

# SPECIAL REPORT



JANUARY 2002 NO. 1

Application for an Increase in Water Rates for the Seven Springs System in Pasco County by

## **Aloha Utilities, Inc.**

Aloha Utilities, Inc. (Aloha or utility) is a water and wastewater utility in Pasco County. The utility, which has annual operating revenues exceeding \$1 million, has 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 identified by the Southwest Florida Water Management District (SWFWMD), and critical water supply concerns have been identified by SWFWMD.

On August 10, 2001, Aloha filed an application for an interim and permanent increase in rates for its Seven Springs water system. The utility requested an interim revenue increase of \$133,063 and a final increase in revenues of \$1,077,337. The requests were based on the utility's requested test year of December 31, 2000 and December 31, 2001, for interim and final rate setting, respectively. The "test year" is a 12-month period used in rate making proceedings to compute current levels of investment and income in order to determine the amount of revenue that will be required to allow the utility to earn a fair return on its investment. The PSC staff adjusts test year data to properly reflect conditions in the future period for which the rates are being fixed.

On September 10, 2001, Aloha amended its application for an interim increase. Based on a June 30, 2001, test year, Aloha's revised application reflects a request for an interim increase of \$290,138, and a request for rates designed to generate total annual revenues of \$2,027,224. In accordance with Section 367.082, Florida Statutes (interim statutes), the PSC approved an interim revenue increase of \$272,206 and approved rates designed to generate annual revenues of \$2,009,292. The interim increase is subject to refund, and during the period interim rates are in effect, the utility must keep an accurate, detailed account of all monies it receives and provide a monthly report to the PSC. Should a refund be required, the refund will include interest.

Aloha requested a total revenue increase of \$1,077,337 in its minimum filing requirements. If approved, the increase will result in annual operating revenues of \$3,044,811. The

requested revenues are based on the utility's request for an overall rate of return of 9.07 percent.

The PSC has scheduled two customer service hearings to provide customers the opportunity to comment on Aloha's rates and services. In accordance with Florida Statutes, the PSC will consider the utility's quality of service along with other matters in deciding this case.

PSC staff is scheduled to make a recommendation to the Commission on March 21, 2002. The Commissioners are expected to vote on this matter at the April 2, 2002, Agenda Conference.

### **CUSTOMER HEARINGS**

DOCKET NO. 010503-WU

**January 9, 2002**

10:00 a.m. and 6:00 p.m.

Clarion Hotel

5316 U.S. Highway 19 North

New Port Richey, Florida

### **PSC Staff & Reference Numbers**

**For legal information, contact:**

Ralph Jaeger (850) 413-6234

**For technical information, contact:**

Tricia Merchant (850) 413-6918

**For general information, contact:**

Bridget Hoyle (850) 413-6111

Or call toll-free 1-800-342-3552

(1-800-511-0809 to fax)

E-Mail: [contact@psc.state.fl.us](mailto:contact@psc.state.fl.us)

Internet Home Page: [www.floridapsc.com](http://www.floridapsc.com)

## PSC COMMISSIONERS



*Chairman Jaber*

**Chairman Jaber** was appointed to the Florida Public Service Commission (PSC) by Governor Jeb Bush in February 2000 to complete a term ending in January 2001. She was reappointed by Governor Jeb Bush for a term ending in January 2005. Chairman Jaber serves on the National Association of Regulatory Utility Commissioners' Committee on Telecommunications and the Committee on Consumer Affairs. Chairman Jaber chairs the Federal-State Joint Conference on Advanced Services created by the Federal Communications Commission (FCC) to promote the rapid deployment of advanced services to all Americans. In July 2001, she was appointed to the Federal-State Joint Board on Universal Service created to promote the availability and access to quality telecommunications services at just, reasonable and affordable rates throughout the Nation. Chairman Jaber has served as co-chair of the e-Infrastructure Subcommittee for the Information Service Technology Development Task Force (ITFlorida.com) and is a current member of the Florida Research Consortium, the affiliate of ITFlorida.com created as a partnership between Florida's universities and technology sectors to focus on high-tech research and development and collaboration between researchers and Florida's high-tech entrepreneurs. Chairman Jaber is a court-certified mediator and a member of the Florida Bar. Chairman Jaber received a bachelor of arts degree in political science and business from Stetson University in DeLand, Florida, and received a juris doctorate from the Stetson University College of Law in St. Petersburg, Florida.



*Commissioner Deason*

**Commissioner Deason** was first appointed to the Commission by the Florida Public Service Commission Nominating Council in January 1991 for a term ending in January 1995. He was subsequently reappointed by the late Governor Lawton Chiles for a term ending in January 1999. Commissioner Deason was then reappointed by Governor Jeb Bush to his current term, which ends in January 2003. Commissioner Deason has served as Chairman of the Commission on two occasions, from January 1993 to January 1995, and from July 2000 to January 2001. Commissioner Deason is an active member of the National Association of Regulatory Utility Commissioners (NARUC). He currently serves on NARUC's Board of Directors, its Finance and Technology Committee, and its Utility Association Oversight Committee. Prior to his appointment, he served as Chief Regulatory Analyst in the Office of Public Counsel. In that capacity, he was responsible for the coordination of accounting and financial analysis used by the Public Counsel in cases before the Public Service Commission, presented testimony as an expert witness, and consulted with the Public Counsel on technical issues and ratemaking policies concerning regulated utilities in the State of Florida. From 1981 to 1987, Commissioner Deason served as Executive Assistant to PSC Commissioner Gerald L. Gunter, during which time he reviewed and analyzed staff recommendations and advised the Commissioner on those recommendations and other pertinent policy determinations. From 1977 to 1981, he served as a Legislative Analyst with the Office of Public Counsel. He attended the U.S. Military Academy at West Point, and in 1975 received his bachelor of science degree in accounting, summa cum laude, from Florida State University. He also received his master of accounting degree from FSU in 1989.



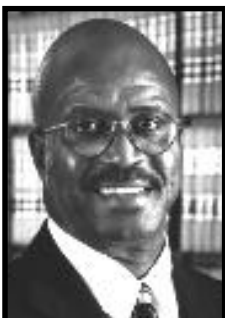
*Commissioner Baez*

**Commissioner Baez** was appointed August 23, 2000, to the Florida Public Service Commission by Governor Jeb Bush, to complete a term ending in January, 2002. Prior to his appointment, Commissioner Baez was an attorney in Miami, Florida, with a statewide practice representing municipal and county governments in telecommunications, cable franchising and other regulatory matters. He served as Executive Assistant to Florida Public Service Commissioner Joe Garcia from 1994 to 1998. A native of South Florida, Commissioner Baez received his undergraduate degree from Florida International University in 1988, and his Juris Doctorate degree from Nova University, Shepard Broad Law Center, in 1993. Commissioner Baez serves on the National Association of Regulatory Utility Commissioners' Committees on Electricity and International Relations and is a member of the Southeastern Association of Regulatory Utility Commissioners. He was appointed to the North American Electric Reliability Council, and is a member of the Florida Bar, American Bar Association, Federal Communications Bar Association, International Municipal Lawyers Association, and the National Association of Telecommunications Officers and Administrators. He has also served as a Director of the Hispanic Bar Association, 2nd Judicial District.



*Commissioner Palecki*

**Commissioner Palecki** was appointed to the Florida Public Service Commission by Governor Jeb Bush on November 20, 2000, to complete a term ending in January 2003. From 1995 until his appointment, Commissioner Palecki was Manager of Regulatory Affairs for NUI Corporation, where he practiced before the New York, Pennsylvania, Maryland, North Carolina and Florida Public Service Commissions. He also served as Secretary of the Associated Gas Distributors of Florida, and was on the Board of Directors of the Florida Natural Gas Association. From 1989 to 1995, Commissioner Palecki was an attorney for the Florida Public Service Commission, and was promoted to Chief of the Electric and Gas Bureau in the Legal Division in 1990. Prior to that, he was an attorney for the State Fire Marshal's Office, where he prosecuted arsons and fire-related murders statewide. He also worked with a major law firm, where he represented 23 insurance companies in over 100 arson and fraud cases. He became president of the Florida Advisory Committee on Arson Prevention, and was a founding partner of FireDogs, a company that pioneered the training and use of canines to "sniff" for evidence of arson at fire scenes. Commissioner Palecki also worked for the State Attorney's Office in Polk County, and for the Florida Attorney General's Office, where he argued and won over 300 criminal cases, including the U.S. Supreme Court case of *Tibbs v. State*, preserving Florida's right to retry defendants after appellate reversal of conviction. He serves on the National Association of Regulatory Utility Commissioners' Committee on Water. Commissioner Palecki is a 1976 graduate of the Stetson University College of Law. He is a member of the Florida Bar and is admitted to practice in several federal courts, including the U.S. Supreme Court.



*Commissioner Bradley*

**Commissioner Bradley**

Biographical information was not available at the time of this publication.

## Consumer Statements at PSC Hearings

The PSC is interested in what consumers have to say about the application for an increase in water rates for the Seven Springs System in Pasco County by Aloha Utilities, Inc. The main purpose of these hearings is to receive comments from the public.

Anyone may make a statement, and speaking is an effective way to let the Commission know how you feel about the case under review. Those consumers who wish to speak should arrive early. The hearings will begin as scheduled and continue until all the consumers have been heard.

At the beginning of the hearings, procedures will be set up to establish an order for comments. PSC staff will have sign-up sheets, and consumers will be called in the order of those sheets. PSC staff will be available to coordinate consumer comments and assist members of the public.

Any person who wishes to comment or provide information to the PSC staff may do so at the hearings, orally or in writing. Written comments also may be sent to the Commission at: Florida Public Service Commission, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850. Your letter will be placed in the correspondence file of this docket (Docket No. 010503-WU). For your convenience, a comment form is attached to this Special Report. You may also call the Commission's toll-free number, **1-800-342-3552**, or dial **1-800-511-0809** to fax.

Any person who is unable to attend and who wishes to obtain a copy of the recommendation or the order may do so by writing to: Director, Division of the Commission Clerk and Administrative Services, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850.

### Florida Public Service Commission *Bureau of* **Consumer Outreach**

2540 Shumard Oak Boulevard  
Betty Easley Conference Center, Room 184  
Tallahassee, Florida 32399-0850

The Public Service Commission's Bureau of Consumer Outreach provides a staff of information specialists who are available to answer questions from the media and from Florida consumers.

To reach a PSC media representative, please call the Bureau of Consumer Outreach during business hours at (850) 413-6100 or send a fax to 1-800-511-0809. See the PSC's Internet home page at [www.floridapsc.com](http://www.floridapsc.com).

## Water Monthly Rates

### *Residential and General Service*

Base Facility Charge Meter Size:	Rates in Effect From 1-18-00 to 7-23-01	Rates in Effect From 7-24-01 to 11-7-01 <sup>(1)</sup>	Interim Rates Currently in Effect as of 11-8-01	Proposed Final Rates <sup>(2)</sup>
5/8" x 3/4" (3,000 gallons minimum)	\$ 7.17	\$ 7.32	\$ 8.31	\$ 9.23
1" (8,000 gallons minimum)	\$ 19.06	\$ 19.46	\$ 22.10	\$ 23.08
1-1/2" (15,000 gallons minimum)	\$ 35.75	\$ 36.49	\$ 41.45	\$ 46.15
2" (24,000 gallons minimum)	\$ 57.61	\$ 58.80	\$ 66.80	\$ 73.84
3" (48,000 gallons minimum)	\$ 114.46	\$ 116.83	\$ 132.72	\$ 147.68
4" (75,000 gallons minimum)	\$ 179.14	\$ 182.85	\$ 207.72	\$ 230.75
6" (150,000 gallons minimum)	\$ 277.03	\$ 282.76	\$ 321.23	\$ 461.50
8" (240,000 gallons minimum)	\$ 565.96	\$ 577.67	\$ 656.25	\$ 738.40
10" (345,000 gallons minimum)	\$ 824.55	\$ 841.62	\$ 956.09	\$1,338.35
<b>Gallonage Charge</b> , per 1,000 Gallons in excess of minimum	\$ 1.28	\$ 1.32	\$ 1.48	
<b>Gallonage Charge</b> , per 1,000 Gallons Up to 10,000 gallons				\$ 2.24 <sup>(2)</sup>
Over 10,000 gallons				\$ 2.81 <sup>(2)</sup>

### TYPICAL RESIDENTIAL BILLS

5/8" x 3/4" Meter Size				
3,000 Gallons	\$ 7.17	\$ 7.32	\$ 8.31	\$ 15.95
5,000 Gallons	\$ 9.73	\$ 9.96	\$ 11.28	\$ 20.43
10,000 Gallons	\$ 16.13	\$ 16.56	\$ 18.70	\$ 31.63

NOTE: (1) Rates increased for 2000 and 2001 Price Index Adjustments.

(2) Proposed gallonage charges eliminate the minimum gallonage limits.



STAMP

Florida Public Service Commission  
Division of the Commission Clerk and Administrative Services  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

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