

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

JANUARY 20, 2004

RE: Docket No. 010503-WU - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc. (Deferred from December 2, 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 and timing of the release of the remaining escrowed funds.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Charles Davidson (All but Issue 2)
[Handwritten signatures of majority commissioners]

Charles W. Davidson (Issue 2)
[Handwritten signature of dissenting commissioner]

REMARKS/DISSENTING COMMENTS:

Commissioner Jaber participated in the conference by telephone. She agreed with/dissented from the majority vote and will sign the vote sheet upon return to the office.

DOCUMENT NUMBER-DATE

Commissioner Davidson dissented 0868 JAN 21 03
from the majority decision in Issue 2.

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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.

APPROVED

Commissioner Davidson dissented.

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 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.

DENIED

ALTERNATIVE ONE 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.

DENIED

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ALTERNATIVE TWO 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.

APPROVED

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 in the analysis portion of staff's January 8, 2004 memorandum.

DENIED

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.

APPROVED