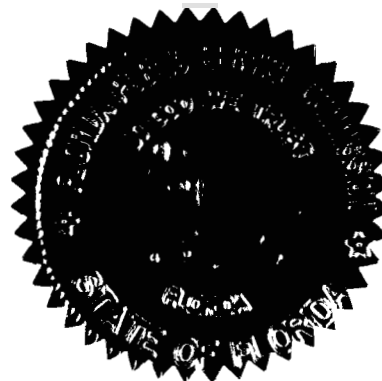


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 020896-WS

In the Matter of:

PETITION BY CUSTOMERS OF
ALOHA UTILITIES, INC. FOR
DELETION OF PORTION OF
TERRITORY IN SEVEN SPRINGS
AREA IN PASCO COUNTY.



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VOLUME 2

Pages 148 through 236

PROCEEDINGS

NEW PORT RICHEY SERVICE HEARING

BEFORE:

COMMISSIONER J. TERRY DEASON
COMMISSIONER RUDOLPH "RUDY" BRADLEY
COMMISSIONER CHARLES M. DAVIDSON

DATE:

Thursday, April 8, 2004

TIME:

Commenced at 4:00 p.m.
Concluded at 6:10 p.m.

PLACE

West Pasco Government Center
County Commission Board Room (Suite 160)
7530 Little Road
New Port Richey, Florida

REPORTED BY:

LINDA BOLES, RPR
TRICIA DeMARTE, RPR
Official FPSC Reporters

APPEARANCES:

(As heretofore noted.)

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P R O C E E D I N G S

(Transcript follows in sequence from Volume 1.)

COMMISSIONER DEASON: If I could have everyone's attention, we'll call the hearing to order. This microphone is working okay? Everyone can hear fine? Okay. Except for Commissioner Davidson, he has a problem. I'm just kidding. Could we have the customer notice read, please.

MS. GERVASI: Pursuant to notice, this time and place has been designated for a customer service hearing in Docket Number 020896-WS, petition by customers of Aloha Utilities, Inc., for deletion of portion of territory in the Seven Springs area in Pasco County.

COMMISSIONER DEASON: Thank you. Take appearances.

MR. BURGESS: Commissioner, my name is Steve Burgess. I work for the Office of Public Counsel; we represent the customers of Aloha Utilities in this case.

COMMISSIONER DEASON: Mr. Burgess, raise your hand. That was Mr. Burgess speaking.

Mr. Deterding.

MR. DETERDING: F. Marshall Deterding and John L. Wharton of the law firm of Rose, Sundstrom & Bentley in Tallahassee, Florida, here on behalf of Aloha Utilities, Inc.

MS. GERVASI: And I'm Rosanne Gervasi appearing on behalf of the Commission. And with me is Marshall Willis, a Bureau Chief with the Commission's division of economic

1 regulation. Mr. Tom Walden is here also; he's an engineer on
2 staff. And there are a couple of other staff members outside
3 the room who are also here to assist you: Bridget Hoyle and
4 Sandy Moses.

5 COMMISSIONER DEASON: Okay. Thank you.

6 MR. DETERDING: Commissioner Deason, if I may.

7 COMMISSIONER DEASON: Yes.

8 MR. DETERDING: I just want to be clear on the record
9 that because this is an additional session of a hearing, I just
10 want the record to be clear that your prior ruling that Aloha
11 will not be allowed to cross-examine, present witnesses, make
12 motions or objections continues into this second session and
13 our continuing objection to that procedure.

14 COMMISSIONER DEASON: And your objection is so noted,
15 just as it was this morning.

16 MR. DETERDING: Thank you very much.

17 COMMISSIONER DEASON: Let me introduce myself. I'm
18 Commissioner Terry Deason, a member of the Public Service
19 Commission. I will be chairing the hearing this afternoon.
20 And seated to my right is Commissioner Rudy Bradley and seated
21 to my left is Commissioner Chuck Davidson. We constitute the
22 three-member panel of Commissioners which will be hearing this
23 matter here today. We were also the panel of Commissioners
24 which heard the hearing this morning.

25 I want to take just a moment to do some brief

1 introductions as to the purpose of the hearing and how we will
2 proceed. We are here today to consider a number of
3 alternatives which have been presented in a report that has
4 been provided by Dr. Levine. We're also here though to not
5 only get comment on that report but to hear from you, the
6 customers, concerning your thoughts on that report as well as
7 other matters which you think are germane to the issues which
8 are before the Commission.

9 The Commission is well aware of the long history of
10 this matter, and we ask you to please be cognizant of that.
11 Please feel free to address whatever you wish is relevant, but
12 also keep in mind that we are here at this point of this
13 proceeding to search for solutions to the problems which we
14 know that exist. I think even the company has indicated that
15 they are willing to try to work to find solutions.

16 We are going to have Mr. Burgess, in just a moment,
17 call witnesses that have signed up to testify. If you have
18 signed up to testify, it's going to be necessary for you to be
19 sworn in as a witness. And in just a moment I'll ask those
20 members of the public who do wish to testify to please stand
21 and to be sworn in.

22 When your name is called, we ask that you come
23 forward to the podium directly in front of me and begin by
24 giving us your name and your address. If you think it would be
25 helpful to the court reporter, you may wish to spell your name

1 so that it is recorded accurately in the record. This matter
2 is being recorded by our court reporters, and it will become
3 part of the record in this proceeding.

4 I wish to draw your attention to the Special Report
5 that has been printed on blue paper. You should have been
6 provided a copy of this as you entered the hearing room. This
7 has some very helpful background information. I would ask that
8 you take a moment to review that. I think that you will find
9 it helpful. It also has some information as to how we conduct
10 public hearings at the Public Service Commission.

11 I would also direct your attention to the very last
12 page of this. This page is designed to be detached. You may
13 write upon it, fold it, and mail it to the Public Service
14 Commission. This is for those customers who are in attendance
15 but who do not wish to make a formal statement here today but
16 still wish to avail themselves of the opportunity to present
17 their comments to the Commission.

18 I would also direct your attention to the
19 Commission's 800-number, which I believe is found on Page 5 of
20 the report, and a means of contacting us via the Internet as
21 well. Whatever you find is most convenient and helpful for you
22 we would encourage you to provide -- for you to provide your
23 comments to us.

24 Concerning the report, Mr. Willis, I think there was
25 a small glitch that we've encountered with that. Could you

1 explain that to the customers this afternoon?

2 MR. WILLIS: Yes, Commissioner Deason. The little
3 glitch appeared on Page 2 of the Special Report that was handed
4 out. About two-thirds of the way down on the left-hand side it
5 indicates that there was a response to one of staff's data
6 requests of the company that was going to be available to
7 customers at this service hearing, and unfortunately, the boxes
8 containing the photocopies of that response are still in
9 Tallahassee and won't be here. But if anybody would like those
10 responses, they can be found on our Web site, which is also
11 indicated here. And we will also be happy to send you a copy.
12 All you have to do is just give your name and address to
13 Bridget Hoyle, who is one of the staff people out at the table
14 who helped signed you in this afternoon, and we'll be happy to
15 send it to you. Thank you.

16 COMMISSIONER DEASON: Very well. As you probably
17 deduce from what Mr. Deterding said, there's not going to be
18 cross-examination of witnesses today. This is a preliminary
19 stage at this point. We had a number of questions from
20 interested persons at the end of the session, I say the morning
21 session, but it lasted until well into the afternoon,
22 concerning the next steps in the process.

23 Mr. Willis, I'm going to put you on the spot again
24 and just ask you at this point to go ahead and describe where
25 we are now and possible next steps in this process.

1 MR. WILLIS: Certainly. Today, we're taking comments
2 from customers to get your input as to solutions and any other
3 topics you wish to discuss. The next possible step for staff
4 is going to be a proposed recommendation, and that point in
5 time which that's going to be filed with the Commission is yet
6 to be determined. There's also one other step that's being
7 followed and that's mediation. The Commission -- our General
8 Counsel at the Commission has been talking with all parties
9 trying to find out if mediation is possible in this case as a
10 way to solve the problem. Until we know that mediation is not
11 going to work, we will probably not be filing a staff
12 recommendation because that would be counterproductive to any
13 kind of mediation that might come out. So that's basically
14 where we are at this point.

15 COMMISSIONER DEASON: And just let me reiterate that
16 the mediation is being pursued as a possibility. Obviously, we
17 do not know if it would be fruitful or not, but we feel that
18 there is a possibility that it may. And Mr. Burgess and Public
19 Counsel's Office, as well as the consumer representatives who
20 have participated in this matter, would be part of that
21 mediation if it were to go forward.

22 Ms. Gervasi, is there anything we need to cover at
23 this point?

24 MS. GERVASI: There's nothing further that I can
25 think of.

1 COMMISSIONER DEASON: Mr. Burgess, do you have
2 anything preliminary?

3 MR. BURGESS: I don't. When you're ready, I'm
4 prepared to just go ahead and begin calling the witnesses that
5 have signed up.

6 COMMISSIONER DEASON: Mr. Deterding, do you have
7 anything preliminary other than the objection which we have
8 noted?

9 MR. DETERDING: Nothing, Commissioner.

10 COMMISSIONER BRADLEY: Mr. Chairman, let me ask a
11 question. I was reading something else. Who is going to be a
12 part of the mediation team?

13 COMMISSIONER DEASON: It is my understanding that I
14 guess that's something else that -- but I think that everyone
15 that has participated thus far would be invited to participate
16 in the mediation.

17 Ms. Gervasi, do you have any more information on
18 that?

19 MS. GERVASI: No, sir, I really don't. I don't
20 believe that it has been finally decided who will actually be
21 coming to the table. Certainly the key players for both
22 parties and perhaps DEP, but I'm not certain as of yet.

23 COMMISSIONER DEASON: I guess the point that I was
24 making is, is that the attempt is not to have some type of a
25 closed mediation and not -- it'd be open to those persons who

1 wish to participate.

2 With that, I'm going to ask all members of the public
3 who have signed up and wish to make a formal statement here
4 today to please stand and raise your right hand.

5 (Witnesses collectively sworn.)

6 COMMISSIONER DEASON: Thank you. You may be seated.
7 Mr. Burgess.

8 MR. BURGESS: The first witness I have is Sylvia
9 Hargreaves.

10 SYLVIA HARGREAVES

11 was called as a witness on behalf of the Citizens of the State
12 of Florida and, having been duly sworn, testified as follows:

13 DIRECT STATEMENT

14 MS. HARGREAVES: Honorable Commissioners, staff,
15 Mr. Burgess, my name is Sylvia Hargreaves, H-A-R-G-R-E-A-V-E-S,
16 and I live at 1009 Hagen Drive, Trinity, Florida. I'm sad to
17 tell you that I've been a customer of Aloha Utilities for
18 almost six years. I wish I could say ours has been a good
19 relationship, but I cannot. And I think the best way I can
20 demonstrate that to you is to read a portion of a letter that I
21 sent to Mr. Watford last month.

22 Why I have to ask myself in this great country we
23 live in is an organization proud that they meet the minimum
24 standards? You have mistreated your customers for years. You
25 have spent extraordinary amounts of money to have your legal

1 team fight your customers in court when you could have
2 channeled those funds towards fixing the problems we have all
3 complained of over and over and over for years and years and
4 years. This does not demonstrate good management skills,
5 Mr. Watford.

6 A savvy business professional would have used this
7 opportunity to listen to what their customers were saying, hear
8 what their customers were saying, then fix the issues their
9 customers had raised. Instead, rather than fix the issues
10 raised by its customers, Aloha would rather spend customer
11 money to fight its own customers in the legal arena. Had Aloha
12 been dependent on a base of customers who had an option to
13 choose another water provider, you would have listened. You
14 would have heard and then you would have fixed those issues,
15 assuming you wanted to be able to stay in business. Instead,
16 secure in Aloha's monopoly status, you did not feel you had to
17 listen, hear, or fix. In light of this, I am requesting a
18 written year-by-year accounting from 1993 forward of Aloha's
19 legal expenditures connected with litigation against the PSC,
20 your customers, i.e., rate hikes, refusal to return prematurely
21 collected funds for rate increases not approved, et cetera, and
22 SWFWMD for their efforts to bring Aloha into compliance with
23 their water use permit, which you are and have been overpumping
24 by approximately 50 percent since the 1990s. Of course, I am
25 only interested in legal expenditures that the PSC authorized

1 could be charged back to your consumers.

2 Talk about a double-edged sword, Mr. Watford. Not
3 only do I get to subsidize Aloha's legal wranglings when you
4 fight the PSC, SWFWMD, or your own customers, but I and all
5 Aloha customers get to pay again since it's the taxpayers who
6 ultimately foot the bill for the legal expenses incurred by the
7 PSC and SWFWMD. In September 2003, encouraged by the CAC's
8 efforts to bring about a win-win situation for everyone
9 involved, I decided to write Aloha again. The condescending
10 reply I received from Ms. Yackabeli (phonetic) disgusted and
11 infuriated me, Mr. Watford. Her "Ms. Hargreaves, if we don't
12 know about your problems, we can't fix them" was inappropriate.
13 Mr. Watford, Aloha knows about the problems its customers have;
14 Aloha just chooses to ignores these problems.

15 Your customers have been telling you about their
16 problems for years. Bottom line, Mr. Watford, I don't have the
17 time or energy to call your office every day to tell you about
18 your lousy water. Ms. Yackabeli's response was just one more
19 example of Aloha's lack of commitment to their customers.
20 Aloha's customer service lacks the basic skills of courtesy and
21 responsiveness inherent in most organizations' customer service
22 areas.

23 As I mentioned in my earlier letter, customers tire
24 of complaining to you because Aloha always blames the problems
25 on the other guy. It's always the builder or the customer's

1 water softener or the customer's pipes, et cetera, et cetera.
2 Imagine my surprise when your representative, Charles Painter,
3 operations supervisor, showed up on my doorstep, handed me his
4 card, and indicated Aloha had received my letter, and they
5 wanted to do a better job. This remark was the closest I have
6 ever come in over five years to hearing that Aloha wanted to do
7 something about our water issues.

8 When I question Mr. Painter why Aloha had stopped
9 flushing, when was the last time they had flushed, et cetera,
10 et cetera, he would not be pinned down to a why or a specific
11 date. He would only say it had been a while. You see, I knew
12 it had been well over a year since I or any of my neighbors had
13 seen Aloha flush this blowout valve. Come to find out,
14 Mr. Painter had been in his new position for over six months
15 and, after reading my letter, drove out to Hagen Drive to find
16 the blowout valve. He told me he could not locate it. So he
17 went back to the shop and over lunch with the other Aloha
18 technicians asked about a blowout valve on Hagen Drive.
19 According to Mr. Painter, they, the other Aloha staff, all knew
20 where this blowout valve was located and told him where he
21 could find it. The valve did get flushed that afternoon, and
22 I've seen it flushed from time to time since then. However,
23 this incident does lead me to make a couple of observations,
24 Mr. Watford.

25 Assuming Mr. Painter was telling the truth and he did

1 not know where this valve was, this does not say much for
2 Aloha's recordkeeping or technical savvy. Shouldn't Aloha have
3 a record of where all equipment, blowout valves, et cetera, is
4 located? I would think this would be some very basic
5 information an organization would want to have at their
6 fingertips. Secondly, if all the other Aloha experts knew
7 where this valve is located, why did Aloha discontinue
8 flushing? No need to reply to my question. I can answer it
9 for you. You flush when people are vocal, you stop when people
10 stop complaining. This is just one more example of Aloha's
11 poor management, technical, and customer service skills.

12 On this same day, Mr. Painter and a technician also
13 tested the chlorine level in my water. I asked what the
14 readings were as I too had been testing my water daily. When
15 Mr. Painter gave me the readings, I challenged those readings,
16 and then asked to look at the equipment being used to test the
17 chlorine level. Mr. Painter showed me your meter and indicated
18 he could retest if I was not happy. I asked him to retest.
19 When they retested, they came up with a higher level of
20 chlorine at my water faucet than at the street where the water
21 comes into my property. I questioned how this could happen,
22 and I again challenged the readings. They retested again and
23 this time came up with a higher level at the street and a lower
24 level at my faucet. What I find curious is how could there be
25 so many different numbers in a less than ten-minute span. This

1 kind of data leads me to suspect, one, your equipment; two,
2 experts and their technical expertise; three, your numbers;
3 four, all four -- all three. Question: Are these numbers
4 being pulled out of the air until you get one that shuts the
5 customer up?

6 In closing, I would like to tell you that my water
7 still stinks, it still tastes terrible, and the water pressure
8 is a joke. When people come to my home and use my bathroom for
9 the first time, I recite the following speech to my guests. We
10 have lousy water pressure, so if you're considering making a
11 sizable deposit, please flush as you go. And if that doesn't
12 work, there's a plunger under the sink. Of course I try to
13 joke about it while I'm making this statement, but do you have
14 any idea how embarrassing this exchange is for both my guests
15 and me?

16 Lastly, I would like to invite you or any member of
17 your staff to come over to my house and drink a glass of our
18 "meets federal and state standards" water. As I mentioned to
19 you in a previous letter, I won't even let my dogs drink your
20 water. And if I could shower, bathe, and wash clothes sans
21 Aloha water, I would. The only thing that Aloha water is good
22 for is watering my lawn and flushing my toilets.

23 That said, after listening to the excellent arguments
24 given today for deletion of territory, I hope that each and
25 every one of you are as convinced as I am that deletion of

1 territory is the obvious and the only choice to resolve this
2 critical issue. Deletion of the Seven Springs area would
3 create a win-win situation for all involved. It would finally
4 bring Aloha Utilities into compliance with its water use
5 permit, and it would make good quality water available to Seven
6 Springs residents at an affordable price -- this is the key
7 word "affordable" -- and in a relatively short span of time. A
8 majority of these customers have suffered from poor quality
9 water for many years. Our fate is in your hands now. I urge
10 you -- no, let me take that back. I beg you, do the right
11 thing. Please protect the health, safety, and welfare of the
12 Seven Springs residents by granting us deletion of territory
13 from Aloha Utilities. Thank you.

14 COMMISSIONER DEASON: Mr. Burgess.

15 MR. BURGESS: Donna Vaurio.

16 DONNA VAURIO

17 was called as a witness on behalf of the Citizens of the State
18 of Florida and, having been duly sworn, testified as follows:

19 DIRECT STATEMENT

20 MS. VAURIO: Please excuse my raspy throat and the
21 fact that I'm not a practiced speaker. I have PVC pipes, I
22 have a water softener --

23 COMMISSIONER DEASON: Ma'am, I'm sorry. Could you
24 begin by giving us your name for the record, please.

25 MS. VAURIO: Donna Vaurio.

1 COMMISSIONER DEASON: Could you spell that for me,
2 please.

3 MS. VAURIO: V, as in Victor, A-U-R-I-O.

4 COMMISSIONER DEASON: Thank you. You may proceed.

5 MS. VAURIO: Okay. I have PVC pipes, I have a water
6 softener, I have smelly water, I have black water. When
7 Dr. Levine was making her tests, she tested my house. In fact,
8 mine is one that's used in her slide presentation. Aloha was
9 going to stop her from testing my house because I had a water
10 softener attached; however, I have a bypass valve. So they
11 were able to take a sample of the water without -- that had not
12 passed through the water softener yet. They claim that the
13 water turns brown after it enters the house, after it goes
14 through the water softener and all the chlorine is removed and
15 all this other good stuff. The sample that they took at my
16 bypass before it entered my house, before it entered the water
17 softener was brown.

18 Now, I back up to another village. I mean, we're
19 close enough we share a common area. I can talk to my
20 neighbors in that village just as I'm talking to you now.
21 We're that close. They have Pasco Utilities. Our homes were
22 built by the same builders. We have the same water softeners
23 because there's a gentleman that moonlights from our plumbing
24 company and he installed a lot of them. According to Aloha, we
25 have the same water. That's how they responded to one of my

1 inquiries. So I asked them, why, if this is all true, do I
2 have smelly, black water and they don't? I got a response from
3 their customer service department saying that the reason was
4 copper sulfites. So I wrote back and I said, yes, but my
5 neighbors don't have it. They wrote back and said, you have --
6 it's caused by copper sulfites. I wrote back and I said, well,
7 maybe you didn't understand. They have the same house, blah,
8 blah, blah. They wrote back and said, the problem is copper
9 sulfites. I wrote back and I said, I'm not a moron. After
10 three letters I understand I have copper sulfites, but my
11 neighbors don't. Why am I having a problem and they are not
12 having a problem? They wrote back and said, you have copper
13 sulfites.

14 I wrote a letter to the PSC; I said, I give up. I am
15 having a problem with the customer service department. The PSC
16 forwarded my letter to Aloha. Aloha in response to my customer
17 service complaint sent somebody out to test my water, which had
18 nothing to do with my customer service complaint. And then I
19 got a letter back from Aloha saying I had copper sulfites in my
20 water. You think I have copper sulfites? Okay.

21 I attended the last CAC meeting. I attend all of
22 them when I can. I take copious notes. I've been referred to
23 as a human Xerox machine because I rarely miss a word. This
24 meeting last month was called to discuss what Aloha intended to
25 do in the future about our water. Mr. Porter got up and

1 suggested -- started talking about water conservation, not
2 about what they intend to do to make the water better. He
3 showed us water tummies (phonetic) for the toilet tank. He
4 showed us valves or little gauges to put in the lawn to see
5 whether our lawn is getting watered enough. He showed us water
6 saver valves to put in the showerheads. Not a word about how
7 they intended to save our water. They were telling us -- or
8 how to improve the water. They were telling us how to save
9 drops of water. That very day, coincidentally, I happened to
10 stop in my neighborhood at a gusher. I mean water just gushing
11 out of the ground, gallons -- thousands of gallons according to
12 the groundskeeper that was there. Aloha had placed, in his
13 estimate, a 12- to 15-pound meter on a quarter-inch PVC pipe.
14 That meter broke the pipe. Well, duh. If that's the state of
15 their technical knowledge, they need to go back to school and
16 stop lecturing me on drops when they're losing hundreds of
17 thousands of gallons.

18 I read with interest their article in the St. Pete
19 Times this morning about the 44 percent increase. This is the
20 first time -- they have always said that no matter what they do
21 we'll have to pay for it, so we're better off not saying much
22 because they're trying to scare us into not saying anything.
23 So the 44 percent increase was at least something, somewhere to
24 start from. We have some idea of the kind of money we're
25 talking about. And that's just the increase in the water.

1 That doesn't count the -- whatever system they go into.

2 I was happy to see that they had put in writing that
3 the THMs that are in the water that they are sending to my
4 house in the chlorine could possibly cause cancer. I've always
5 been looking for somebody with deep pockets to say that.
6 That's thrilling. I do want to ask you, if you do use the
7 survey to find out how many people want to leave, to keep in
8 mind that, you know, last time there were 3,700 surveys
9 returned and to remember that there is a statistical formula
10 that says that if you have "X" amount of surveys returned,
11 that's the tip of the iceberg, and there is a number you can
12 use to figure out how many really are answering that way. So
13 that is an exponential number that you need to be thinking
14 about. I am here on behalf of four villages, and they have all
15 asked me to say that we want to leave Aloha. They want to
16 say -- they just want to say to let our people go.

17 MR. BURGESS: Francis Bruno.

18 FRANCIS R. BRUNO

19 was called as a witness on behalf of the Citizens of the State
20 of Florida and, having been duly sworn, testified as follows:

21 DIRECT STATEMENT

22 MR. BRUNO: Good afternoon, sir --

23 COMMISSIONER DEASON: Good afternoon.

24 MR. BRUNO: -- and Commissioners of the board. I
25 didn't expect to be called on so soon because I feel as though

1 what I have to say about the problem might be the Nth degree.
2 It may be the total solution to the problem. Maybe I don't
3 have all my facts written down, but they are easy to be
4 collaborated. I am speaking from the grassroots of the sewer
5 and water trade. I worked in that capacity for a couple of
6 years installing sewer systems. I'll get back to -- I made a
7 mistake.

8 My name is Francis R. Bruno, F-R-A-N-C-I-S, R,
9 B-R-U-N-O. I live at 1120 Trafalgar Drive, T-R-A-F-A-L-G-A-R,
10 New Port Richey, Florida 34655-4297. I say New Port Richey,
11 Florida, because that is what is on my deed issued by the state
12 of Florida. It's not Trinity, it's not Seven Springs, it's New
13 Port Richey, Florida.

14 My problem with Aloha Utilities is that I feel as
15 though my constitutional rights under the constitution of the
16 United States is being violated along with every other
17 homeowner in this room. All Aloha Utilities need to do is
18 decide what they need to solve the problem, get all their
19 plans, blueprints, plats, charts, maps, go up to the
20 Environmental Protection Agency, show them what they want to
21 do, have the Environmental Protection Agency come down and look
22 at their site to see what type of filtration system they
23 needed. There's no need, in my opinion, to go through all this
24 -- what's going on here today. Sure, people like to stand up
25 and say things. They need to say things to get off their

1 chest, just like me.

2 What I found out when I was working installing sewer
3 systems, installing water distribution systems, that a
4 developer comes into the area with maps, his charts, his
5 blueprints, he goes up to the county office, get the permit
6 from the county and starts his construction. He starts laying
7 the sewer system, he starts laying the water system, he starts
8 putting the streets in, he starts grading his lots off, and he
9 starts building. And, to my knowledge, when I say Aloha is
10 violating my rights under the constitution, that Aloha
11 Utilities does not own the sewer system or the water system
12 within the homeowner's surveyed areas, within their
13 developments. To my knowledge, a contractor came in, he got
14 the permits, he came in with -- got the permits and he's doing
15 the job for the developer or he's doing them for somebody else,
16 a contractor.

17 Now, Aloha Utilities keeps saying that it's the
18 homeowner's problem because of sulfur destroying the copper
19 piping. Any second year high school student in chemistry class
20 knows what sulfur does to copper. It was one of the tests we
21 went through when I went to school. They also know what oxygen
22 does to iron. They also know what the various gases do to
23 corrosion on copper. And for Aloha Utilities to keep telling
24 me that it is my problem because the sulfur in their water is
25 corroding my pipes, they are violating my constitutional rights

1 because my house was constructed under guidelines set forth by
2 the United States government, set forth by the state of
3 Florida, and the county of Pasco. I paid a developer to build
4 my house, and he obtained permits to do it under these
5 guidelines, or should I say, these mandates. And for Aloha
6 Utilities to come along and put the blame on the people here
7 and myself, I resent it.

8 I do think that one of the solutions to the problem
9 is, like I said, the Nth degree, the final degree, people hate
10 to hear, it's through the courts. Two years ago some of us
11 have the understanding that this Commission, not the same board
12 members, but this Commission, the Public Service Commission,
13 mandated Aloha Utilities to put a filtration system in. And
14 they have not done it, when all they had to do is go right down
15 the hallway here and get permits and do it. As far as money
16 goes, most corporations know that, hey, you've got to save
17 money for contingencies. You've got to save money for
18 expansion. They knew ten years ago they had a problem. They
19 should have been saving money then instead of paying of their
20 stockholders. The corporation comes first before the
21 stockholder.

22 Now, I feel as though that this is criminal action on
23 Aloha Utilities. They are violating federal law. They are
24 violating state law. They are violating county law. They are
25 licensed by the federal government, they are licensed by the

1 state government, they are licensed by the county government to
2 produce a quality product, a quality service. Aloha Utilities
3 is not a public utility, it's a private utility. They are
4 mandated by -- they are licensed to produce a quality product
5 which they fail to do, and they admit it. They admit there's
6 something wrong with their product when they tell us that our
7 houses built by federal standards is the problem, when it's the
8 sulfur in the water.

9 So what I think should happen, one or two resolutions
10 to the problem, Aloha Utilities Monday morning, get all the
11 plans together, go next door, get the permit, start putting the
12 building up or put the filter in. In the meanwhile, these
13 homeowner's associations, according to my knowledge, are
14 chartered governments chartered by the state of Florida. They
15 are government bodies, a government the same as the city of New
16 Port Richey, Dade City, Tallahassee. They are city -- they are
17 government bodies. And if Aloha Utilities is violating our
18 law -- violating us under the constitution of the United
19 States, they should ban together and file a class action suit
20 in the state court and federal court against Aloha Utilities.
21 There's no need for Aloha Utilities. It's been going on like
22 this for ten years that I know of.

23 I have one more thing. I have nothing against Aloha
24 Utilities. I go pay my bill ahead of time to make sure I get
25 it paid on time. The office people over there are very nice,

1 very cordial, they know me. Everything is fine with them, but
2 Aloha Utilities is violating our rights under the constitution
3 of the United States. Thank you.

4 MR. BURGESS: Irving Gaines.

5 IRVING GAINES

6 was called as a witness on behalf of the Citizens of the State
7 of Florida and, having been duly sworn, testified as follows:

8 DIRECT STATEMENT

9 MR. GAINES: Good afternoon, Commissioners, good late
10 afternoon, guests and fellow indentured customers of Aloha. It
11 is highly unusual for customers who, for the most part, are
12 laymen to be afforded the opportunity to recommend solutions to
13 remedy basic technical problems facing utilities.

14 COMMISSIONER DEASON: Sir, could you give us your
15 name for the record, please.

16 MR. GAINES: Oh, pardon me. Gaines, G-A-I-N-E-S. I
17 live at 1551 Boswell Lane in New Port Richey.

18 COMMISSIONER DEASON: Thank you.

19 MR. GAINES: You're welcome. Sorry I missed that.
20 In any event, I will start again. It is highly unusual for
21 customers who, for the most part, are laymen to be afforded the
22 opportunity to recommend solutions to remedy basic technical
23 problems facing utilities who supply essential commodities to
24 their customers. We are grateful for the Public Service
25 Commission for creating this opening. We recognize that it may

1 relate to the inherent problems facing a small proprietorship
2 with limited resources as it attempts to struggle with the
3 challenge of reaching the sound conclusion to a significant
4 technical issue.

5 It is very clear, however, even to laymen that two of
6 the three solutions tentatively suggested as possible remedies
7 are enormously expensive, \$12 and \$14.5 million each for
8 capital costs plus unknown operating expenses, and the least
9 expensive third possibility could require at least \$3.5 to
10 \$4 million for capital infrastructure and over \$300,000 a year
11 in operating expenses, even though this last expensive
12 alternative has not yet been attempted in our area and could be
13 a potential financial and technical disaster if it's attempted.
14 However, let's examine Aloha's real dilemma.

15 For customers in the Seven Springs area, Aloha is
16 running out of gas. They are currently pumping more water than
17 their permit from SWFWMD allows, and they face the reality of a
18 court suit to reduce their supply to permitted levels. As
19 their supply problems overwhelm their current needs, much less
20 inhibit their ability to expand their own supply of water, they
21 must turn to other supplies to be furnished by Pasco County.
22 Aloha thereby will act purely as a middle man raking off an
23 unearned profit for its proprietary owners. Who needs them?

24 Individual customers should not be captive, forced to
25 consume whatever Aloha supplies regardless of its origin. Why

1 should Seven Springs residents be in bondage through a sole
2 proprietorship? By whose edict does this happen? Certainly
3 not when there are -- currently exists perfectly adequate and
4 viable supplies of highly acceptable water directly from Pasco
5 County Utilities, part of the Tampa Bay Water supply system.
6 The days of utility ownership by private individuals who are
7 responsible and answerable only to themselves is rapidly
8 vanishing. Aloha is an anachronism, a dinosaur whose
9 usefulness has long ago peaked and is now in rapid decline.

10 Utilities must answer to customers and/or public
11 ownership. The Pasco County Water Utility is immediately
12 available, willing and capable, I presume willing, and capable
13 of furnishing highly acceptable supplies from a regional water
14 supplier, Tampa Bay Water, having access to capital and
15 technical expertise without depending, as does Aloha, solely on
16 a relatively small number of customers their indentured
17 support. Aloha's customers do not exist to feed its
18 proprietary owner who answer to no one but themselves. It's
19 supposed to be the other way around. Aloha as a utility
20 supplying an essential commodity should exist for the benefit
21 of its customers, an attitude which has taken many years to
22 attempt to instill into its stubborn management and apparently
23 through its indifferent ownership as well.

24 The technical solutions proposed by Dr. Levine are,
25 for the most part, potentially economically devastating to

1 Aloha's relatively small customer base and equally so are in
2 their infancy as far as proven technology for secure
3 implementation. In addition, treatment can be utilized
4 effectively only if Aloha's pumping permit is substantially
5 enlarged by SWFWMD, a lengthy and tenuous prospect at best.

6 It is, therefore, clearly apparent that rapid and
7 definitive water quality improvement can best be achieved by
8 changing suppliers from Aloha to Pasco Utility. This simple
9 and direct approach circumvents a host of thorny issues and is
10 based on sound public policy. The change as requested by the
11 petitioners avoids forcing customers to continue to depend upon
12 a sole proprietorship answerable to no one but themselves for
13 an essential commodity, water. It allows residents to join the
14 majority of others in Pasco County and adjoining areas in
15 utilizing a competent regional water source. Thank you very
16 much.

17 MR. BURGESS: Joe Bruno.

18 JOSEPH BRUNO

19 was called as a witness on behalf of the Citizens of the State
20 of Florida and, having been duly sworn, testified as follows:

21 DIRECT STATEMENT

22 MR. BRUNO: Mr. Chairman, fellow Commissioners, my
23 name is Joseph Bruno, B-R-U-N-O. I live at 1031 Daleside Lane,
24 New Port Richey, Florida, a subdivision of Wyndtree, Edenbrook,
25 Fairglen. We've just heard some real eloquent speakers, so I

1 hope I don't repeat what they have been saying, but I can't
2 help but do it. So I've reduced my comments to several points.

3 First, we all know we've had a problem with Aloha
4 water for the last eight, nine years; two, their resistance to
5 seriously correct the problem is evident by their costly use of
6 legal and questionable public relations to avoid the
7 responsibility; three, if they had used a small portion of this
8 expenditure, the problem could have been corrected years ago;
9 four, if Aloha water can purchase Pasco County water and pass
10 on increased charges to its customers, why can't we have the
11 same option to purchase Pasco County water, eliminate our
12 problem and a costly middle man, Aloha water?

13 I will end by saying I wholeheartedly endorse the
14 option to choose Pasco County water and get on with our lives.
15 Thank you.

16 MR. BURGESS: Zoltan Pazmany.

17 ZOLTAN PAZMANY

18 was called as a witness on behalf of the Citizens of the State
19 of Florida and, having been duly sworn, testified as follows:

20 DIRECT STATEMENT

21 MR. PAZMANY: Good afternoon. I think I would start
22 by spelling out my first and last name. Zoltan is Z-O-L-T-A-N,
23 Pazmany is P-A-Z-M-A-N-Y. It's a Hungarian name, but I was
24 born in Argentina, so it should be obvious that I didn't swim
25 behind the Mayflower. I will try to be brief. I'm basing

1 myself on ten years of forcibly using Aloha water, six years as
2 a store owner in Chelsea Place and four years as a homeowner in
3 Wyndgate.

4 The recent study done about the Aloha water, the
5 quality of the Aloha water, it was a very nice refresher course
6 in chemistry, which I proceeded to forget about 60 years ago
7 very rapidly. It did not make a comparative assessment with
8 the water supplied by all the other water utilities that
9 surround us, nor it explain why in houses built the same way,
10 same builders waters from other water suppliers don't have any
11 problems with little pipes, softeners or whatever else is the
12 excuse of Aloha. I had nine years one and a half miles north
13 of where I am right now in Pinellas County, same type of
14 construction, same issues, beautiful water. So it's not
15 correct.

16 The point is, it has been stressed out already, that
17 Aloha is not providing a product and services that reflect the
18 standards of a fully developed country as we like to consider
19 the United States. I have stated to the chagrin of my
20 neighbors many times that I have drunk water in many developing
21 and less developed countries that was far better than the
22 sludge provided by Aloha. I think that this issue really has
23 been discussed and evaluated and considered for too long. I
24 don't want Aloha water. I think that the majority of my
25 friends don't want Aloha water. And I think that there is a

1 sizable population that doesn't want Aloha water. So if the
2 solution is Pasco or Pinellas water, let's adopt it once and
3 for all. And if moving away from Aloha means the beginning of
4 a decline or a dismissal of Aloha as a provider, so be it.

5 In the private sector, as well as in the public
6 sector, an organization that doesn't provide a reasonable, good
7 product and doesn't provide good service, they are decapitated,
8 okay, or they are sent to some kind of a legal movement or one
9 sort or the other. I think I have said enough. Have a good
10 afternoon. And I thank you very much.

11 MR. BURGESS: Charles Riese.

12 CHARLIE RIESE

13 was called as a witness on behalf of the Citizens of the State
14 of Florida and, having been duly sworn, testified as follows:

15 DIRECT STATEMENT

16 MR. RIESE: Charlie Riese, R-I-E-S-E, not like the
17 other one, 1018 Trafalgar Drive, New Port Richey, Florida. I'm
18 just going to make this short and quick. I'm little concerned
19 about a health problem. I know the water has been tested, but
20 it hasn't been tested at every individual house that has copper
21 tubing. Now, evidently this water that Aloha provides leaches
22 out the copper out of the tubing.

23 Now, I was just checking my multivitamin jar, and it
24 says two milligrams of copper per day is all that you need.
25 How much copper are we getting into our system from this water?

1 It might not be too detrimental to adults, but what about the
2 children? They are always subject to contaminates more so than
3 adults. Anyway, Aloha says, get rid of your copper tubing,
4 which has been a standard, I guess, for 100 years in the
5 plumbing industry, replace it with, I don't know, buckets or
6 probably that fabulous PVC, which has a high coefficient of
7 expansion, you've got to be careful about busting through your
8 walls if you don't put a loop in it. So we have to then change
9 out all our plumbing, our copper tubing or copper pipe, and
10 take care of it that way according to Aloha. I personally
11 think we should change out Aloha instead of replumbing our
12 house.

13 Basically I really feel that if there is a health
14 problem, I know the water has been tested, but it hasn't been
15 tested at every individual house, and I would like to see this
16 situation resolved once and for all. We just have to change
17 our water supply one way or the other. That's all I have to
18 say.

19 MR. BURGESS: Alex Horattas.

20 ALEX HORATTAS

21 was called as a witness on behalf of the Citizens of the State
22 of Florida, and, having been duly sworn, testified as follows:

23 DIRECT STATEMENT

24 MR. HORATTAS: Good afternoon. My name is Alex
25 Horattas. Last name is spelled H-O-R-A-T-T-A-S. I'm a

1 homeowner at 3645 McCloud Street, New Port Richey. That's in
2 Veterans Village.

3 What I would like to state today is that, first of
4 all, I had never seen a petition come through my neighborhood
5 and my neighbors hadn't either, so the amount of people you see
6 here is just the tip of the iceberg. Many people today would
7 have been here if they were healthy enough to make it. My
8 subdivision has a lot of disabled people, elderly, and there's
9 some young people who work who can't be here. There would be
10 ten times this many people if, in fact, they could all be here
11 today.

12 The questions that I would have is since Pasco County
13 has known about this problem that we have with Aloha for ten
14 years, why has it taken so long for us to get to this point? I
15 would like to know why when I put a glass of water on my
16 counter it separates into white, clear water and black water on
17 the bottom. I've never seen that water anywhere in the
18 country, and I travel for work.

19 I pulled a filter out today. This comes right after
20 the meter. I have a clear housing. Anybody who would like to
21 stop by at my house and look at the housing could see what was
22 trapped between this filter and the housing. It'll make you
23 sick. This could be passed around. This is not going through
24 a water softener, this does not come through my copper tubing.
25 This came directly from Aloha. If Aloha, in fact, was

1 providing good quality water, they wouldn't need to send a team
2 of attorneys for us here to participate in this. We wouldn't
3 be here at all.

4 What we have here is a situation where a company has
5 outgrown their usefulness; they can't provide good quality,
6 safe water to the public. Why they're being allowed to
7 continue is ludicrous. We are given excuses as to it being our
8 problem, it's in our pipes. This is a clear indication that
9 it's not. Nobody would want to smell this if I pass it around,
10 I'll tell you that. I have three filters in my home just to
11 get water that I can drink, and I still don't feel comfortable
12 with it. It's actually -- it's just good for bathing, watering
13 the lawn, and I can't even feed it to my animals because I care
14 for my animals. If I had children, they wouldn't get near the
15 water. I'm not sure I would let them bathe in it if they were
16 that small.

17 Basically Aloha is doing nothing about this and
18 they're asking us to pay for approved treatment centers so
19 Mr. Watford can make more money. We're going to pump money
20 into his company so he can make more money and maybe give us
21 the water that we've deserved for over ten years. I say to you
22 right now that if we are forced to keep Aloha water, you can
23 say Aloha to good water and to good health.

24 In closing, I'd like to say that being forced to have
25 Aloha water, when people find out about Aloha Utilities being

1 in my subdivision, that lowers our property values. People
2 don't want to buy homes that have Aloha Utilities. I urge you
3 to do the right thing, to yank their permit, to not allow them
4 to have anymore water, to give us the good quality water we
5 deserve in this county, to give us the health that we deserve
6 to have, to give us the property values that we deserve, and to
7 not let them just keep sending teams of attorneys up here to
8 snowball the entire issue until we all either move away or just
9 forget about it.

10 I thank you very much for your time everybody, and
11 have a wonderful afternoon. Would you gentlemen like this
12 filter?

13 MR. BURGESS: Laurel Jochen.

14 LAUREL JOCHEN

15 was called as a witness on behalf of the Citizens of the State
16 of Florida, and, having been duly sworn, testified as follows:

17 DIRECT STATEMENT

18 MS. JOCHEN: My name is Laurel Jochen. It's spelled
19 J-O-C-H-E-N, and I live at 1527 Morning Rose Place. That's in
20 Trinity and it's in the Twin Lakes Subdivision. And I know I
21 speak for everyone in my particular subdivision when I say what
22 I have to say now. I didn't prepare a speech as eloquently as
23 those before me, but here's the situation.

24 I lived in Pinellas County three miles from Heritage
25 Springs up until almost two years ago now where I had wonderful

1 water. Had I known before my closing that I had Aloha water
2 and I was one of the token two streets in there that had it, I
3 would never have bought that house. And I was very disturbed
4 at the closing when I found this out, but, of course, my other
5 house had been sold and I had a van full of furniture sitting
6 out in front of the house during that time. So what would you
7 do? But that's how adamant I felt about Aloha water. And why
8 did I feel that way? Because about eight years ago I made
9 friends with someone named James Goldberg; some of you may know
10 him. He moved to the east coast of Florida, but he lived in
11 Wyndtree, and I believe he was president of their association
12 at one point. And every time we got together socially he would
13 tell me how they were fighting to try to get better water
14 quality in their area and they had Aloha water. And I thanked
15 God that I never had that water. Unfortunately, that's not the
16 case now. Now that was eight or ten years ago, as I recall.

17 What did I experience when I moved into my
18 neighborhood? Here's what I experienced. Black ice cubes as
19 black as licorice for over a month, ice cubes, consistently;
20 not one or two in a tray, all of them, all of them. In
21 addition to that, the odor, the foul odor in my home at all
22 times was absolutely unbearable. The color of the water,
23 filthy dirty.

24 I have two dogs' bowls. Now I have \$1,200 worth of
25 filtration equipment which I never should have had to spend

1 money on as a senior citizen on a limited income, but I did it
2 anyway because what do you do? I was stuck with Aloha water,
3 so I put it in. I now have two dog bowls, one with water from
4 the filtration system, the other one without, which the dog
5 won't drink, but I do this as a little test every day just
6 about. And the bottom of the bowl is gritty and filthy dirty
7 and slimy every single day. I don't even know why I bother to
8 take water from that one tap that doesn't have the filter, but
9 I just do it to prove to myself that I'm not going crazy. This
10 water really is unbelievable, unbelievable. Fortunately I
11 don't have black ice cubes anymore because of the filtration
12 system I've had to install with my refrigerator.

13 Now some of the other problems that I feel need to be
14 brought to the people's attention are that it's interesting
15 that I smell chlorine about once every two weeks on a Thursday.
16 I have a very good nose for smelling chlorine. The rest of the
17 time I smell swamp water. It's beyond sulfur; it's swamp
18 water. Okay? Interestingly enough, prior to this hearing my
19 water has smelled like chlorine almost every day for the last
20 week or so. Isn't that amazing? What's going on here? What
21 is wrong with that picture?

22 I'll make it brief. You've been very nice to have us
23 here today. I certainly appreciate the Commission for allowing
24 us to speak as we are and finally addressing this issue. I
25 really feel Aloha has had way many years, way many years to

1 correct this problem. I don't have much sympathy anymore for
2 resolving it there. My only resolve right now is for us to
3 switch to Pasco County water. That's my resolve. That'll
4 correct the problem. Thank you.

5 MR. BURGESS: Dorothy Moore.

6 Louis Swentek, Swentek.

7 LOUIS SWENTEK

8 was called as a witness on behalf of the Citizens of the State
9 of Florida, and, having been duly sworn, testified as follows:

10 DIRECT STATEMENT

11 MR. SWENTEK: Good evening. My name is Louis
12 Swentek. It's L-O-U-I-S S-W-E-N-T-E-K. I live at 1210 Hagan
13 Drive in Trinity. I first wanted to give you a little bit of
14 background of where I've been and what I've done. I've worked
15 for the Department of Defense, I've traveled to 22 countries, I
16 have visited all 50 states. I have drunk the water in every
17 one of the places, except I would not drink the water in Japan,
18 Vietnam, Thailand, in Belgium and in Brussels and France. I
19 know what water tastes like throughout the world. Probably in
20 Iceland is the best place, the best tasting water I've ever
21 had. I moved here in '98. I contacted Aloha the first day we
22 moved in and I said, "Hey, there's a smell coming out of my hot
23 water." I was perplexed. I contacted Aloha and Aloha said,
24 "It's your hot water heater. You have a magnesium rod in your
25 hot water heater which causes that smell." And I told the

1 person at the time, I said, "That can't be." And they began to
2 argue with me for a few minutes, and they said, "Yes, it is.
3 It's a magnesium. It reacts with the water, with the minerals
4 in the water, and this is what's causing the problem." At that
5 point she provided me to a supervisor. The supervisor told me
6 the same story. And I told them at that time, "Well," I said,
7 "I don't have a magnesium rod because I have a propane gas hot
8 water heater."

9 I was aghast. You know, like I said, I've been
10 everywhere. I've been to, you know, Alaska, Guam, Japan,
11 Korea, everywhere across the country. Oh, I forgot to mention,
12 I didn't travel there, my friends did, but when they went to
13 Moscow, they again would not drink the water there because it
14 smelled and it was black.

15 So far we've spent \$3,200 on our house for a
16 filtration system, a reverse osmosis system and everything
17 else, and I still have -- I had another container to add
18 chlorine after the filtration system removed it from the system
19 because we'd still have smell. I was lucky enough to do the
20 survey in our community because I was past president of Spy
21 Glass. We had 43 homes which we -- in Spy Glass -- there are
22 41 signatures from the Spy Glass people. The other two
23 signatures I could not get because one of the people lived in
24 Kentucky and was there for three months and I couldn't get in
25 contact with them. We had three days to get all these

1 signatures. The second lived in the Netherlands and I could
2 not get in touch with them. When I contacted the people in
3 Kentucky, they said, "Sign my name to it." I would not sign
4 their name to it. I felt that that would be, you know -- if
5 they might come back and say anything about our survey.

6 One of the things that I'd like to mention is the
7 percentage I saw in this morning's paper, well, it's a small
8 percentage of the people that wish to have signed this
9 petition. I don't know the figures, but I know that the
10 petition was passed around in our area, Trinity. And as of the
11 date it was passed around, there were 15 or 1,600 homes in
12 Trinity and it was passed in the spring -- I'm saying that
13 there is a -- probably 98 percent of the people signed that
14 petition that went around. I believe that if the petition were
15 gone, had gone around to every customer and they had the right
16 to sign that petition, you probably would have seen a figure so
17 far in excess of 1,500 it would be frightening.

18 I agree with my neighbor who spoke. The water, we
19 will not drink the water, we will not drink it. Some of the
20 things -- I went around my neighborhood, the 41 homes that I
21 spoke to, the teenage girls, they said they couldn't wait to
22 get to school because they would not shower at home because
23 they said, we ended up smelling worse after we showered than
24 before we went in there. They would go swimming in their
25 swimming pools in the evening time if they had been out

1 of Florida, and, having been duly sworn, testified as follows:

2 DIRECT STATEMENT

3 MR. LILES: Hello, gentlemen. My name is David
4 Liles. I'm sorry I look like this. I just came from work. I
5 have a hard time getting around after work.

6 But I've been reading about this for a while. I'm in
7 construction and I do stucco, and I actually worked on the
8 first houses in Wyndtree before they even put the streets in
9 for Marc Rutenberg homes. And I've been hearing all about the
10 pipes in the house causing the problem. Well, we stuccoed the
11 houses before the pipes were even hooked to the houses and the
12 water was black. And they didn't even have meters on the lines
13 when we used them because, as I said, no streets were in or
14 anything yet. And we had to go down the street to get our
15 drinking water because, I mean, the water was that bad and it
16 wasn't even hooked up.

17 So I don't -- all I can say is that I know for a fact
18 that it's nothing in the houses that's causing the problem.
19 Excuse me. And Wyndtree was the first subdivision in that
20 whole area that was -- the houses were built. And that's all I
21 have to say.

22 MR. BURGESS: Commissioner, I'd ask Abraham Kurien to
23 testify. Now Dr. Kurien testified at the earlier hearing that
24 we had. He has -- this is additional testimony to that. He
25 has a written version that I would ask be entered into the

1 record as though it were read. And then Dr. Kurien was going
2 to present orally a condensed version, if that meets with the
3 approval of the Commission.

4 COMMISSIONER DEASON: Mr. Deterding, did Mr. Burgess
5 discuss this procedure with you?

6 MR. DETERDING: He mentioned it to me earlier today.
7 Yes, sir.

8 COMMISSIONER DEASON: Okay.

9 DR. KURIEN: Honorable Commissioners --

10 COMMISSIONER DEASON: I just want to make sure, a
11 copy of this has been provided to the court reporter; correct?
12 Very well. And, Doctor, you're going to summarize this here,
13 but you would like to have this version entered into the
14 record; correct?

15 DR. KURIEN: That's correct.

16 COMMISSIONER DEASON: Okay. We'll enter that into
17 the record, and you may summarize.

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THE ONLY LOGICAL OPTION THE CUSTOMERS HAVE

Honorable Commissioners,

Now that you have heard from Dr Gaul and myself about our reactions to Dr Levine's Technical Review of Aloha's water processing methods and facilities and the hydrogen peroxide option that Aloha is considering at the present time as the most appropriate one for improvement of water quality, I would request you to consider the context in which the customers see this offer from Aloha. **The petitioners after submitting their petition in July 2002 had hopes that Aloha would consider the need for water quality improvement as urgent.**¹ The customers, in spite of suffering the consequences of black water and foul smell in their homes gave Aloha and the regulatory agencies another 12 months in which to come up with some effective solutions to the customers' problems. Having been met with a lackadaisical approach to the issue by everyone concerned and by yet another legalistic claim that no further moves towards resolution of the problem could be attempted while the matter was in the District Court of Appeals, the customers felt that it was their burden to consider alternate options that are available for them. Aloha squandered its opportunity to meet with its customers and the regulatory agencies did not seem to consider it urgent to find out the scientific causes for the problems so that the issue can be addressed effectively once an appellate decision would be made. Thereby another 9 months have been spent in procrastination of action. Now at the last moment, there is an attempt to precipitate a sense of urgency that seemed to play no role at all in Aloha's deliberations before! **It is now almost 21 months since the customers submitted their petition and there has been no improvement of any sort in water quality. Even the very easily instituted methods suggested by Dr Levine in her Phase I report have not been put into effect.**

Therefore the petitioners are coming to this hearing with serious reservations about the good faith of the utility as well as the determination of the regulatory agencies whose responsibility it was to ensure that a competitive product was made available to

the captive customers of this monopoly utility long before 2004, ten years after the initial approach to the PSC for resolution, as Commissioner Deason will perhaps recall.²

However, that has not prevented the customers from objectively considering all the options that may be theoretically available to them at this time. In their deliberations the customers have used four basic principles in the evaluation of their options.

They are:

1. That any new method adopted shall have the ability to significantly reduce the incidence of black water and rotten-egg odor in the water that comes out of domestic faucets:

2. That any new method adopted and the financial expenditures necessary to have it installed and maintained shall not result in an unreasonable increase in water costs above what is charged by neighboring utilities:

3. That the Utility that takes responsibility for providing improved quality of water at reasonably comparable costs shall also publicly undertake to be transparent about its processing methodology and shall resolve any and all technical problems that arise in a scientific manner rather than by appeal to legal standards:

4. That the Utility shall document that it has contracted sources of water to maintain an adequate supply of drinking water for the Seven Springs Area for at least ten years into the future.

After careful evaluation, the customers have chosen **one** as the alternative they want to be granted as the most suitable for them taking into consideration the events of the past and the possibilities for the foreseeable future.

The options the customers have considered can be divided into two different groups depending on where the distributed water will be obtained:

1. From **Raw water processed by Aloha Utilities, or**
2. From **Processed water obtained from Pasco County Water Utility and its suppliers.**

We have presented the details of these options and their implications, as we understand them to the PSC,³ recognizing that we do not have all the information necessary for being totally specific about the relative costs because the capital expenditures involved are unknown to us.

The customers want to make special emphasis on the cost of these two categories of options. If the Seven Springs Area customers must stay with Aloha Utility, it appears to us that it would result in their paying much greater costs per 1000 gallons of water because the two methods for producing a 'competitive product' for which complete cost estimates are available from Aloha are prohibitive. It was estimated in 1997 that packed tower aeration would involve a capital cost of 10 million dollars. Inflation has increased that cost from 10 to 17 million dollars. Over 20-30 million dollars would be necessary if reverse osmosis is used, resulting in an even greater increase in water bills. Both of these methods will require a minimum of 3 years for installation. Such large financial investments as Aloha has indicated to process the relatively small amount of water for which Aloha has a Water Utilization Permit (WUP) will result in an enormous increase in unit cost of water for Aloha customers. **Aloha had calculated in 1997 that this would result in a 398% increase in water bills.**⁴ The customer base of Aloha is too small for such a large financial burden to be placed on this community. Further, Aloha's water source is extremely limited and its WUP is only for 2.04 million gallons a day (MGD) and it is already pumping over 3.00MGD resulting in violation of SWFWMD permits by 50%.⁵ Considering that Aloha's own estimate shows that it would require close to 6.0MGD per day by 2013⁶ and it has no other foreseeable new water source, it seems very likely that the only way Aloha can obtain enough water to service the area is to **buy water in bulk from Pasco County at a rate much higher than its retail rate.** One would expect Aloha to charge approximately another 25%⁷ for the costs of reprocessing and blending that water with the supply from its own wells, for the profit

margin it seeks and for business costs associated with this transaction. Essentially that means Aloha would become a pass through utility with Pasco County supplying two-thirds of its water demands and that the cost of such an arrangement, while it is of benefit to the Corporation would result in significant additional costs to the consumer. **The customers cannot and do not find any justification for such a middleman monopoly utility.** Additional infrastructure costs will become necessary to provide large enough connection to Aloha's network from Pasco County water mains and this also will have to be met by customers through rate increases. Even the most recent 'Conceptual Capital Costs and Incremental Annual O&M Costs' for Hydrogen Peroxide oxidation included in Schedule 2 and 3 in Aloha's recent submission to the PSC,⁸ when combined with the unreported but additional costs of buying water at bulk rates from Pasco and the yet undetermined costs of pilot project, and other inevitable costs of instituting a new method gives little hope to the customers that water costs will be competitive.

On the other hand, it seems to us that the cost per 1000 gallons of water will be less expensive to the customers if Pasco County Utility is the **direct provider** for our drinking water. While we recognize capital costs are involved in a direct connection to Pasco, given the proximity of Pasco County Water Utilities supply lines to the Seven Springs area distribution network, it should not involve exorbitant costs to connect the petitioners to that water supply. These infrastructure costs are the same that Aloha would need to meet if Pasco County Utility becomes its major supplier. If such costs are amortized over a 20-year period as has been done on occasions where the county has taken over service areas from other private utilities, these additional costs can be very reasonable when applied as a surcharge over a period of 20 years rather than as a lump sum upfront cost, since the County Utility does not need a 10-12% profit margin that Aloha has been granted.

There are other obvious advantages also. Pasco County through its supplier, the Tampa Bay Water can provide us with water that meets a performance standard⁹ that is much higher than the legal standard that Aloha has accepted as its norm and which does not take into consideration the variations in local water chemistry. Tampa Bay Water

provides aerated water and therefore meets one of the recommendations Dr Levine had indicated as a possible solution for black water in her Reports.¹⁰ Pasco County Utility, in as much as it is a governmental utility, provides opportunity for customers to have direct input into its management especially through representative commissioners, who are more sensitive to citizen needs than Aloha as a private utility can be. Lastly, Pasco County through Tampa Bay Water has access to larger sources of water supply that will be guaranteed into the foreseeable future. It also appears that the infrastructure necessary for adequate connections between Pasco County Water lines and Seven Springs Area network can be provided much sooner, within a 12-month period.

Of even greater concern to the customers is the unpleasantness of the experience that they will have in the future based on Aloha's attitude to customer service and the treatment it has meted out to its customer base in the past. The customers have no desire to repeat into the future the experiences of the last 10 years. A significant number of customers would have abandoned Aloha for another provider as shown by the petitions submitted to the PSC except for the fact that the citizens have not had such an option because Aloha is a **monopoly utility**. We are providing the PSC with a list for the reasons of our unease in this regard.¹¹ We like to emphasize **four** areas of our concern.

First, the petitioners are extremely concerned about the way Aloha has informed the public and regulatory agencies about water chemistry and has inappropriately claimed adequacy for its current methodology and facilities in spite of evidence to the contrary, as has been explained in great detail by Dr John Gaul, and myself. Dr Levine's audit has also indicated that the present method and the facilities that Aloha currently has in place, did not possess the ability to provide processed water that has the stability not to undergo deterioration within the domestic plumbing within a short period after delivery. Hence her recommendation for upgrades to water processing methods. The technical staff of Aloha did not recognize this situation and take corrective steps earlier, but studiously avoided drawing attention to the limitations of the method and its facilities that are obvious from Dr Levine's Phase II report.¹² Since Aloha was allowed to "**self-regulate**" by the FDEP,¹³ it has become the burden of customers to point out this matter to the PSC

and indicate how this scientific oversight or incompetence might be the real reason for the intensity and high frequency of black water and rotten-egg smell phenomena within certain areas of Seven Springs. **The unwillingness of Aloha to face the reality of scientific facts is of grave concern to the customers.** As Dr Gaul pointed out this does not forebode well for the future especially with a much more complicated and untried system of water processing that Aloha is now considering.

Secondly, the customers want the PSC to note that Aloha has downplayed the incidence of water quality issues by basing its statistics on the number of persons who have made individual presentations at PSC hearings rather than use the data obtained from the survey done in 1998.¹⁴ Even accepting Aloha's own interpretation of the data (which may not be the usual way of evaluating data from surveys of this type), the incidence of consumer reports of unsatisfactory secondary water characteristics was close to 30% and not the less than 1/10 of one percent as reported by Aloha attorneys.¹⁵ **This tendency to avoid the truth to protect its own interest at the risk of the customers' suffering does not serve as a good recommendation for Aloha to continue as our water provider.** We also have grave concerns about Aloha's record keeping and reporting activities.

Thirdly, the extremely legalistic attitude of Aloha in its dealing with its customers, especially since they have to bear the burden of legal costs through rate increases, indicates to the customers that a great deal of the financial resources of the customers is being wasted in unproductive litigation instead of improving the infrastructure of the processing plants. The primitive manual methods used by Aloha to monitor water parameters instead of providing updated automatic methods that could have provided better process control¹⁶ towards optimum stability of water is difficult to excuse, especially after its service connections increased enormously since 1993. Its public expression of the desire¹⁷ in January 2002 to create a Citizens' Advisory Committee to facilitate 'more expedient and compatible solutions' and the subsequent legal attempts to prevent the formation of such an entity to find scientific solutions to the problems faced by customers displays a cynicism that is also not acceptable. Aloha's

unwillingness to submit to regulatory supervision is exhibited by its appeal of the April 2002 Orders of the Public Service Commission to the District Court of Appeals.¹⁸

Aloha's accusation that the PSC was trying to "punish" the Corporation when it tried to help the customers get better quality water is appalling. The customers consider Aloha's oft-repeated accusation and propaganda that the citizens' have "politicized" the issue of water quality for some other latent agenda,¹⁹ a hostile and insulting attitude towards its customers. Aloha's attempt to prevent customers from getting a PSC hearing, while appealing in courts every decision of the PSC to help customers, is unforgivable. **These examples of extreme legal maneuvering do not appear to the customers to be a good recommendation for Aloha to continue as a water utility.**

Lastly, Aloha's attempt to view the customers as a cash cow is extremely distressing to the customers. As the PSC knows only too well, Aloha made an effort to collect **\$659,000** from its present customers in 2002,²⁰ which it had absolutely no right even to consider as a legitimate approach, to offset its financial losses created by financial management inefficiency. This Corporate ethical lapse is extremely galling to the customers. Except for customer intervention, we might have been burdened with at least a significant portion of it! At this very moment, Aloha is trying extremely inappropriate legal maneuvers not to return to its customers escrowed funds of over **\$275,000** authorized as interim rate increases but subsequently denied.²¹ Not only the petitioners, but also all customers of Aloha must find this verges on corporate greed, especially in view of the prolonged litigation involved.

Such being the anxiety that we have about the financial costs to the customers if they are forced to remain with Aloha Utility and the even more serious concerns about Aloha's attitude towards its customers, it must come as no surprise to the PSC and even to Aloha itself that the petitioners after close to a decade of unpleasant experiences now seek **deletion of territory as the only recourse** that they have to improve their customer status and release themselves from captivity. **This preferred option of the petitioners to be connected as retail customers of Pasco County Water Utility will also provide them with water at a lower cost than Aloha can offer, assurance of continued water**

supply, a more friendly and proactive customer service and improved water quality within a much shorter interval of time from now. When Aloha had the chance to create a win-win situation for itself and the customers soon after the PSC hearing in January 2002, it deliberately rejected that opportunity, because it wanted to protect its interests at great risk to the customers. That is an indication to the petitioners that the corporate culture of Aloha is dominated by legalism and total disregard for its customers. **The customers are not masochistic enough to want to continue this relationship into the future. That the customers want their water provider to have a more customer oriented corporate culture is an extremely important point that we want the PSC to appreciate.**

Now that I have presented these well documented reasons for our freedom from the statutory imprisonment that we have been under for many years, we want the Commissioners, who have been given the police powers of the State of Florida to ***“protect public health, safety and welfare”***, to consider very carefully whether Aloha Utilities now has the credentials to be a drinking water provider for the citizens of Seven Springs or whether the PSC should grant the citizens the remedy that they are seeking of deletion of territory. **In the past the laws of this State have been used to protect the interests of a private corporation and to retain its monopoly status in spite of it not delivering to the customers a ‘competitive product’. To continue to allow Aloha to be in the business of being a water utility in the context of what we have said here and documented extensively would be criminal injustice to the petitioners.**

The Public Service Commission in the year 2000 exercised its authority and jurisdiction by Order No PSC 00-0581-FOF-WS to extend the territory of Aloha under an administrative finding that it was in the ‘public interest’ to do so. In that particular instance Aloha had already violated Florida Statutes 367.045 (2) by extending its service outside the area described in its original certificate of authorization for a period of nine years without notifying the PSC. That PSC Order is a precedent setting event in which the PSC considered it appropriate to use its authority and jurisdiction for the furtherance of ‘public welfare’. I would like to

suggest to the Commission that the case that the petitioners are making today for deletion is also very much in the 'public interest' and for the welfare of those who have suffered emotionally, physically and financially because of Aloha's unwillingness to attend to its customers' needs with the same vigor that it has approached its interest as a private enterprise.

Therefore, we request your deliberate and careful consideration of the choice that WE, the people have presented to you. We know that it is within your authority to grant our request. Whether you will do so as an urgent matter of fairness and justice to whom such has been denied during the last decade remains a task that you must undertake as you listen to the customers and petitioners who will make their presentations to you today.

Thank you.

V. Abraham Kurien, M.D.

REFERENCES

1. Customer Petition, July 15, 2002, PSC Docket No 0208976
2. Acknowledgement by the PSC Chairman Terry Deason, dated June 23, 1993 of a copy of letter from Mr. Ray Flanders to Aloha Utilities
3. OPTIONS THAT CUSTOMERS MAY HAVE: A THEORETICAL ANALYSIS OF TIME FRAME, COST IMPLICATIONS, WATER QUALITY AND MANAGEMENT EFFECTIVE NESS, submitted to the PSC through OPC.
4. Attachment 4 to the PSC Memorandum dated Oct.23, 1997: Docket No 960545-WS
5. Reverse Osmosis Feasibility Study, submitted to SWFWMD in December 2003
6. Reverse Osmosis Feasibility Study, submitted to SWFWMD in December 2003
7. Comparison of Pasco County and Aloha Gardens water costs
8. Data submission by Aloha Utilities Inc., to the FPSC March 29, 2004
9. Tampa Bay Water Performance Standard
10. Phase II Report by Dr Levine, February 2004
11. References to Material Facts- Attachment to this presentation
12. Phase I and II Reports by Dr Levine, August 2003 and February 2004
13. Jeff Greenwell's Statement at CAC meeting, August 2003
14. PSC Memorandum Dec.3, 1998: summary of Water Quality Survey results
15. Aloha's brief before the DCA, November 2002
16. Recommendations, phase I report by Dr Levine, August 2003
17. Transcript of Jan. 2002 PSC hearing in New Port Richey
18. Aloha's Appeal before DCA June 2002
19. Aloha's Water Discoloration Information hand out, 1997/8
20. PSC Docket No 020413-SU, 2002
21. PSC Docket No 010503-WU Disposition of refunds- January 2004

**Attachment
Reference 11.**

**MATERIAL FACTS
REFERRED TO DURING
THE HEARING OF CUSTOMERS' PETITION
April 8, 2004**

PSC DOCKET 020896-WS

I. WATER PROCESSING METHODS AND OUTCOME

A. Aloha's Consulting Engineer Mr. Porter has denied the applicability to Aloha's water processing system of the well-recognized scientific fact¹ that the use of chlorination as the sole processing method for water containing hydrogen sulfide is associated with formation of **elemental sulfur and black water**.

Consumers will provide evidence that shows that Mr. Porter knew that the presence of elemental sulfur in water could seriously impact water quality and will assert that even if he did not know, as the consulting engineer that he is, *he should have known* that fact and advised his utility client accordingly.

B. Mr. Porter had personal knowledge that presence of elemental sulfur in processed water is associated with "lower disinfection efficiency, increased chances for bacterial contamination and growths in the distribution system"². However, he does not seem to have shared this information in a direct manner with the FDEP or the PSC.

C. When very high concentrations of hydrogen sulfide were detected in well 9 between April and July of 2001, Aloha seemingly did not notify FDEP or PSC about the inability of the chlorinator at Well 9 to deal with these high levels of hydrogen sulfide without the production of significant amounts of elemental sulfur and associated water quality problems about which its consulting Engineer had prior knowledge.³

D. When the PSC, on the basis of Aloha's oft-repeated claims, inaccurately stated in its Order No PSC-99-0061-FOF-WS, "*Currently, Aloha is converting (oxidizing) all of the sulfides which are present in its raw water supply into a sulfate by chlorinating the water*"⁴ Aloha, in spite of knowledge to the contrary, apparently did not notify PSC that such a statement was inaccurate.

E. Aloha's management, its legal firm and its consulting engineer Mr. Porter have claimed without scientific evidence that the **sole** cause for black water and rotten-egg smell in residential plumbing is the *in situ* and *de novo* formation of hydrogen sulfide from sulfate, without admitting that hydrogen sulfide could also be formed from elemental sulfur.⁵

F. Even though Aloha knew of a high hydrogen sulfide level in Well 9 before processed water from it was distributed into Wyndtree and Chelsea subdivisions, it installed a chlorinator whose theoretical ability to convert that level of hydrogen sulfide completely into sulfate was well below the necessary capacity. This would have resulted in elemental sulfur formation in processed water from that well frequently. Yet in 1997 Aloha denied that elemental sulfur was being formed during water processing in Aloha's wells.⁶

II. PRESENTATION OF EPIDEMIOLOGICAL DATA

G. Aloha insisted that the water distributed by Aloha was '*clean, clear and safe*' and '*pure*' without providing scientific evidence to establish that fact and carried on a propaganda war against Mike Fasano, the Representative of the citizens in the Florida Legislature and the customers from the Seven Springs Area accusing them of **politicizing** water quality issues.⁷

H. Aloha's management, its legal firm and its consulting engineer Mr. Porter have consistently claimed that the number of complaints about the poor quality of water is miniscule. They published newsletters claiming that only a few customers had water quality problems; in spite of surveys by customers and by the utility itself that have documented the contrary.⁸

I. Contrary to *Aloha's own interpretation of a survey conducted in 1998 which showed close to 30% of its customers experienced black or gray water*, Aloha's legal firm used the fact that only 30 customers testified at the PSC hearing in January 2002 to imply only a 1/10 of one percent of Aloha's customers were affected by poor water quality. It claimed before the District court of Appeals, "*The PSC, galvanized by a small fraction of Aloha's customer base and motivated to please Representative Mike Fasano (who lives in Aloha's service area and who has substantially built his political career upon the demonization of Aloha over the last seven years) and frustrated by its own past lack of political will, elected to 'punish' Aloha for these perceived water quality concerns*"⁹.

J. When other utilities in the neighborhood realized the need for upgrading their processing methods to deal with instances of black water and have subsequently succeeded in reducing its incidence, Aloha has maintained since 1997 that such upgrades were unnecessary and were designed to placate a few vocal customers who had some other agenda than the resolution of the water quality problems faced by many customers. Further, it claimed that the only certain way to eliminate black water was expensive re-plumbing with CPVC, contrary to evidence from other utilities.¹⁰

This may have resulted in the PSC not being convinced about the need to order a timely and independent audit on its own about the appropriateness of chlorination as the sole method for the removal of hydrogen sulfide from raw water. The PSC was co-opted into repeating the unsubstantiated claim of Aloha about the absolute necessity for re-plumbing with CPVC.

III. ATTEMPTS TO OBSTRUCT DUE PROCESS

K. Aloha's legal firm has filed numerous briefs before the PSC to dismiss a petition submitted by aggrieved '*captive customers*' claiming that the PSC has no jurisdiction to hear the petition after admitting earlier that the *PSC has the right to revoke Aloha's certificate of authorization for due cause*.¹¹

L. Aloha has consistently refused to be co-operative with the PSC mandated Aloha's Citizens' Advisory Committee in its efforts to find the causes of black water by obtaining accurate information about the methods used by Aloha to maintain the quality of its delivered water. **Aloha has insisted that it does not need to provide legitimate information to the CAC because "You're not a regulatory agency, you're not stockholders, but you are customers"**¹². Aloha has accused the CAC of *politicizing* the water quality issues in spite of the willingness of CAC to file 'no objection notices' before the PSC to facilitate agreements with Aloha in matters that might improve the quality of delivered water.¹³

M. Aloha has refused to implement short-term recommendations made by Dr Levine in her Phase I audit report to document whether or not improved monitoring and process control might diminish black water complaints, thereby denying customers an opportunity to understand whether such methods might improve water quality without the enormous increase in cost of water that Aloha's proposals for improving water quality will necessitate.¹⁴

N. Aloha tried to collect from its customers over **\$650,000** for which it had no right, in order to offset the losses it suffered from *its own mismanagement of its business affairs*.¹⁵

Aloha has also been extremely reluctant to return to the customers the refunds that were due to them, until forced to do so by the intervention of the Attorney General's Office and Senator Mike Fasano.¹⁶ It has now appealed to an Administrative Judge to overturn the decision by the PSC.¹⁷

IV. INAPPROPRIATE DATA COLLECTION AND DISSEMINATION

O. Aloha has taken water from the outside faucet of a customer's home and claimed that it contained higher levels of chlorine residual than the water could possibly contain¹⁸. Aloha's consulting engineer has maintained that the black sediment found in toilet tank is due to the corrosion of the plastic flotation ball in the tank and not due to the formation of copper sulfide¹⁹.

P. Appropriateness and adequacy of collection of data, its recording and submission to FDEP²⁰ and its availability to PSC mandated CAC leave a lot to be desired.¹²

FOOT NOTES

1. Research thesis submitted by Troy Lyn, 1991 University of Central Florida, based on work done at Pinellas County Utility:
Paper from American Water Works Association Proceedings –1993 Water Quality Technology Conference, November 7-11, 1993 Miami, Florida, Part II pages 981-991, submitted by FDEP staff member Mike LeRoy to John Starling of PSC (submission date unknown)
2. Letter from Mr. Porter to Mr. Bruce Bramlett in 1997 submitted as exhibit during PSC Public Hearing
3. MIEX Pilot Project Report October 2002 documents 20 measurements of hydrogen sulfide in raw water that cannot all be converted to sulfate at well 9 between a three-month period, April-July 2001
4. PSC Memorandum dated Oct.23, 1997, page 6; PSC Order NO PSC-99-0061-FOF-WS (Docket No 960545-WS) page 4
5. PSC hearing 1996 transcript pages 562-582; 1012-1026; Aloha's Newsletter and Press releases (date ?1997)
6. FDEP files on Wells 8 and 9: laboratory data from Haynes Laboratory May 12, 1994
7. Aloha's Newsletter (date ?1997) and Aloha response to customer complaints 2003
8. Aloha's Newsletter (date ?1997)
9. Aloha's brief before DCA November 2002
10. Aloha's Newsletter (date ?1997); Minutes of Copper Corrosion Project September 8, 2000; PSC hearing 2002
11. Aloha's brief to dismiss customer's petition: PSC hearing on Aloha's request for permission to back bill builders – audio transcript August 2002 Docket No 020413-SU
12. Audio transcript CAC meeting Jan.12, 2004
13. Letter dated 7/23/03 from Atty. Steve Burgess to Mr. Marshall Willis, PSC
14. Aloha Consulting engineer's answer to question at CAC meeting on 29 September 2003
15. PSC Docket No 020413-SU 2002

16. PSC Docket No 010503-WU. Disposition of Refunds -January 2004
17. Personal communication from Atty. Burgess to Dr. Kurien
18. Correspondence between Mr. Wayne Forehand and Aloha Utilities September 2003
19. Mr. Porter's statement during his visit to a customer's house in January 2002 to check on complaint of black water.
20. Samples of MOR sheets 1999 submitted to FDEP

ADDITIONAL NOTES:

Dr Levine's **Phase I** report submitted in August 2003 (pages 20 and 21) explains **the reason why during the period between April-July 2001, the chlorinator at Well 9 could not have converted all of the hydrogen sulfide in raw water into sulfate. Therefore, during that period elemental sulfur was an inevitable constituent of distributed water. Dr Levine has indicated that hydrogen sulfide can be produced from elemental sulfur as well as sulfate.**

Phase II report submitted in February of 2004 shows by analysis of data from all the wells of Aloha (page 21) that **sulfate and elemental sulfur are produced during the use of chlorination as the sole oxidizing agent.**

FDEP in August 2003 approved the following new guideline for control of copper pipe corrosion and black water. "Direct chlorination shall not be used to remove (i.e. oxidize) 0.3 mg/L or more of total sulfide unless the elemental sulfur formed during chlorination is removed".

V. ABRAHAM KURIEN

1 was recalled as a witness on behalf of the Citizens of the
2 State of Florida, and, having been duly sworn, testified as
3 follows:
4

5 DIRECT STATEMENT

6 DR. KURIEN: This morning I made a fairly long
7 presentation and I thought I would not do the same this
8 afternoon partly because a number of people who have spoken
9 here have mentioned a lot of the points that I wanted to make.
10 So I will simply highlight some of the things that I wanted to
11 say.

12 The first thing I want to mention is the fact that we
13 have given Aloha 12 months to attend to the matter of the poor
14 quality of water, and now it is 21 months and they have not
15 even introduced the very easily instituted methods that Dr.
16 Levine had suggested in the first part of her report. In spite
17 of that, the customers took a very objective view of what the
18 solutions were. And to help them do that, they adopted four
19 simple principles which were mentioned by Mr. Hise, which I
20 want to again say in a little bit more detail, that any new
21 method adopted shall have the ability to significantly reduce
22 the incidence of black water and rotten egg odor in the water
23 that comes out of domestic faucets. Two, any new method
24 adopted and the financial expenditures necessary to have it
25 installed and maintained shall not result in an unreasonable

1 increase in water costs above what is charged by neighboring
2 utilities. Three, that the utility that takes responsibility
3 for providing improved quality of water at reasonably
4 comparable costs shall also publicly undertake to be
5 transparent about its processing methodology and shall resolve
6 any and all technical problems that arise in a scientific
7 manner rather than by appeal to legal standards. That the
8 utility shall document that it has contracted sources of water
9 to maintain an adequate supply of drinking water for the Seven
10 Springs area for at least ten years into the future.

11 It is on those four principles that we looked at the
12 possibility of getting water from Aloha Utilities itself after
13 they instituted new methods or of getting processed water from
14 Pasco County, whose water is supplied essentially by the Tampa
15 Bay Water.

16 The cost issue has been discussed at length;
17 therefore, I'm not going to discuss it any further.

18 There are some obvious other advantages to it which
19 has also been mentioned. But I want to spend a little time
20 talking about our other concern, which has also been talked
21 about at length which is the corporate culture, because I feel
22 that the corporate culture is at the basis of the fact that
23 Aloha has not made any attempt to improve its water quality in
24 spite of it being known to everybody else that you cannot
25 provide good quality water with the sole method of

1 chlorination.

2 We have already mentioned, both Dr. Gaul and myself,
3 that Aloha has not adequately recognized, or even if they did
4 recognize, that they don't completely communicate the true
5 science to the agencies that were supposed to regulate them,
6 which because of their own lack of perhaps competence in that
7 area resulted in both the FDEP and perhaps even the PSC not
8 recognizing that urgent measures were required as early as
9 1996.

10 The second point that I want to make is the fact that
11 Aloha has downplayed the incidence of poor water quality. In
12 fact, at the presentation made by Aloha attorneys to the
13 district court of appeals, it said that less than one-tenth of
14 one percent have problems with water quality; whereas, by their
15 own survey interpreted in their own unique way it was
16 30 percent. This tendency to avoid the truth to protect its
17 own interests at the risk of the customers' suffering does not
18 serve as a good recommendation for Aloha to continue as our
19 water provider.

20 Thirdly, I want to make a note of the fact that the
21 customers have tried on a number of occasions to cooperate with
22 Aloha, including my first suggestion about the formation of a
23 Citizens Advisory Committee. Subsequently, we went even
24 further by agreeing with Aloha to make changes in the
25 recommendations or orders issued by the Public Service

1 Commission so that a new method can be instituted without
2 delay. And yet in spite of our making that effort, they
3 blocked or delayed the ability of Dr. Levine to continue with
4 her audit without putting obstructionist demands on her.

5 Lastly, a point which has not been mentioned here
6 before, which is the fact that, as you know, in August of 2002,
7 and this fact may not be known to the rest of the customers who
8 are here, under PSC Docket Number 020413-SU-2002 Aloha tried to
9 collect \$659,000 from its present customers which it had failed
10 to collect from the builders that they were providing water
11 connections for. This is a very serious ethical lapse on the
12 part of Aloha because they should not have even considered that
13 possibility. And I regret to say that the PSC staff in its
14 recommendation was almost ready to allow Aloha to collect
15 75 percent of that amount from the customers. And but for the
16 customer intervention at that time saying that it was an
17 extremely inappropriate way to reimburse the mismanagement of a
18 company by allowing them to collect money from its customers,
19 that would have gone through. And that kind of concern for
20 money verges on corporate greed, especially in view of the
21 prolonged litigation that is involved.

22 Finally, I'd like to say that our anxiety about the
23 corporate culture of Aloha is just as important and perhaps
24 even more important than the cost of doing business with Aloha.
25 Therefore, it must come as no surprise to the Public Service

1 Commission and perhaps hopefully to Aloha itself that we found
2 that the only logical thing the customers can do at this stage
3 is to seek deletion of -- deletion of territory as the only
4 recourse that is open to us. This preferred option of the
5 petitioners to be connected as retail customers of Pasco County
6 water utility will also provide them with water at a lower cost
7 than Aloha can offer, assurance of continued water supply, a
8 more friendly and proactive customer service and improved water
9 quality within a much shorter interval of time from now.

10 The Public Service Commission in the year 2000
11 exercised its authority and jurisdiction by an order,
12 PSC-00-0581-FOF-WS, to extend the territory of Aloha under an
13 administrative finding that it was in the public interest to do
14 so. In that particular instance, Aloha had already violated
15 Florida Statutes 367.045(2) by extending its service outside
16 the area described in its original certificate of authorization
17 for a period of nine years without notifying the PSC. Aloha
18 has been cited on a number of occasions for failure to comply
19 with the mandates of the PSC, FDEP, and, in fact, copper levels
20 as high as 2.5 milligrams percent were detected in 1993 after
21 the company was cited by the Florida Department of
22 Environmental Protection. That PSC order is a
23 precedent-setting event in which the PSC considered it
24 appropriate usage, authority and jurisdiction for the
25 furtherance of public welfare.

1 I would like to suggest to the Commission that the
2 case that the petitioners have presented today for deletion is
3 also very much in the public interest and for the welfare of
4 those who have suffered emotionally, physically and financially
5 because of Aloha's unwillingness to attend to its customers'
6 needs with the same vigor that it has approached its interest
7 as a private enterprise. Therefore, I would like to suggest
8 that Aloha as of this day, if not earlier, does not have the
9 credentials to continue as a water provider of potable water.
10 Therefore, we request your deliberate and very careful
11 consideration of the choice that we, the people, have presented
12 to you. We know that it is within your authority to grant our
13 request. Whether you will do so as an urgent matter of
14 fairness and justice to whom such has been denied during the
15 last decade remains the tasks that you must undertake as you
16 consider all that we have said to you this day. Thank you very
17 much.

18 COMMISSIONER DEASON: Any questions?

19 COMMISSIONER BRADLEY: Yeah. I want to ask --

20 COMMISSIONER DEASON: Okay.

21 COMMISSIONER BRADLEY: Dr. Kurien, one of the -- and
22 I'm just trying to get a feel for what the possibilities are.
23 You know, one of the things that we discussed at the top of, of
24 this session is, was mediation. Is that remotely a
25 possibility?

1 UNIDENTIFIED SPEAKER: Commissioner Bradley, did you
2 hear what the people said? We don't want --

3 COMMISSIONER DEASON: I'm sorry now. This is -- we
4 only can hear -- the court reporter can only record what's
5 being said into a microphone, and we do need to keep this
6 orderly. If you need to come back and make a statement, I'll
7 give you that opportunity. But we need to keep comments from
8 the audience at a minimum. Thank you for your understanding.

9 There has been a question raised and, Dr. Kurien, you
10 can answer that question, if you wish.

11 COMMISSIONER BRADLEY: And let me explain why I'm
12 asking that question. You know, we are trying to explore all,
13 all the possibilities as it relates to resolving an issue that
14 I recognize as being very, very serious, and it's just my
15 opinion and it's strictly my opinion that sometimes these
16 things work when you have the two affected parties get together
17 and, and mediate a dispute. And I'm just asking a candid
18 question. And I have heard what the folks have said, but we
19 still are here to try and come up with a solution to this, and
20 I can strongly agree with you and I can commit to you that
21 there is going to be some movement in the affirmative on this,
22 on this situation. But, again, just trying to figure out how
23 to get started is, is the origin of my question.

24 DR. KURIEN: Commissioner Bradley, before I came to
25 Florida I worked in New Mexico, Santa Fe, as a mediator between

1 the Anglo community, the Spanish community and the Native
2 American community, so I have some experience of mediation.
3 But it requires that everybody should be honest. That's an
4 essential requirement for mediation, that they should be --
5 they should respect each other. So there are some basic
6 conditions for mediation which have not been accepted by Aloha
7 during the last three years that I've been here. One of the
8 first things I did when I came to this community because of my
9 experience was to speak at the January 2002 meeting, at which I
10 offered to chair as a nonvoting member of the committee to
11 solve this issue. And Mr. Deterding, I think it was, said,
12 "That's a wonderful idea. We were just thinking about it two
13 days ago." And I said, "Fine. I don't care whose idea it is,
14 as long as it works." And Ms. Lila Jaber, who was the
15 Chairman, said, "That's a good idea. Dr. Kurien, would you do
16 that?" And I said I would be glad to do that.

17 And I waited -- I wrote to Mr. Watford two letters.
18 I didn't get any reply. So I finally got in touch with the
19 Public Service Commission and they arranged a teleconference at
20 which we could talk. And as a courtesy to Aloha, I allowed
21 them to talk first. And the first thing that came out of the
22 mouth of Mr. Deterding was, "We will not talk about black
23 water." And if -- he might think that I am bluffing this. I
24 have a tape recording of that and I'll play it here, if you
25 want, okay, to make sure that what I have said here is

1 perfectly true. It has been rumored that I did not reply to a
2 letter that he sent me inviting the CAC to enter into
3 negotiations with them. After consulting with the Public
4 Service Commission, I wrote back. I sent a copy to the PSC, I
5 sent a copy to OPC. They all received it. But one of the
6 newspapers called me to say that Aloha claims that they didn't
7 receive it. But that kind of attitude towards customers, when
8 they are willing to negotiate with you to try to solve the
9 issue for both groups, there is something fundamentally wrong
10 with a corporate culture that cannot handle that. I'm a
11 physician. I'm a physician. I could name the condition that
12 causes that kind of problem, but I shall not. Okay?

13 So if it is essential for the Public Service
14 Commission to go through an attempt at mediation, I will not
15 stand in the way because I'm a man of peace. As I have tried
16 many times, written to Mr. Watford and everybody else to say I
17 like to solve as a scientific issue, and that is the only way
18 to solve this. It cannot be solved as a legal issue. So they
19 have to get off their legal pulpit, and I don't think they're
20 ready to do that yet and that's why it will not work.

21 COMMISSIONER BRADLEY: And the reason why I asked
22 that question is, is to put that on the record, and also to, to
23 put it out there for all to hear, for the CAC to hear, for
24 Aloha to hear and for the customers also, well, the customers
25 who are affected directly by the black water to hear as a

1 proposition, and to have some mention of that officially on the
2 record so that we at least know that that was discussed.

3 Now if mediation doesn't work, then that simply means
4 then that this Commission will have to make a decision as to
5 how to remedy the situation that currently exists, and
6 sometimes that's not the best way for it to happen. It always
7 is best if the company and the customers can get together. Now
8 if that can't be done, then that simply means then that --

9 COMMISSIONER DEASON: All right. Folks, we've been
10 here all day. We've been very courteous to you. And the
11 Commissioner is speaking, and that's very discourteous while a
12 Commissioner is speaking to have that type of reaction. I know
13 that you want -- you're very sincere in your desires to cure
14 this problem. Believe me, we're working on it. Give us an
15 opportunity to ask our questions and to get answers. It's just
16 common courtesy. Please do that.

17 COMMISSIONER BRADLEY: And let me say this,
18 Commissioner Deason, I know that it's personally not directed
19 at me. There are some very strong feelings about an issue that
20 has been occurring in this community for a long, long time, and
21 I know that it's an emotional issue and it's a health-related
22 issue and we just have a situation where we have two parties
23 who, who just have some strong feelings about how we can
24 resolve this. And I know I'm not taking it personally, but you
25 all are just giving me feedback as to how you all feel about

1 something that has been affecting your community for a long,
2 long time. So I don't -- I'm not personally affected by it.
3 But I'm just trying to put that out there to see, to test the
4 water to see what -- not necessarily to get a reaction from
5 you, but to, to put Aloha and all other parties on, on notice
6 that this is what I would like to see happen. Now if it can't
7 happen, then that means the Commission will have to make a
8 decision.

9 DR. KURIEN: Commissioner Bradley, your water is at
10 least clear. The last thing I would like to say is that the
11 buck has to stop somewhere. We have tried to stop the buck at
12 the level of the utility and ourselves. We have tried to stop
13 the buck at the level of FDEP, which has given permission for
14 Aloha to self-regulate itself, according to their own words.
15 And I showed you one of the consequences of that. The buck now
16 has to stop and it has, unfortunately, to stop with you. Thank
17 you.

18 COMMISSIONER DEASON: Mr. Burgess, you've got two
19 more witnesses; is that correct?

20 MR. BURGESS: Yes, that are listed.

21 COMMISSIONER DEASON: And then, sir, we'll get to you
22 at the end of the official list and let you come back -- come
23 forward again.

24 MR. BURGESS: Bob Bowman.

25 BOB BOWMAN

1 was called as a witness on behalf of the Citizens of the State
2 of Florida, and, having been duly sworn, testified as follows:

3 DIRECT STATEMENT

4 MR. BOWMAN: I guess I can't tell you anything that
5 you haven't already heard, but --

6 COMMISSIONER DEASON: Could you identify yourself,
7 please, your name.

8 MR. BOWMAN: Oh, my name is Bob Bowman. I thought
9 you did that when you called me.

10 COMMISSIONER DEASON: Well, we want you to -- there's
11 a process here. We want you to confirm that you are who he
12 said you are. Okay?

13 MR. BOWMAN: I think it's -- what we're faced with is
14 we're faced with water that stinks so bad that we have to open
15 windows and doors after we turn the water on. That's just
16 inhuman. And to call Aloha is a waste of a dime. And I guess,
17 you know, I mean, I'm sure you've heard all this. There's
18 nothing else I can tell you. It's just a shame that -- you
19 know, I wouldn't drink it on a bet, and I'm a betting man. I
20 wouldn't drink it. It's just -- somebody is going to die from
21 drinking that stuff and then, you know, unfortunately we lose a
22 child or something and then it's going to be a big deal. I
23 hope y'all do something and do it soon.

24 COMMISSIONER DEASON: Thank you, sir.

25 MR. BURGESS: Jack Davis.

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JACK DAVIS

was called as a witness on behalf of the Citizens of the State of Florida, and, having been duly sworn, testified as follows:

DIRECT STATEMENT

MR. DAVIS: Good afternoon. My name is Jack Davis and I live in Heritage Springs. And on my street there's not one house that doesn't have a water filter. I was born in St. Petersburg. We've never seen water filters like that before. All our water used to come from Pasco wells. I move up to Pasco and all of the sudden everybody's water is bad. I just want to go on the record that I don't care what Aloha does. I want to change to Pasco water, and that's all I have to say.

COMMISSIONER DEASON: Mr. Burgess, does that exhaust your list?

MR. BURGESS: That's all that I have at this point. Mr. Horattas wanted to --

COMMISSIONER DEASON: Yes, sir. If you could come forward and identify yourself again for the record, please, and then make your statement.

ALEX HORATTAS

was recalled as a witness on behalf of the Citizens of the State of Florida, and, having been duly sworn, testified as follows:

DIRECT STATEMENT

1 MR. HORATTAS: Hello. My name is Alex Horattas. I
2 still live at 3645 McCloud Street in New Port Richey.

3 Distinguished members of the council here, I'd like
4 for you to hear what the people are saying. Aloha has had an
5 opportunity to solve this problem for a long time. If this was
6 your water that you pour a glass and put it on the counter and
7 tomorrow you see it separate into two pieces and it smells bad
8 and it's black, you would pull the license today. I urge you
9 to move into my subdivision and see if we don't get this
10 resolved quicker. Aloha has had every opportunity. They've
11 lied to us, they keep telling us it's our house, it's the
12 pipes, they give us every excuse. They're not going to do
13 anything about it. They've lied repeatedly.

14 Do the right thing for the people of the community.
15 This is our health, it's our children, it's our families. If
16 it was your health, your children, your families, you wouldn't
17 be asking for mediation or to, to look for other alternatives.
18 You would do it right away, and I urge you to do that today.
19 Do not wait for another day. We can't have this going on for
20 how many more years. How long is mediation going to take? It
21 shouldn't even be an option. That's all I really have to say.
22 Do the right thing for the people, for everybody. Thank you.

23 MR. BURGESS: Commissioner, in addition, one of the
24 witnesses who testified this morning also would like to,
25 similar to Mr. Horattas, would like to address Commissioner

1 Bradley's question about mediation.

2 Marilyn Lambert.

3 MARYLYN LAMBERT

4 was recalled as a witness on behalf of the Citizens of the
5 State of Florida, and, having been duly sworn, testified as
6 follows:

7 DIRECT STATEMENT

8 MS. LAMBERT: Marilyn Lambert, 9136 Via Recreo in New
9 Port Richey. I spent five years of my career early on in
10 mediation and arbitration for one of the Fortune 500 companies
11 I worked for. I traveled across the nation. I worked with 156
12 offices of the Better Business Bureau in mediating and taught
13 mediation and arbitration to our employees. Mediation has to
14 be something that is believed in by the top executives in your
15 corporation and they have to be committed to doing what is
16 right for the customer; not just for yourselves, but what is
17 right for your customer. And believe me, sometimes I had to
18 grab the sides of my chair to keep calm for the abuse that
19 we've had to take, so I have sympathy for you tonight. But in
20 arbitration and in mediation there has to be that commitment.

21 As I recall in the last week, the announcement of
22 Aloha hiring a public relations firm, their failure was
23 immediately represented in the same article when Mr. Watford
24 said that they would do what was prudent and they would
25 continue the legal fighting. And you know what the public

1 relations firm is going to tell them, and they're going to
2 ignore their advice and march on with their same methodology
3 over and over again.

4 So when you have that lack of commitment at the
5 highest levels in a corporation, how can you believe that you
6 have mediation that would be successful? But if that is your
7 course of action, I will hope that it will be one that will be
8 resulting in a fair price to our communities. We are concerned
9 about our elderly here. We can't have extensive expenses on a
10 company that has failed to see its own future. Thank you.

11 MR. BURGESS: Stephen Logan.

12 STEPHEN LOGAN

13 was called as a witness on behalf of the Citizens of the State
14 of Florida, and, having been duly sworn, testified as follows:

15 DIRECT STATEMENT

16 MR. LOGAN: My name is Stephen Logan. I live at
17 4436 Wimco Court, New Port Richey, Florida, at Riverside
18 Village Estates. I'm here again tonight like I was in 2000, I
19 believe it was. I built my home in 1994 and the beginning of
20 1995. The water is no better than it was from six months after
21 I was in the house. I did a lot of work on the house myself.
22 The plumbing -- when I had the builder do the plumbing, yes, it
23 was copper. No one knew that Aloha had this kind of problem
24 with the water. And they keep saying it's the corrosion of the
25 copper. Well, it might be because of the composite of the

1 copper. But I'm going to tell you what, there's something in
2 this water that is not being treated enough and purified enough
3 to keep the copper from doing this sulfite. And when you have
4 to clean the back of your toilet tanks out every three months
5 because the stuff is coated in there, you have to pull out your
6 pea traps about every four months and clean the black stuff
7 that's stuck in there, it just -- it's an ongoing thing. The
8 water stinks, we do not drink it. I buy bottled water just for
9 coffee and tea. And my wife will not bathe in it in a garden
10 tub when I have to waste gallons of water just to clean the tub
11 to clear the lines out, then to wash the black stuff off the
12 walls of the tub. Now this is just -- I mean, it's the same
13 thing. I've been in the house now nine years this month and it
14 hasn't gotten any better, and they keep wanting more and more
15 for their water, more and more for the sewer. And I don't
16 think the quality is there for what they're asking for the
17 price of the water or the sewer, and something needs to be
18 done.

19 Now we all paid a lot of money for our houses in this
20 subdivision, and most of these houses are at the verge now,
21 most of them have been selling for 200 and over. And you're
22 trying to have a quality of life for your own kids and your
23 family and then you've got to put up with this crap.

24 I had them send me a letter this past year stating
25 they could not get to my water meter due to grass. I maintain

1 my own lawn very nicely. I go out, there's two St. Augustine
2 runners of grass running over the top of the meter that I
3 elevated up high enough to where they wouldn't have to get in
4 the water and the muck to read that meter and to where I could
5 run over it with a rider. I think there's something wrong with
6 this company and their workers. Something needs to be done. I
7 thank you very much.

8 MR. BURGESS: Lillian Valentic.

9 LILLIAN VALENTIC

10 was called as a witness on behalf of the Citizens of the State
11 of Florida, and, having been duly sworn, testified as follows:

12 DIRECT STATEMENT

13 MS. VALENTIC: I just have one question. I'd like to
14 know how often do you test your water?

15 COMMISSIONER DEASON: Ma'am, if you could come
16 forward and speak into the microphone. If you could identify
17 yourself and then ask your question, and then we'll try to get
18 a response.

19 MS. VALENTIC: My name is Lillian Valentic. I live
20 in Tiki Village in Holiday, Florida. I would like to know how
21 often is the water tested?

22 COMMISSIONER DEASON: Staff, do we know or do we need
23 to refer that to the company?

24 MR. WILLIS: We'd have to refer that to the company
25 because my engineer is not up here, so.

1 COMMISSIONER DEASON: Okay. Mr. Deterding, do you
2 have someone that could answer that question?

3 MR. DETERDING: Commissioner, it would depend on what
4 they were talking about testing for.

5 COMMISSIONER DEASON: Okay. There are numerous
6 different types of tests. I'm sure you all have to file some
7 type of report with DEP. Is that monthly or quarterly or --

8 MR. DETERDING: Some, some are daily, some are
9 monthly, some are hourly.

10 COMMISSIONER DEASON: Okay.

11 MR. DETERDING: The tests have to be analyzed. It
12 depends upon the constituent you're talking about.

13 COMMISSIONER DEASON: Okay.

14 MS. VALENTIC: I know we came from a town of Oakmont
15 in Pennsylvania, and they tested their water -- they had like
16 three shifts. They tested twice -- six times a day in a
17 24-hour period that they would test our water, make sure it was
18 good. So I wanted to know is this being done for the people
19 that use Aloha or don't they even test the water that often?

20 COMMISSIONER DEASON: Well, it's DEP is the agency
21 that sets the testing standards and has the operating reports
22 filed with them. But I see the doctor coming forward. He may
23 have some information. Do you mind sharing the microphone with
24 him? If you could just -- Doctor, could you identify yourself,
25 please.

1 DR. KURIEN: Yes. I am Vadakumkaraputhenpurayil
2 Abraham Kurien, my long name. This is an MOR, monthly
3 operating report, submitted every month by Aloha to DEP. And I
4 want to pass this around because it has one number at the top.
5 They're supposed to enter a number every day. There's a long
6 line from the top to the bottom. This is the kind of report
7 that has been submitted to FDEP, and FDEP has been approving
8 this as satisfactory. The last time I asked the question, "Are
9 you a regulatory agency which ticks off everything or are you a
10 supervisory agency which makes sure that what needs to be done
11 is being done?"

12 MS. VALENTIC: Excuse me. Does Aloha not have --
13 does Aloha waters not have a chemist that would test this every
14 day? Don't they have any facilities that they would, you know,
15 test this water?

16 COMMISSIONER DEASON: I'm going to give the
17 opportunity to the company to answer the question, if you have
18 any information. But, as I indicated, DEP is the regulatory
19 agency which sets the standards, sets the reports that have to
20 be filed and the information that has to be filed. Whatever
21 information we have on those reports that have been filed in
22 our offices in Tallahassee as far as what is tested and how
23 often, we'll be glad to share it with you. But we just don't
24 have that physically with us right at this moment.

25 DR. KURIEN: Commissioner Deason, I'll be glad to

1 answer those questions for you because I know more about it
2 than the Aloha person sitting here.

3 COMMISSIONER DEASON: Doctor, you may proceed.

4 DR. KURIEN: Yes. They have to report chlorine
5 residue every day from the distribution of every valve. They
6 have to report the lowest chlorine level at the site at which
7 the well is so that they know what was the level, the lowest
8 level at that site. They have to report the level as the
9 lowest level in the distribution system. Once a month they
10 have to test 25 sites within their distribution to make sure
11 there is no bacterial contamination, and at the same time they
12 test the chlorine levels. They do not test or they are not
13 required to test for hydrogen sulfide, they are not required to
14 test to see if there is any sulfur particles in it. So the
15 amount of testing that has to be done is extremely minimal.

16 They test for copper once in three years. I recently
17 had my water tested. There was 2.06 milligrams of copper. I
18 couldn't see it. It requires to go up to about 3 or 4
19 milligrams per liter before you can see it, and the maximum
20 allowed is 1.3 milligrams per liter. And if people are
21 drinking water that looks clear, they are still consuming too
22 much copper. And copper is not a benign chemical. It can
23 worsen atherosclerosis, it can affect your eyes. There are a
24 lot of problems with copper, and that's why I asked the health
25 department to check whether Aloha tests for copper in those

1 areas where there is a problem. They say, we don't have to
2 test. If that is the answer the utility is going to give
3 because we have to test -- we don't have to test where there is
4 a softener -- and that is legally true. I'm not saying that
5 they're not legally within their rights not to do it. But if
6 they were really concerned about their customers, they could go
7 around and test and say this is too high. You would think the
8 health department would take some responsibility. There is a
9 basic dysfunctionality, I'm sorry to say this out loud in
10 public, as far as this particular situation is concerned. The,
11 the structure is so fragmented that nobody knows who's
12 responsible, and Aloha has made hay (phonetic) out of it
13 completely.

14 MS. VALENTIC: I would just like to say that I really
15 wish Aloha would really do a little better job in testing the
16 water. You know, if they're just testing for old things, they
17 should test for everything. Where they might go is go to
18 different communities that have different systems of water and
19 maybe they'll learn something. Thank you.

20 COMMISSIONER DEASON: Mr. Burgess.

21 MR. BURGESS: Art Shaw.

22 ART SHAW

23 was called as a witness on behalf of the Citizens of the State
24 of Florida, and, having been duly sworn, testified as follows:

25 DIRECT STATEMENT

1 MR. SHAW: Hi, I'm Art Shaw and I live at 1537
2 Canberley Court in Trinity. And I came here today to watch the
3 proceedings, and the reason I didn't really be involved up
4 until now is because I know we have very capable people looking
5 after the customer side of this issue.

6 My concern was heightened when we started talking
7 about arbitration or mediation. I have to say from what I know
8 about this subject, other than being a customer, and I'll bring
9 that up in a moment, that over the ten-year period and now
10 amplified by the PSC being involved making certain requests on
11 behalf of Aloha to cooperate, and their total lack of
12 cooperation evident in the face of your requests, evident in
13 the continued poor quality, evident in pushing off the CAC who
14 has spent I don't know how many man-hours trying to help our
15 utility put this problem to rest, so I'd like to say that
16 mediation, in my view, is definitely out. I don't even think
17 that's an option. Quite honestly, I feel as though there's a
18 fraud being perpetrated on the customers. Someone, if they
19 started selling a product in this state or any state for that
20 matter and it was not what they said it would be as it relates
21 to the equal quality of another product provided by somebody
22 else, the consumer affairs and everybody else in the state
23 would be down on that company in no time flat.

24 The fact of the matter is this company has provided a
25 very bad product on a continuing basis. And I feel very bad

1 for the people who are buying new homes right now who I can say
2 will come up with the same problem, go through the entire
3 rituals of spending their time, their money, their patience, if
4 you will, to get this matter resolved and meet with the same
5 problem that exists now.

6 So as a Commission I have to say that you can't stall
7 this issue anymore on behalf of the people that are paying
8 taxes and doing the things they're supposed to do. Now, no,
9 you probably don't live in the Aloha water area. But I can
10 tell you that U.S. Homes has built a development that I live
11 in, and I can tell you also that in mass once we moved in in
12 this block that I live on, suddenly out of nowhere comes black
13 water and Aloha doesn't know anything about it. I had gone up
14 to the, one of the meetings where I, where I knew and was
15 confident people were working on the issue, only to hear them
16 say that they don't have a problem and they try to push it on
17 every after product that you may have in your home.

18 Now we're very concerned about the quality of water
19 that we're drinking. I, too, like others, lived only a few
20 miles away, if not a block away, and had good quality water.
21 There isn't a reason in the world why a company who cannot
22 provide a good product, has done nothing over ten years to
23 upgrade what products they are providing in order to come into
24 complete appliance -- compliance to satisfy their customers, I
25 think there's no basis whatsoever for mediation. And, quite

1 honestly, I think they should be just run out of business.

2 Thank you.

3 MR. BURGESS: Mike Caruso.

4 MIKE CARUSO

5 was called as a witness on behalf of the Citizens of the State
6 of Florida, and, having been duly sworn, testified as follows:

7 DIRECT STATEMENT

8 MR. CARUSO: I'm here in my capacity as the president
9 of the Peachtree at Fox Hollow Homeowners Association. And at
10 our March meeting the board of directors --

11 COMMISSIONER DEASON: Sir, I hate to interrupt, but
12 could you identify, could you identify yourself for the record,
13 please.

14 MR. CARUSO: Oh, sure. My name is Mike Caruso, and
15 I'm here in my capacity as the president of the Peachtree at
16 Fox Hollow Homeowners Association in Trinity.

17 At our March meeting the board of directors adopted a
18 resolution that I'd like to be -- that I'd like to read and
19 have entered into the official proceedings as follows.

20 "Be it resolved that the Peachtree at Fox Hollow
21 Homeowners Association, through its elected board of directors,
22 concerned by the consistently poor water quality furnished the
23 association by Aloha water and Aloha's inability or
24 unwillingness to utilize cost-effective, state-of-the-art
25 technology to furnish optimum quality water to the residents of

1 this association, and the existing capability and willingness
2 of Pasco County water to furnish a much higher quality water
3 product to the residents of this association, hereby affirms
4 its desire to be disconnected from the Aloha water and
5 connected to Pasco County water at the earliest available
6 time." Dated March 15, 2004. Thank you.

7 COMMISSIONER BRADLEY: Mr. Chairman, let me make a
8 statement. I think I've heard you very, very clearly that
9 mediation is, is not a possibility, not an option. And I just
10 asked the question to check to see if that was a remote
11 possibility.

12 COMMISSIONER DEASON: You got an answer to your
13 question, Commissioner.

14 COMMISSIONER BRADLEY: Yeah. I got the answer to my
15 question.

16 COMMISSIONER DEASON: Let me say just a word about --

17 UNIDENTIFIED SPEAKER: We couldn't understand you.

18 COMMISSIONER BRADLEY: Oh, I said that I, I very
19 clearly understand that mediation is not a remote possibility
20 and I did get the answer. The chairman said I did get the
21 answer to my question.

22 COMMISSIONER DEASON: Let me, let me say a word about
23 mediation. I think I brought the subject up early on. Let me
24 say this: The Commission has a policy of encouraging and even
25 facilitating mediation when the parties are in agreement that

1 it may prove fruitful. I've heard testimony here indicating
2 that part of the problem is that there is a concern about the
3 amount of litigation that has ensued over the years. And often
4 mediation is a way to prevent what otherwise would be
5 litigation. But at the same time, this Commission does not
6 force mediation upon anyone. It is a voluntary approach when
7 the entities involved think that it would potentially be
8 fruitful. I know from experience that particularly Public
9 Counsel's Office has entered into what is the equivalent of
10 mediation when they have reached settlements with companies
11 concerning other matters, otherwise concerning rates and
12 service quality. But perhaps this is not a candidate, and this
13 Commission is never going to force mediation as, upon entities
14 which do not see the benefit of that. And so I do not want
15 anyone to leave here today thinking that somehow the Commission
16 is trying to shirk our responsibility and put it off on a
17 mediator. That is not the case whatsoever, so please don't be
18 misinformed. Mr. Burgess.

19 MR. BURGESS: Commissioner, I have no more witnesses
20 who have signed up.

21 COMMISSIONER DEASON: Okay. Let me take this
22 opportunity to thank everyone that is in attendance this
23 evening, as well as those that were in attendance this morning
24 and early afternoon. The, the message that we have received,
25 we appreciate that. We have accomplished what we want to

1 accomplish. The purpose of today's hearing was to hear from
2 you, the customer. We have heard you. I think that you would
3 agree that you have had that opportunity. We appreciate the
4 thoroughness of your comments and all of the preparation that
5 went into your comments. That has not gone unnoticed. That is
6 appreciated by the Commission and by our staff. There is a
7 process that we will follow. We -- as many of you already
8 know, and for those that don't know, I would encourage you, if
9 you have the ability, you can access the status of this case
10 via the Internet. We have a Web site that I think is consumer
11 friendly and provides information. You have a wealth of very
12 capable consumer representatives here locally, as well as the
13 Office of Public Counsel. I'm sure if any of you have any
14 questions or concerns, you may contact them, or you may contact
15 our staff directly. We want to facilitate you, the customers,
16 having the information, being kept apprised of how this process
17 goes through.

18 In the preliminary comments this morning when I
19 introduced some things, one of the things I tried to emphasize
20 is that the Commission is at the point to where we're looking
21 for solutions. You, the customers, have got to be a part of
22 that solution. I don't know what the end result is going to
23 be. There are a number of solutions out there. We're
24 trying -- going to try to make the very best decision that we
25 can based upon our jurisdiction and the parameters within the

1 law as we interpret them. And we have the benefit of the
2 company and its attorneys and the Public Counsel and their
3 attorneys to help us with those interpretations. We have you
4 to tell us what your desires are within the constraints of the
5 law in which we operate.

6 Mr. Burgess, do you have any concluding comments?

7 MR. BURGESS: I have no more comments.

8 COMMISSIONER DEASON: Mr. Deterding, anything
9 concluding? Staff?

10 MS. GERVASI: No, sir.

11 COMMISSIONER DEASON: Okay. Once again, thank you
12 all for your participation. This hearing is adjourned.

13 (Adjourned at 6:10 p.m.)

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1 STATE OF FLORIDA)
2 COUNTY OF LEON)

CERTIFICATE OF REPORTERS


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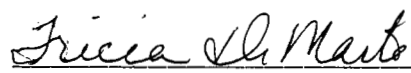
WE, LINDA BOLES, RPR, and TRICIA DeMARTE, RPR, Official Commission Reporters, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that we stenographically reported the said proceedings; that the same has been transcribed under our direct supervision; and that this transcript constitutes a true transcription of our notes of said proceedings.

WE FURTHER CERTIFY that we are not a relative, employee, attorney or counsel of any of the parties, nor are we a relative or employee of any of the parties' attorneys or counsel connected with the action, nor are we financially interested in the action.

DATED THIS 22ND DAY OF APRIL, 2004.


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