

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for approval
of Reuse Project Plan and
increase in wastewater rates in
Pasco County by Aloha Utilities,
Inc.

DOCKET NO. 950615-SU
ORDER NO. PSC-97-0658-FOF-SU
ISSUED: June 9, 1997

The following Commissioners participated in the disposition of
this matter:

JULIA L. JOHNSON, Chairman
SUSAN F. CLARK
DIANE K. KIESLING

ORDER DENYING ALOHA UTILITIES, INC.'S PETITION
FOR RECONSIDERATION, GRANTING THE OFFICE OF PUBLIC COUNSEL'S
CROSS MOTION FOR RECONSIDERATION, RECONSIDERING ON THE COMMISSION'S
OWN MOTION, AND DENYING ALOHA UTILITIES' MOTION FOR STAY
BUT RECOGNIZING THAT A STAY OF THE REFUND REQUIREMENTS OF THE FINAL
ORDER WERE IN EFFECT PENDING ISSUANCE
OF THIS ORDER ON RECONSIDERATION

BY THE COMMISSION:

BACKGROUND

Aloha Utilities, Inc. (Aloha or utility), is a class A water
and wastewater utility located in Pasco County. The utility
consists of two distinct service areas -- Aloha Gardens and Seven
Springs.

On June 1, 1995, Aloha filed a reuse project plan (consisting
of three phases) and its application for increase in rates for
wastewater service to its Seven Springs customers pursuant to
Section 367.0817, Florida Statutes. On December 28, 1995, we
issued Proposed Agency Action (PAA) Order No. PSC-95-1605-FOF-SU
authorizing recognition of only Phase I of the project in rate
setting. In the PAA Order, we allowed Aloha to implement the
approved wastewater rates on a temporary basis subject to refund in
the event of a protest.

On January 10, 1996, Representative Mike Fasano, a customer of
the utility, filed a protest to the PAA order and requested an
administrative hearing on the reuse project plan. On April 30,

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1996, Mr. James Goldberg, President of the Wyndtree Master Community Association, filed a petition signed by 262 customers within Aloha's Seven Springs service area requesting that we investigate the utility's rates and water quality. This petition and request was assigned Docket No. 960545-WS.

For the purposes of hearing, Dockets Nos. 960545-WS and 950615-SU were consolidated by Order No. PSC-96-0791-FOF-WS, issued on June 18, 1996. The hearing was held on September 9-10, 1996 in New Port Richey and concluded on October 28, 1996 in Tallahassee. Briefs were filed by the parties on December 17, 1996.

After evaluation of the evidence, we rendered our final decision by Order No. PSC-97-0280-FOF-WS (Final Order), issued on March 12, 1997. Rule 25-22.060(3), Florida Administrative Code, requires a motion for reconsideration to be filed within 15 days after issuance of the order. On March 27, 1997, Aloha timely filed its Petition for Reconsideration (Petition), and served a copy on the parties by mail. In that Petition, Aloha claims that we either made a mistake of fact or law in regard to three determinations in the Final Order.

Rule 25-22.060(3), Florida Administrative Code, requires any response and/or cross motion to be filed within 7 days of the service of the motion for reconsideration. However, Rule 25-22.028(4), Florida Administrative Code, states that where service is by mail, five days shall be added to the prescribed time. Based on the above provisions, and Aloha having served its Petition by mail, 12 days are allowed for a response and cross-motion. In accordance with these provisions, the Office of Public Counsel (OPC) filed its timely Response to Motion for Reconsideration and Cross Motion for Reconsideration on April 8, 1997.

Pursuant to these same rules, Aloha had 12 days to respond to OPC's Cross-Motion. However, because the 12th day fell on a Sunday, Aloha had one additional day or until April 21, 1997 to file its response. Accordingly, Aloha filed its timely Response to Cross-Motion (of OPC) for Reconsideration on April 21, 1997. Also, on April 16, 1997, Aloha filed a Motion for Stay of Order No. PSC-97-0280-FOF-WS.

This Order addresses Aloha's Petition, OPC's response and cross-motion, Aloha's response to OPC's cross-motion, and Aloha's Motion for Stay. Of the three separate issues raised by Aloha, only two are addressed in this Order, as the issue concerning quality of service was addressed in Order No. PSC-97-0549-FOF-WS, issued on May 13, 1997.

ALOHA'S PETITION FOR RECONSIDERATION

The standard for determining whether reconsideration is appropriate is set forth in Diamond Cab Company of Miami v. King, 146 So. 2d 889 (Fla. 1962). In Diamond Cab, the Court held that the purpose of a petition for reconsideration is to bring to an agency's attention a point of fact or law which was overlooked or which the agency failed to consider when it rendered its order. In Stewart Bonded Warehouse v. Bevis, 294 So. 2d 315 (Fla. 1974), the Court held that a petition for reconsideration should be based upon specific factual matters set forth in the record and susceptible to review. See also, Pingree v. Quaintance, 394 So. 2d 161 (Fla. 1st DCA 1981). We have applied this standard in this and all following issues regarding reconsideration.

Related Party Contract

On March 12, 1997, we issued our Final Order in this docket. In the Final Order, among many other things, we determined that Aloha had contracted with All Forms Maintenance (AFM), a related party, to be the general contractor for construction of the reuse system. In negotiating the contract for the total cost of the reuse project, Aloha disclosed the engineer's estimate to AFM and the contract price was based upon this estimate, which included a contingency allowance. According to Aloha witness Watford, because of the time constraints of the Consent Final Judgment, Aloha did not go through the process of bidding for a general contractor, and bidding all of the subcontractors. Noting that completion of Phase I of this project had been delayed by at least 11 months, our Final Order stated that we were not convinced that the tight deadlines imposed by the Consent Final Judgment was a justifiable reason for not bidding out this project.

We further stated that the utility and its customers would have been better served if the utility had bid the project and then used the costs from the bid responses as a basis for the contract price with the general contractor instead of relying solely upon the engineering estimate to determine the contract cost. Noting that the engineering estimate included a contingency allowance of 10 percent, totaling \$335,623, we determined that this amount should be removed from the estimated project cost. This adjustment recognized that the utility failed to bid out the project, and then compounded this problem by providing the engineer's estimate to the related party general contractor.

In making this determination, citing Florida Power Corp. v. Cresse, 413 So. 2d 1187, 1191 (Fla. 1982), we noted that, while

related parties transactions are not per se unreasonable, it is still the utility's burden to prove that its costs are reasonable. In GTE Florida, Inc. v. Deason, 642 So. 2d 545 (Fla. 1994), the 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 its Petition, Aloha claims that there is absolutely no evidence of record upon which to base a conclusion that a utility is required to bid a project of this sort. Further, Aloha states that both Aloha witnesses Watford and Porter testified that under the constraints and potential penalties of the Consent Final Judgment, there was not time to go through all the processes of bidding through a general contractor and then bidding all the subcontractors in the approximately 60 days between the issuance of the permit with revisions by the Department of Environmental Protection (DEP), and the date the contract was entered into.

Using the standard set out in GTE Florida, Aloha claims that the "independent engineer's estimate by definition is an estimate of the cost to construct those facilities by a professional engineer intended to reflect what the average costs for such facilities would be in an arm's length transaction." Aloha argues therefore that our action in finding fault with utilizing the estimate as a basis for the contract price is plainly contrary to the case law referenced and/or overlooks the only competent substantial evidence of record.

Aloha also states that the vast majority of the project was bid out to subcontractors and suppliers, and "that only approximately 19 percent of the total reuse project cost was not bid out" and, consequently, "paid to a related party (TR 522)." While not admitting that there is any basis of record for any adjustment, Aloha states that reducing the entire contract by 10 percent effectively reduces costs wholly unassociated with the related party. Therefore, Aloha argues alternatively that if we felt that it was demonstrated that an inappropriate price was paid to a related party, then it might be reasonable to make some adjustment to the related party portion of the contract.

In its response, OPC argues that there was compelling evidence of self-dealing and that Aloha is merely "rehashing" the evidence which led to the adjustment of the contract price for the reuse project. In listing the evidence, OPC, among other things, notes that: (1) there was no shopping for a general contractor; (2) the president of the general contractor was married to the president of the utility; (3) the engineering estimate of the likely cost of the project was given to the general contractor; (4) there was no

evidence to show that the contract price paid to Interphase/AFM was typical of that charged to other utilities; (5) there was no evidence that Interphase/AFM did work for other utilities; and (6) there was no evidence that there was anyone that was looking out for the best interests of the utility.

Also, OPC notes that, though Aloha claims that there was a "time crunch", not even Phase I of the project was completed by the date of the hearing and negotiations were underway to extend the time to November 1996. OPC also notes as another example of self-dealing, that Aloha was charged an excessive interest rate.

In concluding its argument, OPC notes that the burden to show the reasonableness of any expense or investment lies with the applicant and that there was no independent source to which the Commission could look to ensure the reasonableness of the contract amounts. Because Aloha brings forward nothing that was overlooked by us in our Final Order and has shown no mistake of law, OPC argues that Aloha's motion for reconsideration on this issue must be denied.

In reviewing the contract for the reuse project, we note that \$1,486,901 in labor costs was to be paid to a related party. These costs were not bid out. Aloha argues that only 19 percent of the total costs actually went to a related party. However, a review of the testimony shows that that was only for Phase I. Also, it appears that much of the costs for Phase II and III was for laying the main reuse water line which is labor intensive and would go almost entirely to a related party.

We do not believe that it was prudent for Aloha to award a contract for this amount of labor without taking bids. Also, it was not prudent to provide the related party with an engineering estimate and Aloha has presented no evidence supporting a need for, or the prudence of, a contingency factor.

As noted by OPC, it was Aloha's burden to show that the costs were reasonable and prudent (see, South Florida Natural Gas Co. v. Public Service Commission, 534 So. 2d 695 (Fla. 1988), and Florida Power Corp.). We do not believe that Aloha has carried this burden of proof and has failed to demonstrate that we have made a mistake of fact or law. Therefore, Aloha's motion for reconsideration on this issue shall be denied.

Imputation of Reuse Revenue

In the Final Order, we determined that upon completion of Phase III, Aloha would be able to begin selling reuse water.

Further, we found that within four years of completion of Phase III, that Aloha would be able to sell all 438 million gallons of annual reuse available (365 days x 1.2 million gallons per day [MGD]).

Assuming a constant growth, we determined that 25 percent of the reuse water would be sold in the first year, 50 percent in the second year, 75 percent in the third year, and 100 percent in the last year. Accordingly, we determined that reuse revenues of \$27,375, \$54,750, \$82,125, and \$109,500 would be generated for each of the respective years, and that it would be appropriate to reduce rates each year to reflect these increased revenues.

In its Petition, Aloha claims that our imputation of reuse "revenue is plainly contrary to the requirements of Sections 367.0817(3), and 403.064(10), Florida Statutes", and the legislative intent to encourage reuse. Aloha argues that the above-noted sections require us to allow recovery of all prudent costs of the reuse project in rates, and that imputation of revenues based upon anticipated growth and sales does not comply with that requirement. Also, Aloha argues that it is no more appropriate to impute revenues in a reuse setting than it would be to impute revenues under the general rate setting provisions of Section 367.081, Florida Statutes. Further, Aloha notes that Section 367.0817(6), Florida Statutes, specifically provides for a true-up of the costs of the reuse project and the resulting rates.

In addition to the above, Aloha argues that the record does not support the finding that it will be able to sell all its reuse water within four years of completion of Phase III. Specifically, Aloha argues that we have misinterpreted Mr. Watford's testimony at transcript page 1115 and that the record shows: (1) there is a need for wet weather storage and "off-spec" holding requirements at the existing Percolation ponds; (2) that it would be impossible to determine the quantities of effluent to be sold until Aloha enters into agreements and gains experience; (3) that reuse utilities are only able to dispose of 36 percent of the total reuse water available; and (4) that even Pasco County could sell or give away only 52.75 percent of their reuse.

Based on the above, Aloha requests us to reconsider and eliminate any imputation of reuse revenues. In the alternative, Aloha requests that we adjust the assumptions underlying that imputation to those supported by the record.

In its response, the OPC argues that Aloha's Petition raises no matters of law or fact which we failed to consider or overlooked in our Final Order, and that Aloha's arguments are nothing more

than a reiteration of what was argued in its brief and at hearing. OPC also states that we have allowed in rates recovery from current and future reuse customers all prudently incurred costs associated with the reuse project. Therefore, OPC argues that we have complied with the requirements of Sections 367.0817(3) and 403.064(10), Florida Statutes.

Further, OPC states that the we were correct when we referred in our Final Order to the repeated statements of the utility that the market was there waiting to be tapped once the utility completed Phase III. Based on the above, OPC requests that we reject Aloha's motion for reconsideration on this issue.

Aloha believes that the conclusion that it can sell all of its effluent within four years after completion of Phase III is wholly without foundation in the record. We disagree. Mr. Watford specifically testified, "We believe the market is there to accept our effluent and just waiting to be tapped once Phases II and III are in place". Aloha provided a list of firm reuse customers they have in place and testified that these customers were under contractual obligation to accept reuse when available from the utility. As stated by Mr. Watford, "If a signed contract with customers in our service area is not sufficient to demonstrate a reuse customer, then I don't know what is". When questioned by his own counsel, Mr. Watford responded as follows:

- Q. Do you plan to be giving Mitchell Ranch no cost reuse water in five years?
- A. I, hope not. I hope by then we have customers out there taking every bit that we can generate. I would like to be in the same situation I heard Mr. Bramlett describe of not having enough reuse to go around. (emphasis added)

These statements clearly indicate that the utility has contracted customers and it is their intent to sell all the effluent they can generate within five years. Further, the Mitchell Agreement will expire in May of 1999, and Aloha's witness Watford has testified that at most a two-year extension would be needed to sell its effluent (i.e., by May of 2001). Pursuant to Exhibit 15, Aloha expects to complete Phase III in May of 1998. Therefore, our allowance of four years to sell all effluent would appear to be generous and supported by evidence in the record.

Additionally, OPC witness Dismukes sponsored the Citizens reuse imputation proposal in Exhibit 22. Her methodology and calculations were based upon the assumption that Aloha would sell all the effluent it could generate. In rebuttal, cross-examination

and its brief, Aloha took issue with the concept of imputation and the present value analysis used by Ms. Dismukes, but did not question or refute the underlying assumption that all effluent could be sold.

Aloha states that the record shows that its witnesses had discussed the need for wet weather storage and for "off-spec" holding requirements at the existing percolation ponds. They claim these statements envision that significant amounts of effluent will be held in and percolate through the utility's existing ponds. However, the record shows these statements to be suspect. Mr. Porter, the utility's engineer, stated that DEP will allow the utility to use its existing ponds only during the construction of the first three phases of the reuse project. DEP has allowed disposal to the existing percolation ponds only as an interim measure until Aloha applies to expand their existing wastewater plant capacity. Mr. Watford has stated that the existing treatment facilities are very close to capacity at this time. Once the utility expands beyond its present 1.2 MGD capacity it intends to use effluent storage facilities on golf courses. Therefore, the record does not substantiate the claim that upon completion of Phase III the utility would be allowed, or need to use its percolation ponds.

Additionally, Aloha contends evidence was overlooked concerning the experience of other utilities in the area regarding the percentage of effluent delivered to reuse sites to reuse generated. Specifically, witness Bramlett testified that Pasco County delivers to reuse sites (golf courses, subdivisions) only 52.75% of the reuse it generates. Witness Yingling provided the Southwest Florida Water Management District's 1995 Annual Reuse Report as an exhibit to his testimony. The utility cites the summary page of this document which shows that district-wide utilities provide 36% of the reuse they generate to reuse sites. However, a review of the entire exhibit shows several utilities delivering all, or nearly all, of their reuse to reuse sites. Additionally, the record provides no information regarding the operation or alternate disposal capabilities of these utilities. Regarding Pasco County, Mr. Bramlett notes that the County has and is able to use rapid infiltration basins which it has throughout its system. Since Aloha will have no alternative disposal capability, comparison of the two systems in this regard provides no new information.

Also, we believe that we are allowing the recovery of all costs of the reuse project in accordance with Sections 367.0817(3) and 403.064(10), Florida Statutes. Further, by setting rates based

on the projected reuse revenues, Aloha is encouraged to actively seek customers and reuse is promoted.

Based on all the above, we believe that Aloha has failed to demonstrate that we have made a mistake of fact or law. Therefore, Aloha's motion for reconsideration on this issue shall also be denied.

OPC'S CROSS MOTION FOR RECONSIDERATION

The OPC filed its Cross Motion for Reconsideration wherein it alleges that two errors were made in the calculation of wastewater rates that we approved in the Final Order. The first error identified by OPC concerns how the wastewater rates for Phase I and all subsequent phases were calculated.

Aloha's current wastewater rate structure is a flat monthly rate. In this case, we decided to change this rate structure to the base facility charge (BFC) structure normally used in wastewater rates. Therefore, we used the utility's billing analysis to calculate BFC rates that would produce the 1995 test-year wastewater revenue of \$1,309,151. We then should have determined Phase I rates by increasing these BFC rates by the percentage increase in the revenue requirement approved by us for Phase I. However, instead, we first adjusted the 1995 BFC rates to reflect year-end revenue and the growth rate experienced to November 1996, the date Phase I was to be completed. We then, erroneously, applied the percentage revenue increase to this "adjusted rate" to determine the Phase I wastewater rates. This extra step resulted in Phase I wastewater rates being higher than they should be.

The error occurred when we adjusted the test-year wastewater rates in order to generate the Phase I revenue requirement as of November 1996. This was incorrect because through the year-end adjustment and customer growth, the 1995 test-year BFC rates would produce this additional revenue without adjustment. Therefore, we agree with OPC that the wastewater rates for Phase I were incorrectly calculated and should be revised using the correct procedure as discussed above. Additionally, since wastewater rates for all subsequent phases were calculated by applying the percentage increases for each phase to the Phase I rates, the wastewater rates for all subsequent phases shall also be recalculated.

The second error in the rate calculations concerned a transposition error in the number of bills used to calculate the

test year BFC rate. We mistakenly used 93,270 bills to calculate the BFC rate rather than the correct number of bills of 92,370.

Therefore, OPC has demonstrated that two errors have been made, and its Cross Motion for Reconsideration shall be granted. We have recalculated wastewater rates which correct both errors identified by OPC and these rates are shown on Schedule 1, which is attached, and shall be made a part of this Order. Since the incorrect test-year BFC rate was used as the basis for all subsequent rate changes, all wastewater rates, including the rate decrease due to amortization of rate case expense, have been revised. These revisions have no effect on the approved reuse rate or imputed reuse revenue.

In Aloha's Response to Cross-Motion for Reconsideration, Aloha is alleging that not only is OPC reweighing the evidence, but OPC is also "creating" new evidence which was attached to OPC's Cross-Motion as Appendices B and C. We do not agree with this characterization. OPC has merely pointed out the two errors that we made in calculating wastewater rates, and has shown the calculations for correcting the two errors. These calculations are mechanical in nature and are based on evidence already in the record. Therefore, we reject these arguments of Aloha.

In the alternative, Aloha argues that the calculations contained in Appendix C to OPC's Cross-Motion are incorrect and will not generate the authorized revenue requirement. In its response, Aloha attached documentation to show the calculation of the appropriate rates for each phase of the reuse project and to show that OPC's proposed rates would not generate the authorized revenues.

OPC's proposed rates are based upon our calculation of the rates contained in the Final Order with the two corrections noted above. We have reviewed Aloha's calculations and disagree with its rates and conclusions. In calculating its proposed rates, Aloha failed to include in its billing determinants the additional bills and gallons associated with the \$26,099 adjustment to reflect year-end 1995 revenue. Including these billing determinants in the test year would cause the OPC rate to produce the appropriate revenue. Additionally, in calculating the percentage increases for Phases II and III, Aloha incorrectly abandoned its originally proposed methodology which accounted for customer growth in calculating percentage increases for each phase. Based on the above, we find that the calculations and conclusions of OPC should be used in determining the correct wastewater rates.

RECONSIDERATION ON COMMISSION'S OWN MOTION

In reviewing the workpapers to evaluate the various motions, our staff discovered another error which overstated the wastewater rate reductions subsequent to Phase III due to the imputation of future reuse revenue and the amortization of rate case expense. Instead of basing the percentage reductions on total Phase III revenues, we had based the reductions as a percentage of test year revenue, which was increased by customer growth through Phase III, but did not include the Phase III revenue increase. If we had used the total Phase III revenue including the approved increase, the percentage reduction to the wastewater rate would have been less. Since the intent of the rate decrease is to decrease the Phase III rate due to the additional reuse revenue, it is appropriate to base all subsequent rate reductions on total Phase III revenue. The percentage decreases to the wastewater rate contained in the Final Order were 3.6%, 5.19% and 6.66% for the three years subsequent to implementation of the Phase III rates. If these decreases are recalculated using the proper Phase III revenue, including the approved increase, the percentage decreases drop to 1.115%, 1.116% and 1.118% for the three subsequent years. Additionally, the percentage decrease due to expiration of the amortization of rate case expense drops from 4.27% to 2.62%. Based on this error, and the two previously mentioned corrections set out above, we have recalculated the wastewater rates as shown on Schedule No. 1. These corrections affect only the level of wastewater rates. All other provisions of the final order remain intact.

ALOHA'S MOTION FOR STAY OF ORDER NO. PSC-97-0280-FOF-WS

Order No. PSC-97-0280-FOF-WS required Aloha to refund within 90 days a portion of the revenues collected when it implemented the approved temporary rates pursuant to Order No. PSC-95-1605-FOF-SU, and also to reduce its rates to the new level of rates approved for Phase I. However, Aloha filed its Petition for Reconsideration on March 27, 1997, and its Motion for Stay on April 15, 1997.

Rule 25-22.060(1)(c), Florida Administrative Code, states that a motion for reconsideration does not serve automatically to stay the effectiveness of a final order. Accordingly, Aloha served its Motion for Stay. In its Motion for Stay, Aloha makes it clear that it is seeking only a stay of that portion of the Order relating to rate matters and distribution of refunds. Specifically, Aloha notes that either its Petition for Reconsideration or OPC's cross motion could affect the final approved rates and the amount of the refund. Aloha alleges that: "To require implementation of rates or distribution of refunds prior to a final determination of the merits of the requests for reconsideration, or the court's

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consideration of issues affecting the amounts of those rates and refunds would be counter-productive, confusing to the customers, cause Aloha to suffer irreparable harm, and would not be in the public interest."

Rule 25-22.061(1)(a), Florida Administrative Code, provides as follows:

When the order being appealed involves the refund of moneys to customers or a decrease in rates charged to customers, the Commission shall, upon motion filed by the utility or company affected, grant a stay pending judicial proceedings. The stay shall be conditioned upon the posting of good and sufficient bond, or the posting of a corporate undertaking, and such other conditions as the Commission finds appropriate.

While no appeal has as yet been filed, we believe that the intent of that rule is still applicable. Also, interest will continue to accrue on the refunds and the customers are fully protected by the continued escrowing of funds subject to refund. Further, with the motions for reconsideration of both Aloha and OPC, the time for filing an appeal would be 30 days from the date of this order. However, by the Final Order the refunds were to have been completed by June 10, 1997. Therefore, the refunds, without any stay, would be required to be completed before the time for filing of an appeal.

We further find that Rule 25-30.360(2), Florida Administrative Code, is directly applicable. That rule provides in pertinent part:

A timely motion for reconsideration temporarily stays the refund, pending the final order on the motion for reconsideration. In the event of a stay pending reconsideration, the timing of the refund shall commence from the date of the order disposing of any motion for reconsideration.

Based upon the above rules, we find that Aloha is entitled to a stay of the refund proceedings until the final order on reconsideration is issued. However, Aloha seeks a stay pending disposition of the pending requests for reconsideration and any potential appeal.

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Based on the above, we find that Aloha is entitled to a stay of the rate reduction requirements and refund requirements of Order No. PSC-97-0280-FOF-WS only through issuance of this Order on reconsideration. Aloha shall again be given 90 days from the date of this Order to complete the refund. If Aloha, or another party, does decide to appeal this Order on reconsideration, we will at that time, pursuant to the provisions of Rule 25-22.061(1)(a), Florida Administrative Code, consider any request for a stay.

CLOSING OF DOCKET

This docket must remain open pending staff verification that the utility has completed the required refund. Upon staff's verification that the refund has been completed, the docket shall be closed administratively.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Petition for Reconsideration of Aloha Utilities, Inc., is denied as set forth in the body of this Order. It is further

ORDERED that the Cross Motion for Reconsideration of the Office of Public Counsel is granted as set forth in the body of this Order. It is further

ORDERED that, on our own motion, the calculation of the appropriate wastewater rates is reconsidered and recalculated as set forth in the body of this Order and on Schedule No. 1. It is further

ORDERED that Aloha Utilities, Inc., shall charge the revised rates as set forth on Schedule 1 which is attached and made a part of this Order. It is further

ORDERED that Aloha Utilities, Inc., was entitled to a stay of the reduction in rates and a refund of revenues required by Order No. PSC-97-0280-FOF-WS only through issuance of this Order. It is further

ORDERED that except as expressly modified by this Order, all other provisions of Order No. PSC-97-0280-FOF-WS are hereby reaffirmed. It is further

ORDERED that Aloha Utilities, Inc., shall complete the refunds within 90 days of the date of this Order. It is further

UTILITY: ALOHA UTILITIES INC.

SCHEDULE 1
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RATE SCHEDULE

Wastewater
 Monthly Rates (Revised based upon Petition for Reconsideration)

	Final Order Ph. II-A	Comm App Ph. II-A	Final Order Ph. II-B	Comm App Ph. II-B	Final Order Ph. II-C	Comm App Ph. II-C	Final Order Ph. II-A	Comm App Ph. II-A	Final Order Ph. II-B	Comm App Ph. II-B	Final Order Ph. II-C	Comm App Ph. II-C	Final Order Rate Case Estimate	Approved Rate Case Estimate
Base Facility Charge All Meter Sizes	\$8.82	\$8.43	\$9.34	\$8.93	\$9.67	\$9.25	\$9.32	\$9.14	\$9.17	\$9.03	\$9.03	\$8.93	\$0.41	\$0.25
Residential Gallonage Charge, per 1,000 gallons (Maximum 10,000 gallons)	\$2.30	\$2.17	\$2.43	\$2.30	\$2.52	\$2.38	\$2.42	\$2.35	\$2.39	\$2.33	\$2.35	\$2.30	\$0.11	\$0.06
GENERAL SERVICE GALLONAGE CHARGE														
Base Facility Charge:														
5/8" x 3/4"	\$8.82	\$8.43	\$9.34	\$8.93	\$9.67	\$9.25	\$9.32	\$9.14	\$9.17	\$9.03	\$9.03	\$8.93	\$0.41	\$0.25
1"	\$22.05	\$21.08	\$23.36	\$22.33	\$24.18	\$23.12	\$23.29	\$22.85	\$22.93	\$22.59	\$22.57	\$22.32	\$1.03	\$0.61
1-1/2"	\$44.11	\$42.17	\$46.72	\$44.66	\$48.36	\$46.24	\$46.59	\$45.70	\$45.85	\$45.17	\$45.14	\$44.64	\$2.07	\$1.21
2"	\$70.57	\$67.47	\$74.75	\$71.46	\$77.38	\$73.98	\$74.54	\$73.13	\$73.37	\$72.28	\$72.23	\$71.43	\$3.30	\$1.94
3"	\$141.15	\$134.94	\$149.50	\$142.92	\$154.76	\$147.96	\$149.08	\$146.25	\$146.73	\$144.56	\$144.46	\$142.85	\$6.61	\$3.88
6"	\$441.08	\$421.68	\$467.18	\$446.63	\$483.63	\$462.36	\$465.89	\$457.04	\$458.53	\$451.74	\$451.42	\$446.41	\$20.65	\$12.11
8"	\$705.73	\$674.68	\$747.48	\$714.60	\$773.82	\$739.78	\$745.42	\$731.27	\$733.65	\$722.79	\$722.28	\$714.26	\$33.04	\$19.38
General Service Gallonage Charge, per 1,000 Gallons (No Maximum)	\$2.75	\$2.60	\$2.91	\$2.76	\$3.02	\$2.85	\$2.91	\$2.82	\$2.86	\$2.79	\$2.82	\$2.76	\$0.13	\$0.07
RESIDENTIAL MONTHLY BILL COMPONENTS														
- Residential Usage (gallons) -														
3,000	\$15.72	\$14.94	\$16.63	\$15.83	\$17.23	\$16.39	\$16.58	\$16.19	\$16.34	\$16.02	\$16.08	\$15.83		
5,000	\$20.32	\$19.28	\$21.49	\$20.43	\$22.27	\$21.15	\$21.42	\$20.89	\$21.12	\$20.68	\$20.78	\$20.43		
10,000	\$31.82	\$30.13	\$33.64	\$31.93	\$34.87	\$33.05	\$33.52	\$32.64	\$33.07	\$32.33	\$32.53	\$31.93		

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ORDERED that this docket shall remain open, but shall be administratively closed upon staff's verification that the refund has been completed.

By ORDER of the Florida Public Service Commission, this 9th day of June, 1997.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

RRJ

NOTICE OF 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 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 or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, 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.

UTILITY: ALOHA UTILITIES INC.

SCHEDULE 1
DOCKET NO. 950615-SU

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RATE SCHEDULE

Wastewater
Monthly Rates (Revised based upon Petition for Reconsideration)

	Final Order Phase I	Comm App Phase I	Final Order Phase II	Comm App Phase II	Final Order Phase III	Comm App Phase III	Final Order Ph. III-A	Comm App Ph. III-A	Final Order Ph. III-B	Comm App Ph. III-B	Final Order Ph. III-C	Comm App Ph. III-C	Final Order Rate Case Expenses	Approved Rate Case Expenses
Base Facility Charge All Meter Sizes	\$8.82	\$8.43	\$9.34	\$8.93	\$9.67	\$9.25	\$9.32	\$9.14	\$9.17	\$9.03	\$9.03	\$8.93	\$0.41	\$0.25
Residential Gallonage Charge, per 1,000 gallons (Maximum 10,000 gallons)	\$2.30	\$2.17	\$2.43	\$2.30	\$2.52	\$2.38	\$2.42	\$2.35	\$2.39	\$2.33	\$2.35	\$2.30	\$0.11	\$0.06
GENERAL SERVICE GALLONAGE CHARGES														
Base Facility Charge:														
5/8" x 3/4"	\$8.82	\$8.43	\$9.34	\$8.93	\$9.67	\$9.25	\$9.32	\$9.14	\$9.17	\$9.03	\$9.03	\$8.93	\$0.41	\$0.25
1"	\$22.05	\$21.08	\$23.36	\$22.33	\$24.18	\$23.12	\$23.29	\$22.85	\$22.93	\$22.59	\$22.57	\$22.32	\$1.03	\$0.61
1-1/2"	\$44.11	\$42.17	\$46.72	\$44.66	\$48.36	\$46.24	\$46.59	\$45.70	\$45.85	\$45.17	\$45.14	\$44.64	\$2.07	\$1.21
2"	\$70.57	\$67.47	\$74.75	\$71.46	\$77.38	\$73.98	\$74.54	\$73.13	\$73.37	\$72.28	\$72.23	\$71.43	\$3.30	\$1.94
3"	\$141.15	\$134.94	\$149.50	\$142.92	\$154.78	\$147.96	\$149.08	\$146.25	\$146.73	\$144.56	\$144.46	\$142.85	\$6.61	\$3.88
6"	\$441.08	\$421.68	\$467.18	\$446.63	\$483.63	\$462.36	\$465.89	\$457.04	\$458.53	\$451.74	\$451.42	\$446.41	\$20.65	\$12.11
8"	\$705.73	\$674.68	\$747.48	\$714.60	\$773.82	\$739.78	\$745.42	\$731.27	\$733.65	\$722.79	\$722.28	\$714.26	\$33.04	\$19.38
General Service Gallonage Charge, per 1,000 Gallons (No Maximum)	\$2.75	\$2.60	\$2.91	\$2.76	\$3.02	\$2.85	\$2.91	\$2.82	\$2.86	\$2.79	\$2.82	\$2.76	\$0.13	\$0.07
RESIDENTIAL MONTHLY GALLONAGE CHARGES														
- Residential Usage (gallons) -														
3,000	\$15.72	\$14.94	\$16.63	\$15.83	\$17.23	\$16.39	\$16.58	\$16.19	\$16.34	\$16.02	\$16.08	\$15.83		
5,000	\$20.32	\$19.28	\$21.49	\$20.43	\$22.27	\$21.15	\$21.42	\$20.89	\$21.12	\$20.68	\$20.78	\$20.43		
10,000	\$31.82	\$30.13	\$33.64	\$31.93	\$34.87	\$33.05	\$33.52	\$32.64	\$33.07	\$32.33	\$32.53	\$31.93		