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COMMISSION
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MEMORANDUM

March 2, 2004

TO: DIVISION OF THE COMMISSION CLERK AND ADMINISTRATIVE SERVICES

FROM: OFFICE OF THE GENERAL COUNSEL (GERVASI) *pl*

RE: DOCKET NO. 020896-WS - PETITION BY CUSTOMERS OF ALOHA UTILITIES, INC. FOR DELETION OF PORTION OF TERRITORY IN SEVEN SPRINGS AREA IN PASCO COUNTY.

Please file the attached letters from V. Abraham Kurien, M.D., dated February 24, 2004, and February 26, 2004, respectively, in the docket file for the above-referenced docket.

RG/dm

Attachment

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 FPSC-COMMISSION CLERK

V. Abraham Kurien, M.D.
1822 Ochardgrove Avenue,
NEW PORT RICHEY, FL 34655

ROSANNE GERVASI,
Senior Attorney
Public Service Commission
2540 Shumard Oak Blvd
TALLAHASSEE, FL 32399-0850

February 24, 2004

Dear Atty. Gervasi,

Thank you for sending me a copy of your Staff requests for data from Aloha about improvement to processing methods suggested by Dr Levine in her audit report.

It would help the customers a great deal to evaluate their response to the suitability of the method that Aloha chooses and the costs to the customers the preferred method, if the data submitted by Aloha can be shared with the customers.

I have indicated in a letter to Mr. Watford, President of Aloha (a copy of which has been forwarded to Atty. Melson) that the customers have appointed a committee named "Better Water NOW!" to discuss with Aloha matters of interest to both parties. A technically oriented team from the customers has agreed to meet with Aloha and Dr Levine to evaluate her recommendations.

Now that the ball has started rolling, I hope there will be gathering momentum to solve the issues, which have festered for too long.

Yours sincerely,

V. Abraham Kurien
V. Abraham Kurien, M.D.

MAR - 1 2004

V. Abraham Kurien, M.D.
1822 Orchardgrove Avenue
NEW PORT RICHEY, FL 34655

Atty Roseanne Gervasi,
Senior Attorney,
Public Service Commission,
2540 Shumard Oak Boulevard
TALLAHASSEE, FL 32399-0850

MAR - 1 2004

February 26, 2004

Dear Atty. Gervasi,

RE: CUSTOMER OPTIONS FOR
BETTER QUALITY WATER

Following up on the instruction of PSC chairman Mr. Baez, the leadership of the customers of Aloha has been exploring the options that customers may have to get better quality water that can reduce the incidence of black water and rotten-egg smell in domestic plumbing.

I am forwarding to you some **theoretical evaluations** we had looked at in November of 2003. As you will see, we have evaluated them from two different points of view

1. using **Pasco utility water** (which comes from Tampa Bay Water Board) either by a direct connection to Pasco County Water Utility Services and its management, or by utilizing Pasco utility water and considering Aloha as a pass through utility
2. using **Aloha utility water** after instituting new processing method/s and **accepting Aloha as the continuing provider of all services including management.**

You will agree with me that for a more accurate cost assessment of each of the theoretical options, we should include **capital costs** involved. Unless the customer leadership is authorized by a **written directive** from the PSC to obtain relevant information from entities such as Pasco County Water Utility, Aloha Utility and Tampa Bay Water, our efforts to provide the PSC with a **true cost evaluation** will remain in the realm of guess work.

Therefore, I would appreciate your guidance if the customers should limit their efforts to giving the PSC an assessment of **customers' preferred option** within the boundaries of information content that they are able to obtain. If not, would the PSC consider it appropriate to direct the three entities involved to share relevant information with the customers directly, so that we can fully comply with the PSC directive to present customer options?

Yours sincerely,

V. Abraham Kurien

OPTIONS THAT CUSTOMERS MAY HAVE
A THEORETICAL ANALYSIS OF
TIME FRAME, COST IMPLICATIONS, WATER QUALITY & MANAGEMENT EFFECTIVENESS

OPTION	TIME FRAME	COST/1000 GALs AS OF DEC.2003	WATER QUALITY	MANAGEMENT
<u>CHANGE-OVER TO PASCO WATER</u>				
1. DIRECT CONNECT PASCO MANAGEMENT	6-12 MONTHS	\$ 1.70	DEFINITE IMPROVEMENT	DEFINITE IMPROVEMENT
2.IMMEDIATE CONNECTION THRU EMERGENCY METER TO WELLS 8 & 9 WELLS DISTRIBUTION AREA ALOHA MANAGEMENT	? IMMEDIATE	\$2.50 + ALOHA MARK-UP ?APPROX. 25%	DEFINITE IMPROVEMENT	CONTINUE AS NOW FOR A YEAR
WITH SUBSEQUENT TRANSFER TO PASCO MANAGEMENT	6-12 MONTHS	WITH REDUCTION TO \$1.70 LATER	DEFINITE IMPROVEMENT	DEFINITE IMPROVEMENT
3. CONNECTION TO 8&9 WELLS DISTRIBUTION AREA THRU EMERGENCY METER	DEPENDS ON CONNECTION ? IMMEDIATE	\$2.50 + ALOHA MARK UP ? APPROX. 25%	DEFINITE IMPROVEMENT	WILL CONTINUE AS NOW
ALOHA MANAGEMENT - SIMILAR TO ALOHA GARDENS, WITH PASCO WATER				

STAY WITH ALOHA WATER AND MANAGEMENT

4. NEW TREATMENT WELLS 8 AND 9 ONLY PACKED TOWER AERATION	? 2 YEARS	? \$4.00 +	HOPEFULLY IMPROVEMENT	WILL CONTINUE AS NOW
5.NEW TREATMENT FOR ALL ALOHA WELLS	? 3 YEARS	? 5.00+	HOPEFULLY IMPROVEMENT	WILL CONTINUE AS NOW

Notes: Option 1. Requires deletion of Territory of Aloha by PSC and connection to Pasco County Utility

Option 2. Depends on willingness of Aloha to accept this temporary arrangement, there being a large enough pipe connection and Pasco taking over later on the basis of deletion of territory

Option 3. Depends on willingness of Pasco to supply water on a permanent basis and there being a large enough pipe connection

Option 4. Success depends on the willingness of customers to pay much higher rates and the ability of Aloha to manage new technology successfully

Option 5. Success depends on the willingness of customers to pay even higher rates than in Option 4 and the ability of Aloha to manage new technology successfully

OTHER IMPORTANT CONSIDERATIONS

Aloha now produces all the water it needs by pumping 50% above its water use permit (WUP) by SWFWMD. It is estimated that by the year 2015 water demand in Seven Springs Area would be approximately twice what it is today. Aloha has no new sources for water so far and will be forced to buy about 50% of its water demand from Pasco County by the year 2015, if it cannot find new sources of water. The reverse osmosis (RO) program Aloha is exploring will be very expensive.

New Technology for water production will be applicable **only** to the water Aloha will be permitted to pump from the aquifer, which is likely to be significantly reduced if SWFWMD is successful in its legal action against Aloha's over pumping.

Therefore a large investment to process this limited volume of water seems unjustified.

We are awaiting SWFWMD's presentation at CAC meeting on November 24th at 6.30 PM at Trinity Library to get accurate and official figures about Aloha's water use permit WUP, the amount of over-pumpage and figures for projected water use in the Seven Springs Area by 2015.