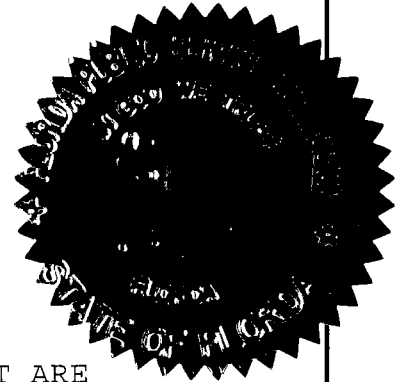


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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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PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 5

BEFORE: CHAIRMAN BRAULIO L. BAEZ
COMMISSIONER J. TERRY DEASON
COMMISSIONER LILA A. JABER
COMMISSIONER RUDOLPH "RUDY" BRADLEY
COMMISSIONER CHARLES M. DAVIDSON

DATE: Tuesday, February 17, 2004

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR
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1 PARTICIPATING:

2 MARSHALL DETERDING, ESQUIRE, representing Aloha
3 Utilities, Inc.

4 STEPHEN C. BURGESS, ESQUIRE, representing the Office
5 of Public Counsel.

6 ROSANNE GERVASI, ESQUIRE, representing the Commission
7 Staff.

8 V. ABRAHAM KURIEN, M.D.

9 EDWARD O. WOOD

10 HARRY HAWCROFT

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P R O C E E D I N G S

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2 CHAIRMAN BAEZ: We will reconvene the agenda
3 conference; and we are on Item 5.

4 MS. GERVASI: Commissioners, Item 5 is Staff's
5 recommendation to grant the request to remove Docket Number
6 020896-WS from abeyance, and to schedule a public hearing on
7 the audit report submitted to the OPC by Doctor Audrey Levine.
8 There are various interested persons here to address the
9 Commission.

10 CHAIRMAN BAEZ: Okay. And we'll take them -- the
11 easiest way for me is to just start with Mr. Deterding and work
12 our way to the right, if that is all right.

13 MR. DETERDING: Well, it is the request of --

14 CHAIRMAN BAEZ: It is a request. I can give you
15 rebuttal, or whatever.

16 MR. DETERDING: Well, that is what I would like to
17 do. I want to hear -- hopefully, we will be restricted to what
18 the issue is.

19 CHAIRMAN BAEZ: Mr. Burgess, will you be -- unless
20 you would like Dr. Kurien to go first or --

21 MR. BURGESS: What I would ask, Mr. Chairman, is that
22 I go ahead and take just a minute or two of brief introduction,
23 and then have the customers address the Commission.

24 CHAIRMAN BAEZ: Sure.

25 MR. BURGESS: First, thank you for agreeing to the

1 customers' desire to have a time certain and have a time in the
2 afternoon, that was very important for them to be able to
3 travel up here, and it was important to them to address the
4 Commission on this issue. So we appreciate that.

5 I will say that from our standpoint, we agree with
6 the staff recommendation. We think it is going in the right
7 direction to have a public hearing. Further, at some point we
8 anticipate a hearing that will take on a more technical
9 characteristic, but I think that may evolve as we advance
10 further into this particular process. But we do appreciate the
11 staff recommendation, we support the staff recommendation, we
12 think it is very important that the Commission hear what the
13 customers have to say in the service area.

14 And, in fact, in that regard, I would at this point
15 turn over, relinquish the floor to the customers who are here
16 to address the Commission.

17 COMMISSIONER JABER: Mr. Chairman.

18 CHAIRMAN BAEZ: Yes, Commissioner Jaber.

19 COMMISSIONER JABER: Probably just let the customers,
20 Public Counsel, and Mr. Deterding know that I am participating
21 by phone today.

22 CHAIRMAN BAEZ: And I'm sorry for not checking in
23 with you.

24 COMMISSIONER JABER: No, it's really not a problem.

25 CHAIRMAN BAEZ: But I think by your absence here on

1 the bench we know you are somewhere in the sky, as it turns
2 out.

3 COMMISSIONER JABER: Thank you.

4 CHAIRMAN BAEZ: Sir, Dr. Kurien.

5 DR. KURIEN: Mr. Chairman, Honorable Commissioners.
6 My name is V. Abraham Kurien. I am a customer of Aloha
7 Utilities in the Seven Springs area of West Pasco County. The
8 purpose of this meeting today, as I understand it, is for the
9 Commissioners to hear from the customers and Aloha Utility as
10 to what their reactions are to the audit report submitted by
11 Dr. Levine, and to determine if the recommendations of the PSC
12 staff to remove Docket Number 020896 out of abeyance should be
13 adopted.

14 Since I have previously been accused of practicing
15 law without training, and have been reminded that I can only
16 represent myself before the PSC, I will once again admit that I
17 am merely a layman as far as the knowledge of laws is concerned
18 and that I only represent myself. Therefore, I would ask your
19 indulgence if I use analogies and simple words in trying to get
20 across my thoughts today.

21 I am very pleased that the audit that I requested on
22 November 19, 2002, in which the Office of Public Counsel and
23 its lawyers have so kindly organized and funded has finally
24 been completed, and its report has been submitted in two parts
25 in August 2003 and February 2004. I could have wished for

1 greater cooperation by the utility that provides drinking water
2 for my neighbors and me, so that Phase II could have been
3 completed shortly after Phase I, without a six-month delay.

4 But then unpredictable and unavoidable delays have been the
5 hallmark of the customers' attempt to get better quality water.

6 I believe that Dr. Levine's audit does demonstrate
7 scientifically that the sole method of chlorination for water
8 processing is inadequate to provide customers with distributed
9 water that is stable enough not to undergo changes that
10 predispose to the formation of black water. As she herself
11 points out, Aloha's processing methods may produce water that
12 meets all federal and current state standards for drinking
13 water.

14 However, the customers' arguments for the provision
15 of better quality water never depended on the legalistic
16 interpretation of whether Aloha met this extremely low and
17 minimal standards for the quality of drinking water. Instead,
18 the customers had maintained that as a utility given the status
19 of being a monopoly, Aloha had not met its responsibilities of
20 appropriate stewardship of that privilege. The customers'
21 position was that the Florida PSC, the governmental regulatory
22 agency whose powers of reasonable seizure of the citizens'
23 right to the marketplace were necessary for the creation of a
24 monopoly, also had the authority and responsibility to ensure
25 that a competitive standard for water quality was maintained by

1 the utility. Regulation should not be -- should not only be a
2 substitute for competition, but a closely imitative substitute.
3 The PSC presented this interpretation before the First DCA,
4 District Court of Appeals, against the appeal of Aloha and the
5 court upheld the Commission's argument.

6 An analysis of the technical details of Dr. Levine's
7 two reports and the full implications of the data that she has
8 collected, should be done at another appropriate time and
9 place. However, as a customer I want to express my willingness
10 to accept the three major conclusions that could be drawn from
11 Dr. Levine's audit. I have a very important comment to make
12 about the second conclusion.

13 One, during the years 1993 to 2003, there was
14 inadequate monitoring of water parameters that could have
15 provided for better process control of the currently used
16 methodology. Two, the sole use of chlorination and the
17 short-term recommendations that were made in Phase I report of
18 the audit submitted in August 2003, which unfortunately have
19 not so far been implemented, are not able by themselves to
20 reduce significantly the incidence of black water, and by
21 implication the rotten-egg odor, within domestic plumbing,
22 because of certain limitations detected during Phase II of the
23 audit that are inherent in the method in its own context.

24 My comment about that particular conclusion is Phase
25 II sampling of all eight wells of Aloha has demonstrated that

1 the oft-repeated claim that all the hydrogen sulfide present in
2 raw water from Aloha's wells is converted to sulfate is
3 inaccurate. According to Dr. Levine's data, production of
4 elemental sulfur occurs in almost all the wells. Only the
5 degree to which it is produced differs from well-to-well and
6 from time-to-time. Production of elemental sulfur during
7 chlorination is of extreme importance to the formation of black
8 water --

9 MR. DETERDING: Excuse me. Excuse me, Dr. Kurien, if
10 I may, for just a second.

11 Commissioners, my understanding is that we are here
12 for a staff recommendation on whether to move to a customer
13 service hearing on Dr. Levine's report. And I guess I should
14 have recognized this right at the beginning of Dr. Kurien's
15 remarks. He seems to be under the impression that we are here
16 for the customers and he, as a customer, to offer comments on
17 Dr. Levine's report.

18 That is the purpose of the hearing, the customer
19 service hearing that it being recommended. He will certainly
20 have ample opportunity to do that, but it was my understanding
21 that is not what we are here for today, to offer comments on
22 Dr. Levine's report. We are here for the Commission to decide
23 whether we move forward with a customer service hearing to take
24 those comments.

25 CHAIRMAN BAEZ: Mr. Deterding, while you are probably

1 technically correct, and I will pose a question to Dr. Kurien
2 as to what his understanding of what we are considering today,
3 if that matches up with him, but I have a feeling he may be
4 summing up at some point soon, so I'm going to give him a
5 little bit of leeway.

6 Dr. Kurien, do you understand what --

7 DR. KURIEN: I was under the impression that I had to
8 make some comments of the Levine report as to whether the
9 customers are prepared to accept it or not.

10 CHAIRMAN BAEZ: Well, I guess -- and staff can jump
11 in as to what they plan, but just to clarify everyone's
12 understanding, we are not considering here the content of the
13 report at this point. The only thing that we are considering,
14 Dr. Kurien, is whether the status of the docket, as it stands
15 now, the status of your petitions in particular is going to be
16 moved from one in which it is being held in abeyance to one in
17 which it is active so that we can, in fact, entertain the
18 report, and according to staff's recommendations move on to a
19 phase where we can actually take customer testimony.

20 If it was your intention to give your testimony
21 today, then perhaps Mr. Deterding is right, and you are
22 definitely going to get a chance to get it all in.

23 DR. KURIEN: No, I was going to make a short comment
24 about our willingness to accept the report, and then I was
25 going to go on to say why we want the hearing.

1 CHAIRMAN BAEZ: Okay. Well, I will let you continue,
2 but if you can move it along, as well.

3 DR. KURIEN: It's just another page.

4 CHAIRMAN BAEZ: Okay. Go ahead.

5 DR. KURIEN: According to Dr. Levine's data -- let me
6 just read one sentence so we get back to where we were.
7 Production of elemental sulfur occurs in almost all the wells.
8 Only the degree to which it is produced differs from well to
9 well and from time to time. Production of elemental sulfur
10 during chlorination is of extreme importance to the formation
11 of black water, as has been recently acknowledged by a new FDEP
12 rule for the prevention --

13 CHAIRMAN BAEZ: Dr. Kurien, I'm sorry to interrupt.
14 Can you slow down. Our court reporter is having a little
15 trouble following you.

16 DR. KURIEN: Okay.

17 CHAIRMAN BAEZ: Thank you.

18 DR. KURIEN: Production of elemental sulfur during
19 chlorination is of extreme importance to the formation of black
20 water, as has been recently acknowledged by a new FDEP rule for
21 the prevention of copper corrosion and black water formation.
22 I quote, "The main problems associated with converting hydrogen
23 sulfide to elemental sulfur are related to finished water
24 turbidity increases and the negative effects that increased
25 water turbidity products, like lower disinfection of

1 efficiency, increased chance for bacterial contamination, and
2 growths in the distribution system," end of quote. That last
3 sentence is not a quote from some recent FDEP rule book, but a
4 direct quotation from Mr. David Porter, the consulting engineer
5 of Aloha from the year 1997.

6 These are the very factors that have been of concern
7 about the water that Aloha delivers to its customers. The
8 conclusion seems inescapable that the sole use of chlorination,
9 which has been Aloha's processing method for many years, is at
10 least one and perhaps an important cause for the formation of
11 black water.

12 Three, therefore, one or more of the alternate
13 upgraded methods would be necessary to reduce the incidence of
14 black water and such methods should be used after an
15 appropriate investigation of the efficacy of the method or
16 methods chosen to reduce black water through a pilot program.
17 That is the end of my report on the report that Dr. Levine
18 submitted.

19 Two of the recommendations that Doctor Levine has
20 made as to alternatives that should be considered are very
21 expensive, as Aloha itself has declared. The process of
22 aeration, which Aloha explored before, is estimated to cost \$17
23 million and an increase in customer water rates by as much as
24 392 percent, according to the utility's own calculations. The
25 reverse osmosis method, which is the third alternative

1 suggested by Dr. Levine, has recently been explored by Aloha in
2 its report submitted to SWFWMD and will cost at least \$41
3 million. A majority of the customer base of Aloha in the Seven
4 Springs area, about 10,000 water connections, has previously
5 indicated its inability to meet such enormous expenditures.

6 The second of the alternatives recommended by Dr.
7 Levine, namely alternative oxidants, seems to be the least
8 expensive method. This method would have been available seven
9 years ago and I need to know why that option was not put
10 forward by Aloha in 1997 instead of the very costly proposal it
11 offered. Aloha must now provide a very convincing explanation
12 for that omission.

13 To me it is a tragic failure of civilized life that
14 the customers of a utility have to request a watchdog
15 regulatory agency for a hearing to consider deletion of the
16 utility's service territory because of poor quality customer
17 service. The welfare of our country, the most democratic
18 nation in the world, is dependent upon a system of governance
19 which provides for those who have the expertise and desire to
20 exercise their knowledge and abilities, to provide services to
21 those who do not have such expertise for a certain
22 consideration of appropriate monetary payment. This is the
23 free market system.

24 There are certain situations in which the free market
25 system cannot work efficiently, and the government has provided

1 for the creation of monopolies to serve its citizens by a
2 reasonable seizure of their rights to free market choice. In
3 such situations, for appropriate considerations and under
4 certain regulations, private entrepreneurs have been given the
5 opportunity to provide services for which their customers must
6 remit adequate and full payment on time. Normally, that is the
7 only responsibility of the customers. There is no evidence
8 that the customers of Aloha have not lived up to that
9 responsibility.

10 On the other hand, there seems to be overwhelming
11 evidence to suggest that the monopoly utility that provides
12 potable water to the citizens of Seven Springs have not lived
13 up to the expectations that it would meet its responsibilities
14 of excellent customer service, which as defined by the Florida
15 PSC also includes the quality of water. Throughout a period of
16 at least ten years, the customers of Aloha Utilities have
17 complained to a number of governmental bodies, regulatory
18 agencies, and have even tried to introduce legislation to
19 improve their status as captive customers who have suffered
20 significant emotional, physical, and financial consequences due
21 to the poor quality of water that comes out of their faucets.

22 The Public Service Commission itself has on numerous
23 occasions cited the utility for inadequate customer service.
24 The Commission's most recent decision in this regard has been
25 the orders issued in April 2002. These orders of the

1 Commission have been upheld by the judicial system, in spite of
2 the appeals of the utility to the First District Court of
3 Appeals. Yet, after almost two years the customers and the
4 Public Service Commission are no closer to achieving a
5 resolution of the issues, which under normal circumstances and
6 with cooperation of the parties involved should have been
7 achieved long ago.

8 On the other hand, even though they were frustrated
9 for many years, when they submitted a petition on July 15th,
10 2002, for the relief from their status as captive customers,
11 1,491 customers of Aloha showed the patience of the biblical
12 Job by giving Aloha Utilities another 12 months to achieve
13 certain goals. The customers had prior to the petition
14 expressed their desire to create the Citizens Advisory
15 Committee, the CAC, to work with Aloha to solve the outstanding
16 issues between them. Aloha challenged the orders of the PSC
17 creating that committee, even though at the January 2000 PSC
18 public hearing Aloha, as well as the Chairman of the PSC,
19 Commissioner Lila Jaber, had endorsed that approach.

20 Such a committee came into existence only in March of
21 2003, 15 months after it was proposed due to Aloha's
22 unwillingness to have it come into existence. Even after this
23 enormous delay, the CAC cooperated with Aloha and agreed to a
24 modification of the PSC orders of April 2002 so that
25 implementation of those orders would be technically feasible.

1 Despite this, Aloha has been extremely unwilling to work with
2 the CAC to achieve the goals that the PSC had envisioned.

3 A careful reading of the petition of the customers
4 submitted in July of 2002, would show that the customers had
5 overtly and specifically stated their conditions for a
6 settlement with Aloha on certain outstanding issues. It was
7 not merely an agreement to provide comparable technical methods
8 for solving the water quality issues that the customers were
9 seeking, but also for Aloha to become a customer friendly
10 utility, provide transparency about its processing methods, and
11 improve the customer-provider relationship by agreeing to an
12 audit of its processing methods.

13 The petition also requested a monitoring role for the
14 CAC in the implementation of any new process. Aloha was given
15 one full year to achieve these objectives as well as the goal
16 of the installation of a method to improve water quality. Most
17 private entrepreneurs recognize that satisfied customers are an
18 essential for a successful business. Being a monopoly, Aloha
19 seems to have deemed it unnecessary to be responsive to its
20 customers and has been preoccupied with and has relied
21 exclusively on legalism as the most appropriate method for
22 dealing with its customers. Thereby, since 2002 Aloha has
23 again succeeded in unnecessarily delaying the resolution of the
24 problems faced by customers for another two years. The letters
25 that have poured into the PSC office with complaints about

1 Aloha's continuing inadequate customer service and even the
2 conclusions of the PSC itself on numerous occasions bear
3 witness to this reality.

4 As a customer, I have felt like a battered spouse in
5 an arranged marriage, seeking help from those who might have
6 expected to assist her, but find that the civic system of the
7 state does not recognize that she has any rights except to
8 suffer without recourse. The black and gray bruises she has
9 brought to the attention of the world at large on many
10 occasions have been ignored as the inevitable consequence of
11 life that are slow to change in feudal circumstances. I now
12 feel like a cow that is being milked in and out of season to
13 meet the cash flow needs of an owner who does not collect
14 proper dues from his other customers. If I now try to bolt
15 from the barn to obtain freedom, it is because I cannot take it
16 anymore and I do not intend to be a beast of burden.

17 I want the PSC to hold a hearing in the Seven Springs
18 area without any further delay. The customers wish to present
19 to the Commissioners the concerns about the credentials of
20 Aloha Utilities to be in the business of being a utility that
21 provides drinking water, in view of its unwillingness to
22 recognize the practical limitations of the sole use of
23 chlorination for water processing, to be scientifically
24 accurate in its description of the products of water
25 processing, its inordinate use of legal maneuvering to protect

1 its interest at the expense of its customers and its reluctance
2 to comply with the orders of regulatory agencies that are
3 specifically empowered to protect public interest, safety, and
4 welfare. The customers have a large number of material facts
5 with significant implications in these areas and they want to
6 present them to the Commissioners in an open hearing.

7 The customers of Aloha have been subjected to the
8 burden of living with black water for many years. In the last
9 two years, the burden has become even more intense because of
10 the lack of prompt response to the citizens' offer for a
11 win-win situation for both parties by resolving the black water
12 issue. Much water has flowed under the bridge of cooperation
13 that the customers have tried to build, but it has not been
14 possible to establish meaningful contact with the opposite
15 side.

16 Aloha Utilities does not seem to understand that
17 without its monopoly status, it might well not have had enough
18 customers to maintain itself as a profit-making utility from
19 the year 1996. The customers now feel that it is time for the
20 PSC, the entity that gave Aloha Utilities its franchise 30
21 years ago, to undertake a careful review to determine if that
22 franchise needs to be amended. During a public hearing, the
23 customers will provide their evidence to show that such a
24 review is long overdue.

25 As a customer, I recognize that I do not have the

1 power to break out of the statutory imprisonment in which I
2 find myself, but I do have the right to request equal
3 opportunity before the law and to receive a judicial hearing
4 before the Public Service Commission. Aloha has exercised its
5 own right to appear before the judicial system, and went before
6 the District Court of Appeals to argue its case against the
7 April 2002 orders of the PSC. Yet it wants to prevent a
8 hearing of the customers' petition and has filed repeated
9 motions before the PSC to have the petition dismissed.

10 All that the customers now request is that they
11 should be given an equal opportunity to provide all the
12 evidence that they have gathered over a two-year period to the
13 PSC, the only quasi-judicial court before which they can appear
14 without enormous cost. They want the PSC to come to the most
15 appropriate conclusion in its judgment for the protection of
16 public health, safety, and welfare taking into consideration
17 all the evidence.

18 Aloha has an indulgence to have its legal costs met
19 at the citizens' expense through rate increases that the
20 customers have no alternative but to pay. The customers have
21 no such good fortune. Therefore, I would respectfully request
22 that this plea for a hearing should not be rejected by the
23 Public Service Commission.

24 In closing, I would request you to grant the other
25 customers who are here with me an opportunity to indicate

1 whether or not they share my views. Thank you for your
2 attention to my presentation.

3 CHAIRMAN BAEZ: Thank you, Dr. Kurien. You have
4 someone to your right. I'm sorry, sir, I don't have your name.
5 Will you be speaking?

6 MR. HAWCROFT: Yes, sir.

7 CHAIRMAN BAEZ: Okay. Can you identify yourself for
8 the record?

9 MR. HAWCROFT: Yes. For the record, my name is Harry
10 Hawcroft, spelled H-A-W-C-R-O-F-T. Good afternoon,
11 Commissioners, Mr. Chairman, and members of staff. I
12 appreciate the chance to speak before this PSC hearing.

13 First of all, I would like to support the views of
14 Dr. Kurien, and although they were lengthy, as we all know, I
15 think that a lot of thought and consideration should be given
16 to the text of his presentation.

17 I do, however, wish to just make a few comments, and
18 then, really, my presentation is going to be brief. I would
19 like to say myself that as a customer I am dissatisfied,
20 really, with the total general service and the attitude that
21 has been received both as a customer and in other capacities on
22 behalf of Aloha Utilities. I find them indifferent to the
23 concerns of consumers in general.

24 Almost every person that I come across in my daily
25 retirement life sooner or later the discussion will verge on

1 how is your water today, and usually I see people when I'm at
2 the -- up in Pasco County, that is where I go buy my water to
3 drink. And they will say, oh, you must be from down yonder. I
4 say, yes, I'm an Aloha Utilities' customer unfortunately.

5 So, I would like to bring one point up, a most recent
6 example of their indifference to our very existence as
7 customers. And this was based on an article that was in the
8 St. Petersburg Times. It was a date of 11th of February of
9 2004, and basically the whole article was talking about the
10 general attitude and the responses to the report that Dr.
11 Levine had so skillfully prepared and presented to the Office
12 of Public Counsel.

13 But there was one final paragraph that really -- I
14 found really frustrating and annoying. And it went on to say
15 that after all of these comments, it said Aloha is eager to sit
16 down with -- it just says Levine, but I would assume they mean
17 Dr. Levine -- and we will do whatever the Commission decides.
18 This was a quote from my learned friend, Mr. Deterding. And I
19 find this is a typical example of how the utility in general
20 looked over the feelings of the customers.

21 That should have read that the utility will be
22 prepared to sit down with the customers and talk about the
23 water issues. Because in actual fact, Dr. Levine is, the way I
24 understand it, is a contract person that was hired by the
25 Office of Public Counsel to do an audit and then a report

1 thereof. I didn't see in any of the newspaper articles where
2 Dr. Levine was going to be a mediator and a person that would
3 sit at any of the bargaining tables to resolve the water
4 issues. That issue invariably will lie with the people who are
5 affected the most, which are the consumers. Of course, with
6 your firm hand in charge and with staff recommendations, of
7 course, for guidance. But they are assuming that Dr. Levine is
8 going to be a continuation and a negotiator, and I don't
9 understand it that way.

10 So it is with that comment in mind, that I will
11 close. But I fully support the staff recommendation to bring
12 the docket out of abeyance and to bring about a public hearing
13 back in the petitioners' area, home area, and also give them a
14 chance to present their technical and expert portions of their
15 reasons and their potential options. So I wish to thank you,
16 and good afternoon.

17 CHAIRMAN BAEZ: Thank you, Mr. Hawcroft.

18 Mr. Wood, are you going next?

19 MR. WOOD: Good afternoon. My name is Edward Wood
20 and I live in the Wyndtree Subdivision in New Port Richey in
21 Pasco County. I have been an Aloha customer since April 26th,
22 1996. I am also one of the 1,491 Aloha customers who signed a
23 petition requesting the Commission to remove Aloha's franchise
24 of our area.

25 I also represent, as a director, the Wyndtree Village

1 5 and 7 Homeowners Association, who is also an Aloha customer.
2 I am not a chemist, I am not a lawyer, I am not an accountant,
3 I am only a customer. Over the past eight years I have
4 attended PSC hearings regarding poor quality and service
5 provided by Aloha Utilities here in Tallahassee on at least
6 five occasions and all the hearings that have been held in
7 Pasco County. At each hearing, I have testified to the
8 ineptness of Aloha to deliver a quality product to me and other
9 customers.

10 I have with me here today two of my favorite
11 artifacts. The first being a tour that was made by some of the
12 Commissioners to Pasco County a couple of years ago. And this
13 is the Chairman at that time, Ms. Johnson. Behind Ms. Johnson
14 is one of the staff engineers, and over on this side is Mr.
15 Watford from Aloha Utilities, and out comes the black water
16 from the hydrants. We always keep a good look on that picture.

17 The second artifact that I have in case anybody has
18 not seen it, is what back water really looks like. And this is
19 a rather mild bottle for anybody who hasn't seen it before.

20 MR. DETERDING: Commissioner, once again, I mean, I
21 have been trying sit here and hold my tongue.

22 CHAIRMAN BAEZ: I know you have, Mr. Deterding, and
23 I'm going to ask you to continue. Because the longer we keep
24 arguing about whether everything is in the scope or out of the
25 scope, the longer we are going to be here and the longer it

1 takes you to get to your comments in rebuttal. So if you would
2 just --

3 MR. DETERDING: But this is not a customer service
4 hearing.

5 CHAIRMAN BAEZ: I understand that. And, Mr. Wood,
6 just for the sake of trying to keep things on track, you're
7 going to get to have your say, but I will remind all the
8 customers that are here, we are on a very limited subject here
9 as to whether to take the dockets out of abeyance. And to the
10 extent that you can keep your comments related to that subject,
11 that's fine.

12 Now, sir, you can continue.

13 MR. WOOD: Okay. And I bring these up, and the only
14 reason I bring these up, because I think that this demonstrates
15 why the docket should be brought out of abeyance. Because that
16 is the situation in the real world. I have told of many
17 occurrences in my home of black water. I have talked of the
18 waste of water by Aloha when they have preached conservation to
19 me. We have also talked how friends of Aloha are rewarded.
20 How Aloha only acts on orders it wishes to act. In Docket
21 950945, this Commission found that Aloha's quality of product
22 and service was unsatisfactory. That was seven years ago and
23 we are still at the starting pole.

24 All we have done in that period of time is waste
25 taxpayers money and feed the pockets of the utility, its

1 consultants, and its lawyers. When is something going to be
2 done for the customers of Aloha? The customer is getting the
3 low grade water that they have always gotten. The water Aloha
4 supplies and comes out of the taps in my home wouldn't be
5 acceptable in a third world country. Not only is the water
6 undrinkable, it is causing serious damage to the copper pipes.

7 I certainly believe that Aloha has a liability to the
8 customers whose pipes have been damaged by the hydrogen sulfide
9 that is contained in the water it supplies. It has been seven
10 years since both Aloha and the State of Florida has stated that
11 black water is caused by hydrogen sulfide in the water
12 interacting with copper pipes. If there wasn't any hydrogen
13 sulfide there wouldn't be any black water or corrosion.

14 When is this going to be done? There is not a
15 company in the competitive marketplace that could treat
16 customers the way Aloha has and still be in business another
17 day. Nor would anyone deliver a shoddy product like Aloha and
18 retain any customers. Customers in the competitive market
19 would never think of treating customers as Aloha has.

20 How many cars do you think a major automobile company
21 could sell if in the month after you bought it and put it out
22 in the sun, it all faded? How do they counteract that? They
23 have a test that they call the Florida fade test, and they
24 don't use products that are going to fade. Tampa Bay Water,
25 the monopoly that supplies water to the governmental agencies

1 in the Tampa Bay area, require their members not only to abide
2 by state and federal regulations, but have initiated some
3 additional standards of their own. These standards are based
4 on local conditions in the Tampa Bay area. One of these
5 standards is for sulfides. Tampa Bay, which is drilling in the
6 same aquifer we are, does not have a black water problem.

7 Aloha has stated many times that hydrogen sulfide in
8 the water is the reason for the copper leaching. Aloha's
9 answer to complaints are like a form letter coming with their
10 computers. No one is interested in the customer. People are
11 turned off by the type of interest that is displayed by the
12 utility. People have been hurt financially, emotionally, and
13 embarrassed because of the water supplied by Aloha. Now is the
14 time to call a halt to this unscrupulous utility who holds its
15 customers captive because of its monopoly status. How long is
16 it going to continue?

17 I have a little editorial here, and I will read just
18 a couple of sentences from it and I will turn over to whoever
19 gets it, the balance of the editorial, for inclusion if that is
20 necessary. It's from the St. Petersburg Times. I talked with
21 them the other day and they said they had no problem with me
22 reading it here. And it was published by the St. Petersburg
23 Times, there is no author, per se. It is by the Times editor,
24 that is all I could find out from them. And it was published
25 on Friday, February 12th. Excuse me, Thursday, February 12th,

1 and the title of the article, "Aloha Water Isn't Up to Snuff.
2 Fix it."

3 "Since when is dark smelly water considered quality?
4 That it is the spin offered by Aloha Utilities after a state
5 commission report said the discolored water coming from the
6 taps in southwest Pasco is not substandard. Don't blame Aloha,
7 blame customers' pipes."

8 And I skip a couple of paragraphs, "For years,
9 customers have complained of strong odors, black water, stained
10 laundry, and water too putrid to bathe in. Hydrogen sulfide is
11 pinpointed as the problem because it corrodes pipes, discolors
12 the water, and emits a smell akin to rotten eggs. That doesn't
13 sound like our definition of quality."

14 And I skip a couple of more paragraphs. "So the
15 customers are unhappy, but they should be confronted according
16 to Aloha." Excuse me. "They should be comforted according to
17 Aloha. Here is one thing that should be comforted. Mr.
18 Deterding's promise, we will do whatever the Commission
19 decides. It may be a first. Aloha has appealed rate rulings,
20 refund requirements, PSC mandate audits of its books, and
21 penalties for failing to collect higher impact fees from
22 developers." That is basically what is in the article, but you
23 will understand from the editorial there are other people than
24 the customers that see the irony of the situation and think
25 something needs to be done.

1 With the attitude of the Aloha organization, its
2 management, consultants, and legal team, I believe the only
3 fair decision this Commission can make, to bring Docket 020896
4 out of abeyance for a hearing in the New Port Richey area.
5 After you have heard the same complaints that -- after you hear
6 the same complaints from customers that have voiced for many
7 years, we plead with you to bring this docket out of abeyance
8 and adopt the staff recommendation to bring it out of abeyance.

9 Aloha has made no effort to create any customer
10 acceptance nor done anything in the past eight years to improve
11 the product they supply. The product they supply is totally
12 unacceptable to me and anyone I have conversed with. I can
13 guarantee that any customer of Aloha in our area will tell you
14 the same story I have. You will hear this story over and over
15 from anyone living in the affected area. It is ridiculous when
16 you have someone visit your home and you have to explain to
17 them, don't drink the water from the tap, and the water in the
18 shower or tub may be a little black, but that is okay because
19 Aloha says it is.

20 All I can say is that I beg of you to bring this
21 docket out of abeyance, get a public hearing in New Port Richey
22 or the surrounding area, let the customers come and tell you
23 what they are experiencing, and I'm sure that you will make the
24 right decision. Thank you.

25 CHAIRMAN BAEZ: Thank you, Mr. Wood. Your name, sir?

1 MR. FOREHAND: Mr. Chairman, Commissioners, my name
2 is Wayne Forehand.

3 CHAIRMAN BAEZ: Mr. Forehand.

4 MR. FOREHAND: I'm a customer of Aloha Utilities.
5 I'm here to very briefly describe the situation from the
6 customers' perspective. It is now obvious to us, the
7 customers, that Aloha has refused to work with us. Mr.
8 Deterding is quoted as saying, we will do whatever the
9 Commission decides, not working with the customers. In the
10 situation where the utility will only work with the Commission,
11 it would appear imperative that the PSC hold a hearing to
12 clearly understand the wants and the needs of us captive
13 customers who have been plagued over the years by recurring
14 occurrences of black water. I accordingly urge the Commission
15 to grant the request to remove the docket from abeyance and
16 schedule a public hearing. Thank you.

17 CHAIRMAN BAEZ: Thank you, Mr. Forehand.

18 Mr. Deterding.

19 MR. DETERDING: Commissioners, I don't think I have
20 the time or inclination to respond to every one of the
21 inaccuracies that I have heard here today from, especially Dr.
22 Kurien and from Mr. Wood.

23 CHAIRMAN BAEZ: Mr. Deterding --

24 MR. DETERDING: These are issues that -- excuse me?

25 CHAIRMAN BAEZ: I'm sorry, you don't have the need

1 to. I think I have heard you, we all understand where the
2 scope -- what the scope of our decision is today.

3 MR. DETERDING: Okay.

4 CHAIRMAN BAEZ: I'm trying to set your mind at ease
5 here.

6 MR. DETERDING: Thank you. I appreciate that. But
7 suffice it to say there are numerous inaccuracies that have
8 been portrayed here today, both as to Aloha's attitude and to
9 what has occurred over the last seven or eight years. But I
10 don't want to go there. What I would like to do and what Aloha
11 has been trying to do for the last year is do what this
12 Commission and what these customers, to the extent they can
13 convince you it is the right thing to do, wants us to do.

14 We don't believe that this case is ripe for moving
15 forward to a customer service hearing. The petition asked for
16 an independent study and then for Aloha to make improvements
17 recommended by that study. Dr. Levine has now completed the
18 study for OPC in just the last few days, but it does not
19 recommend one choice for improvements. We have been waiting
20 for the study to be completed for approximately eight months --
21 well, almost a year -- so that we could take and see if we
22 agreed with what Dr. Levine proposed as a way to make
23 improvements that would satisfy the customers, and that we were
24 willing to do, and that the Commission was all right with.
25 Because, as you know, we are currently under order to make some

1 improvements, but those improvements have been agreed by both
2 the utility and OPC to be not well described within the order,
3 even though that order has been upheld on appeal.

4 But the main parties have agreed that we should not
5 move forward with those until we had this report from Dr.
6 Levine. But be that as it may, Dr. Levine has offered now
7 three things, three recommendations, all of which are different
8 ways to proceed. Now, she has suggested that they be studied,
9 and as Dr. Kurien noted, one of them is substantially less
10 expensive than the other, the other two. The other two are
11 basically RO treatment, and packed tower aeration, or some sort
12 of aeration.

13 The utility offered approximately seven years ago to
14 move forward with packed tower aeration if everybody was in
15 agreement that was the proper way to go. I think, though I
16 don't know currently, I think if that is the decision of this
17 Commission, that is what we will do. I believe that is what
18 the order suggests or implies we are to do.

19 In any case, we are generally in agreement with the
20 studies of Dr. Levine. We have worked with Dr. Levine and
21 cooperated with Dr. Levine in providing information from the
22 utility's records, in assisting her obtaining additional
23 information, and have conducted our own tests simultaneous with
24 those that Dr. Levine conducted.

25 We have read her reports. While we have only had it

1 a few days, I can say that we generally are in agreement with
2 it. What it finds is that the utility is providing clean and
3 clear water in compliance with all applicable standards. It
4 finds that there are -- while there are some problems at
5 customers' homes, those are occurring within the homes.

6 Now, regardless of any disagreement on that, I think
7 the bottom line of all this is Dr. Levine has come up with some
8 recommendations, those need to be refined. The utility is
9 under the gun not only from this Commission, but from its
10 obligation to have a backup source of water, which is Pasco
11 County, from the water management district to obtain additional
12 supplies of water from sources other than its wells. All those
13 are dependent upon a decision being reached about what type of
14 treatment to move forward with, or at least they are
15 interconnected with those. So we need to move forward with
16 something.

17 We believe that the best thing that can be done is
18 for the utility to sit down with the expert that has been hired
19 by the Public Counsel's Office, to discuss the three
20 alternatives that she has had, and attempt to refine those so
21 that we can move forward with something in hopes of satisfying
22 what the customers are looking for, which is some change to try
23 and improve the water quality.

24 The Commission's time limitations, as I said, are not
25 the only limiting factor. We have also got other immediate

1 needs that we are trying to address. And, therefore, continued
2 cooperation and discussion between us and Dr. Levine is
3 imperative. Whether the Commission votes to move forward with
4 the customer service hearing on the limited basis recommended
5 by the staff or not, we must sit down with Dr. Levine and
6 choose the alternatives to move forward with, or the timing,
7 or the testing, or whatever it is that she is generally
8 recommending. We need to nail down what to do now. We want to
9 move forward.

10 While, as I said, we believe that the customer
11 service hearing is premature, we have no problem with gaining
12 the customer input on Dr. Levine's study under the scope of the
13 staff recommended customer service hearing. However, we urge
14 you to authorize and encourage Dr. Levine to meet with the
15 utility's experts immediately to narrow and focus the
16 alternatives she cites in her report so that we can move
17 forward to constructing or developing the additional treatment
18 alternatives recommended by her, and to implement those as
19 quickly as possible to satisfy the desires of the customers and
20 to help to improve the water quality that the customers are
21 concerned about. Thank you.

22 CHAIRMAN BAEZ: Thank you, Mr. Deterding.
23 Commissioners, do you have any questions? No questions.
24 That's amazing. I have a question, and I'm sorry to keep
25 this -- what is it -- Mr. Deterding has raised having a meeting

1 with the expert. And, Mr. Burgess, I don't know if you are
2 available to ask questions or you have any knowledge of this,
3 but I would like to get some sense of what was contemplated
4 when the Commission ordered the study, or the study at least
5 was agreed upon that it was going to become -- what were the
6 next steps that were contemplated at the time? I put it to
7 staff, I put it to Mr. Burgess, as well.

8 MR. WILLIS: Commissioners, I will be happy to start
9 this.

10 CHAIRMAN BAEZ: Sure.

11 MR. WILLIS: The Commission actually has not ordered
12 the study. The study was voluntarily done by Public Counsel.

13 CHAIRMAN BAEZ: Correct.

14 MR. WILLIS: They actually hired the consultant to do
15 that.

16 CHAIRMAN BAEZ: I stand corrected, Mr. Willis. But
17 in light of that, in light of that agreement among whoever it
18 was that agreed to it, did staff have any contemplated next
19 steps?

20 MR. WILLIS: Well, I was in personal hope that there
21 would be some agreement between Dr. Levine and the company on
22 the best approach to go forward. Because if there is a
23 different approach than that contemplated in the Commission's
24 order in the last water rate case docket, that will have to be
25 modified in some form or fashion. That is the avenue we are

1 looking to head down, if there is going to be any modification
2 to the order that is in existence at this point.

3 CHAIRMAN BAEZ: Okay. And I had a question for Mr.
4 Burgess. Do you know at this point what the availability of
5 Dr. Levine is in a given interim, I mean, if the staff
6 recommendation is adopted.

7 MR. BURGESS: I don't know her availability. She
8 teaches at the University of South Florida, so --

9 CHAIRMAN BAEZ: She will be in the neighborhood then,
10 right? One would hope.

11 Mr. Deterding.

12 MR. DETERDING: I just wanted to say, and, you know,
13 what I would like to hear and what I would like this Commission
14 to do is direct that we should do that. That we should have
15 these meetings and we should do so quickly. I don't know if
16 Mr. Burgess is agreeable to that, whether -- I would think Dr.
17 Levine would be. Certainly we have worked with her throughout
18 this study. We are just trying to narrow down so we can try
19 and comply with the order, we can get the necessary changes to
20 the order that all the parties agree on.

21 CHAIRMAN BAEZ: And along those lines, is there some
22 anticipation that if this recommendation in particular is
23 adopted and you do have a customer hearing in whatever
24 interval, that in the interim you will be able to formulate
25 some kind of solution to present? I mean, is this what we are

1 anticipating? And I would like everybody to chime in if they
2 know, if they have an answer for me, what you would anticipate
3 having some kind of presentation to at least break down what
4 some agreement on the report is, whatever the product of these
5 meetings leading up to it.

6 Mr. Burgess.

7 MR. BURGESS: I think the report can be discussed. I
8 thought that the first step was intended to be to get the
9 customer input on the report, and based on the report what they
10 think, what they believe should be done, and that is what the
11 customers are here -- this is a petition of 1,490 customers. I
12 don't know exactly where that places us procedurally, but it is
13 they who are the petitioners, and it is my understanding
14 they -- and they asked for the report to be done, and it is
15 done, and now they want an opportunity to address it. So I
16 think it would be some of the petitioners that I would want to
17 know what they want.

18 CHAIRMAN BAEZ: And that is all well and good, but we
19 are going to -- you know, we are giving up precious time, as
20 well. I mean, I would like at least some acknowledgment from
21 the customers that we are wasting precious time here, if it is
22 in everybody's interest to move forward quickly but correctly.
23 And I don't -- I mean, I don't know what the dates are proposed
24 for a customer hearing, but if it is outside of 30 days, you
25 know, there has got to be something that can get done.

1 Now, I understand, and I agree with you, Mr. Burgess,
2 yes, you do need customer input as to what the appropriate way,
3 what their opinion or majority opinion anyway is going to be of
4 the appropriate way to move forward based on the alternatives
5 identified in the report. But I think some work has to be done
6 to lend the report or lend the alternative some context if it
7 is not already in there.

8 I haven't read the report, so I don't know exactly
9 what is in there or not. But it seems that if we are going to
10 get a bunch of customers gathered together in a room, you know,
11 we have been at this for several years so we know exactly what
12 a customer meeting, what constitutes a customer meeting, or
13 what all is involved. On these cases especially it would be
14 nice if we could present the alternatives in a context that you
15 can actually elicit some productive input from them. I mean,
16 you know, whether it is consideration of a price tag on it,
17 what the potential solution, what the potential impacts,
18 whether they be rate impacts or others. Potential, all right?
19 Nothing in stone, obviously, until this Commission decides on
20 something, or has a recommendation before it. But do you see
21 what I'm getting at?

22 MR. BURGESS: Yes. As I understand it, what you are
23 suggesting is that it would be, that the customer input would
24 be far more useful if there is some presentation, either
25 prefiled testimony or something prior to that that indicates

1 what the various options and alternatives are and what is being
2 recommended by the --

3 CHAIRMAN BAEZ: Now you are getting into some
4 murky -- you know, you say the word prefiled testimony, and all
5 of a sudden we are not -- but if there can be some informal --
6 and, Commissioners, I don't want to monopolize this discussion,
7 but if there is any suggestions, or what you would anticipate
8 if this recommendation goes through, what kind of discussion
9 and what kind of, you know, the scope of what kind of
10 discussion you would like to hear.

11 COMMISSIONER DEASON: Mr. Chairman, it is my
12 suggestion we set this thing for a customer hearing and get on
13 with business. And the parties, the customers, the customer
14 representatives, Mr. Burgess, Mr. Deterding, they are free to
15 get together and discuss this to whatever length they want to.
16 They may even -- can come to some conclusions as to what
17 parameters, what the option, realistic options are. Obviously
18 our staff can be engaged in those discussions, but I think we
19 need to go ahead and set it for a customer hearing, a date
20 certain, and encourage everyone to discuss the parameters of
21 that.

22 And if there can be -- you know, I know there is a
23 long history here, but I'm still optimistic that there can be
24 some common ground reached, at least have an understanding and
25 agreement as to what the recommendations are, what the

1 advantages or disadvantages are, what the potential rate
2 impacts would be, so the customers -- and I think it is
3 important for the customer leaders that are here, I think they
4 have stepped up to the plate, and I congratulate them for that,
5 and I would ask them to continue their leadership and to
6 continue the dialogue with the customers, help educate the
7 customers, help them understand what the recommendations are
8 and what the potential impacts could be.

9 And to the extent there could be -- to the extent
10 possible there could be some consensus or maybe even customer
11 representatives willing to speak on behalf of the people there,
12 I think that would be helpful because it would be -- instead us
13 hearing the same thing over and over again, if there could be
14 some focus and some, to the extent, agreement between customers
15 as to what the primary focus should be, I think that would be
16 helpful when we get down there to a hearing. Those are my
17 thoughts.

18 CHAIRMAN BAEZ: And thank you for them. You said it
19 much better than I could ever. And I share your thoughts. I
20 don't know what the rest of the Commissioners -- my interest is
21 this, there is a lot of -- you know, Mr. Deterding on behalf of
22 his client is saying we are anxious to move forward. The
23 customers have to be anxious to move forward. And, believe me,
24 I am getting a little anxious of moving forward myself. So if
25 we can try and everybody do our part so that when and if, and

1 it seems like -- and I'm with you on this, I don't know where
2 the rest of the Commissioners are, but from my perspective when
3 this customer hearings comes off at a date certain that there
4 be something productive to put on the table for everyone to
5 comment on.

6 Instead, again, Mr. Wood, you have been at this for
7 much longer than I have, and I think you can appreciate, and
8 let's get some progress moving instead of having it be the
9 customer hearing that we always get where there is, you know,
10 for all our greatest intentions by everyone involved, we get a
11 bunch of, well, let's set up this and let's look into this.
12 Well, let's really try and focus. You all are the leaders, and
13 kudos to you all for stepping forward, let's try and focus this
14 thing.

15 COMMISSIONER DEASON: Mr. Chairman, one other
16 comment, if I may.

17 CHAIRMAN BAEZ: Yes.

18 COMMISSIONER DEASON: And while I certainly
19 appreciate the long history that has gone on here, and I don't
20 mean to minimize that to any extent. However, I think it is
21 going to be more fruitful, it is going to be a better
22 utilization of our time and the customers' time if we can
23 concentrate on solutions as opposed to rehashing all of the
24 problems. I think that would be good for everybody going into
25 this to have that attitude, as how do we fix the problem to

1 everyone's best satisfaction. I know there is probably not one
2 single answer, that there is going to be room for debate, but
3 to the extent we can concentrate on solutions, I think that
4 would be helpful.

5 CHAIRMAN BAEZ: Absolutely.

6 COMMISSIONER BRADLEY: May I address --

7 CHAIRMAN BAEZ: Commissioner Bradley.

8 COMMISSIONER BRADLEY: I would just like to say
9 ditto, ditto, to all the comments that have been made both by
10 the Chairman as well as Commissioner Deason to solutions. And
11 as Commissioner Deason -- not to rehash, but to -- well, to
12 rehash a little bit, I think Commissioner Deason put it
13 appropriately for where we are during this time frame. This
14 issue has a lot of history, therefore, focus in upon solutions
15 rather than rehashing the problem that exists. What I would
16 hope for, even prior to the hearing, is that the customers
17 would get together with Aloha and have some meaningful
18 discussion, nonadversarial discussion, one that puts forth a
19 solution or solutions that move us in the direction of
20 resolving this issue that has been out there for years. I
21 think that that in itself would go a long way towards maybe
22 resolving a problem that up until point has been just that, a
23 problem, and not one that has been solved.

24 CHAIRMAN BAEZ: I agree with you, Commissioner
25 Bradley. This is an opportunity -- and I don't mean to sound

1 corny, but this is an opportunity to make history rather than
2 dwell on it, and let's get serious about it.

3 COMMISSIONER BRADLEY: Mr. Chairman.

4 CHAIRMAN BAEZ: Go ahead.

5 COMMISSIONER BRADLEY: And in order to have a
6 solution, that, in my opinion, means that both parties have got
7 to give some. For us to stay where we are, both parties have
8 to maintain their hard positions. But, you know, we have some
9 great minds here at this table, and I don't see why there can't
10 be some give and take and a meeting of the minds that resolves
11 this issue of black water in Pasco County.

12 DR. KURIEN: Mr. Chairman, may I --

13 CHAIRMAN BAEZ: Dr. Kurien.

14 DR. KURIEN: The customers have been more than
15 willing to do it, and two years ago we offered to do it.

16 CHAIRMAN BAEZ: I understand.

17 DR. KURIEN: And I wanted to make a point. I think
18 it is Aloha that needs to hear from you that it needs to
19 negotiate with the customers in good faith. When we said we
20 would discuss black water, they agreed at the last hearing and
21 a month later they completely went against it. It is that kind
22 of inability of Aloha to stick with it and wants its own
23 solutions.

24 We are prepared to provide a set of alternatives,
25 options to the Public Service Commission with detailed

1 information about what the options are and what option the
2 customers would like. It may not be exactly what Aloha wants,
3 but the customers have already indicated that they cannot
4 afford a cost increase of 400 percent. So we have to have a
5 solution which is reasonable, which is comparable to the costs
6 in the neighborhood, okay? And that is an important thing that
7 has to be considered.

8 And if that cannot be considered, and we are boxed in
9 a situation where there are only Aloha solutions, then we are
10 stuck, because it is basically the same thing as saying when we
11 said there is a scientific problem here, if Aloha says legally
12 we are all right, that does not solve the problems. To solve
13 the problem somebody has to move away from the legal position
14 to a scientific position, and that is what the customers have
15 said for a long time.

16 CHAIRMAN BAEZ: Dr. Kurien, I'm optimistic that I
17 think with the events and the customer meetings that seem to be
18 looming, at least under this recommendation, I think we can
19 be -- I have great optimism that Mr. Deterding will bring his
20 client to the table, start discussing some realistic
21 opportunities, or ranking them in order of realism. I don't
22 know, I don't know what kind of discussion, but there has to be
23 some of that.

24 MR. DETERDING: And we are more than willing to do
25 just that, and I think we have been. But we have a very strict

1 time table that we are having to do deal with, so we need to do
2 it quickly.

3 DR. KURIEN: Mr. Deterding --

4 CHAIRMAN BAEZ: It is going to get a whole lot
5 stricter.

6 MR. DETERDING: I agree with you.

7 DR. KURIEN: It is the legal channel that Aloha took
8 that delayed it for 18 months.

9 CHAIRMAN BAEZ: Dr. Kurien, this is what I mean when
10 we say dwelling on history, okay? Today is day one. Today is
11 day one, and look at it that way. Today is day one. And if
12 you look at it that way, and you listen to Commissioner
13 Deason's pleas, is what they wind up being, take it that way
14 and make good use of it. There is not a whole lot of time to
15 be able to do this and get to a productive customer meeting,
16 which is what everybody wants here. All right?

17 COMMISSIONER DAVIDSON: Chairman, I can move staff in
18 its entirety with the caveat that a customer hearing be set for
19 a date certain, which date to be determined by the Chairman.

20 CHAIRMAN BAEZ: Thank you, Commissioner Davidson.
21 There is a motion --

22 COMMISSIONER DEASON: Second.

23 CHAIRMAN BAEZ: -- to move staff, and a second. All
24 those in favor say aye.

25 (Unanimous affirmative vote.)

1 CHAIRMAN BAEZ: Thank you, gentlemen.

2 MR. HAWCROFT: Mr. Chairman, could I make one
3 statement?

4 CHAIRMAN BAEZ: Mr. Hawcroft.

5 MR. HAWCROFT: Mr. Deterding needs to carry a message
6 back to Aloha. They are not here. They send a representative
7 to our meeting that can't answer any questions. We were told
8 at our last meeting, you are not stockholders, you are not a
9 regulatory agency, we have to share no information with you.

10 The company's position, if you want any information,
11 put it in writing. The company attends the CAC meetings only
12 as a monitor, not to participate. These are your meetings. We
13 have got a major problem here. And I have documented this to
14 the PSC, and I would like you to, at this time, tell Mr.
15 Deterding that he needs to go back and tell Aloha, shape up.

16 MR. DETERDING: Mr. Chairman.

17 CHAIRMAN BAEZ: I don't want to get into
18 recriminations here, Mr. Deterding.

19 MR. DETERDING: Well, this is --

20 CHAIRMAN BAEZ: To the extent that it is going on, it
21 ended today. I don't care what you did before. To the extent
22 it was going on, it ended today. Am I right?

23 MR. DETERDING: I agree with you.

24 CHAIRMAN BAEZ: Okay. Because if I start hearing it,
25 then I am going to start getting upset, then I am going to

1 start attending the meetings. How about that one?

2 MR. DETERDING: That's fine.

3 CHAIRMAN BAEZ: I may have a little bit of time on my
4 hands. So am I going to have to do it? I'm not going to be
5 happy about it, but I will do it.

6 MR. DETERDING: Mr. Chairman, I think we have been
7 doing the best we can with regard to --

8 CHAIRMAN BAEZ: You got a new lease on life. It
9 starts again today. But any of these comments start getting
10 back, then all of sudden you have got all of these other people
11 in the building starting to get involved and you don't want
12 that. It never turns out right.

13 MR. DETERDING: I understand.

14 CHAIRMAN BAEZ: It never turns out right. So let's
15 start -- let's everybody start moving to the mill on this,
16 really. Everybody. Thank you. We're adjourned.

17 (The agenda conference concluded at 2:15 p.m.)

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STATE OF FLORIDA)

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COUNTY OF LEON)

CERTIFICATE OF REPORTER

I, JANE FAUROT, RPR, Chief, Office of Hearing Reporter Services, FPSC Division of Commission Clerk and Administrative Services, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

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

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

DATED THIS 23rd day of February, 2004.



JANE FAUROT, RPR
Chief, Office of Hearing Reporter Services
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