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OF COUNSEL

October 9, 2000

**VIA HAND DELIVERY**

Ralph Jaeger, Esquire  
Division of Legal Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0862

Re: Aloha Utilities, Inc.; PSC Docket No. 991643-SU  
Petition for Wastewater Rate Increase for its Seven Springs System Customers in Pasco  
County, Florida  
Our File No. 26038.30

Dear Ralph:

As a result of receiving the staff's Fourth Set of Interrogatories and Third Request for Production at 5:00 p.m. on Thursday afternoon, we have reviewed the Transcript of the prehearing conference and the Prehearing Order, and do not believe the staff is entitled to any "expedited discovery." However, we are certainly willing to cooperate with the staff in getting them information that they need in order to properly review the costs and circumstances related to the new office building. As such, we are willing to provide the information requested in your Interrogatories and Request for Production to the extent we can do so quickly, and we believe we can provide you with the great majority of the responses by the end of this week. We will provide the remaining answers as we are able to accumulate them.

However, in our willingness to do so, you should be aware of the following items:

1. Our providing this information in no way should be constructed as a waiver of any and all arguments concerning rights to this or any discovery at this time or expedited responses. However, we do believe that additional information can only help the Commission and the parties understand the costs and specifics related to this change in office building, and therefore, we are happy to do what we can to provide as much information as the staff and the Commission believes is needed.
2. Many things that are relevant to the total cost of the relocation are estimates and are preliminary in nature, and therefore, are subject to change and adjustment as time goes by and as the transaction nears its closing. We will provide updates immediately as more information becomes available. However, we will try in our response to the staff discovery request to provide as much detailed information and as accurate information as possible. Even though there are still several things up in the air, we believe that with the cost of the building being known, the maintenance,

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insurance and taxes being good estimates from the current owner, any later adjustments to the information that we provide by the end of this week should be relatively minor.

3. Several relocation costs, including moving expenses, purchase of furnishings, phone system moving costs, and computer setup costs, are the main areas where we do not have any great detail at this moment. We hope to have a little more detail on some of those by the end of the week. However, some of them we will not know until sometime closer to the November 2, 2000 hearing.
4. Finally, Interrogatory No. 58 and Request for Production No. 13 requests a cost benefit analysis relative to the cost of purchasing versus leasing office space. No such analysis has ever been performed by the Utility in writing. The Utility did review numerous lease options as an alternative to the purchase of a building. We will provide the staff with as much information as possible by Friday. However, I do not believe it really rises to the level of a "cost benefit analysis" performed by the Utility. In attempt at complying with that Interrogatory, we will need input from Mr. Nixon and he is in jury duty Tuesday, and perhaps the rest of this week. As such, input from him will be difficult by this Friday. We will provide the staff additional information as we are able to put it together.

If you have any questions in this regard, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY



F. Marshall Deterding  
For The Firm

FMD/tmg

cc: Blanca S. Bayo, Director  
Stephen Burgess, Esq.  
Stephen Watford, President  
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