

State of Florida



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: September 25, 2001
TO: Division of the Commission Clerk and Administrative Services
FROM: Division of Legal Services (Espinoza) *ATE*
RE: Docket No. 010503-WU - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Please file the attached letter dated September 20, 2001, in the correspondence file for the above-referenced docket.

LAE/dm

cc: Division of Regulatory Oversight (McPherson, Vandiver)
Division of Economic Regulation (Fletcher, Crouch, Jones,
Lingo, Merchant, Stallcup, Wetherington, Willis)
Division of Legal Services (Jaeger)

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EXCISEM - 1402
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9-26-01

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ROBERT M. C. ROSE
OF COUNSEL

September 20, 2001
VIA HAND DELIVERY

Lorena Espinoza
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0873

Re: Aloha Utilities, Inc.; PSC Docket No. 010503-WU
Our File No. 26038.35

Dear Lorena:

I am writing as a follow up to our recent conversations concerning the deposition of Mr. Watford, Mr. Nixon and Mr. Porter, specifically on the issues concerning rate structure and the inclining block rates that were outlined in Ms. Jennie Lingo's memo which you sent me and which is attached.

We at Aloha agreed to these initial depositions and to allow later depositions of these witnesses only under the condition that the areas to be covered in this initial deposition would not be repeated by any party in the later deposition, and that you would obtain the agreement of Public Counsel in that regard. The areas which are to be covered in the first deposition and to which that deposition is limited, are outlined in Jennie Lingo's attached memo. Therefore, based upon the fact that we have moved forward with setting these depositions up for October 4, 2001 at Mr. Nixon's office, I assume all parties have agreed. I am writing this letter to ensure that there is no question of that agreement.

The depositions will take place in Mr. Nixon's offices at the following address:

Cronin, Jackson, Nixon & Wilson
2560 Gulf-to-Bay Blvd.
Suite 200
Clearwater, FL 33765

The depositions will begin at 9:30 a.m. with Mr. Porter, followed immediately by Mr. Watford approximately one half hour later, and the current schedule calls for Mr. Nixon to be taken at 1:30 p.m. We will try and have him available for a deposition earlier, if Mr. Watford's deposition is shorter than expected.

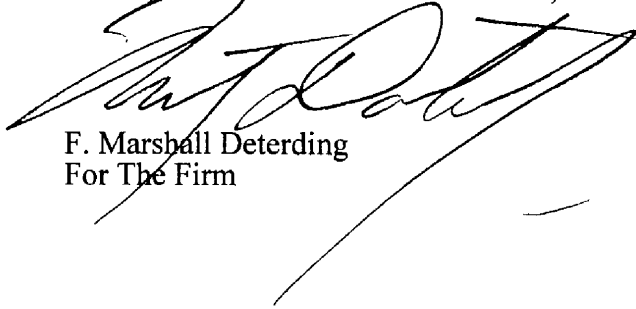
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TALLAHASSEE, FLORIDA

Lorena Espinoza
September 20, 2001
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Should you have any questions or comments with regard to this matter or if my statements above are incorrect, please let me know. Otherwise, I look forward to receiving the official Notice at your convenience.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

FMD\tmg
cc: Ralph Jaeger, Esquire
Stephen Burgess, Esq.
Ms. Jennie Lingo
Mr. Stephen G. Watford
Robert C. Nixon, CPA
David W. Porter, P.E.
aloha\35\espinoza.ltr

Aloha Utilities, Inc.
Docket No. 010503-WU
September 11, 2001

ISSUES FOR LIMITED DEPOSITION

- Issue 1: What is the appropriate method of projecting customers and consumption for the projected test year ending December 31, 2001, and what are the resulting projected numbers of customers and consumption for the 2001 projected test year before any adjustments are made?
- Issue 2: What conservation programs are appropriate for this utility?
- Issue 3: What is the appropriate level of conservation expenses?
- Issue 4: What is the appropriate resulting reduction in total consumption?
- Issue 5: What is the appropriate projected number of purchased water gallons from Pasco County, and what is the resulting expense?
- Issue 6: What is the appropriate rate structure for this utility?
- Issue 7: Is repression of consumption likely to occur, and if so, what is the appropriate adjustment and the resulting consumption to be used to calculate consumption charges?
- Issue 8: What are the appropriate monthly rates for service?