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February 10, 2000
VIA HAND DELIVERY

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REC'D - REPORTING
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ROBERT M. ROSE

991643-50

Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0862

Re: Aloha Utilities, Inc.
Petition for Wastewater Rate Increase for its Seven Springs System Customers in Pasco County, Florida
Our File No. 26038.30

Dear Ms. Bayo:

Attached hereto are sixteen copies of a revised pleading for filing in the above-referenced rate case Docket. This should replace the pleading filed yesterday. The purpose of this revised pleading is simply to correct three typographical errors which are outlined below:

1. The reference in Paragraph (e), Page 2 to the test year for permanent rate relief should have read "September 30, 2001," instead of "September 30, 2000."
2. In the next Paragraph, the reference to the schedules showing cost of capital and adjustments to cost of capital, should have been to "Schedule D-1(c) and D-2(c)," instead of "D-1(a) and D-2(a)."
3. On Page 4, under Section V, in the first Paragraph the parenthetic reference ("other than the main trunk lines") is changed to read ("other than a few immaterial main trunk lines recently relocated at Utility cost").

Should you have any questions with regard to these changes, please let me know. Otherwise, the sixteen attached copies of the revised pleading to correct these errors, should replace those filed yesterday with the complete Application.

Sincerely,

ROSE, SUNDBTROM & BENTLEY

F. Marshall Deterding
F. Marshall Deterding
For The Firm

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FMD/tmg
cc: Rosanne Gervasi, Esquire
Ralph Jaeger, Esquire
Stephen G. Watford
Robert C. Nixon, CPA
David W. Porter, P.E.

DOCUMENT NUMBER-DATE

01806 FEB 10 8

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of ALOHA)
UTILITIES, INC. for an increase)
in wastewater rates for its Seven)
Springs System in Pasco County,)
Florida.)
_____)

DOCKET NO.

APPLICATION FOR INCREASE IN WASTEWATER RATES

Applicant, ALOHA UTILITIES, INC. (hereinafter "Aloha", the "Utility", or the "Applicant"), by and through its undersigned attorneys and pursuant to Section 367.081 and 367.082, Florida Statutes, and Chapter 25-30, Florida Administrative Code, files this Application for an increase in its wastewater rates for its Seven Springs System in Pasco County, Florida.

I.

The following information is provided pursuant to Rule 25-30.436, Florida Administrative Code:

- 1. (a) The name of the Utility and its principal place of business is:

Aloha Utilities, Inc.
2514 Aloha Place
Holiday, Florida 34691

The name and address of the person authorized to receive notices and communications in respect to this application is:

F. Marshall Deterding, Esquire
Rose, Sundstrom & Bentley
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

- (b) Aloha Utilities, Inc. is a Florida corporation incorporated in Florida on March 10, 1970. The names and addresses of the persons owning more than 5% of the Utility's stock are:

Lynnda Speer 62.5%
Estlon Pippin 12.5%
Joann Pippin 25.0%

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

(c) The Utility's rate base for Seven Springs Sewer System was last established in Docket No. 770720-WS which resulted in Order No. 9278 issued March 11, 1980. The rates of the Seven Springs Sewer System were also considered and revised pursuant to Order No. PSC-97-0280-FOF-WS in Docket No. 960545-WS issued on March 12, 1997. Finally, in Commission Docket Nos. 970536-WS and 980245-WS the Commission undertook a complete review of the Utility's capital investments, revenues, expenses and earned rate-of-return, as well as cost of capital for the calendar year ended December 31, 1998 and those findings were published as part of Order No. PSC-99-1917-PAA-WS. Other than the issues that the Utility requested that it be provided the opportunity to thoroughly discuss and litigate in its next rate case (as specifically addressed in that Order), that Order became final when no protests were received by the close of business on October 19, 1999.

(d) The address within the service area where the application is available for customer inspection during the time the rate application is pending is:

2514 Aloha Place
Holiday, Florida 34691

(e) The Utility is requesting rates which would generate a fair rate of return. The Utility is seeking rate relief in order to allow it to recover its expenses and earn a fair rate of return on its investment and proper used and useful in the public service. Specifically, the Utility has been required by the Florida Department of Environmental Protection to make substantial capital additions and changes in its operations. The Utility has already been required to begin expending substantial amounts of money in additional operating costs, which are continuing into the foreseeable future. In addition, it is in the process of making substantial capital additions to its wastewater system. The Utility is seeking permanent rate relief based upon the projected test year ended September 30, 2001 in order to recover these operating costs and a fair return on its investment in these new and required facilities.

The Utility is seeking interim rates based upon the historic test year ended September 30, 1999. The Utility has demonstrated through the schedules and attached **Exhibit "1"** that it is earning outside the range

of reasonable rates of return calculated in accordance with Section 367.082(5), F.S. Submitted as part of **Exhibit "1"** are schedules of rate base (Schedule A-2(c)), cost of capital (Schedule D-1(c) and D-2(c)) and net operating income (Schedule B-2(C) and Schedule B-3(C)) pursuant to Commission Rule 25-30.437(5), F.A.C.

(f) An Affidavit signed by the President of the Utility that the Utility will comply with Rule 25-22.0407, F.A.C., is provided herewith as **Exhibit "6"**.

(g) The Utility requests that this case be processed using the standard 8 month file and suspend procedure outlined in Section 367.081(6), F.S., including proceeding directly to hearing. The Utility has chosen this alternative rather than the Proposed Agency Action process because of the need for immediate rate relief occasioned by DEP required changes in operations, combined with the promised opposition from at least one of the Utility's most active customers to any proposed rate increase, regardless of the basis for same.

2. There has been no new land recorded on the Utility's books since the Utility's rate base was last established. Please see **Exhibit "1"**, Page 57 to this Application for a statement regarding this issue.

3. **Exhibit "5"** contains a copy of a Lease for office space rental between Aloha and Interphase, Inc., a related party. This fully complies with the requirements of Rule 25-30.436(4)(h) 7, F.A.C.

II.

Sixteen copies of the Utility's Financial, Rate and Engineering Minimum Filing Requirements (Form PSC/WAW 20) are provided herewith as **Exhibit "1"**.

III.

Two copies of the Billing Analysis Schedules as required by Rule 25-30.437(4) are provided herewith as **Exhibit "2"**.

IV.

Two copies of the Additional Engineering Information required by Rule 25-30.440(2)-(10), F.A.C. are provided herewith as **Exhibit "3"**.

V.

Detailed system maps required by Section 25-30.440(1)(a)(b) are utilized by the Commission and its staff solely for the purpose of used and useful analysis for the distribution and collection system. All of Aloha's water distribution and sewer collection facilities (other than a few immaterial main trunk lines recently relocated at Utility cost) are now and have been contributed by developers since the inception of the Utility. As such, no separate used and useful calculation to these facilities is necessary, and would have no effect on the establishment of the Utility's rate base for rate setting purposes.

In addition, Aloha does not now have any system-wide maps that meet the description outlined in this specific rule. Instead, Aloha has only the original system maps provided by the developers of the particular parcels or sub-parcels, which were required to be submitted to the Utility as a precondition of contribution of those facilities. As a result, Aloha's detailed system maps not only are contained in literally hundreds (if not thousands) of separate maps, but they also provide absolutely no information concerning which lots are occupied, currently utilized, or receiving service. As such, even if all of the onsite collection and distribution facilities were not contributed, compliance with this rule in a manner which would provide useable information would require creation of entirely new system maps for Aloha's entire existing service territory at a very substantial cost which would have to be passed on to the ratepayers, while providing no useful information.

Based upon the above facts, the Utility has discussed this issue with members of the Commission's Water and Wastewater Department's engineering staff and has determined that there is no need for the Utility to submit the information required by Rule 25-30.440(1)(a) and (b).

Therefore, under the provisions of Rule 25-30.436(6), to the extent it is still effectual, the Utility hereby requests a waiver of the MFR requirements contained in Rule 25-30.440(1)(a) and (b). Based on the above facts, meeting production of the data required under that rule would be impractical, useless, and would impose an excessive economic burden upon the Applicant and ultimately upon its customers.

To the extent the waiver provisions of Rule 25-30.436(6) are no longer applicable or effective, the Utility has separately filed a Petition for Emergency Variance request under Rule 28-104, F.A.C.

VI.

Aloha proposes to include within its plant investment, the cost of investments made in the public interest pursuant to Section 367.081(2), Florida Statutes, which investment was or will be required by agency rule, regulation, order, or other regulatory directive. As such, the Utility is providing the information required by Rule 25-30.4415(1)(2) and (3) as Composite **Exhibit "4"** to this Application.

Aloha's system has costs allocated or charged to it from an affiliate or related party in addition to those costs reported on Schedule B-12 of Commission form PSC-WAW19. As such, the information required by Rule 25-30.436(4)(h) is included as part of **Exhibit "1"** (Pages 57 and 58) attached hereto.

VII.

The original and two copies of the Revised Tariff Sheets reflecting the proposed interim rates are attached hereto as Composite **Exhibit "7"**.

VIII.

The original and two copies of the Revised Tariff Sheets reflecting the proposed final rates are attached hereto as Composite **Exhibit "8"**.

IX.

The Utility requests that the Commission not withhold consent to the effectiveness of the proposed final wastewater rate increase as requested in this Application, or in the alternative that the Commission grant interim rates pursuant to Section 367.082, F.S.

X.

The Utility is not requesting any changes in its service availability policy or charges.

XI.

Attached hereto as **Exhibit "9"** are the Direct Testimonies of David W. Porter, P.E., CO and Robert C. Nixon, C.P.A., filed in support of this Application as required by Commission Rule 25-30.436(2), F.A.C.

XII.

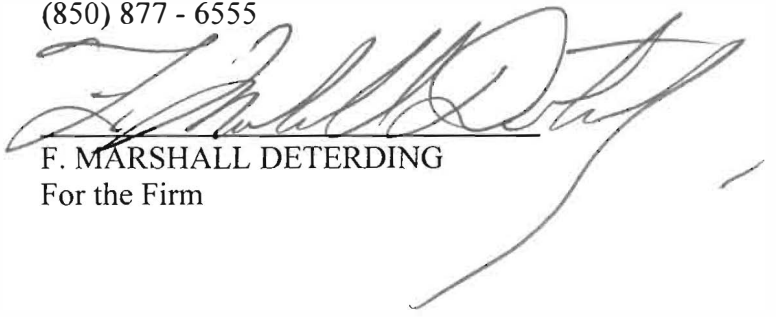
The filing fee required by Rule 25-30.020(1)(e), F.A.C., is \$4,500 since the Utility has the existing capacity to serve more than 4,000 ERCs.

WHEREFORE, the Utility requests that the Florida Public Service Commission do the following:

1. Accept jurisdiction of this Application to grant an increase in wastewater rates utilizing the full rate case procedure outlined in Section 367.081(6), F.S.
2. Not withhold consent to the effectiveness of the rates requested, or in the alternative, to grant interim rates.
3. Provide such other and further relief as is fair, just and equitable.

Respectfully submitted this 10th
day of February, 2000 by:

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Tallahassee, Florida 32301
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