

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase  
in water rates for Seven Springs  
System in Pasco County by Aloha  
Utilities, Inc.

DOCKET NO. 010503-WU  
ORDER NO. PSC-01-2092-PCO-WU  
ISSUED: October 22, 2001

The following Commissioners participated in the disposition of  
this matter:

LILA A. JABER  
BRAULIO L. BAEZ  
MICHAEL A. PALECKI

ORDER SUSPENDING PROPOSED WATER RATES

BY THE COMMISSION:

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. The utility's service area is located within the Northern Tampa Bay Water Use Caution Area as designated by the Southwest Florida Water Management District (SWFWMD). Critical water supply concerns have been identified by SWFWMD within this area.

In its 2000 annual report, Aloha reported operating revenues of \$2,298,460 and \$3,694,106 for water and wastewater, respectively. In 2000, the utility served 12,732 water and 12,112 wastewater customers. Rate base was last established for Aloha's Seven Springs water system by Order No. PSC-01-1374-PAA-WS, issued June 27, 2001, in Docket No. 000737-WS. That Order was consummated by Order No. PSC-01-1672-AS-WS, issued August 16, 2001.

On August 10, 2001, Aloha filed an application for an increase in rates for its Seven Springs water system. Because the utility's application was complete as filed, the official filing date was established as August 10, 2001, pursuant to Section 367.083, Florida Statutes.

The utility's requested test year for the setting of final rates is the projected year ended December 31, 2001. Moreover, the utility requested that this application be directly set for hearing. The case has been set for hearing in Pasco County on

DOCUMENT NUMBER-DATE

13363 OCT 22 01

FPSC-COMMISSION CLERK

January 9 through 11, 2002. In its minimum filing requirements (MFRs), the utility has requested for final consideration, total water revenues of \$3,044,811. This represents a revenue increase of \$1,077,337 (or 54.76%). The final revenues are based on the utility's request for an overall rate of return of 9.07%.

Aloha initially requested a test year for interim purposes for the historical year ended December 31, 2000. However, on September 10, 2001, Aloha filed an Amended Application for an Interim Increase in Water Rates, in which it requested that interim rates be determined using the historic test year ended June 30, 2001. Aloha's amended request was for annual revenues of \$2,027,224. This represents a revenue increase of \$290,138 (or 16.70%) for interim purposes.

The sixty-day statutory deadline for this Commission to suspend the utility's requested final rates is October 9, 2001. This Order addresses the suspension of Aloha's requested final rates. Our staff will file, as expeditiously as possible and prior to the sixty-day statutory deadline of November 9, 2001, a recommendation to address the utility's amended interim rate request.

We have jurisdiction pursuant to Section 367.081, Florida Statutes. Pursuant to Section 367.081(6), Florida Statutes, the utility may implement its proposed rates within 60 days of filing unless we vote to withhold consent to the implementation of the requested rates. Further, the above-referenced statute permits the proposed final rates to go into effect, under bond, escrow or corporate undertaking, eight months after filing unless final action has been taken by this Commission.

We have reviewed the filing and have considered the proposed rates, the revenues thereby generated, and the information filed in support of the rate application. We find that it is reasonable and necessary to require further amplification and explanation regarding this data, and to require production of additional and/or corroborative data. This further examination will include on-site investigations by staff accountants and engineers. Based on the foregoing, we find that it is appropriate to suspend the utility's proposed final rate increase.

ORDER NO. PSC-01-2092-PCO-WU  
DOCKET NO. 010503-WU  
PAGE 3

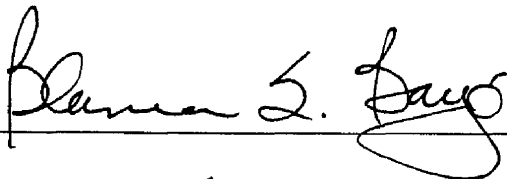
The docket shall remain open pending our final action on the utility's requested rate increase.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the rates and schedules proposed by Aloha Utilities, Inc., for its Seven Springs water division, are hereby suspended in accordance with Section 367.081(6), Florida Statutes. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission this 22nd day of October, 2001.

A handwritten signature in cursive script, reading "Blanca S. Bayó", is written over a horizontal line.

BLANCA S. BAYÓ, Director  
Division of the Commission Clerk  
and Administrative Services

( S E A L )

RRJ

NOTICE OF FURTHER PROCEEDINGS OR 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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

ORDER NO. PSC-01-2092-PCO-WU

DOCKET NO. 010503-WU

PAGE 4

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) 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. A motion for reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.