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ORIGINAL

Public Service Commission

October 8, 2001

F. Marshall Deterding, Esq.
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301

Re: Aloha Utilities, Inc.; PSC Docket No. 010503-WU

Dear Mr. Deterding:

I have forwarded your October 4, 2001 letter to the parties of record in Docket No. 010503-WU, and to Representative Fasano as your letter addresses a docketed matter before the Commission, and because Representative Fasano has expressed an interest in this docket.

As you know, prudently incurred expenses are recoverable in a rate case. Whether your expenses in dealing with complaints are prudently incurred, will depend in large part upon the number of complaints, and whether the complaints are valid. In addition, the number of customer complaints is probative of customer satisfaction which is normally one of the several matters considered by the Commission in determining quality of service. The best way I can suggest to limit your client's expenses in this regard, is to advise them to deliver utility services in such quality and with enough civility to limit complaints at the outset. There are many utilities in the state that follow this practice.

The Commission Staff rejects any suggested distinction between complaints sent to the utility, and complaints forwarded to the utility by Representative Fasano's office. There has been customer testimony in former Aloha dockets that customers prefer to send complaints to Representative Fasano's office, because they have greater confidence that the complaints will be taken seriously, than if sent directly to Aloha. I doubt you are suggesting that complaints forwarded by Representative Fasano deserve any lesser attention by the Commission for that reason.

- APP _____
- CAF _____
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We will continue to process customer complaints regarding any regulated utility in compliance with Florida Statutes and the Florida Administrative Code, irrespective of what division, bureau, or personnel is assigned.

If you have any further concerns, please do not hesitate to contact me at 850-413-6248.

Sincerely,

A handwritten signature in black ink, appearing to be 'H. McLean', written over a long horizontal line that extends across the page.

Harold McLean
General Counsel

cc: Mr. Edward Wood
Aloha Utilities, Inc.
Office of Public Counsel
Southwest Florida Water Management District
Representative Mike Fasano
Blanca Bayo, FPSC

Attachments

s/hmcl

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October 4, 2001

ROBERT M. C. ROSE
OF COUNSEL

VIA HAND DELIVERY

Ralph Jaeger, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0873

Re: Aloha Utilities, Inc.; PSC Docket No. 010503-WU
Application for Water Rate Increase
Our File No. 26038.35

Dear Ralph:

As attorney for Aloha Utilities, Inc., I and members of Aloha management have become increasingly disturbed with what has apparently become a trend at the Public Service Commission regarding customer concerns received by Representative Fasano and forwarded on to the Commission. In several cases over the last six to eight months where Representative Fasano forwards customer concerns about Aloha Utilities to the Staff, those complaints, rather than being handled as customer complaints (even though they have not come to the Commission directly from the customer) are being handled by Technical Staff rather than Consumer Affairs Staff. The level of inquiry has been much greater and the willingness to pursue issues well beyond the Commission's jurisdiction has made what is normally a relatively simple and straightforward process into a much more difficult and time consuming process for simple customer complaints.

As an example, you recently received a customer complaint sent to Representative Fasano and forwarded to the Commission about the way the Utility's bills are formatted. The Utility received numerous calls from the Staff. In addition to inquiring about the customer's history, Staff members also suggested that the Utility consider changes in the billing format which are beyond the Commission's jurisdiction.

In the latest such correspondence, the Commission Staff has forwarded to the Utility a letter from a customer complaining of water quality and submitting as a basis for this complaint, an analysis of the customer's "hair" from which the Commission staff seems to interpret as a complaint of poor water quality. Rather than deal with this through the normal consumer affairs channels and direct the customer that the Commission is not charged with dealing with issues related to hair, the Commission has apparently forwarded this complaint on to the State Health Department and the Florida Department of Environmental Regulation, as the Staff's cover memo suggests, this a "health issue." As the Staff is no doubt well aware, no one in this State regulates a utility's water quality based upon some subjective analysis of a customer's hair, much less based upon alleged lab tests, the validity, controls, the source of which is wholly unclear. We have no doubt that if the State

Ralph Jaeger, Esquire
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Health Department or the Florida Department of Environmental Protection handles these matters as intensively as the Commission has begun to do, that this absurd complaint will cost the Utility thousands of dollars in order to respond.

I write you this letter not because the Utility has any problem with responding to customer concerns either directed to the Utility or directed to the Public Service Commission, but with the extraordinary treatment that has been given these recent complaints of any nature and the substantial additional costs which that places upon Aloha in dealing with even the slightest or the most bizarre customer concern. You should recognize that to the extent this is to be the way in which customer complaints of any kind are to be handled in the future, the Commission should recognize substantial additional costs and staffing for Aloha in order to deal with these issues and this intense scrutiny. A rate case currently pending before the Commission would be an appropriate place for such recognition.

Further, since these customer concerns forwarded to the Commission Staff are apparently being dealt with as though they are related to the rate case currently pending, rate case expense can be expected to increase above original estimates based upon this intense and unwarranted scrutiny.

We would appreciate an explanation by the Commission Staff as to why this sudden change in policy has occurred and who it is intended to benefit, the increased cost of which will be borne by all of the rate payers of Aloha Utilities in the future. This new policy is contrary to the Commission's long-standing policy covering customer complaints, often contrary to their regulatory oversight authority, and it is unreasonable to expect either Aloha or its customers to pay the additional costs related to this change. Please respond by letting me know who directed this change in policy and why such change was made. I appreciate your prompt response.

If you have any questions concerning our concerns as expressed herein, please do not hesitate to contact me.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

FMD\lts
cc: Ms. Blanca Bayo
Roseanne Gervasi, Esquire

aloha\35\8jaeger.ltr

Dictated by Mr. Deterding
but signed in his absence
to avoid delay in mailing.