

ORIGINAL

MEMORANDUM

June 24, 1998

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (JAEGER)

RE: DOCKET NO. 960545-WS - INVESTIGATION OF UTILITY RATES OF ALOHA UTILITIES, INC. IN PASCO COUNTY.

Please place the two attached letters dated June 19, 1998, in the docket file.

RRJ/lw

Attachment

cc: Division of Water and Wastewater (Crouch, McRoy, Moniz, Rendell, Starling)
 Representative Mike Fasano
 James Goldberg
 Office of Public Counsel (McLean)

ACK _____

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APP _____

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FFSD-RECORDS/REPORTING

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ROBERT M. C. ROSE
OF COUNSEL

June 19, 1998

VIA HAND DELIVERY

Ralph Jaeger, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

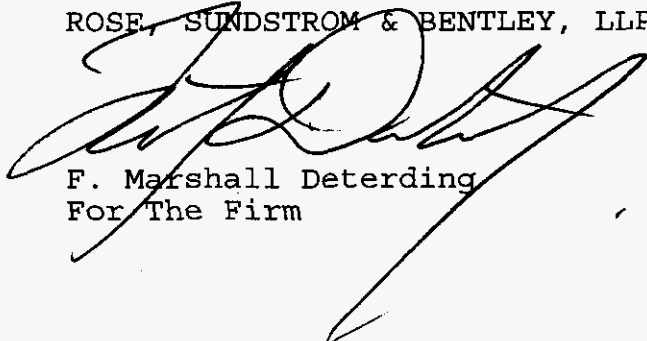
Re: Aloha Utilities, Inc.; Docket No. 960545-WS
Water Quality Survey
Our File No. 26038.17

Dear Ralph:

Attached is a copy of the "Suncoast News" newspaper article which caused a great deal of concern to us at Aloha. I am sending this to you as you requested. I am also sending our letter of today's date to the Director of the Division of Records and Reporting expressing our even greater concern with the "Preliminary Tabulation" of the Survey issued yesterday by the staff.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

FMD/tmg

aloha\17\2jaeger.ltr

Preliminary Aloha Utilities water quality results are released

BY CARL ORTH
SUNCOAST NEWS
BUREAU CHIEF

NEW PORT RICHEY—Seven out of 10 customers responding to a survey regarding Aloha Utilities said they had discolored water, but eight out of 10 customers said they would be unwilling to pay

higher rates to pay for clearer water.

The Public Service Commission released on Tuesday afternoon preliminary results from the water quality survey of Aloha Utilities customers. The complete survey summary and other results are expected to be released within the next few days, PSC officials said.

More than 3,700 customers out of some 8,000 responded to the survey, said Ralph Jaeger, PSC senior staff attorney. That's roughly 40 percent of Aloha's customer base in the Seven Springs and Holiday areas.

The response so overwhelmed PSC officials they had to hire a couple of extra workers to tabulate the results the past few months. Complicating matters was the fact not all customers responded to every question.

Jaeger said 70 percent of the

respondents said they had observed discolored water, the first question on the four-page survey. Among those who said they had seen discolored water, six out of 10 of them described the water as black or gray.

Another 70 percent described the odor and taste of the water as "unacceptable," Jaeger reported.

More than 56 percent, however, said the water pressure was acceptable.

Eighty percent of the respondents said they were unwilling to pay higher rates for

improvements, Jaeger said. Aloha executives have said major improvements might boost rates two to three times.

Officials of the private utility have attributed the discolored water to pipes in customers' homes.

Aloha Utilities executives have complained the wording of the questions on the survey tilted reactions toward negative responses.

Meanwhile, PSC chairwoman Julia Johnson and two other PSC commissioners plan to inspect homes personally on Monday, July 13. They plan to visit homes of six Aloha customers as well as flushing random fire hydrants and inspecting facilities.

PAGE 07

ALPHA UTILITIES

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DON'T FORGET DAD THIS FATHER'S DAY!

Sunday June 21



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Deli Turkey Breast	\$2.99 Lb.	Boiled Ham	\$1.89 Lb.
Grated Romano Cheese	\$1.99 2 Lb.	American Cheese	\$2.79 Lb. Yellow or White
		Assorted Imported Pasta Buy One at .99 get one FREE	

Obituary

FRAN URZEDOWSKI, 80, of New Port Richey, died June 9. National Cremation Society, Holiday.

Call the Suncoast News
815-1069

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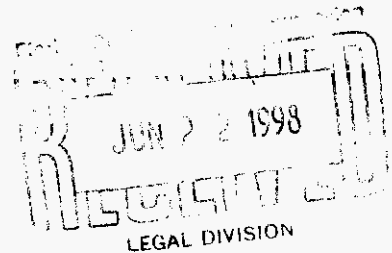
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June 19, 1998

ROBERT M. C. ROSE
OF COUNSEL

VIA HAND DELIVERY



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

Re: Aloha Utilities, Inc.; Docket No. 960545-WS
Water Quality Survey
Our File No. 26038.17

Dear Ms. Bayo:

As you know, Aloha Utilities, Inc has recently completed a Survey of customer satisfaction with the quality of water provided by the Utility. The Public Service Commission staff has been analyzing the results of that Survey and has now issued a "Preliminary Tabulation" of customer responses to the Aloha Survey dated June 17, 1998.

We at Aloha Utilities have now had an opportunity to review the "Preliminary Tabulation" which we received late Wednesday afternoon and we find them to be even more troubling and misleading than the information which the "Suncoast News" reported in its June 17 edition based upon conversations with the PSC staff the previous day. This is especially upsetting in light of the fact that Wednesday morning I hand delivered a letter to the staff stating my concerns with the "Suncoast News" article, in advance of the release of the "Preliminary Tabulation".

The Commission initiated and configured this unprecedented customer satisfaction Survey to elicit responses from customers who were dissatisfied with their water service. In fact, the only bold language in the entire Survey is the provision that provides "If you do not return the survey, it will be presumed by staff to mean you are satisfied with the quality of water service you currently receive". In full recognition of this language, approximately 60% of the Utility's customers did not respond to the Survey. Yet the information contained within the staff's "Preliminary Tabulation" does not even mention the assumption that not only must be inherent, but which is also plainly and boldly stated on the face of the Survey itself. In fact, the "Preliminary Tabulation" documents published Wednesday deal almost exclusively with statistics based upon a comparison of answers to responding customers, versus a comparison to surveyed customers. This "Preliminary Tabulation" only mentions the number of persons who did not return the Survey in passing, while giving absolutely no weight whatsoever to the bold language of the Survey coversheet, and

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

therefore the majority of Aloha's customers. Would the PSC staff have issued numerous pie charts and graphs which appear to show 70% dissatisfaction if only 10% or 5% of the customers had responded to the Survey? I certainly hope not.

As a result of the way in which the Survey results are being published in the staff's "Preliminary Tabulation", the staff has violated the conditions under which Aloha agreed to undertake the Survey and the good-faith agreements as to its terms. More importantly, the staff's "Preliminary Tabulation" allows for substantial misinterpretation of customer reaction to the Survey and misinforms the public about the results of that Survey.


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

While we would certainly agree that the significant number of responses, and the significant amount of customer concerns with discolored water, taste and odor are cause for further review, the way in which the staff's "Preliminary Tabulation" of those results has been published substantially overstates the level of that dissatisfaction and misleads those who review it.

We are therefore very disappointed and upset at the way in which this information will be received and misunderstood. The manner in which the Survey results are presented by the Commission staff effectively ignores the majority of Aloha's customers who no doubt relied on the bold language at the beginning of the Survey indicating that their voices would be heard if they chose to intentionally not return the Survey.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

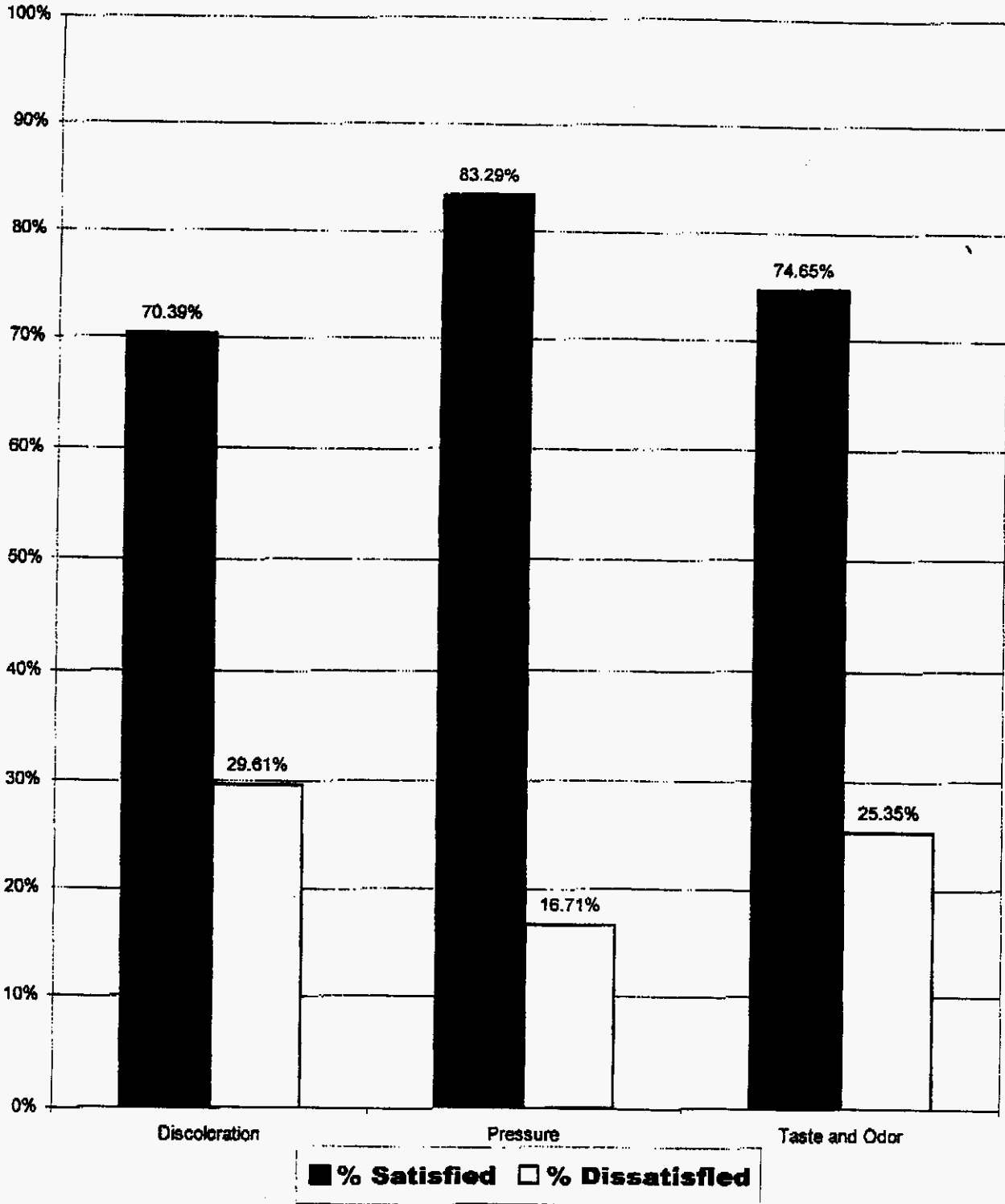
FMD/tmg

Enclosure

cc: Ralph Jaeger, Esquire
Charles H. Hill, Director
Mr. James McRoy
Mr. John M. Starling
Mr. Bob Crouch, P.E.
James Goldberg, President

aloha\17\2bayo.fmd

Summary of Water Quality Survey Results



Summary of Survey Results

Total Number of Surveys Mailed	8643	Percentage of Customer Base	Percentage Satisfied
Total Number of Surveys Returned	3707	42.89%	
Total Number of Surveys Reporting Discolored Water (Yes Answer to Question #1)	2559	29.61%	70.39%
Total Number of Surveys Reporting Taste and Odor Problems (No Answer to Question #2)	2191	25.35%	74.65%
Total Number of Surveys Reporting Pressure Problems (No Answer to Question #3)	1444	16.71%	83.29%
Customers Willing to Pay Increased Rates	505	5.84%	
Customers Willing to Pay Increased Rates Above 50%	35	0.40%	
Respondents Who Have Home Treatment Units (Percentage of Respondents Only)	2098	56.60%	
Respondents Who Don't Know if They Have Treatment Units	36	0.97%	