



Public Service Commission

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

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**DATE:** February 20, 2003  
**TO:** Division of the Commission Clerk and Administrative Services  
**FROM:** Division of Economic Regulation (Fletcher) *MS*  
**RE:** Docket No. 010503-WU - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

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Please file the attached letter from F. Marshall Deterding, Esquire, dated February 20, 2003, in the docket file for the above-referenced docket.

cc: Division of Economic Regulation (Merchant, Willis)

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CAF \_\_\_\_\_  
CMP \_\_\_\_\_  
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February 20, 2003  
**VIA HAND DELIVERY**

Marshall Willis  
Division of Economic Regulation  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0873

Re: Aloha Utilities, Inc.; PSC Docket No. 010503-WU  
Application for Increased Water Rates in Seven Springs System  
Our File No. 26038.35

Dear Marshall:

I am writing in response to your letter of February 10, 2003, inquiring further about the status of the customer service and conservation measures. I have tried to provide a response to each of your questions below:

1. **Additional Payment Options.**

In the December 20,2002 status report, the utility indicated that billing stuffers informing customers of the website and the on-line survey regarding payment options via preauthorized direct debit and payment via the internet were going out with next billing cycle, which was to occur in January (2 billing cycles). As of the date of this letter, the only survey on Aloha's website pertains to the utility's new billing format. Why has the on-line survey regarding payment options via authorize direct debit and payment via the internet not been completed and what is the anticipated date this on-line survey will be completed?

Response - The Utility did send out notification of the existence of the website in billing stuffers near the beginning and middle to late January (2 billing cycles). Already on the website was a survey concerning the new billing format. As of this date, we have received approximately 75 responses to that survey after it has been on the website for approximately 1 ½ months. We were giving the customers a little time

to become aware of and familiar with the website before sending out a second mailer which would inform them of the survey on the website related to payment options. It is our intent to provide that second bill stuffer with the next two billing cycles and to place the payment option survey on the website within that period of time.

In the meantime, we have discussed with credit card companies and banks the cost of incorporating Visa and MasterCard payments and direct debit through both the website and at our office (separate services). I am attaching hereto an outline of the costs that we have determined from the banks for the use of Visa or MasterCard online and through phone calls and walk-in payments. While it is apparent that these services can be obtained for credit cards relatively easily, unless they are utilized by at least 50 to 100 persons, they do not appear economical as the cost per person will be significant, as would the additional clerical time for the Utility staff. However, if they are utilized by too many people, the overall cost can get significant very quickly and we are looking at ways to compensate for that cost.

The Utility has contacted its banker, Bank of America, about the possibility of utilizing direct debit in order to obtain some specific information in that regard. We have received the attached outline of costs related to direct debit. As you can see from a review of these costs, direct debit appears to be substantially cheaper as an alternative method of payment than is the use of credit cards. In addition, it is the method most asked about by our customers through comments they have sent in since the website has been online.

Based upon the input from customers and the cost of implementing the direct debit, we are moving forward immediately to implement that alternative for payment and will inform the customers of its availability with the next mail stuffers in billings. Those bill stuffers will also direct the customers to a new survey which will be online approximately March 1, 2003 to determine their interest in the credit card payment option. Because of the cost of the credit card option, we are also considering the possibility of imposing an additional charge on customers for use of this method, so there are legal questions about that issue as well.

Based upon discussions with the bankers, we should have direct debit online in approximately 60 to 90 days and available for use by our customers. In the meantime, we will continue to pursue inquiries about

the other options which might be available, and try to determine whether they are worthwhile or desirable to the customers.

2. **Citizens' Advisory Committee.**

**In the December 20,2002 status report, Aloha also indicated that it expected to have the first organizational meeting in mid to late January.**

- 1) **How many members does the CAC currently have?**
- 2) **Provide a current copy of the CAC mailing list.**
- 3) **Provide a copy of the agenda and a meeting summary for the CAC meeting that was scheduled for mid to late January.**
- 4) **If not included in the agenda or meeting summary, state where the CAC meeting was held.**
- 5) **If the CAC meeting did not occur, state why it did not and what is the anticipated date of the first CAC meeting?**

**Response**

The Utility has sent out two separate mailings requesting participation from all of the Homeowner Associations within the service territory of the Utility with whom the Utility has had prior contact. These total more than 60 platted subdivisions, representing over 10,000 connections. The Utility has thus far received a positive response from only 14 of those associations expressing a willingness to participate. These associations represents only approximately 1/4 of the total customers represented by Homeowners Associations. We do not believe that this level of participation can comply with the requirements of the Commission's order. As such, the Utility has not held the first CAC meeting to this date.

Attached hereto is a listing of the associations who we have contacted twice, along with their addresses and contact persons, as well as locations of those that have responded and have agreed to participate and those who have not. The Utility is somewhat at a loss because it has attempted, on two occasions, to organize a

CAC to conform to the requirements of the order that the committee represent a "cross-section" of the Utility's customers and be composed of 15 to 20 citizens. With less than 1/4 of the Utility's customers being represented at such a meeting, we do not believe that would comply with the order. The Utility intends to review a list recently provided by Pasco County and through searching of State of Florida information, in order to attempt again to contact more associations and to find additional contact information within the service territory. If the Commission staff has any further suggestions on how to elicit participation from customers, we would be interested in hearing those ideas.

In the meantime, the Utility will attempt a third mailing and to the extent that we can obtain an agreement to participate by at least 15 associations who represent at least 50% of the Utility's customers, we will move forward with scheduling the first CAC meeting in the very near future. Otherwise, we will have to seek further direction from the Commission about what to do, since our attempts to organize the committee meetings have not been successful in eliciting a willingness to participate on the part of representation of a substantial portion of the Utility's total customer base. Our inability to obtain agreements to participate from at least the minimum number of participants as clearly required by the order also prevents us from holding an organizing meeting until we can gain more participation. We will continue to work on this.

We will let you know as we learn more. If you have any further questions or comments, please do not hesitate to contact me.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY



F. Marshall Deterding  
For The Firm

FMD/tms

cc: Mr. Stephen Watford

### Seven Springs Home Owners Association Listing

TITLE	FIRST NAME	LAST NAME	HOA	REPRESENTS	Attending	Not Attending	No Response
			Ashley Place Apt	114			X
Mr.	Mike	Ryan	Briar Patch Homeowners Association	38	X		
Mr.	Bill	Coogan	Chelsea Place Homeowners Association	139			X
Mr.	Ken	Boccio	Country Place Village Homeowners Association	513			X
Ms.	Ruth	Cannata	Cypress Lakes Homeowners Association (Includes Parklake Unit6)	144	X		
Mr.	Lew	Friedland	Fox Hollow Homeowners Association	359			X
Mr.	Lew	Friedland	Foxwood Homeowners Association	582			X
Mr.	Edward	Marden	Heritage Lakes Homeowners Association	931	X		
Mr.	Dusty	Eichholt	Heritage Springs Homeowners Association	147	X		
			Hunting Creek	13			X
Ms.	Patty	Dailey	Hills of San Jose	49			X
Mr.	Dusty	Eichholt	Laurel Green Homeowners Association	9	X		
			Millpond Trace	142			X
			Millpond Villas	45			X
			Millpond Lakes	69			X
Ms.	Janet	Mulliken	Millpond Estates Community Homeowners Association, Inc.	371			X
			Millpond Village	115			X
Mr.	Joseph	Hanlon	Natura Homeowners Association	65			X
Mr.	Greg	Musgrave	Nature's Hideaway Homeowners Association	356	X		
			Oakcreek Apts	152			X
			Park Lake Estates	298			X
			Park Lake Country Trace	98			X
Mr.	Albert	Couture	Park Lake Homeowners Association-Unit2	464			X
Mr.	Mike	Ryan	Plantation Homeowners Association	52	X		
			Ranchside Apts	76			
Mr.	Gary	Blackwell, Jr.	Reserve at Oakridge Homeowners Association	14			X
Mr.	Charles	Hartman	River Oaks Condo Homeowners Association	40	X		
			Riverside Condo	16			X

### Seven Springs Home Owners Association Listing

TITLE	FIRST NAME	LAST NAME	HOA	REPRESENTS	Attending	Not Attending	No Response
			Riverside Village	148			X
Mr.	Paul	Laska	Riverside Village Unit 4	97			X
Ms.	Marge	Sindelar	Villa Del Rio Homeowners Association	302			X
Ms.	Sandy	Mitchell	Riviera Homeowners Association	35	X		
Ms.	Nancy	Keirse	Spring Haven Condo Homeowners Association	39			X
Ms.	Patricia	Orsi-Buck	Thousand Oaks- Phase 6-9 -	20			X
			Thousand Oaks Phase 1	37			X
Mr.	Bill	Gunther	Thousand Oaks-Phase 2-5	263	X		
Mr.	Thomas	Picciano	Trinity Oaks Homeowners Association	424	X		
Mr.	Edward	Brueggemann	Veterans Village-Venice Estates	311			X
			Veterans Village-Seven Springs Homes-Unit 1	148			X
			Veterans Village-Seven Springs-Unit 2	197			X
			Veterans Village-Seven Springs-Unit 4	114			X
			Veterans Village-Seven Springs-Unit 3-A	146			X
			Veterans Village-Seven Springs-Unit 3-B	145			X
			Veterans Village-Seven Springs-Unit 6	178			X
			Veterans Village-Seven Springs-Unit 7 Phase 2	104			X
			Veterans Village-Seven Springs-Unit 7 Phase 1	83			X
			Veterans Village-Seven Springs-Unit 7 Phase 3	100			X
			Veterans Village-Seven Springs 5A-Phase 1	127			X
			Veterans Village-Seven Springs-5A-Phase2	151			X
			Veterans Village-Seven Springs-5B-Phase 1	107			X
			Veterans Village-Seven Springs-5B-Phase 2	136			X
Mr.	Fred	Williams	Veterans Villas Homeowners Association	251			X
Mr.	Walter	Mallett	Vicroy Condo Homeowners Association	10			X
Mr.	Garry	Stine	Woodbend Homeowners Association	52	X		
			Woodgate	89			X
Mr.	Randy	Packer	Woodtrail Homeowners Association	282			X

### Seven Springs Home Owners Association Listing

TITLE	FIRST NAME	LAST NAME	HOA	REPRESENTS	Attending	Not Attending	No Response
Mr.	Tom	Walters	Wyndtree Phase III Villages 5 & 7 Association, Inc.	97	X		
			Wyndtree	301			X
Mr.	Irving	Gaines	Wyndtree Villages 11 & 12 Association, Inc.	115	X		
		<b>TOTALS</b>					
				<b>10020</b>	<b>2703</b>		<b>7317</b>
		<b>% OF TOTAL</b>			<b>27%</b>		<b>73%</b>



## PAYMENT OPTIONS

### VISA MASTERCARD

Through phone calls and walk-in

One time set-up fee \$95.00

#### Equipment

Lease	\$ 35.00 per month
Purchase	\$650.00

Based on \$50,000 per month credit sales.\*

#### Monthly Fees

Per Authorization (each trans.)	.10
If equipment is leased	1.75% + Lease payment
If equipment is purchased	1.80%
Support Pack includes materials, statements, tech. support, customer service	\$15.95

\*After six months they would review account, if sales are higher rate could be lowered.

VISA MASTERCARD  
ONLINE

One time set-up fee with Gateway	\$175.00
One time set-up fee with Bank	\$ 95.00

Monthly Fees

Per Authorization (each trans.)	.10
Gateway	\$19.95
Bank	2.50%
Support Pack	\$15.95

Charge backs	\$15.00
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**DIRECT DEBIT (ACH File)**

**One time fee:**

Software (Micro-cash)	\$450.00
set-up	\$ 50.00

**Monthly:**

Maintenance	\$20.00 Consumer
	\$30.00 Corporate
Per item	.10 Consumer
	.15 Corporate
Per file*	\$10.00 Consumer
	\$15.00 Corporate
Maintenance Support	\$15.00

\*A file is the amount of times you would send a list of debits. We currently bill two cycles a month, if we did a direct debit transaction of all payments twice a month that would be two files a month.