

Case Assignment and Scheduling Record

Section 1 - Bureau of Records and Hearing Services Completes

Docket No. 011503-TX Date Docketed: 11/07/2001 Title: Compliance investigation of Ocius Communications, Inc. for apparent violation of Section 364.183(1), F.S., Access to Company Records.
 Company: Ocius Communications, Inc.

Official Filing Date: _____
 Last Day to Suspend: _____ Expiration: _____

Referred to: _____ APP CAF CCA (CMP) ECR GCL LEG PAI RGO SER
 ("(") indicates OPR) _____ X _____ X _____

Section 2 - OPR Completes and returns to CCA in 10 workdays.

Time Schedule

Program/Module B10(a)

Staff Assignments

**WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT.
 IT IS TENTATIVE AND SUBJECT TO REVISION.
 FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770**
 Current CASR revision level

Due Dates

OPR Staff _____

Staff Counsel _____

OCRs () _____

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Previous Current

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Recommended assignments for hearing and/or deciding this case:
 Full Commission _____ Commission Panel _____
 Hearing Examiner _____ Staff _____

Date filed with CCA: _____

Initials: OPR _____
 Staff Counsel _____

Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

| Commissioners | | | | | | Hrg. Exam. | Staff |
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| ALL | JC | DS | JB | BZ | PL | | |
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- Prehearing Officer

| Commissioners | | | | | ADM |
|---------------|----|----|----|----|-----|
| JC | DS | JB | BZ | PL | |
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DOCUMENT NO.

14465-02

Where panels are assigned the senior Commissioner is Panel Chairman; the identical panel decides the case.
 Where one Commissioner, a Hearing Examiner or a Staff Member is assigned the full Commission decides the case.

Approved: _____
 Date: / /

Case Assignment and Scheduling Record

Section 1 - Bureau of Records and Hearing Services Completes

Docket No. 011503-TX Date Docketed: 11/07/2001 Title: Compliance investigation of Ocius Communications, Inc. for apparent violation of Section 364.183(1), F.S., Access to Company Records. Company: Ocius Communications, Inc.

Official Filing Date: _____ Expiration: _____ Last Day to Suspend: _____

Referred to: APP CAF CCA (CMP) ECR GCL LEG PAI RGO SER ("(" indicates OPR)

Section 2 - OPR Completes and returns to CCA in 10 workdays. Time Schedule

Program/Module B10(a) Staff Assignments OPR Staff A Fondo, M Watts Staff Counsel B Keating OCRs () () () () () ()

WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT. IT IS TENTATIVE AND SUBJECT TO REVISION. FOR UPDATES CONTACT THE RECORDS SECTION: (850) 413-6770 Current CASR revision level

0

Table with columns: Item, Due Dates (Previous, Current). Rows 1-40. Includes items like Staff Recommendation, Agenda, PAA Order, Close Docket or Revise CASR.

Recommended assignments for hearing and/or deciding this case:

Full Commission X Commission Panel _____ Hearing Examiner _____ Staff _____

Date filed with CCA: 11/15/2001

Initials: OPR Staff Counsel _____

Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Table for Hearing Officer(s) with columns: Commissioners (ALL, JC, DS, JB, BZ, PL), Hrg. Exam., Staff.

- Prehearing Officer

Table for Prehearing Officer with columns: Commissioners (JC, DS, JB, BZ, PL), ADM.

Where panels are assigned the senior Commissioner is Panel Chairman: the identical panel decides the case. Where one Commissioner, a Hearing Examiner or a Staff Member is assigned the full Commission decides the case.

Approved: [Signature] Date: 11/15/2001

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

April 29, 2002

Edward O. Wood
1043 Daleside Lane
New Port Richey, FL 34655-4293

Re: Aloha Utilities-Docket No. 010503-WU, Your Letter Dated April 15, 2002, Stating Concern About Mr. Watford's Letter dated April 11, 2002

Dear Mr. Wood:

Thank you for your letter to the Chairman keeping the Commission informed of matters concerning Aloha Utilities, Inc. (Aloha). Because the Aloha rate case in Docket No. 010503-WU has not yet concluded, it would be improper for Chairman Jaber to comment, and she has requested that I respond to your letter.

As you know, staff made certain recommendations concerning the formation of a Citizens Advisory Committee (CAC) which the Commission approved at its April 2, 2002, Agenda Conference. Pursuant to those recommendations, Aloha was given 120 days from the date of the Final Order to implement all customer service measures approved by the Commission.

The Order on the above-noted recommendations approved by the Commission has not yet been issued, but should be issued in the near future. Also, the utility could either petition for reconsideration of that Order or file an appeal of that Order. If it files an appeal of the Final Order, it could also request a stay of that Order.

Therefore, the specific requirements for the formation of the CAC could still be modified, and it appears to be premature to determine whether Aloha is complying with the requirements of this Commission. The Commission will take all necessary actions to ensure that utilities comply with the Commission's orders in a timely manner. However, at this time, it appears that no further actions are warranted.

DOCUMENT NO.

14465-02

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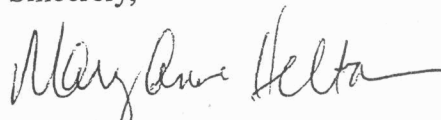
PSC Website: <http://www.floridapsc.com>

Internet E-mail: contact@psc.state.fl.us

Edward O. Wood
Page 2
April 29, 2002

Thanks again for keeping us informed.

Sincerely,



Mary Anne Helton
Economic Regulation Section Supervisor

MAH/RRJ/jb

cc: General Counsel Office, Economic Regulation Section (Jaeger)
Division of Economic Regulation (Willis)
Representative Mike Fasano
Stephen Burgess (Office of Public Counsel)
Margaret Lytle (Southwest Florida Water Management District)
F. Marshall Deterding, Esq.
JoAnn Chase

01-0415 APR 24

Mr. & Mrs. E.O. Wood

1043 Daleside Lane
New Port Richey, Fl. 34655-4293
727-376-0380
April 15, 2002

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APR 18 2002

Florida Public Service Commission
CHAIRMAN JABER

Ms. Lila A. Jaber Chairman
Capital Circle Office Center
2540 Shumard Blvd.
Tallahassee, Florida 32399-0850.

Dear Ms. Jaber;

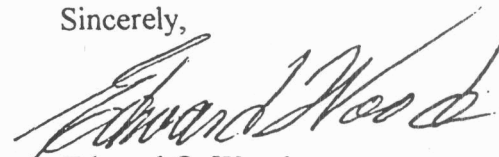
I have attached a letter that I received from Aloha Utilities Inc. on Saturday, April 13, 2002. This letter is just one more example of the way Aloha stalls, and is not pro-active to the needs of its customers. If Aloha needs someone from the Federal, State, or local Governments to make all their decisions for them, then why is Aloha in business. Because of this attitude the solution to the "Black Water" problem, and other Aloha issues never get resolved.

I thought it was pretty clear at the PSC

Hearing that was held in New Port Richey, that Aloha would form a citizens committee in an attempt to better customer relations. It was also indicated that Dr. Abraham Kurien would be part of the committee. Dr. Kurien was not invited to participate, "Black Water" would not be discussed, and the committee was put on hold. This seems to be a typical Aloha approach. Agree publicly and stall when out of the spotlight. Is this not what has happened to the study to remove Hydrogen Sulfide? It is amazing that the other utilities in the area can address the Hydrogen Sulfide problem on their own, yet Aloha can only Stall!!!

I believe whatever State Authorization Aloha has to operate should be revoked!!!

Sincerely,



Edward O. Wood

CC Representative Mike Fasano

Attachment

V. Abraham Kurien, M.D.
1822 Orchardgrove Avenue
NEW PORT RICHEY, FL 34655
(727) 376-9747

RECEIVED

MAY 13 2002

Florida Public Service Commission
CHAIRMAN JABER

Chairman Lila Jaber
Florida Public Service Commission
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL 32399-0850

May 12, 2002

STRICTLY CONFIDENTIAL

Dear Chairman Jaber,

Re: EFFORTS TO RESOLVE THE BLACK WATER
PROBLEM IN THE SEVEN SPRINGS AREA
OF ALOHA WATER UTILITIES

In my continuing attempts to help remedy the problem of 'black water' I had notified a number of regulatory agencies including the PSC, and the Bureau of Water Quality in Tallahassee as well as the Aloha Utilities about the significant finding of sulfur reducing bacteria (SRB) in 15-20% of water samples at the point of entry into the 34 houses which were the subject of a study done in 1998 to identify the cause of black water. **I had hoped that an attempt would be made by regulatory agencies to follow-up on this important, but previously ignored finding.**

The conclusion drawn at that time was that colonization of domestic plumbing by SRB and the subsequent conversion of sulfate to sulfide was the cause of the pernicious form of 'black water'. That conclusion has since been used extensively by Aloha Utilities to excuse itself of the responsibility to remedy 'black water', without making any attempt to determine the source of the SRB in the water at the point of its entry into the homes in the Seven Springs Area. **The possibility that Aloha water itself contains SRB capable of converting the sulfate present in water to sulfide and thus inducing formation of large amounts of Copper sulfide within the domestic system was not considered.** Nor has any effort been made to eliminate the bacteria from the delivered water. Perhaps Aloha Utilities has not felt it necessary to do so, since there is no state or Federal mandate for such a processing methodology.

This is a very serious matter, because it implies that even with the effective cause of 'black water' identified, the **monopoly** that is Aloha Utilities has not been held responsible for the remediation of its cause. Under these circumstances, it is legitimate for the customers of Aloha Utilities to seek revocation of the monopoly status of Aloha, since the Utility is not providing a competitive product. The legal principle of a **monopoly** having to meet a

'competitive standard' was clearly laid out in the staff recommendations filed on Docket No 010503-WS and approved on April 2, 2002 by the Public Service Commission.

I have been trying to find out which of the regulating agencies has the responsibility for sanctioning the monopoly status of Aloha Utilities, but without a great deal of success. I was told by Mr Fasano's office that Pasco County might be the franchising agency, but Atty Joe Richards, the Water Attorney for Pasco County has denied any role for Pasco county. He thought that the PSC is the franchising agency. Before I travel further along this "pass the buck" line, I thought it wise that I consult with you.

Could you please instruct your staff to research this matter and inform me which governmental agency holds the authority to issue or revoke the monopoly status of Aloha Utilities? That would help the customers proceed with any further action that is necessary to obtain a judicial review, and proceed with such subsequent steps as will provide us with a water supply that meets the community standards adopted by the public utilities within the Pasco County.

Thank you for your help in this matter.

Yours sincerely

V. Abraham Kurien

V. Abraham Kurien, M.D.

Cc. Office of Public Counsel
Mr Mike Fasano

P.S. I have received a letter from Mr Watford, President of Aloha Utilities informing me that the formation of the Citizens Advisory Committee has been postponed. I enclose a copy of his letter for your information.

Aloha Utilities, Inc.

*6915 Perrine Ranch Road
New Port Richey, FL 34655*

(727) 372-0115 Fax (727) 372-2677

April 11, 2002

Mr. Irving Gaines
1551 Boswell Lane
New Port Richey, FL 34655

Re: Wyndgate Homeowners Association
Citizens Advisory Committee

Dear Mr. Gaines:


We contacted you directly by letter on March 8, 2002 in reference to our formation of a Citizens Advisory Committee (C.A.C.). We had proposed an initial meeting to take place on April 17, 2002 at 10:00 a.m. However, the Florida Public Service Commission (FPSC), in an order yet forthcoming from them, appears to be intervening in the Company's attempt at the formation of this committee. In a staff recommendation recently approved by this Commission there were many rules and requirements to be imposed by the PSC on the formation of such a C.A.C. To the best of our knowledge the PSC has never before asserted jurisdiction in the realm of Customer Advisory Committees, but it appears they now intend to do so in our most recent case. Their proposed requirements are well beyond and in several instances at variance with our plans. Therefore, until the Commission's final order is issued and becomes final we will have to delay the formation of this committee. The PSC's proposal imposes many responsibilities, both for the company and the customers that will actually serve on the committee, and until all of these issues are finally resolved it would not be productive to proceed at this time.

We do appreciate your indicated willingness to serve on the committee and wish this unfortunate problem had not arisen, but it was beyond our control and was totally unexpected. We still look forward to working with you in the future when all these issues are ultimately resolved. Once again, thank you for your cooperation. We will contact you again when we are ready to proceed.

If you have any further questions, please do not hesitate to contact our office.

Sincerely,

ALOHA UTILITIES, INC.



Stephen G. Watford
President

cc: Dr. V. Abraham Kurien

SGW/pjy

Letters/02hou/wyndgate cancel

COMMISSIONERS:
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J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

STATE OF FLORIDA



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

May 15, 2002

V. Abraham Kurien, M. D.
1822 Orchardgrove Avenue
New Port Richey, FL 34655

Dear Dr. Kurien:

Thank you for your letter to Chairman Jaber dated May 12, 2002, concerning the "black water" problems that the customers of Aloha Utilities, Inc. (Aloha), continue to experience. Pursuant to the three-day hearing in which you testified, the Commission issued Order No. PSC-02-0593-FOF-WU on April 30, 2002. The time for appeal of that Order has not passed, and so it would be improper for Chairman Jaber to comment on a pending matter. Therefore, I have been asked to respond to your letter.

You note in your letter that sulfur reducing bacteria (SRB) has been determined to be a part of the problem with customers experiencing "black water," and suggest that Aloha should be required to do something to eliminate SRBs from its source water. You also suggest "that even with the effective cause of 'black water' identified, the **monopoly** that is Aloha Utilities has not been held responsible for the remediation of its cause."

As you are aware, the Commission took extensive testimony from both customers and professional engineers on the cause of the "black water" problems and possible solutions. In Order No. PSC-02-0953-FOF-WU, after having reviewed all the evidence and suggested options, the Commission determined that there were two main solutions to this "black water" problem – the customers could either replumb with CPVC piping or the utility could be required to remove virtually all of the hydrogen sulfide (over 98%) from its source water. The Commission decided that the customers should be made aware of the first option, and that Aloha should proceed with the second option. The Commission required Aloha to complete the second option by December 31, 2003.

In your letter, you also refer to a "competitive standard" which "was clearly laid out in the staff recommendation filed on Docket No. 010503-WS and approved on April 2, 2002 by the Public Service Commission." This "competitive standard" was presented by the Office of Public Counsel, and as you note was presented to the Commission and thoroughly considered by the Commission. In consideration of this standard and other considerations such as inadequate service or inefficient management, the Commission reduced Aloha's return on equity by 100 basis points (one percent),

V. Abraham Kurien, M. D.

Page 2

May 15, 2002

and also reduced both the President's and Vice-President's salary by 50%. Therefore, I believe the Commission has also thoroughly addressed your concerns as regards the "competitive standard."

Finally, in your letter you ask "which governmental agency holds the authority to issue or revoke the monopoly status of Aloha Utilities?" Pursuant to Chapter 367, Florida Statutes, the Commission has "exclusive jurisdiction over each utility with respect to its authority, service, and rates." That includes the granting of a certificate and setting its service territory. As stated above, in considering the "competitive standard" and the inadequate service, the Commission determined from the evidence presented at hearing that the reductions to return on equity and officers' salaries were the proper actions to take as of the time of its vote at the April 2, 2002, Agenda Conference.

As to the formation of the Citizens Advisory Council, Mr. Edward Wood had previously advised and furnished the Commission with a copy of Mr. Watford's letter that he sent to Aloha's customers. I have attached Ms. Helton's response to that letter (Ms. Helton is my supervisor).

I hope that this letter addresses your concerns noted in your May 12, 2002, letter. Again, thanks for your letter, and if you have any further questions or concerns, you may call me at 850-413-6234 or write me at the address noted at the bottom of this letter.

Sincerely,



Ralph R. Jaeger
Senior Attorney

RRJ:jb
Enclosure

cc: Jo Ann Chase

State of Florida



Public Service Commission

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

ORIGINAL

RECEIVED FPSC
02 MAY 30 PM 3:12
COMMISSION
CLERK

DATE: May 30, 2002
TO: Division of the Commission Clerk and Administrative Services
FROM: Ralph R. Jaeger - Senior Attorney - Office of the General Counsel
RE: Docket No. 010503-WU - Application for increase in water rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Please place the attached letters of Dr. Kurien, dated May 12 and 19, 2002, and my responses on the correspondence side of the docket file.

Thank you.

RRJ/jb

cc: F. Marshall Deterding
Division of Economic Regulation (Willis, Wetherington)
Representative Mike Fasano
Office of Public Counsel (Burgess)
SWFWMD (Lytle)
Edward O. Wood

STATE OF FLORIDA

COMMISSIONERS:
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BRAULIO L. BAEZ
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RUDOLPH "RUDY" BRADLEY



OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

May 30, 2002

V. Abraham Kurien, M.D.
1822 Orchardgrove Avenue
New Port Richey, FL 34655

Dear Dr. Kurien:

Thank you for your two letters dated May 12 and 19, 2002, respectively. Pursuant to our conversation on May 30, 2002, I will forward your letters and my responses to the Division of Economic Regulation, the utility, and also have the letters placed on the correspondence side of the docket file for Docket No. 010503-WU.

Also, I will specifically talk to the staff engineer assigned to this case and advise him of your concerns that removing 98% of the hydrogen sulfide might not be sufficient if sulfate reducing bacteria and sulfates remain in Aloha's water.

Again, thank you for your letters, and if I can be of any further assistance, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Ralph R. Jaeger".

Ralph R. Jaeger
Senior Attorney

RRJ:jb
Enclosure

cc: F. Marshall Deterding
Division of Economic Regulation (Willis, Wetherington)
Representative Mike Fasano
Office of Public Counsel (Burgess)
SWFWMD (Lytle)
Edward O. Wood

V. Abraham Kurien, M.D.
18122 Orchardgrove Avenue,
NEW PORT RICHEY, FL 34655
(727) 376-9747

Mr. Ralph Jaeger,
Senior Attorney
Public Service Commission, State of Florida
2540 Shumard Oak Boulevard,
TALLAHASSEE, FL 32399-0850

May 19, 2002

Dear Atty Jaeger,

Thank you for your extremely prompt response to my letter of May 12, 2002. First of all, I want to acknowledge how much we appreciate the staff report submitted to the PSC Commissioners and their approval in the form of Order No PSC-02-0593-FOF-WU on April 30, 2002.

The Customers of Aloha Utilities who have been experiencing 'black water' and other related problems are relieved to know that after many years of what seemed an uphill battle the regulatory agencies are finally exercising their authority to bring Aloha Utilities in line with other potable water providers in the neighboring areas. Of particular relief is the order to create a Citizens' Advisory Committee, which can monitor the efforts Aloha will undertake to completely eliminate the problems. The establishment of the principle of the "competitive standard" to which a monopoly must conform is also a major milestone.

My reference to "*Aloha Utilities has not been held responsible for the remediation of 'black water'*" relates to the finding of the study done by DEP in 1998 in which sulfate reducing bacteria (SRB) was identified in 15-20% of point of entry (POE) water samples. SRB was recognized as the possible cause of the severe form of 'black water' that was studied but the possibility that the **source of the bacteria** might be the delivered water, was not seriously considered then or during the hearings in 2002. Being unaware of even the existence of the DEP study of 1998 till March 25, 2002 **my own initial inclination** was to relate black water exclusively to the sulfide residuals (which Aloha had maintained was not present in the water), but which has now been officially documented to exist by the Bureau of Water Quality in Tallahassee. I think I have sent you a copy of a **comprehensive hypothesis that is capable of scientific verification**, to account for all manifestations of the effect of sulfide residuals in delivered water and de novo formation of sulfide in domestic plumbing due to colonization by SRB of the domestic system through delivered water. I have sent a copy of this hypothesis to Aloha Utilities also for their consideration. Unless this possibility is evaluated, 'black water' will continue to plague the customers of Aloha in the Seven Springs Area.

I am in constant touch with Mr. Van Hoofnagle and we are undertaking a co-operative effort to find the scientific explanation and solution for 'black water' so that it can be remedied and both the customers and Utility can return to normal and happy relations as consumers and providers of one of the essentials of life.

The Wyndgate Community of which I am a member has recently had its first pin-hole leak. It occurred before the delivered water entered the domestic system, between the meter and the garage. **Hence we cannot blame any processing appliance that the house owner may have installed. It puts the Aloha hypothesis that water softeners and filters are responsible for the formation of corrosion into serious doubt.** This subdivision is only 5 or 6 years old, and the occurrence of this dreaded complication of the 'black water' problem has the community very upset, because of the accelerated timeframe in which it has happened. Mr. Hoofnagle and I have noted that the pH of delivered water is too low at 6.9. I have communicated this to Aloha. The compliance date of December 31, 2003 "to remove virtually all of the hydrogen sulfide from its source water" may be far too late, if corrosiveness of water has been enhanced by lowered pH. Super chlorination as the only method that Aloha uses to remove hydrogen sulfide has this inevitable consequence.

Thank you for keeping in touch with me. Please convey to the Commissioners our appreciation of their efforts on behalf of the battle weary customers.

Yours sincerely,

V. Abraham Kurien

V. Abraham Kurien, M.D.

