

State of Florida



CANNON

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: March 11, 2008
TO: Ann Cole, Commission Clerk - PSC, Office of Commission Clerk
FROM: Stephen B. Fletcher, Public Utilities Supervisor, Division of Economic Regulation
RE: Docket No. 060122-WU, Aloha Utilities Limited Proceeding increase in water rates

Attached is a document for inclusion in the docket file for Docket No. 060122-WU, Limited Proceeding for rate increase in Pasco County by Aloha Utilities.

The document is a two page letter dated March 4, 2008 addressed to Tim Devlin from Bruce Kennedy. The letter was received on March 7, 2008.

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01815 MAR 11 08

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PASCO COUNTY, FLORIDA

DADE CITY (352) 521-4274
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NEW PORT RICHEY (727) 847-8041
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UTILITIES SERVICES BRANCH
PUBLIC WORKS/UTILITIES BLDG.
7530 LITTLE ROAD, SUITE 213
NEW PORT RICHEY, FL 34654-5598

March 4, 2008

Mr. Timothy Devlin, Director
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

08 MAR -7 AM 10:17
DIVISION OF
ECONOMIC REGULATION
PUBLIC SERVICE

RE: Aloha Utilities; Letter of February 25, 2008; PCU08-007.00.A.1.1

Dear Mr. Devlin:

This will confirm our commitment to charge Aloha Utilities (Aloha) our bulk rate with storage, which is presently \$3.43 per thousand gallons. Our Bulk Water Agreement with Aloha clearly provides for "limited, bulk, potable water supply to supplement its existing supply." Aloha will need to maintain its existing supply (wells/storage/high-service pumping units) to meet its total water supply needs, including peak-hour, peak-day demands. We will not provide for 100 percent of its on-demand supply, thereby justifying the bulk rate with storage.

We understand the concerns that all parties have regarding the cost of service and the desire to provide services to all of our customers at the lowest rate possible. Our bulk-service rate with storage is our lowest rate and provides for reasonable and fair allocation of the cost of service, including Tampa Bay Water's purchased-water expense that we must pass-through to each customer class. Over time, we do revise our rate structure and once Aloha makes a decision and begins to supplement its water supply, thereby establishing known-usage characteristics, opportunities will be available in the future to re-analyze our cost allocation and possibly provide further rate adjustments. Historical, customer-class, metered/billable flow data provides the key determinate utilized in calculating user rates. But for now, we must charge Aloha the currently established rate.

We will do every thing we can to continue to help the customers of Aloha, but we must do so in a manner that does not burden our rate payers and remains fair, equitable, and justifiable based on current financial operating and rate-making relationships. We are certain you appreciate these principles.

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Please contact Robert J. Sigmond, Utilities Fiscal and Business Services Director, or me at (813) 847-8015 with any further questions regarding service to Aloha.

Sincerely,



Bruce E. Kennedy, P.E.
Assistant County Administrator
(Utilities Services)

BEK/ut/pscaloha

cc: John J. Gallagher, County Administrator
Robert J. Sigmond, Utilities Fiscal and Business Services Director
Annamarie G. O'Dell, Customer Service Manager