

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Investigation of utility)
rates of Aloha Utilities, Inc. in)
Pasco County, Florida)
_____)

DOCKET NO. 960545-WS

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ALOHA UTILITIES, INC.'S MOTION TO SUPPLEMENT DIRECT TESTIMONY

Aloha Utilities, Inc. ("Aloha"), by and through its undersigned counsel, hereby files this Motion To Supplement Direct Testimony and in support thereof states and alleges as follows:

1. On September 29, 1999, Aloha filed certain testimony and exhibits as rebuttal testimony which was addressed to the issue of Aloha's incurrence of certain expenses connected with this investigation of its quality of water and the ability/propriety of Aloha recovering those expenses within this proceeding.

2. On November 10, 1999, OPC filed its Motion Of Intervenors To Strike Certain Testimony And Exhibits, said Motion directed to the testimony and exhibits referenced hereinabove.

3. The purpose of this Motion is to offer an alternative to either granting or denying the above-referenced Motion of OPC. In its Response To Motion Of Intervenors To Strike Certain Testimony And Exhibits, also filed by Aloha on this date, Aloha urges that OPC's Motion should be denied. However, should that Motion be well-taken by the Commission, then Aloha moves in the alternative that the testimony essentially be removed as rebuttal testimony and thereafter inserted in the record as prefiled supplemental direct testimony.

AFA _____
APP _____
CAF _____
CMU _____
CTR _____
EAG _____
LEG _____
MAS _____
OPC _____
PAI _____
SEC _____
WAW _____
OTH _____

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FPSC-BUREAU OF RECORDS

Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive, Tallahassee, Florida 32301

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4. The granting of this Motion would not prejudice any party and would be in furtherance of the principles of both fundamental fairness and judicial economy, particularly in light of the fact that this case has now been tentatively continued until March 1 and 2, 1999.

5. It is in the public interest, and promotes judicial economy, for the issue of Aloha's expenses reasonably incurred in connection with the water quality investigation, and Aloha's ability to recover those expenses, to be addressed within the present docket. Not only is this docket already open and on-going but also, by definition, this docket involves the subject matter for which Aloha will request the recovery of certain reasonable resulting expenses. No additional hearing time will be necessary to hear these issues and all interested parties will have an opportunity to be heard on the same.

6. The recent continuance of this case, from December 13 and 14 until the new tentative dates of March 1 and 2, particularly supports the granting of this Motion (if in fact OPC's Motion Of Intervenors To Strike Certain Testimony And Exhibits is well-taken by the Commission). No party will be prejudiced by the refiling of this testimony as direct, rather than rebuttal, and any party entitled to respond to that testimony should be given an opportunity to file such testimony for the sole purpose of responding within 30 days of the date of this Motion. Aloha would not oppose such an opportunity for additional direct testimony by any appropriate party.

7. The testimony Aloha would seek to supplement to its direct testimony is attached hereto as Exhibit "A." The testimony Aloha would seek to delete from its

rebuttal testimony is that which addresses the issue of Regulatory Commission Expense.

8. If this Motion is granted, Aloha will file amended rebuttal testimony which will be the rebuttal testimony filed by Aloha on September 29, 1999 without any change or modification other than the deletion of the testimony attached hereto as Appendix "A," if requested to do so by the Commission.

9. Aloha requests the opportunity to present oral argument in support of its Motion To Supplement Direct Testimony.

WHEREFORE, and in consideration of the above, Aloha respectfully requests the Commission grant this Motion if in fact OPC's Motion Of Intervenors To Strike Certain Testimony And Exhibits is granted by the Commission.

DATED this 20th day of November, 1999.


John L. Wharton, Esq.
F. Marshall Deterding, Esq.
ROSE, SUNDSTROM & BENTLEY, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301
(850) 877-6555

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and accurate copy of the foregoing has been furnished by the method indicated below to the following on this 20th day of November, 1999:

Ralph Jaeger, Esq.
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

HAND-DELIVERY

Mike Fasano
8217 Massachusetts Avenue
New Port Richey, FL 34653

VIA FAX & U.S. MAIL

Harold McLean, Esq.
Office of Public Counsel
111 Madison Street, Room 812
Tallahassee, FL 32399-1400

VIA FAX & U.S. MAIL



John L. Wharton, Esq.

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 ALOHA UTILITIES, INC.

3 DOCKET NO. 960545-WS

4 INVESTIGATION OF UTILITY RATES OF

5 ALOHA UTILITIES, INC. IN PASCO COUNTY

6 SUPPLEMENTAL DIRECT TESTIMONY OF ROBERT C. NIXON

7 Q. Please state your name and employment address.

8 A. Robert C. Nixon, Cronin, Jackson, Nixon & Wilson, 2560 Gulf-
9 to-Bay Boulevard, Suite 200, Clearwater, Florida 34625-4419.

10 Q. Have you previously provided testimony in this proceeding?

11 A. Yes. I prefiled Direct and Rebuttal Testimony.

12 Q. What is the purpose of this Supplemental Direct Testimony?

13 A. To provide additional Direct Testimony on the issue of
14 regulatory commission expense, and to specifically explain the
15 schedules that were originally supplied as **Exhibit "RCN-1"** to
16 my Rebuttal Testimony. I have not reattached copies of these
17 exhibits, since they were previously filed with the Rebuttal
18 Testimony. However, they should appropriately be marked as an
19 attachment to this Testimony. Submitting additional copies
20 would simply be a waste of money for copying, when all parties
21 have the appropriate copies as previously filed.

22 Q. Have you represented Aloha Utilities throughout this water
23 quality investigation proceeding on accounting matters.

24 A. Yes, I have. I have been the accountant primarily responsible
25 for Aloha's response to this investigation as it involves



1 accounting issues.

2 Q. Have you prepared an analysis of the costs incurred by the
3 utility for accounting fees relative to this issue and this
4 case?

5 A. Yes.

6 Q. What are the total accounting costs to date?

7 A. The total accounting costs incurred to date including fees and
8 costs is \$9,149 through the end of September. We estimate
9 approximately \$4,970 additional dollars will be incurred to
10 completion of this case for a total of \$14,119 in accounting
11 fees expected to be incurred before this case is finalized.
12 I have summarized the actual and estimated accounting expenses
13 to complete as **Exhibit "RCN-1"** attached to my Rebuttal
14 Testimony.

15 Q. Do you have any further testimony to provide in this regard?

16 A. No. I do not.

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 ALOHA UTILITIES, INC.

3 DOCKET NO. 960545-WS

4 INVESTIGATION OF UTILITY RATES OF

5 ALOHA UTILITIES, INC. IN PASCO COUNTY

6 SUPPLEMENTAL DIRECT TESTIMONY OF F. MARSHALL DETERDING

7 Q. Please state your name and employment address.

8 A. F. Marshall Deterding, Rose, Sundstrom & Bentley Law Firm,
9 2548 Blairstone Pines Drive, Tallahassee, Florida 32301.

10 Q. Have you previously provided testimony in this proceeding?

11 A. Yes. I prefiled Direct and Rebuttal Testimony.

12 Q. What is the purpose of this Supplemental Direct Testimony?

13 A. To provide additional Direct Testimony on the issue of
14 regulatory commission expense, and to specifically explain the
15 schedules that were originally supplied as **Exhibit "FMD-1"** to
16 my Rebuttal Testimony. I have not reattached copies of these
17 exhibits, since they were previously filed with the Rebuttal
18 Testimony. However, they should appropriately be marked as an
19 attachment to this Testimony. Submitting additional copies
20 would simply be a waste of money for copying, when all parties
21 have the appropriate copies as previously filed.

22 Q. Have you represented Aloha Utilities throughout this water
23 quality investigation proceeding?

24 A. Yes, I have. I have been the attorney primarily responsible
25 for processing Aloha's response to this investigation.

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Q. Have you prepared an analysis of the costs incurred by the utility for legal fees relative to this issue and this case.

A. Yes, I have. It is attached as **Exhibit "FMD-1"** to my Rebuttal Testimony. In accordance with the instructions I was given, I have calculated an analysis only of those expenses that have occurred since the beginning of 1998. Those that were not "previously expensed" as alleged by the staff in their recent recommendation and review of this issue. Since the staff stated that we could not have previously expensed them for reporting purposes and then come back at a later date and correct that error by proposing that they be amortized, we are only including those that have not been previously expensed.

Q. What is the total legal costs to date?

A. The total legal costs incurred to date including fees and costs is \$164,641.01 through the end of September. We estimate approximately \$80,700 additional dollars will be incurred in to completion of this case for a total of \$245,341.01 in legal fees expected to be incurred before this case is finalized.

Q. Do you have any further testimony to provide in this regard?

A. No. I do not.

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 ALOHA UTILITIES, INC.

3 DOCKET NO. 960545-WS

4 INVESTIGATION OF UTILITY RATES OF

5 ALOHA UTILITIES, INC. IN PASCO COUNTY

6 SUPPLEMENTAL DIRECT TESTIMONY OF STEPHEN G. WATFORD

7 Q. Please state your name and employment address.

8 A. Stephen G. Watford. I am the President of Aloha Utilities,
9 Inc., 2514 Aloha Place, Holiday, Florida 34691.

10 Q. Have you previously provided testimony in this proceeding?

11 A. Yes. I prefiled Direct and Rebuttal Testimony.

12 Q. What is the purpose of this Supplemental Direct testimony.

13 A. To provide additional Direct Testimony on the issue of
14 regulatory commission expense, and to specifically explain the
15 schedules that were originally supplied as **Exhibit "SGW-1"** and
16 **Exhibit "SGW-2"** to my Rebuttal Testimony. I have not
17 reattached copies of these exhibits, since they were
18 previously filed with the Rebuttal Testimony. However, they
19 should appropriately be marked as an attachment to this
20 Testimony. Submitting additional copies would simply be a
21 waste of money for copying, when all parties have the
22 appropriate exhibits and copies as previously filed.

23 Q. Please discuss the issue of the cost of this proceeding and
24 needed rate relief.

25 A. This water quality investigation has been ongoing for almost

1 four years. It originally was an outgrowth of the reuse case
2 (Docket #950615-SU). The customers suggested in that
3 proceeding, that they did not feel the Utility should receive
4 a rate increase related to the required installation of reuse
5 facilities until their water quality concerns were addressed.
6 The water quality investigation will have lasted over 4 years
7 when it is completed next Spring, and the Utility has expended
8 substantial monies in responding to the issues raised therein.
9 These costs have included, but are not limited to, an
10 engineering study of water treatment alternatives, a customer
11 survey, on-site visits by individual Commissioners, and
12 continuing water quality testing and cooperation with the PSC
13 and DEP staff. During the reuse case, the Commission noted
14 that much of the money spent should be considered related to
15 water quality issues and should be recovered in a water
16 related proceeding, rather than considered in the reuse case
17 itself. During a recent investigation by the Commission into
18 the overall operations of the Utility and its achieved rates
19 of return, the Commission determined that this Seven Springs
20 Water System was earning almost exactly at the midpoint of its
21 allowed rate of return.

22 In that same case the Commission ruled that this proceeding
23 should be considered once the case reached its conclusion.
24 That is what we are requesting here. I have attached to my
25 Rebuttal Testimony as **Exhibit "SGW-1"** an up-to-date analysis

1 of the cost of this proceeding that Aloha has incurred, and an
2 estimate of the cost to complete this case. Those costs
3 should be considered in this case, and rates set to recover
4 these costs, as opposed to requiring the Utility file a
5 separate proceeding for such recovery. Failure by the
6 Commission to grant rates to cover those costs can only cost
7 more in the long run, which costs will ultimately be borne by
8 the customers. Aloha is certainly entitled to recover the
9 costs expended in this proceeding. Utilizing a format similar
10 to an index rate adjustment, and amortizing these costs over
11 a four year period, Aloha needs an increase of .7158% in water
12 rates in order to recover such costs. We are hereby asking
13 that the Commission provide the Utility with the needed rate
14 relief to cover the costs expended by Aloha, in the Final
15 Order in this proceeding.

16 Q. Have you prepared an analysis of the in-house costs incurred
17 by Aloha and expect it to be incurred in the future?

18 A. Yes, I have updated the information that we supplied to the
19 staff several months ago, including all the actual costs and
20 estimates to complete that have actually been incurred by
21 Aloha. I also enclosed the basis for those calculations as
22 **Exhibit "SGW-2"** to my Rebuttal Testimony.

23 Q. For the record, did you or any employee of Aloha Utilities, or
24 any other person, tamper with the wells or with anything
25 related to the testing of the Utility's wells on August 4,

1 1999.

2 Q. Do you have any further testimony to provide in this regard?

3 A. No. I do not.

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 DOCKET NO. 960545-WS

3 WATER QUALITY INVESTIGATION OF ALOHA UTILITIES, INC

4 SUPPLEMENTAL DIRECT TESTIMONY OF DAVID W. PORTER, P.E., C.O.

5 Q. Please state your name and professional address.

6 A. David W. Porter, P.E., C.O., Water/Wastewater System
7 Consulting Engineer, 3197 Ryans Court, Green Cove Springs,
8 Florida, 32043.

9 Q. Have you previously provided testimony in this proceeding?

10 A. Yes. I prefiled Direct and Rebuttal Testimony.

11 Q. What is the purpose of this Supplemental Direct Testimony?

12 A. To provide additional Direct Testimony on the issue of
13 regulatory commission expense, and to specifically explain the
14 schedules that were originally supplied as Exhibit "DWP-5" to
15 my Rebuttal Testimony. I have not reattached copies of these
16 exhibits, since they were previously filed with the Rebuttal
17 Testimony. However, they should appropriately be marked as an
18 attachment to this Testimony. Submitting additional copies
19 would simply be a waste of money for copying, when all parties
20 have the appropriate copies as previously filed.

21 Q. Have you prepared an analysis of the costs incurred by the
22 utility for engineering fees relative to this issue and this
23 case?

24 A. Yes.

25 Q. What are the total engineering costs to date?

1 A. The total engineering costs incurred to date, including fees
2 and costs, is \$66,213.01 through the end of September. We
3 estimate approximately \$31,130 additional dollars will be
4 incurred to completion of this case for a total of \$97,343.01
5 in engineering fees expected to be incurred before this case
6 is finalized. I have summarized the actual and estimated
7 engineering costs to complete as **Exhibit "DWP-5**.

8 Q. Do you have any further testimony to provide in this regard?

9 A. No. I do not.

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