

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

In re: Application of Aloha Utilities, Inc. for limited proceeding emergency, temporary and permanent increase in water rates to its customers in its Seven Springs service area in Pasco County, Florida.

Docket No. 010168-1111

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APPLICATION FOR LIMITED PROCEEDING EMERGENCY, TEMPORARY, AND PERMANENT INCREASE IN WATER RATES

Applicant, Aloha Utilities, Inc. (hereinafter "Aloha" or "Utility"), pursuant to Sections 367.0822 and 367.081(1)(a) and (3), Florida Statutes, files this Application for limited proceeding emergency, temporary, and permanent increase in rates for water service provided to the Utility's Seven Springs system in Pasco County, Florida, based upon the required substantial increase in purchases of bulk water from Pasco County (hereinafter referred to as "the County") and in support thereof states:

I.

As the result of several factors, many of which were related to drought conditions within the area of service, purchases of water by Aloha's customers have exceeded those which the Utility is allowed to withdraw from wells over the last year. The Southwest Florida Water Management District (hereinafter "SWFWMD") required that the Utility reduce its pumping from wells immediately. Beginning in December 2000, the Utility attempted to comply and has brought its pumping down to the maximum levels allowed under its permits. However, the only alternative available to the Utility at the present time

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DOCUMENT NUMBER DATE 01634 FEB-50 FPSC-RECORDS/REPORTING

pumping from wells, is the purchase of excess water needs from Pasco County. The current cost to purchase water from Pasco County is substantially greater than the cost to pump and treat water from the wells. As such, the Utility has incurred a substantial increase in water operating costs that will continue into the foreseeable future. The Utility must receive immediate, emergency, and permanent increases in water rates, in order to accommodate this change in operations and substantial increase in cost.

## II.

The Applicant is a Class A water and wastewater utility as defined by Rule 25-30.115(1), Florida Administrative Code ("F.A.C.").

## III.

The following information is provided in accordance with the requirements of Rule 25-22.036(7), F.A.C.:

- (a) The name and address of the applicant is:

Aloha Utilities, Inc.  
6915 Perrine Ranch Road  
New Port Richey, FL 34655

- (b) Applicant's interest:

Applicant is a water and wastewater utility as defined by Section 367.021(12), Florida Statutes, and is not exempt from regulation by the Commission pursuant to Section 367.022, Florida Statutes. Except as provided in Section 367.081(4), Florida Statutes, Applicant's rates and charges may not be changed without approval of the Commission. The required reduction in well pumping

has required a substantial increase in purchased bulk water from Pasco County. Beginning December 2000, Aloha has experienced a substantial increase in monthly expenditures, well in excess of those imbedded in rates and costs previously recognized by the Commission for purchased water.

#### IV.

Aloha began operations in 1970. In early 2000, Aloha was informed by the SWFWMD of their concern with the pumping levels at Aloha's wells. After several months of further monitoring, it was apparent that the Utility's well pumpage levels, because of growth and other factors, was substantially exceeding those in its permit, and this would continue into the future. The SWFWMD expressed an intent to ensure compliance with the Water Use Permit (despite the fact that the SWFWMD had previously not proposed enforcement action for exceeding permit levels). Beginning in December of 2000, the Utility took steps to ensure that they did not exceed the maximum authorized pumpage from their wells, under the SWFWMD Water Use Permit, and began purchasing excess water needs (above those allowed to be pumped from their wells by permit), from Pasco County. Pasco County's bulk rate is \$2.20 per thousand gallons, which substantially exceeds the cost that Aloha must pay to extract and treat raw water and deliver it to its customers from wells. Attached hereto as **Exhibit "A"** is a schedule showing a calculation of the annualized operation expense impact of the increased cost of purchasing water from Pasco County.

V.

The Utility is requesting that the Commission grant emergency, temporary, permanent rates to cover this increased cost, because the monthly net increase in purchased water cost averages approximately \$60,000 per month. The Utility cannot continue to incur this cost without immediate, emergency rate relief during the pendency of this proceeding.

VI.

Attached hereto as **Exhibit "B"** are revised tariff sheets proposed to be utilized by the Utility in order to implement this change in rates. The present rates which are adjusted herein are those rates currently authorized for the Aloha's Seven Springs system. The rates authorized for the Utility should be those that will allow Aloha the opportunity to recover total additional revenue of \$621,096 for its Seven Springs water system, as calculated in **Exhibit "A"**.

VII.

Because of the substantial increase in monthly operating expenses required as a result of the SWFWMD's threat of enforcement action and the purchase of bulk water from Pasco County already undertaken, Aloha must request an immediate and emergency increase in its water rates to its customers in its Seven Springs service area, in order for it to continue operations, recover its costs, and earn a fair return on its investment as a result of this required change in mode of operations. Rather than pursue a full rate case to

recover the cost of this change in circumstances (at a substantially higher rate case cost), Aloha requests that these changes be recognized in a limited proceeding under the Commission's authority provided in Section 367.0822, Florida Statutes.

#### VIII.

Aloha Utilities, Inc.'s approved rate structure still includes minimum gallonage usage in each of the base charges. As such, in order to pass through this increase solely on the gallonage charge, we have increased the "minimum charge" by \$.61 per 1,000 gallons included in the minimum, and increased the gallonage charge above the minimum by \$.61 for all categories of residential and general service rates. A schedule of these present and proposed rates as calculated using this method, is attached as part of Exhibit "A".

#### IX.

At this time, there are no known disputed issues of material fact in this matter.

#### X.

Other information which the Applicant deems relevant is as follows:

- (a) The filing fee submitted herewith is a check in the amount of \$2,250 as the appropriate filing fee for this application in accordance with Commission Rule 25-30.020(2)(g)6, F.A.C. for the water system with existing capacity to serve more than 4,000 ERCs.

(b) Copies of all orders, notices, correspondence and other communications concerning this application are to be provided to counsel to the Applicant whose name and address as is follows:

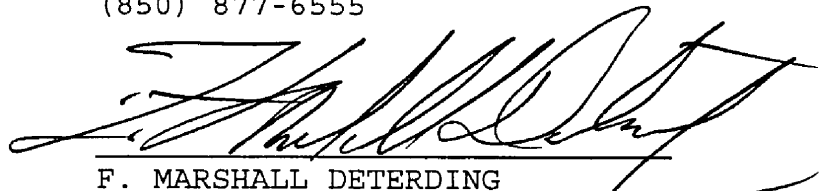
F. Marshall Deterding  
ROSE, SUNDSTROM & BENTLEY, LLP  
2548 Blairstone Pines Drive  
Tallahassee, Florida 32301  
(850) 877-6555

XI.

Applicant requests that the Commission consider the information supplied herein and approve this Application for Limited Proceeding and authorize implementation of emergency, temporary, and permanent revised rates for Utility service to allow recovery of the additional revenues calculated in Exhibit "A".

Respectfully submitted this  
5<sup>th</sup> day of February, 2000, by:

ROSE, SUNDSTROM & BENTLEY, LLP  
2548 Blairstone Pines Drive  
Tallahassee, Florida 32301  
(850) 877-6555



F. MARSHALL DETERDING

ALOHA UTILITIES, INC.

Accounting Schedules

**EXHIBIT A**

*Cronin, Jackson, Nixon & Wilson*  
CERTIFIED PUBLIC ACCOUNTANTS, P.A.

JAMES L. CARLSTEDT, C.P.A.  
CHRISTINE R. CHRISTIAN, C.P.A.  
JOHN H. CRONIN, JR., C.P.A.  
ROBERT H. JACKSON, C.P.A.  
ROBERT C. NIXON, C.P.A.  
HOLLY M. TOWNER, C.P.A.  
JAMES L. WILSON, C.P.A.

2560 GULF-TO-BAY BOULEVARD  
SUITE 200  
CLEARWATER, FLORIDA 33765-4419  
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FACSIMILE  
(727) 797-3602  
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cpas@cjnw.net

February 2, 2001

Officers and Directors  
Aloha Utilities, Inc.

In accordance with our request, we have prepared the accompanying Special Report of Aloha Utilities, Inc. consisting of Schedules No. 1 and No. 2. This report is intended solely for use as part of an application for utility rate increases to be filed with the Florida Public Service Commission, relating to an emergency request to recover additional purchased water costs from Pasco County.

Because this Special Report was not audited by us, we do not express an opinion or any other form of assurance on it.

*Cronin, Jackson, Nixon & Wilson*

CRONIN, JACKSON, NIXON & WILSON



ALOHA UTILITIES, INC.  
SEVEN SPRINGS WATER SYSTEM  
EMERGENCY LIMITED PROCEEDING TO RECOVER ADDITIONAL  
PURCHASED WATER COSTS FROM PASCO COUNTY  
YEAR ENDED DECEMBER 31, 2000

ALOHA UTILITIES, INC  
 SEVEN SPRINGS WATER SYSTEM  
 EMERGENCY LIMITED PROCEEDING TO RECOVER ADDITIONAL  
 PURCHASED WATER COSTS FROM PASCO COUNTY  
 YEAR ENDED DECEMBER 31, 2000

LINE NO		ADDITIONAL COSTS
1	TOTAL GALLONS (000) PUMPED FROM ALOHA'S WELLS IN EXCESS OF SWFWMD	
2	DAILY CONSUMPTIVE USE PERMIT (SCHEDULE NO 2) (1)	289,807
3	PASCO COUNTY RATE PER 1,000 GALLONS	<u>\$2 20</u>
4	TOTAL INCREASED COSTS	637,575
5	LESS REDUCTION IN PURCHASED WATER COSTS FROM EXISTING WELLS (SCHEDULE NO 2)	<u>(44,428)</u>
6	NET INCREASE IN PURCHASED WATER COSTS FROM PASCO COUNTY	593,147
7	DIVIDE BY FACTOR FOR REGULATORY ASSESSMENT FEES	<u>0.955</u>
8	TOTAL ADDITIONAL REVENUE REQUIRED	<u><u>\$621,096</u></u>
9	DIVIDE BY TOTAL GALLONS SOLD (000) (SCHEDULE NO. 2)	<u><u>1,018,745</u></u>
10	INCREASE IN GALLONAGE CHARGE PER 1000 GALLONS REQUIRED	<u><u>\$0 61</u></u>

ALOHA UTILITIES, INC  
SEVEN SPRINGS WATER SYSTEM  
EMERGENCY LIMITED PROCEEDING TO RECOVER ADDITIONAL  
PURCHASED WATER COSTS FROM PASCO COUNTY  
EXCESS PUMPAGE AND COST REDUCTION FOR EXISTING PURCHASED WATER

Month	Well No.	Gallons Pumped	Gallons Allocated per WUP	Gallons In Excess of WUP	Gallage Rate	Reduction in Cost When Pumped at Permitted Level	MONTHLY GALLONS SOLD
January	1	27,965,000	13,919,000	14,046,000	\$0.10	\$1,405	
	2	11,319,000	8,928,000	2,391,000			
	3	5,186,000	3,782,000	1,404,000	0.32	449	
	4	5,927,000	5,177,000	750,000	0.32	240	
	6	6,427,000	7,409,000	-982,000	0.32		
	7	7,933,000	8,804,000	-871,000	0.32		
	8	8,644,000	8,029,000	615,000			
	9	0	7,192,000	-7,192,000			
	<b>Subtotal</b>		<b>73,401,000</b>	<b>63,240,000</b>	<b>10,161,000</b>		
February	1	23,596,000	13,021,000	10,575,000	0.10	1,058	
	2	13,228,000	8,352,000	4,876,000			
	3	6,096,800	3,538,000	2,558,800	0.32	819	
	4	7,937,000	4,843,000	3,094,000	0.32	990	
	6	7,383,000	6,931,000	452,000	0.32	145	
	7	7,866,000	8,236,000	-370,000	0.32		
	8	8,578,000	7,511,000	1,067,000			
	9	9,544,000	6,728,000	2,816,000			
	<b>Subtotal</b>		<b>84,228,800</b>	<b>59,160,000</b>	<b>25,068,800</b>		
March	1	0	13,919,000	-13,919,000	0.10		
	2	18,637,000	8,928,000	9,709,000			
	3	7,992,400	3,782,000	4,210,400	0.32	1,347	
	4	8,571,000	5,177,000	3,394,000	0.32	1,086	
	6	8,705,000	7,409,000	1,296,000	0.32	415	
	7	10,881,000	8,804,000	2,077,000	0.32	665	
	8	14,114,000	8,029,000	6,085,000			
	9	16,924,000	7,192,000	9,732,000			
	<b>Subtotal</b>		<b>85,824,400</b>	<b>63,240,000</b>	<b>22,584,400</b>		
April	1	13,990,000	13,470,000	520,000	0.10	52	
	2	15,034,000	8,640,000	6,394,000			
	3	5,520,400	3,660,000	1,860,400	0.32	595	
	4	6,884,000	5,010,000	1,874,000	0.32	600	
	6	10,011,000	7,170,000	2,841,000	0.32	909	
	7	10,059,000	8,520,000	1,539,000	0.32	492	
	8	11,261,000	7,770,000	3,491,000			
	9	12,501,000	6,960,000	5,541,000			
	<b>Subtotal</b>		<b>85,260,400</b>	<b>61,200,000</b>	<b>24,060,400</b>		
May	1	29,054,000	13,919,000	15,135,000	0.10	1,514	
	2	11,200,000	8,928,000	2,272,000			
	3	4,564,500	3,782,000	782,500	0.32	250	
	4	4,673,000	5,177,000	-504,000	0.32		
	6	13,767,000	7,409,000	6,358,000	0.32	2,035	
	7	13,354,000	8,804,000	4,550,000	0.32	1,456	
	8	14,507,000	8,029,000	6,478,000			
	9	14,800,000	7,192,000	7,608,000			
	<b>Subtotal</b>		<b>105,919,500</b>	<b>63,240,000</b>	<b>42,679,500</b>		
June	1	25,002,000	13,470,000	11,532,000	0.10	1,153	
	2	12,224,000	8,640,000	3,584,000			
	3	7,095,700	3,660,000	3,435,700	0.32	1,099	
	4	7,511,000	5,010,000	2,501,000	0.32	800	
	6	11,893,000	7,170,000	4,723,000	0.32	1,511	
	7	11,928,000	8,520,000	3,408,000	0.32	1,091	
	8	10,867,000	7,770,000	3,097,000			
	9	11,369,000	6,960,000	4,409,000			
	<b>Subtotal</b>		<b>97,889,700</b>	<b>61,200,000</b>	<b>36,689,700</b>		

ALOHA UTILITIES, INC  
SEVEN SPRINGS WATER SYSTEM  
EMERGENCY LIMITED PROCEEDING TO RECOVER ADDITIONAL  
PURCHASED WATER COSTS FROM PASCO COUNTY  
EXCESS PUMPAGE AND COST REDUCTION FOR EXISTING PURCHASED WATER  
YEAR ENDED DECEMBER 31, 2000

Month	Well No.	Gallons Pumped	Gallons Allocated per WUP	Gallons In Excess of WUP	Gallonage Rate	Reduction in Cost When Pumped at Permitted Level	MONTHLY GALLONS SOLD
July	1	23,759,000	13,919,000	9,840,000	0 10	984	
	2	10,338,000	8,928,000	1,410,000			
	3	6,964,400	3,782,000	3,182,400	0 32	1,018	
	4	7,578,000	5,177,000	2,401,000	0 32	768	
	6	9,494,000	7,409,000	2,085,000	0 32	667	
	7	9,026,000	8,804,000	222,000	0 32	71	
	8	7,345,000	8,029,000	-684,000			
	9	7,437,000	7,192,000	245,000			
	<b>Subtotal</b>		<b>81,941,400</b>	<b>63,240,000</b>	<b>18,701,400</b>		<b>3,509</b>
August	1	27,588,000	13,919,000	13,669,000	0 10	1,367	
	2	13,440,000	8,928,000	4,512,000			
	3	6,094,600	3,782,000	2,312,600	0 32	740	
	4	7,237,000	5,177,000	2,060,000	0 32	659	
	6	8,560,000	7,409,000	1,151,000	0 32	368	
	7	8,223,000	8,804,000	-581,000	0 32		
	8	6,483,000	8,029,000	-1,546,000			
	9	3,654,000	7,192,000	-3,538,000			
	<b>Subtotal</b>		<b>81,279,600</b>	<b>63,240,000</b>	<b>18,039,600</b>		<b>3,134</b>
September	1	22,577,000	13,470,000	9,107,000	0 10	911	
	2	12,762,000	8,640,000	4,122,000			
	3	6,470,100	3,660,000	2,810,100	0 32	899	
	4	8,403,000	5,010,000	3,393,000	0 32	1,086	
	6	6,214,000	7,170,000	-956,000	0 32		
	7	6,219,000	8,520,000	-2,301,000	0 32		
	8	7,926,000	7,770,000	156,000			
	9	2,956,000	6,960,000	-4,004,000			
	<b>Subtotal</b>		<b>73,527,100</b>	<b>61,200,000</b>	<b>12,327,100</b>		<b>2,896</b>
October	1	34,497,000	13,919,000	20,578,000	0 10	2,058	
	2	13,196,000	8,928,000	4,268,000			
	3	7,811,700	3,782,000	4,029,700	0 32	1,290	
	4	10,203,000	5,177,000	5,026,000	0 32	1,608	
	6	11,348,000	7,409,000	3,939,000	0 32	1,260	
	7	10,714,000	8,804,000	1,910,000	0 32	611	
	8	11,436,000	8,029,000	3,407,000			
	9	11,698,000	7,192,000	4,506,000			
	<b>Subtotal</b>		<b>110,903,700</b>	<b>63,240,000</b>	<b>47,663,700</b>		<b>6,827</b>
November	1	27,964,000	13,470,000	14,494,000	0 10	1,449	
	2	13,188,000	8,640,000	4,548,000			
	3	6,884,900	3,660,000	3,224,900	0 32	1,032	
	4	8,191,000	5,010,000	3,181,000	0 32	1,018	
	6	10,436,000	7,170,000	3,266,000	0 32	1,045	
	7	10,769,000	8,520,000	2,249,000	0 32	720	
	8	10,003,000	7,770,000	2,233,000			
	9	9,351,000	6,960,000	2,391,000			
	<b>Subtotal</b>		<b>96,786,900</b>	<b>61,200,000</b>	<b>35,586,900</b>		<b>5,264</b>
December	1	15,667,000	13,919,000	1,748,000	0 10	175	
	2	8,258,000	8,928,000	-670,000			
	3	5,093,900	3,782,000	1,311,900	0 32	420	
	4	5,263,000	5,177,000	86,000	0 32	28	
	6	6,281,000	7,409,000	-1,128,000	0 32		
	7	4,645,000	8,804,000	-4,159,000	0 32		
	8	9,281,000	8,029,000	1,252,000			
	9	4,995,550	7,192,000	-2,196,450			
	<b>Subtotal</b>		<b>59,484,450</b>	<b>63,240,000</b>	<b>-3,755,550</b>		<b>622</b>
<b>TOTALS</b>		<b>1,036,446,950</b>	<b>746,640,000</b>	<b>289,806,950</b>		<b>\$44,428</b>	<b>1,018,745,467</b>

ALOHA UTILITIES, INC.

Schedule of Present and Proposed Rates

Residential and General Service - Seven Springs

WATER

<u>Meter Size</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
5/8" x 3/4" (3m gals)	\$ 7.17	\$ 9.00
1" (8m gals)	19.06	23.94
1-1/2" (15m gals)	35.75	44.90
2" (24m gals)	57.61	72.25
3" (48m gals)	114.46	143.74
4" (75m gals)	179.14	224.89
6" (150m gals)	277.03	368.53
8" (240m gals)	565.96	712.36
10" (345m gals)	824.55	1,035.00
Gallonage charge per 1,000 gallons	1.28	1.89

ALOHA UTILITIES, INC.

Revised Tariff Sheets

EXHIBIT B

ALOHA UTILITIES, INC.  
Water Tariff

TWENTY FIRST REVISED SHEET NO. 17.0  
Cancels Twentieth Revised Sheet No. 17.0

GENERAL SERVICE

RATE SCHEDULE GS

AVAILABILITY - Available in Seven Springs.

APPLICABILITY - For water service to any customer for which no other schedule applies.

LIMITATIONS - Subject to all the rules and regulations of this tariff and general rules and regulations of the Commission.

RATES - (Monthly)

<u>Meter Size</u>	<u>Base Facility Charge</u>		
5/8" x 3/4"	\$ 9.00	Minimum	3,000 gallons
1"	23.94	Minimum	8,000 gallons
1-1/2"	44.90	Minimum	15,000 gallons
2"	72.25	Minimum	24,000 gallons
3"	143.74	Minimum	48,000 gallons
4"	224.89	Minimum	75,000 gallons
6"	368.53	Minimum	150,000 gallons
8"	712.36	Minimum	240,000 gallons
10"	1,035.00	Minimum	345,000 gallons

GALLONAGE CHARGE - \$1.89 per 1,000 gallons in excess of minimum.

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days written notice is mailed to the customer separate and apart from any other bill, service may then be discontinued.

EFFECTIVE DATE:  
TYPE OF FILING: Limited Proceeding

Stephen G. Watford  
ISSUING OFFICER

President  
TITLE

ALOHA UTILITIES, INC.  
Water Tariff

TWENTY FIRST REVISED SHEET NO. 18.0  
Cancels Twentieth Revised Sheet No. 18.0

RESIDENTIAL SERVICE

RATE SCHEDULE RS

AVAILABILITY - Available in Seven Springs.

APPLICABILITY - For water service for all purposes in private residences and individually metered apartment units.

LIMITATIONS - Subject to all the rules and regulations of this tariff and general rules and regulations of the Commission.

RATES - (Monthly)

<u>Meter Size</u>	<u>Base Facility Charge</u>		
5/8" x 3/4"	\$ 9.00	Minimum	3,000 gallons
1"	23.94	Minimum	8,000 gallons
1-1/2"	44.90	Minimum	15,000 gallons
2"	72.25	Minimum	24,000 gallons
3"	143.74	Minimum	48,000 gallons
4"	224.89	Minimum	75,000 gallons
6"	368.53	Minimum	150,000 gallons
8"	712.36	Minimum	240,000 gallons
10"	1,035.00	Minimum	345,000 gallons

GALLONAGE CHARGE - \$1.89 per 1,000 gallons in excess of minimum.

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days written notice is mailed to the customer separate and apart from any other bill, service may then be discontinued.

EFFECTIVE DATE:  
TYPE OF FILING: Limited Proceeding

Stephen G. Watford  
ISSUING OFFICER

President  
TITLE