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STATE OF FLORIDA



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ANN COLE
COMMISSION CLERK
(850) 413-6770

Public Service Commission

February 15, 2008

To: Parties of Records and Interested Persons in Docket No. 060122-WU

Re: 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.

To Whom It May Concern:

This is to inform you that the Commission is reporting the attached communication in the above-referenced docket:

Communication dated February 14, 2008, from Ryder Rudd.

This email will be made a part of the record in this proceeding. Any party who desires to respond to this communication may do so within 10 days by sending a response to the Office of Commission Clerk, 2450 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850 or by electronically filing a response to filings@psc.state.fl.us, in accordance with the Florida Public Service Commission's Electronic Filing Requirements.

Sincerely,

Handwritten signature of Ann Cole in black ink.

Ann Cole
Clerk of the Commission

/ac

Enclosure

cc: Michael Cooke, General Counsel
Public Service Commission

DOCUMENT NUMBER DATE

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-M-E-M-O-R-A-N-D-U-M-

DATE: February 15, 2008
TO: Ann Cole, Commission Clerk - PSC, Office of Commission Clerk
FROM: Stephen C. Larson, Executive Secretary to Commissioner Argenziano
RE: Communication received in Docket No. 060122-WU

Commissioner Argenziano has received and viewed the attached e-mail and attachments in the above-noted docket. Pursuant to the provisions of Section 350.042, Florida Statutes, please disseminate these documents to the parties in this docket.

Attachment

Steve Larson

From: Ryder Rudd
Sent: Thursday, February 14, 2008 4:27 PM
To: Steve Larson
Subject: Fw: Ryder - Public Service Commission

----- Original Message -----

From: Ryder Rudd
To: Nancy Argenziano; 'LARSON.STEPHEN.S03@flsenate.gov' <LARSON.STEPHEN.S03@flsenate.gov>
Sent: Thu Feb 14 16:26:03 2008
Subject: Fw: Ryder - Public Service Commission

Commissioner,

Below you will find the e-mail I received from Sen. Fasano. If you would like more details as to what has transpired between this e-mail and now. Please give me a call. 210-3223

Thank you,

Ryder

----- Original Message -----

From: Ryder Rudd
To: Mary Bane
Sent: Thu Feb 14 12:08:14 2008
Subject: Fw: Ryder - Public Service Commission

----- Original Message -----

From: FASANO.MIKE.S11 <FASANO.MIKE.S11@flsenate.gov>
To: Ryder Rudd
Sent: Wed Feb 13 13:00:09 2008
Subject: Ryder - Public Service Commission

Ryder -

Not sure if you read the articles today in the Times and Tribune - below is the Tribune's. I am doing my best from being critical of the PSC Commissioners.

Please know and let them know individually that I will no longer tolerate staff or the Commissioners sympathetic attitude towards the company of Aloha. I expect enforcement action to occur soon.

I will do my best getting each commissioner replaced when his or her term expires via the legislative process if we see no positive changes for the customer in the very near future.

Thanks and God bless.

Mike

Ps - please pass this on.

Aloha Utilities' Rates Allowed To Increase In 3 Stages

By CHRISTIAN M. WADE, The Tampa Tribune

Published: February 13, 2008

The senator took off his glasses, leaned forward in his chair and looked up at the five members of the Florida Public Service Commission above him on the dais.

"Why are we here?" Mike Fasano asked the state regulatory body.

He paused, making sure he had their attention.

"Why are we here?" Fasano repeated. "Why are we even considering this request?"

Speaking at a PSC meeting in Tallahassee on Tuesday, the New Port Richey lawmaker beseeched commissioners not to approve Aloha Utilities' proposed rate increase.

He argued that the private utility doesn't deserve to charge more because it failed to fulfill terms of a 2006 settlement aimed at resolving years of water quality issues.

"Twenty-two months later and Aloha's customers have received nothing but a promise that clean water is coming," Fasano said. "We shouldn't be considering this request."

But after wrangling over details for several hours, the PSC voted in favor of allowing the rate increases in three stages over the next several years.

The approved fees are somewhat lower than what Aloha requested, but for some utility customers they will amount to a monthly increase of more than 100 percent.

Households using 5,000 gallons per month would see bills go from \$14.35 to \$27.46.

The PSC approval came with stipulations, including that the increases won't go into effect until Aloha proves it has tied into Pasco County's water system.

John Wharton, Aloha's attorney, said the utility needs to begin buying water from the county to reduce overpumping at its wells and to use with a new treatment system.

"This water is to meet present customer demand," he said. "We need this water now."

Wharton alluded that a denial of the increase would hinder implementation of the settlement between the utility and customers and, ultimately, result in more delays.

"To deny this increase will set off a series of dominoes," he told the commission.

Aloha says it needs to raise rates to recoup the cost of buying the drinking water from Pasco County and to cover increased operating expenses. To date, the utility has secured a \$20 million bond for the bulk water and paid \$4.9 million in impact fees.

The investments are required under the settlement that's intended to fix the "black water" contamination of its wells.

That deal requires Aloha to install an anion exchange system at its five treatment plants to remove the hydrogen sulfide, an organic compound found in most water systems.

Implementation of the settlement, however, has been plagued by setbacks.

Fasano has asked the regulatory body to move ahead with a process called deletion of

territory, stripping Aloha of its franchise and turning over its service area to the county.

The PSC took no action on that request Tuesday.

The private utility serves about 25,000 customers in the Trinity and Seven Springs areas of west Pasco County. Customers in Aloha Gardens are not included in the rate increases.

In 2001, the PSC rejected Aloha's request for a 55 percent boost. The utility appealed, but a judge later upheld the commission's order and mandated customer refunds.

After Tuesday's PSC vote, Fasano said he had mixed feelings about the outcome.

"Am I pleased that the customers will be paying more? No," the Republican legislator said. "But at least we know they're Aloha not going to see anything until they've delivered."

Reporter Christian M. Wade can be reached at (727) 815-1082 or cwade@tampatrib.com.

From: Ryder Rudd [mailto:RRUDD@PSC.STATE.FL.US]
Sent: Wednesday, February 13, 2008 9:49 AM
To: FASANO.MIKE.S11
Cc: GIORDANO.GREGORY.S11
Subject: FW: Electronic Version of True-up Language

Senator Fasano,

It was good talking to you last night. Attached you will find the language agreed to by the Public Council, PSC and Aloha. Please call me if you have any questions or concerns.

Thank you,

Ryder S. Rudd

Director, Office of Strategic Analysis and Governmental Affairs

Florida Public Service Commission

(850) 413-6800 (office)

(850) 210-3223 (mobile)

From: Cheryl Bulecza-Banks
Sent: Tuesday, February 12, 2008 6:50 PM
To: Ryder Rudd
Cc: Mary Bane; Tim Devlin; Marshall Willis; Bart Fletcher; Jean Hartman; Jennifer Brubaker; Mary Anne Helton; Michael Cooke
Subject: Electronic Version of True-up Language

Good Evening Ryder,

Attached is Word file of the true-up language that was agreed to by the parties and approved by the Commission.

Cheryl