

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for limited proceeding
increase in water rates in Pasco County by
Aloha Utilities, Inc.

Docket No. 060122-WU

In Re: Progress reports on implementation of
Anion Exchange in Pasco County, filed by
Aloha Utilities, Inc. pursuant to Order No.
PSC-06-0270-AS-WU

Docket No. 060606-WS

RESPONSE TO REQUEST FOR ABATEMENT

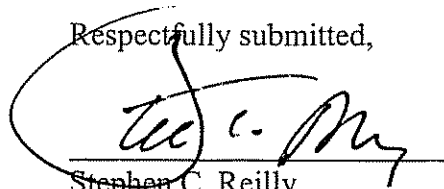
The Citizens of the State of Florida (“Citizens”), by and through their undersigned attorney, file this response to Aloha Utilities, Inc’s. (“Aloha”, “Utility” or “Company”) Request for Abatement, and state:

1. On January 9, 2009, Aloha filed a request for an additional abatement in the above two dockets.
2. In paragraph 1 of the motion Aloha states that the purpose of its motion is to request an extension of the abatements until January 30, 2009. However, in its expressed prayer for relief at the end of its motion, Aloha does not restate the January 30, 2009 date, but requests an abatement for an unspecified time, with only the obligation of Aloha to be directed to report to the Commission and its staff, no later than January 30, 2009, the posture and status of the sale of Aloha’s system to the Florida Governmental Utility Authority (“FGUA”).
3. On or about December 12, 2008, Aloha and FGUA executed the First Addendum to Agreement of Purchase and Sale. The Addendum extends the time to close the acquisition of Aloha from December 17, 2008 to February 27, 2009.

4. In light of the extended closing date of February 27, 2009, the Citizens believe that March 2, 2009 would be a more appropriate date to end the additional abatement, rather than Aloha's intended January 30, 2009 date or its unintended indefinite date. This is especially true since the motion cannot even be considered by the Commission until its January 26, 2009 agenda.
5. In paragraph 4 of its motion Aloha suggests that if the final closing date on the transaction with FGUA has not been set by January 27, 2009, Aloha will be compelled to demand a refund from Pasco County of the \$4,924,571.10 paid for reservation of 3.1 mgd of bulk treated water from Pasco County needed to serve Aloha's present and future customers. Aloha states that it intends to request this refund from the County unless the Commission approves, and Aloha is able to assess, a rate increase prior to April 1, 2009, which allows recovery of a return on and amortization of the full amount invested by Aloha in the Pasco County reservation fees, plus all accrued AFUDC up through April 1, 2009.
6. It is beyond the scope of this response to Aloha's Request for Abatement to respond to each and every assertion in paragraph 4 of Aloha's motion. However, suffice to say that it would be both imprudent and improper for Aloha to attempt to cancel its purchase of water from the County prior to receiving authorization to do so from the Commission. Further, if for whatever reason the sale of Aloha's system to FGUA does not take place, all of the parties will need to meet as quickly as possible to recast both dockets in light of the many changed circumstances with regard to both anion exchange and the purchase of bulk water from Pasco County.
7. Customer Petitioners in Docket No. 060122-WU concur with this response and agree to the additional abatement until March 2, 2009.

WHEREFORE, for the reasons stated above, the Citizens request the Commission to abate the above two dockets until Monday, March 2, 2009.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen C. Reilly", is written over a horizontal line. The signature is enclosed within a large, hand-drawn oval.

Stephen C. Reilly
Associate Public Counsel

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Attorney for the Citizens
Of the State of Florida


CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail and by U. S. Mail to the following parties this 13th day of January, 2009.

Customer Petitioners
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