perform a comparative analysis as we did in the FCWC

case. As such, he could not determine the appropriate royalty fee to allow for the Tahitian and Interphase agreements. Mr. Fletcher testified that, at a minimum, the royalty fee charged by the related parties should be reduced to \$0.10 per thousand gallons. If this adjustment is made, the Seven Springs water system's O&M expenses would be reduced by \$88,330.

Mr. Fletcher further testified that our staff had tried to obtain information to support the original cost of the land and wells when Aloha first began extracting the water, but was unable to obtain that information. He added that had he obtained the information, he would have attempted to perform the same analysis that was done in the FCWC case to test the reasonableness of the charges.

Mr. Fletcher testified that the market rate for raw water purchased up to the level of the WUP was the Mitchell rate. For any water purchased above the WUP, the only available short-term source for treated water would be Pasco County, which currently charges \$2.35 per thousand gallons to its bulk customers. Mr. Fletcher did not agree that the market rate for raw water is equal to the Pasco County rate above the WUP, based, in part, on the fact that the County is the only provider and that a true free market for treated water does not exist.

Mr. Fletcher noted that Mr. Watford testified that the related parties would cease the agreement if they were not paid or if Aloha broke the contract. Mr. Fletcher also noted that Aloha had control of the WUPs, and to the extent that SWFWMD allowed, Aloha could explore transferring the withdrawal allocation limits of the related party wells to either the Mitchell property or other areas within the Seven Springs water system if the related parties canceled the agreements. This was based on the response staff received from SWFWMD, but Mr. Fletcher could not speak to whether SWFWMD would approve it.

Mr. Fletcher testified, however, that there is a market price for the raw water for Aloha because Aloha has the option to purchase from Mitchell, Tahitian, and Interphase up to Aloha's WUP capacity. Above the WUP, Pasco County is the only vendor or option available for treated water.

Mr. Fletcher testified that it is prudent for a utility to use the most cost-effective method and to weigh all costs and benefits to reduce expenses that it incurs. Mr. Fletcher also testified that it would be more prudent to have a source of water which was not interruptible. A cheaper source in the short run may actually not be the best choice if it will ultimately cost you more over the long run. If an interruptible source is disconnected, the utility would have to incur higher costs to find another source, so in the long run the cost could be higher than the non-interruptible source. Mr. Fletcher stated that you have to look at the circumstances of both the long and short-run sources.

Mr. Fletcher testified that even if many wells in that area were going bad in 1977, it would have been prudent for Aloha to perform a cost benefit analysis to consider whether to purchase land and construct wells or enter into long-term royalty agreements with related parties, or use its agreement with Mitchell. He thought that a utility should look at the conditions at the time and any expense that they are going to incur. When asked if he knew whether Aloha did that at the time the royalty agreements were signed, Mr. Fletcher stated that he did not know what the management did or what analyses they performed when they executed the agreements.

Aloha witness Nixon testified that Aloha's purchases have been disclosed in the annual reports filed with this Commission since at least 1978 and that we never objected to the costs until 2000. Even though a Commission audit report disclosed the related party purchases, the issue was not raised in Order No. PSC-99-1917-PAA-WS, which was issued in two limited proceedings. As such, Mr. Nixon stated that one could presume that the related party costs for purchased water were deemed reasonable by the Commission.

Mr. Nixon contended that the principle of regulatory finality should be exercised in this case. In his opinion, going back 24 years to second guess the prudence and cost-effectiveness of Aloha's decisions, when the Commission has not objected to those decisions, was unreasonable and certainly unfair.

Mr. Nixon admitted that Interphase no longer owns the land and does not pay property taxes on those parcels., Mr. Nixon also

agreed hypothetically that had Aloha purchased land and installed its own wells, it would earn a return on the original cost of the land and wells and recognition of depreciation and property tax expenses on the wells.

Mr. Watford testified that the related party property has never been devoted to public service, only leased under a royalty arrangement. To be able to determine the original property value, the cost of condemnation of that property, which he thinks would be high, would have to be considered. While he notes that we did not specifically endorse the arrangements with Mitchell, the related cost was included in rates. Mr. Watford testified that the utility relied upon this tacit approval when Aloha made similar arrangements with a related party. He argues that it is now unreasonable to say that the utility should not have entered into the royalty arrangements, after the Commission specifically recognized such an arrangement for an unrelated third party.

Mr. Watford believes that we must review the related party royalty agreements based on current conditions and that the related party has now agreed to sell treated water to Aloha at the same price charged by the County, which Mr. Watford stated is the current market value. Mr. Watford admitted, however, that he did not know how much it would cost Tahitian or Interphase to provide Aloha treated water. Given the alternatives, Mr. Watford argues that Aloha is better off paying the royalty to its related parties than paying the County price for treated water or seeking some other unknown alternative source. Mr. Watford testified that if we deny recognition of the related party royalty, then an increase should be granted to cover purchasing all water from Pasco County, or to purchase treated water from the related party at a cost similar to that charged by the County.

Finally, Mr. Watford addressed Mr. Fletcher's suggestion and responses from SWFWMD that the utility move to new well locations on property that it purchased. Based on Mr. Watford's discussions with SWFWMD staff, a proposal to move existing or purchase new wells to increase Aloha's capacity has the same requirements as a new permit submittal. Mr. Watford testified that new permits are denied in almost every case and that the likelihood of Aloha getting a new permit was very small.

In Exhibit 31, the utility's interrogatory response stated that prior to 1992, the Commission annual report did not delineate the amount of royalties paid for purchased water by each entity. When questioned by staff, Mr. Watford admitted that the information was not provided to the Commission prior to 1992 and the utility cannot specifically determine the amount of royalties it paid Tahitian from 1977 to 1991. Aloha only provided the information from 1992 through 2000. While the utility did not have that earlier information available to provide, he stated that he was not aware of any requirements to keep records back that far. Regardless, Mr. Watford agreed that the total royalties paid to Tahitian and Interphase from 1992 to 2000 were in excess of \$1 million.

Mr. Watford also testified about a provision in each of the three agreements that states that the owner of the property has first use of the water for agricultural purposes and that the owner will cooperate in every manner with the utility in the SWFWMD. Mr. Watford interpreted this clause to mean that Aloha's right to withdraw water is inferior to that of the owner of the property. According to Mr. Watford, this is an important distinction between the related party contracts and that with Mitchell. The Mitchell Ranch is a large agricultural facility with water needs of its own. Through its relationship with the related parties, which are not agriculture operations, Aloha has the ability to determine who has access to that water. Whereas, under the Mitchell agreement, if Mr. Mitchell decided that he needed all of the water, Aloha would have no water under that agreement.

We find that the related party agreements have significant differences with the Mitchell agreement. Moreover, we find that the utility has failed to meet its burden to show that the related parties royalty fee is reasonable. The Interphase and Tahitian agreements are more expensive, can escalate in price even higher than the current charge, have less land available to use for well and plant sites, and have cancellation clauses with 30 days written notice. Mr. Watford's argument that the Mitchell agreement was less favorable because of Mitchell's agricultural business and first rights to the water use is not convincing. On one hand, Aloha argues that it has control over its related parties for the water rights, but on the other, it states that Aloha has no control over the cancellation clause of the contract.

The utility has failed to show that its decision to enter into a royalty agreement with related parties, rather than use its agreement with Mitchell or purchase land in the 1970's was prudent. During start-up years, all utilities have large initial investments that owners are required to make. Prudent decisions should be made based on a thorough analysis of the expected long-term costs and benefits that a utility will recover over the life of the plant.

Aloha did not have an appraisal of the land performed. Aloha argued that the original cost information did not exist nor was it relevant, that we did not need this in order to determine the reasonableness of the contracted price. Further, Aloha argued that because it is a contract between parties, we should recognize this cost and not discount the contract because it was between related parties. Regardless of its arguments, we do not believe that Aloha has shown that its related party royalties met the test we delineated in the FCWC case for reasonableness.

Aloha also argues that these agreements have existed for over 20 years, were entered into based on our approval of the Mitchell agreement, and the transactions have been reported to the Commission each year since inception. We have never specifically addressed the Mitchell agreement until Order No. PSC-01-1374-PAA-WS. Also, Mr. Watford admitted that the amount paid to the related parties prior to 1992 was not available to Aloha, and the annual reports did not specifically identify these amounts until 1992. Thus, the information has only been available in the annual reports since that time. After an indication of overearnings, we began reviewing the transactions in 1997 or five years after the transactions were reflected in the annual reports. The original royalty fees from the related parties were initially the same as the Mitchell fees and did not reach \$0.32 per thousand gallons until apparently around 1992.

Further, Aloha wants us to accept the related party cost as reasonable because it is cheaper than buying purchased water from Pasco County. Aloha relies on GTE Florida, which provides that the standard must be whether transactions exceeds the going market rate or are inherently unfair.

For purchases of raw water below the limits in Aloha's WUP, we find the market price is set by the Mitchell agreement which was an

arms-length transaction, i.e., \$0.10 per thousand gallons. Moreover, we find that it was imprudent to enter into an interruptible agreement with an escalation clause (the agreements with the related parties), when Aloha had an agreement in perpetuity with no escalation clause (the Mitchell agreement), especially when the Mitchell agreement has many more acres to choose from.

Further, we agree with Mr. Fletcher that Pasco County's rate for treated water is not a comparative market price for the related parties' raw water price. Aloha is comparing a finished product with a raw product, of which the cost to produce for each is very dissimilar.

Based on the above, we find that the utility has not met its burden to prove that the cost of the related party purchased water is reasonable. Further, the 30-day cancellation component in the related party agreements is risky, if not imprudent.

Finally, regarding the administrative finality argument, we note that we only addressed this question for the first time in Docket No. 000737-WS, the overearnings docket. By Order No. PSC-01-1374-PAA-WS, issued June 27, 2001, in that docket, we used the \$0.10 per one thousand gallons cost for both the related parties and Mitchell to determine the appropriate amount of overearnings, and we declined to address the reasonableness of the contracts at that time. Because we left it up to the utility to come in at a later time to prove the reasonableness of the contracts, we do not believe that the doctrine of administrative finality applies in this case.

Based on the above, the royalty fee charged by the related parties should be reduced for regulatory purposes to \$0.10 per one thousand gallons. This reduces purchased water expenses by \$88,330.

I. Rate Case Expense

The utility included a \$446,500 estimate in its MFRs for current rate case expense, which the utility revised to \$500,013 at the end of the file and suspend process. The components of the

estimated rate case expense (actual expenses and estimates to complete) are as follows:

	<u>REVISED ESTIMATE PER EXH 24</u>			
	<u>MFR</u> <u>ESTIMATED</u>	<u>ACTUAL</u> <u>TO DATE</u>	<u>ADDITIONAL</u> <u>ESTIMATE</u>	<u>TOTAL</u>
Legal	\$250,000	\$110,136	\$166,000	\$276,136
Accounting	150,000	138,237	31,725	169,962
Engineering	40,000	15,755	16,160	31,915
Company Expense	<u>6,500</u>	<u>12,800</u>	<u>9,200</u>	<u>22,000</u>
Total	<u>\$446,500</u>	<u>\$276,928</u>	<u>\$223,085</u>	<u>\$500,013</u>
Annual Amortization	<u>\$111,625</u>			<u>\$125,003</u>

The utility argued that its rate case expense is based on actual numbers where possible, and estimates based on the utility's prior experience in proceedings before the Commission.

Mr. Deterding testified that Aloha's actual and estimated rate case expenses were reasonable in light of the requirements imposed within this rate case. He stated that Aloha and its consultants have been as efficient as possible and tried to keep rate case costs to a minimum where they could. Mr. Deterding believed that the time and costs incurred have been prudent and appropriate.

Section 367.081(7), Florida Statutes, provides:

The commission shall determine the reasonableness of rate case expenses and shall disallow all rate case expenses determined to be unreasonable. No rate case expense determined to be unreasonable shall be paid by a consumer.

We have examined the requested actual expenses, supporting documentation, and estimated expenses for the current rate case. Based on our review of the record, we find that several adjustments are necessary.

1. Duplicate Interim Rate Requests

During cross examination by our staff, Mr. Nixon agreed that the Commission determined in Order No. PSC-01-1374-PAA-WS, issued

June 27, 2001, in Docket No. 000737-WS, that the Seven Springs water system had excess earnings for the historical test year ending December 31, 2000. He also agreed that our staff's recommendation on overearnings for that decision was filed on May 31, 2001, and shortly afterwards it would have been available to counsel for Aloha and the utility.

Notwithstanding that, Mr. Nixon testified that on August 10, 2001, the utility filed an interim rate request and used the historical 2000 test year, the same year in which we had already determined overearnings to exist. The company subsequently withdrew its first interim request and filed a revised request based on the test year ended June 30, 2001. Mr. Nixon agreed that we approved interim rates based on this revised test year. Mr. Nixon stated that he had prepared an exhibit, filed a few days before the hearing, that detailed the rate case expense associated with the utility's revised interim filing. Exhibit 25 listed \$1,900 for legal and \$3,556 for accounting costs associated with the duplicate filing.

OPC witness Larkin testified that he did not think a utility should recover rate case expense for two interim requests due to an error and subsequent change in test year. Aloha was aware, prior to its filing, that the original interim test year would not reflect earnings below the minimum of the range on its return on equity, as required by the interim statute, Section 367.082, Florida Statutes. The record reflects that these costs were duplicative, and, therefore, unreasonable. As such, we find that total rate case expense shall be reduced by \$5,456, to reflect these duplicative expenses.

2. Estimated Costs to Complete the Case

Exhibit 24 breaks legal services into actual costs incurred through November 30, 2001, and estimated rate case expense through post-hearing. The legal costs to complete this case were estimated at \$166,000, which included 790 billable hours and \$8,000 in expenses. The hours were broken down into 4 sections: review and preparation of testimony pre-hearing (250 hours); hearing preparation and late-filed exhibits (250 hours); review of transcripts through final order (200 hours); and reconsideration (90 hours). The utility's breakdown for each of these sections

included a description of items to be performed but no specific amount of time associated with each item. It only provided a total number of hours, as well as costs, for each section. While the descriptions of items appeared reasonable, we have no basis to determine whether the individual hours estimated were reasonable. On the other hand, Aloha's other consultants prepared detailed estimates broken down by hour for each item listed for them.

It is the utility's burden to justify its requested costs, with no exceptions made for rate case expense. Florida Power Corp. v. Cresse, 413 So. 2d 1187, 1191 (Fla. 1982). It has long been our policy to require detailed estimates to complete the case. In reviewing these estimates, we have the opportunity to determine the types of items for which the utility is requesting recovery of and the prudence of any items and time spent.

We enjoy a broad discretion with respect to allowance of rate case expense. Florida Crown Util. Servs., Inc. v. Utility Regulatory Bd. of Jacksonville, 274 So. 2d 597, 598 (Fla. 1st DCA 1973). Nevertheless, it would constitute an abuse of discretion for us to automatically award rate case expense without reference to the prudence of the costs incurred in the rate case proceedings. Meadowbrook Util. Sys., Inc. v. FPSC, 518 So. 2d 326, 327 (Fla. 1st DCA 1987), rehearing denied, 529 So. 2d 694 (Fla. 1988).

The record shows that a substantial amount of work was performed by Aloha's attorneys, as evidenced by attendance at the formal proceedings, exhibits filed, and brief preparation. Based on this record evidence and on past experience in determining allowable rate case expense, we find that it is reasonable to allow the utility 400 hours for estimated legal costs at \$200 per hour and \$5,000 in expenses. We find that a reasonable breakdown of this would be 240 hours for prehearing preparation and attendance at the hearing and 160 hours for post-hearing work through the final order. This adjustment results in a reduction to legal rate case expense of \$63,000.

Aloha estimated 90 hours, or \$18,000, plus \$500 in expenses for reconsideration costs. The utility's request for these costs is premature. If in fact any motions for reconsideration are filed, any increased costs can be addressed by us at that time.

In reviewing the accounting estimate to complete, Aloha requested \$2,600 for costs labeled "Miscellaneous for Discovery and Additional Exhibits," which is listed after the review of the Final Order. There were no additional accounting exhibits or discovery that was not specifically identified in the estimate to complete or that will be required after the Final Order is issued. As such, we have removed these amounts from rate case expense.

Our summary of rate case expense adjustments discussed above follows:

<u>Legal Adjustments</u>		<u>Accounting Adjustments</u>	
Duplicate Interim Filing	\$ 1,900	Duplicate Interim Filing	\$3,556
Undocumented & Excessive Hours Estimate	63,000	Undocumented & Excessive Hours Estimate	2,640
Reconsideration	<u>18,500</u>		<u>1,237</u>
Total	<u>\$83,400</u>	Total	<u>\$6,196</u>

3. Water Rate Case Filing

OPC witness Larkin testified that he did not believe the rate case expense projected by Aloha was reasonable. Aloha filed two rate cases essentially one right after the other. The two cases were for the same service area: the first for Seven Springs wastewater and the second for Seven Springs water. Had Aloha consolidated its recently completed wastewater rate case, which was filed in February 2000, with this current water case, he asserts that Aloha would have avoided virtually the entire amount of rate case expense associated with this case. He stated that the utility could have filed simultaneously, with a little planning on its part, as is typical in most water and wastewater rate cases. Based on Mr. Larkin's testimony, OPC witness DeRonne suggested adjustments to remove the proposed average unamortized balance for rate expense of \$223,250 from working capital, and to remove the utility's proposed amortization of rate case expense for the current case of \$111,625.

The utility disagreed that it could have filed the rate increase at issue here with its last wastewater rate case. The utility testified that its customers would not have benefitted in

1999 had the utility filed a water rate request with its wastewater case.

The utility also argued that it was not clear whether the issue of a conservation oriented inclining-block rate structure would have been addressed at the time the wastewater rate case was filed. According to the utility, its customers had actually benefitted by not combining a water rate case with the wastewater case.

The utility argued that the only way that Aloha could have justified a rate increase was if it had proposed to begin purchasing water from Pasco County several years ago. If Aloha had done that, the long-run cost to the customers would have been higher because that additional purchased water cost would have far outweighed any savings by combining two rate cases.

We find that Mr. Larkin's argument has merit. Aloha could have easily filed a combined rate case for its water and wastewater systems. We disagree with Mr. Watford that the only way it could have received rate relief in prior years was for Aloha to purchase water from Pasco County. As addressed above, Aloha had many improvements it could have made to its plant to improve its water quality or to find a new source of water. Instead, Aloha continually failed to act unless it is specifically ordered to do so by a regulatory agency.

As Mr. Nixon admitted, by Order No. PSC-97-0280-FOF-WS, issued March 12, 1997, Aloha was put on notice that a rate restructuring would be necessary. Water quality issues began surfacing in 1995. See Order No. PSC-00-1285-FOF-WS, issued July 14, 2000. According to SWFWMD witness Parker, Aloha began to consistently exceed the permitted annual average day withdrawal in 1996 with some exceedings as early as 1994.

Messrs. Watford and Nixon both stated that costs would have been greater in the long run if Aloha had filed an earlier rate case that included the increased cost for purchased water from Pasco County. Had Aloha taken a proactive approach to address its quality of water and supply issues years ago, any necessary plant could have been in service for several years. In addition, Aloha could have easily increased its service availability charge during

that time frame to defray its investment in the plant improvements and expansion costs. This is especially true in light of the substantial growth that occurred in this system.

Further, Mr. Watford testified that Aloha prudently investigated other alternatives for purchasing water from another source other than the County and Aloha's customers have benefitted from this approach. If Aloha did in fact perform any such cost benefit analyses, it has not provided any support in the record of this case. Absent such evidence, we cannot determine if Aloha's choice of purchasing water from Pasco County was indeed the most cost effective alternative that was available. We could also have determined that what Aloha chose to do was not the most cost effective and as a result, the long-term cost for Aloha customers may have been less. Without this supporting information, we cannot make a determination of which alternative was the most cost effective.

Mr. Watford also stated that he knows of no case in Florida or any other jurisdiction where a proposal has been made to eliminate rate case expense, much less where the proposal has been accepted. We disagree. We have addressed numerous cases where imprudent expense has been alleged as well as denied.

In Order No. PSC-98-1583-FOF-WS, issued November 25, 1998, in Docket No. 971663-WS, where Florida Cities Water Company was seeking recovery of court costs (and the rate case expense associated with the docket filing), we found that the incurrence of rate case expense was imprudent and denied the utility's request for recovery. Also, in Order No. PSC-96-1320-FOF-WS, issued October 30, 1996, in Docket No. 950495-WS, we denied legal rate case expense of \$25,000 incurred for what we deemed an imprudent appeal of our oral decision on interim rates. In addition, in Order No. 18960, issued March 7, 1988, in Docket No. 861338-WS, we determined that expenditures for misspent time were imprudent and reduced the requested rate case expense by \$32,500. Finally, in each of its three prior requests for limited proceeding, all rate case expense requested by Aloha was denied because we determined that the utility was earning a fair rate of return or the case was dismissed as an improper filing.

As discussed above, it is the utility's burden to prove that its requested costs are reasonable. We find that filing combined water and wastewater rate cases would have resulted in material cost savings, and the customers should not be made to pay because Aloha incurred imprudent rate case expense. While a combined filing would have greatly reduced costs, we acknowledge that there would have been incremental costs. Although we have no method to determine those incremental costs, we believe that the total time for hearings, depositions, and preparation of testimony would have been reduced significantly. Also, notices and travel requirements would not have to have been duplicated. We believe it is reasonable that as much as 50% of the costs of this rate case could have been avoided if it had been filed in conjunction with the wastewater case. Therefore, we shall only allow 50% of the adjusted rate case expense.

Our breakdown of the allowance of rate case expenses is as follows:

	<u>UTILITY REVISED ACTUAL & ESTIMATE</u>	<u>LESS COMM. ADJUST- MENTS</u>	<u>COMM. ADJUSTED BALANCE</u>
Legal	\$276,136	\$83,400	192,736
Accounting	169,9621	6,196	163,766
Engineering	31,915	0	31,915
Company Expense	<u>22,000</u>	<u>0</u>	<u>22,000</u>
Total	<u>\$500,013</u>	<u>\$89,596</u>	<u>410,417</u>
50% Allowance			<u>205,209</u>

Based on the record and our adjustments discussed above, total current rate case expense of \$205,209 shall be allowed. Pursuant to Section 367.0816, Florida Statutes, rate case expense shall be amortized over 4 years. This results in an annual rate case expense of \$51,302. Based on this allowance, an adjustment shall be made to O&M expenses of \$60,323 to decrease the amount requested by the utility in its MFRs.

J. Conservation Programs

With respect to conservation programs, Aloha shall be allowed to recover \$120,000 in its rates for monthly service for the implementation of conservation programs as described below.

In its initial filing, the utility requested a rate structure consisting of a base facility charge (BFC) and a two-tier inclining block rate. Under its proposal, the base facilities charges and the first tier gallonage charges would be set to recover all of the approved revenue requirements, while the revenue from the second tier gallonage charges would be used to fund conservation programs. A similar concept was presented in SWFWMD's witness Sorenson's testimony. She advocated adopting inclining block rates to encourage conservation and allowing the utility to set rates to create a water conservation fund to help pay for programs. The utility insisted that programs must be funded up front because benefits may only appear months or even years following program implementation, causing the utility financial harm until such cost savings are realized.

OPC witness DeRonne objected to the over collection of revenue requirements proposed by the utility because it would give the utility a "blank check" at ratepayers expense. She stated that the utility should, instead, justify any proposed conservation expenditures and allow us to determine if such costs should be included in the utility's revenue requirement. Staff witness Stallcup also indicated that if the costs of conservation programs are included in the approved revenue requirement for rate setting purposes, then those costs should be balanced against cost savings associated with a reduction in usage.

All parties are in agreement that conservation programs are desirable to mitigate the impact on the potable water supply in the area, and that the programs need to be funded. On February 20, 2002, Aloha filed the executed signature page of the Consent Order entered into by the utility and the SWFWMD which incorporates several recommended conservation initiatives that the utility agreed to implement. We find it appropriate that all but one of the proposals be funded at this time.

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As part of the Consent Order with the SWFWMD, Aloha committed to the projects and the estimated costs as shown below:

Program	Estimated Incremental Cost
1. Customer Direct Mail Billing Inserts to educate customers on water usage and conservation programs and techniques	No incremental cost as Aloha currently provides informational bill stuffers
2. Free Customer Retrofit kits such as low flow showerheads, faucet aerators, leak detection tablets, replacement flapper valves, and educational information	\$25,000
3. Water conservation Pilot Program - provide credits or rebates for installation of high efficiency water heaters, and low flow toilets and monitor the effectiveness of the installations	\$30,000
4. Mixed Media Conservation Messages - print and broadcast media advertising to promote conservation	\$15,000
5. Water Auditor - new staff member to implement and promote consumer conservation projects	\$38,000
6. Additional staffing to assist in administering and monitoring conservation efforts	\$30,000
7. Web site to promote utility specific conservation programs and provide links to other conservation oriented information	\$12,000

All parties agree that Aloha needs to aggressively pursue conservation to reduce demand on the state's limited potable water supply. SWFWMD witness Sorenson advocated the use of pilot programs which can then be used to design and target more effective future conservation programs. While the exact savings of the programs can not be quantified at this time, we agree that the proposed expenditures shown above appear reasonable to allow Aloha to explore the options presented and thus find that \$120,000 be included in the utility's revenue requirement to fund the proposed conservation programs.

However, we shall disallow the utility's requested expense for the new position to assist in administering conservation efforts, in the amount of \$30,000, as shown in Item 6 above. As noted by SWFWMD witness Sorensen, it will take some time to get programs in place so that any measurable savings can be realized. Adding a Water Auditor to develop the programs should be adequate to get the programs off the ground. If the programs prove successful and have a high penetration rate, we can reconsider approving the expense for a second position at a later date in another proceeding.

K. Test Year Operating Income

Based on the adjustments discussed above, we find that the test year operating income before any provision for increased revenues is \$117,714. The schedule for operating income is attached as Schedule No. 3-A, and the adjustments to operating income are listed on attached Schedule No. 3-B.

VIII. REVENUE REQUIREMENT

The computation of the revenue requirement is shown on Scheduled No. 3-A and is \$1,979,140, which represents neither an increase nor a decrease.

IX. RATES AND CHARGES

The utility requested final rates designed to produce revenues of \$3,044,811. The requested revenues would have represented an increase of \$1,077,337 or 54.76%, and would have been based on the utility's requested overall rate of return of 9.07%.

Consistent with our findings above, the final rates approved for the utility's Seven Springs water system shall be designed to produce annual revenues of \$1,979,140. This will allow the utility the opportunity to recover its expenses and earn an 8.52% return on its investment in rate base.

A. Rate Structure

We further find that the appropriate rate structure for residential customers is a BFC and two-tier inclining-block rate structure. The usage blocks shall be for monthly usage of: 1) 0-

10,000 gallons; and 2) in excess of 10,000 gallons. The rate in the second usage block shall be 1.25 times greater than the rate in the first block, with a BFC cost recovery allocation of 25.3%. The traditional BFC and uniform gallonage charge rate structure shall be implemented for the General Service class. All gallonage allotments included in the BFC shall be eliminated.

The utility's current residential rate structure utilizes a BFC of \$7.32, which includes a 3 Kgal minimum allowance, and a uniform gallonage charge of \$1.32/Kgal for usage in excess of 3 Kgal. The utility proposed to remove the 3 Kgal allowance from the BFC and implement a two-tier inclining block rate structure to encourage conservation, in compliance with the wishes of the SWFWMD. We concur with the proposal to implement an inclining-block rate structure and the removal of the initial usage from the BFC. The utility, however, proposed to recover all of its revenue requirements through the BFC and first tier, with the revenue from the second tier going towards conservation programs. Since we have allowed the cost of conservation programs to be included in the total revenue requirement, there is no longer any basis for setting rates to recover more than the approved revenue requirement.

Given Aloha's current low rates, and the desire to remove the 3 Kgal allowance from the BFC, our first decision in designing rates is to determine how much of the revenue requirement should be recovered in the BFC. As a general rule, the more costs that are recovered through fixed charges, the more stable the utility's earnings. However, if the BFC collects too much revenue, the resulting usage charges are too low, or the tier breakpoints too small, resulting in a failure to send meaningful conservation signals. An important guideline established by the SWFWMD is to recover no more than 40% of the overall revenue requirement through the BFC. The utility proposed a 32%/68% split, with the first block recovering the full revenue requirements. This ratio is consistent with the water management district guidelines that we commonly use. However, SWFWMD witness Yingling also indicated that the fixed charge portion of the bill should be kept to the minimum commensurate with the need for revenue stability.

Based on the revenue requirement approved above, analysis shows that recovering 30% or more of recommended revenues through the BFC would result in gallonage rates below acceptable levels.

In order to keep gallonage charges at or above current levels, we find it appropriate to set the percentage recovered through the BFC at 25.3%. This is only lower than the 32% offered by the utility and slightly above the level of 25% recommended by staff witness Stallcup. We find that our decision allows for the design of meaningful inverted block rates.

Comparison of Conservation Adjustment
Between BFC and Usage Charge

Current BFC¹ \$7.32
Current Gal. Chg above 3 gallons \$1.32

% Revenue requirement recovered through BFC	25%	28%	30%	32%
BFC w/o 3Kgal	\$4.02	\$4.44	\$4.75	\$5.08
Gallonage charge Block ¹	\$1.38	\$1.33	\$1.29	\$1.25
BFC greater than current? ²	Yes	Yes	Yes	Yes
Block 1 charge greater than current?	Yes	Yes	No	No

¹ Current BFC includes a 3 Kgal allotment

² Current BFC after removal of 3 Kgal allotment = $\$7.32 - (3 \times \$1.32) = \$3.36$

Recovery of 74.7% of the revenue requirement through usage sensitive charges results in a BFC (without any gallon allowance) of \$4.02. Witness Watford questioned setting the new BFC at a level less than the current BFC as contradictory to Commission practice. However, since the current BFC includes 3 Kgal of usage, a more appropriate comparison is to subtract the cost of the 3 Kgal at the current gallonage charge, to determine whether the level of the proposed BFC is justified. Removing the cost of the 3 Kgal from the BFC at current rates [$7.32 - (3 \times \$1.32)$] equals a BFC without a gallonage allotment of \$3.36 compared with our approved

BFC of \$4.02. Therefore, the proposed BFC is greater than the adjusted current BFC.

Witness Stallcup initially proposed a three tier rate structure with blocks of 0-8, 8-15, and over 15 Kgal/month. However, given the revenue requirements recommended above, and recovering 25.3% of the revenue requirement through the BFC and 74.7% through the gallonage charge, a three-tier structure would have required the initial tier to fall below the current level of \$1.32. The lower first block combined with the lower BFC would have raised the possibility of revenue instability to an unacceptable level. Therefore, we find it appropriate to approve a two-tier structure with blocks of 0-10 Kgal and above 10 Kgal/month. This increases the first tier rates slightly from \$1.32 to \$1.38 for usage up to 10 Kgal/month and sets the second tier at \$1.72 for usage in excess of 10Kgal/month. We are sensitive to the utility's need for some measure of revenue stability. The approved breakpoint for the tiers leaves 68% of the total gallons sold in the first tier, which mitigates the concerns about revenue stability.

In addition, Exhibit 29 shows that 10 of the 30 subdivisions have average usage in excess of 10 Kgal/month. These two conditions further mitigate concerns about revenue stability resulting from the lower BFC. We find that the differential between tiers will provide a small but meaningful first step in sending a conservation signal to high-end users. In a previous case, we determined that setting breakpoints below 10,000 gallons may adversely impact non-discretionary usage for larger families. (See Order PSC-00-0807-PAA-WU, Docket No. 991290-WU) Since the utility maintains its service territory is becoming more family oriented, we find that this 10 Kgal tier breakpoint is appropriate at this time.

One of our concerns in designing rates is to minimize the impact on low users who may be at or near non-discretionary usage levels. Even with the decrease in the BFC, customers who currently use 3 Kgal or more will see an increase in their bills, primarily due to the removal of the 3 Kgal allowance. With the slightly higher first tier rate, customers using 3 Kgal/month will see an increase of 11%, or \$0.84, in their monthly bills. The percentage increase declines to a low of 7% for usage at 15

Kgal/month. On the other end of the usage spectrum, however, significant increases of 20% or greater affect customers using over 50 Kgal/month. The following chart shows representative increases for selected levels of usage:

Impact of Proposed Rates on Usage Levels

Thousand gallons	Current Price	Approved Price	Amount	% Change
0	7.32	4.02	-3.30	-45%
1	7.32	5.40	-1.92	-26%
2	7.32	6.78	-.54	-7%
3	7.32	8.16	0.84	11%
4	8.64	9.54	0.90	10%
5	9.96	10.92	0.96	10%
6	11.28	12.30	1.02	9%
7	12.60	13.68	1.08	9%
8	13.92	15.06	1.14	8%
9	15.24	16.44	1.20	8%
10	16.56	17.82	1.26	8%
15	23.16	24.72	1.56	7%
20	29.76	33.32	3.56	12%
50	69.36	84.92	15.56	22%
75	102.36	127.92	25.56	25%
150	201.36	256.92	55.56	28%
200	267.36	342.92	75.56	28%

SWFWMD advocates an aggressive inclining block rate structure and we believe, given the approved revenue requirement, the proposed structure will put customers on notice that increases

usage comes with a higher price tag. Should the utility justify higher revenue requirements in the future, the blocks and rates can be adjusted to increase the pricing signals to high users.

B. Repression of Consumption

Due to the revenue requirement not increasing and the minimal increase in the second tier rates, we do not find it appropriate to include a repression adjustment in determining consumption for setting rates. Past Commission decisions indicate minimal repression (0-4%) in several cases, even where multiple tier inclining block rates were implemented along with a rate increase. (See Dockets 970164-WU, 980445-WU, 990535-WU, 010403-WU) In this case, the rate structure is revenue neutral because there is no increased revenue requirement. In addition, the utility maintained throughout the hearing that its expected usage was higher than either our staff or OPC projected, and that new customers would use more than current customers. If the utility's projections prove more accurate than the forecast approved here, setting rates on the forecast approved above results in rates higher than those that would have been generated using the utility's forecast.

With the approved inclining-block rates, the additional revenues from the higher block should offset any reduction in revenue due to decreases in usage. We do, however, find it appropriate to adjust residential consumption downward by 2.5% to account for the reduction in usage resulting from implementation of conservation programs. The projected annual savings cited in the Consent Order were 5% per year. SWFWMD witness Sorensen also testified that many of the programs will likely take years to reap results. Therefore, we find that adjusting consumption to reflect the full effect of conservation would overstate the benefits of the programs' initial implementation.

C. Monthly Service Rates

The appropriate monthly rates are as follows:

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Residential Service Water Rates

Meter size	Current	Commission Approved
<u>BFC</u>		
5/8" x 3/4"	\$7.32 (includes 3Kgal)	\$4.02
3/4"	\$0.00	\$6.03
1"	\$0.00	\$10.05
1 1/2"	\$0.00	\$20.10
<u>Usage charges</u>		
Per 1,000 gals		
0 - 3,000 gals	\$0.00	\$1.38
3,000-10,000	\$1.32	\$1.38
Over 10,000 gals	\$1.32	\$1.72

General Service Rates

Meter Size	Current	Commission Approved
<u>BFC</u>		
5/8" x 3/4"	\$7.32*	\$4.02
1"	\$19.46*	\$10.05
1 1/2"	\$36.49*	\$20.10
2"	\$58.80*	\$32.16
3"	\$116.83*	\$64.32
4"	\$182.85*	\$100.50
6"	\$282.76*	\$201.00
8"	\$577.67*	\$321.60
10"	\$841.62*	\$462.30

*Current General Service BFC include minimum gallonage allowances.

Usage Charges

All usage Per 1,000 gals	\$1.32	\$1.49
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In addition, tariffs shall reflect that the Vacation Rate shall be set at the new BFC of \$4.02.

These rates, also shown on the attached Schedule No. 4, are designed to produce revenues of \$1,979,140, excluding miscellaneous service charge revenues. The utility shall file revised tariff sheets and a proposed customer notice to reflect our approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date of the revised tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code. The rates shall not be implemented until our staff has approved the proposed customer notice, and the notice has been received by the customers. The utility shall provide proof of the date notice was given no less than 10 days after the date of the notice.

A comparison of the utility's original and requested rates, the approved interim rates, and the approved final rates is shown on attached Schedule No. 4.

D. Service Availability Charges

The utility currently has a temporary interim plant capacity charge of \$500 in effect for the Seven Springs water system. This temporary plant capacity charge was approved in Order No. PSC-00-1285-FOF-WS, issued July 14, 2000, in Docket No. 960545-WS. This temporary charge is subject to refund, and pursuant to that Order, on February 1, 2001, Aloha filed an application for an increase in service availability charges, which was assigned Docket No. 010156-WU. The establishment of a final charge should occur at the conclusion of that service availability docket. Aloha's original plant capacity charge for its Seven Spring's water system is \$163.80, and the difference of \$336.20 per connection is being held subject to refund.

Representative Fasano testified that during his time in office, finding a solution to the on-going problems facing Aloha's customers, who are also his constituents, has become one of his top priorities. Mr. Fasano testified that since 1996, his suggestion for resolution has been that Aloha increase its impact fees to make them competitive with those of Pasco County. He stated that if those costs had been ordered years ago, given the phenomenal growth in the Aloha service area times the higher impact fees, revenue would have been generated that is needed today for Aloha's improvements. He stated this choice would not have burdened the existing customer. While this revenue has been lost over the past

three years, Mr. Fasano stated he still believed it would be in the best interest of the existing customers to place the burden of the future customers on those future customers. Mr. Fasano further testified that if Aloha's impact fees would be raised to a level competitive with those charged by the surrounding Pasco County utilities, then the need for this rate increase application and those in the future would probably diminish.

Aloha witnesses Porter and Watford provided testimony on future plant additions that Aloha projected in the near-term. They stated that, at this time, the potential chemistry of Pasco County's modified water is yet to be defined. Until this information was known, it would be imprudent to move ahead, from a technical standpoint, and construct any of the pilot project facilities until a full and complete engineering analysis of the combined effects of all the chosen alternatives can be completed. To do otherwise may result in substantial costs that could be found to be unusable or unneeded when the final analysis is completed.

On cross examination by staff, Mr. Watford testified that the utility is not proposing any increase to its plant capacity charge in this rate case and referred to Docket No. 010156-WU, the open service availability docket. However, Mr. Watford stated that the utility was certainly not averse to increasing the charge.

Pursuant to Section 367.101, Florida Statutes, we must set just and reasonable charges for service availability. As addressed above, we have ordered Aloha to address numerous components of its quality of service as well as critical water supply concerns. We agree with Representative Fasano that a higher plant capacity charge can defray the cost of these looming, yet unknown, plant improvements or expansion costs, and allow the future growth to pay for the future customers' own burdens instead of placing them on existing customers. Since Aloha is in such a high growth area and the new customers being added to the system are high-end users, the plant capacity charge should be more reflective of the Pasco County charge in effect.

The current Seven Springs wastewater plant capacity charge is \$1,650. We find that it is reasonable to increase the water plant capacity charge to \$1,000 on an interim basis to offset future plant requirements necessary to address solutions to the black

water and long-term waster supply issues. In establishing a capacity charge, we normally include reliable estimates of plant additions and customer growth projections, by year, to make sure the proposed charge will allow the utility to be in compliance with the contribution levels required by Rule 25-30.580, Florida Administrative Code. While we do not have all of the necessary information at this time, we still believe that an interim charge is appropriate to continue offsetting the future cost of major plant requirements.

Therefore, the new interim service availability charge for water shall be \$1,000, with the difference between \$163.80 and \$1,000 being subject to refund. Aloha shall deposit this difference in its current interest bearing escrow account to guarantee the interim funds collected subject to refund. The escrowed funds shall not be released until we have verified that Aloha has sufficiently invested in the required plant improvements. All other escrow requirements as established by this Commission in Order No. PSC-00-1285-FOF-WS, issued July 14, 2000, shall continue to apply.

Revised tariff sheets and a proposed customer notice shall be filed by April 30, 2002, to reflect the \$1,000 interim plant capacity charge. The proposed notice shall include the date the notice will be issued; a statement that the utility is increasing its water plant capacity charge for new connections to the Seven Springs water system from an interim charge of \$500 per ERC to \$1,000 per ERC, on a temporary basis, subject to refund; the utility's address, telephone number, and business hours; and a statement that any comments concerning the charge should be addressed to the Director of the Division of the Commission Clerk and Administrative Services at 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0870. The approved charge shall be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(2), Florida Administrative Code, providing the appropriate notice has been made.

The notice shall be mailed or hand delivered to all persons in the service area who have filed a written request for service within the past 12 calendar months or who have been provided service within the past 12 calendar months. In addition, the utility shall publish a copy of the approved notice in a newspaper

of general circulation in its service area within 10 days of our staff's approval of the notice. The utility shall provide proof of the date the notice was given within 10 days after the date of the notice.

X. INTERIM REFUNDS

By Order No. PSC-01-2199-FOF-WU, issued November 13, 2001, we approved interim rates subject to refund with interest. Rates were increased by 15.95%, pursuant to Section 367.082, Florida Statutes. The approved interim revenue from these rates is shown below:

	Test Year <u>Revenues</u>	\$ <u>Increase</u>	Revenue <u>Requirement</u>	% <u>Increase</u>
Water	\$1,737,086	\$272,206	\$2,009,292	15.67%

According to Section 367.082(4), Florida Statutes, any refund must be calculated to reduce the rate of return of the utility during the pendency of the proceeding to the same level within the range of the newly authorized rate of return. Adjustments made in the rate case test period that do not relate to the period interim rates are in effect should be removed.

In this proceeding, the test period for establishment of interim rates was the twelve months ended June 30, 2001. The test year for final rates purposes was the projected year ended December 31, 2001. The approved interim rates did not include any provisions or consideration of pro forma adjustments in operating expenses or plant. The interim increase was designed to allow recovery of actual interest costs, and the floor of the last authorized range for equity earnings. Included in the interim test year were three months of expenses for purchased water from Pasco County.

To establish the proper refund amount, we calculated a revised interim revenue requirement utilizing the same data used to establish final rates. Rate case expense was excluded, because it was not an actual expense during the interim collection period. Aloha did not purchase water from Pasco County during the interim collection period. The interim collection period is from

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November 13, 2001 to the date that Aloha implements the final rates approved.

Using the principles discussed above, we calculated the interim revenue requirement from rates for the interim collection period to be \$1,914,375. This revenue level is less than the interim revenue of \$2,009,292, which was granted in Order No. PSC-01-2199-FOF-WU. This results in a 4.87% refund of interim rates, after miscellaneous revenues have been removed.

Accordingly, we find that the utility shall refund 4.87% of water revenues collected under interim rates. The refund shall be made with interest in accordance with Rule 25-30.360(4), Florida Administrative Code. The utility shall submit proper refund reports pursuant to Rule 25-30.360(7), Florida Administrative Code. The utility shall treat any unclaimed refunds as CIAC pursuant to Rule 25-30.360(8), Florida Administrative Code.

XI. FOUR-YEAR RATE REDUCTION

Section 367.0816, Florida Statutes, requires that rates be reduced by the amount of the rate case expense previously included in the rates immediately following the expiration of the four-year period. The reduction will reflect the removal of \$53,720 of revenues associated with the amortization of rate case expense and the gross-up for regulatory assessment fees. The reduction in revenues will result in the monthly rate reduction shown on Schedule No. 5.

The utility shall file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. The utility shall also file a proposed customer notice setting forth the lower rates and the reason for the reduction.

If the utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

Based on the foregoing, it is

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ORDERED by the Florida Public Service Commission that the application by Aloha Utilities, Inc., for increased rates and charges for water service for the Seven Springs water system is hereby denied in part and granted in part as set forth in the body of this Order. It is further

ORDERED that each of the findings contained in the body of this Order is hereby approved in every respect. It is further

ORDERED that all matters contained herein, whether set forth in the body of this Order or in the schedules attached hereto are, by reference, expressly incorporated herein. It is further

ORDERED that Aloha Utilities, Inc. shall make improvements to Wells Nos. 8 and 9, and then to all its wells, to implement a treatment process designed to remove at least 98 percent of the hydrogen sulfide in its raw water. Such improvements to all of Aloha's Seven Springs water system shall be placed into service by no later than December 31, 2003. It is further

ORDERED that Aloha Utilities, Inc. shall submit a plan within 90 days of the date of this Final Order showing how it intends to comply with our requirement to remove hydrogen sulfide. It is further

ORDERED that Aloha shall file a revised tariff that reflects the current bill within 30 days of the date of this Final Order. It is further

ORDERED that Aloha shall have its billing format changed along with revised tariff sheets reflecting this change within 120 days of the date of this Final Order. It is further

ORDERED that Aloha Utilities, Inc. shall implement the five customer service measures described in the body of this Order, within 120 days of the date of this Final Order. It is further

ORDERED that Aloha Utilities, Inc., shall implement the conservation programs as described in this Order. It is further

ORDERED that, prior to the implementation of the rates and charges approved herein, Aloha Utilities, Inc., shall submit, and

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have approved, revised tariff sheets. The revised tariff sheets shall be approved upon staff's verification that they are consistent with this decision and that the proposed customer notice is adequate. It is further

ORDERED that the rates approved herein shall be effective for service rendered on or after the stamped approval date of the revised tariff sheets in accordance with Rule 25-30.475, Florida Administrative Code, provided the customers have received notice. It is further

ORDERED that, prior to the implementation of the rates and charges approved herein, Aloha Utilities, Inc., shall submit a proposed customer notice pursuant to Rule 25-22.0407(10), Florida Administrative Code, reflecting the appropriate rates and charges, and explaining the rates and charges and the reasons therefor. It is further

ORDERED that Aloha Utilities, Inc., shall provide proof of the date notice was given within 10 days after the date of the notice. It is further

ORDERED that Aloha Utilities, Inc., shall make refunds with interest pursuant to Rule 25-30.360, Florida Administrative Code, as set forth in the body of this Order. It is further

ORDERED that Aloha Utilities, Inc., shall submit proper refund reports in accordance with Rule 25-30.360(7), Florida Administrative Code. It is further

ORDERED that Aloha Utilities, Inc., shall treat any unclaimed refunds as contributions-in-aid-of-construction pursuant to Rule 25-30.360(8), Florida Administrative Code. It is further

ORDERED that the temporary water service availability charges shall be increased from \$500 to \$1,000, with the difference between the \$1,000 and \$163.80 being held subject to refund. It is further

ORDERED that Aloha Utilities, Inc. shall deposit the difference between \$1,000 and the current charge of \$163.80 for its temporary water service availability charges in its current interest bearing escrow account to guarantee the interim funds

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collected subject to refund. The escrowed funds shall not be released until the Commission has verified that Aloha has sufficiently invested in the required plant improvements. All other escrow requirements as established by us in Order No. PSC-00-1285-FOF-WS, issued July 14, 2000, shall continue to apply. It is further

ORDERED that Aloha Utilities, Inc. shall file revised tariff sheets and a proposed customer notice by April 30, 2002, to reflect the \$1,000 interim plant capacity charge. The proposed notice shall include the date the notice will be issued; a statement that the utility is increasing its water plant capacity charge for new connections to the Seven Springs system from an interim charge of \$500 per ERC to \$1,000 per ERC, on a temporary basis, subject to refund; the utility's address, telephone number, and business hours; and a statement that any comments concerning the charge should be addressed to the Director of the Division of the Commission Clerk and Administrative Services at 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0870. It is further

ORDERED that the approved charge shall be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(2), Florida Administrative Code, providing the appropriate notice has been made. It is further

ORDERED that the notice shall be mailed or hand delivered to all persons in the service area who have filed a written request for service within the past 12 calendar months or who have been provided service within the past 12 calendar months. In addition, Aloha Utilities, Inc. shall publish a copy of the approved notice in a newspaper of general circulation in its service area within 10 days of staff's approval of the notice. The utility shall provide proof of the date the notice was given within 10 days after the date of the notice. It is further

ORDERED that Aloha Utilities, Inc. shall reduce its rates for amortization of rate case expense as set forth in the body of this Order. It is further

ORDERED that Aloha Utilities, Inc. shall file revised tariff sheets and a proposed customer notice setting forth the lower rates

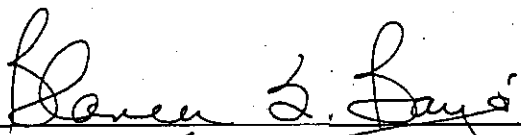
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and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. It is further

ORDERED that if Aloha Utilities, Inc. files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense. It is further

ORDERED that this docket shall be closed after the time for filing an appeal has run.

By ORDER of the Florida Public Service Commission this 30th day of April, 2002.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

RRJ/LAE

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative

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hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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Attachment A
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Change in System Average Usage after adding 473 ERCs at 500 gal/day

SUBDIVISION	GALLONS	BILLS	GALS/MTH	GALS/DAY	WGT GALS	WGT AVE USAGE
RANCHSIDE APARTMENTS	1,913,340	913	2,096	70	63,910	
ASHLEY PLACE APARTMENT	4,214,505	1,877	2,245	75	140,775	
SPRING HAVEN CONDOS	1,135,090	477	2,380	79	37,683	
HERITAGE SPRINGS	2,259,960	935	2,417	81	75,735	
RIVER OAKS CONDOS	1,235,350	480	2,574	86	41,280	
RIVERSIDE VILLAS	8,904,350	3,101	2,871	96	297,696	
OAKCREEK APARTMENTS	6,715,931	1,825	3,680	123	224,475	
COUNTRY PLACE VILLAGE	23,058,397	5,742	4,016	134	769,428	
VICEROY CONDOS	492,750	119	4,141	138	16,422	
VETERANS VILLAGE	142,284,232	27,470	5,180	173	4,752,310	
HERITAGE LAKES	58,539,830	11,210	5,222	174	1,950,540	
MILLPOND	56,028,470	8,927	6,276	209	1,865,743	
WOODTRAIL VILLAGE	23,115,080	3,375	6,849	228	769,500	
FOXHOLLOW TOWN HOMES	1,660,790	239	6,949	232	55,448	
PARK LAKE ESTATES	77,859,838	9,820	7,929	264	2,592,480	
WOODBEND	5,295,410	627	8,446	282	176,814	
WOODGATE	9,239,277	1,060	8,716	291	308,460	
RIVERSIDE VILLAGE	28,604,155	3,110	9,197	307	954,770	
WYNDTREE	59,413,671	6,158	9,648	322	1,982,876	
NATURES HIDEAWAY	41,849,469	4,311	9,707	324	1,396,764	
HILLS OF SAN JOSE	6,803,980	588	11,571	386	226,968	
NATURA	7,905,830	659	11,997	400	263,600	
CYPRESS LAKES	21,660,150	1,730	12,520	417	721,410	
PLANTATION	7,231,230	536	13,491	450	241,200	
THOUSAND OAKS	1,217,484	73	16,678	556	40,588	
FOXWOOD	63,502,203	3,758	16,898	563	2,115,754	
CHELSEA PLACE	28,599,910	1,674	17,085	569	952,506	
TRINITY OAKS	93,690,628	5,470	17,128	571	3,123,370	
FOX HOLLOW	66,965,870	3,562	18,800	627	2,233,374	
RIVIERA	12,577,695	382	32,929	1,098	419,436	
TOTAL	863,974,875	110,208	279,636	9,325	28,811,315	261
PROJECTED ERCS		473	15000	500	236500	
TOTAL INCLUDING NEW ERCS		110,681			29,047,815	262

Source: EXH 29 (SGW-6)

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System Average Usage Assuming All Subdivisions
 With Usage Between 261 and 500 Gals/Day
 Use 500 Gals/day

SUBDIVISION	GALLONS	BILLS	GALS/ MTH	GALS/ DAY	WGT GALS	WGT AVE USAGE
RANCHSIDE APARTMENTS	1,913,340	913	2,096	70	63,910	
ASHLEY PLACE APARTMENT	4,214,505	1,877	2,245	75	140,775	
SPRING HAVEN CONDOS	1,135,090	477	2,380	79	37,683	
HERITAGE SPRINGS	2,259,960	935	2,417	81	75,735	
RIVER OAKS CONDOS	1,235,350	480	2,574	86	41,280	
RIVERSIDE VILLAS	8,904,350	3,101	2,871	96	297,696	
OAKCREEK APARTMENTS	6,715,931	1,825	3,680	123	224,475	
COUNTRY PLACE VILLAGE	23,058,397	5,742	4,016	134	769,428	
VICEROY CONDOS	492,750	119	4,141	138	16,422	
VETERANS VILLAGE	142,284,232	27,470	5,180	173	4,752,310	
HERITAGE LAKES	58,539,830	11,210	5,222	174	1,950,540	
MILLPOND	56,028,470	8,927	6,276	209	1,865,743	
WOODTRAIL VILLAGE	23,115,080	3,375	6,849	228	769,500	
FOXHOLLOW TOWN HOMES	1,660,790	239	6,949	232	55,448	
PARK LAKE ESTATES	77,859,838	9,820	7,929	264	2,592,480	
WOODBEND	5,295,410	627	8,446	500	313,500	
WOODGATE	9,239,277	1,060	8,716	500	530,000	
RIVERSIDE VILLAGE	28,604,155	3,110	9,197	500	1,555,000	
WYNDTREE	59,413,671	6,158	9,648	500	3,079,000	
NATURES HIDEAWAY	41,849,469	4,311	9,707	500	2,155,500	
HILLS OF SAN JOSE	6,803,980	588	11,571	500	294,000	
NATURA	7,905,830	659	11,997	500	329,500	
CYPRESS LAKES	21,660,150	1,730	12,520	500	865,000	
PLANTATION	7,231,230	536	13,491	500	268,000	
THOUSAND OAKS	1,217,484	73	16,678	556	40,588	
FOXWOOD	63,502,203	3,758	16,898	563	2,115,754	
CHELSEA PLACE	28,599,910	1,674	17,085	569	952,506	
TRINITY OAKS	93,690,628	5,470	17,128	571	3,123,370	
FOX HOLLOW	66,965,870	3,562	18,800	627	2,233,374	
RIVIERA	12,577,695	382	32,929	1,098	419,436	
TOTAL	863,974,875	110,208	279,636	10,646	31,927,953	

System Weighted Average 290

Source: EXH 29 (SGW-6)

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ALOHA UTILITIES, INC. - SEVEN SPRINGS WATER SYSTEM SCHEDULE OF WATER RATE BASE 13-MONTH AVERAGE TEST YEAR ENDED 12/31/01				SCHEDULE NO. 1-A DOCKET NO. 010503-WU	
DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUST MENTS	ADJUSTED TEST YEAR PER UTILITY	COMM ADJUST MENTS	COMM ADJUSTED TEST YEAR
1 UTILITY PLANT IN SERVICE	\$9,937,171	\$0	\$9,937,171	\$5,776	\$9,942,947
2 LAND & LAND RIGHTS	\$42,898	\$0	\$42,898	(\$5,935)	\$36,963
3 NON-USED & USEFUL COMPONENTS	\$0	\$0	\$0	\$0	\$0
4 ACCUMULATED DEPRECIATION	(\$2,328,109)	\$0	(\$2,328,109)	(\$3,182)	(\$2,331,291)
5 CIAC	(\$8,479,418)	\$0	(\$8,479,418)	(\$27,236)	(\$8,506,654)
6 AMORTIZATION OF CIAC	\$1,923,349	\$0	\$1,923,349	\$64	\$1,923,413
7 CONTRIBUTED TAXES	(\$1,175,890)	\$0	(\$1,175,890)	\$0	(\$1,175,890)
8 ACC AMORT-CONTRIBUTED. TAXES	\$222,201	\$0	\$222,201	(\$10,877)	\$211,324
9 DEFERRED INCOME TAXES	\$835,318	\$0	\$835,318	\$0	\$835,318
10 WORKING CAPITAL ALLOWANCE	<u>\$430,720</u>	<u>\$413,250</u>	<u>\$843,970</u>	<u>(\$398,488)</u>	<u>\$445,482</u>
RATE BASE	<u>\$1,408,240</u>	<u>\$413,250</u>	<u>\$1,821,490</u>	<u>(\$439,878)</u>	<u>\$1,381,612</u>

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**ALOHA UTILITIES, INC. - SEVEN SPRINGS WATER SYSTEM
ADJUSTMENTS TO RATE BASE
13-MONTH AVERAGE TEST YEAR ENDED 12/31/01**

**SCHEDULE NO. 1-B
DOCKET NO. 010503-WU**

EXPLANATION	WATER
<u>PLANT IN SERVICE</u>	
1 To capitalize items erroneously expensed during 2000. (Stip. 1)	\$11,552
2 Properly allocate utility's new office building. (Stip. 12)	<u>(5,776)</u>
Total	<u>\$5,776</u>
<u>LAND</u>	
Properly allocate the utility's new office building. (Stip 12)	<u>(\$5,935)</u>
<u>ACCUMULATED DEPRECIATION</u>	
1 Accumulated depreciation for capitalize items erroneously expensed (Stip. 1)	(\$920)
2.To reflect the appropriate depreciation rate for computer equipment. (Stip. 2)	<u>(2,262)</u>
Total	<u>(\$3,182)</u>
<u>CIAC</u>	
To correct the total amount of contributed property received. (Stip. 3)	<u>(\$27,236)</u>
<u>ACCUM. AMORT. OF CIAC</u>	
To reflect accumulated amortization for contributed property adjustment (Stip. 3)	<u>\$64</u>
<u>ACCUM. AMORT. OF CONTRIBUTED TAXES</u>	
To correct historical starting point of amortization of contributed taxes (Stip. 4)	<u>(\$10,877)</u>
<u>WORKING CAPITAL</u>	
To reflect adjustments and reallocations.	<u>(\$398,488)</u>

ALOHA UTILITIES, INC. - SEVEN SPRINGS WATER SYSTEM
CAPITAL STRUCTURE - 13 Month Average
13-MONTH AVERAGE TEST YEAR ENDED 12/31/1

SCHEDULE NO. 2
DOCKET NO. 010503-WU

DESCRIPTION	TOTAL CAPITAL	SPECIFIC ADJUST- MENTS (EXPLAIN)	ADJUSTED TOTAL	PRO RATA ADJUST- MENTS	CAPITAL RECONCILED TO RATE BASE	RATIO	COST RATE	WEIGHTED COST
Per Utility								
1 LONG TERM DEBT	\$3,525,036	\$0	\$3,525,036	(\$2,501,723)	\$1,023,313	56.18%	9.03%	5.07%
2 SHORT-TERM DEBT	0	0	0	0	0	0.00%	0.00%	0.00%
3 PREFERRED STOCK	600,000	0	600,000	(425,866)	174,134	9.56%	9.93%	0.95%
4 COMMON EQUITY	1,587,440	0	1,587,440	(1,126,603)	460,837	25.30%	9.93%	2.51%
5 CUSTOMER DEPOSITS	<u>562,205</u>	<u>0</u>	<u>562,205</u>	<u>(398,999)</u>	<u>163,206</u>	<u>8.96%</u>	<u>6.00%</u>	<u>0.54%</u>
6 TOTAL CAPITAL	<u>\$6,274,681</u>	<u>\$0</u>	<u>\$6,274,681</u>	<u>(\$4,453,191)</u>	<u>\$1,821,490</u>	<u>100.00%</u>		<u>9.07%</u>
Per Commission								
7 LONG TERM DEBT	\$3,525,036	\$5,742,943	\$9,267,979	(\$8,200,386)	\$1,067,593	77.27%	8.25%	6.37%
8 SHORT-TERM DEBT	0	0	0	0	0	0.00%	0.00%	0.00%
9 PREFERRED STOCK	600,000	0	600,000	(530,885)	69,115	5.00%	10.34%	0.52%
10 COMMON EQUITY	1,587,440	(23,578)	1,563,862	(1,383,718)	180,144	13.04%	10.34%	1.35%
11 CUSTOMER DEPOSITS	<u>562,205</u>	<u>0</u>	<u>562,205</u>	<u>(497,444)</u>	<u>64,761</u>	<u>4.69%</u>	<u>6.00%</u>	<u>0.28%</u>
12 TOTAL CAPITAL	<u>\$6,274,681</u>	<u>\$5,719,365</u>	<u>\$11,994,046</u>	<u>(\$10,612,433)</u>	<u>\$1,381,613</u>	<u>100.00%</u>		<u>8.52%</u>
						LOW	HIGH	
RETURN ON EQUITY						<u>10.34%</u>	<u>12.34%</u>	
OVERALL RATE OF RETURN						<u>8.52%</u>	<u>8.78%</u>	

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ALOHA UTILITIES, INC. - SEVEN SPRINGS WATER SYSTEM
STATEMENT OF WATER OPERATIONS
13-MONTH AVERAGE TEST YEAR ENDED 12/31/1

SCHEDULE NO. 3-A
DOCKET NO. 010503-WU

DESCRIPTION	TEST YEAR PER UTILITY	UTILITY ADJUST- MENTS	ADJUSTED TEST YEAR PER UTILITY	COMM. ADJUST- MENTS	COMM. ADJUSTED TEST YEAR	REVENUE INCREASE	REVENUE REQUIREMENT
1 OPERATING REVENUES	<u>\$1,967,474</u>	<u>\$1,077,337</u>	<u>\$3,044,811</u>	<u>(\$1,065,671)</u>	<u>\$1,979,140</u>	<u>(\$0)</u> -0.00%	<u>\$1,979,140</u>
OPERATING EXPENSES:							
2 OPERATION & MAINTENANCE	<u>\$1,394,460</u>	<u>\$1,055,944</u>	<u>\$2,450,404</u>	<u>(\$936,021)</u>	<u>\$1,514,383</u>		<u>\$1,514,383</u>
3 DEPRECIATION	<u>75,736</u>	<u>0</u>	<u>75,736</u>	<u>(224)</u>	<u>75,512</u>		<u>75,512</u>
4 AMORTIZATION	<u>(30,691)</u>	<u>0</u>	<u>(30,691)</u>	<u>0</u>	<u>(30,691)</u>		<u>(30,691)</u>
5 TAXES OTHER THAN INCOME	<u>278,781</u>	<u>55,808</u>	<u>334,589</u>	<u>(47,955)</u>	<u>286,634</u>	<u>(0)</u>	<u>286,634</u>
6 INCOME TAXES	<u>49,564</u>	<u>0</u>	<u>49,564</u>	<u>(33,976)</u>	<u>15,588</u>	<u>(0)</u>	<u>15,588</u>
7 TOTAL OPERATING EXPENSES	<u>\$1,767,850</u>	<u>\$1,111,752</u>	<u>\$2,879,602</u>	<u>(\$1,018,176)</u>	<u>\$1,861,426</u>	<u>(\$0)</u>	<u>\$1,861,426</u>
8 OPERATING INCOME	<u>\$199,624</u>	<u>(\$34,415)</u>	<u>\$165,209</u>	<u>(\$47,495)</u>	<u>\$117,714</u>	<u>(\$0)</u>	<u>\$117,714</u>
9 RATE BASE	<u>\$1,408,240</u>		<u>\$1,821,490</u>		<u>\$1,381,612</u>		<u>\$1,381,612</u>
10 RATE OF RETURN	<u>14.18%</u>		<u>9.07%</u>		<u>8.52%</u>		<u>8.52%</u>

ALOHA UTILITIES, INC. - SEVEN SPRINGS WATER SYSTEM ADJUSTMENTS TO OPERATING INCOME 13-MONTH AVERAGE TEST YEAR ENDED 12/31/1		SCHEDULE NO. 3-B DOCKET NO. 010503-WU
EXPLANATION		WATER
<u>OPERATING REVENUES</u>		
1	Remove requested revenue increase	(\$1,077,337)
2	To correct the interest income allocation (Stip. 9)	7,490
3	To include vacation bills in projected revenues for 2001. (Stip. 9)	4,176
	Total	<u>(\$1,065,671)</u>
<u>OPERATION & MAINTENANCE EXPENSE</u>		
1	Remove projections for plant items erroneously expensed in 2000 (Stip 1)	(\$12,396)
2	Reallocated bad debt expense (Stip 10)	1,237
3	To remove double counted officers salary and wages. (Stip 13)	(8,769)
4	To reflect adjusted purchased water expense (Issue 9a & 15)	(987,903)
5	To remove inflation projection from chemicals expense (Issue 10)	(2,234)
6	Remove salaries & benefits for vacant utility manager position (Issue 11)	(24,219)
7	Correct annualized salary for operations supervisor (Issue 12-Stip)	(21,268)
8	Adjustment to pensions expense (Issue 13)	51,089
9	Remove President's & Vice President's Salary & Benefits	(35,371)
10	Rate case expense (Issue 16)	(60,323)
11	Conservation Expenses (Issue 17)	120,000
12	To reflect costs for customer improvement initiatives	44,136
	Total	<u>(\$936,021)</u>
<u>DEPRECIATION EXPENSE-NET</u>		
1	To reflect the 2001 depreciation expense for plants assets recorded in error as expense items. (Stip.1)	\$613
2	To reflect accumulated amortization for the correction of total contributed property received. (Stip. 3)	(837)
	Total	<u>(\$224)</u>
<u>TAXES OTHER THAN INCOME</u>		
	RAFs on revenue adjustments above	<u>(\$47,955)</u>
<u>INCOME TAXES</u>		
	To adjust to test year income tax expense	<u>(\$33,976)</u>

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ALOHA UTILITIES, INC. - SEVEN SPRINGS WATER SYSTEM					SCHEDULE NO. 4
WATER MONTHLY SERVICE RATES					DOCKET NO. 010503-WU
FINAL 13-MONTH AVERAGE TEST YEAR ENDED 12/31/01					
	Rates Prior to Filing	Commission Approved Interim	Utility Requested Final	Commission Approved Final	
Residential Service					
Base Facility Charge:					
Meter Size:					
5/8" x 3/4"	\$7.32	\$8.31	\$9.23	\$4.02	
3/4"	\$0.00	\$0.00	\$0.00	\$6.03	
1"	\$0.00	\$0.00	\$0.00	\$10.05	
1-1/2"	\$0.00	\$0.00	\$0.00	\$20.10	
Usage Charges:					
Per 1,000 Gallons					
0 - 3,000 Gallons	\$0.00	\$0.00	\$2.24	\$1.38	
3,000 - 10,000 Gallons	\$1.32	\$1.48	\$2.24	\$1.38	
Over 10,000 Gallons	\$1.32	\$1.48	\$2.81	\$1.72	
General Service					
Base Facility Charge:					
Meter Size:					
5/8" x 3/4"	\$7.32*	\$8.31*	\$9.23	\$4.02	
1"	\$19.46*	\$22.10*	\$23.08	\$10.05	
1-1/2"	\$36.49*	\$41.45*	\$46.15	\$20.10	
2"	\$58.80*	\$66.80*	\$73.84	\$32.16	
3"	\$116.83*	\$132.72*	\$147.68	\$64.32	
4"	\$182.85*	\$207.72*	\$230.75	\$100.50	
6"	\$282.76*	\$321.23*	\$461.50	\$201.00	
8"	\$577.67*	\$656.25*	\$738.40	\$321.60	
10"	\$841.62*	\$956.09*	\$1,338.35	\$462.30	
Usage Charges:					
All Usage Per 1,000 Gallons					
	\$1.32	\$1.48	\$2.24	\$1.49	
Typical Residential Bills					
5/8" x 3/4" Meter Size					
3,000 Gallons	\$7.32	\$8.31	\$15.95	\$8.49	
5,000 Gallons	\$9.96	\$11.27	\$20.43	\$11.47	
10,000 Gallons	\$16.56	\$18.67	\$31.63	\$18.92	
* Current and Commission Approved Interim General Service BFC includes minimum gallonage allowances.					

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ALOHA UTILITIES, INC. - SEVEN SPRINGS WATER SYSTEM
4 YEAR REDUCTION SCHEDULE
DOCKET NO. 010503-WU

SCHEDULE NO. 5

<u>Monthly Water Rates</u>	<u>Commission Approved Monthly Rates</u>	<u>4-Year Reduction to Monthly Rates</u>
<u>Residential Service</u>		
Base Facility Charge:		
'Meter size		
5/8" x 3/4"	\$4.02	\$0.11
3/4"	\$6.03	\$0.16
1"	\$10.05	\$0.27
1 1/2"	\$20.10	\$0.55
Gallorage Charge:		
Per 1,000 gals		
0 - 3,000 gals	\$1.38	\$0.04
3,000-10,000	\$1.38	\$0.04
Over 10,000 gals	\$1.72	\$0.05
<u>General Service Rates</u>		
Base Facility Charge:		
'Meter size		
5/8" x 3/4"	\$4.02	\$0.11
1"	\$10.05	\$0.27
1 1/2"	\$20.10	\$0.55
2"	\$32.16	\$0.87
3"	\$64.32	\$1.75
4"	\$100.50	\$2.73
6"	\$201.00	\$5.46
8"	\$321.60	\$8.73
10"	\$462.30	\$12.55
Gallorage Charge:		
All usage Per 1,000 gals	\$1.49	\$0.04

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

STATE OF FLORIDA



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

PCA - file copy done
C10503-1011

Public Service Commission

May 15, 2002

V. Abraham Kurien, M. D.
1822 Orchardgrove Avenue
New Port Richey, FL 34655

RECEIVED-PSC
MAY 16 PM 3:23
COMMISSION
CLERK

Dear Dr. Kurien:

Thank you for your letter to Chairman Jaber dated May 12, 2002, concerning the "black water" problems that the customers of Aloha Utilities, Inc. (Aloha), continue to experience. Pursuant to the three-day hearing in which you testified, the Commission issued Order No. PSC-02-0593-FOF-WU on April 30, 2002. The time for appeal of that Order has not passed, and so it would be improper for Chairman Jaber to comment on a pending matter. Therefore, I have been asked to respond to your letter.

You note in your letter that sulfur reducing bacteria (SRB) has been determined to be a part of the problem with customers experiencing "black water," and suggest that Aloha should be required to do something to eliminate SRBs from its source water. You also suggest "that even with the effective cause of 'black water' identified, the **monopoly** that is Aloha Utilities has not been held responsible for the remediation of its cause."

As you are aware, the Commission took extensive testimony from both customers and professional engineers on the cause of the "black water" problems and possible solutions. In Order No. PSC-02-0953-FOF-WU, after having reviewed all the evidence and suggested options, the Commission determined that there were two main solutions to this "black water" problem – the customers could either replumb with CPVC piping or the utility could be required to remove virtually all of the hydrogen sulfide (over 98%) from its source water. The Commission decided that the customers should be made aware of the first option, and that Aloha should proceed with the second option. The Commission required Aloha to complete the second option by December 31, 2003.

In your letter, you also refer to a "competitive standard" which "was clearly laid out in the staff recommendation filed on Docket No. 010503-WS and approved on April 2, 2002 by the Public Service Commission." This "competitive standard" was presented by the Office of Public Counsel, and as you note was presented to the Commission and thoroughly considered by the Commission. In consideration of this standard and other considerations such as inadequate service or inefficient management, the Commission reduced Aloha's return on equity by 100 basis points (one percent),

V. Abraham Kurien, M. D.

Page 2

May 15, 2002

and also reduced both the President's and Vice-President's salary by 50%. Therefore, I believe the Commission has also thoroughly addressed your concerns as regards the "competitive standard."

Finally, in your letter you ask "which governmental agency holds the authority to issue or revoke the monopoly status of Aloha Utilities?" Pursuant to Chapter 367, Florida Statutes, the Commission has "exclusive jurisdiction over each utility with respect to its authority, service, and rates." That includes the granting of a certificate and setting its service territory. As stated above, in considering the "competitive standard" and the inadequate service, the Commission determined from the evidence presented at hearing that the reductions to return on equity and officers' salaries were the proper actions to take as of the time of its vote at the April 2, 2002, Agenda Conference.

As to the formation of the Citizens Advisory Council, Mr. Edward Wood had previously advised and furnished the Commission with a copy of Mr. Watford's letter that he sent to Aloha's customers. I have attached Ms. Helton's response to that letter (Ms. Helton is my supervisor).

I hope that this letter addresses your concerns noted in your May 12, 2002, letter. Again, thanks for your letter, and if you have any further questions or concerns, you may call me at 850-413-6234 or write me at the address noted at the bottom of this letter.

Sincerely,



Ralph R. Jaeger
Senior Attorney

RRJ:jb
Enclosure

cc: Jo Ann Chase

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

April 29, 2002

Edward O. Wood
1043 Daleside Lane
New Port Richey, FL 34655-4293

Re: Aloha Utilities-Docket No. 010503-WU, Your Letter Dated April 15, 2002, Stating Concern About Mr. Watford's Letter dated April 11, 2002

Dear Mr. Wood:

Thank you for your letter to the Chairman keeping the Commission informed of matters concerning Aloha Utilities, Inc. (Aloha). Because the Aloha rate case in Docket No. 010503-WU has not yet concluded, it would be improper for Chairman Jaber to comment, and she has requested that I respond to your letter.

As you know, staff made certain recommendations concerning the formation of a Citizens Advisory Committee (CAC) which the Commission approved at its April 2, 2002, Agenda Conference. Pursuant to those recommendations, Aloha was given 120 days from the date of the Final Order to implement all customer service measures approved by the Commission.

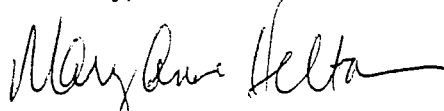
The Order on the above-noted recommendations approved by the Commission has not yet been issued, but should be issued in the near future. Also, the utility could either petition for reconsideration of that Order or file an appeal of that Order. If it files an appeal of the Final Order, it could also request a stay of that Order.

Therefore, the specific requirements for the formation of the CAC could still be modified, and it appears to be premature to determine whether Aloha is complying with the requirements of this Commission. The Commission will take all necessary actions to ensure that utilities comply with the Commission's orders in a timely manner. However, at this time, it appears that no further actions are warranted.

Edward O. Wood
Page 2
April 29, 2002

Thanks again for keeping us informed.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Anne Helton", with a long horizontal flourish extending to the right.

Mary Anne Helton
Economic Regulation Section Supervisor

MAH/RRJ/jb

cc: General Counsel Office, Economic Regulation Section (Jaeger)
Division of Economic Regulation (Willis)
Representative Mike Fasano
Stephen Burgess (Office of Public Counsel)
Margaret Lytle (Southwest Florida Water Management District)
F. Marshall Deterding, Esq.
JoAnn Chase

Mr. & Mrs. E.O. Wood

1043 Daleside Lane

New Port Richey, Fl. 34655-4293

727-376-0380

April 15, 2002

RECEIVED

APR 18 2002

Florida Public Service Commission
CHAIRMAN JABER

01-0115 APR 24

Ms. Lila A. Jaber Chairman
Capital Circle Office Center
2540 Shumard Blvd.
Tallahassee, Florida 32399-0850.

Dear Ms. Jaber;

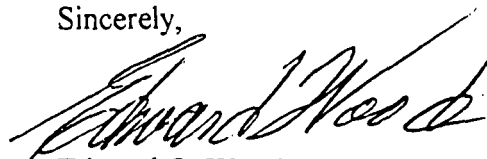
I have attached a letter that I received from Aloha Utilities Inc. on Saturday, April 13, 2002. This letter is just one more example of the way Aloha stalls, and is not pro-active to the needs of its customers. If Aloha needs someone from the Federal, State, or local Governments to make all their decisions for them, then why is Aloha in business. Because of this attitude the solution to the "Black Water" problem, and other Aloha issues never get resolved.

I thought it was pretty clear at the PSC

Hearing that was held in New Port Richey, that Aloha would form a citizens committee in an attempt to better customer relations. It was also indicated that Dr. Abraham Kurien would be part of the committee. Dr. Kurien was not invited to participate, "Black Water" would not be discussed, and the committee was put on hold. This seems to be a typical Aloha approach. Agree publicly and stall when out of the spotlight. Is this not what has happened to the study to remove Hydrogen Sulfide? It is amazing that the other utilities in the area can address the Hydrogen Sulfide problem on their own, yet Aloha can only Stall!!!

I believe whatever State Authorization Aloha has to operate should be revoked!!!

Sincerely,



Edward O. Wood

CC Representative Mike Fasano

Attachment

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

April 29, 2002

RECEIVED PSC
02 MAY - 1 PM 2:10
COMMISSION
CLERK

Edward O. Wood
1043 Daleside Lane
New Port Richey, FL 34655-4293

Re: Aloha Utilities-Docket No. 010503-WU, Your Letter Dated April 15, 2002, Stating Concern About Mr. Watford's Letter dated April 11, 2002

Dear Mr. Wood:

Thank you for your letter to the Chairman keeping the Commission informed of matters concerning Aloha Utilities, Inc. (Aloha). Because the Aloha rate case in Docket No. 010503-WU has not yet concluded, it would be improper for Chairman Jaber to comment, and she has requested that I respond to your letter.

As you know, staff made certain recommendations concerning the formation of a Citizens Advisory Committee (CAC) which the Commission approved at its April 2, 2002, Agenda Conference. Pursuant to those recommendations, Aloha was given 120 days from the date of the Final Order to implement all customer service measures approved by the Commission.

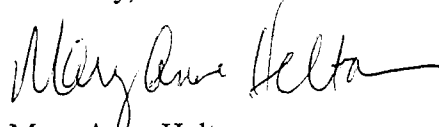
The Order on the above-noted recommendations approved by the Commission has not yet been issued, but should be issued in the near future. Also, the utility could either petition for reconsideration of that Order or file an appeal of that Order. If it files an appeal of the Final Order, it could also request a stay of that Order.

Therefore, the specific requirements for the formation of the CAC could still be modified, and it appears to be premature to determine whether Aloha is complying with the requirements of this Commission. The Commission will take all necessary actions to ensure that utilities comply with the Commission's orders in a timely manner. However, at this time, it appears that no further actions are warranted.

Edward O. Wood
Page 2
April 29, 2002

Thanks again for keeping us informed.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Anne Helton". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mary Anne Helton
Economic Regulation Section Supervisor

MAH/RRJ/jb

cc: General Counsel Office, Economic Regulation Section (Jaeger)
Division of Economic Regulation (Willis)
Representative Mike Fasano
Stephen Burgess (Office of Public Counsel)
Margaret Lytle (Southwest Florida Water Management District)
F. Marshall Deterding, Esq.
JoAnn Chase

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

March 21, 2002

RECEIVED FPSC
02 MAR 22 AM 10:41
COMMISSION
CLERK

F. Marshall Deterding, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blirstone Pines Dr.
Tallahassee, Florida 32301

Re: **Docket No. 010503-WS** - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Deterding:

Enclosed is a copy of the Staff Recommendation filed in this matter on March 21, 2002. The Commission is expected to consider this Recommendation at its April 2, 2002, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe. However, because this is a post-hearing decision, participation is limited to Commissioners and Staff. If you have any questions, please feel free to call me at (850) 413-6199.

Sincerely,

A handwritten signature in black ink that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:lw
Enclosure

cc: Division of the Commission Clerk and Administrative Services
Division of Economic Regulation

i:\010503rc\tr1.rj

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

March 21, 2002

Stephen Burgess, Esquire
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, #812
Tallahassee, Florida 32399-1400

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Burgess:

Enclosed is a copy of the Staff Recommendation filed in this matter on March 21, 2002. The Commission is expected to consider this Recommendation at its April 2, 2002, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe. However, because this is a post-hearing decision, participation is limited to Commissioners and Staff. If you have any questions, please feel free to call me at (850) 413-6199.

Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:lw
Enclosure

cc: Division of the Commission Clerk and Administrative Services
Office of the General Counsel (Espinoza)
Division of Economic Regulation (Merchant)

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

March 21, 2002

The Honorable Mike Fasano
8217 Massachusetts Ave.
New Port Richey, FL 34653

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Fasano:

Enclosed is a copy of the Staff Recommendation filed in this matter on March 21, 2002. The Commission is expected to consider this Recommendation at its April 2, 2002, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe. However, because this is a post-hearing decision, participation is limited to Commissioners and Staff. If you have any questions, please feel free to call me at (850) 413-6199.

Sincerely,

A handwritten signature in black ink, reading "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:lw
Enclosure

cc: Division of the Commission Clerk and Administrative Services
Office of the General Counsel (Espinoza)
Division of Economic Regulation (Merchant)

i:\010503rc\tr2.rnj

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

STATE OF FLORIDA



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

March 21, 2002

Mr. Edward Wood
1043 Daleside Lane
New Port Richey, Florida 34655-4293

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Wood:

Enclosed is a copy of the Staff Recommendation filed in this matter on March 21, 2002. The Commission is expected to consider this Recommendation at its April 2, 2002, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe. However, because this is a post-hearing decision, participation is limited to Commissioners and Staff. If you have any questions, please feel free to call me at (850) 413-6199.

Sincerely,

A handwritten signature in black ink, appearing to read "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:lw
Enclosure

cc: Division of the Commission Clerk and Administrative Services
Office of the General Counsel (Espinoza)
Division of Economic Regulation (Merchant)

i:\010503rcltr4.rnj

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

March 21, 2002

Ms. Margaret Lytle
2379 Broad St.
Brooksville, FL 34604-6899

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Ms. Lytle:

Enclosed is a copy of the Staff Recommendation filed in this matter on March 21, 2002. The Commission is expected to consider this Recommendation at its April 2, 2002, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe. However, because this is a post-hearing decision, participation is limited to Commissioners and Staff. If you have any questions, please feel free to call me at (850) 413-6199.

Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:lw
Enclosure

cc: Division of the Commission Clerk and Administrative Services
Office of the General Counsel (Espinoza)
Division of Economic Regulation (Merchant)

i:\010503\rc\tr5.mj

State of Florida



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: March 12, 2002

TO: Division of the Commission Clerk and Administrative Services

FROM: Office of the General Counsel (Espinoza)

RE: Docket No. ~~010949-EL~~ Request for rate increase by Gulf Power Company. *ALOHA*

*per DM
more*

D10503 - WU

Please file the attached letter to Mr. Edward Wood, dated March 12, 2002, in the correspondence section of the file in the above-referenced docket.

LAE/dm

cc: Division of Consumer Affairs (Raspberry)
Division of Economic Regulation

I:\010949fm.lae

RECEIVED-FPSC
02 MAR 12 PM 1:49
COMMISSION
CLERK

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

March 12, 2002

Mr. Edward Wood
1043 Daleside Lane
New Port Richey, FL 34655

Re: Docket No. 010503-WU - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Wood:

I am writing you as a follow up to my February 28, 2002, letter. In that letter, I stated to you that we had received your complaint that you sent via e-mail, to the Commission Division of Consumer Affairs on February 20, 2002. The purpose of this letter is to clarify some statements that were contained in that February 28, 2002, letter.

As an intervenor in Aloha Utilities, Inc.'s application for a rate increase (Docket No. 010503-WU), you are aware that the Commission is scheduled to vote on the utility's application at its April 2, 2002, Agenda Conference. I want to clarify that in making its decision, one of the issues that the Commission will decide is Issue 2, which states, "Should the utility's rate increase request be denied due to poor quality of service?" This clarification is necessary because the statement, "you are also aware that the Commission will consider Aloha's requested rate increase due its poor quality of service," which was contained in my previous letter, should not be construed to mean that either staff or the Commission has predetermined that Aloha's quality of service is poor.

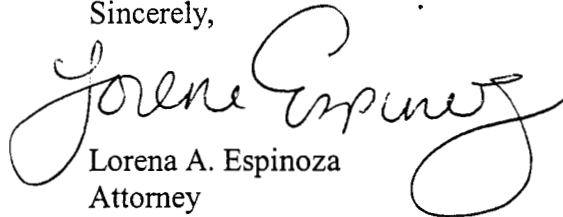
A copy of your February 20, 2002, complaint was forwarded to the Division of the Commission Clerk and Administrative Services for inclusion in the correspondence portion of Docket No. 010503-WU. However, it is important to clarify that correspondence does not carry the same weight as testimony or exhibits admitted into evidence, because it was not subject to cross-examination at the hearing. As such, your letter cannot become part of the record evidence upon which the Commission will base its vote on April 2, 2002. However, customer testimony that was received on the first day of the hearing on January 9, 2002, in the form of verbal comments, will be part of the official record and will be considered by the Commission when it makes its decision.

Mr. Edward Wood
March 12, 2002
Page 2

I apologize if my previous letter caused any confusion to you, or any of the parties. A copy of this letter will be sent to all of the parties, including the utility.

Should you have any further questions, or if I can be of further assistance, please do not hesitate to contact me at (850)413-6185.

Sincerely,



Lorena A. Espinoza
Attorney

cc: Division of Commission Clerk and Administrative Services
Division of Consumer Affairs(Raspberry)
Division of Economic Regulation
F. Marshall Deterding, Esquire
Stephen C. Burgess, Esquire
Margaret Lytle, Esquire
Representative Mike Fasano

1:\Wood-ltr3.lac



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: March 8, 2002

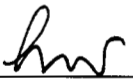
TO: Blanca Bayó, Director, Commission Clerk and Administrative Services

FROM: Jane Faurot, Chief, Office of Hearing Reporter Services

RE: DOCKET NO. 010503-WU, HEARING HELD 2-9 through 2-11-02

Attached for filing are Exhibit Nos. 1 through 37, representing a complete filing of the exhibits admitted into the record during the proceedings held in the above docket on 2-9 through 2-11-02.

Acknowledged BY:



JF/pc

M E M O R A N D U M

February 12, 2002

RECEIVED FPSC

02 FEB 12 AM 10:44

COMMISSION
CLERK

TO: DIVISION OF THE COMMISSION CLERK AND ADMINISTRATIVE SERVICES

FROM: OFFICE OF THE GENERAL COUNSEL (ESPINOZA) *YAE*

RE: DOCKET NO. 010503-WU - APPLICATION FOR INCREASE IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA UTILITIES, INC.

Please place the attached ^{*letter to*} ~~customer complaint~~ of Mr. Edward Wood, dated February 12, 2002, in the correspondence section of the above-referenced docket.

LAE/lw
Attachment

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

February 12, 2002

Mr. Edward Wood
1043 Daleside Lane
New Port Richey, Florida 34655

Re: Aloha Utilities, Inc. Blackwater Complaint

Dear Mr. Wood:

We have received a copy of your complaint that you sent via e-mail, to the Division of Consumer Affairs on February 3, 2002. In your complaint, you state that on that day you had filthy, black water running from the taps in your home. You also state that you have previously complained about this problem to the utility, the Public Service Commission, and other State Agencies, but to date, nothing has been done to correct the problem.

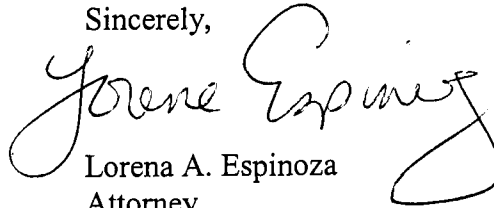
As you are aware, on August 10, 2001, Aloha Utilities, Inc. filed an application for an increase in rates for its Seven Springs water system. By Order No. PSC-01-1121-PCO-WU, issued May 16, 2001, the Commission granted you intervention as a party in that docket. As a participant in that docket, you are also aware that the Commission had a formal hearing in New Port Richey on January 9-11, 2002. The Commission is scheduled to vote on the utility's application for a rate increase at its April 2, 2002, Agenda Conference.

Among the issues in the rate proceeding are the utility's quality of service and whether the utility's requested rate increase should be denied due to poor quality of service. As an intervenor in this case, you were given the opportunity to file a post-hearing statement to state your position on these issues.

In addition, a copy of your February 3, 2002, complaint will be forwarded to the Division of the Commission Clerk and Administrative Services for inclusion in the correspondence portion of Docket No. 010503-WU. This complaint will become part of the customer's testimony that is being considered by the Commission before they make their final decision in this case. Further, a copy of this letter and your complaint will also be sent to all of the parties, including the utility.

Mr. Edward Wood
Page 2
February 12, 2002

If you have any questions, or if I can be of any further assistance, please do not hesitate to contact me at (850)413-6185.

Sincerely,

Lorena A. Espinoza
Attorney

LAE/lw

cc: Division of the Commission Clerk and Administrative Services
Division of Economic Regulation
Division of Consumer Affairs (Raspberry)

Rose Law Firm
Marty Deterding, Esq.
2548 Blaiirstone Pines Dr.
Tallahassee, FL 32301

Stephen C. Burgess, Esq.
Deputy Public Counsel

Margaret Lytle, Esq.
Southwest Florida Water Management District

Representative Mike Fasano
House of Representatives

i:\lettertomrwood

Lorena Espinoza

From: Lorena Espinoza
Sent: Monday, February 11, 2002 10:33 AM
To: Lorena Espinoza
Subject: FW: Other Complaints - 0002365

-----Original Message-----

From: contact@psc.state.fl.us [mailto:contact@psc.state.fl.us]
Sent: Sunday, February 03, 2002 3:41 PM
To: contact@psc.state.fl.us
Cc: cgarfiel@psc.state.fl.us; agilliam@psc.state.fl.us
Subject: Other Complaints - 0002365

TRACKING NUMBER - 0002365 February 03, 2002

CUSTOMER INFORMATION

Account Number: 23858
Business Account Name:
Name: Edward Wood
Address: 1043 Daleside Lane
City: New Port Richey
State: FL
Zip: 34655
County: Pasco
Evening Phone: (727) 376-0380 ext.
Daytime Phone: (727) 376-0380 ext.
E-mail: eow3rd@gte.net
Contact By: Telephone

SERVICE ADDRESS

Business Account Name:
Name: Edward Wood
Address: 1043 Daleside Lane
City: New Port Richey
Zip: 34655
County: Pasco
Evening Phone: (727) 376-0380 ext.
Daytime Phone: (727) 376-0380 ext.
E-mail: eow3rd@gte.net

COMPLAINT INFORMATION

Utility Name: Aloha Utilities, Inc.
Utility Type: Water and Wastewater

Did customer previously contact the utility?: Yes
If Yes, the customer spoke with:
Date the customer contacted utility: //

Did customer previously contact the PSC?: Yes
If Yes, the customer spoke with: E mail
Date the customer contacted PSC: //

PROBLEM INFORMATION

Problem Type: Other Complaints

Comments: Today @ February 3, 2002 At 9:30 AM I had filthy Black Water running from the taps in my home. I have complained to both the utility and the PSC on many occasions about this problem. I have also complained to other State Agencies in the past but no one is willing to stand up and take this Utility to task for supplying corrosive water to the customer. This is an outrageous display of disregard for the customer when a state regulated utility can supply such a product that is not useable and is destroying the piping in the customer's home. Yet the State of Florida is turning its back on the problem and telling the utility it is all right to supply such products. It can only mean that something is not on the up and up.

I expect a correction to the problem before I suffer any damage to my water system and not the usual footdragging.

Sincerely

E.O. Wood

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

STATE OF FLORIDA



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

February 28, 2002

Mr. Edward Wood
1043 Daleside Lane
New Port Richey, Florida 34655

Re: Aloha Utilities, Inc. Blackwater Complaint

Dear Mr. Wood:

We have received a copy of your complaint that you sent via e-mail, to the Division of Consumer Affairs on February 20, 2002. In your complaint you state that on that day you had filthy, black water running from the taps in your home. You also state that your previous complaint in early February was given a "verbal do nothing" response. Further, you state that you would hope that the State of Florida would try to protect the citizens from the unscrupulous monopolies that is has created, and that the treatment that this utility uses in not adequate to treat the water that it delivers.

As previously stated in response to your February 3, 2002, complaint, the quality of service that Aloha Utilities, Inc. is currently providing to its customers is one of the foremost issues in its current rate proceeding before the Commission. As an intervenor in that case, you are aware that the Commission is scheduled to vote on the utility's application for a rate increase at its April 2, 2002, Agenda Conference, and you are also aware that the Commission will consider Aloha's requested rate increase due its poor quality of service.

A copy of your February 20, 2002, complaint will be forwarded to the Division of the Commission Clerk and Administrative Services for inclusion in the correspondence portion of Docket No. 010503-WU. This complaint will become part of the customer's testimony that is being considered by the Commission before they make their final decision in this case. Further, a copy of this letter and your complaint will also be sent to all of the parties, including the utility.

Please be assured that your complaints, and those of other customers are not being ignored. Before making its final decision, the Commission will carefully consider all of the evidence in the record, which includes all of the written complaints the Commission has received with respect to Aloha Utilities, Inc., as well as all the verbal comments from the customers who participated at the hearing.

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD • TALLAHASSEE, FL 32399-0850

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PSC Website: <http://www.floridapsc.com>

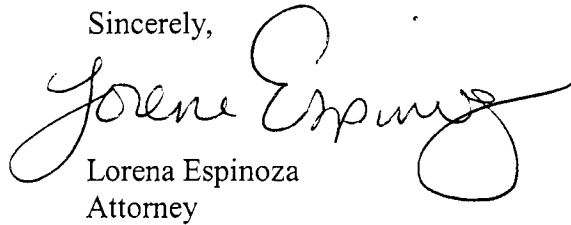
Internet E-mail: contact@psc.state.fl.us

RECEIVED PSC
02 FEB 28 PM 2:02
COMMISSION
CLERK

Mr. Edward Wood
Page 2
February 28, 2002

If you have any questions, or if I can be of further assistance, please do not hesitate to contact me at (850) 413-6185.

Sincerely,


Lorena Espinoza
Attorney

LAE/dm

cc: Division of Commission Clerk and Administrative Services
Division of Economic Regulation
Division of Consumer Affairs (Raspberry)

Rose Law Firm
F. Marshall Deterding, Esquire
2548 Blairstone Pines Dr.
Tallahassee, FL 32301

Stephen C. Burgess, Esquire
Deputy Public Counsel

Margaret Lytle, Esquire
Southwest Florida Water Management District

Representative Mike Fasano
House of Representatives

Lorena Espinoza

From: Lorena Espinoza
Sent: Wednesday, February 27, 2002 1:39 PM
To: Lorena Espinoza
Subject: FW:

-----Original Message-----

From: contact@psc.state.fl.us [mailto:contact@psc.state.fl.us]
Sent: Wednesday, February 20, 2002 9:28 PM
To: contact@psc.state.fl.us
Cc: cgarfiel@psc.state.fl.us; agilliam@psc.state.fl.us
Subject: Other Complaints - 0002532

TRACKING NUMBER - 0002532 February 20, 2002

CUSTOMER INFORMATION

Account Number: 23858
Business Account Name:
Name: Edward Wood
Address: 1043 Daleside Ln.
City: New Port Richey
State: FL
Zip: 34655
County: Pasco
Evening Phone: (727) 376-0380 ext.
Daytime Phone: (727) 376-0380 ext.
E-mail: eow3rd@gte.net
Contact By: Telephone

SERVICE ADDRESS

Business Account Name:
Name: Edward Wood
Address: 1043 Daleside Ln.
City: New Port Richey
Zip: 34655
County: Pasco
Evening Phone: (727) 376-0380 ext.
Daytime Phone: (727) 376-0380 ext.
E-mail: eow3rd@gte.net

COMPLAINT INFORMATION

Utility Name: Aloha Utilities, Inc.
Utility Type: Water and Wastewater

Did customer previously contact the utility?: Yes
If Yes, the customer spoke with: Various
Date the customer contacted utility: //

Did customer previously contact the PSC?: Yes
If Yes, the customer spoke with: Various
Date the customer contacted PSC: //

PROBLEM INFORMATION

Problem Type: Other Complaints
Comments: Today at 8:01 PM I had black, Filthy Water running from the taps in my home.

Since the Utility has ID this as copper sulfite in the past, this must be a violation of the copper rule. My last complaint of early February was given a "verbal do nothing" I would hope that maybe the State of Florida would try to protect the Citizens from the unscrupulous Monopolies that it has created. Apparently the treatment that this utility uses is not adequate to treat the water that it delivers.

When is the State going to do something about this before before this utility has ruined every plumbing system in the Aloha District.

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

February 1, 2002

Mr. Joseph Kocienda
1728 Broadleaf Court
New Port Richey, Florida 34655

Re: Aloha Utilities, Inc.

Dear Mr. Kocienda:

Thank you for your recent e-mail in which you express concerns regarding Aloha Utilities' requested rate increase. Because Aloha and other similar utilities are monopolies, the Public Service Commission's regulation acts as a substitute for your opportunity to purchase services from another provider. By law, the Commission must allow a utility the opportunity to earn a fair return on its investment and recover its prudent operating costs. The Commission must also take into consideration the quality of the product offered to you just as if you were shopping in a competitive marketplace. However, the Commission can penalize a utility, such as Aloha, on quality standards only if the water fails to meet those standards set by the Department of Environmental Protection.

In your e-mail, you express concern that customers might be asked to pay for any fines that Aloha may be assessed. Staff is not aware at this time that an actual fine has been ordered to be paid by Aloha, nor has Aloha requested recovery of any fines in this case. Regardless, any penalties or fines assessed a utility are charged to the owners of the utility and are not recoverable from the customers.

Again, thank you for your letter and your interest in these matters.

Sincerely,

A handwritten signature in black ink, appearing to read "Patricia W. Merchant".
Patricia W. Merchant
Supervisor, File and Suspend Rate Cases

PWM:ts

cc: Division of Economic Regulation (S. Jones, Sapp)
Division of Legal Services (Jaeger)
Division of the Commission Clerk and Administrative Services (Correspondence File)
F. Marshall Deterding, Esq.
Stephen C. Burgess, Esq., Office of Public Counsel

RECEIVED-PSC
02 FEB -4 PM 2:17
COMMISSION
CLERK

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

February 1, 2002

Mr. Colin Bradbury
1435 Stroud Court
New Port Richey, Florida 34655

Re: Aloha Utilities, Inc.

Dear Mr. Bradbury:

Thank you for your participation in the recent Aloha Utilities service hearing and your recent e-mail in which you express concerns regarding Aloha Utilities' requested rate increase. Because Aloha and other similar utilities are monopolies, the Public Service Commission's regulation acts as a substitute for your opportunity to purchase services from another provider. By law, the Commission must allow a utility the opportunity to earn a fair return on its investment and recover its prudent operating costs. The Commission must also take into consideration the quality of the product offered to you just as if you were shopping in a competitive marketplace. However, the Commission can penalize a utility, such as Aloha, on quality standards only if the water fails to meet those standards set by the Department of Environmental Protection.

In your e-mail, you addressed interest in participating in a citizen's committee that might be formed for Aloha. The details regarding a customer committee for Aloha have not been formalized at this time. Regardless, we would like to thank you for your interest in this matter.

Your e-mail also addressed several comments regarding the rate structure that the Commission should use in establishing new rates for Aloha. In forming its decision on the final rates to be approved, the Commission must consider all of the evidence in the record of this case. Several witnesses testified as to the proper rate structure to be used so this issue will be completely analyzed before the Commission makes its final decision.

The Commission staff is currently scheduled to file its final recommendation on March 21, 2002. The Commission will vote on this recommendation at the Agenda Conference on April 2, 2002 in Tallahassee.

RECEIVED FPSC
02 FEB - 4 PM 2:17
COMMISSION
CLERK

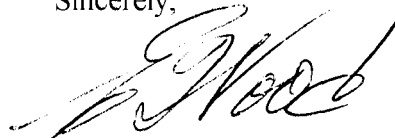
I don't believe the rationale for flushing hydrants should take on much weight in the crisis drought that SWFWMD portrays. It seems we have to buy water from Pasco County to run it down the sewer. If this is the only water treatment that Aloha has then no wonder we have the problems we do.

Lastly, I wish to comment on Aloha's visit to my home on November 20, 1997. At the time Mr. Watford and Porter came to my home they told me they were in the neighborhood checking on homes that have had problems. Never was anything mentioned that they were following up on a complaint that had been filed. They in their correspondence failed to mention that they were told prior to entering my home, "I have just finished flushing the line so you won't see anything." They said, "they would like to look." Three years later at a PSC hearing, during the cross examination is the first time I had seen the letter to Ms. Pena. Is this customer relations?

Of course they failed to discuss their call that was recorded on my answering machine from two years ago that contained a number of lies so as to pressure me to let Mr. Porter into my home. Again I am amazed that since Aloha couldn't proceed with the rebuttal until the transcript were available. If that is so, why didn't Ms. Kurish know that I had refused Aloha's access to my home while being cross examined.

I state once again, that if the product that Aloha supplies is acceptable to the State of Florida then, the Statutes and Rules need some serious looking into.

Sincerely,



Edward O. Wood

CC Representative Mike Fasano
Mr. Steve Burgess

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770 (CLERK)
(850) 413-6330 (ADMIN)

Public Service Commission

February 11, 2002

TO ALL PARTIES OF RECORD

RE: DOCKET NO. 010503-WU, APPLICATION FOR INCREASE
IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN
PASCO COUNTY BY ALOHA UTILITIES, INC.,
HEARING HELD JANUARY 9 THROUGH 11-02

An error was noted in Volume 4, on Page 354, Line 11. The word "less," should have been "plus." This error has been corrected in the original transcript, and a corrected copy of Page 354 is being forwarded to you for insertion in your copy of the transcript.

I apologize for any inconvenience this may have caused you or your staff.

Sincerely yours,

A handwritten signature in cursive script that reads "Linda Boles" followed by a stylized flourish.

Linda Boles, RPR
Office of Hearing Reporter Services
Division of Commission Clerk and
Administrative Services

LB:pc
Attachments:

1 CHAIRMAN JABER: That's approved unanimously.
2 Mr. Jaeger?

3 MR. JAEGER: Yes. Subsequent to the issuance of the
4 prehearing order I believe there was a ruling and a stipulation
5 by the parties that Dr. Whitcomb would not be taken up until
6 Friday, so that's one more stipulation.

7 And then also we have, I believe, two stipulations
8 concerning Issues 6 and 12.

9 For Issue 6 the stipulation is that the cost rate for
10 variable costs, related party debt should be the prime rate
11 plus two percent as of December 31st, 2001. And I believe all
12 parties agree to that. I'm sorry. And then for --

13 CHAIRMAN JABER: Let's make sure that there is
14 agreement on Issue 6. There's a stipulation, Mr. Wharton, and
15 it's the language that Mr. Jaeger read out?

16 MR. WHARTON: (Nods affirmatively.)

17 CHAIRMAN JABER: Okay. Next.

18 MR. JAEGER: And for Issue 12, all parties are now
19 agreed that salary expense should be reduced by \$21,268 to
20 correctly allocate the annualized salary of the utility
21 operation supervisor. Staff had disagreed with that but we are
22 now in agreement.

23 CHAIRMAN JABER: Okay. With respect to Dr. Whitcomb,
24 we will just take him up Friday as he becomes available.

25 And, Commissioners, on Issue 6 and 12?

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

January 31, 2002

Mr. Thomas Chestnutt
3425 Mexicali Street
New Port Richey, FL 34655

RECEIVED PSC
FEB - 1 AM 11:12
COMMISSION
CLERK

Re: Aloha Utilities Inc. Customer Meeting

Dear Mr. Chestnutt:

Thank you for your participation in the recent Aloha Utilities service hearing. Chairman Jaber has asked me to respond to the issues you presented.

First, the Public Service Commission by law must establish an annual price index rate adjustment for a utility's operating costs. This is, in effect, an adjustment for inflation and explains why, as you said, that Aloha Utilities seems to get a raise every year. Since indexing allows the utility to keep up with inflation with regard to major categories of operating costs, the need for frequent, costly rate cases is normally reduced. Further, because reasonably incurred rate case expense (a major cost associated with rate cases) is included in the utility's rates, indexing lessens the impact of the rate increase because the expense associated with a rate case is avoided.

The Commission understands that Aloha's water quality is an issue with many customers who experience "black water." During the past year, the Commission, several state and local governmental agencies and interested parties have studied the water quality problems caused by copper pipe corrosion that effect Aloha, as well as numerous other utilities and private well owners across the state. The project results suggest three actions to improve water quality in those homes that currently experience copper pipe corrosion: (1) homes equipped with copper plumbing should discontinue the use of home water conditioning units; (2) plumbing in homes equipped with copper plumbing should be replaced; or (3) water treated by the utility should be subjected to additional treatment to further reduce the corrosiveness of the water. Florida's copper corrosion problem is a complex issue without an easy solution.

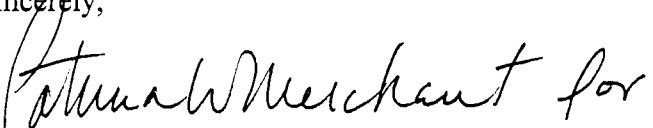
In Docket No. 010503WU, the Commission will address whether Aloha is in compliance with the state environmental and health laws regarding water quality. The Commission held a

Thomas Chestnutt
Page 2
January 31, 2002

formal hearing in New Port Richey on January 9-11, 2002. At this hearing, testimony was presented on the black water problem and what the utility could do to address the problem. If the Commission orders Aloha to make improvements, it must by law permit the utility to recover the additional, prudently incurred, expense in rates charged to you, the customer. Customers, including yourself, provided testimony regarding the quality of Aloha's water, customer service and the requested rate increase. The Office of Public Counsel (that represents customers) is participating in this case and is available to assist you.


Again, thank you for your participation in the recent customer meeting. If you have any questions, or I can be of any further assistance, please contact me at (850) 413-7370.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Wetherington for". The signature is fluid and cursive.

Michael Wetherington P.E.
Utility Systems/Communication Engineer

MW:mw

cc:  Division of the Commission Clerk and Administrative Services
Division of Economic Regulation (Willis, Merchant)
JoAnn Chase, Assistant to Chairman Jaber

Stephen C. Burgess, Esq., Deputy Public Counsel



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: January 30, 2002
TO: Blanca S. Bayó, Director, Division of the Commission Clerk and Administrative Services
FROM: Jane Faurot, Chief, Office of Hearing Reporter Services, Division of the Commission Clerk and Administrative Services
RE: DOCKET NO. 010503-WU, HEARING HELD 1-10 AND 1-11-02

RE: APPLICATION FOR INCREASE IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA UTILITIES, INC.

DOCUMENT NO. VOLUME 4, 00920, 1-25-02; VOLUME 5, 00921, 1-25-02; VOLUME 6, 00922, 1-25-02; VOLUME 7, 00923, 1-25-02; VOLUME 8, 00924, 1-25-02; VOLUME 9, 00925, 1-25-02; VOLUME 10, 00926, 1-25-02

The transcript for the above proceedings has been completed and is forwarded for placement in the docket file, including attachments.

Please note that Staff distribution of this transcript was made to:

LEGAL, RGO, ECR

Acknowledged BY:



JF/pc



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: January 23, 2002
TO: Blanca S. Bayó, Director, Division of the Commission Clerk and Administrative Services
FROM: Jane Faurot, Chief, Office of Hearing Reporter Services, Division of the Commission Clerk and Administrative Services
RE: DOCKET NO. 010503-WU, HEARING HELD 1-9-02

RE: APPLICATION FOR INCREASE IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA UTILITIES, INC.


DOCUMENT NO. VOLUME 1, 00712, 1-22-02; VOLUME 2, 00713, 1-22-02; VOLUME 3, 00714, 1-22-02

The transcript for the above proceedings has been completed and is forwarded for placement in the docket file, including attachments.

Please note that Staff distribution of this transcript was made to:

LEGAL, RGO, ECR

Acknowledged BY:

_____

JF/pc

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

RECEIVED FPSC
02 JAN 16 PM 4:44
COMMISSION
CLERK

Public Service Commission

January 16, 2002

010503-WU

Karen Bardelcik
7525 Salamander Drive
New Port Richey, FL 34655

Re: Customer Deposit

Dear Ms. Bardelcik:

We have received a copy of your first letter written to Aloha Utilities, Inc. on November 19, 2001. The first part of your letter concerned your efforts to have your customer deposit returned to you. The second part of your letter concerned the quality of the water delivered to you by Aloha.

Late in December, Aloha Utilities responded to your letter by sending the Commission a letter, and a copy of that letter to you. In Aloha's letter, they stated they had received four late payments in the last twelve months and that is why the deposit has yet to be refunded to you. Also, the utility had completed a water quality check at the point of connection both on August 29, 2001 and after your November letter was received. The utility states that at both times they found the water to be clear with no odor present at the point of connection which is your meter. A copper sulfide information packet was given to you by the utility since it suggests methods to help alleviate the copper sulfide formation and the symptoms of black water.

We have discussed your customer deposit issue with Aloha. The utility informed the Commission that your payment was received in their office after the due date for the January through April 2001 billings. We pointed out to the utility that you have paid your bills consistently

Karen Bardelcik
Page 2
January 14, 2002

on the 19th to the 21st of each month and had experienced mail delivery problems during this period. We also mentioned the fact that the billing cycle was moved from around the 19th of each month to almost two weeks earlier in the month.

Since you have had a consistent payment record, the utility will refund your deposit if you keep paying on a timely basis for the next three months. By rule, the utility is allowed to keep a deposit until the customer has not, in the preceding 12 months, made more than one late payment of a bill. Since your last payment was in April 2001, the utility can keep your deposit until April 2, 2002. The utility's refund consists of a credit to your monthly bill for your deposit amount plus interest earned until your deposit has been repaid to you. An actual check is not issued unless the customer has moved away from the service area.

The Commission understands that Aloha's water quality is an issue with many customers who experience "black water." During the past year, the Commission, several state and local governmental agencies and interested parties have studied the water quality problems caused by copper pipe corrosion that effect Aloha, as well as numerous other utilities and private well owners across the state. The project results suggest three actions to improve water quality in those homes that currently experience copper pipe corrosion: (1) homes equipped with copper plumbing should discontinue the use of home water conditioning units; (2) plumbing in homes equipped with copper plumbing should be replaced; or (3) water treated by the utility should be subjected to additional treatment to further reduce the corrosiveness of the water. Florida's copper corrosion problem is a complex issue without an easy solution.

In Docket No. 010503, the Commission will address whether Aloha is in compliance with the state environmental and health laws regarding water quality. The Commission had a formal hearing in New Port Richey on January 9-11, 2002. At this hearing, testimony was presented on the black water problem and what the utility could do to address the problem. If the Commission orders Aloha to make improvements, it must by law permit the utility to recover the additional, prudently incurred, expense in rates charged to you, the customer. Customers provided testimony regarding the quality of Aloha's water, customer service and the requested rate increase. The Office of Public Counsel (that represents customers) is participating in this case and is available to assist you if you wish to participate in this docket.

Today, I received your second letter with the attached pictures of the black and foul-smelling water that you stated came out of your bathtub faucet after not being used for four days. I have forwarded them to The Division of the Commission Clerk and Administrative Service for inclusion

Karen Bardelcik
Page 3
January 14, 2002

on the administrative side of Docket No. 010503. This enables your letter and pictures to become part of the customers' testimony that is being considered by the Commission before they make their final decision in this case.

Again, thank you for your letter regarding your account. If you have any questions, or I can be of any further assistance, please contact me at (850) 413-6942.

Sincerely,



Susan P. Jones
Professional Accountant

SPJ:spj

cc: Division of the Commission Clerk and Administrative Services
Division of Economic Regulation (Tudor, Jaeger, Espinoza, Willis, Merchant, Fletcher, Jones)

Representative Mike Fasano
House of Representatives

Rose Law Firm
Marshall Deterding, Esq.
2548 Blainstone Pines Dr.
Tallahassee, FL 32301

Stephen C. Burgess
Deputy Public Counsel

STATE OF FLORIDA

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770 (CLERK)
(850) 413-6330 (ADMIN)

Public Service Commission

December 10, 2001

Sgt. John Volpe
New Port Richey Police Department
5721 Grand Boulevard
New Port Richey, FL 34652

RECEIVED-FPSC
02 JAN 14 PM 3:16
COMMISSION
CLERK

Re: Docket No. [REDACTED] Application for increase in water rates for Seven Spring System in Pasco County by Aloha Utilities, Inc.

Dear Sgt. Volpe:

This will confirm my request for a uniformed officer to provide security at a Commission hearing to be held in the above-referenced matter on Wednesday, January 9, 2002. The hearing will be held at the Clarion Hotel, 5316 U.S. Highway 19 North, New Port Richey, beginning at 10:00 a.m. Please ensure that the officer arrives by 9:30 a.m. I anticipate that the hearing will last until approximately 10:00 p.m.

As previously discussed, the charge for this service is \$20.00 per hour. To ensure prompt payment for services, please provide me with the officer's name, address, and social security number as as soon as possible so that I can request a purchase order.

Thank you for your assistance in this matter, and if you need additional information, please call me at (850) 413-6728.

Sincerely,

A handwritten signature in cursive script that reads "Sandy Moses".

Sandy Moses
Senior Management Analyst I



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: December 7, 2001
TO: Commissioner Lila A. Jaber
Commissioner Braulio L. Baez
Commissioner Michael A. Palecki
FROM: Sandy Moses, Division of the Commission Clerk and Administrative Services
RE: Docket [REDACTED] Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities

RECEIVED FPSC
02 JAN 14 PM 3:16
COMMISSIONER
CLERK

The following location has been reserved for the purpose of holding a hearing on **Wednesday, January 9 through Friday, January 11, 2002** in **New Port Richey** at **10:00 a.m.** Customer testimony will be taken at 10:00 a.m. and 6:00 p.m on the 9th.

Clarion Hotel
5316 U.S. Highway 19 North
New Port Richey

The contact person for this location is Ms. Jackie Prather, telephone number 727-847-9005. For your convenience, attached are directions and a map to the location.

For details regarding the hearing, please see the official notice. If you have questions regarding the hearing location please contact me at 3-6728.

cc: Division of Legal Services (Jaeger, Espinoza)
Bureau of Consumer Information (Hicks, Crump)
Division of Economic Regulation (Fletcher, Crouch, Jones, Lingo, Merchant, Stallcup, Wetherington, Willis)
Division of Regulatory Oversight (Vandiver, McPherson)
Office of Hearing Reporter Services (Faurot)
Carol Purvis

STATE OF FLORIDA

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES
BLANCA S. BAYO
DIRECTOR
(850) 413-6770 (CLERK)
(850) 413-6330 (ADMIN)

Public Service Commission

December 4, 2001

Patrick Langan
Vanguard Audio Visual
6805 - 76th Avenue East
Palmetto, FL 34221

Re: Docket Number [REDACTED] Aloha Utilities

Patrick
Dear Mr. Langan:

This will confirm rental of audio equipment for a Commission hearing to be held on Wednesday, January 9 through Friday, January 11, 2002, in the above-referenced matter. The hearing is scheduled to begin at 10:00 a.m. on the 9th, at the Clarion Hotel, 5316 U.S. Highway 19 North, New Port Richey, but may begin as early as 9:00 a.m. on the 10th and 11th. As discussed, the fee for providing this equipment will be \$2,047.50. A copy of our tax exempt certificate is enclosed, and the purchase order will be forwarded shortly. Payment will be made after services are rendered and upon receipt of an invoice. To ensure timely payment, please submit your invoice to the Bureau of Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399.

The enclosed diagram demonstrates the number of microphones and the location for each. Our court reporter's cassette recorder should be plugged into the audio system and the microphones arranged in accordance with the diagram by 9:00 a.m. Please contact Ms. Jackie Prather at telephone number (727) 847-9005 regarding access to the room.

If you have questions regarding this matter, please call me at (850) 413-6728.

Sincerely,

Sandy Moses

Sandy Moses
Senior Management Analyst I

Enclosures

RECEIVED FPSC
02 JAN 14 PM 3:16
COMMISSION
CLERK

STATE OF FLORIDA

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770 (CLERK)
(850) 413-6330 (ADMIN)

Public Service Commission

October 22, 2001

RECEIVED FPSC
02 JAN 14 PM 3:16
COMMISSION
CLERK

Ms. Jackie Prather
Clarion Hotel
5316 U.S. Highway 19 North
New Port Richey, FL 34652-3946

RE: Docket No. 01-00000000 Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Ms. Prather:

This will confirm my reservation of meeting space at the Clarion Hotel for the purpose of holding a hearing on Wednesday, January 9 through Friday, January 11, 2002, in the above-referenced matter. The hearing on Wednesday will begin at 10:00 a.m., but may begin as early as 9:00 a.m. on Thursday and Friday. The room should be arranged in accordance with the enclosed diagram by 8:00 a.m. on each day. On January 9th we expect approximately 350 utility customers to attend the hearing, therefore, the room should be arranged to its capacity seating. On the 10th and 11th we do not expect more than 50 customers, so audience seating can be reduced accordingly.

As previously discussed, the rental for use of the room is \$750.00 (\$450 for the 9th and \$150 per day for the 10th and 11th) to be paid prior to, or on the day of, the hearing. Shortly after receipt of the contract, a purchase order guaranteeing pre-payment will be forwarded. Copies of the room diagram and certificates of tax exemption and insurance are enclosed.

I appreciate the opportunity to use this facility for our hearing. Please call me at (850) 413-6728 if you have questions regarding this matter.

Sincerely,

A handwritten signature in cursive script that reads "Sandy Moses".

Sandy Moses
Senior Management Analyst I

Enclosures

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

January 4, 2002

RECEIVED-PSC
02 JAN -8 PM 1:56
COMMISSION
CLERK

Mr. James J. Aspinall
4730 Portland Manor Drive
New Port Richey, Florida 34655

Re: Docket No. [REDACTED] Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Aspinall:

Thank you for your recent letter in which you express concerns regarding how the water and wastewater rates are set for Aloha Utilities. Because Aloha and other similar utilities are monopolies, the Public Service Commission's regulation acts as a substitute for your opportunity to purchase services from another provider. By law, the Commission must allow a utility the opportunity to earn a fair return on its investment and recover its prudent operating costs. The Commission must also take into consideration the quality of the product offered to you just as if you were shopping in a competitive marketplace.

For both water and wastewater, the Commission establishes a rate structure that contains two types of charges. The first component is a flat monthly charge called a "base facility charge" and it incorporates the fixed expenses of the utility. This charge is applicable as long as a person is a customer of the utility, regardless of whether there is any usage. In addition to the base facility charge, is the second component called a "gallonge charge." The gallonge charge incorporates the variable expenses and is billed on a per 1,000 gallon basis.

For both water and wastewater, the gallonge charge portion of the bill is calculated based on the monthly amount of water consumed. The wastewater rate structure, however, includes adjustments to recognize that water used by residential customers for purposes such as lawn sprinkling and washing automobiles is not collected by the wastewater system. One adjustment is the approval of a maximum monthly cap for residential wastewater consumption. For Aloha, the cap is 10,000 gallons per month and assumes that any water used by a residential customer over the cap is not returned to the wastewater facility. The other adjustment made to determine the appropriate wastewater gallonge charge for residential customers recognizes that only 80% of residential water used is collected and treated by the wastewater system. The other 20% of the residential water is used for other purposes and does not get collected by the wastewater system. Without the capability to precisely or economically measure the exact wastewater consumption,

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PSC Website: <http://www.floridapsc.com>

Internet E-mail: contact@psc.state.fl.us

Mr. James J. Aspinall

Page 2

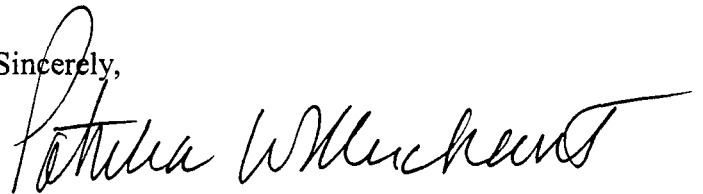
January 4, 2002

these two adjustments estimate what a typical residential customer consumes.

In your letter, you mention that you inquired about installing a separate irrigation meter. As is common with most of the utilities that we regulate, the cost of installing any meter includes a one-time meter installation fee and plant capacity charge, with the additional monthly payment for the base facility charge for that meter. The reason for this is that the additional connection can provide a higher demand on the water system than a single residential connection. For a 5/8" x 3/4" meter, Aloha's meter installation charge is \$50 and the plant capacity charge in effect at this time is \$500. Based on the current interim rates that are in effect today, the base charge for an irrigation meter would be \$8.31, thus you would have to pay this base charge for each meter that you have. Generally, it is much more expensive for a residential customer to have an additional meter for lawn irrigation.

I hope that this letter has addressed your concerns. Again, thank you for your letter and your interest in these matters.

Sincerely,



Patricia W. Merchant
Supervisor, File and Suspend Rate Cases

PWM:

cc: JoAnn Chase, Assistant to Chairman Jaber
Division of Economic Regulation (S. Jones, Ariola, Stephens)
Division of Legal Services (Jaeger)
~~u~~ Division of the Commission Clerk and Administrative Services (Correspondence File)
F. Marshall Deterding, Esq.
Stephen C. Burgess, Esq., Office of Public Counsel
Representative Mike Fasano, Florida House of Representatives



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: January 7, 2002
TO: Blanca S. Bayó, Director, Division of the Commission Clerk and Administrative Services
FROM: Jane Faurot, Chief, Office of Hearing Reporter Services, Division of the Commission Clerk and Administrative Services
RE: DOCKET NO. 010503-WU, PREHEARING CONFERENCE HELD 12-20-01

RE: APPLICATION FOR INCREASE IN WATER RATES FOR SEVEN SPRINGS SYSTEM IN PASCO COUNTY BY ALOHA UTILITIES, INC.

DOCUMENT NO. 16117, 12-27-01

The transcript for the above proceedings has been completed and is forwarded for placement in the docket file, including attachments.

Please note that Staff distribution of this transcript was made to:

LEGAL, RGO, ECR

Acknowledged BY:

RZM

JF/pc

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

December 18, 2001

Mr. Harlan W. Meeker
7214 Arboretum Way
New Port Richey, FL 34655

RECEIVED - FPSC
01 DEC 19 PM 3:09
COMMISSION
CLERK

Re: Docket No. [REDACTED] Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Meeker:

Thank you for your recent letter in which you express concerns regarding Aloha Utilities' water quality and requested rate increase. Because Aloha and other similar utilities are monopolies, the Public Service Commission's regulation acts as a substitute for your opportunity to purchase services from another provider. By law, the Commission must allow a utility the opportunity to earn a fair return on its investment and recover its prudent operating costs. The Commission must also take into consideration the quality of the product offered to you just as if you were shopping in a competitive marketplace. However, the Commission can penalize a utility, such as Aloha, on quality standards only if the water fails to meet those standards set by the Department of Environmental Protection.

The Commission understands that Aloha's water quality is an issue with many customers who experience "black water." During the past year, the Commission, several state and local governmental agencies and interested parties have studied the water quality problems caused by copper pipe corrosion that affect Aloha, as well as numerous other utilities and private well owners across the state. The project results suggest three actions to improve water quality in those homes that currently experience copper pipe corrosion: (1) homes equipped with copper plumbing should discontinue the use of home water conditioning units; (2) plumbing in homes equipped with copper plumbing should be replaced; or (3) water treated by the utility should be subjected to additional treatment to further reduce the corrosiveness of the water. Florida's copper corrosion problem is a complex issue without an easy solution.

In this case, the Commission will address whether Aloha is in compliance with the state environmental and health laws regarding water quality. The Commission has scheduled a formal hearing in New Port Richey on January 9-11, 2002. At this hearing, testimony will be presented on the black water problem and what the utility could do to address the problem. If the Commission orders Aloha to make improvements, it must by law permit the utility to recover the additional,

Mr. Harlan W. Meeker
Page 16
December 18, 2001

prudently incurred, expense in rates charged to you, the customer. Customers may provide testimony regarding the quality of Aloha's water, customer service and the requested rate increase. The Office of Public Counsel (that represents customers) is participating in this case and is available to assist you.

As you are also aware, water rates for Aloha's Seven Springs customers were increased recently due to the implementation of interim rates. By law, the Commission must authorize an interim increase if a utility demonstrates that it has earned less than a fair return. This interim increase, however, is subject to refund, with interest, if the Commission's final decision finds that Aloha's interim rates were excessive.

Again, thank you for your letter and your interest in these matters.

Sincerely,



Patricia W. Merchant
Supervisor, File and Suspend Rate Cases

PWM:ts

cc: Division of Economic Regulation (S. Jones, Ariola)
Division of Legal Services (Jaeger)
Division of the Commission Clerk and Administrative Services (Correspondence File)
F. Marshall Deterding, Esq.
Stephen C. Burgess, Esq., Office of Public Counsel
Representative Mike Fasano, Florida House of Representatives

STATE OF FLORIDA

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BRAULIO L. BAEZ
MICHAEL A. PALECKI



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

December 18, 2001

COMMISSION
CLERK

01 DEC 19 PM 3:09

RECEIVED-PPSC

Mr. Bob Cahill
1822 Arturus Lane
New Port Richey, FL 34655

Re: Docket No. 010503-WU - Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Cahill:

Thank you for your recent letter in which you express concerns regarding Aloha Utilities' water quality and requested rate increase. Because Aloha and other similar utilities are monopolies, the Public Service Commission's regulation acts as a substitute for your opportunity to purchase services from another provider. By law, the Commission must allow a utility the opportunity to earn a fair return on its investment and recover its prudent operating costs. The Commission must also take into consideration the quality of the product offered to you just as if you were shopping in a competitive marketplace. However, the Commission can penalize a utility, such as Aloha, on quality standards only if the water fails to meet those standards set by the Department of Environmental Protection.

The Commission understands that Aloha's water quality is an issue with many customers who experience "black water." During the past year, the Commission, several state and local governmental agencies and interested parties have studied the water quality problems caused by copper pipe corrosion that affect Aloha, as well as numerous other utilities and private well owners across the state. The project results suggest three actions to improve water quality in those homes that currently experience copper pipe corrosion: (1) homes equipped with copper plumbing should discontinue the use of home water conditioning units; (2) plumbing in homes equipped with copper plumbing should be replaced; or (3) water treated by the utility should be subjected to additional treatment to further reduce the corrosiveness of the water. Florida's copper corrosion problem is a complex issue without an easy solution.

In this case, the Commission will address whether Aloha is in compliance with the state environmental and health laws regarding water quality. The Commission has scheduled a formal hearing in New Port Richey on January 9-11, 2002. At this hearing, testimony will be presented on the black water problem and what the utility could do to address the problem. If the Commission orders Aloha to make improvements, it must by law permit the utility to recover the additional,

Mr. Bob Cahill

Page 14

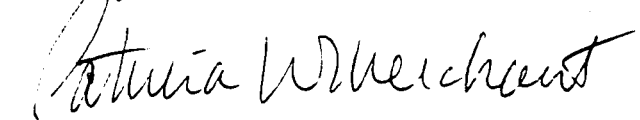
December 18, 2001

prudently incurred, expense in rates charged to you, the customer. Customers may provide testimony regarding the quality of Aloha's water, customer service and the requested rate increase. The Office of Public Counsel (that represents customers) is participating in this case and is available to assist you.

As you are also aware, water rates for Aloha's Seven Springs customers were increased recently due to the implementation of interim rates. By law, the Commission must authorize an interim increase if a utility demonstrates that it has earned less than a fair return. This interim increase, however, is subject to refund, with interest, if the Commission's final decision finds that Aloha's interim rates were excessive.

Again, thank you for your letter and your interest in these matters.

Sincerely,



Patricia W. Merchant

Supervisor, File and Suspend Rate Cases

PWM:ts

cc: Division of Economic Regulation (S. Jones, Ariola)
Division of Legal Services (Jaeger)
Division of the Commission Clerk and Administrative Services (Correspondence File)
F. Marshall Deterding, Esq.
Stephen C. Burgess, Esq., Office of Public Counsel
Representative Mike Fasano, Florida House of Representatives

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BRAULIO L. BAEZ
MICHAEL A. PALECKI

STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

December 18, 2001

Ms. Marlene Arnold
1717 Kinsmere Drive
New Port Richey, FL 34655

RECEIVED PSC
01 DEC 19 PM 3:09
COMMISSION
CLERK

Re: Docket No. 010503-WU - Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Ms. Arnold:

Thank you for your recent letter in which you express concerns regarding Aloha Utilities' water quality and requested rate increase. Because Aloha and other similar utilities are monopolies, the Public Service Commission's regulation acts as a substitute for your opportunity to purchase services from another provider. By law, the Commission must allow a utility the opportunity to earn a fair return on its investment and recover its prudent operating costs. The Commission must also take into consideration the quality of the product offered to you just as if you were shopping in a competitive marketplace. However, the Commission can penalize a utility, such as Aloha, on quality standards only if the water fails to meet those standards set by the Department of Environmental Protection.

The Commission understands that Aloha's water quality is an issue with many customers who experience "black water." During the past year, the Commission, several state and local governmental agencies and interested parties have studied the water quality problems caused by copper pipe corrosion that affect Aloha, as well as numerous other utilities and private well owners across the state. The project results suggest three actions to improve water quality in those homes that currently experience copper pipe corrosion: (1) homes equipped with copper plumbing should discontinue the use of home water conditioning units; (2) plumbing in homes equipped with copper plumbing should be replaced; or (3) water treated by the utility should be subjected to additional treatment to further reduce the corrosiveness of the water. Florida's copper corrosion problem is a complex issue without an easy solution.

In this case, the Commission will address whether Aloha is in compliance with the state environmental and health laws regarding water quality. The Commission has scheduled a formal hearing in New Port Richey on January 9-11, 2002. At this hearing, testimony will be presented on the black water problem and what the utility could do to address the problem. If the Commission orders Aloha to make improvements, it must by law permit the utility to recover the additional,

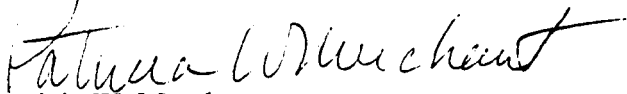
Ms. Marlene Arnold
Page 12
December 18, 2001

prudently incurred, expense in rates charged to you, the customer. Customers may provide testimony regarding the quality of Aloha's water, customer service and the requested rate increase. The Office of Public Counsel (that represents customers) is participating in this case and is available to assist you.

As you are also aware, water rates for Aloha's Seven Springs customers were increased recently due to the implementation of interim rates. By law, the Commission must authorize an interim increase if a utility demonstrates that it has earned less than a fair return. This interim increase, however, is subject to refund, with interest, if the Commission's final decision finds that Aloha's interim rates were excessive.

Again, thank you for your letter and your interest in these matters.

Sincerely,



Patricia W. Merchant

Supervisor, File and Suspend Rate Cases

PWM:ts

cc: Division of Economic Regulation (S. Jones, Ariola)
Division of Legal Services (Jaeger)
Division of the Commission Clerk and Administrative Services (Correspondence File)
F. Marshall Deterding, Esq.
Stephen C. Burgess, Esq., Office of Public Counsel
Representative Mike Fasano, Florida House of Representatives

STATE OF FLORIDA

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MICHAEL A. PALECKI



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

December 18, 2001

COMMISSION
CLERK

01 DEC 19 PM 3:09

RECEIVED-FPSC

Ms. Liz Marinelli
1461 Davenport Drive
New Port Richey, FL 34655

Re: Docket No. 010503-WU - Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Ms. Marinelli:

Thank you for your recent letter in which you express concerns regarding Aloha Utilities' water quality and requested rate increase. Because Aloha and other similar utilities are monopolies, the Public Service Commission's regulation acts as a substitute for your opportunity to purchase services from another provider. By law, the Commission must allow a utility the opportunity to earn a fair return on its investment and recover its prudent operating costs. The Commission must also take into consideration the quality of the product offered to you just as if you were shopping in a competitive marketplace. However, the Commission can penalize a utility, such as Aloha, on quality standards only if the water fails to meet those standards set by the Department of Environmental Protection.

The Commission understands that Aloha's water quality is an issue with many customers who experience "black water." During the past year, the Commission, several state and local governmental agencies and interested parties have studied the water quality problems caused by copper pipe corrosion that affect Aloha, as well as numerous other utilities and private well owners across the state. The project results suggest three actions to improve water quality in those homes that currently experience copper pipe corrosion: (1) homes equipped with copper plumbing should discontinue the use of home water conditioning units; (2) plumbing in homes equipped with copper plumbing should be replaced; or (3) water treated by the utility should be subjected to additional treatment to further reduce the corrosiveness of the water. Florida's copper corrosion problem is a complex issue without an easy solution.

In this case, the Commission will address whether Aloha is in compliance with the state environmental and health laws regarding water quality. The Commission has scheduled a formal hearing in New Port Richey on January 9-11, 2002. At this hearing, testimony will be presented on the black water problem and what the utility could do to address the problem. If the Commission orders Aloha to make improvements, it must by law permit the utility to recover the additional,

Ms. Liz Marinelli
Page 10
December 18, 2001

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As you are also aware, water rates for Aloha's Seven Springs customers were increased recently due to the implementation of interim rates. By law, the Commission must authorize an interim increase if a utility demonstrates that it has earned less than a fair return. This interim increase, however, is subject to refund, with interest, if the Commission's final decision finds that Aloha's interim rates were excessive.

Again, thank you for your letter and your interest in these matters.

Sincerely,



Patricia W. Merchant
Supervisor, File and Suspend Rate Cases

PWM:ts

cc: Division of Economic Regulation (S. Jones, Ariola)
Division of Legal Services (Jaeger)
Division of the Commission Clerk and Administrative Services (Correspondence File)
F. Marshall Deterding, Esq.
Stephen C. Burgess, Esq., Office of Public Counsel
Representative Mike Fasano, Florida House of Representatives

STATE OF FLORIDA

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MICHAEL A. PALECKI



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

December 18, 2001

Mr. Charles Graff
3623 Groman Drive
New Port Richey, FL 34655

RECEIVED FPSC
01 DEC 19 PM 3:09
COMMISSION
CLERK

Re: Docket No. 010503-WU - Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Graff:

Thank you for your recent letter in which you express concerns regarding Aloha Utilities' water quality and requested rate increase. Because Aloha and other similar utilities are monopolies, the Public Service Commission's regulation acts as a substitute for your opportunity to purchase services from another provider. By law, the Commission must allow a utility the opportunity to earn a fair return on its investment and recover its prudent operating costs. The Commission must also take into consideration the quality of the product offered to you just as if you were shopping in a competitive marketplace. However, the Commission can penalize a utility, such as Aloha, on quality standards only if the water fails to meet those standards set by the Department of Environmental Protection.

The Commission understands that Aloha's water quality is an issue with many customers who experience "black water." During the past year, the Commission, several state and local governmental agencies and interested parties have studied the water quality problems caused by copper pipe corrosion that affect Aloha, as well as numerous other utilities and private well owners across the state. The project results suggest three actions to improve water quality in those homes that currently experience copper pipe corrosion: (1) homes equipped with copper plumbing should discontinue the use of home water conditioning units; (2) plumbing in homes equipped with copper plumbing should be replaced; or (3) water treated by the utility should be subjected to additional treatment to further reduce the corrosiveness of the water. Florida's copper corrosion problem is a complex issue without an easy solution.

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Mr. Charles Graff
Page 8
December 18, 2001

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Again, thank you for your letter and your interest in these matters.

Sincerely,

A handwritten signature in cursive script, appearing to read "Patricia W. Merchant".

Patricia W. Merchant
Supervisor, File and Suspend Rate Cases

PWM:ts

cc: Division of Economic Regulation (S. Jones, Ariola)
Division of Legal Services (Jaeger)
Division of the Commission Clerk and Administrative Services (Correspondence File)
F. Marshall Deterding, Esq.
Stephen C. Burgess, Esq., Office of Public Counsel
Representative Mike Fasano, Florida House of Representatives

STATE OF FLORIDA

COMMISSIONERS:
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J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

December 18, 2001

Mr. Edward Harrison
4408 Whitton Way
New Port Richey, FL 34653

RECEIVED FPSC
01 DEC 19 PM 3:09
COMMISSION
CLERK

Re: Docket No. 010503-WU - Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Harrison:

Thank you for your recent letter in which you express concerns regarding Aloha Utilities' water quality and requested rate increase. Because Aloha and other similar utilities are monopolies, the Public Service Commission's regulation acts as a substitute for your opportunity to purchase services from another provider. By law, the Commission must allow a utility the opportunity to earn a fair return on its investment and recover its prudent operating costs. The Commission must also take into consideration the quality of the product offered to you just as if you were shopping in a competitive marketplace. However, the Commission can penalize a utility, such as Aloha, on quality standards only if the water fails to meet those standards set by the Department of Environmental Protection.

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Mr. Edward Harrison
Page 6
December 18, 2001

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Again, thank you for your letter and your interest in these matters.

Sincerely,



Patricia W. Merchant
Supervisor, File and Suspend Rate Cases

PWM:ts

cc: Division of Economic Regulation (S. Jones, Ariola)
Division of Legal Services (Jaeger)
Division of the Commission Clerk and Administrative Services (Correspondence File)
F. Marshall Deterding, Esq.
Stephen C. Burgess, Esq., Office of Public Counsel
Representative Mike Fasano, Florida House of Representatives

STATE OF FLORIDA

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LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

December 18, 2001

Mr. Donn E. Gallahue
7300 Hideaway Trail
New Port Richey, FL 34655

RECEIVED-PSC
01 DEC 19 PM 3:09
COMMISSION
CLERK

Re: Docket No. 010503-WU - Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Gallahue:

Thank you for your recent letter in which you express concerns regarding Aloha Utilities' water quality and requested rate increase. Because Aloha and other similar utilities are monopolies, the Public Service Commission's regulation acts as a substitute for your opportunity to purchase services from another provider. By law, the Commission must allow a utility the opportunity to earn a fair return on its investment and recover its prudent operating costs. The Commission must also take into consideration the quality of the product offered to you just as if you were shopping in a competitive marketplace. However, the Commission can penalize a utility, such as Aloha, on quality standards only if the water fails to meet those standards set by the Department of Environmental Protection.

The Commission understands that Aloha's water quality is an issue with many customers who experience "black water." During the past year, the Commission, several state and local governmental agencies and interested parties have studied the water quality problems caused by copper pipe corrosion that affect Aloha, as well as numerous other utilities and private well owners across the state. The project results suggest three actions to improve water quality in those homes that currently experience copper pipe corrosion: (1) homes equipped with copper plumbing should discontinue the use of home water conditioning units; (2) plumbing in homes equipped with copper plumbing should be replaced; or (3) water treated by the utility should be subjected to additional treatment to further reduce the corrosiveness of the water. Florida's copper corrosion problem is a complex issue without an easy solution.

In this case, the Commission will address whether Aloha is in compliance with the state environmental and health laws regarding water quality. The Commission has scheduled a formal hearing in New Port Richey on January 9-11, 2002. At this hearing, testimony will be presented on the black water problem and what the utility could do to address the problem. If the Commission orders Aloha to make improvements, it must by law permit the utility to recover the additional,

Mr. Donn E. Gallahue

Page 4

December 18, 2001

prudently incurred, expense in rates charged to you, the customer. Customers may provide testimony regarding the quality of Aloha's water, customer service and the requested rate increase. The Office of Public Counsel (that represents customers) is participating in this case and is available to assist you.

As you are also aware, water rates for Aloha's Seven Springs customers were increased recently due to the implementation of interim rates. By law, the Commission must authorize an interim increase if a utility demonstrates that it has earned less than a fair return. This interim increase, however, is subject to refund, with interest, if the Commission's final decision finds that Aloha's interim rates were excessive.

Again, thank you for your letter and your interest in these matters.

Sincerely,

A handwritten signature in dark ink, appearing to read "Patricia W. Merchant". The signature is fluid and cursive, with a long horizontal stroke at the end.

Patricia W. Merchant

Supervisor, File and Suspend Rate Cases

PWM:ts

cc: Division of Economic Regulation (S. Jones, Ariola)
Division of Legal Services (Jaeger)
Division of the Commission Clerk and Administrative Services (Correspondence File)
F. Marshall Deterding, Esq.
Stephen C. Burgess, Esq., Office of Public Counsel
Representative Mike Fasano, Florida House of Representatives

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

December 18, 2001

Mr. Robert L. Koch
4493 Summerlake Drive
New Port Richey, FL 34653

RECEIVED-FPSC
01 DEC 19 PM 3:08
COMMISSION
CLERK

Re: Docket No. 010503-WU - Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Koch:

Thank you for your recent letter in which you express concerns regarding Aloha Utilities' water quality and requested rate increase. Because Aloha and other similar utilities are monopolies, the Public Service Commission's regulation acts as a substitute for your opportunity to purchase services from another provider. By law, the Commission must allow a utility the opportunity to earn a fair return on its investment and recover its prudent operating costs. The Commission must also take into consideration the quality of the product offered to you just as if you were shopping in a competitive marketplace. However, the Commission can penalize a utility, such as Aloha, on quality standards only if the water fails to meet those standards set by the Department of Environmental Protection.

The Commission understands that Aloha's water quality is an issue with many customers who experience "black water." During the past year, the Commission, several state and local governmental agencies and interested parties have studied the water quality problems caused by copper pipe corrosion that affect Aloha, as well as numerous other utilities and private well owners across the state. The project results suggest three actions to improve water quality in those homes that currently experience copper pipe corrosion: (1) homes equipped with copper plumbing should discontinue the use of home water conditioning units; (2) plumbing in homes equipped with copper plumbing should be replaced; or (3) water treated by the utility should be subjected to additional treatment to further reduce the corrosiveness of the water. Florida's copper corrosion problem is a complex issue without an easy solution.

In this case, the Commission will address whether Aloha is in compliance with the state environmental and health laws regarding water quality. The Commission has scheduled a formal hearing in New Port Richey on January 9-11, 2002. At this hearing, testimony will be presented on the black water problem and what the utility could do to address the problem. If the Commission orders Aloha to make improvements, it must by law permit the utility to recover the additional,

Mr. Robert L. Koch
Page 2
December 18, 2001

prudently incurred, expense in rates charged to you, the customer. Customers may provide testimony regarding the quality of Aloha's water, customer service and the requested rate increase. The Office of Public Counsel (that represents customers) is participating in this case and is available to assist you.

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Again, thank you for your letter and your interest in these matters.

Sincerely,



Patricia W. Merchant
Supervisor, File and Suspend Rate Cases

PWM:ts

cc: Division of Economic Regulation (S. Jones, Ariola)
Division of Legal Services (Jaeger)
Division of the Commission Clerk and Administrative Services (Correspondence File)
F. Marshall Deterding, Esq.
Stephen C. Burgess, Esq., Office of Public Counsel
Representative Mike Fasano, Florida House of Representatives

STATE OF FLORIDA

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



OFFICE OF GENERAL COUNSEL
HAROLD A. MCLEAN
(850) 413-6199

Public Service Commission

October 25, 2001

Stephen Burgess, Esquire
Office of Public Counsel
111 W. Madison Street, #812
Tallahassee, Florida 32399-1400

RECEIVED FPSC
01 OCT 26 AM 11:09
COMMISSION
CLERK

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Burgess:

Enclosed is a copy of the Revised Staff Recommendation filed in this matter on October 25, 2001. The Commission is expected to consider this Recommendation at its November 6, 2001, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe, and staff has recommended that interested persons be allowed to participate in the discussion of this item.

If you have any questions, please feel free to call me at (850) 413-6199.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ/lw

cc: Division of Economic Regulation (Fletcher)
Division of the Commission Clerk and Administrative Services

i:\010503rl2-opc.rnj

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

STATE OF FLORIDA



OFFICE OF GENERAL COUNSEL
HAROLD A. MCLEAN
(850) 413-6199

Public Service Commission

October 25, 2001

Mr. Edward Wood
10403 Daleside Lane
New Port Richey, Florida 34655-4293

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Wood:

Enclosed is a copy of the Revised Staff Recommendation filed in this matter on October 25, 2001. The Commission is expected to consider this Recommendation at its November 6, 2001, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

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If you have any questions, please feel free to call me at (850) 413-6199.

Sincerely,

A handwritten signature in black ink that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ/lw

cc: Division of Economic Regulation (Fletcher)
Division of the Commission Clerk and Administrative Services

01010503rl2-ew.rnj

STATE OF FLORIDA

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



OFFICE OF GENERAL COUNSEL
HAROLD A. MCLEAN
(850) 413-6199

Public Service Commission

October 25, 2001

Ms. Margaret Lytle
Southwest Florida Water Management District
2379 Broad Street
Brooksville, Florida 34604-6899

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Lytle:

Enclosed is a copy of the Revised Staff Recommendation filed in this matter on October 25, 2001. The Commission is expected to consider this Recommendation at its November 6, 2001, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe, and staff has recommended that interested persons be allowed to participate in the discussion of this item.

If you have any questions, please feel free to call me at (850) 413-6199.

Sincerely,

A handwritten signature in black ink, appearing to read "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ/lw

cc: Division of Economic Regulation (Fletcher)
Division of the Commission Clerk and Administrative Services

i:\010503rl2-ml.rnj

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

STATE OF FLORIDA



OFFICE OF GENERAL COUNSEL
HAROLD A. MCLEAN
(850) 413-6199

Public Service Commission

October 25, 2001

The Honorable Mike Fasano
8217 Massachusetts Avenue
New Port Richey, Florida 34653

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System
in Pasco County by Aloha Utilities, Inc.

Dear Representative Fasano:

Thank you for your interest in the cases involving Aloha Utilities, Inc. Enclosed is a copy of the Revised Staff Recommendation filed in this matter on October 25, 2001. The Commission is expected to consider this Recommendation at its November 6, 2001, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

Normally, we cannot state the exact time at which this item will be heard. However, the Chairman's Office may set a specific time for consideration of certain items. If you wish to have the above item set for a specific time, please either contact me, or you may call the Chairman's Office directly at (850) 413-6034. You are welcome to come to this Agenda Conference and observe, and staff has recommended that interested persons be allowed to participate.

Again, thank you for your interest. If you have any questions, please feel free to call me at (850) 413-6234.

Sincerely,

A handwritten signature in black ink, appearing to read "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ/lw

cc: Division of Economic Regulation (Fletcher)
Division of the Commission Clerk and Administrative Services

010503rl2-mf.rnj

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Internet E-mail: contact@psc.state.fl.us

COMMISSIONERS:
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J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

STATE OF FLORIDA



OFFICE OF GENERAL COUNSEL
HAROLD A. MCLEAN
(850) 413-6199

Public Service Commission

October 25, 2001

Marshall Deterding, Esquire
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Deterding:

Enclosed is a copy of the Revised Staff Recommendation filed in this matter on October 25, 2001. The Commission is expected to consider this Recommendation at its November 6, 2001, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

If you wish to attend, please arrive promptly at the beginning of the Agenda Conference, as we cannot state the exact time at which this item will be heard. You are welcome to come to this Agenda Conference and observe, and staff has recommended that interested persons be allowed to participate in the discussion of this item.

If you have any questions, please feel free to call me at (850) 413-6199.

Sincerely,

A handwritten signature in black ink, appearing to read "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ/lw

cc: Division of Economic Regulation (Fletcher)
Division of the Commission Clerk and Administrative Services

i:\010503rl2-md.rnj

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

STATE OF FLORIDA



ORIGINAL

OFFICE OF GENERAL COUNSEL
HAROLD A. MCLEAN
(850) 413-6199

Public Service Commission

October 12, 2001

RECEIVED-PPSC
01 OCT 12 PM 2:00
COMMISSION
CLERK

Mr. Remi Wrona
Mrs. Lynn Wrona
7320 Captiva Circle
New Port Richey, Florida 34655

Re: Telephone Conversations on Quality of Service Provided by Aloha Utilities, Inc.

Dear Mr. and Mrs. Wrona:

Thank you for communicating your concerns during our telephone conversation regarding Aloha Utilities, Inc.'s (Aloha or utility) quality of service. Specifically, you stated your water has a rotten egg smell. As I discussed with you, the Commission investigated the utility's quality of service in Docket No. 960545-WS. In that docket, the Commission discovered that there was an apparent reaction in the customers' pipes or hot water heaters which was converting hydrogen sulfates into hydrogen sulfides. As I explained and confirmed with a staff engineer, hydrogen sulfide can produce a rotten egg odor. Moreover, hydrogen sulfide can react with copper pipes and form copper sulfide, which is a black or gray particulate in the water, and is evidence of corrosion of the copper pipes. However, as I informed you, the water provided by Aloha currently meets all water quality standards set forth by the Florida Department of Environmental Protection.

In Docket No. 960545-WS, the Commission ordered Aloha "to implement a pilot project using the best available treatment alternative to enhance the water quality and to diminish the tendency of the water to produce copper sulfide in the customers' homes." As I stated, Aloha has chosen to study a process known as MIEX and other alternatives. Based on discussions with Aloha, the pilot project is expected to be completed by December 31, 2001. Hopefully, the MIEX process will prove to be effective and become a part of the solution. As I discussed with you, the Commission will address any potential large-scale plant improvements to the Seven Springs water system in the open service availability docket (Docket No. 010156-WU).

Moreover, the utility has a pending rate case for its Seven Springs water system (Docket No. 010503-WU). A hearing is currently scheduled for January 9-11, 2002, in the New Port Richey area for this water rate case, and all Seven Springs customers should receive notice of this hearing. Customers are encouraged to comment and testify at this hearing on the quality of service provided by Aloha. The Commission will have a morning and evening session on the first day of this hearing

Mr. and Mrs. Lynn and Remi L. Wrona

Page 2

October 12, 2001

to allow customers to testify and relay their concerns.

If you do not wish to testify, or if you would also like to file written comments, you may do so by writing directly to the Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0865. Any correspondence regarding the quality of service should reference Docket No. 010503-WU.

As a follow-up to our conversation, I have enclosed copies of the final orders in Docket No. 960545-WS (Orders Nos. PSC-00-1285-FOF-WS and PSC-00-1628-FOF-WS) that addressed Aloha's quality of service. Listed below are the telephone numbers of each of the aides to the Commissioners.

MELINDA BUTLER	(AIDE TO E. LEON JACOBS, JR., CHAIRMAN	(850) 413-6034
WILLIAM BERG	(AIDE TO J. TERRY DEASON)	(850) 413-6002
JOANN CHASE	(AIDE TO LILA A. JABER)	(850) 413-6016
IGNACIO ORTIZ	(AIDE TO BRAULIO L. BAEZ)	(850) 413-6028
KATRINA TEW	(AIDE TO MICHAEL A. PALECKI)	(850) 413-6022

Commissioners Jaber, Baez, and Palecki are assigned to Aloha's current water rate case (Docket No. 010503-WU). Because there are pending dockets before the Commission, the commissioners will be limited on any comments that they make, as they are prohibited by law from commenting on matters currently pending before them.

Again, thank you for communicating your concerns. If I can be of any further assistance, please do not hesitate to call me at (850) 413-6234.

Sincerely,



Ralph R. Jaeger
Senior Attorney

Enclosure

cc: Division of Economic Regulation (Willis, Merchant, Crouch, Wetherington, Fletcher)
Office of Public Counsel (Burgess)
F. Marshall Deterding, Esquire
Division of the Commission Clerk and Administrative Services
(Correspondence side of Docket No. 010503-WU)
Representative Mike Fasano

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

STATE OF FLORIDA



OFFICE OF GENERAL COUNSEL
HAROLD A. MCLEAN
(850) 413-6199

Public Service Commission

October 8, 2001

RECEIVED-FPSC
01 OCT -8 PM 3:34
COMMISSION
CLERK

The Honorable Mike Fasano
8217 Massachusetts Avenue
New Port Richey, Florida 34653

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Representative Fasano:

Thank you for your interest in the cases involving Aloha Utilities, Inc. Enclosed is a copy of the Staff Recommendation filed in this matter on October 4, 2001. The Commission is expected to consider this Recommendation at its October 16, 2001, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

Normally, we cannot state the exact time at which this item will be heard. However, the Chairman's Office may set a specific time for consideration of certain items. If you wish to have the above item set for a specific time, please either contact me, or you may call the Chairman's Office directly at (850) 413-6034. You are welcome to come to this Agenda Conference and observe, and staff has recommended that interested persons be allowed to participate.

Again, thank you for your interest. If you have any questions, please feel free to call me at (850) 413-6234.

Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ/lw

cc: Division of Economic Regulation (Fletcher)
Division of the Commission Clerk and Administrative Services

i:\010503rl-mf.rnj

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

STATE OF FLORIDA



OFFICE OF GENERAL COUNSEL
HAROLD A. McLEAN
(850) 413-6199

Public Service Commission

October 8, 2001

Ms. Margaret Lytle
Southwest Florida Water Management District
2379 Broad Street
Brooksville, Florida 34604-6899

RECEIVED FPSC
01 OCT - 8 PM 3:34
COMMISSION
CLERK

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Lytle:

Enclosed is a copy of the Staff Recommendation filed in this matter on October 4, 2001. The Commission is expected to consider this Recommendation at its October 16, 2001, Agenda Conference which will be held in Room 148, Betty Easley Conference Center, in Tallahassee beginning at 9:30 a.m.

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If you have any questions, please feel free to call me at (850) 413-6199.

Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ/lw

cc: Division of Economic Regulation (Fletcher)
Division of the Commission Clerk and Administrative Services

i:\010503rl-ml.rnj

STATE OF FLORIDA

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



OFFICE OF GENERAL COUNSEL
HAROLD A. MCLEAN
(850) 413-6199

Public Service Commission

October 8, 2001

Marshall Deterding, Esquire
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

RECEIVED - FPSC
01 OCT - 8 PM 3:34
COMMISSION
CLERK

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

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Sincerely,

A handwritten signature in cursive script, reading "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ/lw

cc: Division of Economic Regulation (Fletcher)
Division of the Commission Clerk and Administrative Services

i:\010503rl-md.rnj

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

STATE OF FLORIDA



OFFICE OF GENERAL COUNSEL
HAROLD A. MCLEAN
(850) 413-6199

Public Service Commission

October 8, 2001

Stephen Burgess, Esquire
Office of Public Counsel
111 W. Madison Street, #812
Tallahassee, Florida 32399-1400

RECEIVED-FPSC
01 OCT - 8 PM 3:34
COMMISSION
CLERK

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Burgess:

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Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ/lw

cc: Division of Economic Regulation (Fletcher)
Division of the Commission Clerk and Administrative Services

i:\010503rl-opc.rnj

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

STATE OF FLORIDA



OFFICE OF GENERAL COUNSEL
HAROLD A. MCLEAN
(850) 413-6199

Public Service Commission

October 8, 2001

RECEIVED-FPSC
01 OCT -8 PM 3:34
COMMISSION
CLERK

Mr. Edward Wood
10403 Daleside Lane
New Port Richey, Florida 34655-4293

Re: Docket No. 010503-WS - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Dear Mr. Wood:

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Sincerely,

A handwritten signature in cursive script, reading "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ/lw

cc: Division of Economic Regulation (Fletcher)
Division of the Commission Clerk and Administrative Services

i:\010503rl-ew.rnj

STATE OF FLORIDA

Commissioners:
 E. LEON JACOBS, JR., CHAIRMAN
 J. TERRY DEASON
 LILA A. JABER
 BRAULIO L. BAEZ
 MICHAEL A. PALECKI



DIVISION OF CONSUMER AFFAIRS
 BEVERLEE DEMELLO
 DIRECTOR
 (850) 413-6100
 TOLL FREE 1-800-342-3552

Public Service Commission

August 9, 2001

Mr. Dennis Walters
 7610 Albacore Drive
 New Port Richey, Florida 34655

Re: 336131W and 385082C

Dear Mr. Walters:

This is in regards to the supplemental investigation of your water quality concerns. I hope you found the report of the Interagency Copper Pipe Corrosion Project that we sent you earlier to be helpful.

We again contacted Aloha Utilities, Inc. (Aloha), regarding your water quality concerns, and the company reports that the system meets all regulatory requirements as mandated by the Florida Department of Environmental Protection (DEP). The Florida Public Service Commission recognizes that the "black water" you encounter is aesthetically unsatisfactory. However, the water provided by Aloha is currently meeting all of the water quality standards set forth by the DEP.

It appears that the best treatment solution would be to remove over 90% of the hydrogen sulfide from the water. However, any process to remove this amount of hydrogen sulfide would be costly, and there is no guarantee that this would provide relief for the customers who are currently experiencing "black water." The "black water" is caused by copper sulfide particulate in the water and is evidence of copper pipe corrosion. The studies show that, once this type of corrosion starts, it is very difficult to stop. If the Commission were to order improvements, then pursuant to Section 367.081(2)(a)2.c, Florida Statutes, the Commission would also have to approve rates for service that would allow Aloha to recover all reasonable expenses and return on any prudent investment for the environmental compliance costs ordered.

Subsequent to the final hearing in Docket No. 960545-WS (referred to by many as the "Black Water" Docket), the Commission ordered Aloha "to implement a pilot project using the best available treatment alternative to remove the hydrogen sulfide, thereby enhancing the water quality and diminishing the tendency of the water to produce copper sulfide in the customers' homes." Aloha has elected to use what is known as the MIEX process and the pilot project is ongoing at this

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 PSC-COMMISSION CLERK

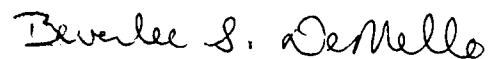
Mr. Dennis Walters
Page 2
August 9, 2001

time. The pilot project is designed to treat only a very small portion of Aloha's water to determine the optimum components and chemicals needed to remove the most hydrogen sulfide. Hopefully, the MIEX process being used in the pilot project will prove to be effective and become a part of the solution.

Let me assure you that this agency will continue to seek ways to address the "black water" problems occurring in utilities subject to our jurisdiction. I will place your letter and this response on the correspondence side of the docket file in Docket No. 010503-WU, Aloha's current water rate case for the Seven Springs Division. A hearing is currently scheduled for December 10-12, 2001, in the New Port Richey area for this water rate case, and customers are encouraged to comment and testify at this hearing on the quality of service provided by Aloha.

If you have any questions, please contact Randy Roland at 1-800-342-3552, by fax at 1-800-511-0809, or by E-mail at rroland@psc.state.fl.us.

Sincerely,



Beverlee S. DeMello, Director
Division of Consumer Affairs

BSD:rr

cc: Division of Legal Services (Jaeger)
Division of Economic Regulation (Fletcher, Crouch)
Division of the Commission Clerk and Administrative Services (Docket No. 010503-WU)

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

July 24, 2001

Mr. George F. Sedlacek
1464 Haverhill Dr.
New Port Richey, FL 34655

RECEIVED
PSC
COMMISSION
CLERK

JUL 24 PM 4:19

Dear Mr. Sedlacek:

This letter is in response to your letter of June 23, 2001 to Representative Fasano regarding the black water experienced by some customers of Aloha Utilities, Inc. Mr. Fasano forwarded your letter to us for action.

With regard to your concerns of the black water, you are probably aware that the Public Service Commission recently held two hearings in the Aloha Utilities service area concerning the black water issue. Based upon exhaustive analysis and expert testimony from numerous witnesses including a Florida Department of Environmental Protection (DEP) witness, it was shown that the water provided to Aloha's customers met all U.S. Environmental Protection Agency, DEP, and Health Department water quality standards. The Commission also determined that some properties (hydrogen sulfide) present in Florida's water in varying amounts interacted with some copper piping in the customers homes which caused the black water known as copper sulfide precipitation.

You may be aware of the fact that one customer of Aloha Utilities who was experiencing severe black water problems had his home replumbed a few years ago, completely replacing the copper pipes with PVC pipes, and the black water problem was eliminated.

Further, the Commission has ordered the utility to start a pilot project in an attempt to further reduce the sulfides in the water. In addition to the pilot project using packed tower aeration, Aloha is also looking into a new and innovative process called the MIEX DOC process which has also shown promise as a possible method to reduce sulfides. The results of the pilot project/MIEX DOC process study should be known before the end of this year.

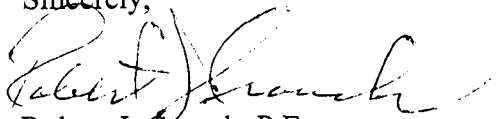
Mr. George F. Sedlacek

Page 2

July 24, 2001

Thank you for voicing your concerns. Customer comments are an integral part of the Commission's analysis of utility problems. A copy of your letter will be placed on the correspondence side of the official docket file for the Commissioners and other interested parties to review. If you have any further questions, you may contact me at (850) 413-6946.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert J. Crouch", written over a horizontal line.

Robert J. Crouch, P.E.

Engineering Supervisor

cc: State Representative Mike Fasano
Division of Legal Services (Fudge, Jaeger)
Division of CCAS (Docket No. 010503-WU)

STATE OF FLORIDA

COMMISSIONERS:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



DIVISION OF RECORDS & REPORTING
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770

Public Service Commission

April 17, 2001

F. Marshall Deterding, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

ADMINISTRATIVE

Docket No. 010503-WU

Dear Mr. Deterding:

This will acknowledge receipt of an application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc., which was filed in this office on April 16, 2001 and assigned the above-referenced docket number. Appropriate staff members will be advised.

Mediation may be available to resolve any dispute in this docket. If mediation is conducted, it does not affect a substantially interested person's right to an administrative hearing. For more information, contact the Office of General Counsel at (850) 413-6248 or FAX (850) 413-7180.

Division of Records and Reporting
Florida Public Service Commission

DOCUMENT NUMBER-DATE

05252 JUL-26

FPSC-COMMISSION CLERK

Case Assignment and Scheduling Record

Section 1 - Division of Records and Reporting (RAR) Completes

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.
Company: Aloha Utilities, Inc.

FPSC, CLK - CORRESPONDENCE
X Administrative Parties Consumer
DOCUMENT NO. 05252-07
DISTRIBUTION: _____

Official Filing Date: _____
Last Day to Suspend: _____

Expiration: _____

Referred to:
("()") indicates OPR

ADM AFA APP CAF CMP CMU EAG (ECR) GCL LEG PAI RAR RGO SER WAW
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Section 2 - OPR Completes and returns to RAR in 10 workdays.

Time Schedule

Program/Module Al(a)

Staff Assignments

OPR Staff

Staff Counsel

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OCRs ()

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Recommended assignments for hearing and/or deciding this case:

Full Commission _____ Commission Panel _____
Hearing Examiner _____ Staff _____

Date filed with RAR: _____

Initials: OPR _____
Staff Counsel _____

WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT.
IT IS TENTATIVE AND SUBJECT TO REVISION.
FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770
Current CASR revision level

0

Due Dates

Previous Current

1.	_____	_____	_____
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Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg. Exam.	Staff
ALL	JC	DS	JB	BZ	PL		

- Prehearing Officer

Commissioners					ADM
JC	DS	JB	BZ	PL	

Where panels are assigned the senior Commissioner is Panel Chairman; the identical panel decides the case.
Where one Commissioner, a Hearing Examiner or a Staff Member is assigned the full Commission decides the case.

Approved: _____

Date: ____ / ____ / ____

Case Scheduling/Rescheduling Advice

Last Revised 04/25/2001 at 09:52

Page 1 of 1

Printed on 04/25/2001 at 13:40

To:

<input type="checkbox"/> Commissioner Deason <input checked="" type="checkbox"/> Commissioner Jaber <input checked="" type="checkbox"/> Commissioner Baez <input checked="" type="checkbox"/> Commissioner Palecki <input checked="" type="checkbox"/> Executive Director <input checked="" type="checkbox"/> Public Information Officer	<input checked="" type="checkbox"/> Deputy Executive Director/Tech <input checked="" type="checkbox"/> Appeals Director <input checked="" type="checkbox"/> Legal Director <input checked="" type="checkbox"/> Economic Regulation Director <input type="checkbox"/> Competitive Services Director <input checked="" type="checkbox"/> Consumer Affairs Director	<input type="checkbox"/> Safety & Electric Reliability Director <input checked="" type="checkbox"/> Records & Reporting Director <input checked="" type="checkbox"/> PAI Director <input checked="" type="checkbox"/> Regulatory Oversight Director <input checked="" type="checkbox"/> Court Reporter <input checked="" type="checkbox"/> Staff Contact - Ralph Jaeger
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From: Office of Chairman E. Leon Jacobs

Docket Number: 010503-WU

Docket Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

1. Schedule Information

Event	Former Date	New Date	Location	Time
Prehearing Conference		11/09/2001	Tallahassee, Room 152	9:30 AM - 12:00 PM
Service Hearing		11/29/2001	Pasco County	10:00 AM - 12:00 PM
Hearing		11/29/2001	Pasco County	12:00 PM - 5:00 PM
Service Hearing		11/29/2001	Pasco County	6:00 PM - 8:00 PM
Hearing		11/30/2001	Pasco County	10:00 AM - 5:00 PM

2. Hearing/Prehearing Assignment Information

Former Assignments

Hearing Officers

Commissioners						Hearing Exam.	Staff
ALL	JC	DS	JB	BZ	PL		

Current Assignments

Commissioners						Hearing Exam.	Staff
ALL	JC	DS	JB	BZ	PL		
			X	X	X		

Prehearing Officer

Commissioners					
JC	DS	JB	BZ	PL	ADM

Commissioners					
JC	DS	JB	BZ	PL	ADM
		X			

Reason for Revision: A. New Assignment 1. Unavailability 2. Good Cause 3. Recused 4. Disqualified 5. See Remarks

Remarks:

Case Assignment and Scheduling Record

Section 1 - Division of Records and Report (RAR) Completes

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.
Company: Aloha Utilities, Inc.

Official Filing Date: _____
Last Day to Suspend: _____

Expiration: _____

Referred to:
("()" indicates OPR)

ADM AFA APP CAF CMP CMU EAG (ECR) GCL LEG PAI RAR RGO SER WAW
_____ X _____ X _____

Section 2 - OPR Completes and returns to RAR in 10 workdays.

Time Schedule

Program/Module Al(a)

Staff Assignments

OPR Staff B Fletcher, B Crouch, J Lingo,
T Merchant, P Stallcup,
M Wetherington

Staff Counsel R Jaeger, L Espinoza

OCRs (RGO) D Vandiver

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Recommended assignments for hearing
and/or deciding this case:

Full Commission X Commission Panel _____
Hearing Examiner _____ Staff _____

Date filed with RAR: 04/27/2001

Initials: OPR _____
Staff Counsel _____

WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT.
IT IS TENTATIVE AND SUBJECT TO REVISION.
FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770
Current CASR revision level

0

Due Dates

Previous Current

1. MFRs Due	NONE	07/31/2001
2. Revised CASR Due	NONE	08/22/2001
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Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg. Exam.	Staff
ALL	JC	DS	JB	BZ	PL		
X							

- Prehearing Officer

Commissioners					ADM
JC	DS	JB	BZ	PL	
		X			

Where panels are assigned the senior Commissioner is Panel Chairman;
the identical panel decides the case.
Where one Commissioner, a Hearing Examiner or a Staff Member is
assigned the full Commission decides the case.

Approved: L/son
Date: 04/27/2001

Case Scheduling/Rescheduling Advice

Last Revised 04/27/2001 at 08:41

Page 1 of 1

Printed on 05/01/2001 at 14:41

To:

<input type="checkbox"/> Commissioner Deason <input checked="" type="checkbox"/> Commissioner Jaber <input checked="" type="checkbox"/> Commissioner Baez <input checked="" type="checkbox"/> Commissioner Palecki <input checked="" type="checkbox"/> Executive Director <input checked="" type="checkbox"/> Public Information Officer	<input checked="" type="checkbox"/> Deputy Executive Director/Tech <input checked="" type="checkbox"/> Appeals Director <input checked="" type="checkbox"/> Legal Director <input checked="" type="checkbox"/> Economic Regulation Director <input type="checkbox"/> Competitive Services Director <input checked="" type="checkbox"/> Consumer Affairs Director	<input type="checkbox"/> Safety & Electric Reliability Director <input checked="" type="checkbox"/> Records & Reporting Director <input checked="" type="checkbox"/> PAI Director <input checked="" type="checkbox"/> Regulatory Oversight Director <input checked="" type="checkbox"/> Court Reporter <input checked="" type="checkbox"/> Staff Contact - Ralph Jaeger
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From: Office of Chairman E. Leon Jacobs

Docket Number: 010503-WU

Docket Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

1. Schedule Information

Event	Former Date	New Date	Location	Time
Hearing	11/29/2001	11/28/2001	Pasco County	12:00 PM - 5:00 PM
Service Hearing	11/29/2001	11/28/2001	Pasco County	6:00 PM - 8:00 PM

2. Hearing/Prehearing Assignment Information

Former Assignments

Hearing Officers

Commissioners						Hearing Exam.	Staff
ALL	JC	DS	JB	BZ	PL		

Current Assignments

Commissioners						Hearing Exam.	Staff
ALL	JC	DS	JB	BZ	PL		
			X	X	X		

Prehearing Officer

Commissioners					
JC	DS	JB	BZ	PL	ADM

Commissioners					
JC	DS	JB	BZ	PL	ADM
		X			

Reason for Revision: A. New Assignment 1. Unavailability 2. Good Cause 3. Recused 4. Disqualified 5. See Remarks

Remarks: A third day was added . The hearing is now scheduled for Nov. 28-30, 2001.

Case Assignment and Scheduling Record

Section 1 - Bureau of Records and Hearing ices Completes

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.
Company: Aloha Utilities, Inc.

Official Filing Date: _____
Last Day to Suspend: _____

Expiration: _____

Referred to: _____
("()" indicates OPR)

APP CAF CCA CMP (ECR) GCL LEG PAI RGO SER
_____ X _____ X _____

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program/Module Al(a)

Staff Assignments

OPR Staff B Fletcher, B Crouch, J Lingo,
T Merchant, P Stallcup,
M Wetherington, M Willis

Staff Counsel R Jaeger, L Espinoza

OCRs (RGO) J McPherson, D Vandiver

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Recommended assignments for hearing
and/or deciding this case:

Full Commission _____ Commission Panel X
Hearing Examiner _____ Staff _____

Date filed with CCA: 07/31/2001

Initials: OPR _____
Staff Counsel _____

**WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT.
IT IS TENTATIVE AND SUBJECT TO REVISION.
FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770
Current CASR revision level**

1

Due Dates

Previous Current

1. MFRs Due	07/31/2001	08/10/2001
2. Revised CASR Due	08/22/2001	08/31/2001
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Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg. Exam.	Staff
ALL	JC	DS	JB	BZ	PL		
			X	X	X		

- Prehearing Officer

Commissioners					ADM
JC	DS	JB	BZ	PL	
				X	

Where panels are assigned the senior Commissioner is Panel Chairman;
the identical panel decides the case.
Where one Commissioner, a Hearing Examiner or a Staff Member is
assigned the full Commission decides the case.

Approved: Li/Sm

Date: 08/03/2001

Case Scheduling/Rescheduling Advice

Last Revised 08/01/2001 at 15:19

Page 1 of 1

Printed on 08/06/2001 at 17:08

To: <input type="checkbox"/> Commissioner Deason <input checked="" type="checkbox"/> Commissioner Jaber <input checked="" type="checkbox"/> Commissioner Baez <input checked="" type="checkbox"/> Commissioner Palecki <input checked="" type="checkbox"/> Executive Director <input checked="" type="checkbox"/> Public Information Officer	<input checked="" type="checkbox"/> Deputy Executive Director/Tech <input checked="" type="checkbox"/> Appeals Director <input checked="" type="checkbox"/> Legal Director <input checked="" type="checkbox"/> Economic Regulation Director <input type="checkbox"/> Competitive Services Director <input checked="" type="checkbox"/> Consumer Affairs Director	<input type="checkbox"/> Safety & Electric Reliability Director <input checked="" type="checkbox"/> Records & Reporting Director <input checked="" type="checkbox"/> PAI Director <input checked="" type="checkbox"/> Regulatory Oversight Director <input checked="" type="checkbox"/> Court Reporter <input checked="" type="checkbox"/> Staff Contact - Ralph Jaeger
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From: Office of Chairman E. Leon Jacobs

Docket Number: 010503-WU

Docket Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

1. Schedule Information

Event	Former Date	New Date	Location	Time
Prehearing Conference	11/09/2001	11/28/2001	Tallahassee, Room 152	9:30 AM - 12:00 PM
Service Hearing	11/28/2001	12/10/2001	Pasco County	10:00 AM - 12:00 PM
Hearing	11/28/2001	12/10/2001	Pasco County	12:00 PM - 5:00 PM
Service Hearing	11/28/2001	12/10/2001	Pasco County	6:00 PM - 8:00 PM
Hearing	11/29/2001	12/11/2001	Pasco County	10:00 AM - 5:00 PM
Hearing	11/30/2001	12/12/2001	Pasco County	10:00 AM - 5:00 PM

2. Hearing/Prehearing Assignment Information

Former Assignments

Hearing Officers

Commissioners						Hearing Exam.	Staff
ALL	JC	DS	JB	BZ	PL		

Current Assignments

Commissioners						Hearing Exam.	Staff
ALL	JC	DS	JB	BZ	PL		
			X	X	X		

Prehearing Officer

Commissioners						
JC	DS	JB	BZ	PL	ADM	

Commissioners						
JC	DS	JB	BZ	PL	ADM	
				X		

Reason for Revision: A. New Assignment 1. Unavailability 2. Good Cause 3. Recused 4. Disqualified 5. See Remarks

Remarks:

(Related dockets: 000737).

Case Assignment and Scheduling Record

Section 1 - Bureau of Records and Hearing ices Completes

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.
Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001
Last Day to Suspend: 10/09/2001 8 MoExpiration: _____

Referred to: _____ APP CAF CCA CMP (ECR) GCL LEG PAI RGO SER
("()" indicates OPR) _____

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program/Module A1(a)

Staff Assignments

OPR Staff B Fletcher, B Crouch, S Jones,
J Lingo, T Merchant, P Stallcup,
M Wetherington, M Willis

Staff Counsel R Jaeger, L Espinoza

OCRs (RGO) J McPherson, D Vandiver

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Recommended assignments for hearing
and/or deciding this case:

Full Commission _____ Commission Panel X
Hearing Examiner _____ Staff _____

Date filed with CCA: 08/17/2001

Initials: OPR _____
Staff Counsel _____

**WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT.
IT IS TENTATIVE AND SUBJECT TO REVISION.
FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770
Current CASR revision level**

2

Due Dates

Previous Current

1. Order Establishing Procedure	NONE	08/22/2001
2. Staff Recommendation - Interim	NONE	09/20/2001
3. Agenda - Interim	NONE	10/02/2001
4. Audit Report Due	NONE	10/02/2001
5. Testimony - Intervenor & Exhibits	NONE	10/18/2001
6. Standard Order	NONE	10/22/2001
7. FAW Notice Filed - Prehearing	NONE	10/23/2001
8. FAW Notice Filed - Hearing	NONE	10/30/2001
9. Testimony - Staff Direct & Exhibits	NONE	11/01/2001
10. Testimony - Rebuttal & Exhibits	NONE	11/14/2001
11. Prehearing Statements	NONE	11/14/2001
12. Notice of Prehearing	NONE	11/14/2001
13. Pre-prehearing	NONE	11/20/2001
14. Notice of Hearing	NONE	11/20/2001
15. Prehearing	NONE	11/28/2001
16. Transcript of Prehearing Due	NONE	12/03/2001
17. Prehearing Order	NONE	12/05/2001
18. Hearing (12/10-12/2001)	NONE	12/10/2001
19. Transcript of Hearing Due	NONE	12/27/2001
20. Briefs Due	NONE	01/17/2002
21. Staff Recommendation - Final	NONE	03/07/2002
22. Agenda - Final	NONE	03/19/2002
23. Standard Order - Final	NONE	04/08/2002
24. Close Docket or Revise CASR	NONE	05/15/2002
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Section 3 - Chairman Completes

Assignments are as follows:

CSRA

- Hearing Officer(s)

Commissioners						Hrg. Exam.	Staff
ALL	JC	DS	JB	BZ	PL		
			X	X	X		

- Prehearing Officer

Commissioners					ADM
JC	DS	JB	BZ	PL	
				X	

Where panels are assigned the senior Commissioner is Panel Chairman;
the identical panel decides the case.
Where one Commissioner, a Hearing Examiner or a Staff Member is
assigned the full Commission decides the case.

Approved: L. J. Smith

Date: 08/17/2001

C

Case Scheduling/Rescheduling Advice

Last Revised 08/24/2001 at 10:17

Page 1 of 1

Printed on 08/28/2001 at 14:02

To:

<input type="checkbox"/> Commissioner Deason <input checked="" type="checkbox"/> Commissioner Jaber <input checked="" type="checkbox"/> Commissioner Baez <input checked="" type="checkbox"/> Commissioner Palecki <input checked="" type="checkbox"/> Executive Director <input checked="" type="checkbox"/> Public Information Officer	<input checked="" type="checkbox"/> Deputy Executive Director/Tech <input checked="" type="checkbox"/> Appeals Director <input checked="" type="checkbox"/> Legal Director <input checked="" type="checkbox"/> Economic Regulation Director <input type="checkbox"/> Competitive Services Director <input checked="" type="checkbox"/> Consumer Affairs Director	<input type="checkbox"/> Safety & Electric Reliability Director <input checked="" type="checkbox"/> Records & Reporting Director <input checked="" type="checkbox"/> PAI Director <input checked="" type="checkbox"/> Regulatory Oversight Director <input checked="" type="checkbox"/> Court Reporter <input checked="" type="checkbox"/> Staff Contact - Ralph Jaeger
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From: Office of Chairman E. Leon Jacobs

Docket Number: 010503-WU

Docket Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

1. Schedule Information

Event	Former Date	New Date	Location	Time
Prehearing Conference	11/28/2001	12/20/2001	Tallahassee, Room 152	9:30 AM - 12:00 PM
Service Hearing	12/10/2001	01/09/2002	Pasco County	10:00 AM - 12:00 PM
Hearing	12/10/2001	01/09/2002	Pasco County	12:00 PM - 5:00 PM
Service Hearing	12/10/2001	01/09/2002	Pasco County	6:00 PM - 8:00 PM
Hearing	12/11/2001	01/10/2002	Pasco County	10:00 AM - 5:00 PM
Hearing	12/12/2001	01/11/2002	Pasco County	10:00 AM - 5:00 PM

2. Hearing/Prehearing Assignment Information

Hearing Officers

Former Assignments							
Commissioners						Hearing Exam.	Staff
ALL	JC	DS	JB	BZ	PL		

Current Assignments

Commissioners						Hearing Exam.	Staff
ALL	JC	DS	JB	BZ	PL		
			X	X	X		

Prehearing Officer

Commissioners					
JC	DS	JB	BZ	PL	ADM

Commissioners					
JC	DS	JB	BZ	PL	ADM
				X	

Reason for Revision: A. New Assignment 1. Unavailability 2. Good Cause 3. Recused 4. Disqualified 5. See Remarks

Remarks:

Case Assignment and Scheduling Record

Section 1 - Bureau of Records and Hearing /ices Completes

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.
Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001

Last Day to Suspend: 10/09/2001 8 MoExpiration: _____

Referred to:
("()" indicates OPR)

APP CAF CCA CMP (ECR) GCL LEG PAI RGO SER
____ _ X ____ _ X ____ _

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program/Module Al(a)

Staff Assignments

OPR Staff B Fletcher, B Crouch, S Jones,
J Lingo, T Merchant, P Stallcup,
M Wetherington, M Willis

Staff Counsel R Jaeger, L Espinoza

OCRs (RGO) J McPherson, D Vandiver

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Recommended assignments for hearing
and/or deciding this case:

Full Commission _____ Commission Panel X
Hearing Examiner _____ Staff _____

Date filed with CCA: 08/28/2001

Initials: OPR _____
Staff Counsel _____

WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT.
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FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770
Current CASR revision level

3

Due Dates

Previous Current

1. Staff Recommendation - Interim	SAME	09/20/2001
2. Agenda - Interim	SAME	10/02/2001
3. Audit Report Due	10/02/2001	10/18/2001
4. Standard Order	SAME	10/22/2001
5. Testimony - Intervenor & Exhibits	10/18/2001	11/07/2001
6. FAW Notice Filed - Prehearing	10/23/2001	11/20/2001
7. Testimony - Staff Direct & Exhibits	11/01/2001	11/21/2001
8. FAW Notice Filed - Hearing	10/30/2001	12/03/2001
9. Testimony - Rebuttal & Exhibits	11/14/2001	12/06/2001
10. Notice of Prehearing	11/14/2001	12/06/2001
11. Prehearing Statements	11/14/2001	12/07/2001
12. Pre-prehearing	11/20/2001	12/12/2001
13. Prehearing	11/28/2001	12/20/2001
14. Notice of Hearing	11/20/2001	12/21/2001
15. Transcript of Prehearing Due	12/03/2001	12/31/2001
16. Prehearing Order	12/05/2001	01/03/2002
17. Hearing (01/09-11/2002)	12/10/2001	01/09/2002
18. Transcript of Hearing Due	12/27/2001	01/25/2002
19. Briefs Due	01/17/2002	02/08/2002
20. Staff Recommendation - Final	03/07/2002	03/21/2002
21. Agenda - Final	03/19/2002	04/02/2002
22. Standard Order - Final	04/20/2002	04/22/2002
23. Close Docket or Revise CASR	05/15/2002	05/27/2002
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Section 3 - Chairman Completes

Assignments are as follows:

CSRA

- Hearing Officer(s)

Commissioners						Hrg. Exam.	Staff
ALL	JC	DS	JB	BZ	PL		
			X	X	X		

- Prehearing Officer

Commissioners					ADM
JC	DS	JB	BZ	PL	
				X	

Where panels are assigned the senior Commissioner is Panel Chairman;
the identical panel decides the case.
Where one Commissioner, a Hearing Examiner or a Staff Member is
assigned the full Commission decides the case.

Approved: L/one

Date: 08/28/2001

Section 1 - Bureau of Records and Hearing ices Completes

Referred to:
 ("()" indicates OPR)

AUS	CAF	CCA	CMP	ECR	EXT	(GCL)	MMS	PIF
X				X		X		

Time Schedule

C

Case Assignment and Scheduling Record

Section 1 - Bureau of Records and Hearing Services Completes

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.
Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001
Last Day to Suspend: 10/09/2001 8 MoExpiration: 04/10/2002

Referred to: AUS CAF CCA CMP (ECR) EXT GCL MMS PIF
("()" indicates OPR) X X X

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program/Module A1(a)

Staff Assignments

OPR Staff T Merchant, B Fletcher, J Lingo.
P Stallcup, M Willis

Staff Counsel R Jaeger, L Holley

OCRs (AUS) J McPherson, D Vandiver

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Recommended assignments for hearing and/or deciding this case:

Full Commission Commission Panel X
Hearing Examiner Staff

Date filed with CCA: 07/03/2003

Initials: OPR
Staff Counsel

**WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT.
IT IS TENTATIVE AND SUBJECT TO REVISION.
FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770**
Current CASR revision level

5

Due Dates

Previous Current

1.	Completion of Refunds	NONE	09/10/2003
2.	Preliminary Refund Report Due	NONE	10/10/2003
3.	Final Refund Report Due	NONE	01/12/2004
4.	Close Docket or Revise CASR	NONE	01/16/2004
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Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg. Exam.	Staff
ALL	JB	DS	BZ	BD	DV		
	X		X				

- Prehearing Officer

Commissioners					ADM
JB	DS	BZ	BD	DV	

Where panels are assigned the senior Commissioner is Panel Chairman;
the identical panel decides the case.
Where one Commissioner, a Hearing Examiner or a Staff Member is
assigned the full Commission decides the case.

Approved: 

Date: 07/03/2003

C

Case Assignment and Scheduling Record

Section 1 - Bureau of Records and Hearing Services Completes

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.
Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001
Last Day to Suspend: 10/09/2001 8 MoExpiration: 04/10/2002

Referred to: AUS CAF CCA CMP (ECR) EXT GCL MMS PIF
("() indicates OPR) X X X

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program/Module Al(a)

Staff Assignments

OPR Staff T Merchant, B Fletcher, J Lingo,
P Stallcup, M Willis

Staff Counsel R Jaeger, L Holley

OCRs (AUS) J McPherson, D Vandiver

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Recommended assignments for hearing and/or deciding this case:

Full Commission Commission Panel X
Hearing Examiner Staff

Date filed with CCA: 08/08/2003

Initials: OPR
Staff Counsel

WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT.
IT IS TENTATIVE AND SUBJECT TO REVISION.
FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770
Current CASR revision level

6

Due Dates

Previous Current

1. Revised Staff Recommendation (Deferred 8/5/03)	NONE	09/04/2003
2. Completion of Refunds	SAME	09/10/2003
3. Agenda (Deferred from 8/5/03)	NONE	10/06/2003
4. Standard Order - Post-Hearing Decision	08/25/2003	10/06/2003
5. Preliminary Refund Report Due	SAME	10/10/2003
6. Final Refund Report Due	SAME	01/12/2004
7. Close Docket or Revise CASR	SAME	01/16/2004
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Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg. Exam.	Staff
ALL	JB	DS	BZ	BD	DV		
	X		X				

- Prehearing Officer

Commissioners					ADM
JB	DS	BZ	BD	DV	
		X			

Where panels are assigned the senior Commissioner is Panel Chairman; the identical panel decides the case.
Where one Commissioner, a Hearing Examiner or a Staff Member is assigned the full Commission decides the case.

Approved: *[Signature]*
Date: Pending 8/8/03

Section 1 - Bureau of Records and Hearings Services Completes

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.
 Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001Expiration: 04/10Last Day to Suspend: 10/09/2001

Referred to:

("C") indicates OPR

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Program Module A1(a)

Staff Assignments

OPR Staff T Merchant, B Fletcher
J Lingo, P Stallcup
M Willis

Staff Counsel R Jaeger, L Holley

OCRs (AUS) J McPherson, D Vandiver

Recommended assignments for hearing
and/or deciding this case:

Full Commission Commission Panel X
 Hearing Examiner Staff

Date filed with CCA: 08/25/2003

Initials: OPR

Staff Counsel

AUS	CAF	CCA	CMP	(ECR)	EXT	GCL	MMS	PIF
X				X		X		

Time Schedule

**WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT
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 FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770**

	Due Dates	
	Previous	Current
<u>7</u> Current CASR revision level		
1. Staff Recommendation-Motion for Extension of T	NONE	09/04/2003
2. Completion of Refunds	SAME	09/10/2003
3. Agenda - Motion for Extension of Time	NONE	09/16/2003
4. Rev. Staff Rec.-Interim Refunds (Deferred 8/5/0	09/04/2003	09/18/2003
5. Agenda - Interim Refunds (Deferred from 8/5/0	09/16/2003	09/30/2003
6. Standard Ord.-Post-Hearing Extension/Time Deci	NONE	10/06/2003
7. Preliminary Refund Report Due	SAME	10/10/2003
8. Standard Ord.-Post-Hearing Interim Refund Deci	10/06/2003	10/20/2003
9. Final Refund Report Due	SAME	01/12/2004
10. Close Docket or Revise CASR	SAME	01/16/2004
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Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg	Staff
ALL	JB	DS	BZ	BD	DV	Exam	
	X		X				

Where panels are assigned the senior Commissioner is Panel Chairman:
the identical panel decides the case.

Where one Commissioner, a Hearing Examiner or a Staff Member is
assigned the full Commission decides the case.

- Prehearing Officer

Commissioners					ADM
JB	DS	BZ	BD	DV	
		X			

Approved: S. LingoDate: 08/25/2003

Section 1 - Bureau of Records and Hearings Services Completes

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.
 Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001Expiration: 04/10/2002Last Day to Suspend: 10/09/2001

Referred to:

("C") indicates OPR

AUS	CAF	CCA	CMP	(ECR)	EXT	GCL	MMS	PIF
X				X		X		

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program Module A1(a)

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 FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770**

Staff Assignments

OPR Staff T Merchant, B Fletcher
 J Lingo, P Stallcup
 M Willis

Staff Counsel R Jaeger, L Holley

OCRs (AUS) J Rohrbacher, D Vandiver

Recommended assignments for hearing
 and/or deciding this case:

Full Commission X Commission Panel
 Hearing Examiner Staff

Date filed with CCA: 09/11/2003

Initials: OPR

Staff Counsel

8 Current CASR revision level

Due Dates
 Previous Current

1. Completion of Refunds	SAME	09/10/2003
2. Rev. Staff Rec.-Interim Refunds (Deferred 8/5/03)	09/18/2003	10/09/2003
3. Preliminary Refund Report Due	SAME	10/10/2003
4. Agenda - Interim Refunds (Deferred from 8/5/03)	09/30/2003	10/21/2003
5. Standard Ord.-Post-Hearing Interim Refund Deci	10/20/2003	11/10/2003
6. Final Refund Report Due	SAME	01/12/2004
7. Close Docket or Revise CASR	SAME	01/16/2004
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Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg	Staff
ALL	JB	DS	BZ	BD	DV	Exam	
X							

Where panels are assigned the senior Commissioner is Panel Chairman:
 the identical panel decides the case.

Where one Commissioner, a Hearing Examiner or a Staff Member is
 assigned the full Commission decides the case.

- Prehearing Officer

Commissioners					ADM
JB	DS	BZ	BD	DV	
		X			

Approved: J. LingoDate: Pending

9/17/03

Section 1 - Bureau of Records and Hearing Services Completes

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001

Expiration: 04/10/2002

Last Day to Suspend: 10/09/2001

Referred to:

("C") indicates OPR

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Program Module A1(a)

Staff Assignments

OPR Staff T Merchant, B Fletcher
J Lingo, P Stallcup
M Willis

Staff Counsel R Jaeger, L Holley

OCRs (AUS) J Rohrbacher, D Vandiver

Recommended assignments for hearing and/or deciding this case:

Full Commission X Commission Panel
Hearing Examiner Staff

Date filed with CCA: 09/25/2003

Initials: OPR

Staff Counsel

AUS	CAF	CCA	CMP	(ECR)	EXT	GCL	MMS	PIF
X				X		X		

Time Schedule

**WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT
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FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770**

	Current CASR revision level	Due Dates	
		Previous	Current
9	Completion of Refunds	SAME	09/10/2003
10	Preliminary Refund Report Due	SAME	10/10/2003
11	Standard Order - Motion for extension of time	SAME	10/20/2003
12	Rev. Staff Rec.-Interim Refunds (Deferred 8/5/0	10/09/2003	10/22/2003
13	Agenda - Interim Refunds (Deferred from 8/5/0	10/21/2003	11/03/2003
14	Standard Ord.-Post-Hearing Interim Refund Deci	11/10/2003	11/24/2003
15	Final Refund Report Due	SAME	01/12/2004
16	Close Docket or Revise CASR	SAME	01/16/2004
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Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg	Staff
ALL	JB	DS	BZ	BD	DV	Exam	
X							

Where panels are assigned the senior Commissioner is Panel Chairman: the identical panel decides the case.

Where one Commissioner, a Hearing Examiner or a Staff Member is assigned the full Commission decides the case.

- Prehearing Officer

Commissioners					ADM
JB	DS	BZ	BD	DV	
		X			

Approved: S. Lingo

Date: Pending 10/1/03

Section 1 - Bureau of Records and Hearings Services Completes

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001Expiration: 04/10/2002Last Day to Suspend: 10/09/2001

Referred to:

("C") indicates OPR

AUS	CAF	CCA	CMP	(ECR)	EXT	GCL	MMS	PIF
X				X		X		

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program Module A1(a)

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FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770**

Staff Assignments

OPR Staff T Merchant, B Fletcher
J Lingo, P Stallcup
M Willis

Staff Counsel R Jaeger, L Holley

OCRs (AUS) J Rohrbacher, D Vandiver

Recommended assignments for hearing
and/or deciding this case:

Full Commission X Commission Panel
Hearing Examiner Staff

Date filed with CCA: 10/17/2003

Initials: OPR
Staff Counsel

10 Current CASR revision level

Due Dates
Previous Current

1.	Completion of Refunds	SAME	09/10/2003
2.	Standard Order - Motion for extension of time	SAME	10/20/2003
3.	Rev. Staff Rec.-Interim Refunds (Deferred 8/5/0	10/22/2003	11/20/2003
4.	Agenda - Interim Refunds (Deferred from 8/5/0	11/03/2003	12/02/2003
5.	Standard Ord.-Post-Hearing Interim Refund Deci	11/24/2003	12/22/2003
6.	Final Refund Report Due	SAME	01/12/2004
7.	Close Docket or Revise CASR	SAME	01/16/2004
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Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg	Staff
ALL	JB	DS	BZ	BD	DV	Exam	
X							

Where panels are assigned the senior Commissioner is Panel Chairman:
the identical panel decides the case.

Where one Commissioner, a Hearing Examiner or a Staff Member is
assigned the full Commission decides the case.

- Prehearing Officer

Commissioners					ADM
JB	DS	BZ	BD	DV	
		X			

Approved: Date: Pending10/21/03

Section 1 - Bureau of Records and Hearings Services Completes

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001Expiration: 04/10/2002Last Day to Suspend: 10/09/2001

Referred to:

("C") indicates OPR

AUS	CAF	CCA	CMP	(ECR)	EXT	GCL	MMS	PIF
X				X		X		

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program Module A1(a)

**WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT
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FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770**

Staff Assignments

		11	Current CASR revision level	Due Dates	
				Previous	Current
OPR Staff	T Merchant, B Fletcher		1. Staff Recommendation	SAME	03/25/2004
	J Lingo, P Stallcup		2. Agenda	SAME	04/06/2004
	M Willis		3. Standard Order	SAME	04/26/2004
			4. Revised CASR Due	SAME	05/04/2004
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Staff Counsel	R Jaeger		9.		
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OCRs (AUS)	J Rohrbacher, D Vandiver		13.		
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Recommended assignments for hearing and/or deciding this case:

Full Commission X Commission Panel
Hearing Examiner Staff

Date filed with CCA: 03/09/2004

Initials: OPR
Staff Counsel

Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg	Staff
ALL	BZ	DS	JB	BD	DV	Exam	
X							

Where panels are assigned the senior Commissioner is Panel Chairman:
the identical panel decides the case.

Where one Commissioner, a Hearing Examiner or a Staff Member is
assigned the full Commission decides the case.

- Prehearing Officer

Commissioners					ADM
BZ	DS	JB	BD	DV	
X					

Approved: B3/hwDate: 03/09/2004

Section 1 - Bureau of Records and Hearings Services Completes

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001

Expiration: 04/10/2002

Last Day to Suspend: 10/09/2001

Referred to:

("C") indicates OPR

AUS	CAF	CCA	CMP	(ECR)	EXT	GCL	MMS	PIF
X				X		X		

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program Module A1(a)

**WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT
IT IS TENTATIVE AND SUBJECT TO REVISION.
FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770**

Staff Assignments

OPR Staff T Merchant, B Fletcher
J Lingo, P Stallcup
M Willis

Staff Counsel R Jaeger

OCRs (AUS) J Rohrbacher, D Vandiver

Recommended assignments for hearing and/or deciding this case:

Full Commission X Commission Panel
Hearing Examiner Staff

Date filed with CCA: 03/25/2004

Initials: OPR
Staff Counsel

12 Current CASR revision level

Due Dates
Previous Current

1. Staff Recommendation	03/25/2004	05/20/2004
2. Agenda	04/06/2004	06/01/2004
3. Standard Order	04/26/2004	06/21/2004
4. Revised CASR Due	05/04/2004	07/01/2004
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Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg	Staff
ALL	BZ	DS	JB	BD	DV	Exam	
X							

- Prehearing Officer

Commissioners					ADM
BZ	DS	JB	BD	DV	
X					

Where panels are assigned the senior Commissioner is Panel Chairman: the identical panel decides the case.

Where one Commissioner, a Hearing Examiner or a Staff Member is assigned the full Commission decides the case.

Approved: BB/lws

Date: Pending 3/29/04

Section 1 - Bureau of Records Complete

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.
 Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001
 Last Day to Suspend: 10/09/2001
 Referred to:
 ("()") indicates OPR)

Expiration: 04/10/2002

CCA CMP (ECR) FLL GCL MMS PIF RCA SCR
 ("()") indicates OPR) ☐ ☐ ☒ ☐ ☒ ☐ ☐ ☒ ☐

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program Module A1(a)

**WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT
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 FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770**

Staff Assignments

OPR Staff T Merchant, B Fletcher
 J Lingo, P Stallcup
 M Willis

Staff Counsel R Jaeger

OCRs (RCA) J Rohrbacher, D Vandiver

13 Current CASR revision level

Due Dates
 Previous Current

1. *Standard Order - Motion for extension of time	SAME	10/20/2003
2. *Rev. Staff Rec.-Interim Refunds (Deferred 8/5/	10/22/2003	11/20/2003
3. *Staff Recommendation - Release Escrowed Funds	SAME	11/26/2003
4. *Agenda-Interim Refunds (Issue Deferred to 1/20	11/03/2003	12/02/2003
5. *Agenda - Release Escrowed Funds	SAME	12/02/2003
6. *Standard Order - Release Escrowed Funds	SAME	12/22/2003
7. *Revised Staff Recommendation	SAME	01/08/2004
8. *Agenda - Interim Refunds (Deferred from 12/2/0	SAME	01/20/2004
9. *PAA Order - Interim Refunds	SAME	02/09/2004
10. *Protest Filed	SAME	02/26/2004
11. *Staff Recommendation	03/25/2004	05/20/2004
12. *Agenda	04/06/2004	06/01/2004
13. *Staff Recommendation	SAME	06/17/2004
14. *Standard Order	04/26/2004	06/21/2004
15. *Agenda	SAME	06/29/2004
16. *PAA Order	SAME	07/19/2004
17. Consummating Order if No Protest	SAME	08/14/2004
18. Staff Recommendation - Motion & Briefs	NONE	08/19/2004
19. Agenda - Motion & Briefs	NONE	08/31/2004
20. Standard Order - Motion & Briefs	NONE	09/20/2004
21. Close Docket or Revise CASR	NONE	10/25/2004
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Recommended assignments for hearing
 and/or deciding this case:

Full Commission X Commission Panel
 Hearing Examiner Staff

Date filed with CCA: 07/22/2004

Initials: OPR
 Staff Counsel

Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg	Staff
ALL	BZ	DS	JB	BD	DV	Exam	
X							

Where panels are assigned the senior Commissioner is Panel Chairman:
 the identical panel decides the case.

Where one Commissioner, a Hearing Examiner or a Staff Member is
 assigned the full Commission decides the case.

- Prehearing Officer

Commissioners					ADM
BZ	DS	JB	BD	DV	
X					

Approved: 13B/AmDate: 07/22/2004

Section 1 - Bureau of Records Completes

Docket No: 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001Expiration: 04/10/2002Last Day to Suspend: 10/09/2001

Referred to:

("O" indicates OPR)

CCA	CMP	(ECR)	FLL	GCL	MMS	PIF	RCA	SCR
		X		X			X	

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program Module A1(a)

**WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT
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FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770**

Staff Assignments

OPR Staff T Merchant, B Fletcher
J Lingo, P Stallcup
M Willis

Staff Counsel R Jaeger

OCRs (RCA) J Rohrbacher, D Vandiver

Recommended assignments for hearing
and/or deciding this case:

Full Commission X Commission Panel
Hearing Examiner Staff

Date filed with CCA: 07/22/2004

Initials: OPR

Staff Counsel

13 Current CASR revision level

	Due Dates	
	Previous	Current
1. *MFRs Due	07/31/2001	08/10/2001
2. *Order Establishing Procedure	SAME	08/22/2001
3. *1 st Order Establishing New Controlling Dates	SAME	08/28/2001
4. *Staff Recommendation - Suspend Rates	SAME	09/20/2001
5. *Agenda - Suspend	SAME	10/02/2001
6. *Staff Recommendation - Interim Rates	SAME	10/04/2001
7. *Agenda - Interim Rates (Deferred to 11/6/01)	SAME	10/16/2001
8. *Audit Report Due	10/02/2001	10/18/2001
9. *Standard Order - Suspend Rates	SAME	10/22/2001
10. *Staff Recommendation - Interim Rates	SAME	10/25/2001
11. *Agenda - Interim Rates (Deferred from 10/16/01)	SAME	11/06/2001
12. *Testimony - Intervenor & Exhibits	10/18/2001	11/07/2001
13. *FAW Notice Filed - Prehearing	10/23/2001	11/20/2001
14. *Testimony - Staff Direct & Exhibits	11/01/2001	11/21/2001
15. *Standard Order - Interim Rates	11/05/2001	11/26/2001
16. *FAW Notice Filed - Hearing	10/30/2001	12/03/2001
17. *Notice of Prehearing	11/14/2001	12/06/2001
18. *Prehearing Statements	11/14/2001	12/07/2001
19. *Pre-hearing	11/20/2001	12/12/2001
20. *Prehearing	11/28/2001	12/20/2001
21. *Testimony - Rebuttal	SAME	12/21/2001
22. *Notice of Hearing	11/20/2001	12/21/2001
23. *Transcript of Prehearing Due	12/03/2001	12/31/2001
24. *Prehearing Order	12/05/2001	01/03/2002
25. *Hearing (01/09-11/2002)	12/10/2001	01/09/2002
26. *Transcript of Hearing Due	12/27/2001	01/25/2002
27. *Briefs Due	01/17/2002	02/08/2002
28. *Staff Recommendation - Final	03/07/2002	03/21/2002
29. *Agenda - Final	03/19/2002	04/02/2002
30. *Final Order - Close if No Appeal Filed	04/20/2002	04/22/2002
31. *Notice of Administrative Appeal of Order 02-05	SAME	05/29/2002
32. *Staff Recommendation - Motion for Stay	SAME	07/11/2002
33. *Agenda - Motion for Stay	SAME	07/23/2002
34. *Order Denying in Part/Granting in Part M/Stay	SAME	08/12/2002
35. *Implementation of Customer Service Measures Due	SAME	11/20/2002
36. *Staff Recommendation - Post-Hearing Decision	SAME	07/23/2003
37. *Agenda-Post-Hrg Decision (Deferred, Staff Advi	SAME	08/05/2003
38. *Staff Recom - Motion for extension of time	SAME	09/18/2003
39. *Agenda - Motion for extension of time	SAME	09/30/2003
40. *Preliminary Refund Report Due	SAME	10/10/2003

Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg	Staff
ALL	BZ	DS	JB	BD	DV	Exam	
X							

Where panels are assigned the senior Commissioner is Panel Chairman:
the identical panel decides the case.

Where one Commissioner, a Hearing Examiner or a Staff Member is
assigned the full Commission decides the case.

- Prehearing Officer

Commissioners					ADM
BZ	DS	JB	BD	DV	
X					

Approved: _____

Date: 07/22/2004

Section 1 - Bureau of Records Complete

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001

Expiration: 04/10/2002

Last Day to Suspend: 10/09/2001

Referred to:

("O") indicates OPR

CCA	CMP	(ECR)	FLL	GCL	MMS	PIF	RCA	SCR
		X		X			X	

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program Module A1(a)

WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT
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FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770

Staff Assignments

OPR Staff T Merchant, B Fletcher

14 Current CASR revision level

Due Dates

Previous Current

J Lingo, P Stallcup
M Willis

1.	Staff Recommendation - Motion & Briefs	08/19/2004	09/09/2004
2.	Agenda - Motion & Briefs	08/31/2004	09/21/2004
3.	Standard Order - Motion & Briefs	09/20/2004	10/11/2004
4.	Close Docket or Revise CASR	10/25/2004	11/16/2004
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Staff Counsel R Jaeger

OCRs (RCA) J Rohrbacher, D Vandiver
OCRs

Recommended assignments for hearing and/or deciding this case:

Full Commission X Commission Panel
Hearing Examiner Staff

Date filed with CCA: 08/04/2004

Initials: OPR

Staff Counsel

Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg Exam	Staff
ALL	BZ	DS	JB	BD	DV		
X							

- Prehearing Officer

Commissioners					ADM
BZ	DS	JB	BD	DV	
X					

Where panels are assigned the senior Commissioner is Panel Chairman: the identical panel decides the case.

Where one Commissioner, a Hearing Examiner or a Staff Member is assigned the full Commission decides the case.

Approved: BIB/Amr

Date: 08/16/2004

Section 1 - Bureau of Records Completes

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001

Expiration: 04/10/2002

Last Day to Suspend: 10/09/2001

Referred to:

("O" indicates OPR)

CCA	CMP	(ECR)	FLL	GCL	MMS	PIF	RCA	SCR
		X		X			X	

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program Module AI(a)

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FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770

Staff Assignments

Due Dates

OPR Staff	Staff Assignments	15	Current CASR revision level	Due Dates	
				Previous	Current
	T Merchant, B Fletcher				
	J Lingo, P Stallcup				
	M Willis	1.	Staff Recommendation - Motion & Briefs	09/09/2004	09/23/2004
		2.	Agenda - Motion & Briefs	09/21/2004	10/05/2004
		3.	Standard Order - Motion & Briefs	10/11/2004	10/25/2004
		4.	Close Docket or Revise CASR	11/16/2004	11/30/2004
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Staff Counsel	R Jaeger	8.			
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OCRs (RCA)	J Rohrbacher, D Vandiver	11.			
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Recommended assignments for hearing and/or deciding this case:

Full Commission X Commission Panel
Hearing Staff

Date filed with CCA: 09/02/2004

Initials OPR

Staff Counsel

Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg Exam	Staff
ALL	BZ	DS	JB	BD	DV		
X							

Prehearing Officer

Commissioners					ADM
BZ	DS	JB	BD	DV	
X					

Where panels are assigned the senior Commissioner is Panel Chairman: the identical panel decides the case.

Where one Commissioner, a Hearing Examiner or a Staff Member is assigned the full Commission decides the case.

Approved: BB/Rms

Date: Pending

9/14/04

Section 1 - Bureau of Records Completes

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001

Expiration: 04/10/2002

Last Day to Suspend: 10/09/2001

Referred to:

("C") indicates OPR

CCA	CMP	(ECR)	FLL	GCL	MMS	PIF	RCA	SCR
		X		X			X	

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program Module A1(a)

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FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770

Staff Assignments

OPR Staff	Staff Assignments	16	Current CASR revision level	Due Dates	
				Previous	Current
	T Merchant, B Fletcher				
	J Lingo, P Stallcup				
	M Willis	1.	Staff Recommendation	NONE	10/21/2004
		2.	Standard Order - Motion & Briefs	10/11/2004	10/25/2004
		3.	Agenda	NONE	11/02/2004
		4.	Standard Order	NONE	11/22/2004
		5.	Close Docket or Revise CASR	11/16/2004	11/30/2004
		6.			
		7.			
Staff Counsel	R Jaeger	8.			
		9.			
		10.			
OCRs (RCA)	J Rohrbacher, D Vandiver	11.			
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Recommended assignments for hearing and/or deciding this case:

Full Commission X Commission Panel
Hearing Staff

Date filed with CCA: 10/19/2004

Initials OPR

Staff Counsel

Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg Exam	Staff
ALL	BZ	DS	JB	BD	DV		
X							

Prehearing Officer

Commissioners					ADM
BZ	DS	JB	BD	DV	
X					

Where panels are assigned the senior Commissioner is Panel Chairman:
the identical panel decides the case.
Where one Commissioner, a Hearing Examiner or a Staff Member is
assigned the full Commission decides the case.

Approved: BIB/Am

Date: 10/19/2004

Section 1 - Bureau of Records Completes

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001

Expiration: 04/10/2002

Last Day to Suspend: 10/09/2001

Referred to:

("O") indicates OPR

CCA	CMP	(ECR)	FLL	GCL	MMS	PIF	RCA	SCR
		X		X			X	

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program Module Al(a)

WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT
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FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770

Staff Assignments

OPR Staff	T Merchant, B Fletcher J Lingo, P Stallcup M Willis	17	Current CASR revision level	Due Dates	
				Previous	Current
Staff Counsel	R Jaeger, S Cibula	1.	Testimony - Company/Intervenor	NONE	12/16/2004
		2.	Testimony - Staff	NONE	01/13/2005
		3.	Notice of Service Hearings	NONE	01/13/2005
		4.	Service Hearings (01/27-28/05)	NONE	01/27/2005
		5.	Testimony - Rebuttal	NONE	02/03/2005
		6.	Prehearing Statements	NONE	02/10/2005
		7.	Notice of Prehearing and Hearing	NONE	02/10/2005
		8.	Discovery Actions Complete	NONE	02/22/2005
		9.	Prehearing	NONE	02/24/2005
		10.	Transcript of Prehearing Due	NONE	03/01/2005
OCRs (RCA)	J Rohrbacher, D Vandiver	11.	Prehearing Order	NONE	03/03/2005
		12.	Hearing (03/8,9,10/05)	NONE	03/08/2005
		13.	Transcript of Hearing Due	NONE	03/24/2005
		14.	Briefs Due	NONE	04/07/2005
		15.	Staff Recommendation	NONE	05/19/2005
		16.	Agenda	NONE	05/31/2005
		17.	Standard Order	NONE	06/20/2005
		18.	Close Docket or Revise CASR	11/30/2004	07/22/2005
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Recommended assignments for hearing and/or deciding this case:

Full Commission X Commission Panel
Hearing Staff

Date filed with CCA: 12/02/2004

Initials OPR

Staff Counsel

Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg Exam	Staff
ALL	BZ	DS	BD	DV	ED		
X							

Prehearing Officer

Commissioners					ADM
BZ	DS	BD	DV	ED	
X					

Where panels are assigned the senior Commissioner is Panel Chairman: the identical panel decides the case.

Where one Commissioner, a Hearing Examiner or a Staff Member is assigned the full Commission decides the case.

Approved: BIB/Am
Date: 12/02/2004

Case Scheduling/Rescheduling Advice

Last Revised 01/07/2005 at 10:12

Page 1 of 1

Printed on 01/07/2005 at 10:17

To: ☒ Commissioner Deason ☒ Deputy Executive Director/EXA ☒ Economic Regulation Director
☒ Commissioner Bradley ☒ General Counsel Director ☐ External Affairs Director
☒ Commissioner Davidson ☒ Auditing & Safety Director ☒ Court Reporter
☒ Commissioner Edgar ☒ Comm. Clerk & ADM Services ☒ Staff Contact - Ralph Jaeger
☒ Executive Director ☐ Competitive Markets/Enforcement ☐
☒ Public Information Officer ☒ Consumer Affairs Director ☐

From: Office of Chairman Braulio Baez

Docket Number: 010503-WU

Docket Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

1. Schedule Information

Event	Former Date	New Date	Location	Time
Prehearing Conference		02/24/2005	Tallahassee, Room 152	9:30 AM - 11:00 AM
Hearing		03/08/2005	N. Port Richey	10:00 AM - 8:00 PM
Hearing		03/09/2005	N. Port Richey	10:00 AM - 8:00 PM
Hearing		03/10/2005	N. Port Richey	10:00 AM - 8:00 PM

2. Hearing/Prehearing Assignment Information

Former Assignments

Hearing Officers

Commissioners						Hearing Exam.	Staff
ALL	BZ	DS	BD	DV	ED		

Current Assignments

Commissioners						Hearing Exam.	Staff
ALL	BZ	DS	BD	DV	ED		
X							

Prehearing Officer

Commissioners					
BZ	DS	BD	DV	ED	ADM

Commissioners					
BZ	DS	BD	DV	ED	ADM
		X			

Reason for Revision: A. New Assignment 1. Unavailability 2. Good Cause 3. Recused 4. Disqualified 5. See Remarks

Remarks:

Service hearings will be held at 10:00 AM and 6:00 PM on 3/8/05. (Hearing dates previously scheduled in Docket 020896-WS which was closed by vote at the 1/4/05 agenda.)

Case Scheduling/Rescheduling Advice

Last Revised 01/14/2005 at 14:22

Page 1 of 1

Printed on 01/18/2005 at 08:50

To: ☒ Commissioner Deason ☒ Deputy Executive Director/EXA ☒ Economic Regulation Director
☒ Commissioner Bradley ☒ General Counsel Director ☐ External Affairs Director
☒ Commissioner Davidson ☒ Auditing & Safety Director ☒ Court Reporter
☒ Commissioner Edgar ☒ Comm. Clerk & ADM Services ☒ Staff Contact - Ralph Jaeger
☒ Executive Director ☐ Competitive Markets/Enforcement ☐
☒ Public Information Officer ☒ Consumer Affairs Director ☐

From: Office of Chairman Braulio Baez

Docket Number: 010503-WU

Docket Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

1. Schedule Information

Event	Former Date	New Date	Location	Time
Hearing		03/08/2005	Tallahassee, Room 148	9:30 AM - 5:00 PM
Hearing	03/09/2005	Cancelled	N. Port Richey	10:00 AM - 8:00 PM
Hearing	03/10/2005	Cancelled	N. Port Richey	10:00 AM - 8:00 PM

2. Hearing/Prehearing Assignment Information

Hearing Officers

Former Assignments							
Commissioners						Hearing Exam.	Staff
ALL	BZ	DS	BD	DV	ED		

Current Assignments

Commissioners						Hearing Exam.	Staff
ALL	BZ	DS	BD	DV	ED		
X							

Prehearing Officer

Commissioners					
BZ	DS	BD	DV	ED	ADM

Commissioners					
BZ	DS	BD	DV	ED	ADM
		X			

Reason for Revision: A. New Assignment 1. Unavailability 2. Good Cause 3. Recused 4. Disqualified 5. See Remarks

Remarks: Hearing moved from New Port Richey to Tallahassee; last two days canceled.

Section 1 - Bureau of Records Completes

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001

Expiration: 04/10/2002

Last Day to Suspend: 10/09/2001

Referred to:

("O" indicates OPR)

CCA	CMP	(ECR)	FLL	GCL	MMS	PIF	RCA	SCR
		X		X			X	

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program Module Al(a)

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FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770

Staff Assignments

OPR Staff	T Merchant, B Fletcher T Walden, M Willis	18	Current CASR revision level	Due Dates	
				Previous	Current
		1.	Testimony - Staff	01/13/2005	01/25/2005
		2.	FAW Notice of Prehearing Filed	02/10/2005	01/25/2005
		3.	Standard Order - Aloha's stay	SAME	02/07/2005
		4.	FAW Notice of Hearing Filed	NONE	02/08/2005
		5.	Notice of Prehearing	NONE	02/10/2005
		6.	Testimony - Rebuttal	02/03/2005	02/15/2005
		7.	Prehearing Statements	02/10/2005	02/15/2005
Staff Counsel	R Jaeger, C Moore	8.	Discovery Actions Complete	SAME	02/22/2005
		9.	Notice of Hearing	NONE	02/22/2005
		10.	Prehearing	SAME	02/24/2005
OCRs		11.	Transcript of Prehearing Due	SAME	03/01/2005
		12.	Prehearing Order	SAME	03/03/2005
		13.	Hearing	SAME	03/08/2005
		14.	Transcript of Hearing Due	SAME	03/24/2005
		15.	Briefs Due	SAME	04/07/2005
		16.	Staff Recommendation	SAME	05/19/2005
		17.	Agenda	SAME	05/31/2005
		18.	Standard Order	SAME	06/20/2005
		19.	Close Docket or Revise CASR	11/30/2004	07/22/2005
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Recommended assignments for hearing and/or deciding this case:

Full Commission X Commission Panel
Hearing Staff

Date filed with CCA: 01/24/2005

Initials OPR

Staff Counsel

Section 3 - Chairman Completes

Assignments are as follows:

CSRA

Prehearing Officer

Commissioners						Hrg Exam	Staff
ALL	BZ	DS	BD	DV	ED		
X							

Commissioners						ADM
BZ	DS	BD	DV	ED		
		X				

Where panels are assigned the senior Commissioner is Panel Chairman:
the identical panel decides the case.
Where one Commissioner, a Hearing Examiner or a Staff Member is
assigned the full Commission decides the case.

Approved: B3/rmr

Date: 01/24/2005

Section 1 - Bureau of Records Complete

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001

Expiration: 04/10/2002

Last Day to Suspend: 10/09/2001

Referred to:

('O' indicates OPR)

CCA	CMP	(ECR)	GCL	PIF	RCA	SCR	SGA
		X	X		X		

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program Module A1(a)

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FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770

Staff Assignments

OPR Staff

B Fletcher, T Rendell
T Walden, M Willis

19 Current CASR revision level

Due Dates
Previous Current

Staff Counsel

R Jaeger, C Moore

OCRs

Recommended assignments for hearing
and/or deciding this case:

Full Commission X Commission Panel
Hearing Staff

Date filed with CCA: 07/21/2005

Initials OPR

Staff Counsel

Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg Exam	Staff
ALL	BZ	DS	BD	ED	--		
X							

Prehearing Officer

Commissioners					ADM
BZ	DS	BD	ED	--	
		X			

Where panels are assigned the senior Commissioner is Panel Chairman:
the identical panel decides the case.

Where one Commissioner, a Hearing Examiner or a Staff Member is
assigned the full Commission decides the case.

Approved:

Date:

1313/Am
07/21/2005

Section 1 - Bureau of Records Complete

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001

Expiration: 04/10/2002

Last Day to Suspend: 10/09/2001

Referred to:

("O" indicates OPR)

CCA

CMP

(ECR)

GCL

PIF

RCA

SCR

SGA

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program Module A1(a)

WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT
IT IS TENTATIVE AND SUBJECT TO REVISION.

FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770

Staff Assignments

OPR Staff

B Fletcher, T Rendell

T Walden, M Willis

20 Current CASR revision level

Due Dates

Previous Current

Staff Counsel

R Jaeger, C Moore

OCRs

Recommended assignments for hearing
and/or deciding this case:

Full Commission X Commission Panel
Hearing Staff

Date filed with CCA: 07/27/2005

Initials OPR

Staff Counsel

Section 3 - Chairman Completes

Assignments are as follows:

CSKA

- Hearing Officer(s)

Commissioners						Hrg Exam	Staff
ALL	BZ	DS	BD	ED	--		
X							

Prehearing Officer

Commissioners					ADM
BZ	DS	BD	ED	--	
		X			

Where panels are assigned the senior Commissioner is Panel Chairman:
the identical panel decides the case.

Where one Commissioner, a Hearing Examiner or a Staff Member is
assigned the full Commission decides the case.

Approved:

Date:

B3/2005
07/27/2005

Section 1 - Bureau of Records Complete

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001

Expiration: 04/10/2002

Last Day to Suspend: 10/09/2001

Referred to:

("O" indicates OPR)

CCA

CMP

(ECR)

GCL

PIF

RCA

SCR

SGA

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program Module A1(a)

WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT
IT IS TENTATIVE AND SUBJECT TO REVISION.
FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770

Staff Assignments

OPR Staff

B Fletcher, T Rendell
T Walden, M Willis

[21] Current CASR revision level

Due Dates

Previous Current

Staff Counsel

R Jaeger, C Moore
M Stern

OCRs

Recommended assignments for hearing and/or deciding this case:

Full Commission X Commission Panel
Hearing Staff

Date filed with CCA: 08/29/2005

Initials OPR

Staff Counsel

Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg Exam	Staff
ALL	BZ	DS	BD	ED	--		
X							

Prehearing Officer

Commissioners					ADM
BZ	DS	BD	ED	--	
		X			

Where panels are assigned the senior Commissioner is Panel Chairman: the identical panel decides the case.

Where one Commissioner, a Hearing Examiner or a Staff Member is assigned the full Commission decides the case.

Approved:

Date:

BIB / hmr
08/29/2005

Section 1 - Bureau of Records Complete

Docket No. 010503-WU Date Docketed: 04/16/2001 Title: Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Company: Aloha Utilities, Inc.

Official Filing Date: 08/10/2001

Expiration: 04/10/2002

Last Day to Suspend: 10/09/2001

Referred to:

("C") indicates OPR

CCA	CMP	(ECR)	GCL	PIF	RCA	SCR	SGA
		X	X		X		

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program Module Al(a)

WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT
IT IS TENTATIVE AND SUBJECT TO REVISION.
FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770

Staff Assignments

OPR Staff	B Fletcher, T Rendell T Walden, M Willis	22	Current CASR revision level	Due Dates	
				Previous	Current
		1.	Discovery Actions Complete	SAME	02/22/2005
		2.	Close Docket or Revise CASR	07/20/2006	08/03/2006
		3.			
		4.			
		5.			
		6.			
		7.			
Staff Counsel	R Jaeger, C Moore M Stern	8.			
		9.			
		10.			
		11.			
OCRs		12.			
		13.			
		14.			
		15.			
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		38.			
		39.			
		40.			

Recommended assignments for hearing and/or deciding this case:

Full Commission X Commission Panel
Hearing Staff

Date filed with CCA: 11/08/2005

Initials OPR

Staff Counsel

Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Commissioners						Hrg Exam	Staff
ALL	BZ	DS	BD	ED	AR		
X							

Prehearing Officer

Commissioners					ADM
BZ	DS	BD	ED	AR	
		X			

Where panels are assigned the senior Commissioner is Panel Chairman:
the identical panel decides the case.
Where one Commissioner, a Hearing Examiner or a Staff Member is
assigned the full Commission decides the case.

Approved: 1313/Am
Date: Pending 11/22/05

CCA Official Filing

1/21/2005 8:26 AM*****

Matilda Sanders*1

Matilda Sanders

0076-FOF

From: Mary Diskerud
Sent: Friday, January 21, 2005 8:21 AM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

10

Date and Time: 1/21/2005 8:21:00 AM
Docket Number: 020896-WS and 010503-WU
Filename / Path: 020896 Final Order.smc.doc

Copied to gorders

5/22

5/22

Pasco CO.

Matilda Sanders

0709-FOF

From: Janice Banka
Sent: Wednesday, June 29, 2005 3:05 PM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

33

Date and Time: 6/29/2005 3:03:00 PM
Docket Number: 010503-WU
Filename / Path: 2001/010503/010503or.rrj.doc

Final Order Setting Water Quality Goal and Requiring Testing and Reporting.

PLEASE ISSUE THIS ORDER TODAY IF POSSIBLE.

Number of pages in order -33.

Thanks "J"

Janice R. Banka
Deputy Clerk
Florida Public Service Commission
Office of the General Counsel
Economic Regulation Section
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
850-413-6210 (voice)
850-413-6211 (fax)
jbanka@psc.state.fl.us

9 - mailed
2 - Clerks.

Matilda Sanders

0547-PCO

From: Janice Banka
Sent: Thursday, May 19, 2005 8:42 AM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

6

RECEIVED-PPSC

05 MAY 19 AM 10:43

Date and Time: 5/19/2005 8:41:00 AM
Docket Number: 010503-WU
Filename / Path: 2001/010503/010503ms2.rvj.doc
Order Type: Signed / Hand Deliver

COMMISSION
CLERK

Order Granting in Part and Denying in Part Aloha's Motion to Strike.

Number of pages in order - 5.

Thanks "J"

Janice R. Banka
Deputy Clerk
Florida Public Service Commission
Office of the General Counsel
Economic Regulation Section
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
850-413-6210 (voice)
850-413-6211 (fax)
jbanka@psc.state.fl.us

4/4

Matilda Sanders

0464 - PCO

From: Janice Banka
Sent: Thursday, April 28, 2005 3:42 PM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

3

Date and Time: 4/28/2005 3:40:00 PM
Docket Number: 010503-WU
Filename / Path: 2001/010503/010503supor.rvj.doc
Order Type: Signed / Hand Deliver

COMMISSION
CLERK

US APR 29 AM 11:04

RECEIVED-FPSC

Order Granting OPC's Motion to Supplement Post-Hearing Statements and Denying Aloha's Motion to Strike.

Number of pages in order - 3.

Thanks "J"

Janice R. Banka
Deputy Clerk
Florida Public Service Commission
Office of the General Counsel
Economic Regulation Section
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
850-413-6210 (voice)
850-413-6211 (fax)
jbanka@psc.state.fl.us

4/4.

CCA Official Filing
3/1/2005 3:04 PM*****

3:04 PM*****

Timolyn Henry*****1

Timolyn Henry

PSC-05-0235-PHO-WU

RECEIVED-PPSC
03 MAR -1 PM 3:34

From: Janice Banka
Sent: Tuesday, March 01, 2005 3:01 PM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

Date and Time: 3/1/2005 2:59:00 PM
Docket Number: 010503-WU
Filename / Path: 2001/010503/010503phorder.rrj.doc
Order Type: Signed / Hand Deliver

COMMISSION
CLERK

Prehearing Order.

Number of pages in order - 14.

Thanks "J"

Janice R. Banka
Deputy Clerk
Florida Public Service Commission
Office of the General Counsel
Economic Regulation Section
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
850-413-6210 (voice)
850-413-6211 (fax)
jbanka@psc.state.fl.us

4/6.

CCA Official Filing

2/28/2005 3:06 PM

Matilda Sanders

***1

RECEIVED-FPSC

Matilda Sanders

PSC-05-0231-CFO-WU

05 FEB 28 PM 3:28

From: Mary Diskerud
Sent: Monday, February 28, 2005 2:53 PM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

COMMISSION
CLERK

Date and Time: 2/28/2005 2:53:00 PM
Docket Number: 010503-WU
Filename / Path: 010503order.smc.doc
Order Type: Signed / Hand Deliver

7pg

Copied to gcorders

4/5.

Marguerite Lockard

From: Janice Banka
Sent: Monday, February 21, 2005 8:37 AM
To: CCA - Orders / Notices; Sandy Moses; Jane Faurot
Subject: Order / Notice Submitted

Date and Time: 2/21/2005 8:36:00 AM
Docket Number: 010503-WU
Filename / Path: 2001/010503/010503hearingnot.rvj.doc
Notice Type: Hearing

Notice of Hearing.

Number of pages in Notice - 3.

Thanks "J"

Janice R. Banka
Deputy Clerk
Florida Public Service Commission
Office of the General Counsel
Economic Regulation Section
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
850-413-6210 (voice)
850-413-6211 (fax)
jbanka@psc.state.fl.us

map.w/s
NH -
26/10.
8 public
officials
Pasco
County.

Matilda Sanders

From: Janice Banka
Sent: Tuesday, February 08, 2005 10:04 AM
To: CCA - Orders / Notices; Sandy Moses
Subject: FW: Notice of Prehearing Conference

2 pgs



010503prehe
gnotice.rrj.doc

CCS ✓

Sorry, I forgot to put in the file name for the Notice for Prehearing Conference.
Docket No. 010503-WU
File Name: 2001/010503/010503prehearingnotice.rrj.doc.
This has been transferred to the GCOrders file.
Thanks "J"

-----Original Message-----

From: Janice Banka
Sent: Tuesday, February 08, 2005 9:57 AM
To: CCA - Orders / Notices; Sandy Moses
Subject: Notice of Prehearing Conference

Please see the attached Notice for Prehearing Conference in Docket No. 010503-WU. Sorry,
but my Microsoft Order/Notice feature isn't working today. Thanks "J"

Janice R. Banka
Deputy Clerk
Florida Public Service Commission
Office of the General Counsel
Economic Regulation Section
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
850-413-6210 (voice)
850-413-6211 (fax)
jbanka@psc.state.fl.us

4/6

CCA Official Filing

2/7/2005 10:20 AM*****

Matilda Sanders*1

Matilda Sanders

0144-PCO

From: Janice Banka
Sent: Monday, February 07, 2005 9:26 AM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

3

Order Granting Motion for Stay.

010503-00

Number of pages in order - 3.

Thanks "J"

4/5

CCA Official Filing

1/31/2005 2:09 PM*****

****Matilda Sanders***1**

Matilda Sanders

0129-PC RECEIVED-FPSC

From: Janice Banka
Sent: Monday, January 31, 2005 1:55 PM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

05 JAN 31 PM 2:18

COMMISSION
CLERK

Date and Time: 1/31/2005 1:54:00 PM
Docket Number: 010503-WU
Filename / Path: 2001/010503/010503motionor.rrj.doc
Order Type: Signed / Hand Deliver

Order Granting Commission Staff's Motion for Extension of Time to File Testimony and Revising Testimony Due Dates.

Number of pages in order - 2.

Thanks "J"

4/5

CCA Official Filing

1/19/2005 1:47 PM*****

1:47 PM*****

Timolyn Henry*****1

Timolyn Henry

0069-PCd

RECEIVED-FFSC
JAN 19 PM 1:47

From: Jackie Schindler
Sent: Wednesday, January 19, 2005 1:45 PM
To: CCA - Orders / Notices; Janice Banka; Sandy Moses
Subject: Order / Notice Submitted

3

COMMISSION
CLERK

An ORDER CONFIRMING HEARING AND CONTROLLING DATES IN THIS DOCKET has been signed and moved to GC Orders for issuance TODAY. Patti is bringing the Order to you shortly.

Thanks.

js

4/5

Marguerite Lockard

PSC-04-1050-FOF-WU

From: Janice Banka
Sent: Tuesday, October 26, 2004 1:23 PM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

010503-WU

Final Order Requiring Additional Refunds.

Number of pages in order - 19.

Thanks "J"

4/6

Marguerite Lockard

From: Mary Diskerud
Sent: Thursday, September 30, 2004 1:45 PM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

Memo noticing informal meeting. Only Parties of Record should receive this notice.

3 pag

5/18

Marguerite Lockard

PSC-04-0745-PCO-WU

From: Janice Banka
Sent: Tuesday, August 03, 2004 3:37 PM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

RECEIVED-FISC

AUG -3 PM 3:39

Date and Time: 8/3/2004 3:35:00 PM
Docket Number: 010503-WU
Filename / Path: 010503met.rvj.doc
Order Type: Signed / Hand Deliver

COMMISSION
CLERK

ORDER GRANTING OPC'S MOTION FOR EXTENSION OF TIME.

Number of pages in order - 2.

THANKS "J"

THIS ORDER NEEDS TO BE ISSUED TODAY PER THE INSTRUCTION OF THE CHAIRMAN. RALPH JAEGER IS BRINGING DOWN THE HARD COPY NOW. :)

4/3

Matilda Sanders

0614 - PCD

From: Jackie Schindler
Sent: Monday, June 21, 2004 11:30 AM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

↑

Date and Time: 6/21/2004 11:28:00 AM
Docket Number: 010503-wu
Filename / Path: 010503or.rrj.doc

an order denying opc's motion to dismiss and denying aloha's petition for a formal hearing and setting matter for informal proceeding in accordance with section 120.57(2), f.s has been moved to gc orders for issuance today

js

Made Afs.
ports
4/4

Matilda Sanders

0122-PAA

From: Dorothy Menasco
Sent: Thursday, February 05, 2004 10:43 AM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

10

Date and Time: 2/5/2004 10:42:00 AM
Docket Number: 010503-WU
Filename / Path: 010503-or.mah

Notice of Proposed Agency Action Order Requiring Interim Refunds

Atty: Mary Anne Helton

WP
dm

Pages: 9

4/4 + 2 Pasco Clrks.

Marguerite Lockard

PSC-04-0108-PCO-WU

From: Janice Banka
Sent: Thursday, January 29, 2004 4:31 PM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

Date and Time: 1/29/2004 4:30:00 PM
Docket Number: 010503-WU
Filename / Path: 010503\010503gi.rrj
Order Type: Signed / Hand Deliver

RECEIVED-PSC
01 JAN 30 AM 10:31
COMMISSION
CLERK

Order Granting Intervention.

THIS ORDER IS IN WORDPERFECT.

Number of pages in order - 3.

Thanks "J"

6 mailed

12/15/2003*****

10:02 AM*****

Matilda Sanders*****1

Matilda Sanders

1410 - FOF

From: Janice Banka
Sent: Monday, December 15, 2003 9:37 AM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

Date and Time: 12/15/2003 9:36:00 AM
Docket Number: 010503-WS
Filename / Path: 010503\010503or.rvj

Order Releasing Portion of Escrowed Funds.

Number of pages in order - 5.

Thanks "J"

3/4 + 2 clerks Pasco

Marguerite Lockard

PSC-03-1157-PCO-WU

From: Dorothy Menasco
Sent: Monday, October 20, 2003 9:47 AM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

Date and Time: 10/20/2003 9:43:00 AM
Docket Number: 010503-WU
Filename / Path: 010503-OR.LAH

ORDER DENYING ALOHA UTILITIES, INC.'S MOTION FOR EXTENSION OF TIME TO
COMPLY WITH
ORDER NO. PSC-02-0593-FOF-WU

Atty: Lorena Holley

Pages: 7

3/3

CCA Official Filing:

8/5/02***** 12:40 PM*****Marguerite Lockard *****1

Marguerite Lockard

PSC-02-1056-PCO-WU

From: Janice Banka
Sent: Monday, August 05, 2002 11:43 AM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

14 pop

Date and Time: 8/5/02 11:39:00 AM
Docket Number: 010503-WU
Filename / Path: 010503or.rj

Order Granting In Part and Denying In Part Motion for Stay.

Number of pages in order - 14.

Thanks "J"

B/B

CCA Official Filing:

4/30/02***2:52 PM*****Matilda Sanders*****1**

Matilda Sanders

0593-42F

From: Dorothy Menasco
Sent: Tuesday, April 30, 2002 2:53 PM
To: CCA - Orders / Notices; Ralph Jaeger; Mary Anne Helton; Lorena Espinoza
Subject: Order / Notice Submitted

Date and Time: 4/30/02 2:42:00 PM
Docket Number: 010503-WU
Filename / Path: 010503-o.lae

attach's online

FINAL ORDER DENYING WATER RATE INCREASE, REQUIRING REFUNDS, APPROVING NEW RATE STRUCTURE AND CHARGES, INCREASING TEMPORARY SERVICE AVAILABILITY CHARGES SUBJECT TO REFUND, APPROVING CONSERVATION MEASURES, AND REQUIRING IMPLEMENTATION OF CUSTOMER SERVICE MEASURES has been transferred to GCOrders for issuance.

Attys: Lorena Espinoza & Ralph Jaeger

Pages: 105

6 mailed

CCA Official Filing:

2/6/02*****1:23 PM*****Matilda Sanders*****1

Matilda Sanders

02 - 0171 - PCD

From: Dorothy Menasco
Sent: Wednesday, February 06, 2002 1:21 PM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

Date and Time: 2/6/02 11:52:00 AM
Docket Number: 010503-WU
Filename / Path: 010503or.lae
Order Type: Signed / Hand Deliver

RECEIVED-PSC
at counter
2 pm
02 FEB - 6 PM 2:00
COMMISSION
CLERK

Order Granting Motion for Extension of Time to File Post-Hearing Briefs has been transferred to GCOrders for issuance.

Atty: Lorena

Pages: 3

3/3,

CCA Official Filing:

1/24/02***9:54 AM*****Kay Flynn*****1**

Kay Flynn

02-0111-PCO

From: Lysa White
Sent: Thursday, January 24, 2002 9:46 AM
To: CCA - Orders / Notices; LaSandra Givens
Subject: Order / Notice Submitted

3

Date and Time: 1/24/02 9:45:00 AM
Docket Number: 010503-WU
Filename / Path: I:\010503-WU
Order Type: Signed / Hand Deliver

RECEIVED FPSC
02 JAN 24 AM 10:55
COMMISSION
CLERK

The above Order Granting Motion for Extension of Time to File Late-Filed Exhibit No. 37 has been efiled. Signed copy will follow.

faxed -3/3.

02-0111-650

02-0111-650

CLERK
COMMISSION
MAY 10 1952

1. Name of Party
2. Date of Birth
3. Place of Birth
4. Date of Marriage
5. Date of Death
6. Date of Burial
7. Date of Cremation
8. Date of Interment
9. Date of Exhumation
10. Date of Reinterment
11. Date of Disinterment
12. Date of Removal
13. Date of Relocation
14. Date of Transfer
15. Date of Return
16. Date of Release
17. Date of Discharge
18. Date of Completion
19. Date of Final Review
20. Date of Final Approval

10/3-3/3

CCA Official Filing:

1/2/02*****1:59 PM*****Matilda Sanders*****1

Matilda Sanders

PSC-02-0016-PHO-WU

From: Dorothy Menasco
Sent: Wednesday, January 02, 2002 1:59 PM
To: CCA - Orders / Notices; Ralph Jaeger
Subject: Order / Notice Submitted

4D

Date and Time: 1/2/02 1:58:00 PM
Docket Number: 010503-WU
Filename / Path: 010503pho2.rj
Order Type: Signed / Hand Deliver

COMMISSION
CLERK

02 JAN -2 PM 3:28

RECEIVED-PPSC

The Prehearing Order in the above-referenced docket has been transferred to GCOrders for issuance.

Atty: Ralph Jaeger
Pages: 40

3/3

$$100 \cdot 0.05 = 5.00 \cdot 20 = 100$$

611 3:28 5-11-59

CLERK
COMMUNICATION

CCA Official Filing:

12/21/01***11:06 AM*****Matilda Sanders*****1**

Matilda Sanders

2502-PCO

From: Lysa White
Sent: Friday, December 21, 2001 11:04 AM
To: CCA - Orders / Notices; LaSandra Givens
Subject: Order / Notice Submitted

3

Date and Time: 12/21/01 11:04:00 AM
Docket Number: 010503-WU
Filename / Path: I:\010503OGI2.RRJ

The above Order Granting Intervention has been efiled.

forced = 2/3
mailed =

CCA Official Filing:

12/13/01***9:20 AM*****Matilda Sanders*****1**

Matilda Sanders

From: Lysa White
Sent: Thursday, December 13, 2001 9:21 AM
To: CCA - Orders / Notices; LaSandra Givens
Subject: Order / Notice Submitted

Date and Time: 12/13/01 9:20:00 AM
Docket Number: 010503-WU
Filename / Path: I:\010503HN.RRJ

The above Notice of hearing has been efiled.

cc✓

39/110

CCA Official Filing:

12/6/01*****9:52 AM*****Matilda Sanders*****1

Matilda Sanders

2350-PCd

From: Dorothy Menasco
Sent: Thursday, December 06, 2001 9:52 AM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

Date and Time: 12/6/01 9:49:00 AM
Docket Number: 010503-WU
Filename / Path: 010503or.lae
Order Type: Signed / Hand Deliver

RECEIVED-PPSC
01 DEC -6 AM 10:48
COMMISSION
CLERK

Order Granting in Part and Denying in Part Motion for Extension of Time to File Rebuttal Testimony, Denying Request for Oral Argument on Motion, and Third Order Establishing New Controlling Date for Filing Rebuttal Testimony has been transferred to GCOrders for issuance.

atty: Lorena
pages: 5

5
2f
3m

DEC-9 YH10:78

CCA Official Filing:

12/3/01***2:02 PM*****Matilda Sanders*****1**

Matilda Sanders

From: Lysa White
Sent: Monday, December 03, 2001 2:01 PM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

2

Date and Time: 12/3/01 2:00:00 PM
Docket Number: 010503-wu
Filename / Path: i:\010503np.rrj
Notice Type: Prehearing

The above Notice of Prehearing Conference has been copied to GCOrders and is ready to be issued. I'm sending down a hard copy as well.

5

2f
3m

CCA Official Filing:

11/29/01***9:50 AM*****Matilda Sanders*****1**

Matilda Sanders

2328 - Pco

From: Lysa White
Sent: Thursday, November 29, 2001 9:50 AM
To: CCA - Orders / Notices; LaSandra Givens
Subject: Order / Notice Submitted

3

Date and Time: 11/29/01 9:50:00 AM
Docket Number: 010503-wu
Filename / Path: i:\010503or2.rnj
Order Type: Signed / Hand Deliver

RECEIVED-FPSC
01 NOV 29 AM 10:41
COMMISSION
CLERK

The above Order Granting Motion for Ext. of Time, etc. has been efiled. Hard copy to follow.

forced - 3/3.
waived -

2023.01.10

CLERK
COMMISSION

100 SA MID-11

30

2023.01.10

CCA Official Filing:

11/13/01***12:33 PM*****Matilda Sanders*****1**

Matilda Sanders

2199-FOF

From: Lysa White
Sent: Tuesday, November 13, 2001 12:26 PM
To: CCA - Orders / Notices
Subject: Order / Notice Submitted

15

Date and Time: 11/13/01 12:25:00 PM
Docket Number: 010503-wu
Filename / Path: i:\010503io.rvj

The above order has been corrected and copied to GCOrders. (The macro for signature line was incorrect)

attach's online

3/3.

CCA Official Filing:

10/22/01*** 10:51 AM*****Linda Williams*****1**

Linda Williams

2092-PCD

From: Lysa White
Sent: Monday, October 22, 2001 10:51 AM
To: CCA - Orders / Notices; LaSandra Givens; Sharon Allbritton; Janet Harrison
Subject: Order / Notice Submitted

Date and Time: 10/22/01 10:50:00 AM
Docket Number: 010503-WU Rate increase-Aloha
Filename / Path: i:\010503o2.rrj

Happy Monday :)

The above order has been efiled.

3/3

CCA Official Filing:

10/5/01***11:01 AM*****Matilda Sanders*****1**

Matilda Sanders

1981-PCO

From: Lysa White
Sent: Friday, October 05, 2001 11:01 AM
To: CCA - Orders / Notices; Sharon Allbritton
Subject: Order / Notice Submitted

2

Date and Time: 10/5/01 11:00:00 AM
Docket Number: 010503-WU
Filename / Path: I:\010503OGI.RRJ

Happy Friday!!

The above Order Granting Intervention has been efiled.

3/3

CCA Official Filing:

8/28/01*****1:10 PM*****Matilda Sanders*****1

Matilda Sanders

1752 - PCO

From: Lysa White
Sent: Tuesday, August 28, 2001 11:49 AM
To: CCA - Orders / Notices; June Ariola; Janet Harrison
Subject: Order / Notice Submitted

3

Date and Time: 8/28/01 11:48:00 AM
Docket Number: 010503-WU Aloha
Filename / Path: i:\010503or.rj
Order Type: Signed / Hand Deliver

RECEIVED-FPSC
01 AUG 28 PM 1:34
COMMISSION
CLERK

The above Order Estab. New Controlling Dates has been efiled. Hard copy to follow since a commissioner signed the order.

212

5/13/01 1:10 PM Florida State Sheriff's Office

1322-PCO

Subject:
To:
From:

Order (Notes Subj. had
BGA - Order (Notes Subj. had
Thursday, August 28, 2003 11:42 AM
Lisa White

Order Type
Order Number
Order Date

Signature (Notes Subj. had
Order Number
Order Date

CLERK
COMMISSION

VUGS8 PM 1:34

RECEIVED 11:30

The above Order is a New Controlling Order has been filed 1 and copy to follow after a communication either in

3/1

CCA Official Filing:

8/28/01***1:16 PM*****Matilda Sanders*****1**

Matilda Sanders

1750 - PCO

From: Lysa White
Sent: Tuesday, August 28, 2001 1:17 PM
To: CCA - Orders / Notices; June Ariola; Janet Harrison
Subject: Order / Notice Submitted

Date and Time: 8/28/01 1:16:00 PM
Docket Number: i:\010503ai.rj Aloha
Filename / Path: i:\010503ai.rj

The above Order Acknowledging Intervention has been efiled.

3/2.

CCA Official Filing:

8/17/01***12:25 PM*****Matilda Sanders*****1**

Matilda Sanders

1686-PCD

From: Lysa White
Sent: Friday, August 17, 2001 12:06 PM
To: CCA - Orders / Notices; June Ariola
Subject: Order / Notice Submitted

9

RECEIVED-FPSC
01 AUG 17 PM 1:28
COMMISSION
CLERK

Date and Time: 8/17/01 12:06:00 PM
Docket Number: 010503-WU Aloha
Filename / Path: i:\010503oep.rrj
Order Type: Signed / Hand Deliver

The above Order Est. Proc. has been efiled. Original to follow.

2/1

RAR Official Filing:

5/15/01***** 4:20 PM*****Linda Williams*****1

H

Linda Williams

Pco

1121

From: Lysa White
Sent: Tuesday, May 15, 2001 3:19 PM
To: RAR - Orders-Notices
Cc: June Ariola; Janet Harrison
Subject: Orders in Dockets Nos. 010581 & 010503

3

wu

The orders saved in WP9 [REDACTED] as i:\010518oa.rrj & i:\010503oai.rrj have been filed electronically [REDACTED] with Records [REDACTED]. Have a great day [REDACTED]

S

2f
/m