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ROBERT M. C. ROSE
OF COUNSEL

July 29, 1998

VIA HAND DELIVERY

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
Our File No. 26038.17

Dear Ms. Bayo:

The Commission opened this docket approximately 2 1/2 years ago. At the November 4, 1997 agenda conference in the above-referenced case, the Commissioners reviewed the staff recommendation concerning the water quality issues for Aloha Utilities, Inc. At that time they proposed to conduct a survey of customer satisfaction, as well as to visit the Utility's service territory to see for themselves the situation that exists.

ACK _____ The Commission has now completed the survey and has determined
AFA _____ that approximately 30% of Aloha's Seven Springs customers have same
APP _____ concerns about the quality of their water. In addition, the
CAF _____ primary source of the customers' concerns seem to be with discol-
CMU _____ ored water in their homes which the Commission staff has long since
CTR _____ informed the Commissioners occurs within the home and not in
EAG _____ Aloha's water. The Commission's staff has verified what the DEP
EG _____ and the Utility have been saying all along. Aloha is meeting all
IN _____ state and federal standards for water quality. As Aloha, the DEP,
JPC _____ and the Commission's own staff have informed the Commissioners this
RCH _____ concern can only be positively corrected through replacement of the
REC _____ customers' own internal pipes. Such things are well outside the
VAS _____ authority of the Commission and the responsibility of this Utility.
JTH _____

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The Commission recently conducted its tour of the territory of Aloha Utilities, Inc. At that time, the Commissioners in attendance were shown that the water supplied by Aloha Utilities, Inc. is clean and clear going into each and every home visited and that to the extent discoloration exists, it exists within the home exactly as Aloha has been saying, and as the Commission's own staff has agreed and informed the Commission many months ago.

Finally, Aloha sent a letter to the Commission on June 5th offering to move forward with construction of facilities which will improve the overall water quality provided to the customers and which will also enable the Utility to fully comply with regulations expected to go in affect in approximately three to five years. The Utility proposed in that letter to immediately undertake construction of those facilities (rather than wait for regulatory requirements to be phased in). This project would be intended to satisfy the customer and the Commission's concerns and to raise the quality of the water provided to the customers as quickly as possible, if that is the desire of the Commission and/or the customers.

In summary, the Commission has now completed the two tasks which it proposed to complete last November rather than closing this docket as recommended by the Utility. The costs of this proceeding have exceeded \$300,000 to Aloha Utilities, Inc. over the last two and one-half years which will ultimately have to be born by the Utility's customers. If the Commission desires that the Utility go forward with the water quality improvements as proposed, we are awaiting the Commission's decision in this regard and are ready to move forward. However, if the Commission does not intend to require those improvements at this time, this case should be closed without further action by the Commission. There is no purpose to be served by conducting further proceedings, further investigations or further hearings, and the substantial additional cost of continuing this docket will only damage the customers further through increased rates for no real gain.

We at Aloha therefore request that the Commission immediately act to either approve the proposed additions to plant as outlined in our letter of June 5th, or to close this case without further action in order to bring this prolonged and costly process to its logical conclusion.

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Should you, or any members of the staff or Commission, have any questions in this regard, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

FMD/tmg

cc: Ralph Jaeger, Esquire
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