

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

DECEMBER 2, 2003

RE: Docket No. 010503-WU - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc. (Deferred from August 5, 2003 conference; revised recommendation filed.)

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 of escrowed funds to be released.

**DEFERRED**

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

12226 DEC-28

FPSC-COMMISSION CLERK

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(Continued from previous page)

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. The \$102,152 balance in the escrow account related to the rate case period should be released to Aloha.

ISSUE 3: What is the appropriate calculation of refunds for the period May 1, 2002 through July 31, 2003 (the appeal period)?

PRIMARY 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, with interest, of \$73,264. 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 \$499,671 held in escrow, the additional amount that should be released to Aloha is \$324,255. By adding the \$102,152 released in Issue 2, the total amount to be released at this time is \$426,407, which would leave \$73,264 in the escrow account. The remaining \$73,264 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.

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(Continued from previous page)

ALTERNATIVE ONE RECOMMENDATION: The refunds for interim rates collected through July 31, 2003 should be as set forth in Order No. PSC-02-0593-FOF-WU. Aloha has substantially completed the required 4.87% refunds. The utility was not unduly enriched by any appeal revenues collected above the amount already refunded. Further, it would be confiscatory to require additional refunds. As such, all funds in the escrow account should be released to Aloha and the escrow account should be closed.

ALTERNATIVE TWO RECOMMENDATION: 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 amount of \$397,519 without interest, or \$399,254 with interest. Because the utility has already refunded \$121,983 for this period, only an additional \$277,271 should be refunded (\$399,254 less \$121,983). As security for this additional refund, Aloha should maintain \$277,271 in the escrow account. In Issue 2, staff is recommending that \$102,152 be released. Therefore, to maintain the \$277,271, an additional \$120,248 should be released to the utility for a total release of escrowed funds of \$222,400. The remaining \$277,271 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.

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(Continued from previous page)

ISSUE 4: 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.