



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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COMMUNICATIONS SECTION
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DATE: DECEMBER 3, 1998
TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)
FROM: DIVISION OF WATER AND WASTEWATER (MCROY, CROUCH)
DIVISION OF LEGAL SERVICES (JAEGER) [Signature]
RE: INVESTIGATION OF UTILITY RATES OF ALOHA UTILITIES, INC. IN PASCO COUNTY
DOCKET NO. 960545-WS - ALOHA UTILITIES, INC.
COUNTY: PASCO

AGENDA: DECEMBER 15, 1998 - REGULAR AGENDA - PARTIES MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: I:\PSC\WAW\WP\960545C.RCM

CASE BACKGROUND

Aloha Utilities, Inc. (Aloha or Utility) is a class A water and wastewater utility in Pasco County. The Utility consists of two distinct service areas -- Aloha Gardens and Seven Springs. As of December 31, 1997, Aloha was serving approximately 8,457 water customers in its Seven Springs service area.

On April 30, 1996, Mr. James Goldberg, President of the Wyndtree Master Community Association, filed a petition, signed by 262 customers within Aloha's Seven Springs service area, requesting that the Commission investigate the utility's rates and water quality. The petition and request were assigned Docket 960545-WS.

For the purposes of hearing, Docket 960545-WS was consolidated with Docket 950615-SU (Aloha's reuse case). The hearing was held on September 9-10, 1996 in New Port Richey, and concluded on October 28, 1996 in Tallahassee. Customer testimony about quality of service was taken on September 9, 1996. Both customer testimony

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sessions were attended by more than 500 customers, fifty-six of whom provided testimony about the following quality of service problems: black water, pressure, odor, and customer service related problems. The customers also provided many samples of discolored black water.

After evaluation of the evidence taken during the hearing, the Commission rendered its final decision by Order No. PSC-97-0280-FOF-WS (Final Order), issued on March 12, 1997. The Commission determined that the quality of service provided by Aloha's water system was unsatisfactory. Since the evidence indicated that the water quality problems were related to the presence of hydrogen sulfide in Aloha's source water and the cost of treatment might be expensive, the Commission ordered that Aloha prepare a report that evaluated the costs and efficiencies of several different treatment options for the removal of hydrogen sulfide from its source water.

On June 12, 1997, Aloha filed its engineering report with the Commission, recommending that it be allowed to continue adjusting the corrosion inhibitor dosage level in an ongoing effort to eliminate the black water problem. Aloha also recommended that if hydrogen sulfide treatment facilities are required, then the option of constructing three central water treatment plants which utilize Packed Tower Aeration should be approved. Aloha estimated that construction and operation of the three treatment plants and other water system upgrades would increase customer rates by 398%.

On November 26, 1997, the Commission ordered that Aloha survey its Seven Springs water customers about water quality issues. Aloha distributed 8,597 surveys and the Commission received 3,706 responses.

In a June 5, 1998 letter to the Commission, Aloha stated that it was willing to begin construction of three centrally located Packed Tower aeration treatment facilities to remove hydrogen sulfide from the source water. Aloha is willing to proceed with this upgrade in order to address customer quality of service concerns and to comply with future EPA regulations. Before commencing construction of these water treatment facilities, however, Aloha has requested that the Commission issue an order declaring that it is prudent for Aloha to construct these facilities. After the Commission issues its order, Aloha plans to construct the three central Packed Tower Aeration (PTA) water treatment facilities in three phases and will initiate a limited proceeding to increase rates in three phases.

DISCUSSION OF ISSUES

ISSUE 1: Is there a water quality problem in Aloha's Seven Springs service area and if so, what actions are required?

RECOMMENDATION: While the responses to the water quality survey confirm that there are water quality problems being experienced by some of Aloha's customers, those same responses show that the customers are not willing to pay increased rates for improvements. Further, the utility is now adding a corrosion inhibitor to its water and is now in full compliance with the lead and copper rule. Therefore, staff recommends that the Commission take no further action in regards to quality of service in this docket. (MCROY, CROUCH, JAEGER)

STAFF ANALYSIS: While Aloha has complied with Commission directives issued in this docket so far, it is obvious that problems still exist for some of their customers, specifically customers in the Seven Springs service area. It is also obvious that some additional action must be taken to alleviate the black water problem. Staff's analysis is divided into three sections. The first section presents Additional Background Information and Facts about the water quality problems in Seven Springs. The second section discusses the customer responses to the survey. The third section discusses options for improving water quality.

I. Additional Background Information and Facts

By Order PSC-95-1605-FOF-SU, issued on December 28, 1995 (the Proposed Agency Action order for the reuse docket which was subsequently protested), the Commission initially determined that Aloha's quality of service was satisfactory. The emergence of the water discoloration (black) problem in Wyndtree and Chelsea was the principle change in circumstances between the PAA order and the September, 1996 customer hearings.

After the first customer meeting on August 9, 1995, it was apparent to staff that some customers were dissatisfied with Aloha's quality of service. Therefore, staff included in its PAA reuse recommendation a discussion about the quality of service problems which the customers described at the August, 1995 customer meeting in New Port Richey. Approximately 200 customers attended this meeting and eight of the eighteen customers who testified offered complaints about poor water quality. The customer complaints included low water pressure, odor, discoloration, corrosive water. No customers from the Chelsea or Wyndtree subdivisions testified about black water or provided any black water samples at this meeting.

In the 1995 PAA recommendation, staff explained that the odor and various discoloration complaints which were received could be traced to the hydrogen sulfide, magnesium, manganese, and iron which are commonly found in Florida's groundwater supply. Staff believed that the cost of providing additional treatment to remove these substances would be expensive and would increase the customer's monthly charges. Staff stated that it is possible that the level of odor and discoloration was more tolerable to the customers than the monthly price increase. Staff suggested that the utility would be well served if it surveyed its customers to determine if they would be willing to accept the present conditions in lieu of increased water rates.

Beginning in January, 1996, the Florida Department of Environment Protection (DEP) started to receive complaints about water discoloration (black) from Aloha customers within the Chelsea and Wyndtree areas. There are 436 homes in the Wyndtree area and 144 homes in Chelsea and it is staff's understanding that most, if not all, of these homes have copper plumbing. During their visit to several customer homes during June, 1996, staff engineers first observed black water coming out of the hot water side of the bathroom tubs and sinks in several homes.

In response to the black water complaints, the DEP collected and analyzed samples of the black water from 16 homes within Chelsea and Wyndtree during March, 1996. The DEP's analysis indicated that the black substance causing the discoloration was copper sulfide. Aloha and the DEP have each tested the water from wells 8 and 9 and the copper level in both of these wells was below detectable limits. Since Aloha's transmission and distribution system does not contain any copper, the copper sulfide must be formed by a reaction of sulfides with the copper plumbing inside of the customer's home. Engineers with the DEP, the utility, and the staff all agree that the black discoloration is formed in this manner.

As is the case for most of Florida's groundwater supply, hydrogen sulfide is present in Aloha's raw water. Sulfide is one of several different species of sulfur which can exist in water, depending upon the water's pH (a measure of the water's acidity or alkalinity). Currently, Aloha is converting (oxidizing) all of the sulfides which are present in its raw water supply into a sulfate by chlorinating the water. Sulfate is a form of sulfur which does not have a strong, unpleasant odor and does not react with copper piping to form copper sulfide.

Water discoloration and odor problems result when sulfate is converted back to sulfide by sulfur reducing bacteria (SRB) which are commonly found in small numbers in most water. Aloha's engineer has stated that this is the only mechanism by which the

sulfates can be converted back into a sulfide after the water leaves the plant. Since these SRB's thrive in warm areas, such as the hot water heater, the number of bacteria is usually not sufficient to create hydrogen sulfide in cold moving water. However, if the water temperature is between 110-120 degrees and/or the water is stagnant (such as in seldom used guest bathroom plumbing), the number of bacteria can be increased to very high numbers. When large numbers of SRB are present, relatively large quantities of sulfate can be converted back to sulfide which then reacts with the copper plumbing to form copper sulfide. Sulfides can also form within a water system's transmission and distribution system. Staff does not believe, however, that a significant concentration of hydrogen sulfide is present within Aloha's transmission and distribution system.

Hydrogen sulfide has been treated using chlorination at many of Florida's water utilities. Many other Florida water utilities remove hydrogen sulfide by aerating the water using tray aerators. Since tray aerators can only remove up to 50% of the sulfides, chlorination is required to oxidize the remaining sulfides. The Packed Tower Aeration treatment process which Aloha has proposed can remove up to 95% of the hydrogen sulfide present in the source water.

Beginning in May of 1996, Aloha attempted to eliminate the discoloration problem and comply with the Lead and Copper rule by adding a corrosion inhibitor to the water. This treatment was required since DEP rules mandate that corrosion control treatment be implemented if the copper concentration at the customer's tap exceeds the 1.3 mg/l action level. The corrosion inhibitor has not yet eliminated the discoloration problems being experienced in Aloha's system. It has, however, successfully lowered the copper corrosion rates below the 1.3 mg/l action level.

Aloha could increase the level of chlorine in the system in an effort to better control the sulfur reducing bacteria population within the customer's home. The problem with increasing the chlorine concentration is that more trihalomethanes will also be formed. Trihalomethanes are disinfection by-products which are formed when natural organics in the water react with chlorine and are considered by EPA to be a primary contaminant and possibly carcinogenic. The utility lowered its chlorine dosage rate in September, 1995 in order to keep the trihalomethane levels below the maximum contaminant level. Therefore, staff believes that increasing the chlorine dosage is not an option which Aloha can pursue and still remain in compliance with DEP's rules and regulations. It is not clear whether the increase in water discoloration complaints in January, 1996 is more related to the lowering of the chlorine levels in September, 1995 or the addition of wells 8 & 9 in December, 1995.

Aloha believes that the extensive use of home treatment units in the area has also contributed to the discolored water problems. The home treatment units can exacerbate the problem by removing chlorine from the water, thereby increasing the probability that the bacteria will multiply within the home and convert more sulfate to sulfide. The effectiveness of the corrosion inhibitor which Aloha has been adding to the system is also limited by the fact that some home treatment units may not allow the inhibitor to pass through them. Several types of home treatment units also remove minerals present in the water delivered to the home. When these minerals are removed, the water becomes more aggressive and copper corrosion rates increase.

On August 26, 1997, staff received a copy of a master's thesis titled "Sulfide-Induced Corrosion of Copper in Drinking Water." This thesis was prepared by Sara Jacobs who was directed by Assistant Professor Marc Edwards at the University of Colorado. Staff believes that this thesis provides unbiased and relevant information about the black water problems similar to those being experienced in Chelsea and Wyndtree and has provided a copy to each of the parties involved in this case. One of the conclusions of the thesis is that once sulfide-induced corrosion problems are initiated, they are very difficult to stop. In Ms. Jacobs experiments, removing sulfides from the raw water, adding chlorine, and de-aerating water were not effective in mitigating the problem within a few weeks or months. The only effective treatment was physically removing the copper sulfide film by scouring the inside of the copper pipe. In August, 1998, the Journal of the American Waterworks Association (AWWA) published Ms. Jacobs' research.

Problems associated with copper corrosion have been experienced by other water systems within the state. In some instances, copper corrosion has caused discolored water. In many cases, the copper pipes failed and had to be replaced. Staff is aware of one study for the Pinellas County water system which describes black water problems which some of its customers experienced. One of the PSC's regulated utilities (Florida Public Utilities in Fernandina Beach) also experienced problems with black water in two of its subdivisions in 1988. This utility addressed the problem by increasing the water's pH, keeping the customers informed about its efforts to fix the problem, and eventually making a commitment to its customers to replace failed copper piping.

One indication of the scope of the copper corrosion problem is the fact that 532 of the 2,102 community water systems in Florida failed their initial round of copper testing. Another indication is the fact that the Duval County Commission, in response to numerous complaints about copper pipe failures, passed an ordinance

in 1995, prohibiting the use of copper piping in new residential construction within Duval County.

The Department of Community Affairs (DCA) is the state agency responsible for setting state building codes. On March 7, 1997, the Commission informed the DCA of the copper corrosion problem which Aloha has experienced despite being in compliance with DEP's rules and regulations. In a June 1, 1998 advisory letter, the Florida Board of Building Codes & Standards (Board) stated that preliminary findings from a University of Florida study recognize that, at least in some geographic areas of the State, there is a corrosion concern in copper piping systems utilized to purvey potable water. The Board further recommends that designers, builders, engineers, at a minimum, should carefully evaluate all plumbing materials used in building construction.

The Florida Rural Waterworks Association (FRWA) has initiated a project, funded by the DEP, to study Aloha's water quality problems. The purpose of this project is to study the effect, if any, which modifications to the customer's hot water heater has on discoloration. Initial water samples were collected during June of 1998, and the FRWA's findings will be available in March, 1999.

In Attachment 1, staff has provided correspondence relating to Aloha's water quality. These documents were prepared after October 1, 1997; documentation which was prepared before October 1, 1997 was provided in staff's October 23, 1997 recommendation.

II. Survey

Due to continuing customer complaints about poor water quality at Aloha Utility, Inc.'s Seven Springs water system, the Commission ordered Aloha to survey its Seven Springs water customers about the quality of their water. Aloha reported that 8,597 surveys were sent to its Seven Springs customers.

The survey consisted of questions dealing with the quality of water the customers were receiving from the Utility. The categories covered in the survey consisted of the following:

- A. Water Discoloration
- B. Water Odor and Taste
- C. Water Pressure
- D. Willingness to Pay Increased Rates
- E. Demographics and other information

The Commission received 3,706 (43%) survey responses. The breakdown of the responses to the survey are as follows:

- A) On the Discolored Water question: 3,585 customers responded to this survey question. 2,625 (73%) indicated that they have observed the discolored water during the past two years. Of the 2,625 customers who observed discolored water, 1,689 (64%) observed either black or grey water.
- B) On the Odor and Taste question: 3,398 customers responded to this survey question. 2,415 (71%) indicated that the odor and taste was unacceptable.
- C) On the Pressure question: 3,508 customers responded to this survey question. 1,989 (56.7%) indicated that the pressure was acceptable.
- D) On the Willingness to Pay an Increase Rate question: 3,488 customers responded to this survey question. 2,921 (83.7%) indicated that they were unwilling to pay higher water rates.
- E) On the Demographics question. 2,147 (58%) of the customers responding to the survey indicated that they had a home treatment unit and 1,613 (43.5%) indicated that they have a water softener.

Staff believes that the survey conclusively shows that many of Aloha's customers are not satisfied with Aloha's water quality. Further, the survey clearly shows that the majority of the customers who responded to the survey are unwilling to pay higher rates to improve their water quality.

Aloha Utility, Inc. also provided a breakdown of the survey responses. The utility contends that, since the survey clearly states " if you do not return the survey, it will be presumed by staff to mean you are satisfied with the quality of water you currently receive", Staff should count the total number of non-responses as satisfied with their water. The utility's analysis includes that assumption.

III. Options which are Available to Improve the Water Quality

Staff believes that the odor and discoloration problems are caused by the presence of hydrogen sulfide in Aloha's source of supply. Several options are available which could improve the water quality. The first two options are actions which the utility would take while options three & four would be the responsibility of the individual customer. The first option is the construction of hydrogen sulfide treatment facilities to remove hydrogen sulfide from the supply wells. The second option is for Aloha to obtain a different source of supply. The third option is for Aloha's customers to modify their hot water heaters and flush the lines within the home with bleach. The fourth option, which may have to

be accomplished in order to stop corrosion already present in some homes, is the removal of copper pipes and replacement with PVC or CPVC pipes.

Option 1: Construct Hydrogen Sulfide Treatment Facilities

Aloha considered several types of treatment for removing hydrogen sulfide. In its June, 1997 report, Aloha recommended that if treatment for hydrogen sulfide is required, then the construction of three central water treatment plants with Packed Tower Aeration (PTA) facilities is the treatment alternative which should be approved. Aloha selected the Packed Tower treatment process since it can remove up to 95% of the hydrogen sulfide. Aloha also proposed the following water system upgrades: construct additional storage (2 million gallons) and pumping facilities, change the primary disinfectant from chlorine to ozone, install auxiliary power generators for each plant, construct new supply wells, relocate two existing wells, and modify the transmission and distribution (T&D) system to reduce water detention time in the T&D lines and improve pressure. Aloha estimated that these upgrades will increase a customer's water bill for 6,000 gallons from \$14.74 to \$58.75 or 3.98 times the current rate.

Staff agrees that the construction of three central treatment plants utilizing PTA is the best available technology for hydrogen sulfide removal. Staff believes that Aloha's proposed treatment should improve the water's odor and taste. This treatment should also reduce, but not necessarily eliminate, the frequency and amount of discoloration observed within the home. Even though the discoloration should decrease, the Jacobs research indicates that lowering the sulfide level will not lower the elevated corrosion rates of copper pipe in the presence of sulfides. These higher corrosion rates can cause a premature failure of the copper pipe. The only remedial action which Jacobs found effective in reducing the copper corrosion rates was physically removing the black film from inside the pipe. As discussed in the October 23, 1997 staff recommendation, the only demonstrated method for permanently eliminating the black water discoloration within the home is to replace the copper plumbing with a different material.

Option 2: Finding an Alternative Water Source

Aloha could attempt to find alternative well sites which have lower sulfide concentrations than the existing wells. Staff believes it is unlikely, however, that Aloha will be able to find locations which have significantly lower sulfide concentrations than the existing wells.

Another alternate supply of water is available through an interconnect with Pasco County's water system. Pasco County's

water system reportedly does not have water discoloration problems and many customers have indicated that they would rather receive Pasco County water. Aloha has responded that Pasco County's water will not necessarily improve the Seven Springs water quality since the average sulfate concentration of Pasco County's water is higher than Aloha's average sulfate concentration.

Staff does not know what effect an interconnection with Pasco County's system will have on the water quality in Seven Springs. An interconnection with Pasco County will, however, cause a rate increase since Pasco County's bulk gallonage rate is \$2.07/1000 gallons and Aloha's current gallonage rate is only \$1.27/1000 gallons.

Option 3: Modifications to the Hot Water Heater

Hydrogen sulfide forms inside the customer's hot water heater when sulfur reducing bacteria (SRB) and energy in the form of free electrons convert sulfates into sulfides. Removing the hot water heater's anode rod slows the reaction by reducing the number of available electrons. Since SRB's are sensitive to high temperatures, temporarily raising the hot water heater's temperature above 140 degrees will destroy many of these nuisance bacteria within the pipes. Flushing the hot water heater and lines within the home with a bleach solution will also destroy many of the SRB bacteria. These actions require some plumbing experience and staff recommends that a licensed plumber be used.

The FRWA is testing the effect which modifying the hot water heaters and flushing the pipes has on corrosion rates and discoloration within the home. This project should demonstrate the long-term and short-term effectiveness of these actions. The FRWA's findings should be available by March, 1999.

Option 4: Replacement of copper pipes with PVC or CPVC pipes within homes experiencing black water problems.

As discussed in Option 1, the only demonstrated method for permanently eliminating the black water discoloration within the home is to replace the copper plumbing with a different material. This option may be necessary for any homes which are experiencing black water problems. The Jacobs research and other tests have shown that once the corrosion starts in copper pipes it is virtually irreversible. The copper pipes will eventually leak and have to be replaced. This action has been taken in several other areas in Florida, and other states, where hydrogen sulfide exists in the water. Once the copper pipes were removed, the black water problem went away.

DOCKET NOS. 960545-WS
DATE: December 3, 1998

CONCLUSION

Based on all the above, it appears that the utility is in compliance with all DEP standards. Further, it appears that the customers are unwilling to pay for improvements which may or may not alleviate the Copper Sulfide "Black Water" problem. Therefore, staff recommends that the commission take no further action in regards to quality of service in this docket.

ISSUE 2: Should the Commission grant Aloha's request and declare that it is prudent for Aloha to begin construction of three central water treatment facilities for its Seven Springs service area?

RECOMMENDATION: No. (McRoy, Crouch)

STAFF ANALYSIS: Aloha is prepared to begin construction of the water system upgrade. Aloha proposes to construct the water system upgrade in three phases. In Phase I, Aloha will construct a central treatment facility at the current Mitchell plant location. In Phase II, Aloha will construct a central treatment plant near the Wyndtree and Chelsea subdivisions. In Phase III, Aloha will construct a central treatment plant in the Industrial Park area. Aloha proposes to recover the cost of this upgrade by increasing rates in three phases. The rates would increase upon the completion of each phase.

The EPA's forthcoming disinfection by-product rule will force Aloha to upgrade its treatment facilities to Packed Tower Aeration by 2003. At this time, however, there is no regulatory requirement that Aloha construct these treatment facilities. Because there is no regulatory requirement for this treatment process at this time, Aloha wants the Commission to declare that it is prudent to construct the facilities before they are required by the EPA.

Even though the survey showed that many customers are dissatisfied with Aloha's water quality, the large majority of customers who responded to the survey indicated that they are not willing to pay higher rates for better water quality. Since the customers clearly do not wish to pay the significantly higher rates required for Aloha's proposed treatment upgrade, staff recommends that the Commission should not issue an order declaring that it is prudent for Aloha to construct the treatment facilities.

Staff's recommendation is not meant to preclude Aloha from upgrading its water system. The forthcoming EPA disinfection by-product (DBP) rule will require that Aloha begin planning a treatment upgrade in the near future. Like all other utilities under the Commission's jurisdiction, Aloha's management is responsible for planning treatment upgrades to comply with future regulatory requirements.

ISSUE 3: Should this Docket be closed?

RECOMMENDATION: Yes. (Crouch, McRoy, Jaeger)

STAFF ANALYSIS: There is a consensus that something needs to be done to alleviate the problems experienced by some of Aloha's customers. The utility has submitted a proposed plan which appears to be a potential solution. Aloha's plan will incorporate future EPA requirements and treatment upgrades which should improve water quality. Rate adjustments as a result of plant improvements and upgrades, even government mandated upgrades, are normally considered by the Commission at the time of the upgrade, however.

Staff sees nothing further that can be accomplished in this docket. If the company chooses to move ahead with its proposed solution it should be taken up in a new docket. Staff recommends that this docket be closed.



Florida House of Representatives

Mike Fasano

Representative, 45th District
Majority Whip

Reply to:

■ 8217 Massachusetts Avenue
New Port Richey, FL 34653-3111
(813) 848-5885

■ 323 The Capitol
Tallahassee, FL 32399-1300
(904) 488-8528

Committees

Vice Chair, Community Colleges
& Career Prep
Finance & Taxation
Governmental Operations
Regulated Services

November 4, 1997

The Honorable Julia Johnson, Chairman
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Dear Chairman Johnson & Members of the Commission:

I apologize that I am unable to address you personally. I have asked my legislative assistant Greg Giordano to speak on my behalf. As you know Governor Chiles has called the Legislature into special session and I am attending to those duties. The issue before you today is equally important to me so I have asked my staff member to relay my comments to you.

As you are aware the current case of Aloha Utilities is very important to me. Not only am I a customer of this utility I am a legislator who represents the thousands of customers who will be affected by the decision you make today. Much has been made in the past by the legal counsel representing Aloha Utilities that my position as a legislator somehow presents a conflict of interest in this matter. As I have said in the past when the time comes that I can not speak for the multitude of people who have contacted me regarding the horrendous product they receive from this company then I should no longer be in this office. I will speak up for them and work on their behalf until their problems are solved.

I was very pleased that three commissioners and members of the Commission staff had the opportunity to come to Pasco County and see first hand just how serious the ongoing problems with Aloha Utilities are. By some accounts over one thousand people came out to the two days of public hearings held in September of last year. If there was any doubt that people were having major problems with Aloha Utilities I am sure they were dispelled after the public hearings were completed. In the months that followed commission staff visited Pasco County and met with customers in their homes regarding these problems. I was present during many of these visits and know for a fact that the dirty, smelly water so often complained of was in evidence in these customers' homes. It may be small consolation to those customers we visited but I was glad that commission staff had the chance to turn on water taps and see the discolored and odorous water pour out. I expected that if there was any lingering question that people were experiencing these problems these visits would have put them to rest. When the present staff recommendation came out I admit that I was appalled. This recommendation came as a slap in the face to the people who have been saddled with the poor product and service issued by Aloha Utilities.

The Honorable Julia Johnson
November 4, 1997
Page 2

Just what the people who wrote this were thinking I don't have a clue. To state that it is "perplexing" why this black water only occurs in some homes and not others, and then to go ahead and make recommendations is outrageous. With all due respect to the student from Colorado named Sara Jacobs, an inordinate amount of weight has been given to her masters thesis in making the recommendations before the Commission today. Instead of relying on the work of Ms. Jacobs the Commission staff should not have rushed to make the recommendations in this document. The staff should have done the research needed, here in Florida and specifically Pasco County, to determine how this particular problem needs to be fixed and not rely on Ms. Jacobs' conclusions. As well researched and documented her work no doubt is, it was not done in the Aloha Utilities' Seven Springs Service Delivery Area.

Since I am not a scientist I must rely on the opinions of those who are. The August 28, 1997 letter by Doug Bramlett, the director of Pasco County's Utility Department, clearly indicates how Pasco County has dealt with the presence of hydrogen sulfide in its water. Since many people in Pasco County have copper piping in their homes and do not experience black water than the efforts of Pasco County appear to be successful. Perhaps the commission staff should recommend that Aloha Utilities follow the lead of Pasco County and address their problem the way the county utility did. To suggest that the only way customers can ensure they will not have black water problems is by replacing their copper pipes with PVC, at their own expense, is at worst irresponsible and at best the product of incomplete research.

I would like to present to the Commission six additional letters from residents who reside in the Seven Springs Service Delivery Area. I apologize for the late hour of their presentation but they were only delivered to my office yesterday afternoon. Two of these letters are written by customers who live in the Trinity area and whose homes are plumbed with PVC. These residents also complain of the same black, smelly water the customers with copper pipes complain of. In my opinion it is irresponsible of the commission staff to recommend that customers replumb their homes with PVC when people with PVC are experiencing the same problems. I suspect that these two customers represent only the tip of the iceberg. It would be in the best interests of the staff to do further research before unsubstantiated recommendations are made.

The staff recommendation puts the onus of correcting this ongoing water quality problem on the customer. Aloha Utilities has already publicly protested what little this recommendation tells them to do. Aloha Utilities has a track record of doing very little to help its customers. If this recommendation is accepted by the commission it is my fear that some customers may be scared into spending thousands of dollars replacing their pipes without knowing whether or not it will even help them. Other customers who cannot afford to replace their pipes, or those who already have PVC, will not have any effective remedy to them. Instead of putting the burden on the customer the staff should be recommending that Aloha Utilities do something to cover the cost. I have long been a proponent of Aloha Utilities increasing its extremely low impact fees to pay for the needed repairs and construction of its water system. I once again suggest that the commission consider forcing Aloha Utilities to increase its impact fees. The monies raised may go far to reduce the cost of replumbing if that is the only recommendation the staff can come up with.

I did not enter this protest as a scientist who has an answer to the horrible water quality problems experienced by so many of Aloha Utilities's customers. If I did have the solution I would have presented it long ago. But I did become involved in this matter over two years ago because I was greatly concerned that the average man and woman, the customer who doesn't speak with a loud voice, would be bulldozed by a well financed entity such as Aloha Utilities. I respectfully request that the Commission remember the

The Honorable Julia Johnson
November 4, 1997
Page 3

one thousand people who stood before you to share their anger and frustration at this water utility's product and service. I respectfully request that you look at the flaws inherent in this recommendation and order that further research be done before a recommendation is adopted. And, finally, I respectfully request that the customer not automatically be made to bear the cost of whatever is recommended. It is my opinion that the utility, like any company that does business, should be held accountable for the product it produces. Since the product it produces is water, a basic need of all life, I feel that Aloha Utilities should be held to a higher standard.

Thank you very much for your consideration.

Yours truly,

A handwritten signature in black ink, appearing to read "Mike Fasano". The signature is written in a cursive, flowing style.

Mike Fasano
State Representative, District 45

MF/gg

10/97

To Whom it May Concern,

As residents of Trinity Oaks, we are serviced by Aloha Utilities. We have been Florida residents for many years and have never had the problems with our water as we have had with Aloha Utilities. The water has an odor and an unpleasant taste. We have also had the water come out brown. It leaves an oily, gritty film. When we called Aloha, we were told that it was copper pipes. Our house is only one year old and has PVC piping. We have spoken to our neighbors who have all experienced the same thing.

We are all very concerned about the safety and quality of our water. We want a resolution to this ongoing problem. We deserve clean water!

8141 Silvermist Rd. Sincerely, Robin Sotter
Newport Richy, 39655

Oct 31, 1997

To Whom It May Concern,

On our new home, water supplied by "Aloha Utilities" was at times, Black, Dirty, Smelley and then grey looking.

When we complained by phone to "Aloha", the response was.

"New buildings in your area, give location and was told the area is scheduled for the fire hydrants to be flushed"

With all the explanations from "Aloha", what you read in the papers about "Copper Pipes" (we have PVC)

Our water on occasions still comes out black, dirty, smelley and then grey.

The problem is "Aloha Utilities", not my pipes or new Buildings.

Respectfully yours,
Francis Clark
Lucille Clark

"Trinity Oaks
8214 Silver Mist Place
New Port Richey - Florida 34655

DATE: 29 OCT 97

Subject: WATER QUALITY
(ALOHA UTILITIES, INC.)

TO WHOM IT MAY CONCERN

I AM LISTING BELOW THE
PROBLEMS WE ARE EXPERIENCING
AT 1868 KINSMERE DR.
NEW PORT RICHEY, FLA. 34655

1. WATER SMELL
2. BLACK WATER RUNNING
FROM FAUCETS
3. BLACK WATER BUILD UP IN
TOILET WATER TANKS

THIS CONDITION IS WORSE WHEN WE
COME HOME FROM BEING AWAY FOR
A WEEK OR TWO

William R French

10-29-97

TO: Mike Fasano
RE: Aloha Utilities.

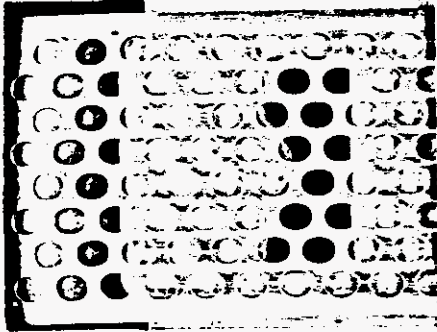
Once again our family is perplexed on the situation of discolored water that comes out of our faucets periodically.

Tuesday, October 28, 1997 the Pasco Times stated that the P.S.C. laid the blame on copper piping in our homes.

We have lived in St. Petersburg, Clearwater, Orlando, Winter Park, and now New Port Richey (Trinity Oaks). Never before have we had (blackish) water come out of our pipes which by the way were all copper.

We have a filtration system hooked up to our drinking water and water line to our ice maker.

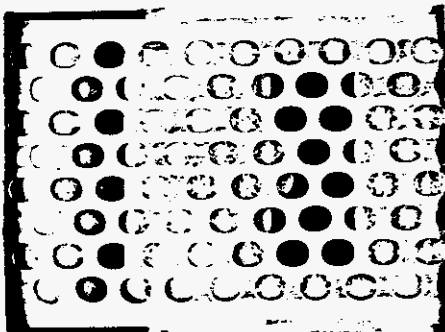




We have had this system for seven years it's called a hydroquad. We have had this system hooked up to our old house in Orlando and now in Trinity Oaks. We had the filters changed and the Water Systems service men commented on how black the filters were and that he had never seen that before.

We are going to be contacting our new neighbors to watch out for this discoloration and to mark down how many times this occurs.

Sincerely
Bud & Brenda Johnson



October 31, 1997

Michael Fasano
State Representative, Dist 45

Representative Fasano,

I have been a Pasco County resident and Aloha Utilities customer since July of 1994. Since that time I have been a part of, and a follower of, the ongoing problem of the quality of the water supplied by Aloha.

During the past three years, I have seen no improvement in the quality of the water that we have been receiving. Our water continues to be discolored and smelly. The inside of our toilet tanks turn black and when you open the top of the tank, it smells like a swamp.

To add to the upsetness and frustration with Aloha's water, the most recent suggestion that customers replace their copper plumbing to solve the problem is about as ridiculous as you can get. The fact that the Florida PSC appears to support such a suggestion adds insult to the situation.

Adding to the frustration and upsetness is the fact that although our water has not improved, Aloha has been allowed to nearly double its water/sewer fees over the past three years. My monthly payments to Aloha in 1994 averaged between \$25 and \$30; today my monthly payments are over \$50. Almost a 100% increase in my Aloha bill in 3 years.

The most recent rate increase is due to the way Aloha now calculates the sewer charge. The new method, I am told, is based on water usage, and causes a huge increase for customers who use Aloha water for lawn watering, as I do. I am outraged that Aloha was allowed by the PSC to implement such an unfair method of calculating the sewer charge. They have allowed Aloha to grossly overcharge a great number of their customers. There are two people in this house and a monthly sewer charge of over \$30 is totally unjustifiable.

I have read that Aloha will not allow its books to be audited by the PSC. It would seem that without an audit by the PSC, there can be no control on Aloha's rates and, therefore, grants them a license to steal. It appears to me that this government agency which is supposed to regulate utilities and protect consumers from the problems I've described above is doing a poor job. Aloha's customers can't go to another water supplier, we need help.

I would suggest that, regarding water quality, Aloha must be forced to provide us with a better quality product. Other Pasco County utilities are able to provide decent quality water. Regarding the unfair method of sewer fee calculation, Aloha should use a fixed residential rate or be forced to allow customers to install a separate meter for lawn watering on which there would be no sewer charge.

Thank you for your past and future involvement in this situation.

Sincerely,

Richard E. Wiltsey
1242 Arlinbrook Drive
New Port Richey, FL 34655

cc: Aloha Utilities

November 3, 1997

RE: Aloha Utilities
Holiday, Fl. 34691

To whom it may concern:

We have been residents of Trinity Oaks since January 12, 1996. Since that time, we have continuously experienced poor water pressure and unacceptable water quality. There is no particular time of day or night that we will often find 'brown' water in all of the sinks and commodes throughout the house. It is to be noted that this problem exists **everyday**. We will not use the water in this condition and, as a result, must allow the water to run for no less than 5 minutes until it runs clear. If you multiply this by 4 or 5 different sinks and commodes several times a day, seven days a week, etc., it is obvious that our water bill will be substantially higher. In addition, there is black water in all of the commode tanks and black rings in the commode bowls. Shortly after moving in, we purchased an expensive water conditioning/purifying system, that not only softens the water, but purifies it as well. It does soften the water, however, it seems to us that 'brown' water is not purified water. Therefore, was our money spent in vain? The problem still exists. We have had the water system checked by both the company from where it was purchased, as well as, an independent company. All agree that the system we purchased is working perfectly and the fault lies in the quality of water Aloha Utilities provides for its customers. Additionally, we have purchased several chemical products that are supposed to eliminate the black rings in the commodes. Unfortunately they have not been successful.

The water pressure is extraordinarily bad. It takes twice as long to wash and rinse everything. The water comes out of all the shower heads very slowly, resulting in longer showers. We feel that this results in water bills higher than normal. The dishes come out of the dishwasher spotty and cloudy. We've tried several brands of dishwasher detergent and varied the amounts of soap, again with no success.

We don't appreciate paying high bills for water which is poor in quality and very low in pressure. Our money is literally "going down the drain". We demand that something be done to correct this problem, and NOT at our expense. We know we are not the only household in our community experiencing these problems. The more residents that move into Trinity, the more likelihood there is of additional complaints. It would be wise for Aloha Utilities to tend to the problems at hand, with of course, no cost to the customer. We anticipate that Aloha Utilities will take the appropriate action in resolving the existing water problems.

Sincerely,


Gary & Connie Napolitano
8205 Silver Mist Place
New Port Richey, Fl. 34655

c: Aloha Utilities
Trinity Oaks Homeowners Association

WAW



RECEIVED
DEC 2 1997

November 25, 1997

Florida Public Service Commission
Division of Water and Wastewater

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 960545-WS; Investigation of Aloha Utilities, Inc.
in Pasco County.

Dear Ms. Bayo:

This letter is a follow-up to information provided to the Commission at the November 4th PSC Agenda Conference in the above referenced docket on the water quality investigation. This investigation has been ongoing and before the Commission since April of 1996. I attended the recent Agenda Conference and understood the Commission was to finally dispose of this matter once and for all. There has been indepth and exhaustive research of the facts by the Commission Staff, Aloha, DEP and others. The Commission voted instead to continue this investigation based primarily on three allegations, two of which came from letters submitted by Representative Fasano's aide and one from Mr. Goldberg, a customer of the Utility.

These allegations which led to the Commission's decision not to adopt the Staff Recommendation, which was based upon the extensive evidence already accumulated, and finalize this case, were as follows:

1. A letter from Mr. and Mrs. Francis Clark, which Mr. Fasano's aide alleged stated that those individuals who reside in the Trinity Oaks Development were experiencing the black water problems in their home piped with CPVC rather than copper.

2. A letter from Ms. Southby, which Mr. Fasano's aide alleged stated that that individual who resides in the Trinity Oaks Development was experiencing the black water problems in her home piped with CPVC rather than copper.

DO NOT WRITE
12/59 DEC-15
REGISTRATION

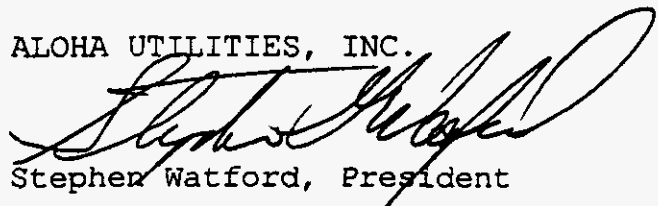
Blanca S. Bayo, Director
November 25, 1997
Page 3

I would hope that this matter could be brought back before the Commission so that the Commission can again review the three factors which apparently formed the basis for the Commission's decision to continue this investigation. In light of the facts presented here, we would like to see the Commission reconsider the Staff's recent recommendation and decide to bring this matter to a conclusion rather than continue the waste of substantial additional monies based upon untrue allegations such as those presented at the November 4th Agenda Conference.

The Utility is more than willing to survey its customers to find out the extent to which some of these customers continue to have various concerns with the Utility service. We will also continue to pursue other solutions that may become known to correct the copper corrosion problem some customers are experiencing. We will continue to make that information available to our customers, so they can make an informed decision as to what options they have, short of each customer having to repipe their home. However, the facts concerning the Utility's meeting its responsibilities and the Utility's action in attempting to assist the customers is unrefuted and unrefutable. This case should therefore come to a close and the Staff Recommendation as originally submitted to the Commission should be adopted with the exception of the issue on the need for "pH" adjustment as discussed at the Agenda Conference. Further proceedings and accumulation of cost are no longer in any way beneficial to the general body of ratepayers of Aloha Utilities and the continued pursuit of this matter serves no rational purpose.

Sincerely,

ALOHA UTILITIES, INC.



Stephen Watford, President

ALOHA UTILITIES, INC.
Result of Investigation of Water Quality
Complaint of Mr. and Mrs. Clark

On November 6th, I received from the Staff the letters presented to the PSC by Representative Fasano's aide at the November 4th Agenda Conference. Dave Porter, P.E., and I went first to the home of Mr. and Mrs. Clark and then to the home of Mrs. Southby to investigate the allegations contained in the letters. These customers live on the same street, Silver Mist Place, in the Trinity Oaks Subdivision, about 4 or 5 houses apart. Upon arrival, both customers reported identical problems in their sunken tubs in their master bedrooms.

Mr. and Mrs. Clark's home has no PVC piping in the plumbing system. It is plumbed totally in copper piping. This is consistent with the all previous findings of Aloha, the DEP Staff and the PSC Staff that copper corrosion is the cause of any "black" water problems being experienced by some customers.

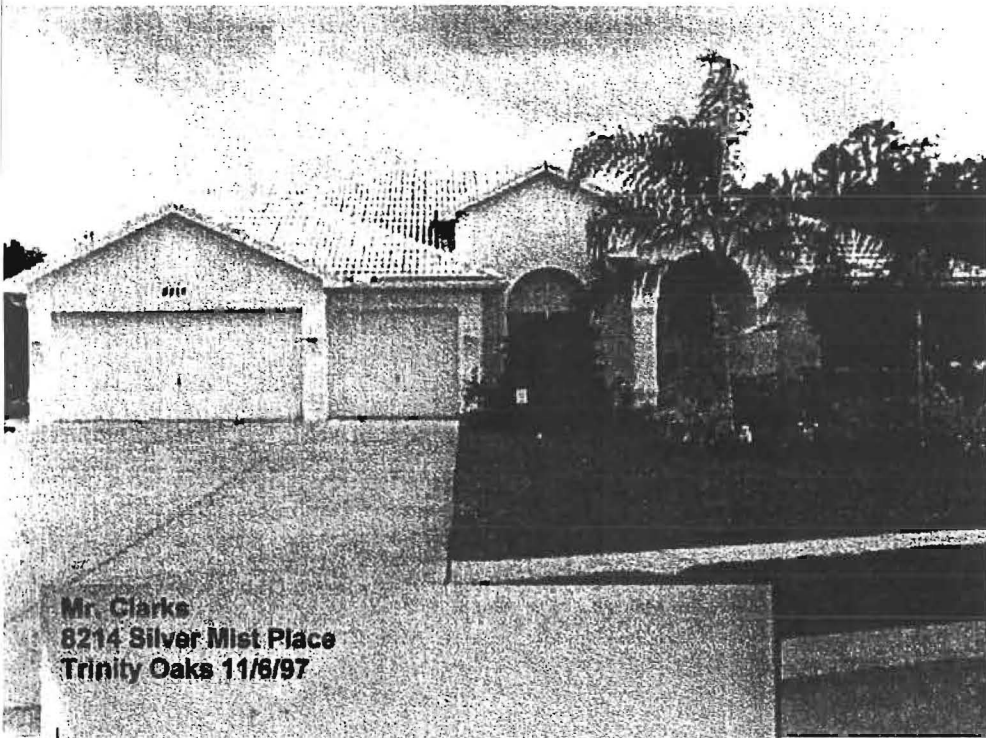
Mr. Clark told us that the complaint letter was specifically solicited from him for "Representative Fasano to use at the hearing." He told us that he was asked by Ms. Porter of the Trinity Oaks Homeowners Association to rewrite the letter 3 or 4 times before it was found acceptable for its intended purpose.

We took extensive photographs of the Clark's home, which are attached for your reference. When asked why they thought they had PVC piping in their homes, Mr. Clark said he was told that he had PVC pipe. Mr. Clark looked at his letter and pointed out that he didn't say that he had all PVC pipe. He then pointed at the plastic sewer pipe hooked to his sink drain stating that he did have PVC pipe, just not PVC drinking water pipe.

As you can see from the photos, the homes' entire plumbing system is under slab and is 100% copper water piping. The Clark's have never filed a complaint with Aloha. In the photos you can also see a water softener in use at Mr. Clark's home.

When Mr. Porter and I were in Mr. Clark's home, we saw the discolored water. A photo of the water from their home is included. As you can see, the hot water in his Jacuzzi tub was discolored. When the hot water tap was opened, the discolored water lasted for 5 to 10 seconds, then was perfectly clear. Mr. Clark stated that this one faucet was the only place they experienced the discoloration. A photo of the cold water coming into his home, as well as a cold water sample drawn from the cold water side of the hot tub is included. As you can see, the cold water was perfectly clear.

Mr. Clark stated he had never complained because the problem just wasn't bad enough for him to worry about. He stated, "It is no big deal." Mr. Clark also stated that when the letter was being solicited from him, he had been told that several hundred of his neighbors had done the same thing and that was the only reason he went along with it.

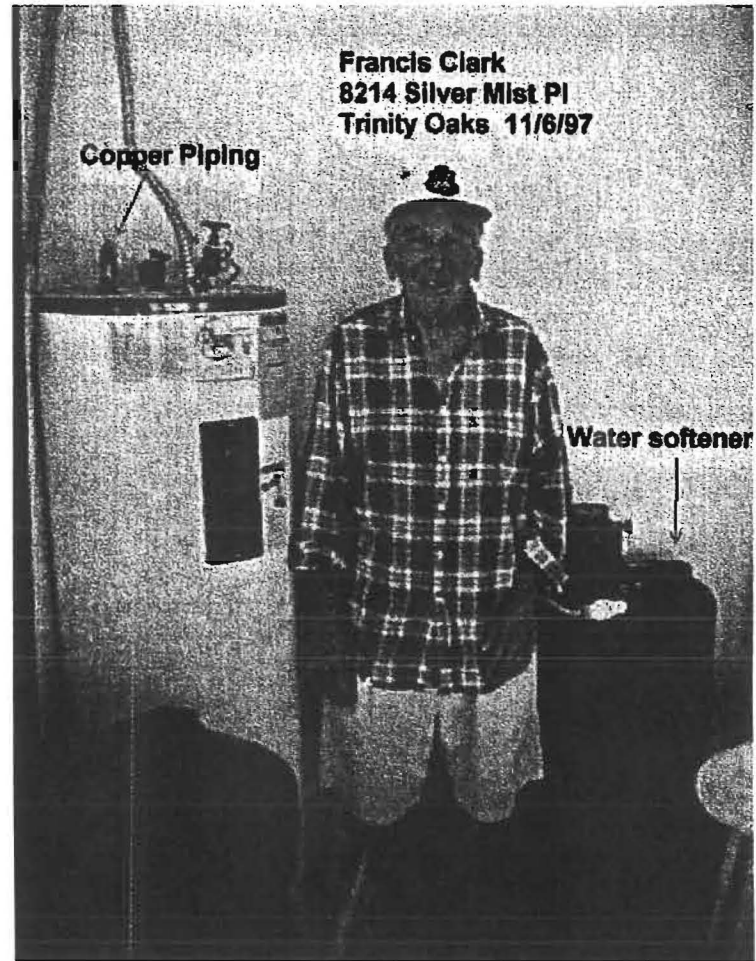


Mr. Clarke
8214 Silver Mist Place
Trinity Oaks 11/6/97

Water Softener

Copper Piping

- 28 -

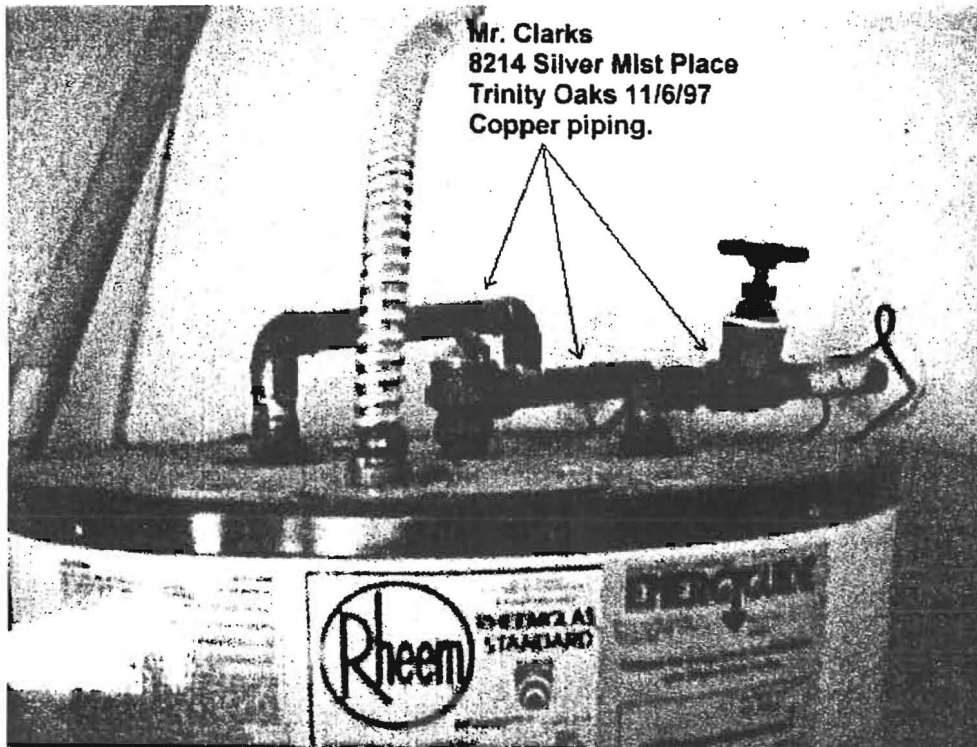


Francis Clark
8214 Silver Mist Pl
Trinity Oaks 11/6/97

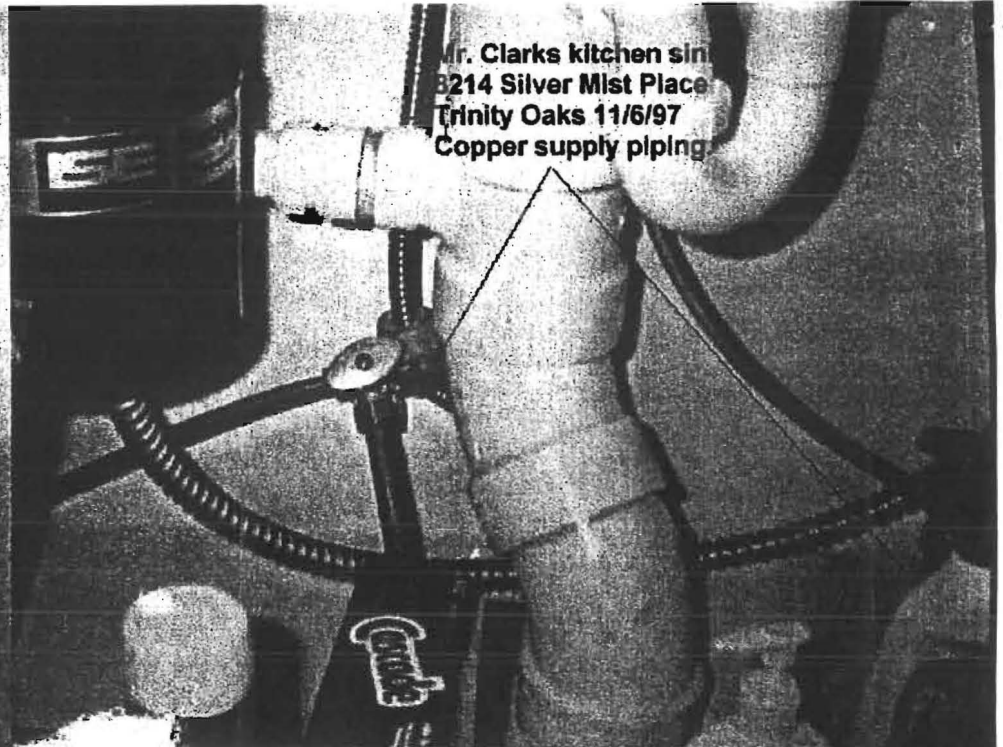
Copper Piping

Water softener

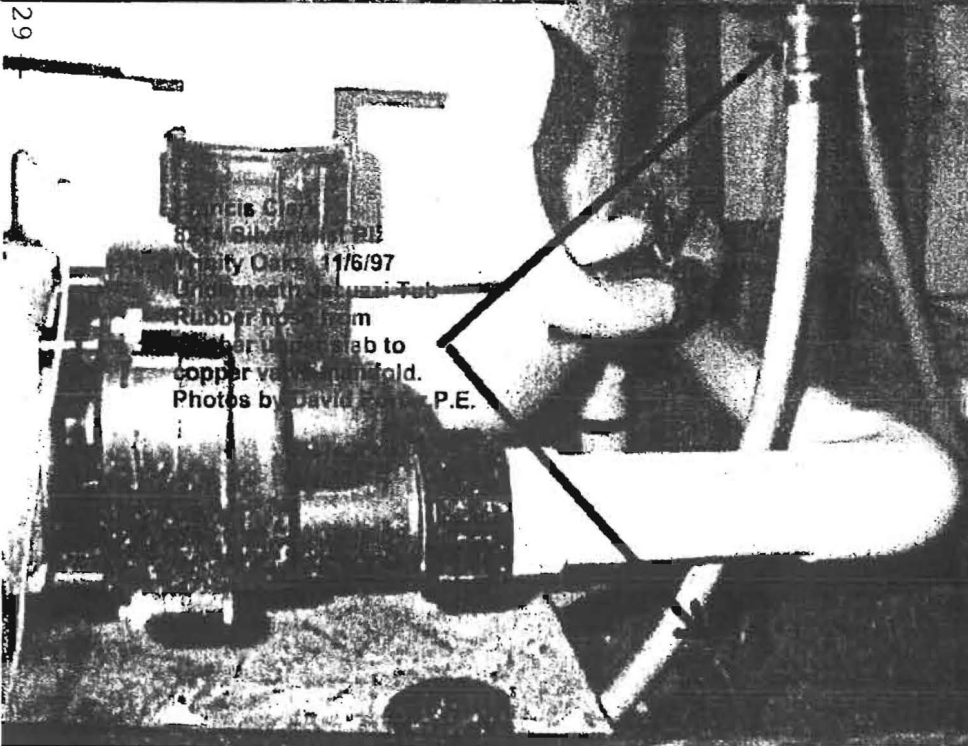
Francis Clark, 8214 Silver Mist Place, Trinity Oaks 11/6/97



Mr. Clarks
8214 Silver Mist Place
Trinity Oaks 11/6/97
Copper piping.



Mr. Clarks kitchen sink
8214 Silver Mist Place
Trinity Oaks 11/6/97
Copper supply piping

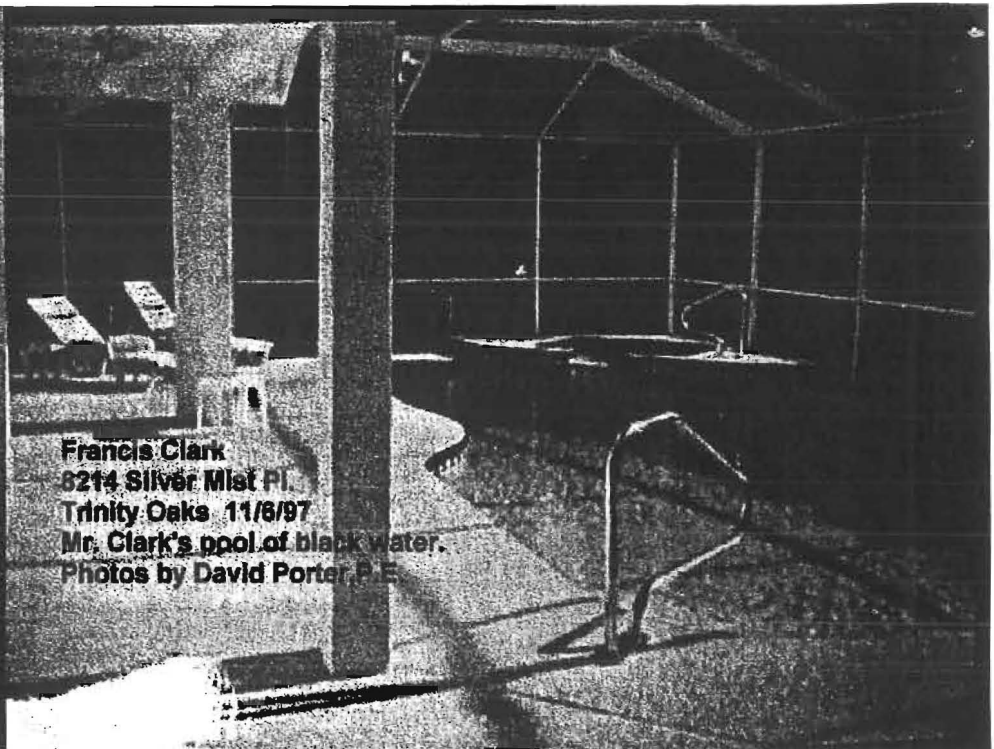
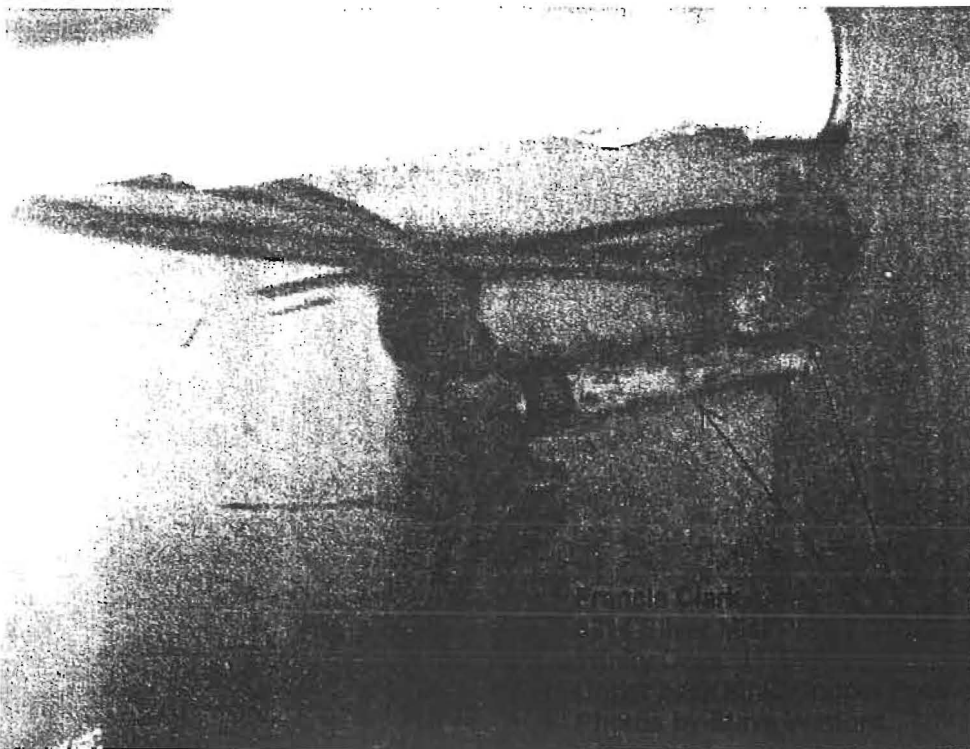


Francis Clark
8214 Silver Mist Place
Trinity Oaks 11/6/97
Underneath Jacuzzi Tub
Rubber hose from
to copper valve. Hand fold.
Photos by David Porter, P.E.



Francis Clark
8214 Silver Mist Place
Trinity Oaks 11/6/97
Underneath Jacuzzi Tub
Copper under ground
clamp for pump attached to
copper
Photos by David Porter, P.E.

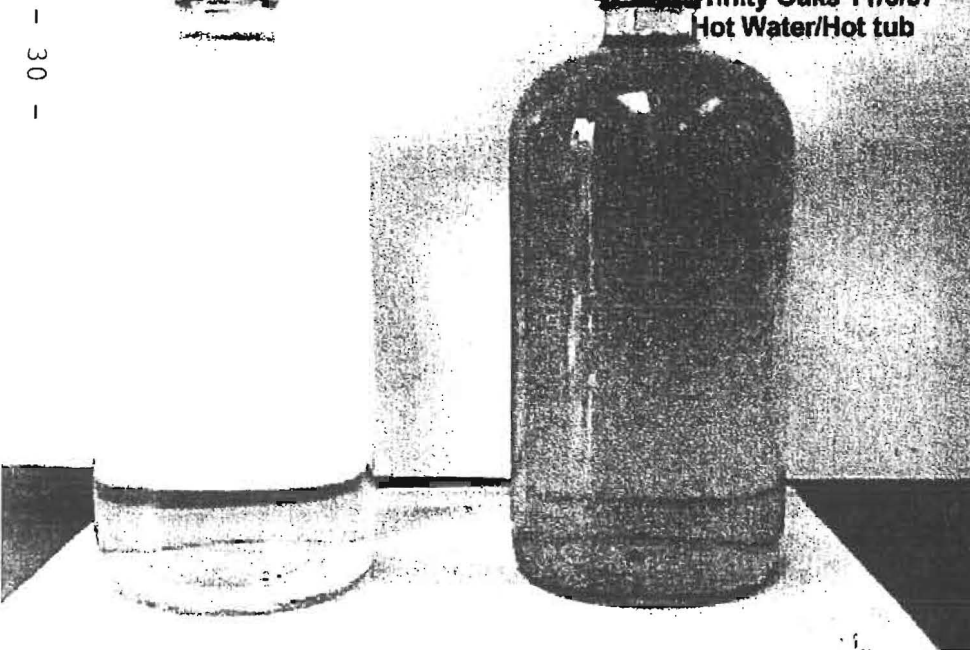
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Francis Clark
8214 Silver Mist Pl.
Trinity Oaks 11/6/97
Mr. Clark's pool of black water.
Photos by David Porter, P.E.

8214 Silver Mist Place
Trinity Oaks 11/6/97
Cold Water

Francis. Clark
8214 Silver Mist Place
Trinity Oaks 11/6/97
Hot Water/Hot tub



Francis. Clark
8214 Silver Mist Place
Trinity Oaks 11/6/97
Cold Water at meter

Francis. Clark
8214 Silver Mist Place
Trinity Oaks 11/6/97
Hot Water/Hot tub



Francis Clark, 8214 Silver Mist Place, Trinity Oaks 11/6/97

ALOHA UTILITIES, INC.
Result of Investigation of Water Quality
Complaint of Mrs. Southby

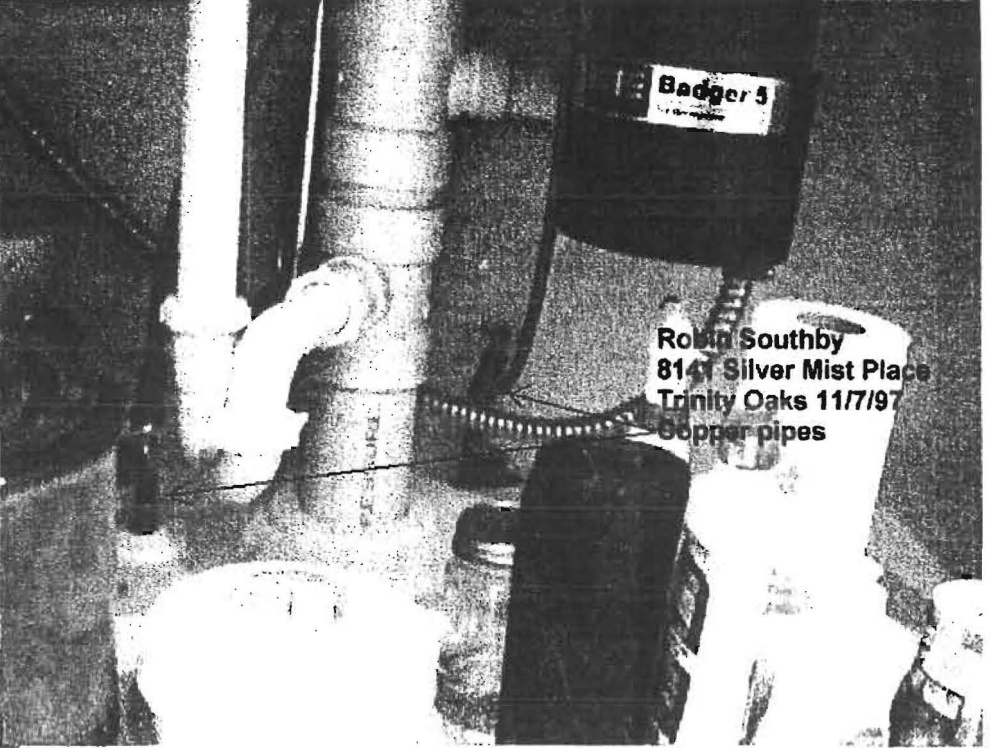
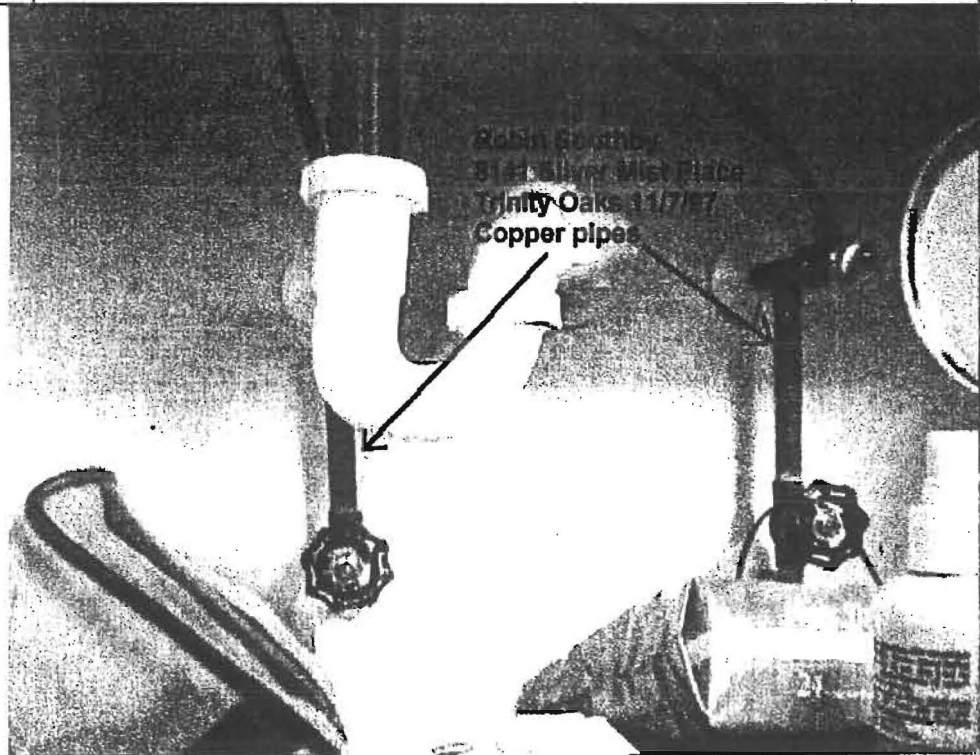
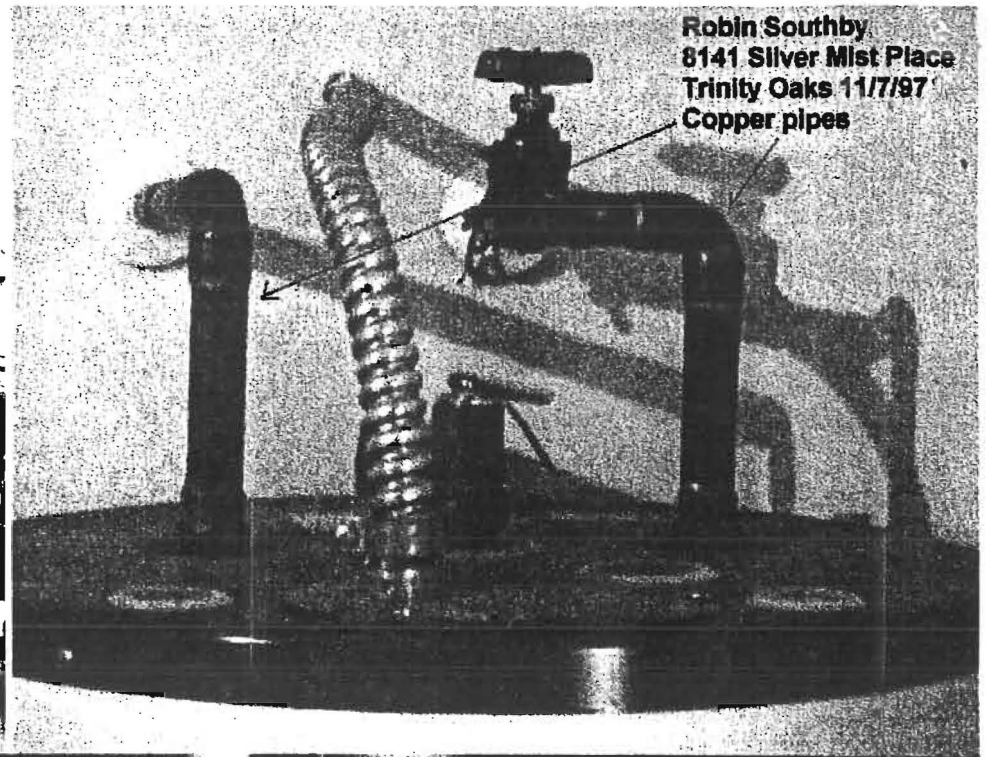
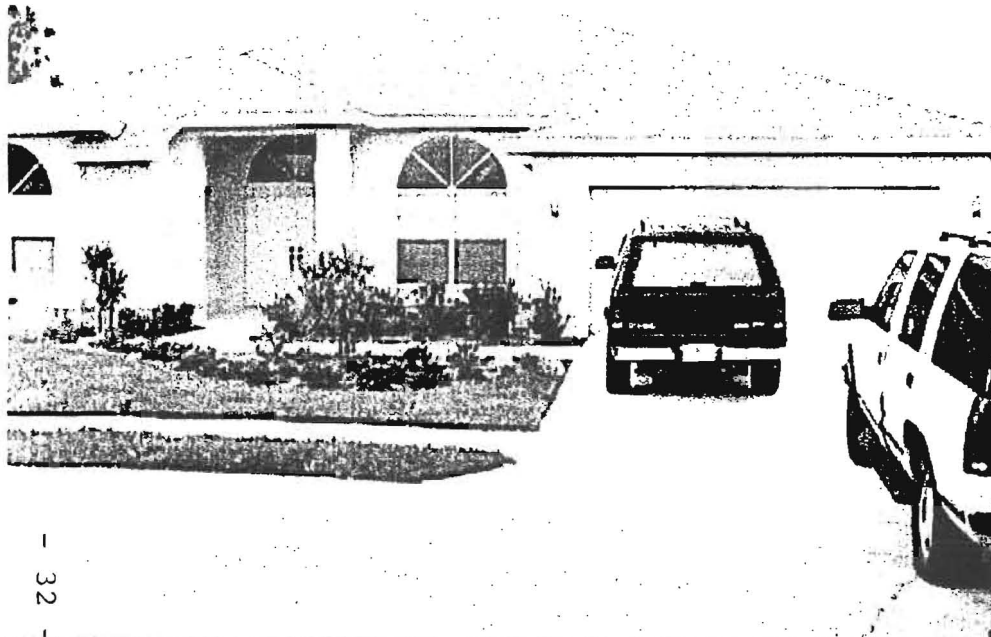
On November 6th, I received from the Staff the letters presented to the PSC by Representative Fasano's aide at the November 4th Agenda Conference. Dave Porter, P.E., and I went first to the home of Mr. and Mrs. Clark and then to the home of Mrs. Southby to investigate the allegations contained in the letters.

As with the Clark's home, Mrs. Southby's home has no PVC piping in the plumbing system. It is plumbed totally in copper piping, again consistent with all previous findings of Aloha, the DEP Staff and the PSC Staff regarding copper corrosion in the service area.

Mrs. Southby also told us that her letter was solicited by Ms. Porter of the Trinity Oaks Homeowners Association for Representative Fasano to use at the PSC.

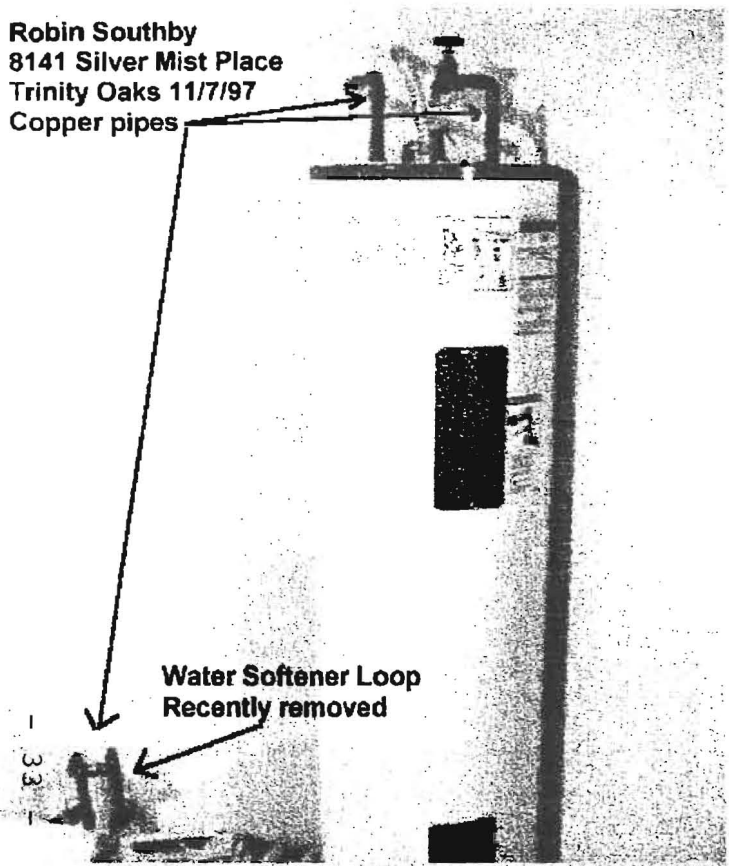
We took extensive photographs of Mrs. Southby's home, which are attached for your reference. Mrs. Southby also said that she was told she had PVC pipes. As you can see from the photos, the homes' entire plumbing system is under slab copper piping. Mrs. Southby has also never previously filed a complaint with Aloha.

Mrs. Southby's situation is similar to the Clark's, however, when her hot water was checked, it was clear, as was the water coming into the home. She stated that the only place she intermittently experienced the discoloration was in her hot water line going to her sunken tub. We also learned something else from Mrs. Southby. The builder that constructed her home and the Clark's, installs a water softener in every home. The builder then contacts the customer after three months asking if they wish to pay for the softener or if the builder should remove the unit. Mrs. Southby elected not to keep the water softener, and recently had her's removed, as indicated in the photo. However, based upon what we know about the formation of copper sulfide, the copper pipe together with a temporary use of a softening unit could be enough to initiate the corrosion process in a home, and allow it to continue after the softener is removed. However, our inspection revealed no visible copper sulfide in Mrs. Southby's water after removal of the softener, where Mr. Clark's did.

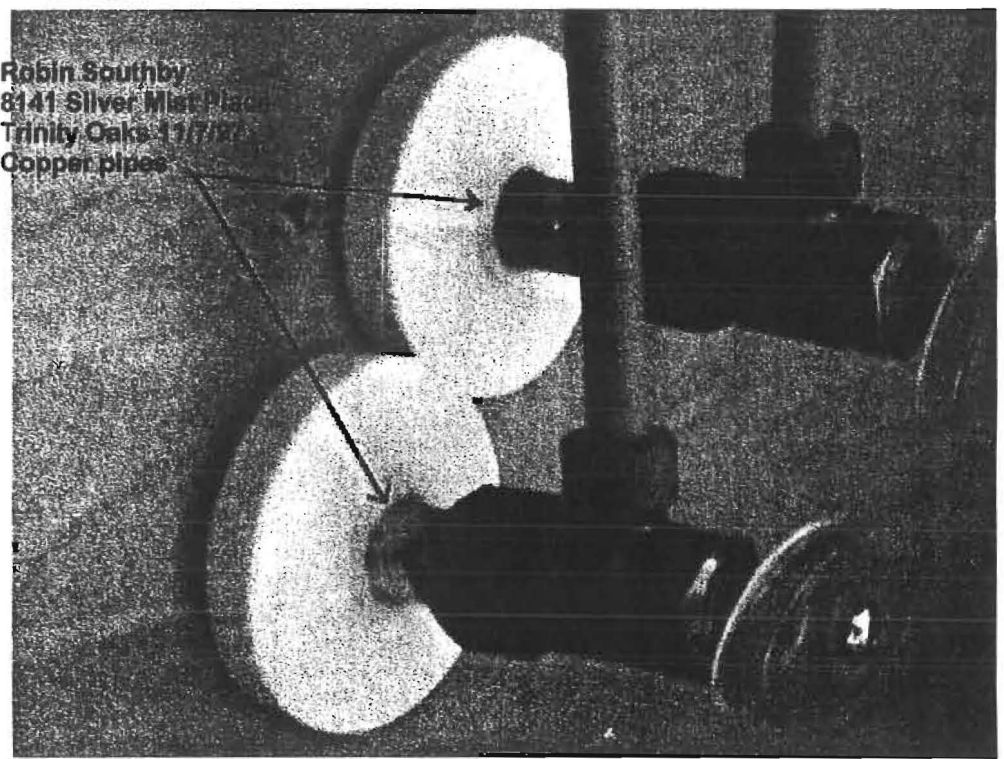


Robin Southby, 8141 Silver Mist Place, Trinity Oaks 11/7/97

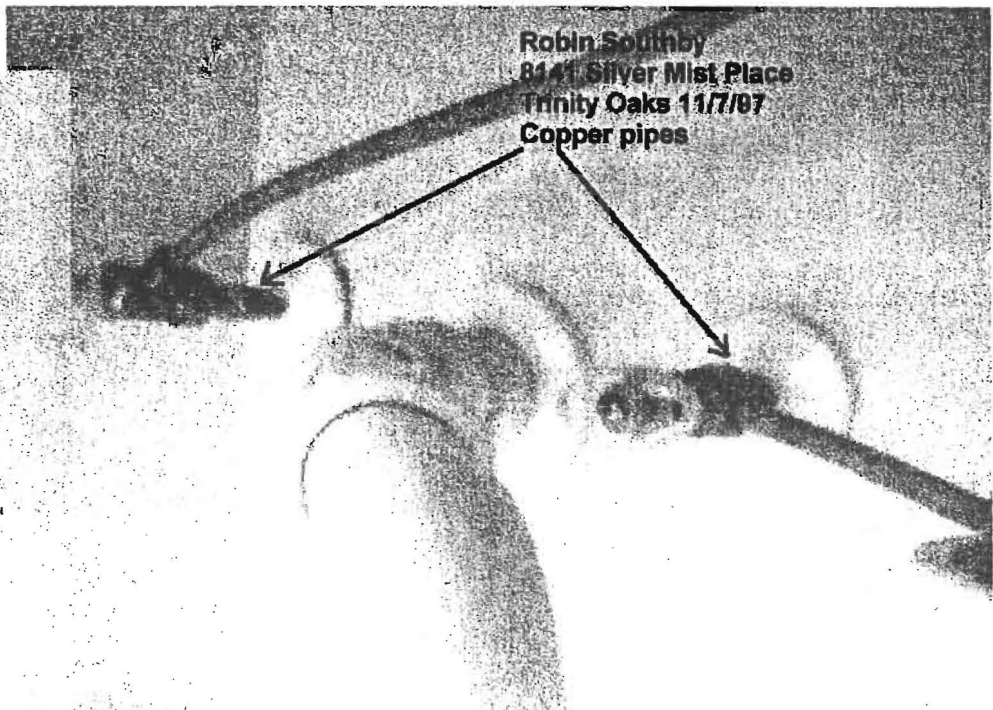
Robin Southby
8141 Silver Mist Place
Trinity Oaks 11/7/97
Copper pipes



Robin Southby
8141 Silver Mist Place
Trinity Oaks 11/7/97
Copper pipes



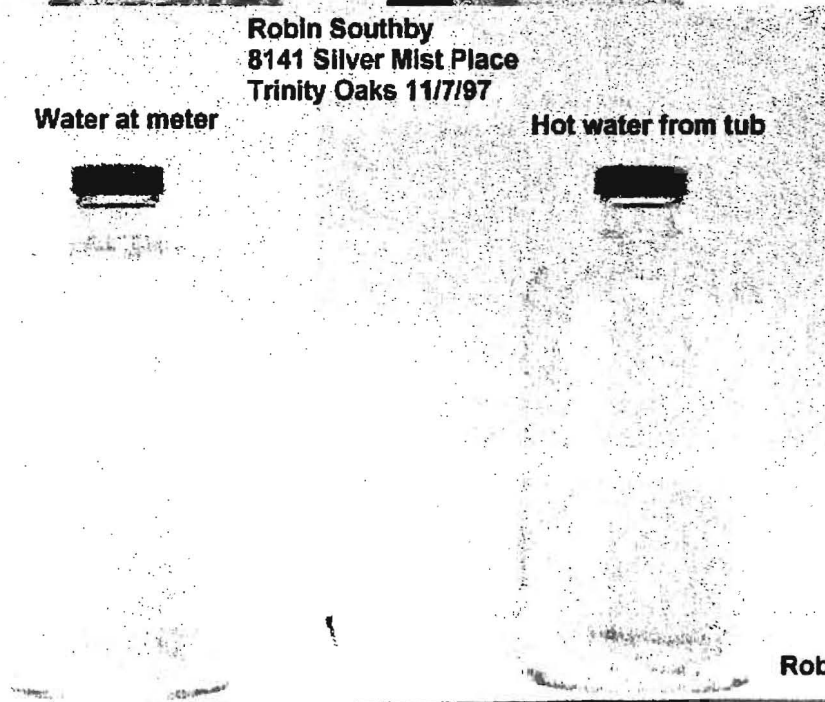
Robin Southby
8141 Silver Mist Place
Trinity Oaks 11/7/97
Copper pipes



Water at meter

Robin Southby
8141 Silver Mist Place
Trinity Oaks 11/7/97

Hot water from tub



ALOHA UTILITIES, INC.

Information Concerning Dr. Garrity's
Knowledge of Water Quality Issue

The second item identified by Commissioner Clark as a basis for her motion not to adopt the Staff Recommendation on November 4th was the allegation by Mr. Goldberg that Dr. Garrity, had only recently become aware of the water quality concerns at Aloha. This basis was quite disturbing, given the fact that it came from Mr. Goldberg and other residents present, and included an inaccurate representation of a recent newspaper article. Commissioner Clark seemed to understand the problem with relying on such information when she stated she doesn't believe everything she reads in the newspaper.

The article that was being referred to and which these customers displayed at the November 4th Agenda Conference was one with Dr. Garrity's picture from the October 28th edition of the St. Pete Times, Pasco Edition. A copy of this article is enclosed. This article covered a meeting held at Rep. Fasano's office on October 27th. This is the same meeting concerning Aloha water quality issues that Rep. Fasano refused to admit Mr. Jenkins and me, despite our having received notice of the meeting from Dr. Garrity on behalf of DEP Secretary Wetherell (letters enclosed). There were approximately 10 or 12 homeowners present, along with Dr. Garrity and Mike Hickey of DEP, Dr. Marc Yacht and Ken Swann of the Pasco County Health Department, Senator Jack Latvala, and newspaper reporters and photographers.

Nowhere in the article does it state that Dr. Garrity just became aware of the problem. There is no statement in the article that addresses when Dr. Garrity became aware of the problem. There are several noteworthy statements that do bear repeating. First, the opening sentence of the article confirms the position of the DEP that Aloha is meeting all water quality standards. It states, "The county's top health official and the region's top environmental regulator say Aloha Utilities' water meets quality standards." As far back as October 14, 1996, in a letter from Dr. Garrity to Mr. Fasano (copy enclosed) Dr. Garrity stated that,

"The Drinking Water staff of the Southwest District office have been involved in water quality complaints (water discoloration) for the above mentioned utility since January of this year. We have since, in an unprecedented effort to help in the solution of this problem, appeared at different forums including the Public Service Commission meetings, collected and analyzed samples, coordinated with other entities like the West Coast Regional Water Supply Authority laboratory personnel and consulted with in-house staff as well as outside consultants and industry representatives."

He then goes on to state again, that Aloha is in compliance with the Department's rules and regulations. The newspaper article also mentions that it was discussed at the meeting that there were homeowners with PVC pipe that were experiencing the problem. This appears to be the same homes that Mr. Fasano's aide represented as having just come forward the night before the agenda conference. If Mr. Fasano had seen fit to allow Aloha representatives to attend the meeting, or advise PSC Staff of this issue, these homes could have been investigated and the issue addressed prior to the November 4th Agenda Conference. Instead, Mr. Fasano preferred to surprise everyone with these inaccurate allegations at the Agenda Conference. In our view, this was done solely for the purpose of confusing this Commission and delaying these proceedings and ultimately increasing the cost that the customers of Aloha will bear in this proceeding.

I have enclosed several other letters from Dr. Garrity to various persons over the past 13 months showing his intimate knowledge of the issues in this case and repeated position that the Utility is in full compliance with water quality regulations.

TO CONTACT US
ABOUT NEWS:

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By fax: 869-6233
By e-mail: pasco@sptimes.com

PASCO TIMES

50
AN EDITION OF

St. Petersburg Tin

TUESDAY ■ OCTOBER 28, 1997

'I wouldn't want to drink it'

■ That is the opinion of two experts, who tell representatives of homeowners' associations that Aloha Utilities water does meet quality standards.

By JO BECKER
Times Staff Writer

NEW PORT RICHEY — The county's top health official and the region's top environmental regulator say Aloha Utilities' water meets quality standards.

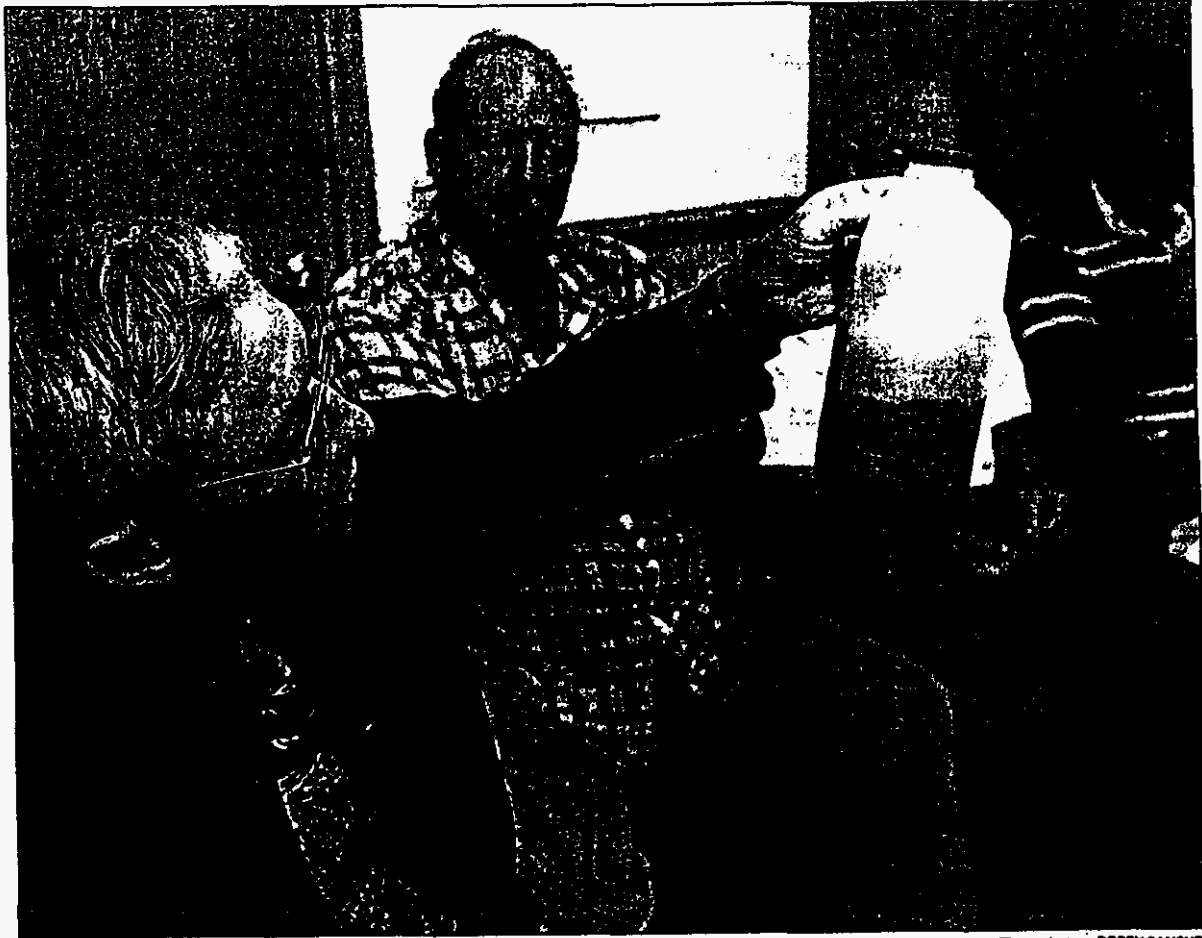
But they wouldn't down a glass of it on even the hottest of days.

"I wouldn't want to drink it," Dr. Rick Garrity, head of the state Department of Environmental Protection office in Tampa, told representatives from more than a dozen homeowners' associations served by Aloha.

"I wouldn't want to declare the water unhealthy," agreed Dr. Marc Yacht, head of Pasco County's Health Department. "But I, like Rick, wouldn't drink it."

Their comments came at a meeting Monday held at state Rep. Mike Fasano's office. Fasano, an Aloha customer, has been representing other Aloha customers who have long complained that their water is discolored, foul-smelling and filled with sediment.

A report released last week by the staff of the state Public Service Commission laid most of the blame for the problem on copper piping in customers' homes. The report recommended that homeowners replace copper piping and, to help the prob-



Times photo — BOBBY SANCHEZ

Dr. Rick Garrity, head of the state Department of Environmental Protection office in Tampa, examines a jug of water brought in by residents served by Aloha Utilities. The meeting was at the office of state Rep. Mike Fasano.

mended that Aloha be ordered to adjust pH levels in the water.

The PSC is expected to vote Nov. 4 on that recommendation.

But Fasano, R-New Port Richey, and representatives from more than a dozen homeowner associations who attended the meeting said the problem starts at Aloha's water treatment plant and its wells.

Several of the homeowner association presidents said people with plastic piping have experienced problems. One said that people have complained to him that their water meters are turning black.

"That's long before the copper pipes," said Henry Wells.

Fasano also pointed out that the PSC staff report acknowledged that investigators remain "perplexed" that some cus-

tomers experienced the problem while others do not.

"It can't just be the copper piping," Fasano said. "Pasco County (Utilities) serves tens of thousands of customers, the majority of them I presume with copper piping, and they're not getting these problems."

Please see ALOHA Page 3

Aloha from Page 1

Aloha Utilities serves about 7,200 residential customers in southwest Pasco.

Aloha president Stephen Watford said during a telephone interview that Fasano refused him entrance to Monday's meeting. The water that enters his customers' homes is "crystal clear," according to Watford, and test after test has shown that it meets all lead and copper standards.

"It remains clear to us that Rep. Fasano is playing political games rather than really trying to find a solution to the problem," Watford said. "To us it appears that Rep. Fasano is trying to use the power of his office to influence the Department of Environmental Protection to sanction Aloha Utilities, despite repeated statements by the (agency) that Aloha's water meets state water quality standards."

Yacht suggested that if the water was meeting agency standards, perhaps those standards ought to be changed.

And, Yacht said, the Public Service Commission might want to look at reducing the amount of hydrogen sulfide in the water by forcing Aloha to either add more chlorine to the water or to push air through it as a way to remove gases.

Kenneth Swann, who works under Yacht, agreed. He said the problems Aloha customers are experiencing cropped up after two new wells were opened between 1992 and 1993. Hydrogen sulfide, which can irritate skin, is found in ground water in this area.

Garrity, at the urging of both Fasano and Sen. Jack Latvala, R-Palm Harbor, promised to do more spot checks of the water.

"If there's a problem, it's a problem of proving that they are not meeting standards so we can go in there



Times photo — BOBBY SANCHEZ

Mick Radford, vice president of the Council of Neighborhood Associations, makes a point at Monday's meeting.

and force them to do something," he said.

The group promised to meet monthly to try to solve the problem. Garrity said he would like to invite Aloha to attend the meetings.

"I think Aloha wants to find a solution," he said. "This problem has gone on long enough."

show coordinator. Florence Barnett and Esther Chotiner are co-chairwomen. Etta Satinoff is in charge of food preparation assisted by spouses.

Tickets are \$6.50. For tickets and information, call 846-7695 or 856-1786 or the center at 847-3814.

Maryland Club hosts fall picnic

The Suncoast Maryland Club is hosting a fall picnic Wednesday at Fred Howard Park, Shelter 6, Tarpon Springs.

A catered luncheon will be served at noon, followed by bingo games. Participants should bring a gift item for a prize.

For information, call club president Jack Cockey at 942-4170.

Jasmine Lakes plans Halloween affair

The Jasmine Lakes Community Club is sponsoring a Halloween Costume Party on Friday at the clubhouse, 7137 Jasmine Blvd., Port Richey.

Doors will open at 5 p.m. Admission is \$3. Participants should bring a brown food bag and their own beverage.

Monti Audino from Southeast Keyboard Hall will play dance music from 6:30 to 7:30 p.m. with recorded tapes played from 7:30 to 8:30 p.m. Costumes are optional. Prizes will be awarded for the best

The Hillandale Glen Garrity Association is hosting a dance Wednesday at the house, 6333 Langston Ave., Port Richey.

A roast beef dinner will be served at 6 p.m. followed by dancing from 7 to 9 p.m. Cost is \$6 for reservations by 11 a.m. Wednesday or \$7 at the door. Call 842-1485 or 848-9203.

Catholic Daughters plan card party

The Catholic Daughters of America are sponsoring a party and hot luncheon from 12 to 4 p.m. Wednesday at the P Hall of St. Vincent de Paul in Port Richey.

Tickets are \$5 and are available by calling 938-1680.

Legion post holds Halloween party

The American Legion Post Auxiliary 335 is sponsoring a Halloween party from 7 to 11 p.m. Friday at the post, 11421 Osceola Drive, New Port Richey.

A cash prize will be awarded for the best costume. There will be a first- and second-place winner.

Billy Bagwell will provide dance music. Snacks will be served. Dinner, featuring cooked steak or fish, will be served from 5 to 7 p.m. For information, call 868-8445.



Department of Environmental Protection

Lawton Chiles
Governor

Southwest District
3804 Coconut Palm Drive
Tampa, Florida 33619

Virginia B. Wetherell
Secretary

January 30, 1996

Mr. Stephen Watford, Vice President
Aloha Utilities, Inc.
2514 Aloha Place
Holiday, FL 34691

Re: Seven Springs
PWS-ID# 6512214
Pasco County

Dear Mr. Watford:

In response to on-going complaints of discolored (black) water in the service area of the Chelsea Place subdivision, the Department is requesting the sampling of the following parameters over the next 30 days in that service area:

- 1) Total Dissolved Solids (TDS)
- 2) Sulfate
- 3) Copper
- 4) Odor
- 5) Color

The Department does not want to limit the scope of this testing, therefore, the sampling of other parameters that may contribute to discolored (black) water but not listed here is encouraged. Attached is a sampling pool of sixteen homeowners who have volunteered to participate. Sample four different residents per week, preferably from inside service taps, during the next four weeks for a total of sixteen sites. Submit a copy of these results as they become available. However, copies of all results should be received no later than 10 days after the conclusion of the sampling event.

Please note, the Department is also conducting it's own monitoring of the above listed sites for the parameters listed in this correspondence and will provide copies of those results to you as they become available. If you have any questions or comments, please do not hesitate to contact me at (813) 744-6100 ext. 462.

Respectfully,

A handwritten signature in black ink, appearing to read "Peter Screnock".

Peter Screnock
Environmental Specialist II
Drinking Water Section

Enclosure

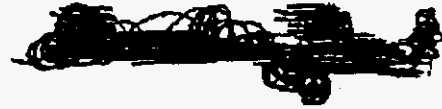
cc: Pasco CPHU

Chelsea Place Homeowners Association

DUPLICATE



Department of Environmental Protection



Lawton Chiles
Governor

Southwest District
3804 Coconut Palm Drive
Tampa, Florida 33619

Virginia B. Wetherell
Secretary

October 14, 1996

Mike Fasano, State Representative, District 54
8217 Massachusetts Ave.
New Port Richey, FL 34653

Re: Water Quality Issues - Aloha Utilities, Inc.

Dear Mr. Fasano:

Thank you for bringing your concerns to my attention.

The Drinking Water staff of the Southwest District office have been involved in water quality complaints (water discoloration) for the above mentioned utility since January of this year. We have since, on an unprecedented effort to help in the solution of this problem, appeared at different forums including the Public Service Commissions meeting, collected and analyzed samples, coordinated with other entities like the West Coast Regional Water Supply Authority laboratory personnel and consulted with in-house staff as well as outside consultants and industry representatives.

To this point, the result of this investigation indicates that the utility is in compliance with all water quality standards in our rules and regulations except for copper. Additionally, there is no indication of a health risk associated with this discoloration, however, it is aesthetically unpleasant. The utility has initiated a corrosion control program, which consists of the addition of a corrosion inhibitor in their distribution system, to reduce copper concentration below the rule's action level. The effectiveness of this program has yet to be demonstrated as this is a slow process and requires time. By initiating this program, the utility is considered to be in compliance with our rules and regulations. The only reason the Department's employee declined to drink the water samples offered as exhibits was because of their unknown origins (i.e. hot water heater, toilet bowl, etc.).

In an extra effort to help we are planning to gather additional information and schedule meetings with the utility on a continuous basis until the problem cease to exist. These meetings will explore every possible alternative and solution to the problems. Hence, we cannot honor your request to conduct spot checks without utility notification.

Please rest assure that like you, we believe that the safety, health and welfare of the residents in our state is of the utmost importance. If you have any questions or need additional information, please call me at (813) 744-6100, ext. 352.

Sincerely,

Richard D. Garrity, Ph.D.
Director of District Management

RDG/prt

cc: Michael S. Hickory, P.E.

"Protect, Conserve and Manage Florida's Environment and Natural Resources"

- 39 -
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10/10/96 15:10 Oct 21 1996



Department of Environmental Protection

Aloha
DUPLICATE

Lawton Chiles
Governor

Southwest District
3804 Coconut Palm Drive
Tampa, Florida 33619

Virginia B. Wetherell
Secretary

November 1, 1996

Representative Mike Fasano
8217 Massachusetts Avenue
New Port Richey, FL 34653

Dear Representative Fasano:

This is to reply to your, October 29, 1996, correspondence.

Chapter 403, Florida Statutes gives the DEP the authority to inspect and sample regulated facilities, except private residences at reasonable times for the purpose of ascertaining compliance with the regulations of the Department. Inspection or sampling pursuant to this section can only be conducted after either consent from the owner or person in charge or an inspection warrant is obtained. It is the policy of this office to give reasonable notice to facility owners when appropriate, to arrange for entry to facilities that are not open to the public. In the case of sampling ground water at a water plant, prior notice should not provide an opportunity to alter the chemical makeup of the source water.

Notice of the sampling event was given to Mr. Watford's office on, October 28, 1996. As you know, he was in Tallahassee at the time. The afternoon of October 29, 1996, Mr. Watford called the Tampa office and granted permission to sample the facility. I do not believe there was an intentional act by Aloha Utilities to obstruct the Departments sampling on the morning of the October 29, 1996, but rather a communications problem occurred.

Department representatives are scheduled to sample Aloha Utilities source water Monday morning, November 4, 1996. We will contact you with the results of both sampling events as soon as we receive them from the Department's laboratory.

If you have any questions feel free to contact me at 813/744-6100 extension 352.

Sincerely,

Richard D. Garrity
Director of District Management
Southwest District

RDG/cmr

cc: Steven Watford



Department of Environmental Protection

Lawton Chiles
Governor

Southwest District
3804 Coconut Palm Drive
Tampa, Florida 33619

Virginia B. Wetherell
Secretary

November 7, 1996

Steve G. Watford
Aloha Utilities, Inc.
2514 Aloha Place
Holiday, Fl 34691



Re: Well Testing

Dear Mr. Watford:

This is to reply to your October 30, 1996 correspondence.

I believe the attached letter to Representative Fasano addresses your concerns regarding access to Aloha Utilities' wells for sampling by the Department. Additionally Mr. Michael S. Hickey, P.E., Water Facilities Administrator and Mr. Pedro L. Rivera, P.E., Drinking Water Program Manager telephoned you on October 31, 1996 in response to your call to my office to discuss this matter.

We believe that extenuating circumstances lead to our lack of access to sample the source water on Oct. 29, 1996. As you know, Department representatives sampled Aloha Utilities' wells on Nov. 4, 1996. It has been our experience that access to your utility has always been granted. We will notify you of the sample results upon receipt of the analysis from the Department's Laboratory.

If you have any additional questions concerning this matter free to contact this office.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael S. Hickey for".

Richard D. Garrity, Ph.D.
District of District Management

CC: file



Department of
Environmental Protection

Lawton Chiles
Governor

Southwest District
3804 Coconut Palm Drive
Tampa, Florida 33619

Virginia B. Wetherell
Secretary

August 29, 1997

Mr. Jim Goldberg
Water Committee Chairman
Wyndtree Master Association
1251 Trafalgar Drive
New Port Richey, FL 34655

Re: Letter of July 28, 1997 to
The Honorable Virginia B. Wetherell

Dear Mr. Goldberg:

I have been asked by Secretary Wetherell to respond to your recent letter.

We are continuing to investigate the black water issue with the intention to bring it to resolution. Our investigation has included both water reactions in the public water supply system and the private plumbing systems including home treatment devices.

Specifically, the well water is essentially copper free, lead free and passes through non-metallic (PVC) water mains, thus there is copper and lead free water being served to the customers. The water quality standards for copper and lead are 1.0 and 0.015 mg/l respectively. Only the lead standard is health related.

Also, the Manual of Small Public Water Supply Systems, EPA 570/9-91-003 has a section on Household Water Treatment. It states, "...softening may add sodium to the drinking water. Softening only the hot water, leaving the cold drinking water untreated, will avoid this problem. Softening may also make the water more corrosive, and possibly increase the levels of metals like lead and copper in the water. Occasional "flushing" of water at the tap will help solve the second problem."

The October 29, 1996 informational sampling referred to in our letter of July 10, 1997 is consistent with the above EPA statement. The "cold" untreated water sample collected at 7633 Albocor Drive showed a copper content of 0.418 milligrams per liter (mg/l). The "cold" homeowner treated (softener) water sample collected at 1251 Trafalgar Drive was 8.810 mg/l.

Mr. Jim Goldberg
Letter of July 28, 1997
Page Two

Our letter of July 10, 1997 referred to these samples and the associated two "hot" water samples exceeding the water quality standard of 1.0 mg/l for copper. By regulation this standard only applies to the finished water provided to the distribution system. As stated earlier the finished water is essentially copper and lead free and thus fully meets the standard.

As part of our investigation we are reviewing the article "Water Discoloration, Cause and Fix" in detail. This week we are conferring with professionals from two major counties, our headquarters and our local district office. All have extensive experience with public water supplies. The county officials have addressed copper corrosion problems for their entire service areas and the others have implemented the lead and copper rule statewide.

We are also participating on a statewide panel which is addressing copper corrosion on a statewide basis. We are there to contribute from our experience and to learn from the experience of others.

We will follow your recommendation for unannounced visits as practical. Scheduling visits to witness flushing and getting access to secured water utility facilities needs some degree of coordination.

For further clarification or voicing of concerns please feel free to contact WIC. Dunn at the above listed address or by phone at 813/744-6100, ext. 314.

Very truly yours,

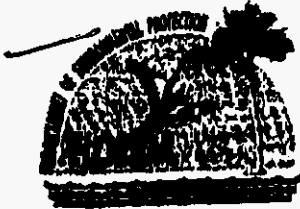


Richard D. Garrity, Ph.D.
Director of District Management
Southwest District

RDG/wdr

cc: Virginia B. Wetherell

Oct 23 '97 10:24 P.01/01



Department of Environmental Protection

Lawton Chiles
Governor

Southwest District
3804 Coconut Palm Drive
Tampa, Florida 33619

Virginia B. Wetherell
Secretary

October 23, 1997

John R. Jenkins, P.A.
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pine Drive
Tallahassee, Florida 32301

Dear Mr. Jenkins:


Secretary Wetherell has requested I respond to your September 26th letter.

In reference to Representative Mike Passano's September 11th letter I will be meeting with him on behalf of the Secretary on October 27th.

The Secretary's office has requested the Southwest District Office continue to serve as the primary contact point regarding matters pertaining to Aloha Utilities.

Mike Hickey, Southwest District Water Facilities Administrator and I remain available to meet with you or Mr. Watford to discuss any new or relative information regarding Aloha Utilities.

Sincerely,


Richard D. Garrity, PhD.
Director of District Management

Enclosure

cc: Mr. Stephen Watford

Post-It® Fax Note	7071	Date	10/23/97	# of pages	1
To	JOHN R. JENKINS, P.A.	From	CELE FEATHERS		
Company	ROSE, SUNDRUM & BENTLEY, LLP	Co.	DEP		
Phone #	850-877-6555	Phone #	813-744-6000x364		
Fax #	850-656-4029	Fax #			

- HARD COPY TO FOLLOW

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MARTIN S. PHILLIPMAN, PA.
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ROBERT M. C. OISE
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WILLIAM C. SUNDBTROM, PA.
DIANE D. THUMON, PA.
JOHN L. WHARTON

October 24, 1997

Richard D. Garrity, PhD.
Deputy Assistant Secretary,
Department of Environmental
Protection, Southwest District
3804 Coconut Palm Drive
Tampa Florida, 33619

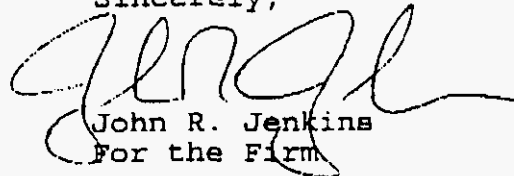
Re: Aloha Utilities, Inc.;
Our File No. 26038.17

Dear Dr. Garrity:

Thank you for your October 23 letter on behalf of Secretary Wetherell to coordinate meetings regarding Aloha Utilities' water quality issues. My client will plan on attending the October 27 meeting at 3:30 with Representative Fasano and Department personnel to update you on recent events related to Seven Springs water quality and obtain any new information which may be provided by other parties. We will coordinate with Mike Hickey in that regard.

Thank you for your continued assistance in this matter.

Sincerely,


John R. Jenkins
For the Firm

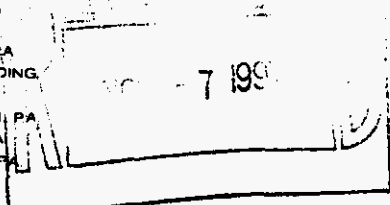
JRJ:sn

cc: Secretary Virginia B. Wetherell
Representative Michael Fasano
Mike Hickey, P.E.
Mr. Stephen Watford

ROSE, SUNDSTROM & BENTLEY, LLP

2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

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JOHN L WHARTONMAILING ADDRESS
POST OFFICE BOX 1567
TALLAHASSEE, FLORIDA 32302-1567
TELECOPIER (850) 656-4029

November 3, 1997

Ms. Virginia Wetherell, Secretary
Florida Department of
Environmental Protection
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

Re: Aloha Utilities, Inc.
Our File No. 26038.14

Dear Secretary Wetherell:

Thank you for your response through Dr. Garrity to my September 26th letter regarding Representative Mike Fasano's request that your office take action against Aloha Utilities, Inc. for copper corrosion problems being experienced by customers in two subdivisions in Aloha's seven springs service area.

Pursuant to the enclosed letter from Dr. Richard Garrity, a meeting took place on Monday, October 27, at the offices of Representative Fasano to address Aloha Utilities' water quality issues. Attendees at that meeting included:

Representative Mike Fasano
State Senator Jack Latvala
Dr. Richard Garrity, DEP Tampa District Director
Mike Hickey, DEP Tampa
Kenneth Swann, Pasco County DOH
Dr. Mark Yacht, Pasco County DOH
Approximately 10 homeowner association representatives
Jo Becker, St. Pete Times

Steve Watford, President of Aloha Utilities, and I arrived at the meeting with the just-released Public Service Commission Staff Recommendation regarding Aloha water quality, and were prepared to discuss this and other matters related to the copper corrosion issue. Representative Fasano refused to allow us into the meeting, which turned out to be not a substantive discussion of copper corrosion problems and solutions, but another political "photo-op" for Representative Fasano at the expense of Aloha Utilities, and to a lesser extent, the Department.

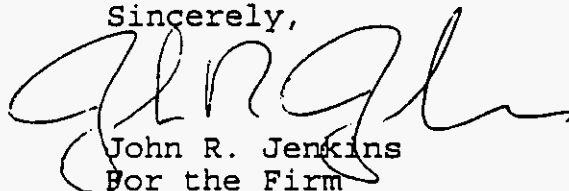
Ms. Virginia Wetherell
November 3, 1997
Page 2

The inappropriateness of Representative Fasano's actions aside, many systems in Florida experience and deal with copper corrosion. Now that Aloha has identified the "black" water problem, it is implementing proven water industry technology to address it, and working with the Department, PSC Staff, and other utilities to examine other possible solutions. In the face of Representative Fasano's repeated attempts to use the power of his office to influence the Department's regulatory and enforcement activities, my client wants only to be held to the same standard as other permittees in the State regarding water quality matters.

For your information, I am enclosing a copy of the PSC Staff Recommendation which I was not able to provide to Dr. Garrity, and which I think provides a thorough discussion of the problem and the economic and water quality impacts of possible solutions.

The professionalism of your Tampa staff has been evident over the past 18 months in dealing with this copper corrosion problem. We look forward to working with you toward a solution which is acceptable to the Department, the customers experiencing the copper corrosion problem, and the thousands of other Aloha water customers.

Sincerely,



John R. Jenkins
For the Firm

JRJ:sn

cc: Mr. Steve Watford
Richard Garrity, Ph.D.

LAW OFFICES
ROSE, SUNDBSTROM & BENTLEY, LLP

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JOHN R. JENKINS, P.A.
STEVEN T. MINDLIN, P.A.
DAREN L. SHEPPY
WILLIAM E. SUNDBSTROM, P.A.
DHANE D. TREMOR, P.A.
JOHN L. WHARTON

ROBERT M. C. ROSE
OF COUNSEL

June 17, 1998

VIA HAND DELIVERY

Ralph Jaeger, Esquire
Division of Legal Services
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 Ralph:

I have just become aware of an article published in the "Suncoast News" this morning with various quotes from you about the results of the Survey. While I understand that these were preliminary figures, they raised a great deal of concern with my client and myself. The results as stated disregard the plain negotiated wording of the Survey itself, and are therefore misleading.

After much discussion between the parties, the Survey plainly said in the only bold language included therein: **"However, if you fail to return this Survey, the Commission will assume that you are satisfied with the quality of your water service provided by Aloha Utilities, Inc."**. The Survey also made it infinitely clear that it was **"imperative"** that customers respond. I would take this, and I believe any reasonable person would take this, to mean that those who did not respond, believe service is satisfactory. Therefore, the results of the Survey must be stated in terms of total customer base and not in terms of respondents. To do otherwise is very misleading and contrary to the plain wording of the Survey.

I have attached hereto the summary of the Survey results which I believe much more accurately reflects the results of the Survey than those that were published in the "Suncoast News". I certainly hope that the final results of the Survey, which I understand are to

Mr. Ralph Jaeger
June 17, 1998
Page 2

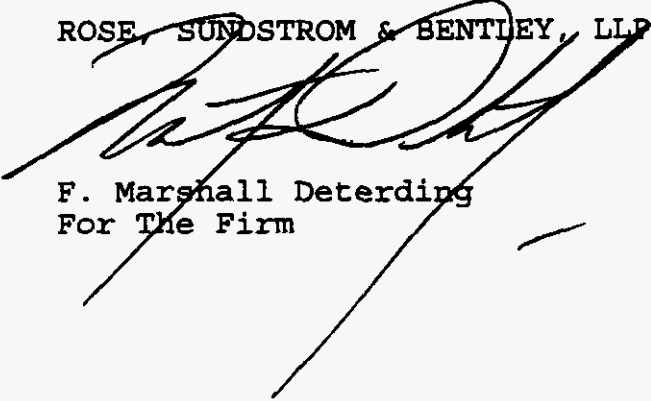
be issued later today, will not contain such wholly misleading information again.

I have also attached for your information analysis of the results by subdivision as accumulated by Aloha. Hopefully, this will help you to understand that in the great majority of subdivisions are satisfied with the service provided by Aloha, and that there are many persons within the same subdivisions who apparently feel very differently about the various aspects of the quality of water received.

Should you have any questions with regard to this analysis or my concerns as outlined above, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

FMD/tmg

Enclosures

cc: Mr. Bob Crouch, P.E.
Mr. James McRoy
Mr. John M. Starling
Mr. Charles H. Hill

aloha\17\4jaeger.fmd

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	58.60%	
Respondents Who Don't Know if They Have Treatment Units	36	0.97%	

Odor and Taste by Subdivision

Subdivision	No Answer Ques. #2	Percentage of Customer Base Reporting Problem	Percentage in Subdivision Reporting Problem	Percentage in Subdivision Satisfied
<i>Ashley Place Apts</i>	42	0.49%	24.85%	75.15%
<i>Chelsea Place</i>	88	1.02%	62.86%	37.14%
<i>Commercial</i>	11	0.13%	5.45%	94.55%
<i>Country Place</i>	129	1.49%	32.49%	67.51%
<i>Cypress Lakes</i>	60	0.69%	42.55%	57.45%
<i>Don't know</i>	43	0.50%		
<i>Foxhollow</i>	23	0.27%	10.22%	89.78%
<i>Foxwood</i>	7	0.08%	9.09%	90.91%
<i>Heritage Lakes</i>	291	3.37%	31.19%	68.81%
<i>Hills of San Jose</i>	11	0.13%	22.92%	77.08%
<i>Millpond</i>	140	1.62%	19.23%	80.77%
<i>Natura</i>	12	0.14%	41.38%	58.62%
<i>Nature's Hideaway</i>	82	0.95%	24.05%	75.95%
<i>Oak Creek Apts</i>	3	0.03%	1.85%	98.15%
<i>Park Lake Estates</i>	122	1.41%	17.38%	82.62%
<i>Plantation</i>	12	0.14%	44.44%	55.56%
<i>River Oaks</i>	6	0.07%	15.00%	85.00%
<i>Riveria</i>	13	0.15%	48.15%	51.85%
<i>Riverside</i>	115	1.33%	25.44%	74.56%
<i>Spring Haven</i>	9	0.10%	22.50%	77.50%
<i>Trinity Oaks</i>	165	1.91%	39.76%	60.24%
<i>Veterans Village</i>	387	4.48%	19.02%	80.98%
<i>Veterans Villas</i>	7	0.08%	2.73%	97.27%
<i>Viceroy Condo</i>	1	0.01%	10.00%	90.00%
<i>Woodbend</i>	19	0.22%	36.54%	63.46%
<i>Woodgate</i>	34	0.39%	38.64%	61.36%
<i>Woodtrail</i>	110	1.27%	29.10%	70.90%
<i>Wyndtree</i>	249	2.88%	34.97%	45.03%
TOTALS	2191	25.35%		74.65%

Pressure Problems by Subdivision

Subdivision	No Answer Ques. #3	Percentage of Customer Base Reporting Problem	Percentage in Subdivision Reporting Problem	Percentage in Subdivision Satisfied
<i>Ashley Place Apts</i>	19	0.22%	11.24%	88.76%
<i>Chelsea Place</i>	47	0.54%	33.57%	66.43%
<i>Commercial</i>	4	0.05%	1.98%	98.02%
<i>Country Place</i>	47	0.54%	11.84%	88.16%
<i>Cypress Lakes</i>	58	0.67%	41.13%	58.87%
<i>Don't know</i>	26	0.30%		
<i>Foxhollow</i>	27	0.31%	12.00%	88.00%
<i>Foxwood</i>	9	0.08%	6.49%	93.51%
<i>Heritage Lakes</i>	233	2.70%	24.97%	75.03%
<i>Hills of San Jose</i>	6	0.07%	12.50%	87.50%
<i>Millpond</i>	107	1.24%	14.70%	85.30%
<i>Natura</i>	8	0.09%	27.59%	72.41%
<i>Nature's Hideaway</i>	51	0.59%	14.96%	85.04%
<i>Park Lake Estates</i>	105	1.21%	14.96%	85.04%
<i>Plantation</i>	7	0.08%	25.93%	74.07%
<i>River Oaks</i>	2	0.02%	5.00%	95.00%
<i>Riveria</i>	6	0.07%	22.22%	77.78%
<i>Riverside</i>	79	0.91%	17.48%	82.52%
<i>Spring Haven</i>	2	0.02%	5.00%	95.00%
<i>Trinity Oaks</i>	137	1.59%	33.01%	66.99%
<i>Veterans Village</i>	194	2.24%	9.53%	90.47%
<i>Veterans Villas</i>	1	0.01%	0.39%	99.61%
<i>Woodbend</i>	12	0.14%	23.08%	76.92%
<i>Woodgate</i>	18	0.21%	20.45%	79.55%
<i>Woodtrail</i>	98	1.13%	25.93%	74.07%
<i>Wyndtree</i>	145	1.68%	32.01%	67.99%
TOTALS	1444	16.71%		83.29%

Discolored Water by Subdivision

Subdivision	Yes Answer Quez. #1	Percentage of Customer Base Reporting Problem	Percentage in Subdivision Reporting Problem	Percentage in Subdivision Satisfied
<i>Ashley Place Apts</i>	45	0.52%	26.63%	73.37%
<i>Chelsea Place</i>	114	1.32%	81.43%	18.57%
<i>Commercial</i>	12	0.14%	5.94%	94.06%
<i>Country Place</i>	120	1.39%	30.23%	69.77%
<i>Cypress Lakes</i>	70	0.81%	49.65%	50.35%
<i>Don't know</i>	48	0.56%		
<i>Foxhollow</i>	30	0.35%	13.33%	86.67%
<i>Foxwood</i>	7	0.08%	9.09%	90.91%
<i>Heritage Lakes</i>	390	4.51%	41.80%	58.20%
<i>Hills of San Jose</i>	12	0.14%	25.00%	75.00%
<i>Millpond</i>	151	1.75%	20.74%	79.26%
<i>Natura</i>	16	0.19%	55.17%	44.83%
<i>Nature's Hideaway</i>	83	0.96%	24.34%	75.66%
<i>Oak Creek Apts</i>	3	0.03%	1.85%	98.15%
<i>Park Lake Estates</i>	146	1.69%	20.80%	79.20%
<i>Plantation</i>	14	0.16%	51.85%	48.15%
<i>River Oaks</i>	7	0.08%	17.50%	82.50%
<i>Riveria</i>	18	0.21%	66.67%	33.33%
<i>Riverside</i>	141	1.63%	31.19%	68.81%
<i>Spring Haven</i>	15	0.17%	37.50%	62.50%
<i>Trinity Oaks</i>	192	2.22%	46.27%	53.73%
<i>Veterans Village</i>	429	4.96%	21.08%	78.92%
<i>Veterans Villas</i>	10	0.12%	3.91%	96.09%
<i>Viceroy Condo</i>	1	0.01%	10.00%	90.00%
<i>Woodbend</i>	27	0.31%	51.92%	48.08%
<i>Woodgate</i>	43	0.50%	48.86%	51.14%
<i>Woodtrail</i>	120	1.39%	31.75%	68.25%
<i>Wyndtree</i>	295	3.41%	65.12%	34.88%
TOTALS	2559	29.61%		70.39%

Different Water Colors Reported by Customers

Color Codes: A=Black B=Grey C=Brown D=Red E=Blue F=Green G=Milky White H=Other

	0
A	688
AB	168
ABC	28
ABCD	3
ABCDG	1
ABCDH	1
ABCF	1
ABCG	2
ABCGH	1
ABCH	5
ABD	8
ABEFGH	1
ABF	3
ABFH	1
ABG	6
ABH	7
AC	80
ACD	3
ACDG	1
ACDH	1
ACF	1
ACG	4
ACH	5
AD	11
AE	1
AEF	1
AF	5
AFH	2
AG	21
AGH	1
AH	24
B	457
BC	47
BCD	1
BCEFG	1
BCF	1
BCFGH	1
BCFH	1
BCG	5
BCH	1
BD	7
BDG	1
BE	1
BF	5
BFG	1
BG	24
BGH	1

BH	18
C	536
CB	18
CDG	3
CE	2
CF	12
CFH	1
CG	36
CH	13
D	23
DE	1
DG	3
E	3
EH	1
F	10
FG	1
FH	2
G	85
GH	1
H	128

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June 19, 1998

ROBERT M. C. ROSE
Of Counsel

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
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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Blanca S. Bayo, Director
June 19, 1998
Page 2

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.

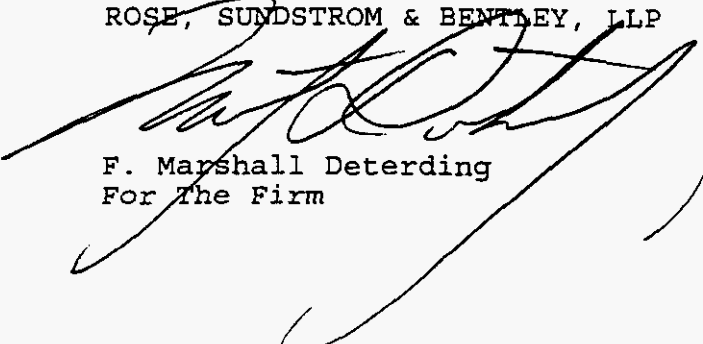
Aloha Utilities, Inc. has obtained copies of all of the Survey responses from the Commission and has tabulated its own results. Some of these results have previously been provided to the staff and are being provided as an attachment hereto.

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, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

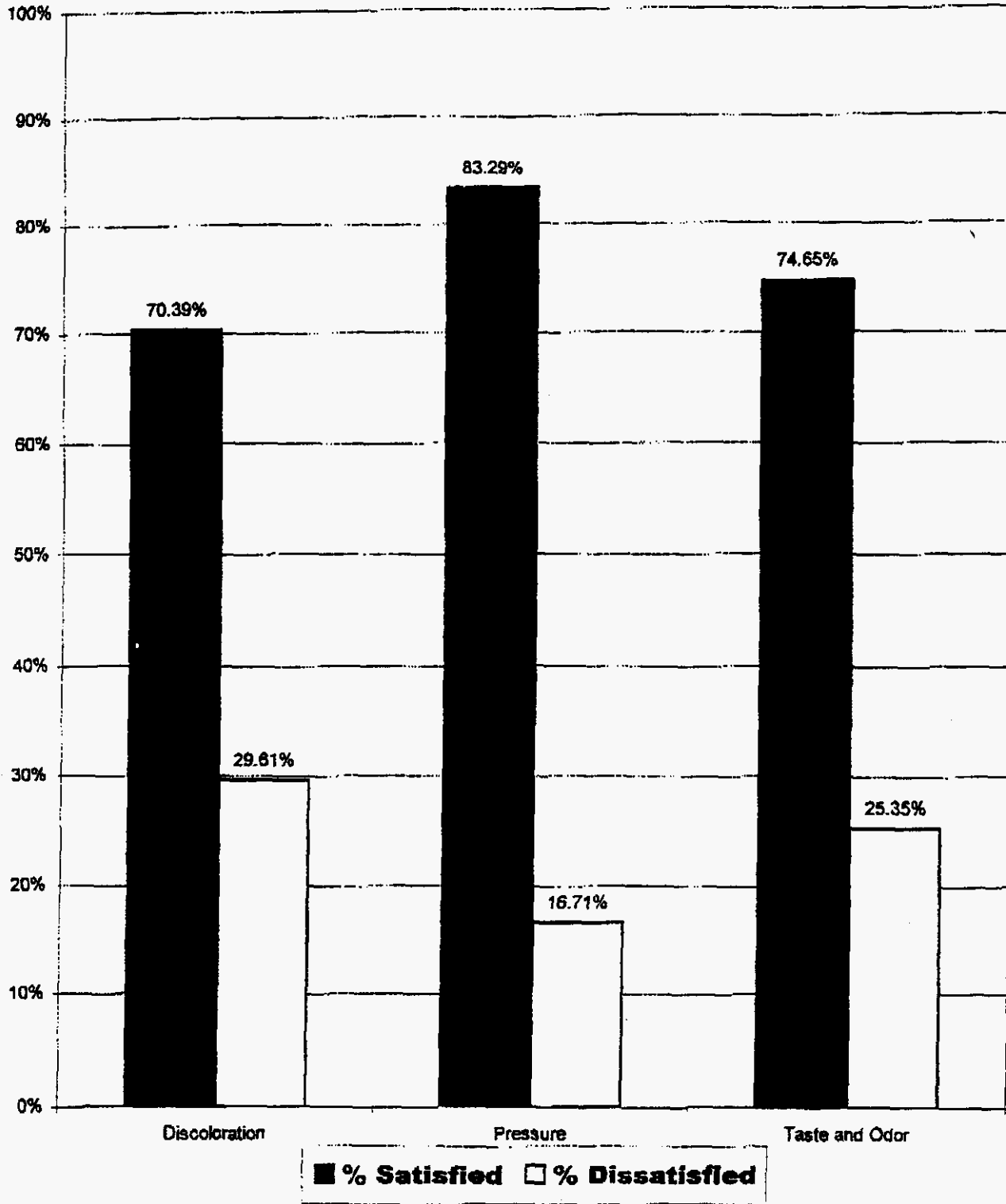
FMD/tmg

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%	
Respondents Who Don't Know if They Have Treatment Units	36	0.97%	

6/17/98

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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.

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

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JUL 29 1998
Florida Public Service Commission
Division of Water and Wastewater

Blanca S. Bayo, Director
July 29, 1998
Page 2

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.

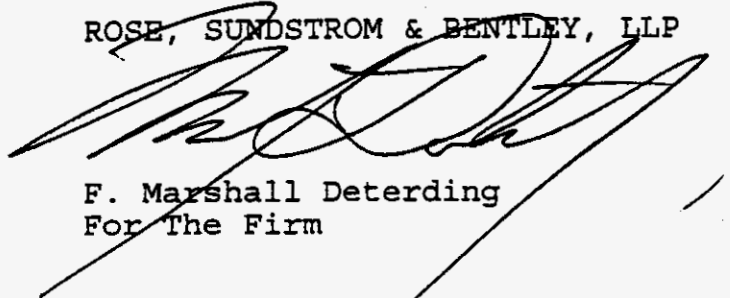
We at Aloha therefore request that the Commission immediately act to either approve the proposed additions to plant as outlined in our letter of June 5th, or to close this case without further action in order to bring this prolonged and costly process to its logical conclusion.

Blanca S. Bayo, Director
July 29, 1998
Page 3

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
Mr. John Starling
Mr. James McRoy
Bob Crouch, P.E.
Marshall Willis, CPA
Harold McLean, Esquire
Mr. Stephen Watford
David Porter, P.E.
John Jenkins, Esquire

aloha\17\3bayo.fmd

WATER QUALITY
ASSOCIATION



Doug Murdock
Chairman
Florida Board of Building Codes and Standards
2555 Shumard Oak Blvd.
Tallahassee, FL 32399-2100

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AUG - 4 1998

Florida Public Service Commission
Division of Water and Wastewater

July 13, 1998

Dear Mr. Murdock,

The Water Quality Association (WQA) represents 2300 manufacturers and distributors of home, commercial and industrial water treatment systems.

I have been contacted by several of our members in Florida regarding statements you made in a June 1 advisory letter:

“Also, check with (local water purveyor’s engineering department) before installing any in-house water conditioning equipment as some water conditioning equipment renders water more corrosive to metallic pipe.”

I have enclosed a recently-published EPA research study, *“Leaching of Metals from Household Plumbing Materials: Impact of Home Water Softeners”* for your review. The study shows that softened water, in distinction to naturally soft water, is not corrosive to piping.

We would appreciate the Florida Board of Building Codes and Standards clarifying this issue with the contractors, inspectors, engineers and water purveyors to whom that June 1 letter was sent.

Please feel free to call me for any additional information you may require. In the meantime, thank you for your cooperation on this issue.

Sincerely yours,



Carlyn A. Meyer
Director of Public Affairs

Encl.

Cc: Gary Montoya
Cari Roth
Mo Madani

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June 5, 1998

ROBERT M. C. ROSE
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VIA HAND DELIVERY

Blanca S. Bayo, Director
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Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

JUN - 5 1998

Re: Docket No. 960545-WS;
Investigation of Aloha Utilities, Inc.

Dear Ms. Bayo:

As the Commission and its staff know, there has been an investigation of the quality of water service delivered by Aloha Utilities, Inc. in the above-referenced docket for over two years. The Utility has demonstrated in formal administrative hearings, and through various other means, that it is fully in compliance with all regulatory requirements concerning water quality.

Partly in response to customer concerns, the Commission has taken the unprecedented step of imposing two requirements on Aloha Utilities, Inc., despite full compliance with all regulatory requirements for water quality.

The first of these was a requirement that the Utility undertake an analysis of the possible improvements that could be made to the utility system to improve water quality. On June 10, 1997, the Utility submitted its Water Facilities Upgrade Report ("Report") outlining in great detail possible system improvements, the benefits of each, and cost of such improvements. Despite requiring the Report, the Commission has not ordered that any identified improvements be undertaken or any other alternatives be considered.

The second requirement imposed on the Utility by the Commission was a customer satisfaction survey of all of its customers within the Seven Springs system. That survey has now been completed and the results are now being analyzed. However, it seems clear that a substantial number of customers responding to the survey had some water quality concerns with taste, odor, color, or pressure. The

Blanca S. Bayo, Director
June 5, 1998
Page 2

next step will be a visit by the Commission to view facilities and customer homes tentatively scheduled for July 13.

Since filing the Report, EPA regulatory requirements related to the disinfection by-product rule (THM, etc.) have become clearer and more immediate. In addition, the recent survey results indicate that there is some dissatisfaction with current water taste, odor and pressure. In order to satisfy these two concerns, over the next several years, the Utility proposes to undertake improvements similar to, if not exactly the same as, those proposed in "Alternative 2 - Centralized Facilities" of the June 10, 1997 Report.

In order to address customer concerns and comply with the fast approaching disinfection by-product regulatory requirements, Aloha Utilities, Inc. has determined that it is appropriate to immediately begin construction of three packed-tower aeration type water treatment plants. The Utility intends to immediately begin permitting, design and construction of these new plant facilities as follows:

Phase I

Pilot testing, design and permitting of the initial water treatment plant ("Mitchell plant"); and

Pilot testing and design of the second water treatment plant ("Wyndtree plant") (completion March, 1999).

Phase II

Construction of Mitchell plant; permitting of Wyndtree plant; and pilot testing, design and permitting of the third water treatment plant ("Industrial Park plant") (completion - December, 1999).

Phase III

Construction of Wyndtree and Industrial Park plants (completion - March, 2001).

However, in light of the lengthy, on-going investigation into the Utility's water quality, and the unprecedented requirements of this docket, it is reasonable for the Utility to require some assurance from this Commission that this course of action is considered prudent, and that no alternative or conflicting course of action will subsequently be ordered by the Commission.

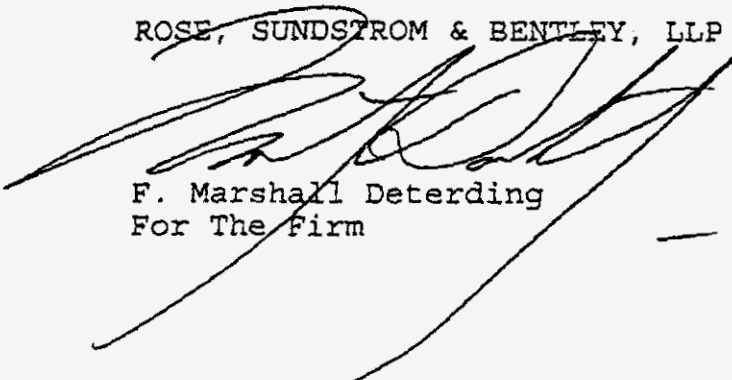
Blanca S. Bayo, Director
June 5, 1998
Page 3

To that end, the Utility is requesting that the Commission issue its order recognizing that the proposed improvements outlined in Section 7 of the Report are appropriate, and that it will recognize the reasonable cost thereof upon the Utility's filing of appropriate Applications for Limited Proceedings. Our proposal would be to file a limited proceeding for each of the 3 phases in sufficient time prior to the completion of each phase such that increased rates can be effective immediately after each phase is completed. We believe this phasing of rates would minimize rate shock and reduce overall carrying costs significantly over the life of the projects.

We look forward to meeting with the staff to discuss the details of this capital improvement plan. We would also be willing to provide the Commissioners and staff with a very brief overview of this plan at July 13th visit to the Utility office.

Sincerely,

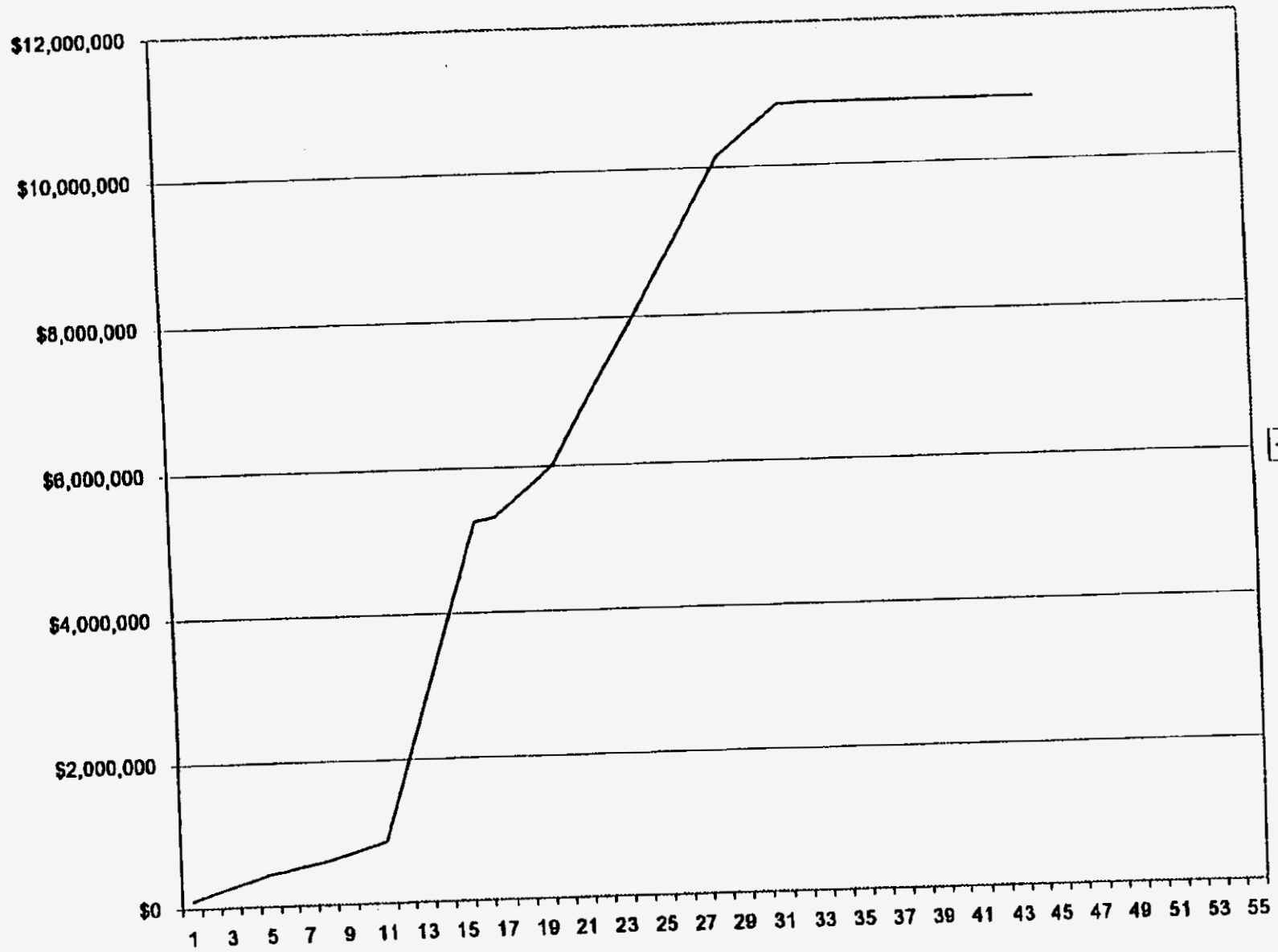
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