

LAW OFFICES
ROSE, SUNDSTROM & BENTLEY, LLP
2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

(850) 877-6555

CHRIS H. BENTLEY, PA
F MARSHALL DETERDING
MARTIN S. FRIEDMAN, P.A.
JOHN R. JENKINS, PA.
STEVEN T. MINDLIN, P.A.
JOSEPH P PATTON
DAREN L. SHIPPY, LL.M. TAX
WILLIAM E. SUNDSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON

MAILING ADDRESS
POST OFFICE BOX 1567
TALLAHASSEE, FLORIDA 32302-1567

TELECOPIER (850) 656-4029

May 11, 2001
VIA HAND DELIVERY

ROBERT M. C ROSE
OF COUNSEL

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Aloha Utilities, Inc.; PSC Docket No. 010372-SU
Request for Approval of New Class of Service
Residential Reclaimed Water Service in Pasco County, Florida
Our File No. 26038.01

Dear Ms. Bayo:

On March 29, 2001, Aloha Utilities, Inc. through its undersigned counsel, filed a request that the Commission establish a new class of service for residential reuse at a flat rate. In support of that application, our letter detailed what we felt were circumstances signifying that the Commission had not previously intended for the gallonage only rate established in Docket No. 950615-SU and adjusted in Docket No. 991643-SU, to apply to residential customers. We also proposed in that letter, that a flat rate for such residential service would encourage utilization of reuse services by residential customers, more than would a gallonage only rate. In support of that position, we supplied the Commission with a letter from the Florida Department of Environmental Protection's Tampa District Director, agreeing that a flat rate was more appropriate and more encouraging of utilization of reuse services during the period of time that supply of reuse water far exceeds demand, as it does presently with Aloha. It is our understanding that the staff has been hesitant to agree that the Commission's prior orders did not address residential reuse, though the wording of the orders does not speak directly to this issue. In addition, we understand that the Commission staff is somehow under the mistaken belief that Aloha's reuse services are approaching a situation where demand almost coincides with supply. We believe that the information we have supplied to the Commission and the obvious facts as presented recently in the Utility's wastewater rate proceeding, clearly demonstrate that this is not the case.

However, as a result of having recently received 35 staff inquiries with additional subparts for many of those inquiries, and in light of our expectation that even more detailed inquiries will follow, we believe it is not in the best interest of Aloha Utilities, Inc. or its customers to proceed further with this application. While we still firmly believe that the establishment of a flat rate residential reuse rate is not only in keeping with the spirit of the Commission's recent orders on reuse rates, but also in keeping with the policies of both the Southwest Florida Water Management District and with the Florida Department of Environmental Protection, the cost of pursuing what we believe is in the best interest of the Utility and its customers, now appears to be substantial. As such, we hereby request that the Commission accept this letter as Aloha's withdrawal of its request for a new class of service for a flat residential reuse rate.

Should you have any questions in this regard, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY

F. Marshall Deterding
For The Firm

FMD/tmg
cc: Ralph Jaeger, Esquire
Stephen G. Watford, President
Robert C. Nixon, CPA
David W. Porter, P.E.
aloha/bayo01.fmd

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