

LAW OFFICES
ROSE, SUNDBSTROM & BENTLEY, LLP

2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

(850) 877-6555

ORIGINAL

CHRIS H. BENTLEY, P.A.
E. MARSHALL DETERDING
MARTIN S. FRIEDMAN, P.A.
JOHN R. JENKINS, P.A.
STEVEN T. MINDLIN, P.A.
DARRIN L. SHIPPY
WILLIAM E. SUNDBSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON

MAILING ADDRESS
POST OFFICE BOX 1567
TALLAHASSEE, FLORIDA 32302-1567

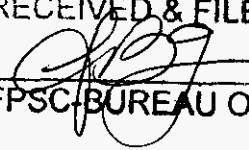
TELECOPIER (850) 656-4029

June 19, 1998

ROBERT M. C. ROSE
OF COUNSEL

VIA HAND DELIVERY

RECEIVED & FILED


FPSC BUREAU OF RECORDS

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Re: Aloha Utilities, Inc.; Docket No. 960545-WS
Water Quality Survey
Our File No. 26038.17

Dear Ms. Bayo:

As you know, Aloha Utilities, Inc has recently completed a Survey of customer satisfaction with the quality of water provided by the Utility. The Public Service Commission staff has been analyzing the results of that Survey and has now issued a "Preliminary Tabulation" of customer responses to the Aloha Survey dated June 17, 1998.

We at Aloha Utilities have now had an opportunity to review the "Preliminary Tabulation" which we received late Wednesday afternoon and we find them to be even more troubling and misleading than the information which the "Suncoast News" reported in its June 17 edition based upon conversations with the PSC staff the previous day. This is especially upsetting in light of the fact that Wednesday morning I hand delivered a letter to the staff stating my concerns with the "Suncoast News" article, in advance of the release of the "Preliminary Tabulation".

The Commission initiated and configured this unprecedented customer satisfaction Survey to elicit responses from customers who were dissatisfied with their water service. In fact, the only bold language in the entire Survey is the provision that provides "If you do not return the survey, it will be presumed by staff to mean you are satisfied with the quality of water service you currently receive". In full recognition of this language, approximately 60% of the Utility's customers did not respond to the Survey. Yet the information contained within the staff's "Preliminary Tabulation" does not even mention the assumption that not only must be inherent, but which is also plainly and boldly stated on the face of the Survey itself. In fact, the "Preliminary Tabulation" documents published Wednesday deal almost exclusively with statistics based upon a comparison of answers to responding customers, versus a comparison to surveyed customers. This "Preliminary Tabulation" only mentions the number of persons who did not return the Survey in passing, while giving absolutely no weight whatsoever to the bold language of the Survey coversheet, and

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therefore the majority of Aloha's customers. Would the PSC staff have issued numerous pie charts and graphs which appear to show 70% dissatisfaction if only 10% or 5% of the customers had responded to the Survey? I certainly hope not.

As a result of the way in which the Survey results are being published in the staff's "Preliminary Tabulation", the staff has violated the conditions under which Aloha agreed to undertake the Survey and the good-faith agreements as to its terms. More importantly, the staff's "Preliminary Tabulation" allows for substantial misinterpretation of customer reaction to the Survey and misinforms the public about the results of that Survey.

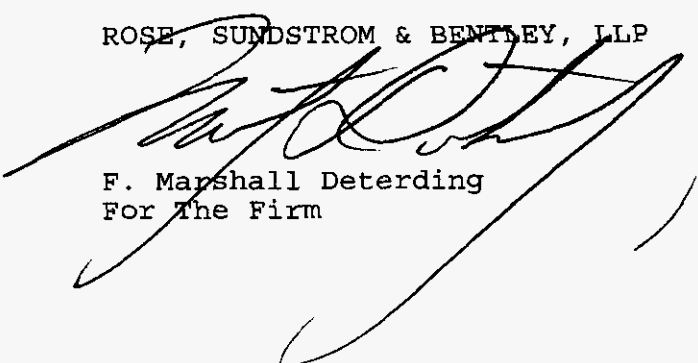
Aloha Utilities, Inc. has obtained copies of all of the Survey responses from the Commission and has tabulated its own results. Some of these results have previously been provided to the staff and are being provided as an attachment hereto.

While we would certainly agree that the significant number of responses, and the significant amount of customer concerns with discolored water, taste and odor are cause for further review, the way in which the staff's "Preliminary Tabulation" of those results has been published substantially overstates the level of that dissatisfaction and misleads those who review it.

We are therefore very disappointed and upset at the way in which this information will be received and misunderstood. The manner in which the Survey results are presented by the Commission staff effectively ignores the majority of Aloha's customers who no doubt relied on the bold language at the beginning of the Survey indicating that their voices would be heard if they chose to intentionally not return the Survey.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

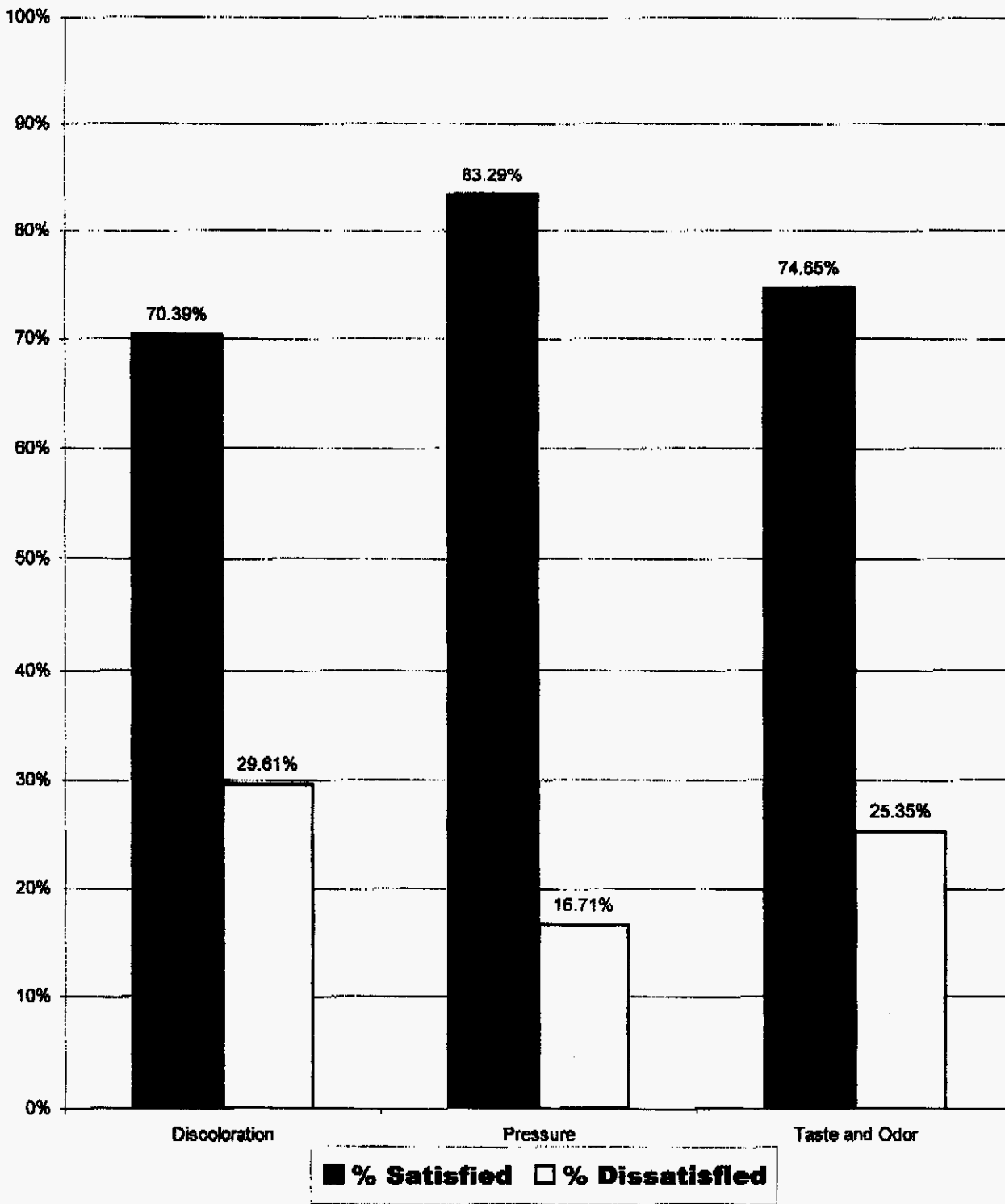
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Enclosure

cc: Ralph Jaeger, Esquire
Charles H. Hill, Director
Mr. James McRoy
Mr. John M. Starling
Mr. Bob Crouch, P.E.
James Goldberg, President

aloha\17\2bayo.fmd

Summary of Water Quality Survey Results



Summary of Survey Results

Total Number of Surveys Mailed	8643	Percentage of Customer Base	Percentage Satisfied
Total Number of Surveys Returned	3707	42.89%	
Total Number of Surveys Reporting Discolored Water (Yes Answer to Question #1)	2559	29.61%	70.39%
Total Number of Surveys Reporting Taste and Odor Problems (No Answer to Question #2)	2191	25.35%	74.65%
Total Number of Surveys Reporting Pressure Problems (No Answer to Question #3)	1444	16.71%	83.29%
Customers Willing to Pay Increased Rates	505	5.84%	
Customers Willing to Pay Increased Rates Above 50%	35	0.40%	
Respondents Who Have Home Treatment Units (Percentage of Respondents Only)	2098	56.60%	
Resondents Who Don't Know if They Have Treatment Units	36	0.97%	

6/17/98