

VOTE SHEET

February 12, 2008

Docket No. 060122-WU – Joint petition for approval of stipulation on procedure with Office of Public Counsel, and application for limited proceeding increase in water rates in Pasco County, by Aloha Utilities, Inc. (Deferred from the January 29, 2008, Commission Conference; revised recommendation filed.)

Issue 1: Is a phased-in approach appropriate for the limited proceeding?

Recommendation: Yes, this limited proceeding should be trifurcated into three phases as set forth in the analysis portion of staff’s memorandum dated February 1, 2008.

APPROVED

Issue 2: Should phase one costs requested in Aloha’s limited proceeding application be approved?

Recommendation: Yes. However, several adjustments to the utility’s filing are necessary, as detailed in analysis portion of staff’s memorandum dated February 1, 2008.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING

Handwritten signatures of majority commissioners: Katrina J. McMurrin, and others.

Blank lines for dissenting signatures.

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

01114 FEB 13 08

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(Continued from previous page)

Issue 3: What is the appropriate cost of capital for this limited proceeding?

Recommendation: Based on the recommended return of equity of 12.01% with an allowed range of plus or minus 100 basis points to be recognized for ratemaking purposes, the appropriate weighted cost of capital is 7.03%.

APPROVED

Issue 4: What are the appropriate 2008 and 2009 revenue increases for phase one?

Recommendation: The appropriate 2008 and 2009 revenue increases for phase one should be \$3,502,447 and \$332,387, respectively, as shown on Schedule No. 1 of staff's memorandum dated February 1, 2008.

APPROVED

Issue 5: What are the appropriate 2008 and 2009 rates for phase one?

Recommendation: The appropriate 2008 and 2009 rates for phase one are shown on Schedule No. 4 of staff's memorandum dated February 1, 2008. The 2008 rates should not be implemented until Aloha provides proof that the Florida Department of Environmental Protection (FDEP) has certified the completion of the tie-in facilities with Pasco County. The utility should be required to file revised tariff sheets and a proposed customer notice to reflect the appropriate rates approved by the Commission, pursuant, to Rule 25-22.0407(10), F.A.C. to reflect the appropriate rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C., provided the customers have received notice. The rates should not be implemented until proper notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days after the date of the notice.

APPROVED, *with the additional language in the attachment to this vote sheet to be included in the Commissioners' order.*

Issue 6: Should this docket be closed?

Recommendation: No. This docket should remain open pending the resolution of phase two and phase three requested costs.

APPROVED

**Docket No. 060122-WU – Joint petition for approval of stipulation on procedure with
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Pasco County, by Aloha Utilities, Inc.**

Refund/True-Up Language to be Included in Commission's Order

In this limited proceeding, we have granted Aloha a rate increase associated with its purchase of bulk water from Pasco County. We find that it is in the best interests of customers and the Company to grant this rate increase to help ensure that the purchase of bulk water from Pasco County will come to fruition.

We have allowed the Company to recover estimated capital costs and estimated expenses associated with its purchase of bulk water from Pasco County. The nature and significance of these estimates require that we ensure that customers are completely protected in our three phase limited proceeding. Our review of these costs shall include, but is not limited to:

- determining the capital costs of the interconnection with Pasco County; and
- determining the operating and maintenance costs of the interconnection with Pasco County; and
- determining the amount of water that will actually be purchased by Aloha from Pasco County for the years 2008 and 2009, and the resulting costs of the purchased water for those years; and
- determining the capital costs of the chloramination facilities; and
- determining the operating and maintenance costs of the chloramination facilities.

We believe that Aloha should be provided with an opportunity to recover its prudently incurred capital costs and expenses. We also believe that OPC and staff should have the opportunity to scrutinize these capital, purchased water, and operating and maintenance costs after they have been incurred.

The Commission will review for reasonableness and prudence and true-up all estimated costs with the actual costs incurred twelve months after the implementation of Phase I, 2009 rates. No later than 90 days after the twelve-month period ends, Aloha shall provide all documentation to support its actual costs. The utility shall also file its calculation of the true-up of all estimated costs that were not previously addressed in the development of Phase II rates, such as the actual plant costs for the tie-in facilities. The Commission will adjust rates on a prospective basis. Any over recovery will be refunded with interest pursuant to Rule 25-30.360, F.A.C. Any under recovery will be recovered over a twelve-month period.