

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: 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.

Docket No. 060122-WU

**FLORIDA GOVERNMENTAL UTILITY AUTHORITY
SUGGESTION OF ABATEMENT**

The Florida Governmental Utility Authority (FGUA) suggests an abatement of the anion exchange project currently being implemented by Aloha Utilities pursuant to Commission Order and provides the following information:

1. Aloha Utilities is a Class A Water and Wastewater Utility located in Pasco County. Aloha is currently implementing an anion exchange project to provide an advance level of water treatment for the majority of the groundwater wells by which it renders water service to its customers. The facilities currently being designed by Aloha are those contemplated by the Order Approving Settlement Agreement (Order No. PSC-06-0270-AS-WU) and the Settlement Agreement executed between Aloha, the Office of Public Counsel, and certain customers of Aloha, as attached to Order No. PSC-06-0270-AS-WU and incorporated therein.

2. The FGUA was formed in 1999. The FGUA is committed to bringing its customers-- including cities, counties and the water-end-users -- the highest quality water in Florida. Throughout its history, FGUA has provided drinking water and wastewater service infrastructure to various counties in Florida.

3. On February 27, 2008, the Pasco County Board of County Commissioners voted unanimously to join the FGUA for the purpose of acquiring investor-owned utilities on behalf of

the County. During the County Commission meeting, Aloha Utilities was described as “priority one” for acquisition.

4. The FGUA, on behalf of Pasco County, is rapidly assembling the data and information necessary to determine whether the acquisition of Aloha is possible. FGUA has a history of successfully acquiring investor-owned utilities on behalf of its governmental members. FGUA, at the direction of Pasco County, will apply specific acquisition principles to determine acceptable purchase prices for the investor-owned utilities in Pasco County, consistent with financing principles and analysis under government ownership. If Aloha is acquired by Pasco County, FGUA will handle the acquisition, financing, and operation of the utility until such time in the future as it becomes feasible for the County to take over ownership of Aloha’s former system.

5. The anion exchange system which the Commission had directed Aloha to design and construct will cause Aloha’s ratepayers, or the larger body of Pasco County utility customers if Aloha is acquired, to incur extremely substantial costs. On preliminary analysis, if Aloha is acquired by the FGUA, it would be FGUA’s intention to utilize a greater amount of bulk water from Pasco County and the anion exchange system may not be required.

6. For all of the above reasons, FGUA suggests to the Public Service Commission that Aloha should be directed to abate its efforts on the design and construction of the anion exchange system for a period of one hundred twenty (120) days so that FGUA may investigate whether an acquisition of Aloha can and should be accomplished. FGUA understands that some of Aloha’s customers, and the Commission itself, may feel that the implementation of the anion exchange project should be undertaken as quickly as possible. However, the FGUA believes that it is in the public interest, and the interest of Aloha’s customers and the greater body of Pasco

County utility customers, that no further monies be expended on the anion exchange project since the project may not ultimately be constructed or utilized by the FGUA (or the County) if the concerns of Aloha's customers can be met without the design, construction, or utilization of the anion exchange project. This is just one of the issues that the FGUA already has begun investigating and analyzing.

7. Since after preliminary analysis there is a likelihood that the anion exchange facilities will not be utilized by the FGUA (and ultimately by Pasco County) if the Aloha system is acquired, the expenditure of significant sums in furtherance of the project, consistent with the Commission's outstanding directives, could actually diminish the chance of the sale of the utility to the FGUA, on behalf of Pasco County, and/or cause the price to increase. This is neither in the public interest, nor in the interest of Aloha's current customers, nor in the interest of the larger body of Pasco County utility customers. Forcing customers to shoulder the burden of these expenditures if the system will not in fact ultimately be constructed or utilized, would constitute a waste of money and resources, and should be avoided if at all possible.

8. For all of the reasons set forth herein, it would be in the public interest that the Commission direct Aloha to cease work on all significant capital projects during the 90 day period referenced herein.

9. While it is fully understood that FGUA is not "party" to this docket, this docket is in a unique posture before the Commission. FGUA is aware that the County's input has actually been sought by the staff and the Commission with regard to these subject matters in the past. It is appropriate, procedurally and substantively, for FGUA, on behalf of Pasco County, to now make this suggestion and it is in the public interest for the Commission to consider this suggestion as expeditiously as possible.

DATED this 14th day of March, 2008.

A handwritten signature in black ink, appearing to read "B.A.", written over a horizontal line.

Brian Armstrong
Nabors, Giblin & Nickerson
1500 Mahan Drive, Suite 200
Tallahassee, Florida 32308
(850) 224-4070

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished via e-mail to the following this 14th day of March, 2008:

Stephen Reilly, Esquire
Office of Public Counsel
111 West Madison Street, Room 812
Tallahassee, Florida 32399-1400
reilly.steve@leg.state.fl.us

Mike Cooke
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
mcooke@psc.state.fl.us

Jean Hartman, Esquire
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
[jhartman@psc.state.fl.us](mailto:hartman@psc.state.fl.us)

John Wharton, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
johnw@rsbattorneys.com


Brian Armstrong