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Public Service Commission

July 15, 2003

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COMMISSION
CLERK

Marshall Deterding, Esquire
Rose Law Firm
2548 Blirstone Pines Drive
Tallahassee, FL 32301

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

Dear Marty:

Pursuant to our multiple telephone discussions concerning the conclusion of the appeal by Aloha Utilities, Inc. (Aloha), of Order No. PSC-02-0593-FOF-WU (Final Order), I thought I should put in writing what we have been discussing. Pursuant to the request of Aloha, the provisions of the Final Order requiring certain improvements be completed by December 31, 2003, were stayed pending the outcome of the appeal. By Order of the Court dated June 12, 2003, the First District Court of Appeal (First DCA) denied Aloha's motion for rehearing, rehearing en banc, and request for written opinion. Therefore, it is staff's opinion that as of that date the stay concerning the provisions of the Commission's Final Order was lifted.

Staff notes that the Final Order specifically required as follows:

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.

The Final Order was issued on April 30, 2002, and so the Commission gave Aloha 20 months from the date of that Order to accomplish the above-noted improvements. Because that portion of the Order was stayed pending the outcome of the appeal, and the final opinion of the First DCA was issued on June 12, 2003, staff believes that Aloha should now make the above-noted improvements within 20 months of that date, or February 12, 2005.

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I am aware that Aloha has been meeting with the expert hired by the Office of the Public Counsel and some of Aloha's customers, and that there have been discussions about the next steps that should be taken by Aloha. However, at this point, staff believes that Aloha must comply with all the requirements set forth in the Commission's Final Order and in the time lines as set out above unless specifically modified by the Commission. If Aloha disagrees with this interpretation, please advise staff within 21 days of the date of this letter. Also, staff would appreciate an update of what the above-noted discussions encompassed.

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, or if I can be of any further assistance, please contact me.

Sincerely,



Ralph R. Jaeger
Senior Attorney

RRJ:jb

cc: Division of Commission Clerk and Administrative Services
Division of Economic Regulation (Merchant, Willis, Fletcher)
Office of General Counsel (Holley)