

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

INITIATION OF DELETION PROCEEDINGS DOCKET NO. 050018-WU
AGAINST ALOHA UTILITIES, INC. FOR
FAILURE TO PROVIDE SUFFICIENT WATER
SERVICE CONSISTENT WITH THE REASONABLE
AND PROPER OPERATION OF THE UTILITY
SYSTEM IN THE PUBLIC INTEREST, IN
VIOLATION OF SECTION 367.111(2),
FLORIDA STATUTES.

REQUEST BY HOMEOWNERS FOR THE DOCKET NO. 050183-WU
COMMISSION TO INITIATE DELETION
PROCEEDINGS AGAINST ALOHA UTILITIES,
INC. FOR FAILURE TO PROVIDE SUFFICIENT
WATER SERVICE CONSISTENT WITH THE
REASONABLE AND PROPER OPERATION OF THE
UTILITY SYSTEM IN THE PUBLIC INTEREST,
IN VIOLATION OF SECTION 367.111(2),
FLORIDA STATUTES.

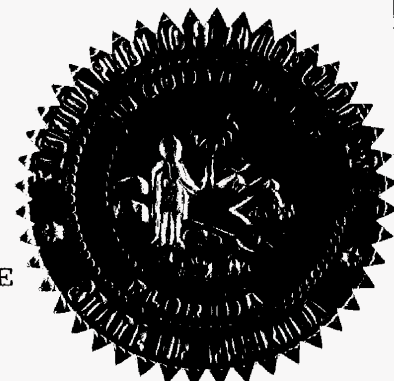
APPLICATION FOR INCREASE IN WATER DOCKET NO. 010503-WU
RATES FOR SEVEN SPRINGS SYSTEM IN
PASCO COUNTY BY ALOHA UTILITIES, INC.

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VOLUME 1

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PROCEEDINGS: SPECIAL AGENDA CONFERENCE



DOCUMENT NUMBER-DATE

FLORIDA PUBLIC SERVICE COMMISSION

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FPSC-COMMISSION CLERK

1 BEFORE: CHAIRMAN BRAULIO L. BAEZ
2 COMMISSIONER J. TERRY DEASON
3 COMMISSIONER RUDOLPH "RUDY" BRADLEY
4 COMMISSIONER LISA POLAK EDGAR
5
6 DATE: Monday, August 15, 2005
7
8 TIME: Commenced at 12:00 p.m.
9 Concluded at 5:19 p.m.
10
11 PLACE: West Pasco Government Center
12 County Commission Board Room, Suite 160
13 7530 Little Road
14 New Port Richey, Florida
15
16 REPORTED BY: JANE FAUROT, RPR
17 LINDA BOLES, RPR, CRR
18 Official FPSC Hearings Reporters
19 (850) 413-6732
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25

P R O C E E D I N G S

CHAIRMAN BAEZ: Good afternoon. Can everyone hear me all right? Welcome and good afternoon.

Again, my name is Braulio Baez, I'm chairman of the Public Service Commission. My colleagues here today are Commissioner Lisa Edgar on my far left, Commissioner Rudy Bradley on my left, and Commissioner Terry Deason on my right. At this point we are going to go ahead and start the customer meeting. We want to thank you all again for coming here. And as soon as we get all of the protocol out of the way, we will go over some of the ground rules and the structure of the customer meeting.

So, Mr. Melson, will you please read the notice?

MR. MELSON: Pursuant to notice, this time and place has been set for the customer meeting portion of the special agenda in Docket Number 050018-WU, and 050183-WU and 010503-WU, relating to water service by Aloha Utilities, Inc. to the Seven Springs service area. In particular, the purpose of this meeting is to take customer comments regarding the staff's recommendation to the Commission to accept the offer of settlement filed by Aloha on July 20th of this year.

CHAIRMAN BAEZ: Thank you, Mr. Melson.

Ladies and gentlemen, you heard briefly the reading of the notice. It is something that we do at the start of every hearing, for the most part, certainly in this situation

1 of a customer meeting. And what shouldn't be lost on you is
2 the number of dockets that were described as part of that
3 notice. If you look at the special report, I hope you all got,
4 it contains information on the staff's recommendation and an
5 explanation of what the terms are and what they mean.

6 You will see that there are three dockets. I assure
7 you it's not the only legal matter that comes connected to
8 these three dockets. There is a list almost as long as my arm,
9 and that is really why we are here today. We are here to take
10 public comment, get your thoughts, your feelings, your ideas,
11 and your assessments of the staff's recommendation on what
12 amounts to be, at this point, a universal settlement, if you
13 will, of all these pending matters that I have alluded to. Not
14 the least of which are these that are listed here on the
15 special report. I urge you all to get a special report and
16 look at it.

17 As most of you may know, there have been negotiations
18 on the part of the Commission staff and Aloha Utilities to try
19 and resolve these dockets in everyone's best interest. And I
20 will point you to the middle paragraph on the right-hand side
21 of that special report. It says: As a result of negotiations,
22 Aloha has filed a proposed offer of settlement in these cases.
23 The offer of settlement has the potential -- and I'm quoting
24 the special report -- has the potential to avoid lengthy
25 administrative, judicial, and appellate litigation, and to

1 focus instead on identifying and implementing a scientifically
2 and technically sound cost-effective approach to address the
3 hydrogen sulfide issues.

4 I don't have to remind you how long these issues have
5 been before this Commission and certainly been part of you
6 all's everyday lives for the better part of ten years. I would
7 suggest to you that nevermind what you think of the staff's
8 recommendation, and, obviously, you all are going to give us
9 your thoughts on it, but the statements or the goals that are
10 stated in that paragraph, that of avoiding lengthy
11 administrative, judicial, and appellate litigation and focusing
12 on the identification and implementation of a scientifically
13 and technically sound cost-effective approach to addressing
14 these ten -- almost more than ten-year-old issues should remain
15 goals to everyone in this room.

16 At this point I want to recognize some of our public
17 officials that are here with us today. First of all, you have
18 met the Commissioners. The Commission staff with us today are,
19 among others, Richard Melson, our general counsel, Tim Devlin
20 is our Division Chief of Economic Regulation. I can never
21 get -- the names of the bureaus change so much. Tim Devlin and
22 Marshal Willis who is back here, as well. We also have several
23 other staff members spread about the room.

24 Mr. Durbin is outside at the table handling the
25 sign-up sheets. Those of you that wish to speak today should

1 have signed up, name and address, so that Public Counsel can
2 call you a little later.

3 We also have Mr. Reilly here with the Office of
4 Public Counsel.

5 We have Mr. Shreve at the end of the table there.
6 Welcome, Mr. Shreve, the former Public Counsel, and now with
7 the Attorney General's office.

8 We also have the representatives of Aloha Utilities.
9 Mr. Watford, thank you for coming, and his attorneys and
10 consultants, as well.

11 Special recognition to Senator Fasano, who in large
12 part facilitated the meetings that we are having here today.

13 I also want to welcome County Commissioner Simon.
14 Welcome, Mr. Simon, and thank you for hosting us today, as
15 well.

16 And also, Ms. Evelyn Haas, from Representative
17 Anderson's office, who couldn't be with us today, has sent
18 Ms. Haas to represent him.

19 Briefly, in terms of procedure, the purpose of the
20 customer meeting portion of this special agenda is to get, as I
21 said before, your comments on the offer of settlement that
22 Aloha has filed with the Commission, and our staff's
23 recommendation to the Commission to accept that offer. The
24 four of us here are here precisely for the purpose of listening
25 to the customers today. We have not asked Aloha Utilities to

1 make a presentation today. We are going to try and focus on
2 customer comments.

3 Mr. Melson, our general counsel, will have a brief
4 presentation, I'm hoping maybe 10 or 15 minutes, in order to go
5 over with those of you who haven't had a chance to familiarize
6 yourself with the document in question, or the offer of
7 settlement, rather, to try and explain to you or at least go
8 over with you the major points of the recommendation and the
9 offer of settlement. And later the customers and other
10 interested persons are going to get a chance to present their
11 comments.

12 On that note, I would ask you a couple of things. As
13 you can see, we're standing room only. And I don't mean to
14 make light of it, but for better or worse Pasco County has
15 always lead the league in attendance. And certainly for our
16 purposes as Commissioners who go out on the road to hear public
17 comments, this is in some ways a welcomed sight. It is good
18 that you came out. But because it is standing room only, I
19 would ask you to please be mindful of your neighbor's time.
20 There are a lot of you here that may have signed up to give
21 comments, and we only have 24 hours in the day. So along those
22 thoughts, please be mindful of your neighbor's time.

23 There is going to be a lot of people sitting and
24 waiting to speak behind any one of you. I would urge you, to
25 the extent possible, avoid repetitive comments, and also to the

1 extent possible, more to the point. I did state perhaps two or
2 three times today what the purpose of us being here is, is to
3 hear public comment on the offer of settlement on the
4 Commission recommendation. And to the extent possible any of
5 you that would give public comment today, I would urge you to
6 try to focus on that, on the purpose of our meeting today.

7 With that, I think we can move on to the summary of
8 the recommendation. Mr. Melson, you can go ahead and take it
9 over.

10 MR. MELSON: I would like to spend a few minutes --
11 can people hear me?

12 AUDIENCE: No.

13 MR. MELSON: Okay. Now am I on?

14 AUDIENCE: Yes.

15 MR. MELSON: Let me spend a few minutes providing
16 some background on the offer of settlement and the reason staff
17 is recommending that the Commission accept that offer.

18 As many of you know, in January of this year the
19 Commission voted to start certificate revocation proceedings
20 against Aloha. In late April, I received a letter from Aloha's
21 attorneys asking that the Commission staff consider sitting
22 down with them and talking settlement of that certificate
23 revocation case. At that time there was an ongoing mediation
24 between Aloha, the Office of Public Counsel, and a number of
25 customers that had bogged down, but the mediator had not yet

1 declared an impasse.

2 In response to Aloha's letter, three members of the
3 Commission staff, myself, Mr. Devlin, and Mr. Willis, who are
4 sitting behind me, began settlement negotiations with Aloha in
5 late May. Those negotiations were fairly intense and went on
6 until the middle of July.

7 From the very start, both Aloha and staff seemed to
8 have a common goal in negotiations. We wanted to move the
9 focus away from litigation and move the effort toward finding a
10 solution to the black water problem as quickly as possible.
11 Those negotiations went on until July 20th when Aloha filed its
12 offer of settlement with the Commission.

13 And while the document is called an offer of
14 settlement, it's not a document that Aloha just dreamed up.
15 It's a document that every provision in it was negotiated
16 between Aloha and the Commission staff. Because the staff
17 believes that the offer of settlement promises a quicker way to
18 address the black water problem and continuing with all the
19 current and future litigation, we filed a recommendation that
20 the Commission should accept that offer.

21 The staff believes at this point we are at a fork in
22 the road. The path we are on, the certificate revocation
23 proceeding and a lot of associated litigation has a number of
24 risks. Even if those risks are resolved and Aloha loses at
25 every step, we don't see the path resulting in better water

1 before 2010 at the earliest. The path that the staff is
2 recommending, accepting Aloha's offer of settlement, we believe
3 should result in better water in 2007.

4 Now, when staff says that we wanted to redirect
5 resources away from litigation toward finding a solution, we
6 are talking about more than just the one certificate revocation
7 case. The next two slides will give some information both on
8 that case and on the other cases that are on-going and that we
9 anticipate will come to pass if we stay on the litigation path.

10 The current certificate revocation case covers just
11 four specific parts of Seven Springs; Trinity, Riviera Estates,
12 Villa del Rio and Riverside Village, Unit 4. A hearing in that
13 case is scheduled for January of next year and a Commission
14 vote is scheduled for May of next year. Assuming that we
15 follow the usual practice of having a reconsideration after the
16 initial vote, that could likely get resolved by July of next
17 year. And assuming that the Commission decision has been to
18 revoke a portion of Aloha's certificate, I think we can
19 anticipate that there would be an appeal and appeals in the
20 First District Court of Appeals that the Commission is involved
21 in are now running around a year. So we expect we would be
22 into the middle or late 2007 before we knew whether the court
23 had upheld any possible decision deleting any of Aloha's
24 territory.

25 Let's assume Aloha had lost at the Commission, assume

1 they lost in the court of appeal, what would happen next?
2 Well, Pasco County at that point has to either purchase the
3 system, condemn the system, build its own duplicate set of
4 lines, or possibly even do nothing and let Aloha continue to
5 serve, because the Commission cannot force Pasco County to
6 serve. All we can do is delete the territory from Aloha
7 contingent upon the county stepping in.

8 Unless Aloha voluntarily agrees to sell, future
9 lawsuits and appeals surrounding Pasco's effort to serve are
10 likely to take another three or more years to resolve. Staff
11 is concerned that during that whole time money is being spent
12 on litigation and not being spent on solving the black water
13 problem. As I said before, on this path staff believes that
14 better water is unlikely -- you are unlikely to see better
15 water until 2010 or 2011.

16 Now, the certificate case is not the only on-going
17 case. There are a number of other pieces of litigation that
18 are wrapped up in this settlement. The first item is an appeal
19 that Aloha has taken to the Commission order from October of
20 last year ordering the company to refund an additional \$276,000
21 in interim rates. The oral argument in that case is scheduled
22 in the district court of appeal on September 13th. As you can
23 see, that is almost a year after the appeal was filed.

24 We expect a court decision in late 2005 or early
25 2006. If the Commission wins that case, Aloha would then have

1 to go ahead and make the additional \$276,000 refund the
2 Commission has ordered. If Aloha wins that case, there would
3 be no refund. Under the settlement, the only thing Aloha does
4 is agrees to drop this appeal and to go ahead and make that
5 refund as quickly as possible.

6 The next docket we have got listed there under other
7 litigation is an investigation docket and appeal. That is a
8 docket that resulted in June in response to customer petitions
9 from customers in some of the other portions of the Seven
10 Springs service territory. And the question in that case is
11 whether the Commission should start certificate revocation
12 proceedings against other parts of Seven Springs.

13 Assuming that the decision is to go forward with
14 additional revocation proceedings, by the time you get through
15 a hearing, a decision, reconsideration appeal, we are looking
16 probably late 2007 before there is a final nonappealable
17 decision. And then, again, we would be in the posture at that
18 point of Pasco County having to decide whether to condemn,
19 whether to try to purchase, how to try to provide service to
20 the area.

21 The third item listed is a water quality docket in
22 which the Commission recently ordered Aloha to meet a goal of
23 0.1 milligrams per liter of sulfide in its water. That
24 specified where and how often water quality testing was
25 supposed to be done. Aloha has appealed that order. Again,

1 given the progress with appeal, probably the middle of 2006.

2 I hear a lot of you are concerned that Aloha seems to
3 appeal every order. (Applause.) What the staff is hoping, and
4 we will get to it later, is that this settlement cuts off some
5 of those appeals, cuts off some of that litigation and moves us
6 forward.

7 There is also a circuit court lawsuit where Aloha is
8 challenging some things that have gone on in the deletion
9 docket. If we stay out of the litigation path, we expect a
10 hearing on Aloha's motion to dismiss that lawsuit probably in
11 September or October. If our motion to dismiss is successful,
12 that case goes away. If it is not successful, we can't
13 anticipate either how long that case may take to resolve or
14 what impact it may have on the certificate deletion docket. It
15 could potentially have the potential to hold up the hearing in
16 that docket that is scheduled for next January.

17 Also, if we stay on the litigation path and the
18 Commission does decide to delete some or all of the Seven
19 Springs territory, and the appeals get resolved in the
20 Commission's favor, then we would expect one or more lawsuits
21 for condemnation or inverse condemnation as Pasco County tries
22 to move in to serve the territory and Aloha tries to protect
23 its assets. Bottom line, we think it is likely under that
24 track, as I said, to be 2010 or 2011 before money quits getting
25 spent on litigation and begins to solve the problem.

1 The other fork in the road staff sees is the
2 settlement that we have negotiated. What does the settlement
3 do? Basically, what it does is puts in place a framework to
4 select and implement a water treatment option as quickly as
5 possible. There is a University of South Florida study of
6 treatment options that's due any day now. Once that report has
7 been given to Aloha, they are going to provide it to the
8 Commission staff and to the parties. And during the next 60
9 days Aloha is going to cost out the various options, look at
10 the rate impact and come up with what they believe the
11 preferred option is. During that same time, the Commission
12 staff and the customer groups will have an opportunity to look
13 at that study. We expect to have Doctor Taylor of the
14 University of Central Florida assisting the staff in evaluating
15 and trying to determine what staff believes is the best option.

16 The idea is that the Commission will hold a
17 proceeding to determine what the best option is. If we are all
18 able to come to a fairly ready agreement on what that is, we
19 expect the staff recommendation on that probably the first part
20 of December of this year, the Commission vote probably toward
21 the end of December, and then the question is, is there a
22 protest or an appeal.

23 Well, one provision in the settlement says that if
24 Aloha prefers Option A, and the Commission orders Option B,
25 Aloha is waiving its right to protest or appeal the order

1 simply because we didn't choose their preferred option. So,
2 again, the settlement is designed to get us away from this
3 continuous round of appeals and litigation and move toward
4 solving the problem.

5 Assuming there is no protest or appeal and that order
6 became final in January, Aloha should be able to begin work on
7 design, permitting, and engineering the first quarter of next
8 year. And our best estimate, and that is all it is, is an
9 estimate, is depending on the treatment option chosen, new
10 facilities ought to be in place and water quality improved
11 sometime during 2007.

12 Let me now turn to some other provisions of the
13 settlement beyond just the water quality. There are some
14 monetary provisions in the settlement. As I mentioned earlier,
15 the settlement eliminates the risk of the ongoing appeal of the
16 refund order and guarantees that interim refund of \$276,000
17 gets made as quickly as possible.

18 Another key point in the settlement is Aloha in
19 litigating these cases has amassed a fairly large amount of
20 attorneys' fees and consultants' fees. They have amassed at
21 this point probably a little more than a million dollars.
22 There is probably 500 or \$600,000 of that that staff believes
23 Aloha may ultimately have the right to charge back to customers
24 through water rates. One of the provisions of the settlement
25 is Aloha gives up the right to try to seek that cost recovery.

1 If we stay on the litigation path, that number is only going to
2 continue to grow.

3 Finally, at staff's request, Aloha agreed to sponsor
4 a repiping program that provides for up to 200 customers to
5 receive a \$1,000 grant and interest-free loans of up to \$2,500.
6 To fund that, Aloha has to have ready cash of \$700,000; 200,000
7 for the grants and 500,000 to make loans with. The cost of
8 that, and assuming all the loans get repaid, we estimate at
9 about \$253,000, which is the cost of the grants, and \$53,000 in
10 interest on the money that they have loaned out to customers at
11 no interest. That program will be paid for by Aloha and its
12 stockholders. The cost will not be passed on to customers. It
13 is something that we can achieve for customers only through a
14 settlement. The Commission does not have the power in any of
15 the ongoing cases to order Aloha to sponsor that type of
16 program.

17 There are a number of other provisions in the
18 settlement. If the Commission accepts the offer of settlement,
19 the certificate revocation case and a number of other cases
20 will be temporarily put on hold as we move forward with
21 implementation. Once the water treatment option is selected
22 and that selection has become final, the Commission will drop
23 the certificate revocation case and the investigation docket.
24 Up until that time, if Aloha does not meet any of its
25 commitments, the Commission has the right to take those cases

1 out of abeyance and proceed forward with the revocation docket.

2 UNIDENTIFIED SPEAKER: Which they will appeal.

3 MR. MELSON: We expect that the order that approves a
4 treatment option will contain a set of milestone dates for the
5 company to meet and to implement that option. After that order
6 comes out and becomes final, if Aloha fails to meet its
7 commitments or comply with the order, the Commission has the
8 hammer of starting a new enforcement case to penalize Aloha or
9 revoke its certificate.

10 I will just tell you from staff's perspective if that
11 happens -- and we hope it won't. We don't expect it to. We
12 hope Aloha goes forward and implement what the Commission
13 orders. But if it does, that will be a cleaner case for the
14 Commission to prosecute than the case we are trying to
15 prosecute now, because we should be able to point to a specific
16 violation of a specific order which is something we really
17 cannot do in the current revocation case.

18 Also, as part of the settlement, Aloha agrees to
19 dismiss its other litigation. Aloha and the Commission agree
20 to waive claims against each other for prior actions, and we
21 recognize that Aloha will need to file a limited proceeding to
22 recover the cost of the water that it needs to begin to
23 purchase from Pasco County to provide additional water in the
24 Seven Springs area.

25 The settlement provides some timetables for handling

1 that case, but that is the case that we expect to see filed
2 that Aloha has the right to file whether this settlement is
3 approved or not. So the settlement isn't creating that case;
4 it is simply setting out some time frames to process it.

5 In summary, staff has recommended to our
6 Commissioners the offer of settlement is in the public interest
7 and we believe the Commission should vote to accept it. We
8 believe that the offer of settlement offers the best hope for a
9 quick solution to the black water problem. It puts a stop to
10 lengthy and risky litigation and all of the legal maneuvering
11 that goes on that we believe will take years before the black
12 water gets solved if we stay on that path.

13 It provides some of the monetary benefits that I
14 outlined earlier that cannot be obtained in any other way.
15 Most importantly, it puts in place what we believe is a
16 workable mechanism to try to get a technical and scientific
17 solution to the black water problem in place as quickly as
18 possible. Our analysis shows, as I said earlier, it should
19 result in better water in the 2007 time frame, which is 2010 or
20 later under what we see the developments on the current
21 litigation track.

22 Commissioners, that concludes the staff's
23 presentation.

24 CHAIRMAN BAEZ: Thank you, Mr. Melson. At this
25 point, ladies and gentlemen --

1 Mr. Reilly.

2 MR. REILLY: I'm okay.

3 CHAIRMAN BAEZ: I saw you leaning forward. I'm
4 sorry.

5 At this point, ladies and gentlemen, we are at the
6 point where we can start receiving some public comment. I did
7 want to briefly recognize Representative Heather Fiorentino, if
8 she is still here. I saw her walking around. And the
9 superintendent, as well. That is why I bring Commissioner
10 Bradley along, so he can whisper in my ear. In any case,
11 Senator, you have the floor. Welcome.

12 SENATOR FASANO: Thank you, Mr. Chairman, and you'll
13 need to help me. Is this -- can you hear me? Is this on?

14 CHAIRMAN BAEZ: I can hear you.

15 AUDIENCE: No.

16 SENATOR FASANO: Is that better?

17 AUDIENCE: Yes.

18 SENATOR FASANO: Commissioner, I want you to know
19 that Superintendent Heather Fiorentino is now superintendent.
20 I can assure you she doesn't make --

21 CHAIRMAN BAEZ: I'm sorry.

22 SENATOR FASANO: -- the little salary a state senate
23 representative makes. She makes a superintendent salary now.

24 CHAIRMAN BAEZ: My apologies. I have to keep up with
25 the times. I still --

1 SENATOR FASANO: Mr. Chairman, I was wondering if it
2 is okay if your attorney could go -- just go back to his
3 presentation where he had a list of all of the litigation
4 issues. Was there just one?

5 CHAIRMAN BAEZ: If I can jump in real quickly because
6 the answer is obviously one of the purposes is to hear public
7 comments, but only slightly a less primary purpose is if there
8 are questions, Mr. Melson is available.

9 SENATOR FASANO: I don't have any questions. I just
10 wanted to have that up there.

11 CHAIRMAN BAEZ: I wanted everyone else to know, as
12 well.

13 SENATOR FASANO: Thank you.

14 CHAIRMAN BAEZ: Thank you, Senator.

15 SENATOR FASANO: Mr. Chairman and members of the
16 Florida Public Service Commission, welcome once again to Pasco
17 County. I truly appreciate your willingness to return to Aloha
18 Utility Seven Springs delivery area to hear the concerns of
19 many customers, and you can see behind me there are many, and
20 many to come between now and 5:00 o'clock. Your desire to
21 listen to my constituents regarding the Aloha settlement offer
22 is impressive, and on behalf of my constituents, I truly thank
23 you for that.

24 Over the past decade you and your predecessors have
25 become intimately involved in the lives of Aloha customers.

1 Probably more than most private utility companies, you have
2 been apprised of the real life impacts this water company has
3 had on the daily lives of its customers. Because of that fact,
4 the input of those very same customers is needed. It's needed
5 before you make a determination on the settlement offer that
6 your staff has recommended for you to accept.

7 I was most impressed when this Commission made the
8 decision to proceed with the show cause order which ultimately
9 resulted in the deletion of Aloha's service territory. I also
10 appreciate the fact that your staff has entertained the notion
11 of trying to bring a peaceful resolution to the legal
12 antagonists that we all have been part of for so many years.

13 However, being appreciative does not mean that I
14 agree with the terms of the settlement offer, Commissioners.
15 While there are some positive aspects to the offer, very few,
16 it is my opinion that the offer as a whole should be rejected.
17 I could go through an offer line-by-line and make comments
18 about each item, but I won't. There are scores of people here
19 today, many of them with special expertise who will get up to
20 express their own opinions on the issues, and I will leave the
21 technical discussions to them and to others.

22 I do want to express my concerns with the portions of
23 the settlement offer that most concern me, however. The
24 success of the settlement offer is predicated upon trusting in
25 the concept that Aloha would act in good faith -- (applause) --

1 that Aloha would act in good faith towards its customer if the
2 offer is accepted by the Commission. And that, Mr. Chairman
3 and members of the Commission, is simply the crux of the
4 problem.

5 Aloha has a ten-plus year track record of not acting
6 in good faith towards its customers. I mean, the customers
7 didn't file any of that litigation. One after the other, after
8 the other, as described by your attorney, not once did a
9 customer or customers or myself file any litigation dealing
10 with Aloha. We just came before the Public Service Commission
11 to ask for help.

12 Every time you ordered them to do something, every
13 time SWFWMD ordered them to do something, every time DEP
14 ordered them to do something, every time the county now has
15 ordered them to do something, they then proceed to the courts
16 and file their litigation. That is not good faith.
17 (Applause.)

18 I ask you, Commissioners, what has changed within the
19 past few weeks to make any of us believe that the company would
20 now suddenly, suddenly begin to act in good faith? In my
21 opinion, nothing has changed. In fact, Aloha's recent behavior
22 has only strengthened my personal resolve that good faith is a
23 concept this company has not and probably will never
24 understand.

25 As this Commission knows, on July 28th, less than a

1 month ago, Aloha filed an appeal, an appeal to the First
2 District Court of Appeals regarding your earlier decision
3 pertaining to the levels of allowable contaminants, testing and
4 treatment process for its drinking water. That appeal,
5 Commissioners, came only days, days after Aloha submitted this
6 very same settlement offer in their attempt to resolve the
7 outstanding deletion of territory, legal and water treatment
8 issues. It also comes only days, days when the county told
9 them by a resolution, an ordinance I should say, to do
10 something. And now they are fighting that as well with an
11 appeal.

12 Good faith? I don't think so. The ink was barely
13 dry on Aloha's proposed settlement offer to the Public Service
14 Commission before the utility decided to file yet another
15 appeal of a prior PSC decision. Aloha states it wants to put
16 an end to years of wrangling with its customers, just as it
17 begins to rack up even more legal fees with yet another appeal.
18 Does this step engender confidence that Aloha should be
19 extended good faith to uphold its end of any bargain? In my
20 opinion, Commissioners, this is yet another red flag that this
21 Commission should take notice of before it considers accepting
22 any settlement offer from Aloha.

23 Aloha's recent legal maneuvers aside, what does this
24 settlement offer actually accomplish? It guarantees that at
25 least for a long period of time that deletion proceedings will

1 be put on hold. I can't accept that. Who benefits from that?
2 Aloha, of course. In what has already been projected to be a
3 several-year-long process, Aloha only gains from perhaps a one
4 or two-year suspension of those proceedings. Relief for the
5 customers could very well be five, six or seven years away, if
6 not longer.

7 Your attorney says that if nothing is done that Aloha
8 can't guarantee or even they can't guarantee clean water for
9 the customers, my constituents. Had Aloha taken upon their
10 responsibility and cleaned up their act 10 or 15 years ago, we
11 would not be here today. (Applause.)

12 Aloha refused for years that there was even a
13 problem. Now they state there is a problem, and they want to
14 settle it. One of the most troublesome aspects of the
15 settlement offer is it almost guarantees, guarantees that
16 whatever treatment option Aloha suggests and the PSC approves
17 will be funded by the customers without any meaningful input
18 from the customers who will ultimately foot the bill.
19 Unacceptable.

20 Aloha should be taking care of this problem.
21 Remember, they said there was no problem. Now they say there
22 is, because -- they are admitting there is, because they want
23 to settle to make sure they fix the problem they say never
24 existed. (Applause.)

25 Over the past decade, Commissioners, it has been my

1 contention that if Aloha had been proactive in seeing the need
2 to fix its water treatment problems and had been creative in
3 raising funds via impact fees, and we have talked about this,
4 we have talked about this, and they have fought you every step
5 of the way, the need to make a major overall in its water
6 program would not now be necessary and it would not.

7 Over the years Aloha has repeatedly indicated that it
8 wants its customers to pick up the tab for the cost of any
9 improvement it undertakes. Why? Commissioners, people want
10 clean drinking water. They have been paying for that clean
11 drinking water. Now Aloha wants them to pay even additional
12 dollars for water that they should have been getting clean,
13 washable, drinkable since they have been living there.
14 (Applause.) This settlement offer will make that a reality in
15 regards to forcing the customers to pick up the tab.

16 And this is a joke. It is disturbing to me that
17 Aloha has offered, offered, to make the refund to its customers
18 of \$274,000. (Applause.) Now, this is money that is the
19 people's, that's the customers, that the Commission ordered to
20 give to them years ago. Now staff is saying, hey, this can be
21 part of the settlement. That is totally unacceptable. How
22 generous of Aloha. How generous of staff to offer to comply
23 with an order that has been long in place by this Commission.

24 I think it is outrageous, Commissioners, outrageous
25 that the executives of this firm would even concede that by

1 offering to do something it has a legal obligation to do is
2 somehow noble or worthy of merit. It is a legal obligation
3 that they should do, just do with no questions asked, and that
4 is what they should have been doing over the years. No
5 questions asked, provide clean water, refund the money and do
6 what the agencies, both local and state, have ordered them to
7 do over the last several, many, many years.

8 And speaking of legal obligations, Aloha's obligation
9 as a water utility is to provide clean, clear drinking water to
10 its customers. We shouldn't have to have an offer that says
11 they will do that. (Applause.) If that obligation over the
12 years required them to upgrade and improve and otherwise
13 maintain its water treatment plant and facilities, then it
14 should have been doing so as part of its normal business
15 operation. And we have been speaking and arguing that point
16 for years.

17 It should not take an order, Commissioners, from this
18 Commission nor a proposed settlement offer from the company to
19 force them to meet their basic obligation to provide usable
20 water that is free from odor and discoloration. As any good
21 corporate citizen would do, especially one that runs a monopoly
22 utility, Aloha should just do what it has an obligation to do.
23 What Aloha needs to do right now is just bite the bullet and
24 fix, fix its water problems.

25 If this Commission -- if this Commission entertains

1 any future applications for rate increases, that is an issue
2 that will be dealt with another day, and it will be dealt with
3 another day. But it shouldn't be guaranteed that Aloha will
4 automatically get a rate increase to provide clean drinkable
5 water that they should have been providing for years. And now
6 we are going to settle it and say, yes, raise your rates and
7 provide water that is clean, drinkable, and washable. No, that
8 is what they should have been doing for years at the cost of
9 what the people have been paying all of those years.

10 (Applause.)

11 Right now, Commissioner, Aloha needs to truly
12 demonstrate good faith by moving forward with correcting the
13 problem. By doing so would go a long way towards demonstrating
14 to the customers that Aloha can and will act in good faith. We
15 have been asking for that for years. Show some good faith,
16 Aloha. Stop the litigation, refund the people's money. Give
17 them drinkable, batheable water.

18 A major concern of mine is that there is no clear
19 time line in the settlement offer for completion of whatever
20 treatment option this Commission may approve if the offer is
21 accepted. Having raised this concern with the Commission
22 staff, it is my understanding that any potential order this
23 Commission orders will include a date range for the completion
24 of whatever treatment option may be approved. While this is a
25 step forward from the present situation, I believe that if the

1 Commission chooses to accept the settlement offer, then hard
2 and fast deadlines for compliance must be spelled out.

3 And I put the word "if," I hope you don't. But if
4 you do, you better make sure they do what they have promised to
5 do, and you better make sure they do what has been agreed to by
6 your attorneys and your staff, because we are only going to be
7 back here one more time wasting taxpayers' money. With Aloha's
8 history of dragging its feet and appeal of almost every action
9 it is told do, very specific deadlines are needed.

10 And as I close, I would like to point out one final
11 indignity that Aloha is attempting to perpetrate upon its
12 customers. This is the biggest joke. Section 15 of the offer
13 states, and I quote -- and I can't believe staff allowed this
14 to even be considered or even be offered in this settlement.

15 Here it is: Aloha does not admit to any violation of
16 any statute, rule, or order, nor does such offer constitute an
17 admission of fault or liability on water quality or customer
18 service issues which have been raised by the Commission or
19 some, some of Aloha's customers.

20 You call this some? You call this some? (Applause.)
21 If you want to come to my office after this meeting, staff and
22 Commissioners, I will show you some of the complaints that I
23 have received over the last 12 years via e-mail, via phone
24 calls, via letters. And you, you have them in your possession
25 when you ask the customers themselves if they had problems. A

1 super majority of people came back and said they had problems.
2 I don't consider that some.

3 If Aloha refuses to accept the fact that this very
4 Commission has already ruled that the water quality and
5 customer service programs have been deemed faulty, then it will
6 be virtually impossible for the utility to ever build some
7 level of trust with its customers. Aloha needs to lay it on
8 the line. Take responsibility for your actions. Move forward
9 with improving its treatment facilities now while allowing the
10 deletion proceedings to take place. Do not stop those deletion
11 proceedings, because it allows Aloha to delay, after delay, and
12 drag their feet as long as they want. They don't like that
13 deletion hearing. Why do you think they are here today?
14 (Applause.)

15 Commissioners, if Aloha does what it should have been
16 doing all along, then perhaps the deletion proceedings can go
17 away just by virtue of Aloha finally doing what is right. Of
18 course, I could dream of being Pope, as well. Commissioners,
19 those proceedings should not go away until Aloha proves itself
20 worthy of such a step, and they have got a long big step ahead
21 of them. (Applause.)

22 Commissioners, I thank you for allowing me to come
23 before you. I respectfully request that the Commission reject,
24 reject this settlement offer and allow the deletion proceedings
25 to move forward. Thank you very much. (Applause.)

1 I would like to, if I may, read something to you and
2 put it in the record, because it was just delivered to me by
3 the superintendent of schools. This is just -- this is another
4 incident that another agency is having a problem with Aloha
5 Utilities while you are trying to work out a settlement. It
6 says: Dear Senator Fasano, the District School Board of Pasco
7 County has had considerable difficulty in getting Aloha
8 Utilities to be responsive to our request in the design and
9 construction of new schools.

10 We have an overwhelming huge school population
11 growing, and yet Aloha can't even do the simple thing, work
12 with our school district in making sure that they will provide
13 water and sewer where they are building schools, that they can
14 at least make sure that happens. No faith in Aloha,
15 Commissioners. Thank you. God bless you.

16 CHAIRMAN BAEZ: Thank you, Senator.

17 Ms. Haas.

18 MS. HAAS: I'm Elaine Haas. I'm senior district
19 secretary to Representative Tom Anderson. I'm a nervous wreck.

20 CHAIRMAN BAEZ: Catch your breath and relax.

21 MS. HAAS: Representative Anderson did call from
22 Washington, D.C., this morning to send his apologies for not
23 being here in person, not only to the Commission, but to his
24 constituents as well.

25 And I would like to read his letter addressed to

1 Chairman Baez and Commissioners: I have read the offer of
2 settlement which was drafted with representation from the
3 Public Service Commission and Aloha Utilities, Incorporated.
4 The customers who brought these issues to the attention of the
5 Public Service Commission had no input to this offer. The
6 offer of settlement is supposed to be about the customers.

7 Clearly, it is not in the best interest of the
8 customers who have been paying for water they cannot utilize in
9 their day-to-day activities, and the arbitrary number of 200
10 residents being selected and assisted in the repiping program
11 with the small monetary loan figure will not alter the source
12 of the problems, which are Wells 3, 8, and 9. Wells 3, 8, and
13 9 should be shut down.

14 I recommend that deletion of territory from Aloha
15 Utilities, Incorporated should continue forward. Sincerely,
16 Tom Anderson. (Applause.)

17 CHAIRMAN BAEZ: Thank you, Ms. Haas.

18 Mr. Simon.

19 MR. SIMON: Commissioner, thank you. Good afternoon.
20 I will apologize if I thumb for a little bit. I left my
21 reading glasses at home, Mr. Chairman. They might work,
22 Michael. No, buddy, I may be further along the path. I am a
23 little longer in tooth, but we will get by.

24 Let me state for the record that I'm a Pasco County
25 Commissioner. I feel privileged to have been so for seven

1 years.

2 Thank you. I'm going to be all right. The comedic
3 relief of this is over now.

4 You know, I am used to being on your side over there
5 on the dais. And, in fact, I never look that good,
6 Commissioner Edgar. I sit there and I listen, and I sometimes
7 come up saying, my God, what am I going to do? It is dead
8 stone cold right in the middle. You have got 50 percent on
9 this side, you've got 50 percent on that side. Commissioner
10 Bradley, they are dying on both sides. They want it. This
11 side wants it. This side wants it. And you are sitting here
12 like King Solomon, proverbially just about to split the baby.
13 I have been in that chair so many times. I have good news for
14 you. This one isn't that close. (Applause.)

15 And Senator Fasano, who I know since soccer days and
16 pizza days, and I tend to call him Michael sometimes, and I
17 shouldn't do that, especially in this setting. But when
18 Michael was kind enough and Representative Anderson was kind
19 enough to give us a tool, an implement, HB, House Bill 0987
20 back in '04, I said, you know what, we may -- we may have
21 something here. Because prior to that, it was -- we brought a
22 knife to a gun fight. We were just outmanned. I mean, I had
23 one water attorney, they had five.

24 I would get the complaints, and I would -- you have
25 no idea, Commissioner -- Commissioner Deason, you have no idea

1 how many times I explained what the Public Service Commission
2 was over the phone to people. Because they didn't know that it
3 wasn't the county commissioner that was responsible for that
4 water that they were being told to make use of. It was not fun
5 explaining that.

6 So I thought we had a tool. I know it gave us the
7 right to create the ad hoc committee, I read it. I am not an
8 attorney like some of the folks to my left and right, but I can
9 read, and I know what it says. It says we have the right to
10 create the committee, and the specificity that was outlined in
11 that document was for the distinct purpose of treating,
12 presenting, and providing resolution to the scenarios of foul
13 taste, bad odor, discoloration, and the like. It wasn't an
14 ambiguous situation. They gave us the authority to do so. And
15 we were charged with going ahead and putting together that
16 ad hoc committee, which we did posthaste. And we were thankful
17 for the opportunity to add to our quiver of tools to try to
18 distribute the goods and services to our constituents, because
19 that in and of itself is what we do.

20 For cripes sake, as an aside, that is what bothers me
21 most about this. It's the poor understanding of the posture.
22 You know, when I took a couple of old clinical psychology
23 courses many, many years ago in Queens College, there was this
24 word that I loved. I used to listen to it all the time when
25 the professor said it. The word was gestalt. It is German

1 meaning an overview, you know, a holistic view.

2 The overview of this has been perverted. It seems
3 like you are almost in court, quasi-judicial at best. And you
4 have two litigants battling against one another. They missed
5 the intent. They don't understand their position. For cripes
6 sakes, this is the number one commodity required for the
7 sustenance of human life. (Applause.) Somebody told me it is
8 the number two. So I immediately responded we haven't figured
9 out how to sell you air yet. It is the number one saleable
10 commodity required for the sustenance of life. They have been
11 granted a monopoly.

12 Do you know when I used to teach real estate license
13 law, we used to go through the types of businesses. You have
14 businesses that, you now, are at arm's-length. You have
15 monopolistic competition, something that has kind of like a
16 control, but there are some levels of alternatives. And then
17 there is the easiest business to be in. You know what the
18 easiest business to be in is? A monopoly. You are the guy,
19 you are the gal. If they want widgets, they can only come to
20 one widget guy. That's it. You don't like the widget? I'm
21 really sorry. There isn't any other widget maker.

22 And that is what we do with the distribution of
23 water. We grant a monopoly. That is a privilege. That is a
24 license. That is something that has to be held in a unique
25 fashion. And by way of me tagging back to the clinical

1 psychology reference, that's where the gestalt has been
2 departed from. You are not even. You are not combatants. You
3 are someone who has been granted a privilege, and you must
4 treat the party that you deal with with an additional level of
5 care because of what you have gotten by way of business, and
6 what it is you are vending, water. And they have missed that.
7 That is what bothers me the most. They do not understand the
8 posture. It is not even-handed treatment and we will battle it
9 out in court. It is I have been given something special, and I
10 should take care of it, because it also involves distributing
11 the number one substance that is required to sustain life. And
12 they ignore that time and time again, and they have.

13 And I didn't get this fired up just from listening to
14 Michael, although he did a beautiful job. You know when I got
15 fired up? Because I sat in your chair, and I listened to their
16 attorney try and rip and shred, and it was as if --

17 Commissioner Deason, I used to teach a lot of
18 different courses, real estate license, law of investment
19 analysis. One of the courses that I did was an elective. It
20 was called Effective Negotiation with Human Beings. I taught
21 it to a couple of thousand people. I would swear that the
22 fellow from Tallahassee had attended one of the seminars. He
23 used -- I used to give them names, you know the technique. You
24 know, it's probably something as old as the hills, but when it
25 is being sold to you for a weekend class, you give it a name.

1 You know, this was trading fish, and this was nibbling, and
2 this -- he used 20 of 23 pages of the techniques that I used to
3 list in my effective negotiations class.

4 He said -- one of my favorite negotiations to teach
5 somebody, and I wasn't teaching them, telling them to implement
6 it. Sometimes it was just showing them so that you would
7 recognize an unethical negotiation technique when it is being
8 employed against you. One of the most severe, horrible, very
9 effective, but also equally unethical techniques is to create a
10 scenario of misconception by stating something that is
11 absolutely true, easily understood to be true, and then drawing
12 false conclusions from that. You know, water runs down hill.
13 And everybody immediately is going, yeah, water runs down hill.
14 And then you say six things that are wrong after that. And
15 everybody is going, you know, water does run down hill. That
16 is what he did for 25 minutes.

17 And I sat there, and I had the nerve as a
18 commissioner to point it out. Man, he ripped me right back in
19 my face. There wasn't any honorable. It still must be lasting
20 because he said hello to Mr. Forehand, he said hello to Mr.
21 Andrews. He said hello to everybody. And he turned his back
22 on me and he walked away. (Laughter.) I will survive. I will
23 survive. God, strike me down now if it isn't true. That is
24 exactly what he did. Now, how immature, how infantile, how
25 telling of the personality that was. My goodness.

1 The statement where we're going to give you back the
2 money, the refund, I'm feverishly writing notes. And forgive
3 me, you are -- you are a staff person. I don't think you have
4 a stake in this the same as we do. I get sick over this. I
5 don't feel good. I go home and Lollian (phonetic), my love,
6 says to me, "What is the matter with you?" You know, because
7 she doesn't see a shovel. She didn't see any real physical
8 labor. And she wants to know why I am sitting in front of, you
9 know, like the computer and there is nothing on the screen.
10 You know, I am just sitting there. It was a bad day. You have
11 a bad day after six hours of that, seven hours of that, as you
12 well know. Some of you are going right now, I'm having a bad
13 day right now. I understand that.

14 But that was nothing more than nickels and dimes.
15 See, he took all of the nickels and dimes that he was going to
16 give away. I mean, if you are giving nickels and dimes, don't
17 tell them you are giving nickels and dimes. Why? Always
18 restate your concessions in terms of dollars and always restate
19 the concessions of the other side in nickels and dimes. So he
20 tells you 275 bucks. That's great. But that is like a class
21 action suit, there is 25,000 customers. That's a eleven bucks
22 of hush money each. That's what it is. It's \$11, if you are
23 assuming a 25,000 person client basis, and I don't know what
24 you are going to assume for the time frames when you get into
25 the actually distribution conflict, but it is not going to be

1 much more than ten or \$11 apiece. And for that you are
2 supposed to go what? Shush. Forget everything else we gave
3 you. You have got to be kidding me. You can have me, but not
4 at that price. (Applause.)

5 The value of a concession must be equally transmitted
6 between both parties, not dollars for one and nickels and dimes
7 for the other. That was nickels and dimes. Leave it where it
8 was at nickels and dimes. And, Michael correctly tagged it.
9 It's already out, just don't tell me you are going to give it
10 to me. You are supposed to give it to me.

11 The last aspect of the negotiations seminar was one
12 that I used to hold in abeyance until the end of the seminar.
13 And I would tell this to everybody. In closing, I would say at
14 the end of the two-day seminar, if you are involved in a deal,
15 and you are trying to come out even or a little bit to the good
16 in a negotiation, and the party that you are dealing with
17 already has a reputation or demonstrable evidence to the
18 direction of being disingenuous or failing to meet their other
19 visible agreements in the past, then you only have one
20 negotiation technique. And you call that walk away.

21 (Applause.) Because I believe that you cannot negotiate with
22 someone who is lying. You can't win. You are going, okay, I
23 can do this, I can do that. My return is okay, and I know my
24 costs, and I know my direct costs. I can get by. I can make
25 this work. And what is the other guy doing? I am not going to

1 do any of this. He's laughing at you. He's laughing at you.
2 And you know why I'm saying that? Not because I think they are
3 bad people. I told you what I think. I think they missed the
4 gestalt. I don't think they understand their role. I don't
5 think they understand this is special.

6 But I guarantee you this: They have over 40 dockets
7 closed on your web site. This isn't the first time, and it
8 won't be the last. Staff is making an assumption, just as the
9 senator said, if they were to deal in good faith, if all things
10 were in a row, if the moons were aligned, well, then, it might
11 very well be more expeditious to do it in this fashion.
12 However, I purport a different theory. Just suppose, and I
13 have some demonstrable evidence that they have a history of
14 this, that they don't do what they say, that they are indeed
15 simply doing another delay, another stall.

16 Do you remember that movie with Charles Durning, The
17 Best Little Whore House in Texas? Do you remember that he was
18 a politician, and he was taking great glee in explaining to
19 Burt Reynolds what you do. You know, you dance a little this
20 way and you dance a little that way. That is what they are
21 doing. They are dancing a little this way, and they are
22 dancing a little that way. And you finally got them. You got
23 them. I'm telling you don't let them get away. (Applause.)

24 Today they are applauding. Two rezonings from now
25 they'll want to hang me.

1 I believe if you accept their settlement, I believe
2 we will be back here, the same discussion. I will be older.
3 There will be more wrinkles. There will be even less hair.
4 Isabelle may be grown, my grandbaby. But I guarantee you we
5 will be back here. You are not going to modify their behavior
6 by appeasing them. Chamberlin tried that. Sometimes you just
7 have to fight.

8 Thank you for your time.

9 CHAIRMAN BAEZ: Thank you, Commissioner. I really
10 appreciate your comments. And I was very glad to see that
11 someone from the county showed up, because part of the
12 explanation that Mr. Melson has given, and I wanted to hear
13 your thoughts on it.

14 MR. SIMON: Well, Mr. Chairman, forgive me for
15 interrupting you, but let me comment just briefly on the
16 settlement agreement. I think that during the presentation of
17 Aloha's side of it when it was before the county commission, I
18 think there was some miscommunications made that staff may be
19 under the same misleading set of informational bullets. They
20 were talking about forced draft aeration, and figures for the
21 cost were so high they were shown to be at such lofty levels,
22 and I said, man, I just don't think so. And I took out the
23 trusty laptop and went through a computer Google search on a
24 couple of forced draft aeration solutions for water suppliers,
25 and the figures for costing for the same level of gallonage and

1 the same situational circumstances as best as a layman could
2 understand were half and a third of what they were talking
3 about.

4 And then I went back to the negotiation seminar.
5 And, again, what do you do? You present your case to its best
6 advantage. So I had a real problem in the settlement agreement
7 where they were talking about in order not to have the
8 litigation costs, in order to lower the cost, let me tell you
9 what you are waiting to hear. If you were to go through
10 deletion, if you were to go through a removal, or a cessation,
11 or a slight seeding of their customer base -- I am not telling
12 you you are getting an answer from all five, because I can't do
13 that, I'm only one. But this one votes we will serve; we will
14 serve the people. (Applause.) We will make sure that there is
15 adequate potable water. And the only thing you will be doing
16 is taking away from them some of their argument for overpricing
17 a commodity which we tried to buy from them so that we could
18 fix it.

19 CHAIRMAN BAEZ: I have no doubt of your answer, and I
20 appreciate you saying it here for me, because I can only -- I
21 have only gone by what you read in the papers, and some of that
22 is not always true. (Inaudible audience comment.)

23 That wasn't my question. Part of Mr. Melson's
24 presentation laid out -- laid out alternative time lines, if
25 you will. And he used the 2010 to 2011 versus a 2007 date.

1 Obviously, we are all talking about estimates. I am interested
2 more in whether you believe the outside date, and that is a way
3 of asking you. I know you've already said that the county
4 would certainly, at least from your perspective --

5 MR. SIMON: One out of five, one out of five. I
6 always say that. Well, it's one out of four now, anyway.

7 CHAIRMAN BAEZ: Well, it's one out of four now,
8 anyway. But, do you accept -- do you accept the premise of,
9 you know, what all is going to be involved in terms of
10 condemnation and so forth?

11 MR. SIMON: No, I don't.

12 CHAIRMAN BAEZ: Okay.

13 MR. SIMON: And let me tell you why. Have you ever
14 been in a physical altercation?

15 CHAIRMAN BAEZ: Sadly, yes.

16 MR. SIMON: Then you understand. I am a black belt
17 in Carmo Shindo Kai (phonetic).

18 CHAIRMAN BAEZ: There will be no physical
19 altercation.

20 MR. SIMON: And the older you get, you heal slower.
21 I'm a firm believer in this. But I will tell you this: All of
22 the intricate moves from 600-year-old training levels of kata
23 and dance where you have these intricate palm placements
24 relative to hand placements, the first time you get hit, all of
25 that goes out the window, and you start swinging, because that

1 is human nature. They haven't been hit yet. I'm just asking
2 you to let me hit them. (Applause.)

3 Thank you, Commissioner.

4 CHAIRMAN BAEZ: Mr. Reilly, I think we'll let you
5 take over on the list at this point, and go ahead and call --

6 MR. REILLY: Your Honor, our next witness is Marilyn
7 Lambert.

8 MS. LAMBERT: Senator Fasano, gentlemen, Commissioner
9 Edgar and staff.

10 Senator Fasano, if I didn't have the best, most
11 handsome husband in the world, I could fall in love you.

12 My name is Marilyn Lambert, and I live at 9136 Villa
13 Rapprielle, New Port Richey, Florida 34655. My career has
14 consisted of professional positions at three Fortune 500
15 companies. I recently retired from the office of the general
16 counsel for Daimler-Chrysler and still occasionally work as a
17 consultant for them.

18 I read the proposed agreement and I was appalled. In
19 fact, I originally called this presentation outrage. And then
20 after Fasano spoke, it was righteous indignation. And then
21 after Commissioner Simon, it was outrage again.

22 It is obviously a document, this agreement, that was
23 written by those who attempted to reach a compromise, a legal
24 compromise between the law and the PSC and not a resolution for
25 the customer. I can understand that coming from the legal

1 arena and being a business person. The difference in how you
2 view things through litigation eyes and how you view it through
3 business eyes, because I have had to do both in my career. And
4 I would appreciate it if you would put that litigation history
5 back up.

6 There are three basic management principles, and it
7 would do well to write these down. The first basic principle
8 is number one, responsibility. You must clearly define the
9 task at hand, what the goals and objectives are, and assign
10 these goals and objectives to the person who will be
11 responsible for completing them. Not in generalities, but in
12 specificity.

13 Capability is the number two principle. You need to
14 clearly define how the task is to be completed and enable the
15 persons assigned the task to perform the task.

16 Number three, accountability. And the most important
17 of these three principles is accountability. You may recognize
18 these three principles being used by Donald Trump, the
19 President of the United States, and other top executives
20 educated at the most prestigious business schools in the U.S.
21 Because they know if any one of these three principles is
22 missing, the project is doomed to fail.

23 The proposed settlement doesn't meet these
24 principles, business principles. This is a business. It is
25 not a litigation house; it is a business. The agreement

1 doesn't clearly define what Aloha's goals and objectives should
2 be or the physical mechanical changes, functions, or what
3 operations will be performed. There is not enough specificity.
4 There is no supportive materials to define the credentials of
5 who will be responsible for these goals and objectives
6 functions, processes, methodologies, or expected end results.

7 And lastly, there are no true repercussions for Aloha
8 should it fail. In fact, unbelievably there is an indemnity
9 clause or boilerplate hold harmless clause. In other words,
10 what they are saying is let me give you an idea of what we want
11 to do, and maybe we have somebody who can do it without any
12 assurance that it will work, and don't blame us if it doesn't
13 work, just give us your money. (Applause.)

14 Just give them our money? The PSC has a fiduciary
15 responsibility to protect us from just these types of business
16 operators. One of your major responsibilities is to protect
17 us, the consumer.

18 Attorney General Crist seems to do a good job of
19 making electrical utilities define their developments and to
20 definitively justify their rate increases, definitively.

21 The PSC seems to be intimidated by the political
22 connections of Aloha and allows this shell of a company to
23 exist. The company that says they don't have the funds to
24 develop, they don't have the capital funds to produce what they
25 need to produce, but all of a sudden they have this money to

1 fund loans and do all of these other things through their
2 stockholders. Stockholders that didn't make a profit over the
3 years because they never really made any money. You know, they
4 have been a charity to us, their consumers.

5 I was further infuriated when I read the financial
6 assistance offer to 200 consumers to rip up their industry
7 standard copper plumbing, industry standard copper plumbing,
8 and replace it with PVC. This is the dumbest suggestion today.

9 Aloha's offer wouldn't begin to cover the cost, much
10 less the inconvenience. You know, go ahead and tear up your
11 driveway. Let's pull up your kitchen. The plumbing is in the
12 floor, for the prior damage to these individuals, and their
13 plumbing was and still is industry standard. There are many
14 more than 200 people. Aloha treats these people in Veteran's
15 Village as if they are just like the poor shmucks. It is so
16 insulting.

17 But Aloha's offer does one thing. It infers
18 responsibility. If it were my home, I would gather up my bills
19 for the damage caused by Aloha's foul water and overpumping and
20 file in small claims court for the damage in hopes I could find
21 an honest judge who wasn't tied to the Aloha family, and I
22 would keep on trying until I was successful. (Applause.) I
23 hope that gave some of you some ideas.

24 I looked at the appeals and appeals, and the
25 litigation costs and appeals, and I have an answer for that

1 later on. But I want you to know that this state never
2 considered litigation cost when it sued Daimler-Chrysler. When
3 it fought for the consumer against a big manufacturer
4 litigation costs wasn't an issue. Where is Mr. Reilly? They
5 fought hard. They fought hard for the consumer. We deserve as
6 much. And when Chrysler was wrong, we bit the bullet. And if
7 we won, you know, there are statutes in Florida that allow you
8 to get your fees back. It is not just a risk, a one-way risk.
9 It is a risk on their part, too. Don't be afraid.

10 Mr. Fasano, Ms. Hildebrand, we want tax relief. We
11 want tax relief because of the additional cost we are being
12 forced -- of being forced to do business with Aloha. We want
13 to be able to deduct the cost of filtration systems from the
14 tax base of our homes. We want to be able to deduct the cost
15 of repairs to our systems and plumbing. And in new homes, we
16 don't want to add the cost of filtration systems to the home's
17 tax base.

18 I'm moving. Our new home is in Heritage Springs. It
19 is really the only Arthur Rutenberg being built in Heritage
20 Springs. But would you believe it, would you believe that it
21 has copper plumbing? (Applause.) Happily, I won't have a
22 (inaudible) --

23 I'm sorry for their enthusiasm.

24 CHAIRMAN BAEZ: No. I'm sorry. I don't mean to shut
25 anybody down, but --

1 MS. LAMBERT: I've got some good arguments.

2 CHAIRMAN BAEZ: -- we have got a lot of people to
3 speak.

4 MS. LAMBERT: Rutenberg is -- we've got a lot of pent
5 up emotion. Rutenberg is building in the Champions Club. You
6 may not be familiar with the Champions Club. It's a
7 multi-million-dollar complex between Trinity and Heritage
8 Springs. The homes, Rutenberg is building homes that run a
9 million dollars up, and they aren't the primo builder. There
10 are homes in Champions Club over the multi-million dollar
11 range, and I know for sure that Rutenberg builds only with
12 copper plumbing. And guess what, guys, in a few years you are
13 not going to be pushing around the poor shmucks in Veteran's
14 Village. You are going to have multi-millionaires in there to
15 fight with, and they won't hesitate to file a class action
16 lawsuit. These types of people won't treat -- won't tolerate
17 being treated like the rest of us shmucks as we have for over
18 20 years.

19 You know what upsets me the most and why I am the
20 angriest, because I come from a customer service background. I
21 know how the customer should be treated. I know with what
22 respect the customers should be treated. I would have been
23 fired in a minute if I had ever done what this company has been
24 doing. Believe me, I tell you it is insane. It is insane.

25 I look at Aloha, and I see a correlation between

1 Enron, a shell of a corporation, and it couldn't produce and
2 yet its executives kept saying to its people, keep investing in
3 me, keep investing in me, knowing full well that they were
4 going to collapse. Aloha will eventually collapse. It didn't
5 keep up, and it can't catch up.

6 And, you know, the PSC, you don't have any right to
7 conspire with them to enslave us. (Applause.) If Aloha were a
8 publicly traded company, you wouldn't individually invest in
9 them. No, you wouldn't. We wouldn't either. And we resent
10 being forced to do so.

11 How can you assure us that we won't experience the
12 same type of circumstances that happened to the Enron people?
13 They want to just give us their money -- give us your money,
14 don't make them plan, don't make them act like professionals,
15 don't give them a time line, and don't hold them accountable.
16 Hold them harmless. This is not only stupid, it borders on
17 criminal.

18 We want the PSC to reject this agreement, and if you
19 don't, we plan to ask the Office of Public Counsel to file an
20 injunction to keep it from being executed. We are serious. We
21 are seriously asking you, the PSC, to investigate, and this
22 will take care of some of those litigation costs earlier where
23 you were talking about one. One thing on the docket, the
24 possibility of enforcing eminent domain against Aloha. Force
25 them to sell their property at a reasonable price to another

1 utility that has the expertise, facilities and capital to
2 furnish us with drinkable water. Don't force us to pay them
3 these millions of dollars.

4 Aloha has never succeeded. It exists on litigation.
5 And I told them a long time ago, you can't run a company on
6 litigation. Never let your litigation department run your
7 company. It will ruin you. They're like Enron, it's nothing
8 but a shell of a corporation.

9 We are asking that you not be afraid of Aloha and its
10 political machine. You do what is right for us, the consumers.
11 Be honest, be strong, don't be deceived any longer. Twenty
12 years, for some of us, we have dealt with these people. And
13 enforce eminent domain for the good of the communities
14 involved. Get us that 276,000, whatever it is they owe us.
15 Save us. You know, we are pleading with you. We are actually
16 pleading with you to save us from this incompetent and failing
17 company. And now, not later, not ten years from now when
18 they've taken our millions of dollars and given us nothing in
19 return. (Applause.)

20 CHAIRMAN BAEZ: Mr. Reilly.

21 MR. REILLY: Commissioner Hildebrand has arrived, and
22 she would like to make a few comments.

23 CHAIRMAN BAEZ: Commissioner Hildebrand, welcome.

24 MS. HILDEBRAND: Thank you. Good afternoon, members
25 of the Public Service Commission. I apologize for being late,

1 but I am one of the two representatives for Pasco County for
2 Tampa Bay Water, and we just adjourned a meeting at 12:30
3 downtown in Clearwater.

4 I appreciate you coming down here and hearing from
5 our Pasco County residents. This has been a saga that has gone
6 on, and on, and on. I know you have heard this story before.

7 I had come up with an idea. We had done this with
8 Tampa Bay Water two years ago through the FGUA of the
9 purchasing of the Carrollwood wells in Hillsborough County by
10 Tampa Bay Water. I thought that perhaps this might be a way to
11 consolidate a lot of issues, maybe resolve a lot of problems
12 for the customers of Aloha, Aloha Utility and Pasco County.
13 Very simply, what was happening with Carrollwood wells, they
14 were purchased through Hillsborough County, and then Tampa Bay
15 Water ultimately landed up building the pipes to do that.

16 We could do that with the two wells that have
17 provided the biggest problem, I think, for the customers as
18 well as Aloha Utilities, which are Wells 8 and 9. Obviously,
19 you would have to have a time period. I have been told by
20 Tampa Bay Water as recently as this morning that this might
21 take close to a year and a half to construct. The pipelines to
22 come down to the Eldrige well facility which is part of Tampa
23 Bay Water's well fields for the treatment of the hydrogen
24 sulfide.

25 You might do another thing, too. We have a lot of

1 flooding in the wet time of the year in the Trinity area where
2 those two wells, Wells 8 and 9, are located near Mitchell
3 Boulevard and Little Road. Ultimately then Tampa Bay Water
4 would -- we would have to pass through those costs of the
5 water.

6 I spoke briefly with Mr. Watford about this, the
7 owner of the utility. And, obviously, this came up as an idea
8 after you had approved a settlement agreement and prior to the
9 date of our senator asking for the public hearing, which I
10 think is a great idea on behalf of Senator Fasano and his
11 efforts. So then I talked to Mr. Watford, and then I briefly
12 spoke with him again later this past week. He had been on
13 vacation. Obviously, he wants to see the outcome of the public
14 hearing. And, you know, perhaps maybe that might be something
15 that would be available for discussion.

16 Once again, welcome to Pasco, and we do thank you for
17 taking the time to hear all of our complaints. Thanks a lot.

18 MR. REILLY: Our next witness is Dr. John Gaul.

19 DR. GAUL: Good afternoon, Commissioners. My name is
20 John Gaul. I have a Ph.D. in chemistry. I spent over 25 years
21 in the chemical industry. And I also am one of the members of
22 the ad hoc committee that you just heard about here today and
23 will probably hear about again.

24 Let me put my eyes on here.

25 I have a relatively short statement to read to you

1 about the long-suffering customers of Aloha Utilities. Out of
2 sheer frustration and anger over this company's intransigence
3 have mounted what can only be described as a mammoth effort to
4 organize and educate themselves in an attempt to do what our
5 official organizations have thus far not done. Namely, to
6 bring relief and a sense of justice to this incredible
7 situation.

8 These citizens, and there are many of them, talented
9 managers, engineers, scientists. These are not people just off
10 the street. There is a lot of talent in our community that
11 have come and brought their talents to bear on this issue.
12 They have come from a diverse set of industries and
13 professions. They have spent countless hours in their spare
14 time without compensation to amass a record of negligent
15 management and technical incompetence that has characterized
16 Aloha's behavior over the past decade.

17 These citizens have looked at this situation from
18 every angle and have placed before the PSC the petition for
19 deletion of certain territories of Aloha as the best course of
20 action to obtain relief, and more importantly, to inject some
21 sense of the marketplace consequences for this rogue
22 organization. Aloha has been protected by their monopoly
23 status and their behavior has been egregious.

24 After all of this work, after all of this effort,
25 after amassing all of this knowledge, patient but increasingly

1 angry customers deserve to be heard and deserve to have their
2 petition approved both as sensible and fair. That Aloha
3 deserves nothing less than deletion is not in question here in
4 this community where we live in Aloha's shadow every day.
5 While you go home to fresh, clean water every night, we are
6 stuck here with them and their arrogant disinterested attitude.

7 Senator Fasano and Representative Anderson's
8 legislation created a county ad hoc committee, which has
9 recently made the first positive step toward bringing Aloha
10 under some kind of scrutiny, and has also laid out technical
11 directions that they must pursue. Now, the very clever lawyers
12 of Aloha are trying to run an end run around this ad hoc
13 committee's recommendations, as well as customer efforts to
14 achieve relief and tough sanctions. Somehow they have managed
15 to co-op a portion of the PSC staff to endorse a legal
16 settlement that is grossly lopsided in Aloha's favor and fails
17 miserably to address even the most basic issues in this case.

18 This agreement wipes out everything that Senator
19 Fasano and Representative Anderson's ad hoc committee
20 accomplished. It negates it. It is a slap in the face to all
21 the citizens who have spent years of nights and weekends
22 fighting to do what the FDEP and PSC have not yet done. And
23 now it seems possible, if this worthless agreement is accepted,
24 that all of our efforts could be made moot and worthless by the
25 very organization that we look to for relief from this

1 unscrupulous company.

2 Commissioners, after much labor, and this is an
3 important point I think you need to consider, after much labor
4 the citizens have become the experts in this situation. We
5 need to be heard as such. The Commission needs to look upon us
6 not as some passive third party, but rather as the principle
7 arbiters of our own future in this matter. It is our future,
8 our money and our quality of life at stake here.

9 In our opinion, the managerial and technical
10 incompetence of Aloha disqualifies them as a modern, concerned
11 utility. This latest delay in obfuscation represented by this
12 flawed agreement is just another example in a long line of
13 examples as to why this company deserves deletion.

14 Commissioners, we ask that this insulting and cynical
15 agreement between Aloha and some elements of the PSC staff be
16 scrapped without delay. We request that Senator Fasano and
17 Representative Anderson's ad hoc committee recommendations be
18 left unaffected by any action of the Commission. And, finally,
19 we request that we continue to pursue the deletion petition
20 process which is already underway and which will air the
21 misconduct of Aloha and provide ample evidence and overwhelming
22 justification for deletion of territory.

23 If the citizens who have worked so hard for so long
24 to bring this company to heel are willing and able to go on,
25 how can you not go with us?

1 CHAIRMAN BAEZ: Dr. Gaul, I have a question. You
2 mentioned -- you mentioned the possibility, or you mentioned as
3 a point of fact that any settlement would negate the work the
4 ad hoc committee has done, and I want to try and understand a
5 little bit. Can you elaborate on that?

6 DR. GAUL: Certainly. Any order that the Commission
7 pronounces takes supersedence over the particular
8 recommendations made by the ad hoc committee. It is in the
9 legislation. So anything that you do that dictates a
10 particular course of action, technical or otherwise, supersedes
11 the ad hoc committee. The ad hoc committee was a meeting of
12 people of some capability, and they ended up recommending a
13 process that is already incorporated into existing FDEP
14 regulation that prescribes a remedy, a technical remedy for
15 black water situations in an area like Aloha.

16 CHAIRMAN BAEZ: And let me ask Mr. Willis if he
17 knows. Would the ad hoc committee's recommendations, technical
18 recommendations be part of something that could possibly be
19 before the Commission if it got that far to be choosing between
20 alternatives or deciding among alternatives in terms of dealing
21 with the water issues?

22 Mr. Willis, I didn't mean to pull you in. If you are
23 not the one to answer, I guess the question is put out to --

24 MR. WILLIS: That's all right. Mr. Melson probably
25 would be more qualified to answer the question, but I believe

1 the process that has been outlined in the settlement actually
2 would take that into account. If Mr. Melson would like to add
3 to that.

4 MR. MELSON: Yes, Commissioners, the ad hoc
5 committee's work is a result of an ordinance that is currently
6 being challenged that requires forced draft aeration at a
7 minimum on Aloha's wells. Forced draft aeration is one of the
8 specific technologies that is going to be reported on the USF
9 studies, one of the specific technologies our expert is going
10 to look at. My understanding is at the county level where the
11 ordinance was adopted there are differing views of the cost of
12 forced draft aeration. I think the cost is one of the items we
13 would look at in addition to looking at the technical aspects.

14 You know, it is quite possible that as we go through
15 this process that forced draft aeration is what the Commission
16 could order at the end the day. We just don't know enough at
17 this point about the technologies and the relative cost to be
18 making a specific decision.

19 CHAIRMAN BAEZ: All right. I just want to be clear
20 on your answer. The technology that the ad hoc committee
21 proposed or came in the form of a recommendation, you are
22 saying that the technology or that method would be -- possibly
23 be an alternative for consideration now. And let me go a step
24 further. Is it that methodology, or that method, or that
25 alternative as the ad hoc committee has presented? I mean --

1 and I am not a Ph.D., and I'm not an engineer, and I, you know,
2 really come out as a layman, but one person's forced aeration
3 is may not be another person's forced aeration, or am I getting
4 that --

5 MR. MELSON: I think forced aeration is a pretty
6 widely understood technology. You will have issues as to how
7 it is implemented at Aloha's particular sites, given some of
8 their site sizes and site constraints. And that is something
9 that I would expect staff and its expert to be exploring
10 along -- you know, in meeting with customers and with the
11 customers' experts as we go through this process over the next
12 few months of trying to identify the best option. It clearly
13 is on the table. And, frankly, you know, it may come in with
14 sort of a presumption in its favor because it is something that
15 has been vetted here at the local level.

16 DR. GAUL: I think also there's a -- there are more
17 issues at stake than just a particular technology of forced
18 draft aeration. And I think that to understand, the Pasco
19 County ad hoc committee recommendation gave teeth to Pasco
20 County for oversight and the ability to inject themselves into
21 what is going on at Aloha. And this is something that I think
22 would be terrible if it was lost.

23 CHAIRMAN BAEZ: And I guess -- and let me -- just for
24 purposes of my question, let me accept that what you say is, in
25 fact, what would happen. I would take it that to do anything

1 would impact your ability to -- I guess if we are, simply put,
2 choosing between two alternatives, and perhaps this is getting
3 a little bit off of the settlement, but one pretty much
4 necessitates a discussion on the other. For example, you know,
5 if a settlement isn't affected, the alternative for argument's
6 sake is deletion. Even a deletion would have -- wouldn't it
7 have some affect on the ad hoc committee's ability to carry on?

8 DR. GAUL: I don't believe it would. You can delete
9 part of the territory of Aloha. That does not remove the
10 obligation from them to -- for Aloha to comply with the
11 requirements laid out by the ad hoc committee to install forced
12 draft aeration.

13 Aloha must do one of two things. They must install
14 forced draft aeration, or if they choose another technology, if
15 they choose another technology, they must demonstrate that it
16 is at least equivalent to forced draft aeration. Something
17 they cannot do. They would need ten years of study in order to
18 be able to demonstrate that. If the Commission dictates that
19 they do this particular process or that particular process,
20 they are off the hook. That's the deal.

21 The FDEP has laid out what you need to do in
22 situations when you have water with hydrogen sulfide levels
23 that they have. It is in the FDEP regs.

24 CHAIRMAN BAEZ: Is there -- do you --

25 DR. GAUL: This has been known for some time. This

1 is not new information that they just learned about. They have
2 known about this for some time.

3 CHAIRMAN BAEZ: I want to get back on your
4 understanding of the relationship and so forth. Say the
5 Commission would go through this hearing and choose a treatment
6 methodology that exactly mirrored the ad hoc committee's
7 proposal, that, in fact, adopted the requirements as the ad hoc
8 committee has seen conceptually. As a result, if you are
9 getting -- if you are getting adoption or some ratification of
10 what the committee's proposal, is there an issue there anymore
11 for you?

12 DR. GAUL: Yes, there is, for the same reason, that
13 once again, the oversight and the ability of Pasco County to
14 step in to see what is going on, to have some control is gone,
15 and that is an important consideration.

16 CHAIRMAN BAEZ: Thank you, Doctor.

17 COMMISSIONER BRADLEY: I just want to make sure I
18 understand what Dr. Gaul is saying as it relates to Pasco
19 County and the ad hoc committee. Did I clearly understand you
20 to say that if the Commission takes action, then that negates
21 or it supersedes the action that the ad hoc committee has
22 taken, which, in fact, makes your action null and void?

23 DR. GAUL: It is the understanding of -- the way it
24 is written, that this particular -- the recommendation made by
25 this committee cannot conflict with any order of the FDEP or

1 order of the PSC, that you have jurisdiction. And so if you
2 take an order to direct that a certain action is taken that is
3 contradictory to what the ad hoc committee has recommended,
4 then our committee has no standing.

5 COMMISSIONER BRADLEY: Okay.

6 DR. GAUL: That is the way it was -- that's the way
7 the law was written.

8 CHAIRMAN BAEZ: And I just want to be clear, it is
9 not enough -- it would never be enough conceptually to get, to
10 see the solution, if you will, that you all believe is right,
11 technically speaking. The treatment solution that you all
12 believe is right and have recommended and is also part of
13 your -- oversight is part of it. You need oversight. As part
14 of your satisfaction, the county needs oversight over it.

15 DR. GAUL: I will speak for myself. For my part, the
16 oversight is critical, but it goes beyond that even. You have
17 heard here today, and you will continue to hear, this company
18 does not respect the very customers it is in place to serve.
19 It just doesn't care. It just does what it wants to do in its
20 own self-interest. (Applause.) They have not --

21 CHAIRMAN BAEZ: Excuse me a second, Dr. Gaul. I know
22 there is a lot of emotion in the room, but the second you start
23 clapping every time somebody says something you like, then we
24 shut -- the hearing shuts down, and we can't get ahead and get
25 everybody. That is why I asked you all, and I'm serious about

1 this, respect your neighbor's time. There are many, many of
2 you standing in line to get up here and talk. And there is not
3 enough time to take everybody if it turns into a pep rally.
4 And I know that sounds harsh, but we have timing constraints
5 here. Please.

6 I'm sorry, Dr. Gaul. Go ahead.

7 DR. GAUL: So it does go beyond the control issue.
8 It has to do with the respect the company has for its
9 customers. It has to do with the fact that they have had in
10 their hands for decades the ability to make simple
11 technological improvements, and they are absolutely rudimentary
12 chlorine processing. They had every opportunity to do simple
13 inexpensive upgrades, control mechanisms. They could have done
14 a hundred things. They have failed.

15 CHAIRMAN BAEZ: I appreciate that.

16 DR. GAUL: And they will not run complicated
17 processing better than they run rudimentary operations.

18 CHAIRMAN BAEZ: Thank you, Doctor.

19 Mr. Reilly.

20 MR. REILLY: John Anderson. I'm sorry, John Andrews.
21 Okay. Wayne Forehand.

22 MR. FOREHAND: Commissioners, I'm Wayne Forehand.
23 Thank you for letting me appear here today.

24 Over the years the PSC has determined that Aloha's
25 quality of service is unsatisfactory. The appellate court

1 sustained the PSC's right to order Aloha to improve the water
2 quality. Now the PSC has to make a determination on whether
3 this legal settlement between Aloha and the PSC that permits
4 Aloha to continue doing business as usual should be accepted.
5 While there were many opportunities in the distant past where
6 such an agreement may have been possible, this settlement is
7 completely inappropriate from the customers' point of view for
8 the following reasons.

9 My intent here was to focus on the ad hoc committee,
10 of which I was a member, because we clearly recognize that this
11 was not comprehended in the settlement issue, and I'm going to
12 get a little bit deeper into this ad hoc committee because it
13 is a very important issue. The Florida Legislature created
14 House Bill 0987 in 2004 that provided Pasco County with the
15 ability to respond to customer complaints which they didn't
16 have before regarding black water and rotten egg odors arising
17 from a mismatch between source water chemistry and the water
18 processing methods.

19 Last summer the Aloha Utilities Ad Hoc Committee was
20 established, and they met over an eight-month period. This
21 committee was comprised of two water experts, Doctor Steven
22 Duranceau, Director of Water Quality and Treatment and Water
23 Engineering in Orlando; Doctor Chris Owen of Tampa Bay Water;
24 Doctor Yacht, head of the Pasco County Health Department; two
25 utility representatives and two customers, one of which you

1 just met, Doctor John Gaul, a Ph.D. in chemistry, and myself, a
2 retired engineer.

3 The committee was headed by Pat Mulieri, the
4 chairwoman of the Pasco County Commissioners. Parsons Water
5 and Infrastructure, Incorporated, were contracted to support
6 this committee by conducting research and making technical
7 assessments for this committee. Doctor Tory Champlin and
8 Lauren Perwin of Parsons provided this invaluable service for
9 the committee. After eight months of study, this
10 well-informed, highly credentialed committee determined that
11 aeration is the most cost-effective technology with a proven
12 track record that could effectively correct the particular
13 problem in Aloha.

14 Following this recommendation, the Pasco County
15 Commission then enacted the ordinance, adopting the
16 recommendation of the ad hoc committee. This Pasco County
17 ordinance recognized that a utility with such a deplorable
18 history of poor customer service and product quality required
19 oversight to ensure that a quality finished product and proper
20 cost containment was incurred.

21 Now, because of this oversight it makes this county
22 issue very important. It was very clear that this committee
23 determined the best and most appropriate method for handling
24 this. Instead of accepting sound scientific advice for these
25 improvements, the predictable response from Aloha was another

1 legal challenge. Where have you heard that before? They filed
2 a petition for formal administrative hearing.

3 Aloha knows that this ordinance has teeth and the
4 backing of sound science. They know that they must do
5 something to defeat this ordinance or they will be forced to
6 accept the oversight of Pasco County, and implement the
7 aeration technology at fair cost instead of the grossly
8 inflated estimates that they have been trying to scare the
9 customers with all of these years.

10 Aloha is counting on you to do this for them by
11 accepting this agreement they have managed to get before you.
12 This is an obvious ploy on Aloha's part, and it is an agreement
13 written by Aloha for Aloha and was approved by PSC's own staff.

14 This proposed settlement -- if this proposed
15 settlement is accepted, the PSC could select technical
16 solutions from among options proposed by the USF study. This
17 will create a conflict with this very effective county
18 ordinance.

19 As you heard earlier, we don't need a settlement. We
20 just need Aloha to go out and do what the county ordinance
21 tells them to do.

22 The way the law is written, any conflict is
23 precedence to the PSC, and it makes the county ordinance,
24 prepared by local elected officials like Ann Hildebrand, null
25 and void. The technical solution approved by the technical

1 community and the FDEP will be thrown out. The oversight of
2 cost and operations would be thrown out.

3 On top of this, you are being asked to do this
4 without any knowledge of the technical solutions or the costs
5 from the USF study. This study was supposed to be out in
6 mid-February. It is now mid-August, and it is not here today
7 on the day promised. When, when will it be out? Next
8 February? None of these proposals are known to you or us at
9 this time. There is no cost available to us.

10 However, what we do know is unless the USF study
11 adopts in its entirety the aeration technology recommended by
12 the ad hoc committee, it will not be possible for Aloha to show
13 that their approach is equivalent to the approved FDEP mandated
14 treatment process. Any such selection of a USF recommendation
15 must by necessity be more risky, more costly than the
16 recommendations of the ad hoc committee.

17 I have to focus on this because it appeared that it
18 was completely left out of this settlement thought, and shows
19 why the settlement is not even needed. Aloha's settlement --
20 Aloha's settlement, not surprisingly, makes no provision for
21 oversight of its operations or cost whatsoever. Aloha's
22 inflated cost estimates will then become what the customers pay
23 without any reasonable recourse to challenge them. As you are
24 well aware, Aloha fights any attempt to transparency, either to
25 the customers or to the regulatory agencies.

1 We have independent proof by the ad hoc committee
2 that Aloha's estimated costs are much more expensive than
3 necessary based on studies done by Parsons Water
4 Infrastructure. Parsons estimated the conceptual cost to
5 design and install packed tower aeration at all eight wells at
6 \$5.02 million. This is far less than the 15 to 20 million that
7 Aloha and their attorneys have been scaring the customers with
8 for the past many years.

9 There are other reasons why the Commissioners should
10 reject this agreement and move forward with the deletion
11 petition. First, Aloha Utilities has been overpumping their
12 permit of 2.40 million gallons a day for the past eight years,
13 effectively thumbing their nose at the regulatory agency,
14 SWFWMD, all along the way. The Aloha Utilities permit has now
15 expired and has not been reinstated. Deletion of part of their
16 service area would actually solve some, and perhaps the entire
17 overpumping problem, eliminating the need for Aloha Utilities
18 to purchase the extra one to one and a half million gallons a
19 day from Pasco County at the very costly bulk rate of 2.94 per
20 hundred gallons.

21 Second, without the southern part of the service
22 area, perhaps Aloha may have the opportunity to discontinuing
23 from pumping from both Wells 8 and 9, as they would not need
24 that extra million gallons a day. It's been clearly noted in
25 the other report prepared by Doctor Levin that the highest

1 levels of hydrogen sulfide are reported from these two wells,
2 plus Well Number 3. And capping these Wells 8 and 9 by itself
3 would positively effect the black water and rotten egg odor
4 problems. Capping these two wells could also reduce the
5 requirement for improved processing to only six wells, reducing
6 the cost of \$5 million perhaps by 25 percent more.

7 Third, Aloha had never shown good faith in its
8 negotiations, and they will not this time. On April 29th of
9 this year, while Aloha was supposedly still in mediation with
10 the customers, Aloha approached the PSC staff with this
11 proposal in an attempt to bypass the customers and prevent any
12 further input from the customers. The PSC staff went along
13 with Aloha Utilities bypass of the customers. They did not
14 seek any input from the customers before this private
15 settlement was reached.

16 This inappropriate settlement precludes any of a
17 number of creative approaches to resolving this problem that
18 customers have put forward to Aloha but had not been adequately
19 discussed by all parties. The type of approach I'm talking
20 about is what you just heard Ann Hildebrand get up and say that
21 she has proposed to Aloha. This is something the customers
22 have been talking about a long time. We would like to propose
23 to Ann that instead of just thinking about 8 and 9, that all
24 wells be handled by Tampa Bay Water, and then Aloha could be a
25 pass-through utility. They surely can't screw that up.

1 Approving this agreement has silenced the customer
2 and prevents further discussion with this wide range of
3 personal -- professional creative ideas to this resolution.
4 The customers were in mediation. Instead of Aloha really
5 working with the customers, they chose to start making a plan
6 to leave the customers out when they heard some of these
7 creative ideas from the customers, and went to Rick Melson on
8 the 29th. Impasse of this mediation was not called until May
9 30th or 31st, something like that. A month before the impasse
10 was called for mediation, the staff was undermining any
11 possibility that we could work anything out with the utility.
12 That makes this proposed settlement just unacceptable.

13 Fourth, this agreement accounts to a black check -- a
14 blank check for Aloha. The PSC staff that adopted this
15 agreement has no idea of the cost implications since they have
16 no knowledge of the technical direction that the USF study may
17 recommend. How can the PSC staff recommend something that the
18 customers must pay for without any idea of what that cost is?

19 Today is not the day to accept this settlement.
20 Wednesday is not the day to accept this settlement. You accept
21 it after you know the cost, after you know what the options are
22 that you can choose from.

23 Fifth, Aloha has squandered money in fruitless,
24 impractical and unworthy research projects and is doing so now
25 with USF. This USF study was not needed. The solution is

1 known. The solution is in an ordinance by Pasco County. Some
2 examples of where they have wasted money and the customers'
3 money are the feasibility studies of Miex, reverse osmosis.
4 Now they spend another huge sum on unproven hydrogen technology
5 that the customers predicted would not work and was not
6 warranted.

7 Is Aloha allowed to spend our money in such an
8 irresponsible way? Are there no checks on their financial and
9 technical incompetence? Is a small customer base expected to
10 absorb costs for unknown, untried processes that Aloha itself
11 is not capable of running or managing? Where is the management
12 oversight and the fiscal responsibility in this proposed
13 settlement?

14 Sixth, Aloha's offer of a \$1,000 grant to 200
15 customers to cover the cost of a five to \$7,000 repiping job is
16 ludicrous. What does the PSC staff wish to say to the
17 customers when the customer comes up with another four to
18 \$6,000 to do the job? What does the PSC staff say to Customer
19 Number 201 or Number 202? Isn't this discrimination to
20 Customer Number 201, that you covered the first 200 and you
21 don't cover Number 201? I wonder if it will be any different
22 from what Aloha says. They'll say, tough, that is your
23 problem. The PSC told us to do it.

24 When the company proposed a loan program last year,
25 the Commissioners objected to making any recommendation in this

1 matter. Surely the PSC cannot have changed its mind on this
2 matter in that short a time. Why is there a cut-off date on
3 this program, also, if the USF proposals are supposed to be so
4 effective at eliminating corrosion? The answer is they don't
5 have any idea what the USF proposals are going to do to their
6 water, yet it doesn't prevent them from suggesting that the PSC
7 pick one.

8 Seventh, Aloha systematically misinforms the
9 customers, the FDEP, and the PSC by selective and biased
10 sampling to avoid showing true performance of its system. Just
11 recently in Rate Case Docket 01503 (sic), the PSC staff were
12 completely deceived by Aloha. The PSC was told by Aloha's
13 consultant, Dr. Levine, that bacteriological test sites were an
14 appropriate place for field testing of hydrogen sulfide because
15 they were taken from the distribution system. You heard that
16 just six weeks ago.

17 We now have discovered that one of the collection
18 points at 1873 Ginsberry Drive (phonetic) is a customer's home.
19 The samples were taken from that homeowner's faucet on the side
20 of his house after it had gone through the home's copper
21 plumbing, not from the distribution system as Aloha or Doctor
22 Levine had alleged. Under these circumstances the hydrogen
23 sulfide will be removed from the water because it reacts with
24 the copper pipes and will not provide a true reading of what is
25 delivered to the customer's meter. Does the PSC think Aloha

1 didn't know this? Are they incompetent or are they just
2 deceptive?

3 We further find that at Bacteriological Site Number
4 10, the water is being tested after the water goes through the
5 home's water conditioning system. Is this what was intended,
6 to have the hydrogen sulfide level tested after it goes through
7 the home water conditioning system? This is what the PSC
8 agreed to six weeks ago. They agreed to this because Doctor

9 Levine testified that this was an appropriate thing to do. She
10 didn't check to see if what Aloha was telling her was correct.
11 She just testified.

12 The PSC staff then recommended this to you, the
13 Commissioners. They didn't check to see where these sites were
14 and how it was being done. They recommended it to the
15 Commissioners. The Commissioners, they bought it, except for
16 Commissioner Edgar. Commissioner Edgar really questioned this.
17 I remember this vividly.

18 In addition, Aloha does not do any copper sampling in
19 Wyndtree, Wyndgate and Chelsea subdivisions when it does its
20 copper monitoring. Could it be that these areas show the
21 highest rate of copper corrosion and hydrogen sulfide problems;
22 and, therefore, would have the high copper levels and the
23 actionable levels? Commissioners, what do you think? Are they
24 incompetent or are they just deceptive?

25 This settlement should not be considered under any

1 condition, at least not until the PSC understands what Aloha
2 appears to be trying to hide. Aloha has continually denied
3 access to their facilities. They denied the citizens advisory
4 group the opportunity to see their processing firsthand, while
5 all the other utilities around tried to use it as an
6 educational process and help us along as we learned about water
7 processing. They delayed Doctor Levine's sampling for several
8 months for her initial studies. And now they deny Doctor
9 Taylor access to review, observe and sample. Doctor Taylor was
10 here several weeks ago, and they refused and denied the
11 opportunity to review their facilities. Since then Attorney
12 Javarse (phonetic) has made two valiant attempts, and just last
13 week Aloha denied that again.

14 In summary, this settlement is inappropriate because
15 it would make the county ordinance null and void, removing the
16 necessary oversight. There is a very good reason for deletion,
17 which are clearly in the public interest. It does not provide
18 for the other creative options, just as you heard Ann
19 Hildebrand bring one forward. There are others in that, but
20 Ann is pushing forward with this because she has got somebody
21 she can talk to, and she can talk to Mr. Watford. The
22 customers cannot talk to Mr. Watford, as you all well know from
23 my correspondence and the lack of cooperation from Aloha at the
24 citizens advisory committee.

25 The utility does not display the competence to do

1 business with customers, process water, and run a utility
2 business. The settlement was rushed through the PSC staff
3 without customer involvement, through an understanding --
4 through a lack of understanding by the PSC staff. Aloha has
5 continued to disregard the customer regulatory agencies with a
6 continued use of delays and appeals. Even after proposing the
7 settlement, you have heard it all before, Aloha has not had a
8 change of heart. They have not begun to show good faith. They
9 have continued on with appeal after appeal even since the
10 settlement. With this settlement, is Aloha hiding something?

11 Thank you for listening and your understanding. I'm
12 asking in the public interest that you reject this proposed
13 settlement today.

14 CHAIRMAN BAEZ: Thank you, Mr. Forehand. I have a
15 question for you.

16 MR. FOREHAND: Yes, sir.

17 CHAIRMAN BAEZ: One of your comments alluded to who
18 was in better -- in essence, who was in a better position to
19 ascertain what the real costs of a technical solution would be.
20 Obviously, the ad hoc committee had come up with a number or
21 some cost estimate for a technical solution. I don't remember
22 what the number was.

23 MR. FOREHAND: 5.02 million.

24 CHAIRMAN BAEZ: It is not important for purposes of
25 my question. My question is this: Am I to understand your

1 statement that at least those of you in the ad hoc committee
2 would anticipate customers bearing some cost for the technical
3 solution, for a technical solution?

4 MR. FOREHAND: I think that when Parsons presented
5 this at the county level, they calculated that this would be
6 about a 40 percent rate increase for the customers. And I
7 think most of the customers present, Ann Hildebrand in
8 particular, looked at the group and said, for good water, could
9 you stand a 40 percent increase. And I think most of the
10 customers present said we could stand a 40 percent increase.

11 However, instead of talking five million for
12 aeration, you have all heard for the past number of years, and
13 I have seen it in the paper in the last six months, Reilly over
14 here said 15 to 20 million. And Parsons has said, you know, it
15 is very typical for a company that does not want to make an
16 upgrade such as this, and they are being required to do it, to
17 have some costs that might be kind of hard to understand.

18 Parsons is an infrastructure -- a water
19 infrastructure company that does this all over the world. They
20 are a world renown company. They are big. They do this every
21 day.

22 CHAIRMAN BAEZ: Thank you, Mr. Forehand. And the
23 reason for my question is this: You often hear, and certainly
24 the senator said earlier, or at least implied the fact that any
25 corrections, any way of addressing the -- any way that is

1 determined to address the black water problem should be on the
2 company. I think that was the suggestion. But I'm trying to
3 listen carefully to what you are saying as a leader -- as a
4 community leader, or someone who has taken a leadership role.

5 MR. FOREHAND: Hearing Senator Fasano, yeah, because
6 they should have done it ten years ago, but we need good water
7 now.

8 CHAIRMAN BAEZ: And I just want to be -- I just want
9 to understand your statements clearly, that as part of the ad
10 hoc committee, a discussion has some contemplation, even your
11 consultant has contemplated some rate impact over this.

12 MR. FOREHAND: Parsons very clearly said it would be
13 probably about a 40 percent rate increase.

14 CHAIRMAN BAEZ: So that has been part of --

15 MR. FOREHAND: And speaking for myself, I'm willing
16 to pay a 40 percent rate increase to get good water quickly.
17 These components for aeration are on the shelf. They are
18 not -- this is not rocket science. And if you have a company
19 providing you the consulting service that does this every
20 day -- Aloha isn't using a company like that.

21 CHAIRMAN BAEZ: Commissioner Bradley, you had a
22 question of Mr. Forehand?

23 COMMISSIONER BRADLEY: Right. I just want to make
24 sure I am understanding. Your last statement was that there is
25 scientific proof or scientific evidence that aeration will

1 clear up the black water?

2 MR. FOREHAND: I tell you what, it is a pretty
3 generally accepted process. The DEP has studied this very
4 hard. And for all new wells, the DEP, all over the state, is
5 requiring that if the hydrogen sulfide level exceeds .3
6 milligrams per liter.

7 COMMISSIONER BRADLEY: And my other question is this:
8 Did I understand you to say -- and I'm still trying to
9 understand better what the ad hoc committee's process is and
10 how it affects this -- that if the process stands as it is,
11 that the problem will progress in a manner that causes a
12 positive solution to occur.

13 MR. FOREHAND: I guess I'm missing something. Excuse
14 me.

15 COMMISSIONER BRADLEY: In other words, the ad hoc
16 committee has acted.

17 MR. FOREHAND: Yes. And the county has passed an
18 ordinance.

19 COMMISSIONER BRADLEY: And the county has passed an
20 ordinance.

21 MR. FOREHAND: And Aloha has appealed.

22 COMMISSIONER BRADLEY: Okay. Litigation is standing
23 in the way of it. All right.

24 MR. FOREHAND: That's right, or otherwise in about
25 two weeks the county would be expecting them to come in with

1 their data showing how they are going to do it and have it
2 reviewed at the county level so they could start implementation
3 quickly.

4 Now, we don't need a settlement. We need this county
5 ordinance to be honored. We need Aloha to withdraw their
6 appeals. Life would be good and simple. And on the other
7 hand, in this ordinance, one other interesting thing, in the
8 legislation it says that if they will do what the ordinance
9 says, that they can go to the PSC and the PSC will give them a
10 rate increase. It is right in the legislation.

11 CHAIRMAN BAEZ: Commissioner Bradley, do you have
12 more questions?

13 COMMISSIONER BRADLEY: Well, Mr. Forehand is
14 answering some of the questions before I ask, which is good.
15 But the only problem is that Aloha has appealed the decision
16 that was made by the ad hoc committee?

17 MR. FORSTALL: Yes.

18 COMMISSIONER BRADLEY: That creates a problem.

19 MR. FORSTALL: And their appeal, dropping their
20 appeal is not part of this settlement, and it clearly should
21 have been.

22 COMMISSIONER BRADLEY: Okay. And any settlement by
23 all means, you know, should involve some negotiations -- if
24 there is going to be a settlement, that means that some things
25 can be renegotiated.

1 MR. FORSTALL: However, in this case, as you noticed,
2 Aloha says this is a take it or leave it settlement. It has
3 got words to that effect.

4 COMMISSIONER BRADLEY: Okay.

5 CHAIRMAN BAEZ: Commissioner Deason, you had a
6 question?

7 MR. FOREHAND: Yes, sir.

8 COMMISSIONER DEASON: If there had not been a
9 challenge of the county's ordinance adopting the ad hoc
10 committee's recommendation, would there still be the need to
11 proceed with the revocation proceeding?

12 MR. FOREHAND: Yes, there would.

13 COMMISSIONER DEASON: Could you explain why?

14 MR. FOREHAND: Yeah. Because Aloha is overpumping.
15 And what happens if you don't delete part of this area, they
16 are going to start buying water from Pasco County at the bulk
17 rate of 2.94. Compare the 2.94 with the 1.41 per thousand
18 gallons that Aloha charges today. I think that is a very
19 significant increase. I think we could handle a 40 percent.

20 CHAIRMAN BAEZ: Commissioners?

21 Mr. Melson, before I let Mr. Forehand go, can you
22 help me understand what the relationship is between the HB 0987
23 in terms of what it created that doesn't amount to a county
24 asserting jurisdiction over a private water utility within its
25 boundaries? Why doesn't it rise to that?

1 MR. MELSON: In certain respects it does rise to
2 that, but Chapter 367, which gives the Commission jurisdiction,
3 the Commission's jurisdiction is subject to essentially any
4 later enacted very specific provisions. On the other hand, the
5 special act is designed not to produce a conflict, because it
6 says, in essence, that the county cannot adopt a standard that
7 is inconsistent with anything that is being required of the
8 utility by DEP or by the Public Service Commission.

9 CHAIRMAN BAEZ: Now, if -- and, again, I'm trying to
10 understand the relationship between how all the statutes work
11 in concert. But if the county -- well, let me ask a dumb
12 question first. Is Aloha Utilities a utility that could be
13 subject to a county opt-out? And I don't know if --

14 MR. MELSON: I'm having microphone problems.

15 CHAIRMAN BAEZ: I think you're on.

16 MR. MELSON: Okay. I'm on. The decision of whether
17 a county regulates is up to the county. Any time --

18 CHAIRMAN BAEZ: But there are -- for instance, there
19 are certain utilities that if they serve more than one county
20 that are somehow, you know --

21 MR. MELSON: Mr. Willis.

22 CHAIRMAN BAEZ: Maybe I am making it too --

23 MR. MELSON: Aloha is a single county. If Pasco
24 County decided to take over the regulation of a privately own
25 utility from the Commission, then the county would have all the

1 regulation over Aloha.

2 CHAIRMAN BAEZ: And they could do -- they could
3 impose as much as they wanted --

4 MR. MELSON: Consistently with whatever they have in
5 an ordinance.

6 CHAIRMAN BAEZ: And to your knowledge, the county has
7 never had those kind of -- asked those kinds of questions or
8 had that kind of discussion with the PSC staff as far as you
9 know?

10 MR. MELSON: My colleagues here are saying they are
11 not aware of that.

12 CHAIRMAN BAEZ: Okay. That's good. Those are all
13 the questions I have.

14 COMMISSIONER BRADLEY: And I'm clearing up things in
15 my mind. In other words, the county could -- since Aloha only
16 serves one county, is that correct?

17 MR. MELSON: Yes, sir.

18 COMMISSIONER BRADLEY: The county could execute the
19 option of eminent domain and --

20 MR. MELSON: Two different questions. The answer is
21 the same to both. Under Chapter 367, the county option of
22 whether the Commission regulates the private utilities within
23 their county or whether the county regulates them, Pasco County
24 could exercise the option and take the regulation of Aloha and
25 all the other private utilities in Pasco County away from the

1 Commission. That was the Chairman's question.

2 COMMISSIONER BRADLEY: Right.

3 MR. MELSON: Your question with respect to
4 condemnation, the county does have eminent domain authority and
5 could, if they wanted to take over all of Aloha or part of
6 Aloha, could exercise that eminent domain power today. That
7 doesn't depend on the Commission taking some action in order
8 for the county to be able to move forward with condemnation.

9 COMMISSIONER BRADLEY: All or part of it?

10 MR. MELSON: Correct. Whatever they could make to
11 the court a showing of public need to do.

12 CHAIRMAN BAEZ: And a follow-up to that. I think
13 Commission Hildebrand had mentioned some -- and I think it was
14 mentioned by Mr. Forehand, some solution floating out there,
15 some proposal floating out there. Certainly, which I wasn't
16 aware of, but that Tampa Bay Water could take over the -- now,
17 without evaluating -- I'm sorry, without evaluating the
18 proprietary, does Tampa Bay Water have that kind of eminent
19 domain authority?

20 MR. MELSON: I don't believe they do. My
21 understanding of what happened in Carrollwood is the county
22 exercised the authority, and then Tampa Bay purchased or took
23 over from the county. So presumably it's a cooperative effort
24 through Pasco County and --

25 MS. HILDEBRAND: And Tampa Bay Water.

1 CHAIRMAN BAEZ: It would be the county's discretion
2 to exercise their authority, and they can exercise or attempt
3 eminent domain at any time?

4 MS. HILDEBRAND: But it was -- Mr. Chairman, in the
5 situation of the Carrollwood wells, that was a volunteer.

6 CHAIRMAN BAEZ: Well, I understand --

7 MS. HILDEBRAND: It was not by eminent domain or
8 anything like that in Hillsborough County.

9 CHAIRMAN BAEZ: You laid out some effort at a
10 resolution --

11 MS. HILDEBRAND: And I shared that with Mr. Reilly
12 and Mr. Shreve.

13 CHAIRMAN BAEZ: -- and I wanted to understand the
14 scope of it, and I wanted to understand how it all worked and
15 what kind of opportunities are out there. But at this point,
16 certainly from my mind we have established a fair amount of
17 discretion on the part of the county if they were willing to --
18 if they were of a mind to really do something about it.

19 MS. HILDEBRAND: And I've explored that with Pasco
20 County and Tampa Bay Water.

21 COMMISSIONER BRADLEY: And you also mentioned that a
22 situation could be created that would allow the capping of
23 those two wells and for Aloha to purchase water from Tampa Bay
24 Water and serve as a broker rather than a producer.

25 MS. HILDEBRAND: Right.

1 CHAIRMAN BAEZ: If there are no other questions of
2 Mr. Forehand --

3 COMMISSIONER BRADLEY: No.

4 CHAIRMAN BAEZ: Mr. Forehand, thank you very much for
5 your input.

6 And at this point, Commissioners, if you will indulge
7 a point of personal privilege, ladies and gentlemen, we are
8 going to take a brief recess, five minutes.

9 MR. FOREHAND: One thing, if this settlement is
10 accepted, it precludes the opportunity for these creative
11 solutions such as Ann Hildebrand and I both talked about.

12 Thank you.

13 (Recess.)

14 CHAIRMAN BAEZ: We'll reconvene the customer meeting.
15 Mr. Reilly, would you call the next speaker, please.

16 MR. REILLY: John Andrews.

17 CHAIRMAN BAEZ: Mr. Andrews, welcome, sir.

18 MR. ANDREWS: Thank you, Commissioners, for
19 responding to our request to hold this public hearing so that
20 we, the customers, could present our concerns about Aloha and
21 its proposed settlement offer.

22 Here are some of my observations about Aloha and its
23 relationship to its customers. First, however, I'd like to
24 mention the "sions/tions," the words that end in "sion/tion."
25 There are several of them that come to mind when reviewing

1 Aloha's attitude toward its customers and the PSC:
2 Confrontation, confusion, delusion, evasion, illusion,
3 litigation, subterfuge (phonetic). There are more
4 "sions/tions" that I will mention later. Keep these words in
5 mind as you listen to the customers' concerns here today.

6 Aloha wants us to believe it's a no-fault water
7 utility. It admits no fault or liability on water quality or
8 customer service issues raised by the PSC or its customers. It
9 claims that its drinking water is clean, clear, odor free and
10 safe when it reaches every customer's house. As for the
11 quality of water flowing through the customers' pipes, well,
12 that's the customers' problem.

13 Aloha says it wants to improve its customer
14 relations, but it continues to show a callous disregard and
15 disrespect for its customers. It consistently refused to
16 cooperate with the customers and others during numerous
17 attempts to identify problem causes and to examine potential
18 solutions.

19 It held customer workshops in 2004 to learn about
20 customer concerns and said it would fix the water problems, yet
21 it continues inaction with delays and legal activities.

22 For many years Aloha has openly defied state and
23 local government, excuse me, governing agency attempts to
24 resolve the water quality issues, thereby obstructing due
25 process. It has ignored, delayed and appealed actions by the

1 Florida government agencies and local Pasco County Board of
2 County Commissioners to improve water quality and customer
3 service. The perception is that Aloha has an attitude, that it
4 is above the law and does not need to obey government orders.
5 Aloha does not like to be told what to do, unless, of course,
6 it can get a rate increase approval.

7 The one consistency in Aloha's management style is
8 confrontation and litigation. These and many other Aloha

9 actions have convinced the customers that Aloha is not, that
10 Aloha is not serving their best interests, and that the
11 proposed settlement cannot be accepted with any expectation
12 that there will be good water from a timely and cost-effective
13 solution.

14 I urge the Commissioners to reject Aloha's current
15 settlement order and to continue all proceedings toward the
16 scheduled deletion hearing in January 2006 without any further
17 delays.

18 On the subject of customer testimony, the evidence
19 that the customers have presented, in recent years customers
20 have submitted much evidence to the PSC that would justify
21 deletion of a portion of Aloha's service area and perhaps the
22 total revocation of their license to be a water processing
23 utility. Customer testimony cites much factual information
24 that appears in public and subpoenaed records. Aloha has
25 attempted to discredit that evidence and the customers have

1 provided the data.

2 I wonder if the Commissioners have read the customer
3 testimonies that have been submitted previously to the PSC.
4 That should be a foremost requirement before any decision is
5 made about Aloha's settlement offer. The testimony is a major
6 indictment of Aloha.

7 Good quality drinking water is a basic need for
8 health of body and peace of mind. After more than a decade of
9 water quality problems, we want better water now, not in six or
10 eight or ten years.

11 The case for deletion; more than four years ago
12 nearly 1,500 Aloha customers signed a petition requesting
13 better water or deletion from Aloha. Today we have neither.
14 Deletion of service area is possible when a utility
15 demonstrates through both its actions and inactions that it is
16 incapable of providing a product that is comparable to that of
17 regional utilities and that it does not have the technical
18 expertise, management competence or will to achieve satisfied
19 customers.

20 In a precedent setting case in the 1990s there were
21 three conditions that were met to justify partial revocation of
22 the license of a Florida utility. I submit that these
23 conditions are met also by Aloha Utilities.

24 The first condition for partial revocation is
25 incompetence in technical management of the production and

1 distribution of drinking water. Here are four apparent
2 deficiencies in Aloha's system, and I'm going to eliminate some
3 of the detail here in order to shorten this, this speech.

4 Aloha's current water processing mandate, the sole
5 use of chlorination, is not appropriate for the water source
6 chemistry. Aloha has reported hydrogen sulfide levels ranging
7 from 0.01 milligrams per liter to as much as 6.78 milligrams
8 per liter. If not removed, this can cause unpleasant taste,
9 rotten egg odor and metal pipe corrosion. Aloha has refused to
10 admit the need to remove hydrogen sulfide, choosing instead to
11 oxidate -- oxidize it by the use of chlorine.

12 After the Pasco County Ad Hoc Committee urged
13 adoption of the 2003 FDEP rules that recommended aeration,
14 Aloha refused to accept the processing methods and appealed the
15 resulting county ordinance.

16 The second apparent deficiency under incompetence and
17 technical management is that some of Aloha's facilities appear
18 to be inadequate to handle the volume and treatment
19 requirements to completely convert the hydrogen sulfide into
20 sulfate.

21 The third apparent deficiency is that the processed
22 water becomes unstable as it passes through the distribution
23 system. Sufficient chlorine levels in the distributed water
24 are essential for maintaining adequate bacterial disinfection
25 to avoid bacterial illness and to prevent the reformation of

1 hydrogen sulfide. Chlorine level measurements at various times
2 and places in the distribution system, at flushing sites and in
3 homes, indicate a wide variance and occasionally very, very low
4 chlorine levels. This deterioration of water quality is of
5 great concern.

6 And the fourth apparent deficiency is that the water
7 quality deteriorates after entering the home. It is believed
8 that the inappropriate processing method, inadequate facilities
9 and process control and poor hygiene in the distribution system
10 result in the delivery of water containing elemental sulfur and
11 hydrogen sulfide, which can cause deterioration of water
12 quality and damage to pipes. The solution appears to be the
13 use of aeration to achieve physical removal of hydrogen sulfide
14 from the source water and to ensure adequate oxygen levels.

15 The second consideration or condition for partial
16 revocation of a service area is inappropriateness of financial
17 management which impacted the service to customers. Here are
18 some examples of Aloha's physical irresponsibility.

19 They attempted to collect \$659,000 from customers
20 through a water rate increase for losses suffered by Aloha when
21 it failed to collect developer connection impact fees.
22 Customer escrow monies; \$276,000 continue to be held by Aloha,
23 despite a PSC order to make refunds. Aloha has attempted to
24 get inappropriate legal fees through rate, water rate
25 increases, and Aloha has used funds inappropriately for studies

1 that are unnecessary. Some of these studies are undertaken
2 elsewhere and the results don't even apply to the particular
3 situation here in Pasco County. The most recent example is the
4 cost of the study about the appropriateness of using hydrogen
5 peroxide as an oxidant to reduce the incidence of black water
6 and rotten egg smell. And another inappropriate instance of
7 financial management is all of the expenditures for legal
8 appeal costs, which indicate that Aloha has a false sense of
9 priorities for how it spends money.

10 Good funds management, reduction of legal fees and
11 elimination of unnecessary expenses could result in funds to
12 provide better process control, updated equipment and
13 satisfactory water quality.

14 The third condition for partial revocation of service
15 area is disobeying the legitimate orders of the regulatory
16 agencies. And you've already heard from other people about the
17 number of cases in which Aloha has either ignored, delayed or
18 appealed orders from the PSC, SWFWMD, DEP and Pasco County.

19 In its settlement offer Aloha continues to dictate
20 demands and threaten legal actions if the PSC does not accept
21 the offer. Some might view that as extortion. Will that cause
22 our PSC to give in to Aloha at the expense of the customer
23 satisfaction and a more timely and cost-effective solution?
24 Does the PSC really serve the best interests of the customers?
25 We certainly hope so.

1 Now let me ask you, Commissioners, if you were an
2 Aloha customer, would you trust Aloha to comply with the
3 settlement offer in a noncontentious, expedient and
4 cost-effective manner? And do you think Aloha would be
5 competent to install, operate and maintain an adequate
6 technical solution to achieve the desired result: Satisfactory
7 drinking water?

8 Please, if you have not read the testimony that
9 previously has been submitted to the PSC, read it and look at
10 Aloha's record. Aloha has not earned the right to continue as
11 our monopoly water processing utility. As for me, I believe
12 that the best solution is for the PSC to reject Aloha's offer
13 of settlement and to continue the proceedings leading to the
14 January 2006 deletion hearing. How can the Commissioners not
15 do this on the behalf of the customers?

16 And now there are more "tions." For Aloha, deletion
17 of service area. For the customers, solution of water quality
18 problems. Thank you for listening.

19 CHAIRMAN BAEZ: Thank you, Mr. Andrews.

20 Mr. Reilly.

21 MR. REILLY: Harry Hawcroft.

22 MR. HAWCROFT: Good afternoon, Commissioners. My, my
23 presentation is going to be in like three parts, and I have
24 some things for you to look at, if it's okay for me to pass
25 them out.

1 Good afternoon, Commissioners. My name is Harry
2 Hawcroft and I live at 1612 Boswell Lane, New Port Richey,
3 Florida 34655. Good afternoon. For the past four years a
4 group of dedicated customers have been trying to find solutions
5 to the Aloha black water problems. The group of customers that
6 have been involved with this monumental task came from a
7 variety of backgrounds and professions. It was realized very
8 early that Aloha Utilities would not be receptive to any of the
9 customers' suggestions to resolve the black water problem,
10 regardless of what ideas the customers suggested. It is a fact
11 to this day that Aloha continues to fight any orders or
12 solutions of the black water problem in a belligerent manner.

13 The customers have tried diligently to work hard with
14 the current management of Aloha Utilities. One, Dr. Abraham
15 Kurien made a proposal at the hearing in 2002, quote, that all
16 should work for a win-win solution to the customers' problems.
17 Two, the Citizens Advisory Committee, which resulted in a
18 dismal failure, and the company told participants, you are not
19 a regulatory agency, you are customers, end of quote, as the
20 utility refused requests for helpful information.

21 In May 2004 the customers' group were present at a
22 technical meeting with Aloha Utilities in an effort to find
23 technical solutions, but Aloha refused to consider anything but
24 the unproven hydrogen peroxide technology process.

25 In the spring of 2005, with the help of a mediator,

1 Mr. Patrick Wiggins, the customers reached an impasse quickly,
2 as Aloha used the mediation as a ploy to try and delay actions
3 at a time when Pasco County was in the process of establishing
4 an ordinance that would require the removing of hydrogen
5 sulfide.

6 Aloha has demonstrated that they are not willing to
7 work with the customers to resolve the black water problems.

8 The customers would like to make the Commissioners
9 aware of the fact that Pasco County has established an
10 ordinance requiring Aloha Utilities to implement improved
11 processing to remove the hydrogen peroxide. This was
12 recommended by an ad hoc committee established by the Pasco
13 County Commission in accordance with House Bill 0987.

14 Mike Fasano supported the House Bill 0987 that was
15 introduced by Representative Tom Anderson and the final passage
16 of the bill in the Senate. The bill gave Pasco County the
17 authority to respond to Aloha Utilities' customer complaints
18 through the establishment of an ad hoc committee.

19 Pasco County Commissioner Ms. Pat Mulieri chaired the
20 Pasco County Ad Hoc Committee and it included the following
21 people: Dr. Steve Duranceau, Director of Water Quality
22 Treatment at Boyle Engineering in Orlando, Florida; Dr. Chris
23 Owen of Tampa Bay Water Authority, who is their Water Quality
24 Control Officer; Mr. Mark Yacht, the Pasco County Health
25 Director from the health department; Dr. John Gaul, a customer

1 with a Ph.D. in chemistry; and Mr. Wayne Forehand, a customer
2 with a degree in engineering. There were also two Aloha
3 Utilities representatives present.

4 Pasco County retained the services of Pasco -- of
5 Parsons Water and Infrastructure, Incorporated, of Tampa,
6 Florida, to be the consultants to the ad hoc committee. Dr.
7 Tory Chaplin, Ph.D. and P.E., and Loren Furland, P.E., were the
8 two consultants that were assigned to the ad hoc committee.

9 The Pasco County Commission enacted an ordinance
10 encompassing recommendations of the ad hoc committee. Rather
11 than agree to follow the Pasco County ordinance and acknowledge
12 willingness to fix the customers' problems, Aloha attorneys
13 have filed an appeal to the court.

14 Parsons Company did prepare a report at the
15 request -- for the cost of aeration technologies that was
16 recommended by the ad hoc committee to resolve the black water
17 problem. I've presented you with several tables from the
18 Parsons 21-page report that was submitted by the Parsons
19 Company and, Commissioners, you now have that in front of you.

20 I would like to move on to the next and final stage,
21 and I would like to address the cost factor. You have to
22 excuse me. My machine jumped into small print, so I must put
23 on my, my reading aids here. I didn't realize they were two
24 different sizes.

25 Here we go. I would like to address the cost factor.

1 That should be an essential consideration for a comprehensive
2 solution to the water quality issues between Aloha and its
3 customers. This matter has not been adequately addressed in
4 the offer of settlement, except to indicate that the selected
5 option would be implemented and that PSC would review the
6 reasonableness of expenses incurred by Aloha before such are
7 included in water rate adjustments by the PSC.

8 During, excuse me, during the deliberations of the
9 Pasco County Ad Hoc Committee on technical solutions for
10 remedying black water and rotten egg smell in domestic
11 plumbing, Parsons Infrastructure Company was asked by the
12 ad hoc committee to provide a generic estimate of costs for the
13 provision of aeration at all of the eight wells of Aloha. To
14 the surprise of everyone, the amount needed was estimated to be
15 between \$5 million and \$6 million, with an operating and
16 management cost of about \$1 million per year, which was
17 significantly lower than Aloha's cost estimate in 1997 of
18 approximately \$10 million for the installation of upgraded
19 processing equipment and \$3.4 million for operating and
20 management expense. One of the reasons why the Aloha offer in
21 '97, '98 was not acceptable to the customers was that the
22 enormous increase in the water rate of 398 percent was
23 projected by Aloha. The Parson Infrastructure has estimated
24 the water rate increase to be about 84 percent.

25 To control the cost of upgrades it is essential to

1 control the design and implementation expenses. Such will not
2 happen without supervision of an experienced engineering
3 company that has an enormous expertise in the installation of
4 new processes. The Pasco County's involvement in the
5 resolution of water quality issues implied close supervision of
6 Aloha's design and implementation phases by the retention of
7 the Parsons Company for such a purpose. Therefore, it is
8 important that any action taken by the Public Service
9 Commission does not have the effect of negating the enormous
10 effort put into the resolution of the water quality issue by
11 direct involvement of the Florida State Legislature through
12 House Bill 0987. The customers would like to ensure that this
13 very important oversight function is delegated to the county by
14 the PSC in its acceptance of the recommendation of the Pasco
15 County Ad Hoc Committee and the implementation oversight that
16 is part of the ordinance created by the county. The lengthy
17 procedures required for effective action by the PSC is
18 extremely burdensome, burdensome to the customers, as revealed
19 by the events over the last ten years of the customers'
20 dealings with Aloha and the PSC. Therefore, it is very
21 important that efforts of the PSC and the county should be, and
22 I'd like to repeat and emphasize this, dovetailed to produce
23 the maximum effort with the minimum delay, and that the PSC
24 does not take any action that invalidates, invalidates the
25 efforts of Pasco County, which is acting under the direct

1 mandate of House Bill 0987.

2 Another point that I would like to bring to your
3 attention is the fact that there is another option for the
4 final resolution of water quality issues in a most recent, in a
5 most cost-effective way that has not been considered by Aloha
6 or the Public Service Commission. This involves the transfer
7 of the, and the abbreviation here is WUP, but it's Water Use
8 Permit of Aloha to Tampa Bay Water, with Aloha territory
9 receiving in exchange an equal amount of processed water at
10 production-expenses-only cost. This was proposed by some of
11 the customers who met with Aloha during the efforts at
12 mediation through the good offices of Attorney Wiggins, but was
13 considered unattainable at that time for lack of a precedent.
14 However, as you can see today by the example that I gave you,
15 Commissioners, that precedent has been set, and such a proposal
16 has been clearly demonstrated to be an achievable reality by
17 the purchase of the WUP of a private utility that served the
18 Carrollwood Subdivision. I want to give you Commissioners the
19 information to consider. I've already given you the
20 information in your hand.

21 This option or idea has the advantage that Aloha will
22 be assured no further reduction in its Water Use Permit. In
23 the modern world, SWFWMD will not guarantee in the future that
24 the current 2.04 million gallons per day that is in their
25 permit will be an ongoing given. I'm sure that SWFWMD in the

1 years to come with all these utilities is going to be
2 incrementally reducing the Water Use Permits through
3 conservation and other means. So this idea has a way of
4 saying, well, that, that water will be guaranteed, and it would
5 reduce -- of course, the Water Use Permit would also be great
6 in that there would be no need for SWFWMD to be placing the
7 utility in further violations, and then there would be no
8 further need for the enormous expenses for the installation of
9 upgrades or processing in the Aloha territory. This would be
10 an enormous savings in legal fees normally associated with the
11 quadriennial water increase hearings. There would also be no
12 need or no concern on the part of customers about the
13 professional capability and other costs involved to run a, a
14 new process and the consequential increase of personnel and
15 other items that would be included. As the water needs of
16 Aloha's territory increases, its Water Use Permit forms a
17 gradually shrinking percentage of the total needs for water,
18 and the relative cost-effectiveness of operating and management
19 expenses for processing such a small quantity of water will
20 become more pronounced. The predictions are in 2010 that the
21 utility will need approximately between 6 and 7 million gallons
22 per day. Currently their permit allows them for 2.04, but they
23 are actually pumping around 3 million. So by those figures,
24 only one-third of their water would be processed by them from
25 their wells if things remain the same way. Two-thirds, by

1 their projections, would have to be purchased from the, from
2 the county, Tampa Bay via the county.

3 So the customers have put a lot, almost close to four
4 years of diligent work to examine all the options that may be
5 relevant to producing cost-effective solutions for the
6 customers in an ambience that allows them to return to their
7 normal role of paying for good, stable water that they have in
8 their plumbing without any other involvement in scrutinizing
9 the working of a water utility. A good quality product at a
10 reasonable cost is the best customer service that a utility can
11 offer. Such an outcome would reduce confrontation between
12 Aloha and its customers, who have too long of a history of
13 conflicts to return to a stress-free relationship in the
14 future.

15 Therefore, I would consider the present settlement
16 offer by Aloha to be extremely inadequate, and I would request
17 the Commissioners, whose primary responsibility is the
18 protection of public health, safety and welfare, to reject it
19 as unacceptable to the customers' welfare. Thank you.

20 CHAIRMAN BAEZ: Questions of Mr. Hawcroft? Thank
21 you, sir.

22 MR. HAWCROFT: Thank you.

23 CHAIRMAN BAEZ: Mr. Reilly.

24 (Telephone ringing.)

25 (Discussion held off the record.)

1 MR. REILLY: We have Sandy Mitchell.

2 CHAIRMAN BAEZ: Mr. Mitchell, welcome.

3 MR. MITCHELL: Thank you, sir.

4 Good afternoon, Commissioners and ladies and
5 gentlemen. You will like my one page. I've got to get my
6 glasses on.

7 My name is Sandy Mitchell. I live in Riviera
8 Estates, a small gated community. I have been on the

9 homeowners association for six years, and all of them agree to
10 get better water now.

11 I have been in the plumbing supply business all my
12 life and have sold hundreds of truckloads of copper tubing to
13 the trade and never had a single pipe come back for pinholes or
14 corrosion. Copper is the standard of the industry. I have
15 supplied water and sewer utilities with all their materials for
16 over 40 years and never had a single complaint.

17 The only problem with Aloha is their water. They
18 have brass water meters and cutoffs at each house, plus all the
19 fire hydrants in the line which are cast iron on the outside
20 but all have brass interior construction.

21 They tried to blame the bad water on our pipes and
22 flappers in the toilet tank. This is absurd. I have sold
23 thousands of Korkey flappers manufactured by Lavelle Rubber and
24 have never had one come back because of causing black water.

25 The settlement they want is also absurd. I called my

1 plumber and his price was \$6,600 to \$7,500, plus the cost of
2 replacing walls and floors. Their price might work for a
3 mobile home or a two-bedroom house with one bath, but for a
4 \$600,000 house with three and a half baths, washer, kitchen,
5 ice maker and four outside faucets, their offer is just a drop
6 in the bucket.

7 We have to buy bottled water for drinking, cooking
8 and the pets to drink.

9 I urge you not to accept their offer. Thank you.

10 CHAIRMAN BAEZ: Questions of Mr. Mitchell? Thank
11 you, sir.

12 MR. REILLY: We'd like to call Donna Vaurio.

13 MS. VAURIO: Good afternoon, Commissioners. Thank
14 you for making the trip down here.

15 My name is Donna Vaurio. I live in Heritage Springs.
16 You've heard from many speakers sometime today, all of them
17 eloquent speakers, all of them well-educated, and not one jug
18 of brown water presented. They've done a lot of research.
19 They've worked many, many hours.

20 My grandson is visiting from Maryland, my
21 ten-year-old grandson. I'd rather be with him today than with
22 you. So why am I here? So that you can hear me and, and
23 understand what's going on. It's not to show off my new shoes,
24 but I will.

25 CHAIRMAN BAEZ: They're very nice.

1 MS. VAURIO: I served as ombudsman and counsel
2 coordinator for the U.S. Navy and have worked in customer
3 service in one form or another for much of my working career.
4 There are -- there is no "customer" in Aloha's customer
5 service. It is more appropriately called Aloha's self-serving
6 service. True customer service tries to solve the problem.

7 The water is not always clean and clear when it comes
8 to the house, as Aloha claims. But even if it were, it's an
9 aberration for a company with so many complaints to just turn a
10 deaf ear and not try to help solve the problem.

11 I've called and written several letters to Aloha
12 about the stinking smell of my water, and I've received the
13 same response several times. A service rep would come to my
14 door and tell me the water was clean, clear and safe, but
15 refuse to come in and smell it. Then I would get up -- get a
16 follow-up letter saying that the problem was caused by copper
17 pipes, no matter how many times I told them I didn't have
18 copper pipes. They just weren't listening.

19 A customer with little children who could not pay his
20 bill called us and begged us for help because it was Christmas
21 Eve and Aloha was out digging up his front yard to cap the
22 sewer line. This was particularly heinous because it wasn't
23 necessary to do this to cut off the water. They were doing it
24 so that he couldn't even flush his toilet on Christmas Eve.
25 Would Aloha have gone bankrupt by waiting two more days?

1 I'm aware of another customer who was late paying her
2 bill but arrived at Aloha's office cash in hand and begged them
3 not to turn off the water. They said it was too late to do
4 anything about it, as the crew was already out on the road.
5 Are you telling me that they don't carry cell phones? Even if
6 that were true, the very same person who was standing next to
7 her in the office as she was begging not to have her water
8 turned off was the one who arrived later to actually shut it
9 off. So not only was he not out in the field, but could have
10 been stopped readily while she was in the office.

11 Time after time customers have called with complaints
12 about lift stations, either to report an especially awful smell
13 or to alert the utility that a red warning light was flashing.
14 I'm aware of calls that were made to Aloha in April, May, June,
15 and July all about lift stations. So you can see it's not an
16 isolated incident.

17 Particularly more recent is Aloha's nonresponse to
18 reportings of red flashing lights on these stations. They were
19 called more than once recently about a red light flashing on
20 Oliver (phonetic) Drive. The customer was told that the light
21 was informational only and that an operator would check it out
22 during the next visit. Well, we certainly found out what the
23 information was that the red light was trying to convey when
24 sewage erupted all over the street.

25 New Port Richey Wastewater Utility, the Pinellas

1 County Wastewater Utility and the Pasco County Wastewater
2 Utility all advised that they ask customers to call the
3 emergency numbers if they see a red flashing light, and those
4 utilities advise that they would respond promptly. In
5 contrast, Aloha's response has been to turn the light away from
6 the street so that the customers can't see if it's flashing red
7 or not anymore.

8 I know of one more -- I know of more than one person
9 and can testify from my own experience that when we wrote to
10 Aloha about a problem, we were told that they had never
11 received a complaint from us before. Not true. We had placed
12 phone calls about problems, but they apparently don't count as
13 complaints in Aloha's logs. If you want to be on the record,
14 better make sure that you not only send a letter, but that you
15 send a copy to the PSC. Then and only then did Aloha remember
16 that they had received complaints from us.

17 Do you remember when you ordered Aloha to set up the
18 CAC and work closely with the customers to come to a solution?
19 Well, I attended most of those CAC meetings, and Aloha's
20 management promised many things in front of numbers of
21 customers in attendance, only to refuse to give the information
22 or documentation once ensconced back in their offices and out
23 of the public eye.

24 They told the customers that we were not a regulatory
25 agency and that we were not shareholders. This was their

1 reason for thumbing their nose at us and for circumventing your
2 order, the same order they contested in court and lost.

3 Aloha refuses to release maps of their service area.
4 Our village requested a map of Aloha's territory so that we
5 could deal with a reclaimed water problem. Aloha refused to
6 give it to us. We were not asking about infrastructure, just
7 territory. We asked Pasco County if they could help us, and
8 they gave us Aloha's territory. It seems to be Aloha's goal to
9 be as obstructionist as possible, no matter how simple the
10 request.

11 Aloha uses subterfuge and mediation not to come to an
12 agreement but to use it as a stall tactic. They were
13 constantly telling one agency or another that they needed an
14 abatement on this, that or the other thing because they were in
15 mediation with their customers. They continue to say this long
16 after the customers said they had no more to talk about.

17 Failing any agreement with the customers, Aloha took
18 the backdoor with your staff to get a settlement which is
19 decidedly in their favor. This was without any input from the
20 customers, not even from our attorney Steve Reilly with the
21 Office of Public Counsel. It's an enigma as to why your staff
22 would sign such a document without hearing from the customers.

23 Once a war was fought over taxation without
24 representation. Now we're fighting for no settlement without
25 representation.

1 The PSC was going to send out customer surveys. Why
2 didn't you? How can you possibly come to a decision on a case,
3 much less a settlement of this case, without hearing the
4 scientific evidence that the customers have amassed and without
5 hearing the testimony of the independent expert, Dr. Taylor,
6 that you have already put under contract?

7 Many have presented options today. Please do not
8 consider any of them, including the tap -- closing the --
9 capping, thank you, capping the pipes, or pass-through or
10 anything else in exchange for not proceeding with the deletion
11 proceedings. You must do them on parallel tracks.

12 Aloha constantly talks about how the county ordinance
13 shouldn't be enforced because it only gives one remedy, that of
14 aeration, and that is not true. If you had a copy of the
15 ordinance that Pasco County passed -- and I have no idea why
16 your staff hasn't gotten one to you yet. That's inexcusable.
17 Under 2D, Variance Procedure, "The board may grant a variance
18 from the technological standards as set forth in (A) of this
19 ordinance when such a variance will not be contrary to the
20 public interest, where owing to special conditions a little
21 enforcement of the provisions of this Code would result in
22 unnecessary hardship, and where improved or alternative
23 technology would meet or exceed the sulfide removal capability
24 of forced draft aeration, and is economically, technologically
25 and environmentally feasible." So to say they have only one

1 option is ridiculous.

2 Okay. I know what Aloha is afraid of. What are you
3 afraid of? At the beginning I said, "There's no customer in
4 Aloha's customer service." Now my question to you is is there
5 any public in the Public Service Commission? In all good
6 conscienceness (phonetic) you must reject this settlement.
7 Thank you.

8 CHAIRMAN BAEZ: Questions of Ms. Vaurio? No? Thank
9 you, ma'am.

10 MR. REILLY: Dr. Abraham Kurien.

11 DR. KURIEN: Honorable Commissioners, I have given
12 you a copy of my presentation because my English is very much a
13 mongrel's dialect. I hope you will excuse me.

14 Thank you for the opportunity to address you once
15 again. This is the eighth time that I'm standing before a
16 Public Service Commission hearing. As an individual with some
17 experience of conflict resolution, I want to point out to all
18 the fundamental difference between a settlement and a permanent
19 resolution.

20 What the customers need and have looked forward to
21 during the last four years is a permanent resolution of all the
22 issues related to this situation. That demands a careful
23 analysis of why the situation arose, why it has continued in
24 spite of the efforts in the past of the Public Service
25 Commission and the customers to solve it expeditiously, and why

1 such efforts have failed. It requires a judgment about whose
2 responsibility it was to solve the problem before it got to
3 this distressing stage and what delayed its resolution. It
4 necessitates a determination about how to provide better
5 quality water and whether Aloha has the scientific credentials
6 and financial ability to do so. It demands an assurance of
7 stable, good quality water and excellent customer service for
8 the future. It entails an assessment of the steps for
9 restoration of disrupted relationships, if such is possible.

10 On the other hand, what the utility has offered as an
11 awful settlement is a legal compromise, which is far from the
12 resolution the customers have sought. The advantages of a
13 legal compromise without any investigation of the
14 well-documented complaints against Aloha must be obvious and
15 essential to the utility or else it would not have taken that
16 step. What is Aloha trying to hide by its attempt to prevent
17 investigations?

18 I would like you for a moment to compare the present
19 offer of Aloha with an offer made by 1,491 customer petitioners
20 to Aloha and the PSC in July 2002, which was an attempt to
21 cooperate with the utility. The customers offered to work with
22 the utility to address the issue scientifically; gave the
23 utility an additional 12 months to find the causes of
24 deterioration of water quality and resolve the problem; asked
25 for nothing more than that they should have good quality water

1 to drink, bathe their children and themselves in, wash their
2 clothes. That offer did not require any admission of fault or
3 liability, but merely a willingness on the part of the utility
4 to do what it needed to do scientifically in an expeditious
5 manner. It asked that the customers be given a role in
6 monitoring the quality of water in the future. It did not make
7 any threats of legal action. It merely contained a request for
8 a permanent resolution if Aloha did not demonstrate its ability
9 for delivering good quality, stable water that does not undergo
10 deterioration in customer pipes. That is what a very
11 reasonable offer settlement looks like, and it was made in good
12 faith.

13 The response of Aloha was a legal challenge to the
14 authority of the PSC that issued orders to Aloha to undertake
15 what the Commission recognized as the best way to solve the
16 issue of poor quality. As a consequence, it became the burden
17 of the customers to take upon themselves the responsibility of
18 assessing the inadequacy of Aloha's system of production and
19 distribution of drinking water to find the scientific reasons
20 for the poor quality of water, to document more clearly the
21 inaccurate approach of the utility toward scientific truths, to
22 put on record an unjustified legal approach of the corporation
23 that is close to an ethical lapse. That responsibility truly
24 belonged to the utility and the regulatory agencies. The
25 customers of Aloha have successfully shouldered this

1 responsibility; whereas, the utility and the regulatory
2 agencies have failed in their duty. But the customers do not
3 have the power to resolve these issues without the action of
4 the Public Service Commission and without the help of the
5 monopoly utility. They are captive customers. If they were
6 not, as everyone knows only too well, Aloha would not exist
7 today as a water utility.

8 The customers offered three more opportunities for
9 the utility to be cooperative with the customers in the
10 resolution of the issues, all of which have already been
11 referred to by previous speakers. The customers approached all
12 these occasions with a desire to permanently resolve the
13 issues, and they were met with a legalistic and obstructionist
14 attitude by Aloha.

15 That posture, I submit to you, Commissioners, is not
16 an appropriate one for a monopoly utility. As a monopoly,
17 Aloha receives privileges of being in a profitable business
18 without competition and with a reasonable rate of return on its
19 investment. The customers, on the other hand, do not have the
20 option of seeking delivery of water from another source and
21 they have been left with an unsatisfactory product. Customers
22 of any utility have the right to have a product in their homes
23 that meets some basic common sense criteria. The Public
24 Service Commission and Aloha's owners should not have allowed
25 the utility to become an exception to this legitimate

1 expectation for over a decade at great injury and suffering to
2 the customers. The Public Service Commission has on numerous
3 occasions found that the quality of service provided by Aloha
4 to have been less than satisfactory, but up to now the
5 Commission's previous actions have not produced an effective
6 remedy.

7 Therefore, the offer of settlement may seem to the
8 staff of the Public Service Commission to be an appropriate,
9 timely resolution and an opportunity for an effective remedy
10 that should be utilized. However, the Commissioners, at the
11 urging of Aloha itself, had concluded earlier this year that a
12 show cause proceeding against the utility was the most
13 appropriate course to deal with the customers' complaints.
14 Such a proceeding is a critical exercise of the Commission's
15 jurisdiction and authority in response to the request of the
16 petitioners for a final solution to the decade-long problems of
17 poor drinking water quality. Aloha's current offer of
18 settlement is not sufficient reason for abandoning that
19 approach.

20 Further, it's appropriate to bring to your notice
21 that due to your inability to bring about a timely resolution,
22 the citizen customers of Aloha approached their representatives
23 to involve the state Legislature to provide relief from poor
24 quality drinking water. Representative Anderson and Senator
25 Fasano, the citizens' representative, introduced specific

1 legislation towards this end through House Bill 0987 that was
2 signed into law by Governor Jeb Bush. That law authorized
3 Pasco County to intervene in this matter, as I am sure you are
4 well aware. An ad hoc committee of the county with eminent
5 water quality experts recommended that the appropriate
6 resolution for the problems of poor quality water in customer
7 homes is the adoption of a technology standard that was
8 recommended by FDEP in August of 2003 for the prevention of
9 copper corrosion and black water. An ordinance, as you have
10 heard, has been approved by the Pasco County Commissioners to
11 implement that recommendation. Aloha, instead of accepting
12 this as an opportunity to improve the quality of its delivered
13 water and settle the conflict, has challenged the ordinance
14 introduced by the Pasco County.

15 Therefore, at this juncture your responsibility as
16 the licensing authority for water utilities is specifically and
17 exclusively to determine whether Aloha has the credentials
18 necessary to install the upgraded technologies and provide
19 customer services that meet the standard of sufficient service
20 as defined by Chapter 367 of the Florida Statutes. Such a
21 determination must be undertaken on the basis of Aloha's
22 performance during the last decade. From the petitioners'
23 perspective, a review of Aloha's performance record during the
24 last ten years, if not more, shows that this utility has not
25 demonstrated the scientific ability or corporate culture

1 necessary to supply stable, good quality water to all of its
2 customers. The customers are willing to submit their
3 conclusion about the inability of Aloha to a scientific and
4 technical review by water processing experts who have no
5 conflict of interest and a judicial review by the Public
6 Service Commission in its capacity as the state agency that
7 issues a certificate of authorization. That, indeed, was the
8 intent of Docket 050018 set for hearing in January 2006. The
9 Public Service Commission must now proceed with the scheduled
10 hearing and consider the offer of settlement only if such
11 contemplation is relevant after the Commissioners' judgment and
12 vote in the show cause docket.

13 Now let me indicate why the consideration of the
14 offer of settlement is without merit at this particular moment.
15 Aloha has spent the last four years in legal battles to prevent
16 legitimate and amicable solutions to the problems. It has
17 accumulated a million dollars worth of bills in legal jousting
18 and in exploring solutions that the customers had indicated
19 were dead-end alleys. After all of that, Aloha has now
20 approached the PSC through the backdoor to offer a settlement
21 without customer involvement. The customers need a utility
22 that understands the demands of water processing in more than a
23 cursory way.

24 Aloha has accused the customers of not being
25 sophisticated in their understanding of the reasons for poor

1 quality water. However, just three months ago the ad hoc
2 committee of Pasco County concurred with the customers' view of
3 the science of water processing rather than that of the utility
4 and its engineer. Customers have provided evidence from
5 official regulatory agency documents as well as Aloha's own
6 records about the inappropriateness of the processing method,
7 the inadequacy of Aloha's facilities and the poor conditions
8 within its infrastructure. On the other hand, the utility has
9 maintained that it has always provided clean, clear and safe
10 water for its customers based purely on visual impressions
11 only, but without providing scientific proof for this
12 conclusion. Therefore, such a claim is a scientific absurdity
13 and a legal nonsense even within the context of Aloha's claim
14 that it has met the extremely low state and federal standards.
15 Add to this the claim of the utility's engineers, who have
16 assumed the status of experts, that the black water is due to
17 the corrosion of the black flapper valves in the toilet tank,
18 clear evidence that Aloha Utility has very little understanding
19 of water processing science. How can any customer accept the
20 idea that Aloha is competent to run a water utility?

21 Therefore, it would be gross injustice to the
22 customers if the Public Service Commission now enters into any
23 settlement prior to a judgment about the utility's competence.
24 Aloha is a utility whose record of service to its customers was
25 so poor that just a few months ago the Commission ordered the

1 utility to show cause why its license to serve certain areas of
2 its service territory should not be revoked. Aloha's
3 management has recently claimed that the unwillingness of the
4 PSC and the customers in 1998 to guarantee financial resources
5 was the only reason for Aloha's inability to provide sufficient
6 service. For such an assertion to be true, Aloha's management
7 would need to document that such an effort was made in 1997 to
8 '98 when packed tower aeration was proposed to convince the
9 customers and the Public Service Commission that the method of
10 water processing used then was inadequate and necessitated
11 upgrades.

12 Aloha should have also explained that without
13 financial resources being made available to it through
14 guaranteed rate increases it could not provide the necessary
15 upgrade and such an inability would result in delivered water
16 that could continue to deteriorate in customer plumbing.
17 Honorable Commissioners, you will not come across any evidence
18 to show that Aloha made such an effort.

19 On the contrary, the information provided to the
20 customers by Aloha is that there was no scientific evidence to
21 justify upgrades, and that a political opportunist and some
22 activists were trying to force the Public Service Commission to
23 provide expensive but unnecessary upgrades. Aloha even
24 maintained that appropriately upgraded methods would not
25 improve water quality. Therefore, the customers have arrived

1 at the judgment that it is Aloha's preoccupation with financial
2 expenditures it might have had to make on its own before a rate
3 increase was granted combined with a lack of concern for the
4 welfare of the distressed customers that prevented it from
5 providing sufficient service during the last ten to 12 years.
6 Such a conclusion prevents the customers from accepting Aloha
7 as a utility that will manage the more sophisticated water
8 process of forced aeration contemplated for the future in a
9 customer-oriented way. When coupled with the persistent
10 defiance by the utility of PSC orders, including those recently
11 necessary to determine the extent of water quality problems, it
12 would be sheer folly on the part of customers to accept Aloha
13 as their future water utility without some major change.

14 It is, therefore, extremely inappropriate to suggest
15 that the long-suffering customers accept an offer of settlement
16 at this moment. Aloha allowed the customers to suffer for ten
17 years while it should have known or while it indeed knew all
18 along that the technological upgrades were essential for
19 improving the quality of delivered water as other utilities in
20 the neighborhood realized. On numerous occasions the utility
21 has defended its inadequate processing method as adequate and
22 blamed reactions in customer pipes as the exclusive reason for
23 water quality problems. It did not explain the whole
24 scientific truth about the process for the deterioration of
25 water in domestic pipes. It did not invite the customers to be

1 part of the effort to find solutions, nor did it collaborate
2 with its customers when they offered a win-win outcome through
3 cooperative search for solutions. Thus, Aloha was negligent in
4 its responsibility as a water utility and shirked its role in
5 improving the quality of delivered water. Such negligence has
6 been damaging to public welfare and the customers' property.

7 To add to it, Aloha now seeks to exclude active and
8 considered input from the customers into any resolution by a
9 take-it-or-leave-it approach attached to its offer of
10 settlement. Aloha has not acknowledged that many customers are
11 victims of its inability to provide stable, good quality water
12 in a timely manner, whatever the reason for that inability.
13 Aloha camouflaged this inability and unwillingness under a
14 legal cloak for many years, claiming that it met all state and
15 federal standards for water quality. When the Public Service
16 Commission ordered it in April 2002 to achieve a high
17 percentage of removal of hydrogen sulfide to significantly
18 improve water quality, Aloha claimed that the Commission had no
19 authority to order it to improve water quality. By such, by
20 such legal maneuvers Aloha has delayed the implementation of
21 desperately needed upgrades. Aloha thus wasted many more years
22 during which appropriate upgrades should have been installed.
23 Even now under the threat of continued litigation Aloha wants
24 the Public Service Commission to unilaterally impose on the
25 customers a settlement which may not be in their best

1 interests. The offer of settlement was negotiated in a way in
2 which the customers, who understand the demands of water
3 processing better than the utility and the Commission, could
4 not argue on their own behalf for the legitimate outcomes that
5 they need for the future. Even if approved now under the offer
6 of settlement, such upgrades will not be in place until 2008,
7 close to 15 years after significant copper corrosion was
8 detected in some parts of Aloha's territory. This adds insult
9 to the injury of the last ten years.

10 This does not, however, mean that the customers
11 prefer continued legal encounters between the utility and the
12 regulatory agencies to better quality water, but it
13 necessitates that any settlement requires a clear recognition
14 of the legitimate needs of the customers, as conflict-free
15 water experts understand them. It must include the processing
16 of source water by a utility that understands the science of
17 water processing accurately and does not use legal means as a
18 way of thwarting appropriate resolution in a timely manner.
19 Therefore, it is essential that before proceeding to a
20 consideration of any settlement that you, Honorable
21 Commissioners, should review, establish and assure that Aloha
22 has the credentials to be an effective water processing utility
23 in the future and that it demonstrates a willingness to accept
24 legitimate supervision from regulatory agencies, along with a
25 guarantee that it will comply with the demands of the

1 regulatory agencies for quality assurance instead of running to
2 the courts. Such a legitimate demand by the customers should
3 not be short-circuited by the PSC, who, like everybody else in
4 this sad mess, is tired, exhausted and wants the whole
5 situation to disappear as if by a magic wand.

6 Some of the customers have already expressed their
7 reaction to the offer of settlement. What is obvious to me is
8 that this offer of settlement is very strident in its tone and
9 is biased towards Aloha's desire to continue as a monopoly
10 utility that processes source water and can reap in the future
11 the benefits of such a privileged position, as it has done in
12 the past, and not towards a customer-oriented comprehensive
13 resolution. The image that Aloha has projected is that of a
14 utility that does not feel that it needs to be
15 customer-oriented in its actions because it's a monopoly. If
16 the owners of Aloha feel that this is an erroneous impression,
17 then they need to have advised Aloha's management to cooperate
18 with the Citizens Advisory Committee. Aloha should have been
19 subject to the legitimate demands of the regulatory agencies
20 and called off the incessant assault on and constant challenge
21 of every decision the Commission has made to improve water
22 quality. Aloha should not have sought to obtain from the
23 customers the \$659,000 it did not collect from the builders as
24 connection fees. It should have refunded the customers what is
25 owed to the customers without a second appeal of the decision

1 of the PSC in that matter. Aloha seems always to be
2 preoccupied with the financial benefit that would accrue to it
3 rather than the welfare of its customers, even while receiving
4 reasonable returns on its investment, and would use every
5 legalistic method it can towards that goal. It's not
6 surprising that recently a customer was left wondering whether
7 Aloha is a water utility or a legal firm masquerading as a
8 water utility. Without an end to the defiant and obsessive
9 legalism that seems to be the foundation of Aloha's managerial
10 style there is very little hope for a resolution of this
11 conflict. It is time for Aloha to recognize that its behavior
12 pattern produces the conflict and prolongs it.

13 Aloha may assert that all the points that I've made
14 are untrue. It has recently proclaimed in a paid advertisement
15 that customers have spread falsehoods about it. That is a very
16 serious accusation, Commissioners, and it's similar to a
17 supervisor at a building site pointing out a speck of sawdust
18 in a co-worker's eye when a 2x4 is sticking out of his own eye.

19 When each party is in a conflict -- when each party
20 in a conflict asserts that truth is on its side, the normal
21 procedure in our nation is to subject such claims under oath to
22 a review by those who have the authority to do so. Such an
23 authority is vested in you, Commissioners. And before the
24 possibility of a settlement is even considered, it is essential
25 that such an opportunity should be given to the customer

1 victims for the whole truth to be established. The petition
2 Commissioner -- the petitioner customers insist that only the
3 truth, the whole truth and nothing but the truth will clarify
4 the true reasons for the conflict and provide solutions that
5 include stable water as well as better management. Only after
6 such a judicial hearing should you decide what the best
7 solution is to this impasse. In fact, judicial propriety
8 demands that only after the provision of such an opportunity to
9 both Aloha and to its customers should you make a decision
10 concerning the current offer of settlement from the utility.

11 Further, the acceptance of an offer of settlement as
12 an adequate response of any utility to a show cause demand is a
13 de facto conclusion by the Commissioners that there is no
14 justification for revocation of Aloha's certificate of
15 authorization. As such, acceptance of this specific offer of
16 settlement from Aloha on the basis of staff recommendation
17 without an investigation of well-documented customer complaints
18 will be tantamount to a recertification that Aloha has the
19 credentials to continue as a water utility. It'll result in a
20 sweeping under the carpet of all the evidence of insufficient
21 service by the utility and an abdication of the responsibility
22 of the Commission to its customers -- to their customers. In
23 recommending acceptance of the current offer of settlement the
24 PSC staff has not given full weight to the evidence customers
25 have brought forth of serious neglect by Aloha of the technical

1 and scientific requirements essential to the production and
2 delivery of stable water. The prosecutorial team of the PSC
3 staff has not proven that such evidence as has been provided by
4 the customers is inaccurate or irrelevant by the Commission's
5 own investigation or by refutation of that evidence by the
6 utility. Therefore, the acceptance of the offer of settlement,
7 independent of its content and in spite of the recommendation
8 of the staff that the Commissioners accept the settlement, is
9 premature and denies the customers due process.

10 Therefore, the Commissioners should reject the staff
11 recommendation for acceptance of any offer of settlement until
12 after obtaining clear and convincing evidence, including input
13 from water processing experts about Aloha's credentials to be a
14 water utility on the basis of its performance during the last
15 ten years, and after a review of the evidence of insufficient
16 service that the customers have provided, including
17 cross-examination of witnesses from both parties to establish
18 or deny the validity of the allegations. Only in that way can
19 a permanent judicious resolution be created. The threat of
20 Aloha to continue litigation if the offer of settlement is not
21 accepted in its current form and its continued defiance of the
22 licensing authority's orders necessary for investigations that
23 the Commission seeks to undertake are, by themselves, sound
24 reasons for resolutely proceeding with the hearing of Docket
25 050018.

1 My fear and concern are that unless an adequate
2 settlement that more closely approximates a legitimate
3 resolution is created with the involvement of all parties, you
4 will not see an end to this conflict. It will not be possible
5 to do so without a quasi-judicial hearing of Docket 050018. It
6 will be a major tragedy if the regulatory agency that has been
7 endowed with the police powers, I repeat, the police powers of
8 the state to protect public health, safety and welfare and
9 which has been mandated to liberally construe the provisions of
10 Florida Statutes 367 were to become an impediment in the
11 achievement of an end to this decade-long conflict. Not
12 undertaking an adequate investigation of the complaints of the
13 customers and denying them and their views, a vital role in the
14 process to work towards a permanent resolution, will only
15 undermine the legitimacy and impartiality of the Public Service
16 Commission.

17 I thank you for your courtesy in allowing me to share
18 with you my considered, personal assessment of the situation.
19 Thank you.

20 CHAIRMAN BAEZ: Thank you, Mr. Kurien -- Dr. Kurien.
21 I'm sorry.

22 Mr. Reilly.

23 MR. REILLY: We have Milton Chojnowski.

24 MR. CHOJNOWSKI: I'm glad you all came down. My
25 comments will be brief; just a couple of things I would like to

1 say. I'm not going to talk about my plumbing that I had to
2 replace. I would just like to ask the Commission, the staff
3 again, what the hell were you thinking of? It makes very
4 little sense to me that you're letting this crew over here get
5 away with what they're trying to do.

6 There's a book written by Tom Peters called "In
7 Search of Excellence," and in this book he had made a study and
8 he was referring to what is the focus of successful companies?
9 He searched all over the country from potato chip makers to
10 heavy manufacturers, and in this he found that there were three
11 things: That you focus either on product -- I'm sorry --
12 customers, employees or profit. He found that the most
13 successful companies first focused on customer; second,
14 employee; and profit took care of itself in the third focus.
15 All of this, if you look at this and see what these clowns are
16 doing, they're looking at profit first, customer absolutely
17 last. I'm not sure where employee comes in.

18 Recently a book was put out also by Mr. Welch, he
19 retired from GE, called "Winning." And it's quite interesting
20 in there. He talks about -- at the very beginning he says two
21 things that you've got to absolutely have when you start out a
22 company, the first one is a mission. It's got to be stated
23 clearly but not in an ephemeral manner. The mission such as we
24 would have here, I think, would be customer satisfaction
25 through good quality water. And then values; the values are

1 the things that really are what you do to provide those things.
2 The mission itself. The values could be trust,
3 trustworthiness, integrity, those things that this company
4 seems to lack. Welch would probably fire this crew just like
5 that.

6 He also talks about how do you handle management
7 crisis or how do you manage crisis, and the one thing that he
8 says, the first thing you do is you admit to your problem, and
9 then the second thing is you go out and solve it. And as
10 you've heard many times now, they don't admit to their
11 problems.

12 Now I think the staff has done a disservice to us,
13 the customers, and he's done a disservice to you because what
14 he has -- what they've done, if you'll recall some of the items
15 up there, the one item that struck me was that you are going to
16 select the method that's going to be developed. That means
17 that if anything goes wrong, it's not their problem, it's your
18 problem. If you want that, go to it.

19 Now I guess last comments, they have a rather nice
20 logo, Aloha. It seems to me that over the top of that they
21 should have a skull and crossbones. Now Aloha in Hawaii means
22 hello and goodbye. In Florida I think it should just be
23 goodbye. Thank you.

24 CHAIRMAN BAEZ: Thank you.

25 Mr. Reilly.

1 MR. REILLY: Richard Wiltsey.

2 MR. WILTSEY: Good afternoon, Commissioners. I want
3 to thank you for coming to New Port Richey to talk to customers
4 and others on this very important subject. My presentation
5 will be very brief.

6 CHAIRMAN BAEZ: Sir, can you please state your name?

7 MR. WILTSEY: Richard Wiltsey, W-I-L-T-S-E-Y. I live
8 at 1242 Arlinbrook Drive, Trinity, Florida 34655.

9 CHAIRMAN BAEZ: Thank you, sir.

10 MR. WILTSEY: It does not seem unreasonable to expect
11 the water in our homes to be odor free, color free and not
12 aggressively corrosive to our copper plumbing. It also does
13 not seem unreasonable to request a different supplier of water
14 if our current supplier will not or cannot meet these criteria.

15 Unfortunately in my home and many homes in Trinity
16 Oaks and surrounding communities we have smelly, discolored and
17 very corrosive water to deal with on a daily basis. In a
18 ten-year-old home I've already had a pinhole leak, as have many
19 of my neighbors. Some of my neighbors have already had so many
20 leaks and they've had no recourse but to replace their
21 plumbing.

22 We've had to deal with Aloha and our bad water for
23 better than ten years. While the PSC has made numerous trips
24 to New Port Richey to witness the black water and customer
25 dissatisfaction with Aloha, there seems to be very little

1 attention, resolution or action so far to help.

2 After ten years and many hundreds of hours expended
3 by many of Aloha customers in working with the PSC, we are
4 sadly disappointed with this proposal now submitted by the PSC
5 staff. We, the customers of Aloha, deserve more.

6 There are several people, leaders in our effort, that
7 are burning up their retirement years, and others that have
8 spent many hours away from their families and work in the
9 battle to get better water for all of us. The proposal before
10 us by the PSC staff is very distressing and disheartening to
11 these individuals, as well as everyone else that would like to
12 see a total and permanent resolution for better water.

13 As I talk to my neighbors, many feel as I do.
14 They're upset with Aloha's bad water and incompetent
15 management, but are equally upset with our government agencies
16 that have failed to understand the seriousness of our situation
17 and to react accordingly.

18 You're not the Utility Service Commission; you're the
19 Public Service Commission. The Public Service Commission. We
20 are the public and feel we deserve more effort, more effort --
21 I'm sorry. Let's see. We are the public and feel we deserve
22 more effort to be focused on our predicament. I'm sure that
23 many of the speakers today will express the opinion that most
24 of us have. The proposal for a negotiated settlement with
25 Aloha is great for Aloha but terrible for the customers of

1 Aloha. This proposal is worse than no help at all.

2 It's time to put us on the front burner in
3 Tallahassee, turn up the heat on our Aloha situation, and take
4 the necessary action to get our water problem resolved. It's
5 time for the PSC to take control and stop letting Aloha dictate
6 what they will or will not do. It's time to stop letting the
7 tail wag the dog.

8 For the first step, vote no to the PSC staff
9 proposal. For the second step, tell Aloha to give the money
10 back that they stole from us. To use this as a bargaining chip
11 is just typical of Aloha, but from a layperson's perspective is
12 very difficult to understand why the PSC staff would accept
13 this as a bargaining chip. This is our money that they have
14 stolen. I think most customers would expect their money to be
15 given back without delay and without any conditions imposed by
16 Aloha.

17 What has Aloha done over the past ten years? They
18 have continued to be -- they have continued to retain an army
19 of lawyers to protect themselves from being exposed as an
20 incompetent water utility. Even with their team of lawyers
21 they are in danger and vulnerable and definitely not
22 bulletproof. The PSC needs to continue with the deletion
23 hearing process, bring out the big guns and expose this
24 utility's incompetence, mismanagement and arrogance. We are
25 tired of waiting for better water. Thank you.

1 CHAIRMAN BAEZ: Thank you, Mr. Wiltsey.

2 Dennis Sparks.

3 CHAIRMAN BAEZ: Mr. Parks, is it?

4 MR. REILLY: Sparks.

5 (No response.)

6 MR. REILLY: Some of these people may have left and
7 we'll just have to go down the list.

8 CHAIRMAN BAEZ: Okay.

9 MR. REILLY: John Di Prima.

10 MR. DI PRIMA: My name is John Di Prima, and I live
11 at 1865 Kingsmere Drive in Trinity Oaks. Mine is also short;
12 it's just one page. I made the print big so I could read it a
13 little. I'll tell you, I'm nervous too. So if I have to stop
14 for air, give me a second.

15 I want to start by asking the PSC if what Aloha is
16 offering is even legal. It seems to me that the office sounds
17 more like a lottery or perhaps discriminatory. Whatever offer
18 that Aloha makes has to be available to all of its customers
19 that are unsatisfied with their product. It would be absurd
20 for Aloha to think that the remaining 2,300 people that do not
21 receive any compensation are going to be happy with such an
22 offer. The wording is also such that Aloha could reimburse as
23 little as one or none persons and as little as zero dollars up
24 to \$1,000 is not only vague, it's nowhere near the cost of
25 replacing copper piping. A resident on my street paid more,

1 more than \$6,000 to replace his copper pipes because of
2 corrosion resulting in leaks. I also had to have a repair of a
3 leaky pipe, and so did numerous other residents on my street
4 alone.

5 If Aloha was sincere, their offer should be to
6 reimburse actual cost of damages or replacement. If Aloha
7 truly believes that only a few homes are having a problem, they
8 should be more than willing to reimburse those few people for
9 the full amount of their damages. Even if the PSC was to
10 accept Aloha's offer, I find it hard to believe that anyone
11 would find the offer attractive enough to take it. Aloha, in
12 making what I feel is an absurd offer, is still holding onto
13 the position that the problem is not with their hydrogen
14 sulfide enriched water, but with residents' copper pipes. I
15 like copper pipes. I've had them in six of my homes that I've
16 owned and, except for this one, I have never had a problem.
17 Why should I as a customer be required to bear the financial
18 burden of replacing my copper pipes because my utility company
19 is providing me with a product that is damaging those pipes?
20 If the PSC was to accept Aloha's offer, it would create more
21 problems than it is trying to resolve, and I therefore ask that
22 the PSC use fair and prudent judgment and reject Aloha's offer.
23 Thank you.

24 MR. REILLY: George Morgan.

25 CHAIRMAN BAEZ: Hello. George Morgan.

1 MR. REILLY: George Morgan, III.

2 MR. MORGAN: Good afternoon. I made a whole bunch of
3 notes and I copied the order and the recommendation off the
4 Internet and did all my homework and everything, and it really
5 doesn't matter. They've all said the things that needed to be
6 said, that it's been brought down to milligrams per liter, the
7 basic standard, the minimum that's required by law. But we're
8 not asking for pristine water. We're not asking for water
9 straight out of the spring. We're asking for water that we can
10 put in a glass, put up to our mouth and drink. That's not
11 really all that much.

12 I've been, I've been a consumer of Aloha water for 20
13 years, since 1985 when my family moved into Aloha's territory,
14 so I've been around the black water, the stinky water and all
15 that kind of stuff for 20 years and been dealing with it. This
16 is actually the first time that I've been able to come before
17 the PSC and speak. My grandmother has come before. I made the
18 determination this time that I was going to come down and
19 speak, and, like I said, I've dealt with it for 20 years. More
20 than half my life I've dealt with this water. And the reason
21 that I decided to come down today basically boils down to one
22 thing, and if you'll indulge me for just one second.

23 (Showing photograph.)

24 This is a picture of my eight- and my five-year-old,
25 Elizabeth and Grace. When Aloha tells me that it's because of

1 my pipes and it's because of my water softener and all of that,
2 that's fine. But when my daughter is sitting in the bathtub
3 and looks up at me and says, "Daddy, why does the water smell,"
4 what do I tell her? What do I tell her? Thank you.

5 MR. REILLY: Loretta Zierden.

6 MS. ZIERDEN: Good afternoon. I'm very happy to be
7 here. My name is Loretta Zierden. I live at 1339 Saffron Way
8 with my husband. He was -- thank you. He was in the Navy
9 during World War II and he has suffered impaired hearing.

10 Aloha is fined daily for overpumping and buys water
11 from Pasco County, and I'm certain that they don't do this for
12 gratis. We pay for water we can't drink. We pay for water
13 that does not go into the source. At least a third of the
14 water that goes through our meters does not go back into the
15 sewers. Then the water that does come into our homes is eating
16 holes in our copper pipes. Now in my opinion there's something
17 drastically wrong with this picture.

18 If Aloha Water Company was in any other state, they
19 would have been out of business years and years ago.

20 Gentlemen, if you purchased an automobile ten years
21 ago and it still wasn't running, you would certainly get rid of
22 it, and especially if you were notified by the manufacturer
23 that the repair bills would be exorbitant and your
24 responsibility. The private, small, dinosauric water companies
25 are passe. Enough is enough. We have had our fill of delays,

1 legal and scare tactics, promises, extensions, et cetera.
2 Aloha has done nothing to rectify their problems. Their time
3 is up. I suggest that you revoke their license. The PSC has
4 done nothing but enable Aloha to acquire whatever they ask. We
5 could predict how the PSC would vote even before the ink was
6 dry. We have to resort to federal government or perhaps
7 national TV for some relief. Is that what this has to come to?

8 Everyone in this great country is entitled to good
9 drinking water. If the water that goes into our homes eats
10 away holes in copper pipes, what is it doing to our children?
11 Has anybody ever pursued this?

12 There are two ways of doing things, gentlemen: The
13 right way and the wrong way. And it's about time that the PSC
14 did the right thing and revoke Aloha's license. Their
15 recommendation today is ludicrous and an insult to our
16 integrity.

17 I thank you for your time.

18 MR. REILLY: Irv Gaines.

19 CHAIRMAN BAEZ: Mr. Gaines.

20 (No response.)

21 MR. REILLY: Gene Weissman.

22 MR. WEISSMAN: Good afternoon. My name is Gene
23 Weissman. I live at 11025 Courtland Street, Heritage Springs,
24 that's in Trinity, 34655.

25 Chairman Baez, Commissioners, thank you for appearing

1 today. I know you had a long drive and we appreciate your
2 patience in listening to us. I've read your credentials and
3 I'm quite impressed with your backgrounds, attorneys,
4 education, utilities, very impressive, the Department of
5 Environmental Protection. So you can understand and appreciate
6 what we've all been going through here. It hasn't been easy.
7 I've been a resident here for two and a half years. If you're
8 not familiar with Heritage Springs, it's a retirement
9 community, there's very nice houses, very nice homes, golf
10 course community. A small percentage of homes are customers of
11 Aloha. In the two and a half years I've never had more
12 deplorable water. I purchase my drinking water,
13 brushing-my-teeth water at home from Zephyrhills bottled water.
14 I have bills here I can show you, anybody that wants, average
15 about \$35 a month, over \$400 a year for bottled water. I'd
16 gladly pay 20 percent for better water.

17 We've complained, I've sent in letters to the ad hoc
18 committee. It hasn't resolved anything. I've seen it go on
19 for two and a half years. How much more do we have to suffer?
20 I don't know the relationship of the staff to Aloha or to
21 yourselves, but it's an injustice to people who are paying
22 taxes, who are retired and looking forward to a better way of
23 life. And as you look in the audience here, many of us are in
24 a retired situation.

25 I would not give this water to my children or to my

1 grandchildren. It's unfit. It comes out of the shower, it
2 reeks. You're all welcome to come to my house, drink my water,
3 try it. I'd love you to drink my water, and some other people,
4 I'd like them to drink my water also.

5 CHAIRMAN BAEZ: Don't, don't go, Mr. Weissman,
6 because I want to, I want to ask you a question because you're
7 one of the few that have said, or at least acknowledged the
8 possibility of, of additional costs in order to get this
9 solution.

10 What, what exactly, what exactly do you understand
11 would happen if the territory is deleted? Do you know?

12 MR. WEISSMAN: I don't know. I don't understand.

13 CHAIRMAN BAEZ: I'm asking.

14 MR. WEISSMAN: I'm not a technical person. I don't
15 have a chemical background.

16 CHAIRMAN BAEZ: Neither do I.

17 MR. WEISSMAN: I'm a consumer. Well, you have a
18 utility background.

19 CHAIRMAN BAEZ: I have, I have my own ideas of what
20 would happen. But, but my ideas at this point today are not,
21 are not important, what I may know or understand. I'm
22 interested in what you, as a consumer, may, may know or
23 understand.

24 MR. WEISSMAN: I lived in Tampa for ten years prior
25 to coming here, had no problems with water at all. I could

1 drink it, I could bathe in it. It was a pleasure. I don't
2 understand deletion.

3 CHAIRMAN BAEZ: Please, don't misunderstand. I think
4 we have, I think on some level and to some degree everyone has
5 acknowledged that there is a, that there is a problem with your
6 water. And, and for me, and I won't, I won't presume to speak
7 for the rest of the Commissioners, but for me this has always
8 been a struggle of what exactly is the solution that, that we
9 all want? Now there's, there are a lot of people that, that
10 will stand up and say, all we want is, you know, clean,
11 drinkable water. To me, I will tell you what that suggests to
12 me, that, that what -- that translates to me as we're looking,
13 we're looking for a technical solution. Okay. I mean, is
14 that, is that fair for starters? I know that's probably part
15 of it.

16 MR. WEISSMAN: Another company -- I'm approaching an
17 age --

18 CHAIRMAN BAEZ: See, but -- I know. Mr. Weissman,
19 I'm sorry to be -- I'm not trying to monopolize your time. You
20 get to answer whatever questions or say whatever you want to
21 say. But I guess I'm trying to understand where you're coming
22 from if, if you -- first, you raised a very good point that a
23 lot of, this is a retirement community, a lot of people have
24 been waiting for a very, very long time for a solution, and I
25 have trouble sometimes understanding what exactly that solution

1 is. So for you is it clean water or another company or both?

2 MR. WEISSMAN: I don't understand the solution, don't
3 know the solution. I can't give it to you. But I do know I
4 feel heavy-handed tactics by saying, you know, we're going into
5 litigation if you don't agree to our terms, I feel like I'm
6 being bullied around.

7 CHAIRMAN BAEZ: I would too, by the way.

8 MR. WEISSMAN: I feel as though I'm being bullied
9 around. I'm not a litigious person by nature. I'd gladly
10 return the \$11, let them keep it and go away, and give me
11 another company that could provide the services in a fashion
12 that, that I'm comfortable with. I'm also approaching an age
13 where I stopped buying green bananas. I don't want to wait for
14 tomorrow.

15 CHAIRMAN BAEZ: Okay. That's good. That's a good,
16 that's a good point.

17 Okay. Now what you, what you -- do you -- how is
18 it -- is it your understanding, is it your belief that another
19 company would not have this, this same problem with the water?
20 Is that your understanding?

21 MR. WEISSMAN: Absolutely. There are companies
22 locally that aren't having this problem.

23 CHAIRMAN BAEZ: Well, they're not having -- see, the
24 thing is there are no companies in your territory. Is that --

25 MR. WEISSMAN: They can buy water from other

1 companies.

2 CHAIRMAN BAEZ: No. But that are servicing, that are
3 using certain facilities or other sources. You know, that
4 makes, that makes each company unique, doesn't it?

5 UNIDENTIFIED SPEAKER: No.

6 CHAIRMAN BAEZ: No, it doesn't? We all take from the
7 same well, is that --

8 UNIDENTIFIED SPEAKER: Yes. Same well.

9 CHAIRMAN BAEZ: All right. Well, no, no worries.

10 Thank you for your answers.

11 MR. WEISSMAN: I appreciate --

12 CHAIRMAN BAEZ: I really do try to understand exactly
13 where, where everybody falls in. You said a couple of things
14 that really struck a chord with me.

15 MR. WEISSMAN: And I appreciate your presence being
16 here and hearing our comments.

17 CHAIRMAN BAEZ: Not at all. That's what we do.
18 Thank you, sir.

19 MR. WEISSMAN: Thank you very much.

20 MR. REILLY: Ruth Lafreniere.

21 MS. LAFRENIERE: Good afternoon. My name is Ruth
22 Lafreniere. I live in Heritage Lake Community Association.
23 That's an adult community. And I'm very glad to be able to
24 talk to you today.

25 As I stated in the documents I sent to you, we have

1 had dirty, smelly, low pressure water since 1989 in Heritage
2 Lakes. That's 16 years. Letters, that's plural, were sent to
3 Aloha, and the board of directors did not receive a single
4 response from them. As usual, Aloha does not intend to accept
5 responsibility for their errors. Copper tubing in the homes is
6 no excuse. I've lived in different areas for the past 50 years
7 with copper tubes and never had any problems with the water or
8 pinholes in my piping that some residents are experiencing.
9 Homes with PVC piping are having problems, and how does Aloha
10 explain that?

11 Offering to pay \$1,000 to change pipes is nowhere
12 near what it would cost. I talked to a resident in Heritage
13 Lake that just did that, \$6,000. At times I've had to shower
14 holding my nose from the odor, my cats won't drink the water
15 from the faucet, and my bath water and washing machine water is
16 gray. I'm very fortunate I don't have real black water.

17 A few years ago I worked for a builder in Ellington,
18 which is on an old -- State Road 54 just east of Little Road.
19 They had Pasco water and you could drink it right from the
20 faucet.

21 When a company has a defect with their product, they
22 correct it with no expense to the customer: For example,
23 recalls on autos, appliances, et cetera. Why should we have to
24 incur added expense because Aloha has been ordered to clean up
25 their dirty, smelly water? What does Aloha do that makes their

1 water like that when Pasco's water is so good?

2 If they can't agree to solve their problems with no
3 expense to the customers, then we should be allowed to withdraw
4 from their company and join Pasco Water.

5 Mr. Forehand spoke at Heritage Lake Community
6 Association last year and left surveys to be sent to Pasco --
7 to PSC. We had the office make copies so that all
8 932 residents could fill out a survey. I don't know how many
9 were sent, but I know there was quite a few, and for some
10 reason or another PSC turned around and sent them back to us
11 without accepting them.

12 Now last spring in the newspaper it was stated that
13 surveys would be sent to Heritage Lake. I don't know where
14 they went. I think only a handful of people got them. We've
15 got 932 residents, and I talked to one person that received one
16 and sent one back.

17 And one more question. Why isn't Heritage Lakes
18 included in the territory for deletion? We're still getting
19 the same terrible water that those areas have been asked to be
20 deleted, and I know I've talked to many residents. And if we
21 had the surveys, we would let you know that.

22 CHAIRMAN BAEZ: Can you, Mr. Melson, can you address
23 that briefly?

24 MR. MELSON: Commissioner, the surveys went to
25 customers in the four areas that had petitioned for deletion.

1 CHAIRMAN BAEZ: And I think that's part of the answer
2 to Ms. Lafreniere's question as to why Heritage Lake --

3 MR. MELSON: And then there was -- and at that point
4 when the show cause docket was opened it was limited to those
5 four territories. More recently we have opened an
6 investigation docket to look at the rest of Seven Springs, and
7 if the settlement is not approved, we will be going forward
8 with the survey to those areas as well. That has not occurred
9 yet.

10 MS. LAFRENIERE: Because one of the, one of the areas
11 is Riverside Villas which was in that, and they're only a few
12 hundred feet from us, so.

13 CHAIRMAN BAEZ: Ma'am, and I think, if I understand
14 Mr. Melson's response to my question, you asked the question of
15 why your subdivision in particular isn't part of the, included
16 in the territory for deletion.

17 MS. LAFRENIERE: Uh-huh.

18 CHAIRMAN BAEZ: And I, and I think it is because
19 your, your subdivision or residents in your subdivision
20 weren't -- I don't know how to say this without, without,
21 without it sounding mean, and I don't mean it that way, it just
22 so happens that, that no one in Heritage Lakes, for instance,
23 got up and joined the petition with the other subdivisions. I
24 don't know.

25 MS. LAFRENIERE: Well, we were told that petitions

1 were closed.

2 CHAIRMAN BAEZ: Who told you petitions were closed?

3 MS. LAFRENIERE: Mike Fasano. That was last year.

4 CHAIRMAN BAEZ: Well, Senator Fasano doesn't work for
5 me.

6 UNIDENTIFIED SPEAKER: He lives in our community
7 though.

8 CHAIRMAN BAEZ: But he doesn't work for me.

9 MS. LAFRENIERE: So, I mean, if we were told that no
10 more petitions could be accepted, what were we supposed to do?

11 CHAIRMAN BAEZ: Ma'am, this is an open process. You
12 heard Mr. Melson say that there were, that there were
13 petitions, that subsequent petitions would have been, you know,
14 set aside to be dealt with at some other time and so on.

15 MS. LAFRENIERE: But if we got petitions now, could
16 they be sent in?

17 MR. MELSON: Chairman Baez --

18 CHAIRMAN BAEZ: I don't want to start a run on
19 petitions. No. And all kidding aside, I mean, we're trying to
20 find some way to deal with this on a wholesale, on a wholesale
21 basis. I don't know that new petitions are going to --

22 MS. LAFRENIERE: Well, why were our surveys sent back
23 to us and not accepted?

24 MR. MELSON: Let me answer two questions. First, at
25 this point we would not need anymore petitions. We have

1 started an investigation for all of the remainder of the Seven
2 Springs area.

3 MS. LAFRENIERE: Okay.

4 MR. MELSON: So we don't need more petitions.

5 CHAIRMAN BAEZ: So Ms. Lafreniere can rest easy.

6 MS. LAFRENIERE: For Wells 6 and 7, if that helps.

7 MR. MELSON: The second question, why were the
8 surveys sent back? The surveys were, I'm assuming the surveys
9 were sent back because we were at that point surveying the
10 customers in just four specific areas that were the subject of
11 customer petitions. It sounds like we were getting surveys
12 back from folks outside that area and, for purposes of our
13 survey, we were trying to look simply at the area that we were
14 considering at that point.

15 MS. LAFRENIERE: Okay. Well, please consider us.
16 Thank you.

17 CHAIRMAN BAEZ: Thank you, ma'am.

18 Mr. Reilly, if you'll hold up. I want to take a
19 break for five minutes and let the court reporter have a break
20 and the rest of the Commissioners as well. We'll reconvene in
21 five minutes.

22 (Recess taken.)

23 CHAIRMAN BAEZ: Mr. Reilly, call your next witness.

24 Well, before you do that, okay, by my count we've
25 got -- by our count we've got over 20 people still signed up to

1 speak, and we're on number 20 now. Okay. So there's -- we're
2 running out of time. So I would impress upon you once again,
3 respect your neighbor's time. If you feel like clapping, clap
4 on the inside. And keep your comments short and sweet and
5 brilliant, as I know you always do, and that way maybe we can
6 squeeze everyone in and get you home at a decent hour, and the
7 rest of us as well.

8 So with that said, Mr. Reilly, please.

9 MR. REILLY: Eva Turner.

10 MS. TURNER: Gee, thanks.

11 CHAIRMAN BAEZ: Ms. Turner, you are on the hot seat.
12 The pressure is on you.

13 MS. TURNER: My name is Eva Turner. I live at 1050
14 Farmingdale Lane in Trinity, 34655. And I'm not an eloquent
15 speaker and I'm not well-educated. I'm just an elderly
16 hillbilly from West Virginia.

17 A couple of years ago Paul and I sold our northern
18 home wanting to live in paradise, so we purchased a permanent
19 residence in Ashford Village in Wyndtree. Little did we know
20 what we were getting into: Black, stinky Aloha water. Even
21 our cat doesn't drink it.

22 Giving \$1,000 and loans of \$2,500 to 200 customers is
23 a farce. There's been thousands in the Seven Springs area who
24 signed petitions to delete Aloha and get Pasco County water
25 service. And I've talked with other homemakers who have paid

1 around \$6,000 to replace their copper pipes with PVC. They
2 have no improvement in water quality, still black and smelly.
3 Now many of us here are retired seniors who may not have a
4 great number of years to wait for good water, so we keep urging
5 to delete Aloha and get Pasco County service. In my opinion,
6 this settlement is not in the best interest of the customers.
7 Accepting the settlement is not the answer. We ask the
8 Commission to reject it. Thank you very much.

9 CHAIRMAN BAEZ: Thank you, Ms. Turner. No. That's
10 okay. That one deserves a hand because she addressed the
11 settlement. See, address the settlement.

12 Go ahead, Mr. Reilly.

13 MR. REILLY: Arthur Shaw.

14 CHAIRMAN BAEZ: Welcome, Mr. Shaw.

15 MR. SHAW: Thank you very much. My name is Arthur
16 Shaw. I live at 1537 Canberley Court in Trinity, Florida.
17 That's in Heritage Springs.

18 I heard you with regards to address the settlement,
19 but we've had an expanse of meetings of this nature and what
20 have you, so I think I have to speak on some other things.
21 And, first, I want to apologize because when I wrote this I was
22 very angry, extremely angry, and it was in this direction. And
23 it was in this direction because I thought by now that this
24 whole process would have been completed and out of the way and
25 we could have gotten on with our lives.

1 So the first thought that I had on some of the
2 activity that went on here today was I wonder how the staff is
3 able to exert an expense when the company they're dealing with
4 hasn't even listened to what you have requested them to do? So
5 how do they go to spend our money interviewing these folks when
6 zero has been done by them for us? It doesn't make sense to
7 me.

8 So, again, I would preface it, I was angry when I
9 wrote it, so I'm going to start. It says, first, I'm sorry
10 that it took steps that it was necessary for Senator Mike
11 Fasano to send a letter urging for you to listen to the public.
12 In my opinion, your inaction with this hot potato has made it
13 necessary for the county to do your job and theirs when it
14 comes to inept utilities such as Aloha. To our fortune, we
15 have a senator who is a dissatisfied customer and who knows the
16 ins and outs of what takes place in politics and how, in many
17 cases, not all obviously, the utility is protected by people
18 who are supposed to be protecting us.

19 Now when you take a look at all the people that are
20 being brought into this, let alone all the lawyers and
21 everything else, the county, the people that are on the
22 taxpayer's back are involved in this, and this hot potato is
23 going back and forth and back and forth and it's our taxes that
24 are paying for this, not only for the water.

25 Now this suspension effort that has been moving

1 forward by the individuals have spent more time collectively, I
2 think, in doing what had to be done to bring Aloha to this
3 point than perhaps most or some or all of you have been on
4 this, on, as a Commissioner. These people have spent countless
5 hours with no money.

6 Aloha is only fixing their problem because -- it's
7 only fixing their problem because right won over might which
8 has brought them to this point. You have no right to suspend
9 our effort, just like they have no right to be in business
10 after more than ten years of providing a product that has
11 ruined the plumbing in their customers' homes, that has made it
12 necessary for customers to buy potable water from the stores,
13 doubling their cost for this commodity, and making even worse
14 their babies and their clothes in this horrible, black, smelly
15 water.

16 My thought is you thought of this move so that the
17 cost increase the lawyer is talking about goes across more
18 people and to avoid the question from the remaining customers:
19 Why did we get stuck with Aloha and the added cost to boot? If
20 this was the decision path, it was wrong. The correct thought
21 process centered around is this: Aloha operated, Aloha
22 operated all these years taking the cash and doing nothing to
23 improve their product. Aloha ignored the PSC request to do
24 work with customers towards a usable product. Aloha failed to
25 pay back the customers for the money they illegally took.

1 Aloha chose to spend money on lawyers instead of spending this
2 same money to repair the problem. Aloha maintained an
3 arrangement -- excuse me. Aloha maintains an arrogant
4 ownership management decision path instead of a positive,
5 cooperative one. The company has done nothing to change the
6 management, thus the same intellect and business posture will
7 remain no matter what you do. This means where they can --
8 excuse me. This means where they can they will not make
9 decisions in favor of the good business practices, just keep,
10 just keep finding protective ways to get more money and drag
11 their heels on all other issues.

12 Based on the foregoing, you should help Aloha out of
13 business, not allowing them their -- not allowing this predator
14 to maintain the license to do business. Do the right thing.
15 Allow the group that has put so many hours into this effort to
16 work with Aloha, who would not cooperate, thus to be free of
17 Aloha, and at the same -- monitor their future performance so
18 the remaining customers are treated like customers. Get the
19 usable product at a fair price and not gouge price, as evidence
20 by recent meetings show, or at best allow all the customers to
21 leave Aloha.

22 My last statement is if it weren't for the monopoly
23 and Aloha had to operate in a commercial environment, they
24 would have been out of business anyway. So a decision on your
25 behalf to create or cause the same thing has no effect. It's

1 just current instead of past. Thank you very much.

2 MR. REILLY: Sara Mund.

3 MS. MUND: My name is Sara Mund, and I live in
4 Heritage Lake at 4902 Bedford Mall Court. I seem to have a
5 little different situation with Aloha. In Heritage Lake there
6 are two wells. We are the chosen. Well, Aloha now came in to
7 put in chlorimides, so they built this monstrosity which
8 happens to be right outside my door and it is at least three
9 stories high.

10 They are adding chemicals every other week. They
11 truck in their chemicals and flush their lines and flood our
12 lawns, and we cannot get an answer if we are in danger. Will
13 the real estate taxes reflect lower rates because of lost
14 equity? Because we will not be able to sell our homes. Why
15 are they only changing the pipes on 200 people? What will
16 happen to the others? Will we all have to pay to have our
17 pipes changed at a prohibitive cost?

18 Come and live in my house for a month, but please
19 bring your own water and a clothespin for your nose. It is --
20 please think carefully because it is up to us residents that
21 will be paying for your decision.

22 At the last meeting resident after resident told
23 their horror story with Aloha, yet the Commissioners are just
24 dismissive and thinking of allowing Aloha Water to do what they
25 want.

1 MR. REILLY: Susan Hendrick.

2 MS. HENDRICK: Good afternoon. Thank you for coming
3 down to Pasco County to hear us. I'm here to ask you to reject
4 the Aloha settlement because Aloha does not act in the
5 customers' interest unless forced to.

6 Bear with me because I want to give you my experience
7 over the last year. I've lived in Nature's Hideaway for one
8 year. Just after purchasing my home I was heartbroken to find
9 that I had black and smelly water. I called the Aloha Water
10 Company and was told that they were only responsible for water
11 up to my meter and not in my home. I was shocked. I've lived
12 in many places throughout the country and have never had bad
13 water and certainly never been treated liked that before.

14 They did come out and check the water at the meter
15 and informed me there was chlorine present and that my problem
16 was the handyman had left water in the outside hose turned on
17 and that pressure had built up in the line and it made it
18 higher than the pressure of the water they were pumping in and
19 that was my problem. This didn't seem to make sense to me, so
20 I started to find out what did.

21 I contacted the EPA, who came to my home and
22 explained it was a high level of hydrogen sulfide in the water
23 that was causing my problems. They also told me about a law
24 that had been passed stating that all new wells would have to
25 meet a minimum standard for the amount of hydrogen sulfide in

1 the water, but, unfortunately for me, it wouldn't help as I was
2 receiving water from wells that were older and did not come
3 under the jurisdiction of the new laws, which I was also told
4 is sometimes referred as the "Aloha Law." I was told that the
5 more I used and kept the water moving, the less water I would
6 encounter or the less black water I would encounter. I thought
7 we were trying to conserve water in Florida. It was also
8 suggested that I replace the anode in my water heater with an
9 aluminum one, so I had this done by a plumber. I flushed out
10 my hot water heater twice. The result: Dirty, concrete
11 driveway that was now stained. Within days I was cited by my
12 homeowners association, so now I had to pay for pressure
13 washing.

14 I started importing water from my mother's house in
15 the city of New Port Richey, and to this day that is what I
16 drink. It's always clear and has never had an odor. If New
17 Port Richey can produce drinkable water, why can't Aloha?

18 Next I contacted the University of South Florida and
19 asked to speak with a professor in their engineering
20 department. I was referred to a Dr. Levine, who just happened
21 to be working on a study for Aloha and would be attending a
22 workshop they were hosting. I saw the notice and attended the
23 workshop. It was at the workshop we met, and I asked her to
24 include my household in testing and she agreed. Actually it's
25 not being included at this point. At the workshop she also

1 answered questions explaining that the black water was indeed
2 the corrosion of our copper piping being eaten away by hydrogen
3 sulfide in the water. It was also at this meeting that an
4 engineer for Aloha, this gentleman at the end of the table
5 here.

6 CHAIRMAN BAEZ: Mr. Porter.

7 MS. HENDRICK: Yes. Told the audience of customers
8 that a lot of us were from north, up from, were from up north
9 where you had to deal with snow, so now we're in Florida and we
10 have to deal with water. I was extremely offended by his
11 comment and told him so.

12 Also at this meeting the subject of aeration came up,
13 and we were told that Aloha did not have the physical space to
14 do it. Now I've attended the hearings that the county had here
15 in this room, and they said it's possible, the Parsons study
16 clearly states that it's possible.

17 In talking with Dr. Levine, I found out that raising
18 the temperature on my water heater above the factory-set level
19 would help the hydrogen sulfide bacteria so they wouldn't breed
20 as much and create more smell. I was also told if you have
21 children, it was unsafe to do so. Denise, the Customer Service
22 Manager who worked for Aloha who was introduced at that
23 meeting, came over to my house. And she just -- and when I ran
24 my water for her in the utility, she quickly seemed nauseous
25 and excused herself to go back to the office. She left me with

1 instructions or how I could now disinfect my water heater. And
2 so I bought the bleach and did that whole thing, and it lasted
3 for a while but it didn't last for very long.

4 In the end I did have Dr. Levine return with her
5 students, they did some tests, but unfortunately it was right
6 after I had done some of the disinfecting. And I asked her
7 about what her study was showing, and she said that they would
8 add hydrogen peroxide to the water. I asked her if she thought
9 it would fix all the water problems, and she said she was quite
10 sure it would get rid of the black water, but doubted very much
11 that it would have any effect on the smell. Unfortunately
12 after that there were a lot of hurricanes that got in the way.
13 Dr. Levine and I never got back together. I tried to contact
14 her recently but was unsuccessful. So I went about importing
15 water from my mother's house. I didn't use my dishwasher
16 because it left a gray residue on my dishes. The clothes,
17 towels and bedding that I wash always smell like sulfur. Then
18 one day I had a leak that flooded one of my bedrooms. The
19 plumber made the repairs, fixed the leak, only to have another
20 one and another one pop up. He finally got it patched up, but
21 he said, "Do you have Aloha water?" That was the last straw.

22 I've gotten some quotes to repipe my home and now
23 because of all the, excuse me, of all the damage decided it was
24 time. I was miserable with plumbers all over the place. I had
25 to pay \$550 for the drywall; \$2,500 for replumb, which was the

1 lower estimate, I received one for \$3,500; I had to purchase
2 sod and spent a half day putting it in after everything had
3 been dug up, and none of these expenses were covered by
4 insurance. The result was I don't have black water right now
5 but I still have a horrible smell.

6 The insurance company paid close to \$6,000 for
7 damages with a \$1,000 deductible, and I recently received a
8 premium renewable for twice the amount I was paying last year.
9 It's hard enough to get insurance in Florida without any
10 claims. So this is just one more expense on account of the
11 water. I was still not pleased.

12 Aloha from time to time, when water smelled bad, I'd
13 call them and they'd come by and say that there was chlorine in
14 the water. They left notes on my door telling me to shut off
15 my water softener. I don't have a water softener.

16 This past June I attended the county meeting here and
17 spoke about how bad the water was. I saved my dishes to show
18 the Commissioners, which I did. It was at the hearing that
19 county legislation was passed that would limit the amount of
20 hydrogen sulfide in the new and old wells alike and suggested
21 the aeration process to do so, but Aloha appealed. I think
22 that a lot of the people here would appreciate if the
23 legislation that was passed by the county would go through and
24 that they would be monitored in meeting those requirements.

25 Now Aloha has proposed to you that they be held

1 blameless for any water problems and in return will, again,
2 like everyone has said, pay only 200 customers and only \$1,000.
3 How will they choose them? By lottery? What about those of us
4 like myself who have already repiped and I still have smelly
5 water? It didn't solve the whole problem. And they're still
6 awaiting their long overdue results, and there are many that
7 have been out there that have been dealing with this for over a
8 decade.

9 My neighbors are frustrated. I've organized, unlike
10 the prior statement, where, you know, the -- we did not, we're
11 not in the deletion category right now. But Aloha has
12 simultaneously promised to fix it, say there's nothing wrong
13 with the water. I, as well as many others, wish they'd save
14 the money again for the legal fees and just fix the water. The
15 county made the recommendation at their meeting that it would
16 cost \$5 million about and that -- and Aloha said, no, we have a
17 better way. We're not sure yet which way, but we estimate it
18 will cost \$15 million. How they can estimate cost when they
19 say they have not chosen a solution yet? This is just more
20 talk and delay.

21 Three weeks ago they just came to fix a break at my
22 meter, and the neighbor started leaking. They came back and
23 put up a pipe around there and some construction tape and
24 ripped up the grass. And I called them and said, "When are
25 they going to finish this?" And they said, "In about a week."

1 It still wasn't fixed. And when I called them, they said
2 they're having a hard time getting good sod right now. I've
3 seen plenty of good sod around. That isn't the sod. Just a
4 few days ago the water smelled so bad I could hardly wash my
5 face with it. Remember that I repiped my whole home in CPVC
6 piping.

7 Also, we also talked about overpumping today and
8 buying water from the county. The Seven Springs area has a
9 huge new apartment complex with thousands of apartments going
10 up. Where is their, where is their water going to come from?
11 Also, recently the majority of the neighborhood that I live in
12 has received very low water pressure, so much so that one
13 person said if they're running their dishwasher, they cannot
14 effectively flush their toilet.

15 So we're asking that you please do not accept the
16 proposal. You mentioned earlier that you did not have
17 information from the county's hearings except what you saw in
18 the press. I purchased an audio CD of the proceedings as well
19 as a summary of the minutes of that meeting, and I'd like to
20 present you with those now so that you will have an opportunity
21 to, to review that information. And I also respectfully
22 request that you accept this petition from 202 of about 350
23 residents of Nature's Hideaway to delete our subdivision from
24 the Aloha Water Utilities as well. I'd really appreciate that.
25 We don't want you to make a hasty decision.

1 CHAIRMAN BAEZ: Mr. Melson, how -- what do I need to
2 do with -- how do I deal with the petition?

3 MR. MELSON: We will --

4 MS. HENDRICK: I urge you to accept it here right now
5 at this hearing. You're trying to make a decision by
6 Wednesday. The decision you're trying to make -- it seems like
7 you have offered us a choice between the lesser of two evils.
8 The legislation that -- you said we can take litigation now and
9 accept the deal and the litigation will end, or we can continue
10 to litigate for many years. What we'd really like to see is
11 the legislation from the county be supported by the PSC.

12 CHAIRMAN BAEZ: Thank you, ma'am.

13 MR. REILLY: Pasco County Commissioner Jack Mariano.

14 COMMISSIONER MARIANO: Hello. I'm Jack Mariano, a
15 County Commissioner. I'm not only a resident commissioner, but
16 I represent all of the citizens of the county. And I'm sure
17 you people must be all worn out by now.

18 CHAIRMAN BAEZ: Oh, but I'm dying to hear from you
19 though.

20 COMMISSIONER MARIANO: Well, I'm going to talk a
21 little bit longer than Mr. Simon, Commissioner Simon, so. No.
22 I sit next to Commissioner Simon. I was understanding -- I
23 heard a bit of what he was going to say today. I didn't hear
24 all of Senator Fasano's.

25 Senator Fasano has been dealing with this for many,

1 many years now, as well as all of the residents here. It's a
2 very, very important situation that we get this taken care of.
3 I think our state legislators Representative Anderson and
4 Senator Fasano have done the right things to put the tools into
5 the county's hands to take care of this problem. Commissioner
6 Mulieri sat in with the committee, the ad hoc committee, and
7 did a great job in coming into our resolution. I think that
8 our attorneys -- we've lined everything up to have the right
9 thing done.

10 CHAIRMAN BAEZ: Commissioner, did your county
11 attorney express to you that you may have had everything lined
12 up for years now?

13 COMMISSIONER MARIANO: No.

14 CHAIRMAN BAEZ: Have you ever had a conversation
15 with --

16 COMMISSIONER MARIANO: No. But keep this in mind,
17 I'm a new Commissioner as well.

18 CHAIRMAN BAEZ: Okay. Then but let me, let me give
19 you the benefit of some of the conversations, some of the
20 questions that I asked our, our legal staff. Okay? The law,
21 the law allows the county -- if it's so important for the
22 county to get this straightened out, then, then -- and I've
23 heard -- and I'm -- hold on.

24 We asked, sir, you weren't here earlier, but there
25 was a question, there was a question of the legal staff and

1 there was a question to the rest of the staff about what
2 exactly, what ability the county had to do this. All right?
3 You've had several of your constituents, the people that you
4 represent out there, come and tell us about the county has to
5 come and do our job. All right. That offends me, ladies and
6 gentlemen, and I've had it. All right? And I'm going to go
7 home in a few months, so I can say this. And I apologize to my
8 colleagues. Because I won't have the truth tortured, okay, so
9 that we come out being the bad guy for doing our jobs; a very
10 hard job, which any one of you is willing -- I'm willing to
11 give it to any one of you. All right? Anybody that's willing,
12 come and take it.

13 Commissioner, I apologize if I'm blowing a gasket
14 here in front of you.

15 COMMISSIONER MARIANO: And I'm just trying to deal
16 with what's in front of us right now.

17 CHAIRMAN BAEZ: And I am trying to deal with what's
18 before us right now.

19 COMMISSIONER MARIANO: Okay.

20 CHAIRMAN BAEZ: But the suggestion, the suggestion
21 that the county ordinance take, have an ability to, to be
22 effective and so on and so forth, I think we all have to
23 understand exactly what posture this case is in now, and to
24 walk, and to walk away. I don't think your, I don't think your
25 ordinance can take place, can be operative if you have a

1 deletion petition, as well, as well as the fact that the county
2 has at all times enjoyed the discretion to take over this
3 problem. And they're welcomed to it in my opinion, you know.

4 COMMISSIONER MARIANO: Okay.

5 CHAIRMAN BAEZ: And, again, sir, I don't know you and
6 you seem like a very capable person and a person who's very
7 dedicated to serving, to serving the community. You have
8 absolutely no reason to be sitting here and listening to my
9 diatribe. I really do apologize.

10 COMMISSIONER MARIANO: It gives you a chance to come
11 back.

12 CHAIRMAN BAEZ: No. But, believe me, I was telling,
13 I was telling Mr. Forehand, I'm very glad that I came. I've
14 heard a lot of good things. But I've also heard a lot of
15 things that, that I don't think the people that said them had
16 really thought about.

17 COMMISSIONER MARIANO: And I'm just trying to stay
18 positive with it too.

19 CHAIRMAN BAEZ: And with that, I'm going to shut up
20 and let you finish saying what you needed to say, Commissioner.
21 You have my apologies. I really mean you no disrespect.

22 COMMISSIONER MARIANO: No. It's okay. Sir, it's
23 been a long day for you. It's not an easy position, it's not
24 an easy job you Commissioners have. You know, sitting out
25 there, as well as I've been on the other side as well taking

1 it. So, you know, we appreciate what you're doing for us. We
2 appreciate you coming down here as well. We know it's not a
3 simple solution. This has been going on for many, many years.
4 But I think Senator Fasano, if we can follow to what his
5 suggestions are to try to get the water fixed for these
6 people -- we just don't want to see it go down and get
7 litigated and litigated year after year.

8 CHAIRMAN BAEZ: I agree.

9 COMMISSIONER MARIANO: I mean, it's been going on for
10 long enough. I mean, I've seen, you know, a mother come in
11 with her water tray with all the black on it. I mean, as well
12 as for the state of Florida, all the water that these people
13 have to waste. We're trying to conserve our water in the area.
14 That alone should be enough to do whatever we can.

15 As a Commissioner goes, if you have a better way to
16 lead us to what we need to do to resolve this, our ears are
17 open. We think we've done everything we could. We've followed
18 the lead from our legislators as far as what to do, we think
19 we've put the right ordinance through, and we're getting fought
20 back again.

21 CHAIRMAN BAEZ: And I for one appreciate all of your,
22 all of your efforts, the County Commission's efforts. But I
23 think everybody needs to understand exactly where, where the --
24 what their posture is on this. And I don't, and I don't think
25 that that's been made clear to everyone, you know, sadly. And,

1 you're right, it is a difficult situation. And we appreciate
2 you and others like you coming, coming and letting us know
3 where you all stand on the issue.

4 COMMISSIONER MARIANO: I'd be willing to listen, if
5 you want to make it clearer for us what we need to do.

6 CHAIRMAN BAEZ: No. Look, I can't -- I'm not, I'm
7 not your attorney and I'm certainly not your political adviser.
8 I can't sit here and tell you exactly what you need to do.

9 Honestly, I wish that I could. And there are very few things
10 that -- I can't tell anybody what to do anymore, it seems, you
11 know. That's, that's a sad fact.

12 But, and certainly I know my colleagues here are
13 cringing every time I open my mouth at this point, so I'll
14 leave it at that.

15 COMMISSIONER BRADLEY: Well, let me say this, Mr.
16 Chairman. You know, I have listened, I've listened and I've
17 listened, and Aloha is not without blame because I've heard it
18 all day long that each and every time a solution has been put
19 forth, they litigate. So that negates everything. So, I mean,
20 I can, I can respect the frustration that these, that the
21 citizens are expressing.

22 CHAIRMAN BAEZ: Absolutely.

23 COMMISSIONER BRADLEY: And it makes our job very
24 difficult because each time a solution comes up, it gets
25 sidelined or sidetracked through the litigious activity of the

1 company. And I'm making up my mind as we go right now. And
2 this is a strange hearing because I haven't heard one person
3 yet who supports Aloha. So Aloha needs to, to, to listen and
4 maybe they need to readjust their settlement offer. And with
5 that, you know, I've made my mind -- I have not made my mind up
6 yet, but I can enjoy your frustration because --

7 CHAIRMAN BAEZ: Are you enjoying my frustration?

8 COMMISSIONER BRADLEY: Yes, I am. Yes, I am. I can
9 appreciate it. And I want, I want to see this being served in
10 Pasco County, not this, so.

11 (Indicating water samples.)

12 COMMISSIONER MARIANO: Well, the one thing that's
13 tough for the government, we create the monopoly. We also have
14 the control over it (phonetic.) We appreciate your help.

15 CHAIRMAN BAEZ: Commissioner, you got more than you
16 bargained for.

17 Commissioner Edgar.

18 COMMISSIONER EDGAR: I'm also a new Commissioner and
19 trying to work my way through this issue. And, in fact, on my
20 first day on the job back in January Aloha was one of the first
21 items that came before me.

22 Has the county taken a position regarding the
23 deletion proceeding that is pending before the Commission for
24 further consideration?

25 COMMISSIONER MARIANO: I mean, if the people want to

1 get deleted, we're happy to see them get deleted. Let them
2 enjoy water. If it takes the rest of us -- if it takes us
3 longer to solve the problem for the rest of the folks, fine.
4 But if they can get deleted, let them get deleted. We're not
5 stopping that whatsoever. We'd like to see it happen. We want
6 to get people clean, fresh water. That's what we want.

7 COMMISSIONER DEASON: I'll ask you the same question
8 I asked Mr. Forehand earlier, and that is do you think that the
9 proper thing to do is to proceed with deletion proceedings at
10 the same time that -- hopefully at some point the county's
11 resolution or the, the recommendation and the ordinance that
12 was adopted by the county is implemented. Do you see any
13 dichotomy or inconsistency between deleting and requiring an
14 aeration system be put in place or should those proceed
15 simultaneously? What is your viewpoint?

16 COMMISSIONER MARIANO: Well, and let me just throw
17 this as a layman as well. If you can take the deletion
18 proceedings and delete those customers and put them on county
19 water and you don't need to aerate another well, then, fine, so
20 be it.

21 CHAIRMAN BAEZ: Commissioner, I appreciate your
22 answer, but I have a follow-up. I mean, you do understand that
23 we can't force the county to do anything. Is that -- I mean,
24 you -- part of, part of this, part of the option of deletion or
25 what would, what would result in the deletion does not include

1 saying you are deleted and therefore free and now you're going
2 to be served by Pasco County. I mean, the county has to make
3 an affirmative step to take these customers.

4 COMMISSIONER MARIANO: Okay. The county is stepping
5 in the way of that, and maybe I'm missing exactly how it's got
6 to --

7 CHAIRMAN BAEZ: No. What I'm, what I'm saying is
8 that our decision could only, could only ever go as far as
9 setting customers free. But they don't have -- we can't
10 dictate a service provider for them. Someone has to, someone
11 has to step in. I mean, maybe we're getting a little bit too
12 far afield, frankly. But, you know, again --

13 COMMISSIONER MARIANO: I mean, I'm assuming the
14 county can step in.

15 CHAIRMAN BAEZ: Not without -- how many --
16 Commissioner, not without two or three more votes, I guess.
17 That's what Commissioner Simon said.

18 COMMISSIONER MARIANO: Well, as I said, I guarantee
19 you, and I'm sure the Commissioners and everyone feels the same
20 way, we want to help these folks get water in the quickest way
21 possible. If it meant to do the deletion, we'd be all for the
22 deletion. If it meant to go along with the onus we have, we
23 want to do that as well. We want to help the people.

24 CHAIRMAN BAEZ: We do too.

25 MR. FOREHAND: Chairman, to answer your question, you

1 kind of caught Jack here -- he's a new Commissioner. You
2 caught him off guard.

3 CHAIRMAN BAEZ: I know. And I'm trying to --

4 MR. FOREHAND: He didn't get to hear some of the
5 underlying things. The county has very clearly said they're
6 ready, willing and able to provide water to us. Your staff is
7 fully aware of this. The staff also knows that they said it's
8 going to take an order providing for contingent deletion before
9 they'll step in.

10 CHAIRMAN BAEZ: That and, that and litigation too;
11 right?

12 MR. FOREHAND: No. They didn't ask for the
13 litigation.

14 CHAIRMAN BAEZ: But they're going to get it; right?

15 COMMISSIONER BRADLEY: Well, and also I think, since
16 we have a new Commissioner, you know, I think it's also
17 important to point out that we're not talking about Aloha's
18 entire certificate.

19 COMMISSIONER MARIANO: Right. I understand.

20 COMMISSIONER BRADLEY: We're talking about a portion
21 of it.

22 CHAIRMAN BAEZ: Okay.

23 COMMISSIONER MARIANO: Thank you folks for coming
24 down. We appreciate your consideration.

25 CHAIRMAN BAEZ: Thank you, thank you all.

1 Mr. Reilly.

2 MR. REILLY: Bill Shepherd.

3 (No response.)

4 MR. REILLY: Carol Tegarden.

5 (No response.)

6 MR. REILLY: Bryan Jameson.

7 CHAIRMAN BAEZ: Mr. Jameson.

8 (No response.)

9 CHAIRMAN BAEZ: Next.

10 MR. REILLY: Ernest Lane.

11 MR. LANE: I'm Ernest Lane, 1145 Hominy Hill Drive in
12 Trinity.

13 First, I'd like to apologize in advance for any
14 difficulty you might have in hearing or understanding me. The
15 same condition causing me to use this (indicating cane) also
16 affects my speech.

17 But I urge you to disapprove Aloha's offer of
18 settlement. I note that the staff in its July 21 memorandum to
19 you did not refer to the black water treatment ordinance
20 adopted by the Pasco County Commissioners in June. The
21 separate recommendation to accept the offer puts you at, puts
22 you at direct odds with the elected officials of this county.
23 It would divide the Aloha customer community in that only a
24 limited number of customers are only partially made whole. The
25 other affected customers get nothing. But more importantly, it

1 allows Aloha to continue dragging this out. And my gut feeling
2 is that Aloha knows that the USF study will result in such an
3 expensive so-called fix that the customers will balk. We will
4 be right back where we are now.

5 Now please allow me to show you a couple of things
6 that should give you an idea of what I put up with. I know I'm
7 not alone in this regard.

8 As far as I know, I don't have the classic black
9 water problem. But I have a water softener and a whole-house
10 carbon filter that removes sediment and other things. I have a
11 point-of-use water tap in my kitchen. I got the water in that
12 jar when I changed the three filters at that tap a few days
13 ago. I would think that after the softener and the whole-house
14 filter there shouldn't be any sediment. The juice glass and
15 silverplated fork speak for themselves. I've tried just about
16 everything to remove that hardness in the glass and the
17 tarnished silver but haven't been successful.

18 In conclusion, note that Aloha's answer to just about
19 anything is that their water meets all federal and
20 state-mandated water quality standards. To that, I remind you
21 that the Yugo met all environmental and safety standards. It
22 was just a lousy car.

23 Similarly, Aloha provides lousy water to its
24 customers. Not only should you disapprove Aloha's offer of
25 settlement, you should move forward on all deletion

1 proceedings. I'm sure that there's a good reason to have
2 private water utilities way back when, but they've long
3 outlived their usefulness and I want out. Thank you.

4 CHAIRMAN BAEZ: Thank you, Mr. Lane.

5 MR. REILLY: Bill Humphrey.

6 MR. HUMPHREY: Chairman Baez, Commissioners, my name
7 is William Humphrey. I live at 2120 Larchwood Court, New Port
8 Richey, Florida. I'm president of the Foxwood and Trinity
9 Community Association, a homeowner's association of 910 homes,
10 616 of which are served by Aloha Utilities.

11 I urge you to reject the settlement offer because I
12 do not believe it is in the best interest of the customers for
13 a number of reasons, and I think many of them were stated
14 today. For one, it would end the deletion proceedings, which I
15 believe are in the best interest of the consumers of Aloha
16 Water. There have been over 20 years of delay, obfuscation,
17 legal battles. The water quality is the still horrible.

18 Deletion is the right answer. You asked before when
19 the gentlemen from Heritage Springs was testifying what we
20 wanted. We want water equivalent to the quality provided by
21 Pasco Utilities. It can be done by simply interconnecting the
22 existing Aloha system with Pasco Utilities. Aloha does not
23 have sufficient product to meet all of the customers that they
24 have been franchised to serve. Deletion of our territory would
25 leave them more product for the remaining customers so they can

1 go forward with their technical solution to remove the hydrogen
2 sulfide for those customers. Buying 1.5 million gallons a day
3 from Pasco Utilities and marking it up and reselling it to us
4 to solve the problem is not a solution that is in the best
5 financial interest of our consumers, and I urge you to reject
6 the settlement offer. Thank you.

7 MR. REILLY: John Parese.

8 (No response.)

9 MR. REILLY: Harold Schoenborn.

10 (No response.)

11 MR. REILLY: Brenda Madonna.

12 (No response.)

13 MR. REILLY: Victor Acuna.

14 (No response.)

15 MR. REILLY: Cheryl Bretz.

16 (No response.)

17 MR. REILLY: Tom Simpson.

18 (No response.)

19 MR. REILLY: Grady Peeler.

20 (No response.)

21 MR. REILLY: Bob Bowman.

22 (No response.)

23 MR. REILLY: Pat DePrez.

24 (No response.)

25 MR. REILLY: Mark Yanna.

1 (No response.)

2 MR. REILLY: Kathy -- I'm not sure of the letters in
3 this word. It's Kathy, I'm not sure, Schmole. Schmole.

4 (No response.)

5 CHAIRMAN BAEZ: She wasn't here to hear you mangle
6 her name.

7 MR. REILLY: I can't even make out the letters. It's
8 hard to pronounce something you can't read.

9 Mason Lavin.

10 (No response.)

11 MR. REILLY: Pamela McCabe.

12 (No response.)

13 MR. REILLY: Larry Holden, Jr.

14 (No response.)

15 MR. REILLY: Peter Stankiewicz.

16 (No response.)

17 MR. REILLY: Michael Culp.

18 MR. CULP: Bingo.

19 MR. REILLY: The Commissioner said I was on a roll.

20 MR. CULP: Good evening. My name is Michael Culp. I
21 live at 3806 Redwood Drive, Holiday, Florida 34691. The area
22 is known as Tahitian Homes. It is located west of US 19
23 between Bonita and Darlington Roads. It is not in any of the
24 deletion areas.

25 I urge you to seriously consider rejecting Aloha's

1 settlement offer. It is my opinion that the settlement offer
2 was made to you, the PSC, and not to I, the customer. I have
3 been an Aloha customer since June of 2000. Soon after that I
4 was plagued with a series of pinhole leaks in my copper piping.
5 In April of 2004 I paid about \$1,800 to have the CPVC pipes
6 installed. Last year it was another \$1,800 because a piece of
7 copper pipe underneath my home burst. A man had to come in and
8 jackhammer through my living room floor. My wife was quite
9 upset. We're still having the insurance company investigate
10 because that leaky pipe caused a 15-foot-by-3-foot washout
11 beneath the slab of my home. The insurance company says they
12 won't cover that, but they will cover the sinkhole activity
13 that they discovered.

14 Again, I urge you to seriously consider rejecting
15 this settlement. It seems like month after month Aloha sends
16 me bad water. Month after month I send them a good check. I
17 think I'm going to have to stop doing that. Thank you very
18 much.

19 CHAIRMAN BAEZ: Mr. Reilly.

20 MR. REILLY: Aurelie Lawrence.

21 (No response.)

22 MR. REILLY: Clara Harrington.

23 MS. HARRINGTON: My name is Clara Harrington. I live
24 at 1712 Cortleigh Drive, New Port Richey, 34655. Many of the
25 points that I was going to make have already been made.

1 However, I do want to say that the explanation given here on
2 the Special Report explaining the settlement has made me go
3 from feeling angry to feeling blackmailed and threatened and
4 bullied. And as a customer, I don't think that's fair. As a
5 citizen, I don't think it's fair. We need water and we are
6 being, you know, blackmailed basically to accept what they
7 want.

8 And one other issue I want to make is, that somebody
9 had touched on briefly was the water conservation. Almost
10 every month in my Aloha bill I get something explaining to me
11 how I can conserve water. It never addresses the issue of how
12 to conserve water when I have to rewash clothing or bedding or
13 anything else. I have to redo batches of laundry because the
14 water came out black and greasy. So I have to redo it. It
15 doesn't address how to save water when I have to rerun my
16 dishwasher because the water came out black and greasy, or the
17 water that I'm wasting when I'm turning on the faucet getting
18 black and greasy water and I leave it run for quite some time
19 hoping that it clears up because I'm not going to brush my
20 teeth with it. I'm not going to clean my cat's dish even with
21 it. I am asking as a customer of Aloha and as a taxpayer,
22 please do not accept this. Thank you.

23 CHAIRMAN BAEZ: Thank you, ma'am.

24 Mr. Reilly.

25 MR. REILLY: That's all the witnesses that have

1 signed up.

2 CHAIRMAN BAEZ: Is there anyone, is there anyone that
3 didn't get to sign up and wants to speak? Going once, going
4 twice. You do, ma'am? Go ahead.

5 MS. DOVE: I'm the one that brought in those two
6 samples.

7 CHAIRMAN BAEZ: Yes, you were. Would you state your
8 name?

9 MS. DOVE: I'm Ellie Dove and I live at Heritage, in
10 the Heritage Lake -- next to the Heritage Lake area. And when
11 we first came, the water was delicious, and that was 14 years
12 ago. We never had any problems. And then suddenly it got
13 worse about a few years ago and I had to start buying water.
14 And now I won't even let my dogs drink that water. We have
15 three wonderful dogs. I don't want them to get sick. And we
16 bathe them in it because we can't afford to buy more than we
17 do. We buy gallons and gallons of water and I have to drag it
18 home. It's expensive and it's hard on me. I have an ill
19 husband who cannot do it anymore, so I do it. And I don't cook
20 with it, I don't drink it, but I still wash my clothes in it
21 because I cannot afford to buy more water than that. Please
22 help us. Thank you.

23 CHAIRMAN BAEZ: Thank you. Anyone else?

24 Ma'am.

25 MS. WOODS: My name is Helen Woods and I live at

1 7704 Craig Hurst Loop in the development of Wyndgate. I had no
2 intentions of coming up here today, but I decided I need to say
3 something because I came to -- the first PSC hearing I came,
4 went to was back in 1998. It was held at the Sheraton Inn on
5 19. And we had just bought in the development of Wyndgate, we
6 hadn't even built the house yet, and already there was a
7 complaint of people in there having water problems. Anyhow, as
8 we sat, my husband and I sat at that particular hearing with
9 the PSC, it was unbelievable. The -- we had been in Florida at
10 that point already 13 years and had Pasco County with not a
11 problem, not a problem at all.

12 But, anyhow, I think the amazing part at that hearing
13 was how Aloha insulted the intelligence of everyone in that
14 audience and everyone sitting on that committee saying that it
15 was either the water softener or it was the copper tubing that
16 caused the problem. And it was just so sad that it -- I don't
17 know if any of you were on that Commission, on the Commission
18 at that time, but it was very disheartening.

19 Here we are six years later, and I've been to many
20 hearings, I come to every one. I don't speak because everyone
21 seems to say what's on my mind. I only say that there are a
22 lot of people here who give their time with absolutely no pay
23 at all. I wonder how many attorneys would be sitting here if
24 they were just in the interest of the consumers. They'd be out
25 the door so fast. I'm just asking that you will consider --

1 not consider, is what I want to say, what they're presenting to
2 you because, you know what, they've been lying to us for at
3 least six years that I know of. So that's all I have to say.
4 Please don't consider this, this proposal. Thank you.

5 CHAIRMAN BAEZ: Thank you, Ms. Rose.

6 Ms. Hendrick.

7 MS. HENDRICK: Yes. I just wanted to say that we
8 would have had more people here even from Nature's Hideaway,

9 but a lot of the families in our neighborhood are actually
10 younger families with young children. So, you know, our
11 petition, we hope, will speak for the people that couldn't make
12 it.

13 CHAIRMAN BAEZ: We'll note that for the record.

14 Thank you, Ms. Hendrick.

15 It looks like that concludes our customer meeting. I
16 want to thank all of you who, who came, who spoke, who stayed
17 here until the bitter end and listened to some of the things
18 that were said. I want to thank the Commissioner for staying
19 to the end and listening to everything that was said. Thank
20 you, staff and Commissioners, for coming out, and you all have
21 a good night.

22 Oh, before you go, the Special Agenda to consider the
23 recommendation is Wednesday at 9:30 in the morning. Wednesday
24 the 17th; correct? Wednesday the 17th, 9:30 a.m. in
25 Tallahassee in the Commission hearing chambers.

1 Have a good night.

2 (Special Agenda concluded at 5:18 p.m.)

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1 STATE OF FLORIDA)
2 COUNTY OF LEON)

CERTIFICATE OF REPORTER

3

4 I, LINDA BOLES, RPR, CRR, Official Commission
5 Reporter, do hereby certify that the foregoing proceeding was
6 heard at the time and place herein stated.

7 IT IS FURTHER CERTIFIED that I stenographically
8 reported the said proceedings; that the same has been
9 transcribed under my direct supervision; and that this
10 transcript constitutes a true transcription of my notes of said
11 proceedings.

12 I FURTHER CERTIFY that I am not a relative, employee,
13 attorney or counsel of any of the parties, nor am I a relative
14 or employee of any of the parties' attorneys or counsel
15 connected with the action, nor am I financially interested in
16 the action.

17 DATED THIS 22ND DAY OF AUGUST, 2005.

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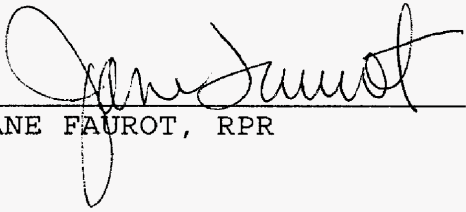
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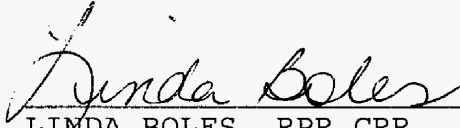
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