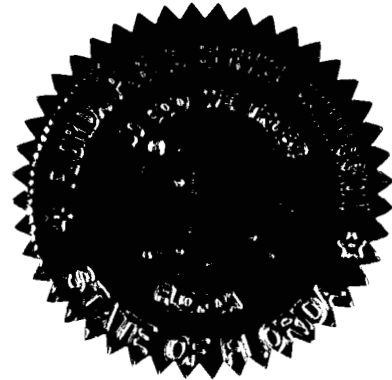


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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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VOLUME 1

Pages 1 through 147

PROCEEDINGS: NEW PORT RICHEY SERVICE HEARING

BEFORE: COMMISSIONER J. TERRY DEASON
COMMISSIONER RUDOLPH "RUDY" BRADLEY
COMMISSIONER CHARLES M. DAVIDSON

DATE: Thursday, April 8, 2004

TIME: Commenced at 9:30 a.m.

PLACE: West Pasco Government Center
County Commission Board Room (Suite 160)
7530 Little Road
New Port Richey, Florida

REPORTED BY: LINDA BOLES, RPR
TRICIA DeMARTE, RPR
Official FPSC Reporters

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FLORIDA PUBLIC SERVICE COMMISSION 04789 APR 22 2004

FPSC-COMMISSION CLERK

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8 Pines Dr., Tallahassee, Florida 32301, appearing on behalf of
9 Aloha Utilities, Inc.

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11 Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida
12 32399-0850, appearing on behalf of the Commission Staff.

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P R O C E E D I N G S

1
2 COMMISSIONER DEASON: Could I have everyone's
3 attention, please? Thank you. First of all, can everyone hear
4 me okay? Fine. Very good. That's always good to know. Let
5 me take this opportunity to welcome everyone. We have just a
6 few formalities we need to address, and then we will proceed to
7 the meat of the meeting today. And the first order of business
8 is that we need to have the notice read. Counsel, can you do
9 so?

10 MS. GERVASI: Pursuant to notice, this time and place
11 has been set for a customer service hearing in Docket Number
12 020896-WS, petition by customers of Aloha Utilities, Inc., for
13 deletion of portion of territory in the Seven Springs area in
14 Pasco County.

15 COMMISSIONER DEASON: Thank you. We will take
16 appearances. We will begin with Mr. Burgess.

17 MR. BURGESS: Yes. Thank you, Commissioner. My name
18 is Steve Burgess. I work --

19 COMMISSIONER DEASON: Could you raise your hand so
20 people can -- there you go.

21 MR. BURGESS: Yes. I work for the Office of Public
22 Counsel, and our office represents the customers of Aloha in
23 this proceeding.

24 COMMISSIONER DEASON: Thank you, Mr. Burgess.

25 Let's go to the utility company.

1 MR. DETERDING: Good morning.

2 COMMISSIONER DEASON: You may want to raise your
3 hand, too, Mr. Deterding.

4 MR. DETERDING: F. Marshall Deterding, and with me is
5 John Wharton; we're here on behalf of Aloha Utilities, Inc.

6 COMMISSIONER DEASON: Thank you. Staff.

7 MS. GERVASI: Rosanne Gervasi appearing on behalf of
8 the Commission.

9 COMMISSIONER DEASON: Thank you. Ms. Gervasi, why
10 don't you take an opportunity to introduce some of the staff
11 personnel that are here today.

12 MS. GERVASI: Also here next to me is Marshall
13 Willis; he's a bureau chief in the Division of Economic
14 Regulation. We also have some other staff members here.
15 Somewhere in the back of the room I believe we have Sandy Moses
16 and Bridget Hoyle.

17 COMMISSIONER DEASON: I think Ms. Hoyle is out in the
18 foyer area.

19 MS. GERVASI: Okay. And Tom Walden is here
20 somewhere. He's an engineer with the Commission staff.

21 COMMISSIONER DEASON: Very well. Since we're on
22 introductions, let me take this opportunity to introduce
23 myself. My name is Terry Deason. I'm a member of the Florida
24 Public Service Commission. I'll be chairing the hearing here
25 today. Seated to my right is Commissioner Rudy Bradley and

1 seated to my left is Commissioner Chuck Davidson. We will
2 constitute the panel of commissioners which will be hearing
3 this matter today.

4 I want to start by first of all thanking you all for
5 being here today. The turnout is quite impressive. We
6 appreciate all the input that we know that we're going to
7 receive today. There has been some speculation as to the exact
8 purpose of the hearing and what will be or will not be allowed
9 at the hearing. Let me make it perfectly clear that the
10 Commission is here today to hear from you, the customers. We
11 invite you to tell us what you wish to tell us and what is
12 important.

13 The only word of caution and perhaps word of request
14 that we have is that we would -- it would be our desire to
15 focus as much as we can on trying to find solutions to the
16 problems. And we understand that there are a number of
17 solutions out there; we have the report that has been prepared
18 that lists three technical solutions. I know the customers may
19 have other solutions in mind. So to the extent that we can
20 concentrate on solutions, we invite you to do so.

21 We also invite you to be cognizant of the fact that
22 there are a large number of customers here today, so we ask you
23 to be brief in your statements, but I'm not going to set any
24 specific time limitation. We want you to have the opportunity
25 to tell the Commissioners what you think is pertinent about the

1 issues in this case. But please be mindful of your neighbor.
2 There are a number of people not only here in the hearing room,
3 but I understand there are people out in the foyer area, so
4 there are people that will be waiting for their opportunity as
5 well.

6 Speaking of this hearing room and the foyer area,
7 I've been asked to announce that the building administrator as
8 well as law enforcement has requested that we keep the aisle of
9 this hearing room open, and that's for, obviously is for fire
10 code reasons. This hearing is being -- the audio from this
11 hearing is being provided out in the foyer area, so if -- and
12 we know we're in an overflow situation this morning, so, but we
13 do anticipate that everyone will have the opportunity to hear
14 the proceeding, if not actually be physically in the room here
15 with us today.

16 Let me bring your attention to the blue Special
17 Report. I hope that everyone has a copy of this. It provides
18 some background information which I think would be useful. I
19 invite you to review that. It has summary information
20 concerning the report that was prepared with some of the
21 possible technical fixes to the problems that we've
22 encountered. There's also information concerning the conduct
23 of PSC hearings. I also invite you to -- invite your attention
24 to the very last page of this handout. This page is designed
25 to be detached, written upon, folded and mailed to the PSC.

1 This is another opportunity or means by which you as customers
2 can communicate with the Commission. So if you do not wish to
3 make a formal statement here today, you can write your, your
4 comments to the Commission and mail it in. We also invite you
5 to utilize the Commission's 1-800 number, there's information
6 on that, as well as contacting us via the Internet and our Web
7 site. These are all means available to you to communicate with
8 the Commission, and we invite you to utilize those that's most
9 convenient for you.

10 I've also been asked to announce that this hearing
11 only involves the customers of Seven Springs Water System. And
12 if you are a customer of Aloha Gardens, we certainly appreciate
13 you being here, but I think that the specific issues of this
14 hearing are more germane to the Seven Springs System.

15 Mr. Burgess, I'm not going to go into trying to --
16 I'm not going to try to provide any background information on
17 the report because I understand that Dr. Levine is here and
18 will be doing that; is that correct?

19 MR. BURGESS: Commissioner, Dr. Levine is not here.
20 Instead what we did was we made copies of the executive summary
21 of each of her reports.

22 COMMISSIONER DEASON: Okay.

23 MR. BURGESS: And I would -- with your approval, I
24 would give a, just a brief word or two of, of what's involved
25 in that, of a little bit of background of that. But, no, she's

1 not here. Instead we've provided the summaries.

2 COMMISSIONER DEASON: Okay. Now you're going to have
3 customers who also have technical backgrounds. Are they going
4 to address Dr. Levine's report?

5 MR. BURGESS: Yes, absolutely, Commissioner. We have
6 several customers who have been involved in this, as a matter
7 of fact, who were instrumental in encouraging our office to
8 hire Dr. Levine to perform this audit of Aloha Utilities. And
9 these customers have been over this report in some detail, they
10 have technical background to be able to understand and dissect
11 all the specific chemistry and mathematics associated with the
12 report, and they would like to present to the Commission their
13 response to the report and to the alternatives that are
14 available that they believe would be the best solution to the
15 problems that have been facing the customers of Aloha.

16 COMMISSIONER DEASON: Very well. Mr. Willis, you
17 indicated to me there was a small glitch in the, the blue
18 Special Report. Will you take just a moment and describe that
19 to customers and offer them an alternative to get the needed
20 information?

21 MR. WILLIS: Certainly. Commissioner, the little
22 glitch happened to be on Page 2 of the blue Special Report.
23 About halfway down it's indicated that we have a handout here
24 which was basically the company's response to one of our data
25 requests that a lot of the information in here is gleaned from

1 on the company's response. That -- those boxes containing
2 those handouts still happen to be in Tallahassee. If there's
3 anyone who would like to have a copy of that, you may get it
4 off our Web site, or you can give your name to Ms. Hoyle, who's
5 in the back of the room outside in the foyer, and she'll be
6 happy -- we will mail that to you the minute we get back.

7 COMMISSIONER DEASON: Thank you. Mr. Burgess, do you
8 have any type of an opening statement?

9 MR. BURGESS: Actually, Commissioner, I would like to
10 say nothing more than this. Some time ago our office, at the
11 request of a number of customers that have been seeking
12 solutions to the problems that have been encountered by
13 customers of Aloha Utilities, asked for an independent audit of
14 Aloha Utilities and what problems are being encountered and
15 what the exact nature and the exact cause of those problems
16 are. To this end our office hired Dr. Audrey Levine that
17 you've probably read about in the paper, and she performed an
18 audit and gave two reports: A Phase I report and a
19 Phase II report. And I'm not about to try to -- they were
20 about 50 pages each, so I'm not about to try to tell you what's
21 in all of them. But we have provided for each of these reports
22 out in the foyer an executive summary and primary
23 recommendations that she's made. If you would like a full text
24 of the entire reports, if you can let me know, somehow -- I
25 have them electronically. I can send them back to you e-mail.

1 But if you let me know at the break, I can make available to
2 you the entirety of the reports. But we have here the summary.
3 A number -- there are several customers that have been involved
4 in this and have been involved with Dr. Levine and been in
5 touch with her and understand exactly what she's been doing and
6 understand the technical and scientific aspects of the report.
7 They're going to testify this morning and it's going to be a
8 little bit technical. It's going to be in some places very
9 technical. So I want you to be aware of that, and I ask for
10 your patience, but it's important that they present this to the
11 Commission because ultimately the final decision made by the
12 Commission is going to be determined on the factors that these
13 people are going to raise. So when we, when we get to that
14 part, and we have some speakers that are going to present some
15 scientific evaluations of the various alternatives and options
16 that are available, I ask you to be attentive and to be
17 patient. And that's all I have to say, Commissioner.

18 COMMISSIONER DEASON: Thank you.

19 MR. BURGESS: Thank you.

20 COMMISSIONER DEASON: I wanted to confirm one thing
21 with staff counsel. We do intend to swear in witnesses as the
22 normal process; is that correct?

23 MS. GERVASI: Yes, sir.

24 COMMISSIONER DEASON: Okay. Let me review for just a
25 moment the process we're going to follow to give you the

1 opportunity to speak. In a moment I'm going to ask all members
2 of the public who are customers to, to stand and raise your
3 right hand. We will swear you in. This is so that your
4 testimony can become part of the record in this proceeding. So
5 with that, all members of the public who wish to make a formal
6 statement here today, if you'll please stand and raise your
7 right hand.

8 (Witnesses collectively sworn.)

9 COMMISSIONER DEASON: Thank you. Please be seated.

10 Mr. Deterding, I'm going to give you an opportunity
11 to make whatever brief opening statement you wish to make. And
12 just for your information, it is my intent here today to hear
13 from the public. I am -- it is the intent of the Chair not to
14 engage in full cross-examination of these witnesses. Obviously
15 you will have your opportunity to present a case and there will
16 be cross-examination of technical witnesses at a later time.
17 But I understand that you may wish to do, at this moment do
18 some things for purposes of the record. I'm going to give you
19 that opportunity.

20 MR. DETERDING: Thank you, Mr. Chairman. I just want
21 to make some brief remarks about our understandings here and,
22 and I, and I will seek clarification from the, from the
23 Commission at the end.

24 We at Aloha are here today to hear from the
25 customers, from our customers about the options for additional

1 water treatment proposed by Dr. Levine in her report. We're
2 interested in our customers' input on the options presented in
3 Dr. Levine's report and we're ready to begin construction on
4 the preferred option upon direction from the Commission. We've
5 read Dr. Levine's reports, both Phase I and Phase II, and our
6 experts have analyzed and have had several discussions with Dr.
7 Levine to clarify her recommendations.

8 In Order Number PSC-04-0254-PCO-WS which you issued
9 to authorize this hearing, it specifically provides that the
10 purpose of today is for Aloha and the Public Service Commission
11 to hear from our customers about their views on Dr. Levine's
12 recommendations or other treatment options available to Aloha.
13 However, we are concerned that Dr. Levine has not been invited
14 here today and that her report will not be presented to you.
15 We are also concerned that there may be -- you may hear
16 inaccurate statements about Dr. Levine's findings, as well as
17 testimony well outside the stated purpose of this hearing.

18 We understand from extensive discussions with your
19 staff over the last several weeks and the Commission's comments
20 this morning that Aloha will not be allowed an opportunity to
21 engage in cross-examination, direct testimony, to object to
22 sworn testimony or exhibits offered in this proceeding. We
23 will in effect not be allowed to participate in this proceeding
24 except to attempt to answer any questions from the
25 Commissioners, and we, we understand that. It is our position

1 that we are entitled to cross-examination of witnesses, sworn
2 witnesses, and to offer objections to that testimony, make
3 motions to strike, provide direct or rebuttal testimony
4 ourselves and provide other input in this proceeding, and it
5 was our desire to do so today.

6 In summary, we wish to clearly note that we object to
7 the denial of the opportunity to participate through
8 cross-examination related to each and every witness to be heard
9 in this proceeding, presentation of our own witnesses and
10 exhibits and objection to testimony of others and to make
11 motions as appropriate. We, therefore, wish to make a
12 continuing objection to such denial throughout this proceeding.
13 But we are here under the procedure and limitations that the
14 Commission has imposed, and we accept those, to listen intently
15 and carefully to our customers' comments and suggestions on the
16 treatment alternatives proposed.

17 And, Commissioner, with the -- with that said, I just
18 want to make sure that we, we clearly understand the
19 Commission's decision in that regard and that we've accurately
20 stated our participation.

21 COMMISSIONER DEASON: And your objection is so noted.
22 And just let me be clear for the record, it is the intent of
23 the Chair, and unless there's objection by my fellow
24 Commissioners, we're going to focus on the customers, hear what
25 they have to say, give them full opportunity to do so, not

1 impede that with extensive cross-examination. I will note for
2 the record there will be opportunity to protect your, in my
3 opinion, your full due process at the technical phase of this
4 hearing, and but your objection is noted for the record and we
5 appreciate you stating that.

6 MR. DETERDING: Thank you.

7 COMMISSIONER DEASON: Mr. Burgess, do you have
8 anything to add at this point?

9 MR. BURGESS: No, I don't. I would just note a
10 certain irony that the customers I've spoken to would be
11 delighted to answer cross-examination questions, but --

12 COMMISSIONER DEASON: Well, we have, we have an
13 overflow crowd, we have a number of people, and we need to be
14 as efficient an operation today as possible.

15 MR. BURGESS: Absolutely, and I respect that. And I
16 think it's a proper decision by the Commission to, to limit the
17 amount, the time that we have to the testimony that the
18 customers have instead of breaking down into the legalities and
19 technicalities of the situation.

20 COMMISSIONER DEASON: And one other thing, this is
21 probably an appropriate time, and go ahead and put the
22 customers on notice, and they may already be on notice --
23 obviously this case has a long controversial history. The
24 Commission is aware of that. The issues are complex. There
25 have been some attempts to enter into mediation, and I don't

1 know what exact -- maybe it's just at the very preliminary
2 stages at this point, but I think we owe it to everyone to at
3 least engage in that opportunity. I know that -- I think
4 Public Counsel is aware of this, I know staff is, I think that
5 the company is as well. Mediation may not result in a
6 solution, but I think we owe it to all involved to at least
7 explore that opportunity, and I think I speak for my fellow
8 Commissioners, to encourage that process to the extent that we
9 can. We have found in the case -- in the past that there have
10 been cases just as long, difficult and controversial as this
11 that mediation has proven to be effective, and this may be a
12 case that that process could be utilized to its fullest and
13 maybe come to a resolution which may not make everyone happy,
14 but may at least be acceptable and cure the problems that we
15 know have persisted in the past. And let me reiterate one more
16 time, we're trying to at this point look to the future and try
17 to find the best solutions to the problems that we know that
18 exist.

19 Staff, do you have any preliminary comments?

20 MS. GERVASI: No, sir.

21 COMMISSIONER DEASON: Okay. I believe we're prepared
22 to call the witnesses. Is -- are we at that phase now?

23 MS. GERVASI: Yes, sir.

24 COMMISSIONER DEASON: Okay. Mr. Burgess, I'm going
25 to turn it over to you to let you call the witnesses in the

1 order that you see fit, and we will proceed.

2 MR. BURGESS: Okay. Commissioner, what just -- for
3 information, your information as well as the customers, what I
4 have is a list of people that have signed up on the sign-up
5 sheets. And as, as they were signed up, that's the order in
6 which I'm going to proceed. And I'd like to begin with Senator
7 Mike Fasano.

8 SENATOR MIKE FASANO

9 was called as a witness on behalf of the Citizens of the State
10 of Florida, and, having been duly sworn, testified as follows:

11 DIRECT STATEMENT

12 SENATOR FASANO: Good morning.

13 COMMISSIONER DEASON: Good morning.

14 SENATOR FASANO: Welcome to Pasco County, gentlemen.

15 COMMISSIONER DEASON: Thank you.

16 SENATOR FASANO: My name is Mike Fasano. I live at
17 4705 Tiburon Drive in New Port Richey. I've been a customer of
18 Aloha Utilities since 1993. And let me reiterate that. I've
19 been a customer of Aloha Utilities since 1993. I want to thank
20 you and your staff for once again coming to Pasco County to
21 hear first-hand how difficult it is to be an Aloha Utilities
22 customer. The sacrifices you make to serve the citizens of
23 Florida are truly appreciated. I and the customers who will
24 testify today will share with you the very simple fact that
25 despite several provisions, public hearings held here and in

1 Tallahassee regarding Aloha Utilities, that nothing much has
2 changed. And I think you get that just by looking at the
3 audience today, that nothing much, if anything, has changed.

4 You may hear things that you have heard before, but
5 you're hearing it once again only because Aloha has not fixed
6 the problems that have forced many of its customers to petition
7 you, petition you to grant them a permanent, a permanent
8 separation from Aloha's servicing delivery area.

9 Although I am personally a customer of Aloha
10 Utilities, I'm also in the unique position of being a state
11 legislator who represents all of the geographic areas served by
12 Aloha in the Seven Springs area delivery area. During my
13 nearly ten years in office I've had -- I've made finding,
14 finding a solution to the ongoing problems facing Aloha
15 customers, my constituents, one of our top priorities.
16 Fighting rate increase requests by Aloha and trying to clean up
17 the water has produced a mixed result. The Commission has
18 wisely denied them new revenue because of the poor quality of
19 water Aloha provides, but the actual solution to the problem of
20 the water's quality has gone largely unaddressed. Aloha
21 Utilities has steadfastly denied its product is substandard and
22 has done so for, for the decade I've been a lawmaker. They've
23 always said in the past, "There's nothing wrong with the water
24 that comes out of the tap."

25 To put this matter into some historical perspective,

1 Commissioners, shortly after my election to the office of State
2 Representative in 1994, I began to receive phone calls from
3 constituents who were and still are customers of Aloha
4 Utilities. I learned very quickly that the problems with the
5 utility company were not isolated to just a few homes scattered
6 around the servicing delivery area. And what struck me was not
7 only the number of complaints I began to receive, but the
8 severity of the problems the people were experiencing. And
9 those problems were many and varied: From relatively simple
10 complaints of low water pressure to horrendous reports of
11 black, foul-smelling water gushing from taps. My office was
12 inundated with calls and letters from unhappy Aloha customers.

13 There has been no rhyme or reason to the black water
14 incidents; day or night, summer or winter, the black water
15 appears. The reoccurring theme of defensive attitude and lack
16 of helpfulness from Aloha staff only exacerbated the
17 constituents' concerns.

18 Since the beginning of my tenure as a legislator,
19 neither the volume of calls nor letters sent to my district
20 office has eased, and it's been ten years, Commissioners. The
21 reason for that is simple: Nothing has been done to force
22 Aloha to do anything to correct whatever is causing the black
23 water problem. Aloha may say things that are getting -- say
24 things that -- that things are getting better, but I'll bet
25 that the people behind me today will have a different story to

1 tell you.

2 Since Aloha has the sole privilege of providing water
3 service to these customers, there appears to be little
4 incentive other than common decency, which is sorely lacking on
5 the utility's part, for Aloha to clean up its act, and that is
6 why we come to you today. Commissioners, you and you alone
7 have the power to intervene and make things right for these
8 customers. I won't recount all the events of the past several
9 years regarding this utility. If I did, we'd all be here for
10 quite some time, and I know that there are others who wish to
11 speak. But I do feel that it is important to mention just a
12 few highlights of this sad and seemingly never-ending problem.

13 The members of the Commission more than anyone else
14 in our state government should be aware of the problem facing
15 Aloha customers. At hearings held at the Spartan Manor in
16 September of '96 this august body saw the physical presence of
17 over 1,000 customers who personally came out to protest a rate
18 increase requested by Aloha. The testimony of 50 plus people
19 who spoke and dozens of jugs of black, discolored water
20 demonstrated in a very visible way the customers' complaints
21 with Aloha. I believed at that time, as most people in
22 attendance, I'm sure, that the evidence spoke for itself. That
23 scene was repeated in March of 2000, and another parade of
24 unhappy customers came before you with the identical complaints
25 and samples of the same dirty undrinkable water.

1 In the interim there have been rate requests filed by
2 Aloha which were rightly denied by the Commission. Following
3 the denial of an appeal filed by Aloha with the 1st District
4 Court of Appeals which ultimately upheld the Commissioners'
5 decision, refunds of the interim rates have been ordered and
6 only partially carried out by Aloha. The balance, the balance
7 of the money, and, Commissioner Davidson, you're aware of this
8 because you made the motion, the balance of those dollars, as
9 you well know, is still in the escrow account.

10 In an appeals process filed by the utility early this
11 year -- and as a side note, Aloha has been fined by the
12 Southwest Florida Water Management District for pumping beyond
13 its permanent capacity. This is yet another example of Aloha
14 thumbing its nose at the legal process rather than attempting
15 to be a good corporate citizen.

16 You know, Aloha just recently said -- in fact, they
17 went to the St. Pete Times yesterday. How, how funny is it
18 they go the day before this public hearing, all of the sudden
19 they show up at the St. Pete Times. Normally, Commissioners,
20 they would never, ever even want to respond when a reporter
21 called them, but all of a sudden they show up at their doorstep
22 and say, we want to fix the problem, we want to be a good
23 corporate group, we want to solve this problem. And yet they
24 talk about they've hired now a public relations firm so they
25 can get closer to the customer and deal with them. You know,

1 the first thing that they should do if they want to get at
2 least close to dealing with the customers behind me is to
3 refund the money that is owed to the people in the escrow
4 account, Mr. Watford. To continually fight the customer is not
5 the way to get along with a customer.

6 Commissioners, despite Aloha's promises to work with
7 its customers, despite the Commission ordering the formation of
8 a Citizen Advisory Committee -- and, remember, a Citizen
9 Advisory Commission was created by you also known as CAC, but
10 yet Mr. Watford tells the Tampa Tribune, "Aloha president
11 Steven Watford said Tuesday that within a month the company
12 will schedule workshop meetings with customers independent of
13 Forehand's group." He refers that to Mr. Forehand.
14 Mr. Forehand is the chairman of CAC, the Citizens Advisory
15 Commission (sic.) that you created. So Steve Watford has told
16 the newspaper that he doesn't want to deal with CAC, the same
17 group that you created for them to deal with and work with in
18 solving these problems.

19 Actually -- Aloha actually has done nothing, as I
20 said earlier. In the end, nothing -- Aloha submitted -- oh,
21 boy. Let me just make sure I'm in the right area. Here we go.
22 In the end, Aloha submitted a proposal to fix the black water
23 problem, but only because it was ordered to do so by the
24 Commission. That proposal came with a big price tag of
25 \$10 million, and I speak of this many years ago, a few years

1 ago, and it came with a big price tag of tens of millions of
2 dollars. It was my opinion, as with everybody else, the
3 purpose of coming up with this price tag was to scare the
4 customers, intimidate them and not want to have to -- they were
5 hoping that the customer would be frightened and not fight
6 them. The \$10 million translated into a nearly 400 percent
7 increase in rates for each and every customer in the
8 Seven Springs service area. This was then and still is now an
9 absurd burden that no customer should ever have to bear. With
10 great wisdom, the Commission chose to heed the protest of
11 Aloha's customers and continued to investigate the black water
12 problem.

13 As you all know, the survey that was developed and
14 sent to Aloha customers in 1998 resulted in an unprecedented
15 response by over 3,700 residents. 3,700 residents responded.
16 I know that Commissioner Bradley and Commissioner Davidson were
17 not here, but, Commissioner Deason, you were. I don't need to
18 list the complaints expressed in those surveys. The customers
19 were very eloquent in expressing their displeasure with the
20 rotten egg smelling water, the black, brown and other strange
21 colors of the so-called potable water, the poor service and
22 other problems communicated in the dealings with Aloha.

23 As a follow-up to the survey, I had the honor two
24 years ago of accompanying then Commissioner Clark and Johnson
25 on a tour of several customers' homes to see first-hand the

1 disgusting water and its aftermath that it received by people
2 who paid their good, hard-earned money for a product that is
3 bad and of no value. The stories of black water spewing forth
4 when babies were being washed in the sink, shower water turning
5 black in the middle of the bathing and the equally disturbing
6 accounts shared were enough to turn our collective stomachs.
7 Commissioners, and I don't want to rehash everything, but I
8 recall vividly how many times I would receive calls from moms
9 in tears telling me that they can't even bathe their children
10 because the water is too dirty.

11 The public hearings in 1996, the survey, the site
12 visits by the Commissioners in '98 and the additional hearings
13 in 2000 were all actions that led me to believe that the
14 problems faced by Aloha customers were being taken seriously by
15 the Public Service Commission. Your denial of the utility's
16 most recent rate increase request was right on target, and I
17 applaud you for it.

18 Having said all of this though, we find ourselves in
19 April of 2004. April of 2004. Remember, I told you that I
20 started dealing with this problem shortly after I got elected
21 in 1994, ten years later. Here we are 2004 with a utility that
22 has made no marked improvements in addressing the needs of its
23 customers, only just continually hiring, paying their attorneys
24 and now hiring a public relations firm. And also, by the way,
25 they have hired a lobbyist in Tallahassee. Yeah. Shocking. I

1 know. I know. Well, they would hire a few more, but they've
2 all been taken by BellSouth.

3 The very fact that so many people have petitioned
4 this panel to allow themselves to divorce from Aloha and
5 receive water from another source is as strong a statement that
6 things are no different at Aloha. I have no doubt that you
7 will hear this message over and over again, as Mr. Burgess has
8 the list of people who will testify. While I have no idea how
9 many people will appear before you during this series of
10 hearings, although I imagine it will be a lot, you will have
11 the opportunity to see and hear for yourself that the water
12 quality issues for Aloha Utilities, despite whatever the
13 company may say, have not been resolved. And I realize,
14 Commissioner Deason, that we're here to talk about Dr. Levine's
15 report. But remember, Commissioners, we're here today because
16 1,500 people petitioned you because they no longer want to be
17 in the servicing area of Aloha Utilities. They want to be
18 separated from that utility company.

19 I can only look at the crowd assembled here behind me
20 and suggest that you should expect to hear many complaints that
21 are well-founded and documented. Please don't discount
22 anything you hear. I, like those of your predecessors who
23 visited these peoples' homes, have seen with my own eyes the
24 horrendous water that is delivered by Aloha, water that as
25 things stand now, can come from no company other than Aloha

1 Utilities.

2 Over the years my office has sought the assistance of
3 other regulatory agencies in hopes that -- of not only
4 pinpointing the cause of the water problems, but solutions to
5 them as well. The record shows that the Commission's own
6 admission, there are unresolved problems with Aloha Utilities.
7 Sadly until recently no one has stepped up to the plate and
8 taken the issues of solving the crisis head-on. When the
9 Office of Public Counsel, which has done an admirable job --
10 and I truly thank Steve Burgess and the Office of Public
11 Counsel, and he's represented the customers during the past ten
12 years -- offered to pay for an independent study of Aloha's
13 water system, I and my fellow customers cheered that. The
14 product of that study is being considered today, but should be
15 only part of the whole discussion, only part of why the people
16 are here today.

17 I don't have the background of a scientist or a
18 chemist, so any effort to solve the scientific -- or any -- in
19 solving the scientific dilemmas that we have, I'll leave that
20 to someone else. My background has, however, trained me to ask
21 common sense questions and to seek common sense solutions and
22 to apply those to reasonable business practices. In this case
23 my greatest concern, Commissioners, is not so much with
24 specific solutions as best. Rather, my greatest concern is
25 which utility can best provide the service that we as customers

1 are entitled to? Let me repeat that. Which utility can be
2 best to provide the service that we as customers are entitled
3 to? Common sense tells me -- and each of you, in fact, I
4 applaud you because that's what you listen to, common sense
5 when people come before you. Common sense tells me that in
6 order to compare the potential utility providers, we need to
7 know something about each utility's plans for the immediate
8 future as well as their current situation. It is my
9 understanding that Aloha itself projects that within just a few
10 years its current water use permits will supply less than
11 40 percent of the Aloha water needs, less than 40 percent. It
12 is my further understanding that this huge shortfall will most
13 likely be met from purchases from Pasco County Utilities.

14 Now as you can recall from the last rate increase,
15 Pasco County charges Aloha about \$2.50 per thousand gallons for
16 fully treated water, but only charges about \$1.70 per thousand
17 gallons to its own residents. The \$1.70 rate is for fully
18 treated delivered water. But when Aloha buys it for resale,
19 Aloha has to treat the water and some more to make it fully
20 compatible with its own treated water. So if Pasco County
21 could directly provide the service, the starting point is
22 \$1.70 per thousand. But if Aloha acts as the middle man, the
23 starting price is \$2.50, plus additional treatment and carrying
24 costs. Commissioners, this is where the common sense comes in.
25 What is the point of making customers pay substantially more

1 for water just so Aloha can continue to play the middle man?

2 I know that Pasco County would need to put in a
3 connecting main to serve customers directly, but I understand
4 that Pasco would need to put in a similar connecting main to
5 provide additional water to Aloha which Aloha is going to need.
6 It seems then that this additional cost would be a wash either
7 way.

8 When I look at the incremental costs that Aloha now
9 estimates to correct its problem, the case becomes even more
10 clear. The most expensive improvement is packed tower aeration
11 for a rate increase of 262 percent. This estimate, by the way,
12 is marked, is a marked contrast to Aloha's previous estimate of
13 398 percent. And when I talked to you briefly just earlier
14 about Aloha saying it was going to cost \$10 million plus to fix
15 the problem at a 400 percent rate increase, well now that same
16 issue we're talking a 262 percent increase.

17 It is also my understanding that Pasco County
18 Utilities already aerates its raw water. If this is correct,
19 it would be beyond absurd to increase Aloha's cost by this
20 amount to attain a treatment level that Pasco County Utilities
21 is already providing to the water that it will be supplying to
22 Aloha. These are the kinds of considerations that the PSC
23 should examine when it decides on the customers' petition.

24 There is one more very important consideration, and I
25 think this really hits home, customer trust. Customer trust.

1 In a competitive enterprise, Commissioners, customer
2 satisfaction is the most important aspect of any business.
3 It's not only in the business area, but it's in politics too,
4 and it's with agencies just like this one, the Public Service
5 Commission. Satisfy the customer. If customers are
6 dissatisfied with some attribute of a product, a competitive
7 business will aggressively undertake corrective measures. A
8 competitive business will never just say the product meets the
9 minimum legal standards, so that's as good as you'll get. If
10 from the start Aloha had shown a genuine concern for the
11 customers and the desire to correct the problem, the customers
12 would have a different attitude towards Aloha. But instead, at
13 every turn, at every turn Aloha has fought the customers and
14 resisted any meaningful effort to correct the problem. Even,
15 even just snubbing their nose up in the air to the Public
16 Service Commission, who created the Citizens Advisory
17 Committee, and told them, told Aloha, work with them in solving
18 this problem. Mr. Watford tells the newspaper, the Tampa
19 Tribune, we're going to go around CAC and deal with the
20 individual customers ourselves. So sad.

21 Even today, Commissioners, Aloha's hired attorney is
22 here to object to the customers' right to testify about being
23 deleted from Aloha's territory, which is the central subject of
24 this docket before us. If Aloha had taken all of the money
25 that it wasted on appeals and other legal maneuvers and put

1 that money into seeking a solution, we would be much farther
2 along right now. Think of all the money that has been spent on
3 legal fees for the last ten years.

4 Commissioner, it's that very attitude of
5 contentiousness that has completely eroded the customer trust
6 that is treasured by many, many other businesses. As a result,
7 the customers have absolutely no reason to believe that Aloha
8 will ever genuinely care about their needs or their problems.
9 And I use the example of Mr. Watford running to the
10 St. Petersburg Times yesterday morning, the day before this
11 public hearing, to try and get some decent press today. When
12 customers' trust has disappeared, as it is in this case, a
13 different service provider, a different service provider should
14 be brought in. For all these reasons I believe that the best
15 alternative is to allow customers of the Aloha Seven Springs
16 service area, if they choose, to connect to the Pasco County
17 utilities department for water service immediately.

18 Commissioners, the people gathered here today will
19 attempt to share their individual situation and preferences in
20 this matter. While some will offer their opinion as to the
21 conclusions reached by Dr. Levine, all are here because of the
22 petition they have filed to separate from Aloha. Please listen
23 to the customers and recall either your own memories or from
24 the record of past hearings when they first shared their
25 stories. I'm sure what you will hear will convince you that

1 nothing much has changed. Today's hearing is unique in that we
2 are not here to debate or discuss rate increases. We are here
3 because things have gotten so bad that Aloha's customers are
4 requesting that they split off from a private utility regulated
5 by this body. And think, Commissioners, how many times have
6 you gotten a request from 1,500 local people asking to be
7 separated from a local water and sewer company? Not many.

8 Commissioners, please listen to the people who will
9 follow me at this microphone. Please do not accept Aloha
10 Utilities' ongoing protest of -- or suggesting that they're
11 innocent, nor to repeat what Steve Watford's quote in the
12 April 7th, 2004, issue of the Suncoast News, quote, it's new
13 day here at Aloha. That's a quote. If it is truly a new day
14 at Aloha, Commissioners, then I call on Aloha to immediately
15 drop its appeal of the interim rate refund and demonstrate,
16 Mr. Watford, with your pocketbook, actually with the people's
17 pocketbook and turn over a new leaf and give them back their
18 money. If and when they turn over that new leaf,
19 Commissioners, clean up their water, clean up their act, then
20 maybe we could take them at their word.

21 Commissioners, like you, I'm a public servant. I
22 have committed myself to being a bridge between my constituents
23 and their state government. You are part of that government.
24 Please do not turn your back on these people, and I know you
25 won't and that's why you're here today. You're their last

1 hope, and the outcome of this hearing will determine what hope
2 is left for the Aloha Utilities captive customers. I thank you
3 for allowing me to speak. I thank you for being here today.
4 God bless you.

5 COMMISSIONER DEASON: Senator, Senator, if I could
6 request you come back to the microphone, I think Senator --
7 Commissioner Davidson has a question.

8 SENATOR FASANO: Yes, sir.

9 COMMISSIONER DAVIDSON: Thank you, Senator Fasano.
10 My question is what possible legal options exist for bringing
11 another service provider to the customers? What role would the
12 PSC play, if any, in the exercise of those options, and how
13 could that role be expedited such that if we agree with you,
14 that could be done sooner rather than later sort of in the
15 bureaucratic time frame?

16 SENATOR FASANO: Commissioners -- and I appreciate
17 the question and let me understand this. You're asking what
18 role the Public Service Commission -- are you saying that
19 you're not sure whether you have the authority to go from, from
20 one provider to another?

21 COMMISSIONER DAVIDSON: Well, I think we, speaking
22 just for me, we have that authority. And I'm really sort of
23 looking at --

24 SENATOR FASANO: Yes, sir. Okay. I thought maybe
25 you needed it legislatively, and I've still got three weeks or

1 something that I can do something about that.

2 COMMISSIONER DAVIDSON: In terms of the mechanics of
3 how this would work -- and I don't know. Maybe this is not a
4 case of first impressions.

5 SENATOR FASANO: And I understand what you're saying.

6 COMMISSIONER DAVIDSON: Okay.

7 SENATOR FASANO: I believe if the Commission were to
8 decide, and, remember, if that's what the people choose to do,
9 that they would like to go to the Pasco County utilities, I
10 believe that you would be receptive by the Pasco County
11 Utilities department. I think that your staff could sit down
12 with Doug Bramlett, who is the overseer of the Pasco County
13 Utilities department, John Gallagher, the county administrator,
14 and to the Commissioner who represents that area, I believe
15 it's a combination of both Commissioner Ann Hildebrand and
16 Commissioner Steve Simon, I believe that they would be very
17 much willing and accepting to take over the servicing area.

18 COMMISSIONER DEASON: I want to follow up since
19 Commissioner Davidson has --

20 SENATOR FASANO: Yeah. And why I say that,
21 Commissioner, and I apologize, Mr. Chairman, Aloha -- I should
22 say the county is already servicing many customers near or even
23 sometimes in the Aloha servicing area. I'll give you an idea.
24 In Heritage Springs, which is in the Trinity area, the first
25 few streets of Heritage Springs is serviced by Aloha. After

1 that it's serviced, I believe, by the county or vice versa, one
2 of the two. But part of that is the county, so it would be
3 very easy for them to take that over. No different than in the
4 Veterans Village area, no different than in the, in Heritage
5 Lake Estates where just there it is, Aloha services right down
6 the road in the Seven Springs Villa, it's serviced by Pasco
7 County. So the hookups are there, so it would be a very easy,
8 I think, transition to be able to accomplish.

9 COMMISSIONER DEASON: Senator, on more than one
10 occasion you've indicated that this separate service provider
11 should be allowed, if the customers so choose.

12 SENATOR FASANO: Yes.

13 COMMISSIONER DEASON: How do we make that assessment?
14 I mean, obviously there's a number of customers here. My
15 concern is perhaps there are customers that are not here today
16 that may have a different feeling.

17 SENATOR FASANO: Yes, sir. Absolutely. And
18 that's why I expressed in my comments to allow the people to
19 choose. And I think that, just like you did a survey of the
20 people in the Aloha servicing area and received over
21 3,700 responses, a similar could be done as well to the
22 customers in the, in the servicing area and find out exactly
23 who would like to participate and see what the outcome is. I
24 think you will find, especially in the areas of those people
25 who signed the petition, you will find that a vast majority

1 would be willing and wanting to do that.

2 COMMISSIONER DEASON: Because I have a concern
3 that -- I don't know what the exact response from Pasco County
4 would be, but I know that in other situations there are
5 normally customer connection charges that would be required,
6 sometimes very substantial charges, and it could have an impact
7 on customers' decisions.

8 SENATOR FASANO: And, again, that would all be taken
9 into consideration. I think that's what -- if you were to
10 choose to petition or I should say survey the customers, you
11 would be able to put that in there and ask them. This is what
12 it will cost to do this or do that, and what would you choose?
13 I will tell you that I've talked to people and they've told me,
14 it's sad, but they were willing to pay whatever it takes to get
15 clean water to come out of their faucet just once, just once
16 early in the morning when they can bathe themselves or bathe
17 their children. I will tell you that there are people out
18 there who would be willing to make that change.

19 Again, I think a survey to the customers asking them
20 what they would be, what their desire is would probably
21 accomplish what you're looking to find out. I also believe
22 that -- I think, and I can, I can definitely help in any way in
23 this regard of putting together whatever cooperation is needed
24 with the county in, in turning over the services from Aloha to
25 Pasco, and possibly if there's going to be some additional

1 charges, who knows, maybe DEP and others might be interested in
2 coming down here with some grant money or something like that.
3 But I can't make any promises in that, only that I would work
4 in the direction of doing what the people want. And if they
5 want clean water, then that's the direction we have to go.

6 COMMISSIONER DAVIDSON: You have three weeks left.
7 You could probably get a little promise out of them for
8 something.

9 SENATOR FASANO: Well, the problem is, the problem is
10 both budgets have already passed the House and the Senate,
11 they're in conference, so I'd have to try and do it with
12 proviso language.

13 COMMISSIONER DAVIDSON: Well, my, my concern is, I
14 mean, if, if -- who knows what ultimately the PSC would decide
15 and ultimately what all the customers want.

16 SENATOR FASANO: Absolutely.

17 COMMISSIONER DAVIDSON: But if it is to move forward,
18 I mean, you basically -- my thought is this has continued on so
19 long. I've only been on the Commission a year and a quarter,
20 and I'm just amazed at how long this is continuing to go on.
21 And if a transition is needed, a business plan ought to be in
22 place just to get that done. Find out from the majority of the
23 customers what they think and actually talk to the counties so
24 that the terms and conditions of how this would occur are just
25 well known so that if the customers are going to have to pay,

1 you know, \$500 a year more to have something done, they know
2 what's done up front.

3 SENATOR FASANO: And I guess that's what, that's
4 what, exactly what the customers will, you know, if you were to
5 survey them, they will let you know. And I believe that you're
6 going to -- and you're going to find a vast majority of them
7 will want to, to get out of the Aloha servicing area. I mean,
8 I hear it all the time. I've been hearing it for ten years.

9 And, Commissioner, I appreciate your comments about
10 although you haven't been here on the Commission for ten years,
11 you've seen so far how this has dragged on, you've looked at
12 the records of what we've been doing for the last ten years.
13 As I said in my comments, you're our final hope. You're our
14 last hope. The people here have no one else to turn to. We
15 have a monopoly that thumbs its nose in the air to the
16 customers, to the Public Service Commission, to SWFWMD, to DEP,
17 and now all of the sudden they find themselves backed up into
18 the wall where that it possibly could happen and all of the
19 sudden they've hired public relations, all of the sudden
20 Mr. Watford is now talking to the press and making comments,
21 all of the sudden he wants to work with the customers. The
22 opening comments by Mr. Deterding about how we want to hear
23 from the customers -- why weren't you listening for the last
24 nine years?

25 COMMISSIONER DAVIDSON: I think my -- I suspect we

1 won't be moved by the hiring of a PR firm, and I would, I would
2 urge Aloha to take, to take note of the number of folks in this
3 room. I mean, on a beautiful day like this in the great state
4 of Florida, nobody wants to worry about their water. We've got
5 more important things to think about. It's -- and my final
6 comment, I know we have to speed it up, is I think to Aloha
7 also a caution that going around the Citizens Advisory Council
8 that was specifically set up does not inure to your benefit.

9 SENATOR FASANO: Thank you.

10 COMMISSIONER DEASON: Thank you, Senator.

11 Mr. Burgess.

12 MR. BURGESS: Yes, Commissioner. We also have the
13 office of another elected representative present today.
14 Representative Tom Anderson has asked that a statement be
15 presented in his behalf by Evelyn Haas.

16 COMMISSIONER BRADLEY: Excuse me, Mr. Chairman.

17 COMMISSIONER DEASON: Yes, Commissioner Bradley.

18 COMMISSIONER BRADLEY: Before we have a
19 representative from the Honorable's office come up and speak, I
20 do, I do see Representative Fiorentino in the back. Would she
21 care to offer some comments? I think that that would be more
22 appropriate.

23 COMMISSIONER DEASON: Absolutely. Representative.

24 COMMISSIONER BRADLEY: Based on seniority.

25 MR. BURGESS: Thank you, Commissioner.

1 COMMISSIONER DAVIDSON: Seniority in terms of
2 service.

3 COMMISSIONER BRADLEY: Did I get around that one?

4 REPRESENTATIVE HEATHER FIORENTINO
5 was called as a witness on behalf of the Citizens of the State
6 of Florida, and, having been duly sworn, testified as follows:

7 DIRECT STATEMENT

8 REPRESENTATIVE FIORENTINO: Thank you. Though this
9 is not any longer in my district and Tom has taken it over
10 since the redistricting, it was. And I had customers that
11 brought water --

12 COMMISSIONER DEASON: Representative, could you just
13 give -- I'm sure everybody knows who you are, but just for
14 purposes of the record, could you give us your name and --

15 REPRESENTATIVE FIORENTINO: Sure. Representative
16 Heather Fiorentino, District 46.

17 COMMISSIONER DEASON: Thank you.

18 REPRESENTATIVE FIORENTINO: This had been in my
19 district. I had constituents that were bringing gallons of
20 water to my office. One of the things at one point when the, I
21 guess the first gallon came, the gentleman, I guess, saw my
22 face and said, "You can't believe that came out of my tap, can
23 you?" And to be honest, I couldn't. So I went to his house.
24 He says, "Come with me." We went to his house and he turned on
25 his tap water. It was the most disgusting thing I have ever

1 seen. I can see why Mike's been fighting this fight and doing
2 a fine job. Unfortunately, the company hasn't listened. Ten
3 years; this is ridiculous. We've written letters to you, we've
4 written letters to the company, we've written letters to
5 everyone that we could think of who to help these people. Our
6 job is to help the people. This is a monopoly. That's what we
7 have to understand. We provide service areas and give
8 businesses monopolies. When they have monopolies, they have to
9 serve the people. There's no question about that. They know
10 that they have that area, they know that there's no competition
11 for that. I'm so glad that you're going to look at Pasco
12 County as an option, a competition. They've had ten years to
13 fix their business. They have not done it. I haven't been
14 fighting this fight as long as Senator Fasano; I recently got
15 into it. And now it's your job.

16 We bring the evidence to you, and I hope you listen
17 to these people. I hope some of you will go to their homes and
18 see what's coming out of their taps. No one should have to
19 live like this. If this was in a high-rise, you wouldn't allow
20 it. But because it's in an individual's home and it's a
21 monopoly, it's been allowed, and it shouldn't be. I think a
22 health department would close down a low income housing if they
23 had seen the water that was coming out of these pipes. I don't
24 think that they would allow that. And I think it's time that
25 we tell this business either fix your -- not at the cost of the

1 customers of Aloha. On March 12th, 2004, State Representative
2 Tom --

3 COMMISSIONER DEASON: Ms. Haas, could you state your
4 name for the record, too, please.

5 MS. HAAS: Oh, I apologize. Evelyn M. Haas. I'm
6 senior executive secretary for State Representative Tom
7 Anderson.

8 COMMISSIONER DEASON: Thank you.

9 MS. HAAS: You're welcome. On March 12th, 2004,
10 State Representative Tom Anderson wrote a letter to Lila Jaber,
11 Chairman, Florida Public Service Commission. The letter reads,
12 "Dear Ms. Jaber, ensuring a high quality of water is one of the
13 most important services provided to our citizens. I believe
14 that this service is as significant as fire and police
15 protection. My constituents have suffered through almost a
16 decade of poor quality water in regard to taste, odor and
17 color. They have endured extra expense by replacing plumbing
18 and buying filtering equipment. They are weary from fighting
19 this issue and deserve relief. This matter is important to me,
20 that I have sponsored the House companion bill to Senator
21 Fasano's bill which would provide for county oversight of
22 monopoly water companies in Pasco County. I regret that I will
23 not be able to make a presentation in person during your
24 hearing in Pasco County on Aloha Utilities, but trust that the
25 Commission will find a remedy for my constituents. Sincerely,

1 Tom Anderson, Representative, District 45." Thank you.

2 MR. BURGESS: Thank you, Commissioner Deason. At
3 this point I would ask Dr. Abraham Kurien to make his
4 presentation. And also, again, I would like to make the
5 comment that we are at this point going into a technical and
6 scientific analysis. So as you listen to the testimony, please
7 be aware of that and please take it in that light. Thank you
8 very much.

9 ABRAHAM KURIEN

10 was called as a witness on behalf of the Citizens of the State
11 of Florida, and, having been duly sworn, testified as follows:

12 DIRECT STATEMENT

13 DR. KURIEN: This is Aquafina water.

14 Honorable Commissioners, my name is
15 V. Abraham Kurien. I am a customer of Aloha Utilities and live
16 at 1822 Orchardgrove Avenue in the Seven Springs area. I had
17 the privilege of addressing the Public Service Commission over
18 two years ago during its 2002 January hearing. Then I made the
19 suggestion for the creation of a Citizens Advisory Committee to
20 solve the water quality issues because of my experience in
21 Santa Fe, New Mexico, as a facilitator who helped to resolve
22 tensions between parties pulled apart by adversarial positions.
23 I had hoped then that we would get better water within a short
24 period.

25 Today I appear before you with these hopes dashed

1 because of the lack of timely intervention on the part of
2 regulatory agencies and the hesitation of Aloha to create a
3 Citizens Advisory Committee and interact purposefully with them
4 when the citizens made that initial offer. Even after the
5 extremely delayed formation of the CAC there has been very
6 little in the form of effective communication between Aloha and
7 its customers. The one positive outcome during the last two
8 years has been the technical review of the production and
9 distribution of drinking water in the Seven Springs area
10 sponsored by the Office of Public Counsel and its completion in
11 a very delayed manner over the period of one year.

12 The context of that technical review needs to be
13 stated clearly so that all of us are well informed about why
14 the customers of a utility found themselves in the burdensome
15 position of having to seek the help of the PSC and the Office
16 of the Public Counsel to force upon the utility a technical
17 review of its water processing method and facilities. It's
18 natural to assume that water utilities will provide a
19 competitive standard for the quality of drinking water about
20 which they can be proud and concerning which the customers have
21 no complaints. Yet 1,491 customers of Aloha, after varying
22 periods of time during which they unsuccessfully tried to get
23 the utility to deliver water that remains drinkable and can be
24 used for other domestic purposes without anxiety, finally
25 decided to serve notice on Aloha that if within 12 months of

1 July 15, 2002, the water quality did not improve significantly,
2 they would have no alternative but to request the PSC to
3 exercise its authority and jurisdiction to delete them from the
4 service territory of Aloha and give them the opportunity to
5 connect Pasco County water utility.

6 This PSC hearing has been announced as an opportunity
7 for customers to respond to that technical review by Dr.
8 Levine, as well as to consider other options that may lead to
9 resolution of the matter of poor quality during the last ten
10 years in this area. I'd like to start my presentation by
11 summarizing the conclusions of the technical review and the
12 analysis of raw and processed water into three simple
13 statements with which I hope everyone will agree. I will talk
14 about options this afternoon.

15 The three conclusions are: One, at Aloha Utilities
16 during the years 1993 to 2003 there was inadequate monitoring
17 of water parameters that could have provided for better process
18 control of the currently used methodology.

19 Two, the sole use of chlorination, which is the
20 method that is currently used, and the short-term
21 recommendations that were made by Dr. Levine in Phase I report
22 of the audit submitted in August 2003 are not able by
23 themselves to reduce significantly the incidence of black
24 water, and by implication rotten egg odor, within domestic
25 plumbing because of certain limitations that are inherent in

1 the current method in its own context and detected during
2 Phase II of the audit.

3 Three, therefore, one or more of the alternate
4 upgraded methods would be necessary to reduce the incidence of
5 black water, and such method or methods should be used after an
6 appropriate investigation of the efficacy of the methods chosen
7 through a pilot-scale program.

8 The data collected by Dr. Levine during her year-long
9 technical review may seem extensive when compared to the almost
10 nonexistent state of relevant data to review the adequacy of
11 process control. Some data is better than no data, I suppose.
12 If Aloha had offered nonhesitant cooperation, we would have had
13 a much greater volume of data from which we could have drawn
14 more robust conclusions. However, even from the small amount
15 of data that we now have, we can draw some relevant
16 conclusions, as Dr. Levine has done. In addition to the three
17 major conclusions that I have indicated above, the data also
18 reveals certain inadequacies of processing method and
19 facilities, which Dr. Levine alludes to but which she has not
20 addressed in her executive summaries, recommendations and
21 conclusions.

22 Dr. Levine was unable to connect her recommendations
23 of upgrades for improvement for water quality with all the data
24 she collected because within the parameters of her audit she
25 did not undertake extensive investigation of the black water

1 produced in the domestic plumbing to define conclusively the
2 causes for the formation of black water and rotten egg smell in
3 home faucets.

4 However, an analysis of the data that Dr. Levine has
5 gathered makes it possible to expand some observations that had
6 been previously made by nearby utilities, study groups
7 organized by the PSC such as the Interagency Copper Corrosion
8 Study Group and investigations conducted by the Florida
9 Department of Environmental Protection. These observations had
10 suggested as early as 1991 that the sole use of chlorination
11 for processing underground water that is deficient in dissolved
12 oxygen may have an appropriate -- inappropriate pH and has a
13 high concentration of hydrogen sulfide will produce elemental
14 sulfur in processed water and may lead to the phenomenon of
15 black water.

16 By issuing new guidelines for the control of copper
17 corrosion and black water in August of 2003, FDEP has
18 recognized this critical role for elemental sulfur in copper
19 corrosion and black water. The new guidelines reads, "Direct
20 chlorination shall not be used to remove," that is to oxidize,"
21 0.3 milligrams per liter or more of total sulfide unless the
22 elemental sulfur formed during chlorination is removed."

23 I like to review the data obtained by Dr. Levine to
24 see what information the recent audit gives us that correlates
25 with this conclusion of the Department of Environmental

1 Protection. First of all, I want to draw your attention to the
2 fact that all 15 samples of raw water collected by Dr. Levine
3 during Phase II of her audit from the eight wells of Aloha had
4 hydrogen sulfide concentrations greater than 0.3 milligrams per
5 liter, the concentration mentioned as a threshold for removal
6 of elemental sulfur in the new FDEP guidelines. One of the two
7 hydrogen sulfide levels from Well 9 was as high as 3.95, ten
8 times the threshold level. Between March and July of 2001 all
9 20 samples of water that were tested for hydrogen sulfide in
10 Well 9 had levels greater than 3.5 milligrams per liter as
11 indicated in Phase I report, with the highest level noted at
12 6.71 milligrams per liter, which is more than 20 times the
13 threshold level. Thus, 21 out of the 22 readings of hydrogen
14 sulfide we have from Well 9 are higher than 3.5 milligrams per
15 liter. In view of the new guideline imposed by FDEP, it is
16 important to know whether elemental sulfur was produced in the
17 treated water on these occasions.

18 Unfortunately, there is no standardized method
19 available for measuring the level of elemental sulfur produced
20 in treated water. But Dr. Levine does acknowledge that
21 elemental sulfur is produced during Aloha's method of water
22 processing. On what observation or knowledge does she then
23 base that fact? It is substantiated by the well-known
24 scientific fact that when chlorine is used to oxidize hydrogen
25 sulfide in water, the reaction is understood as a two-stage

1 reaction which first forms elemental sulfur depending on the
2 amount of chlorine available as well as other important
3 considerations such as pH, temperature of the water, other
4 oxidizable materials in raw water and the amount of dissolved
5 oxygen present. Subsequently, the sulfur initially formed is
6 converted to sulfate depending on the same condition. This has
7 been known since 1952, over 50 years ago. Let me repeat that.
8 This has been known since 1952, over 50 years ago. Dr. Levine
9 has given detailed information about this in Phase I report on
10 Page 18 and in Phase II report on Page 16, including chemical
11 equations, which I'm sure you will not want me to go into at
12 this time.

13 One way to determine to what extent elemental sulfur
14 and sulfate have formed during the process at any well is to
15 determine the chlorine demand of hydrogen sulfide alone, which
16 is the amount of chlorine that reacted with hydrogen sulfide
17 present in raw water at that well at that specific sampling
18 time. When the calculated number for chlorine demand is 2.08,
19 it shows that hydrogen sulfide was converted only as far as
20 elemental sulfur. When the chlorine demand number is 8.33, it
21 confirms that all the hydrogen sulfide was converted to
22 sulfate. Intermediate values between 2.08 and 8.33 show that
23 both sulfur and sulfate were produced. The closer the value is
24 to 2.08, more elemental sulfur was produced, and the closer the
25 value is to 8.33, more sulfate was produced.

1 Dr. Levine shows in Figure 15 on Page 21 of the Phase
2 II of her report that the values for the 15 samples of raw
3 water fell between 2.31 and 7.83, showing a significant range
4 of values for the relative production of elemental sulfur and
5 sulfate in these eight wells of Aloha. Statistical analysis
6 showed that the values would cluster along the statistical mean
7 of 5.5 with a high correlation coefficient, which means that it
8 is a valid conclusion. Converted to percentages, this means
9 that on a statistical average, in Aloha wells 45 percent of
10 hydrogen sulfide was converted to elemental sulfur and only
11 55 percent of hydrogen sulfide present in raw water was
12 converted to sulfate. This observation is in agreement with
13 other studies done on underground water deficient in oxygen,
14 according to Dr. Levine.

15 Dr. Levine has also provided qualitative evidence to
16 show that this is not merely a theoretical construct, but the
17 presence of elemental sulfur can be demonstrated in processed
18 water by a scanning electron microscope. While it is true that
19 the distributed water that reaches the domestic meter is
20 generally clean and clear as claimed by Aloha in its
21 information handouts, it is only so to the naked human eye.
22 Aided by the technological advances such as the scanning
23 electron microscope it is possible to document that not only is
24 elemental sulfur present in processed water, but that it forms
25 a series of complexes with metals present in the distributed

1 water and with phosphorus which is added as a corrosion
2 inhibitor in the form of a blended orthopolyphosphate. When
3 such complexes with sulfur, phosphorus and other minerals are
4 formed in the water, it may cause discoloration of the
5 processed water. When the very same water meets copper pipes,
6 black water is formed because copper sulfide, which is a black
7 compound, imparts a black color to these insoluble complexes.
8 Documented evidence from Dr. Levine's study shows that the
9 color of these sulfur phosphorus metal complexes could be
10 golden brown before it enters the domestic circulation, but
11 that it changes to black or gray when it enters the domestic
12 plumbing made of copper pipes or CPVC pipes with copper
13 containing fixtures.

14 Thus the most important scientific conclusion from
15 Dr. Levine's technical review in its relation to the formation
16 of black water in the Seven Springs area is that the processed
17 water from Aloha wells will almost always contain a combination
18 of elemental sulfur and sulfate which can lead to the formation
19 of black water.

20 Is this a new revelation? Absolutely not. Back in
21 1991 when Pinellas County was faced with instances of black
22 water, it undertook a research of study to explore the possible
23 reasons for black water. This study, which was a master's
24 thesis submitted by Troy Lyn to the University of Central
25 Florida, was perhaps one of the first studies to report an

1 association between elemental sulfur and black water. The most
2 important conclusion of that study was chlorination should not
3 be used to remove sulfides in potable water treatment, unless
4 followed by an effective turbidity removal process. Remember,
5 that was in 1991. This conclusion was reported at the American
6 Water Works Association's meeting in Miami in 1993, the year in
7 which high levels of copper were first detected in Aloha's
8 distribution water, even before customers had started
9 complaining of the black water phenomenon. This fact and the
10 implications of the observation in relation to black water were
11 very well known to FDEP. In fact, one of its staff members,
12 Mike LeRoy, sent a copy of this article to Mr. John Starling of
13 the PSC to familiarize the PSC also with this important
14 finding.

15 In the hearing that the Public Service Commission
16 held in New Port Richey in 1996 to discuss the complaints of
17 residents from Wyndtree and Chelsea subdivisions, it was
18 reported that the black sediment found in domestic plumbing was
19 copper sulfide. Mr. Porter, the consulting engineer of Aloha,
20 while describing the cause of black water during that hearing,
21 did admit that the processing of raw water with the sole use of
22 chlorine at Aloha's wells did produce elemental sulfur along
23 with sulfate. However, instead of associating black water
24 formation with the production of elemental sulfur as others had
25 done, he proposed a theory that it was exclusively due to the

1 conversion of sulfate present in water into hydrogen sulfide by
2 sulfur-reducing bacteria, and that such a reaction occurred
3 only in the customers' domestic plumbing.

4 That theory was challenged in 1997 by a Pasco County
5 Utility official whom Representative Mike Fasano had contacted
6 for information about the incidence of black water in Pasco
7 County. The Pasco utility official pointed out that elemental
8 sulfur was a primary ingredient in the production of black
9 water and that pH adjustment was essential to avoid black water
10 formation. Mr. Porter, on the other hand, now claimed that
11 elemental sulfur was not produced in Aloha's processing method,
12 contrary to his own admission in 1996 and all scientific
13 knowledge at that time about the limitations of the sole use of
14 chlorination as a processing method. His eloquence was so
15 convincing that during the next three years the Public Service
16 Commission was repeatedly claiming, "Currently Aloha has
17 converted," that is oxidizing, "all the sulfide present in
18 water to sulfate by chlorination," an impossible task. This
19 co-option by Mr. Porter and Aloha of the regulatory agencies
20 was to have serious consequences because the regulatory
21 agencies did not recognize in 1997 that institution of a new
22 method for reducing black water phenomenon in the domestic
23 plumbing was an urgent necessity. The customers were confused
24 by the claim of Aloha on the one hand that it provides clean,
25 clear and odor-free water, and on the other hand by the

1 expression of its willingness to install new methods that would
2 be accompanied by an increase in water bills of 398 percent.
3 The customers refused to accept the offer to install packed
4 tower aeration as a method, especially since Aloha insisted
5 that even this expensive new method will not improve water
6 quality.

7 Now we are a little closer to the truth. Aloha knew
8 all along or should have known all along that elemental sulfur
9 was present in the water it was distributing and that it would
10 be associated with black water formation. The only way to deal
11 with this truth from Aloha's point of view seems to have been
12 to under report the frequency of black water and use a partial
13 truth to cover up the whole truth. Aloha used the fact that
14 the only location where copper sulfide formed was the domestic
15 plumbing. That is indeed correct, since copper is necessary to
16 form copper sulfide. And the only location in which copper was
17 present in Aloha's distribution system was the domestic
18 plumbing. That would provide Aloha with the necessary
19 disclaimer for not processing the water to the same standards
20 as other neighboring utilities were attempting to do.

21 The Florida state law that maintained that the
22 utility was responsible for the characteristics of the water
23 only as far as the domestic meter came to the rescue of Aloha.
24 There were also other strands of legalism easily available to
25 buttress Aloha's lack of adequate monitoring. There is no law

1 in Florida which requires that Aloha should test the level of
2 hydrogen sulfide in its raw water or should determine if there
3 was elemental sulfur in the distributed water. All the
4 secondary standards for water quality were based on the limited
5 capacity of human vision and human sense of smell. So Aloha
6 could claim quite easily that it met all legal standards
7 without paying any attention to scientific truths.

8 Neither Aloha nor the regulatory agencies thought it
9 important to ask the question why all the neighborhood
10 utilities were upgrading their methods to aeration or as to why
11 those utilities did not use chlorination as the sole method, if
12 that method was enough to provide clean, clear and safe water,
13 as Aloha continues to claim even to this day.

14 Government utilities obviously cannot be negligent
15 because they are responsible to citizens. Aloha did not follow
16 the leads of governmental utilities because as a monopoly its
17 customer base was guaranteed and no regulatory agency was
18 auditing the technical adequacy of its method or contesting its
19 claim of clean, clear and safe water. In fact, Aloha was
20 allowed to self-regulate by the FDEP. Nobody except the
21 customers and their elected representative Representative
22 Fasano were demanding an independent investigation and
23 improvement in quality of delivered water. Aloha attempted to
24 neutralize them by the accusation that they were politicizing
25 water issues. Aloha had paralyzed the FDEP by the claim that

1 it met all federal and state standards and effectively
2 prevented remedial action by the PSC by legal challenges of its
3 decision. Law had kidnapped the fundamental rights of citizens
4 to drinkable water.

5 Now Aloha realizes that it cannot do that anymore,
6 nor can the FDEP and PSC claim that they do not have the
7 authority, jurisdiction or indeed the responsibility to ensure
8 that Aloha customers deserve better quality water and a
9 competitive product. The judicial system, in the form of the
10 district court of appeals, has upheld the jurisdiction and
11 responsibility of the PSC to the captive customers of Aloha.
12 The well-informed customers have also pointed out to the PSC
13 that its legislative mandate is to interpret the Florida
14 Statutes of Chapter 367 liberally to protect public health,
15 safety and welfare. Further, the customers and the Office of
16 Public Counsel have taken on the burden of proving that the
17 water Aloha distributes contains elemental sulfur that is
18 associated with the corrosion of pipes, and that Aloha may have
19 known this truth all along. Mr. Porter has vehemently denied
20 there is any elemental sulfur in Aloha's distributed water
21 because he had to, because he knew that the main problems
22 associated with converting hydrogen sulfide to elemental sulfur
23 are related to finished water turbidity increases and the
24 negative effects that increased water turbidity produces like
25 lower disinfection efficiency, increased chance for bacterial

1 contamination and growths in the distribution system, et
2 cetera, which have been the case for the last ten years, if not
3 more.

4 Dr. Levine has now established that elemental sulfur
5 is formed in all of Aloha's wells and that elemental sulfur can
6 be converted to hydrogen sulfide in the distribution system and
7 the domestic plumbing just as well from sulfate. She has
8 specifically mentioned in the executive summary of Phase II
9 report an instance during the sampling procedures where
10 hydrogen sulfide reformation was detected in the distribution
11 system. We now know that contrary to the speculations of the
12 consulting engineer of Aloha, the frequency of complaints about
13 black water bears no relation, no correlation with sulfate
14 levels in delivered water. Further, the customers have
15 provided evidence to the PSC that FDEP had information that
16 should have alerted it to the high probability that elemental
17 sulfur would be produced in significant amounts at Well 9 as
18 early as May of 1994, even before that well was brought online.
19 We have provided PSC with all this evidence. We have shown
20 that Chapter 367 of the Florida Statutes had given the PSC the
21 authority and regulatory responsibility to audit Aloha's
22 facilities even as early as 1996, if it had only understood at
23 that time the urgent necessity to do so.

24 Dr. Levine in her recommendations explains that
25 aeration or additional oxidants are very essential for reducing

1 the incidence of black water because of their ability to
2 suppress the activity of anaerobic sulfur-reducing bacteria.
3 That means bacteria that does not require oxygen for survival
4 and which are very sensitive to the presence of additional
5 oxygen in water. She even suggests that pH adjustments of
6 processed water will be beneficial. Even before the scientific
7 support that Dr. Levine's reports have provided for the need
8 for upgrades in water treatment, the option of pH correction
9 was recommended by PSC staff in 1997, but set aside by Aloha.

10 Much black water has flowed through the domestic
11 pipes of Aloha's customers since they started complaining about
12 the poor quality of water, but at least now we understand that
13 inaccurate and incomplete science has prevented expedient
14 solutions to the black water and foul odor that the customers
15 have been reporting for almost ten years. What the technical
16 review of Dr. Levine shows is that better quality water could
17 have been delivered in the Aloha water system during the last
18 few years if accurate science, instead of legalism, had been
19 allowed to perform its appropriate role. Now that we
20 understand what has been happening in the Seven Springs water
21 system for over a decade, through the application of scientific
22 research methods and the analysis of chlorine demand in each of
23 the wells, it is time to move on to the provision of better
24 quality water that can reduce the incidence of black water and
25 foul odor in the homes of the long-suffering customers in this

1 area. Thank you.

2 COMMISSIONER BRADLEY: Yeah. I would like to ask
3 some questions.

4 COMMISSIONER DEASON: Commissioner Bradley has a
5 question for the doctor.

6 COMMISSIONER BRADLEY: Yes. I just want to ask one
7 question just to make sure that I clearly understood what --
8 your statement.

9 On Page 9 of your report as it relates to Well 9, do
10 I clearly understand you to state that, your statement that
11 even as early as May of 1994, even before the well was brought
12 online there was evidence that the water was going to be
13 unacceptable?

14 DR. KURIEN: Yes. In fact, FDEP files shows that the
15 measured amount of hydrogen sulfide in Well 9 was
16 4.3 milligrams percent per liter. There was also a report
17 along with that which says that whoever smelled that water
18 could not smell hydrogen sulfide. At that time only the smell
19 was necessary; the absolute value need not be reported. So I
20 presume that the smell was reported to produce evidence to show
21 that there was no hydrogen sulfide and, therefore, the well was
22 brought online.

23 I recently went down to the FDEP office, and in the
24 files of Wells 8 and 9 there's a report which shows the
25 absolute value, and that value is 40 times the minimum required

1 for a person to smell hydrogen sulfide. So I presume the
2 person who smelled must have had sinus problems that day.

3 COMMISSIONER BRADLEY: One other question. And
4 I'm -- this is scientific to me, and I'm just trying to get to
5 understand, because I've been studying this somewhat, and I'm
6 just trying to get to understand some of the scientific
7 components of it.

8 Did you also state that, that the chlorination
9 increases the, the incidence of black water?

10 DR. KURIEN: It's not chlorination that increases it.
11 If there is not adequate amounts of chlorine, sulfur forms.

12 COMMISSIONER BRADLEY: Okay.

13 DR. KURIEN: And both sulfur and sulfate can be
14 rewarded (phonetic) back to hydrogen sulfide, which is where
15 you start from. You're taking hydrogen sulfide, adding
16 chlorine. It goes to the first stage of producing sulfur, and
17 then depending upon the amount of oxygen, it goes further to
18 sulfate. So if there is not enough chlorine which provides the
19 oxygen, the reaction will stop partially at the level of
20 sulfur. Now sulfur unfortunately appears in colloidal form and
21 sticks to pipes much more easily than sulfate, which is a
22 dissolved substance. So if you have sulfur in water, it's more
23 likely to cause black water, and that's why the FDEP has now
24 introduced a new rule or a guideline, as they call it, which
25 says that if you have more than 0.3 milligrams of hydrogen

1 sulfide in the raw water and if you use only chlorine, then you
2 must remove the elemental sulfur before you allow that water to
3 be distributed. And we had in Well 9 levels as high as 20
4 times the 0.3 milligram threshold which have been allowed to go
5 into the distribution system without any filtration. And the
6 area that is supplied by Well 9, as the PSC staff have noted
7 before, is the area where the most intense form of black water
8 and the most frequent form of black water becomes manifest.

9 COMMISSIONER BRADLEY: One other question and I'll be
10 finished. I'm from St. Petersburg in Pinellas County, and I
11 don't -- I won't get into the discussion about Pinellas County
12 and its lack of drinking water and its interaction with the
13 surrounding counties. But since a kid I've observed in
14 Pinellas County at a fountain down there, downtown, and the
15 fountain always put out what we called sulfur water. Is the
16 water that we are discussing here in Pasco County the same as
17 sulfur water? That's what the local residents, that's what we
18 called it. It smells like --

19 DR. KURIEN: Hydrogen sulfide.

20 COMMISSIONER BRADLEY: Rotten eggs.

21 DR. KURIEN: Yes. Rotten eggs.

22 COMMISSIONER BRADLEY: It tastes like -- it has a
23 different taste.

24 DR. KURIEN: Yes. Yes. That's precisely -- and that
25 is because hydrogen sulfide is being re-formed in that water or

1 it has not been adequately removed. I don't know which, which
2 particular faucet you're talking about. But in the house is
3 where there is water running all the time -- in fact, even in
4 my own house where I run water every day from every faucet
5 possible to make sure that we don't have a problem. But then
6 on and off we'll have problems, and it is nothing, I presume,
7 to do with what I do in the house. The amount of hydrogen
8 sulfide or elemental sulfur that is in the water and how it is
9 handled at the central facility has a lot to do with it because
10 we have instituted all kind of filters. Some of our neighbors
11 have filters that cost as much as \$3,000. And it's very
12 interesting, the best filtration device is one that contains
13 copper granules. They add copper granules to this conditioner
14 so that the copper removes the hydrogen sulfide before it gets
15 into the plumbing of the household. So, yeah, using copper as
16 a sacrificial system to remove hydrogen sulfide. So we'll soon
17 have no copper pipes left because they will all get dissolved
18 away.

19 COMMISSIONER BRADLEY: Okay. Thank you.

20 COMMISSIONER DEASON: Thank you, Doctor.

21 DR. KURIEN: Okay.

22 COMMISSIONER DEASON: Mr. Burgess.

23 MR. BURGESS: Commissioner, the next witness I have
24 is Dr. John Gaul. And, again, this is, this is the second
25 witness we have that has a technical background and will

1 address the Commission in, in similar terms to Dr. Kurien, that
2 is with a lot of technical information and conclusions. And
3 so, again, I know the audience realizes the importance of that
4 to the case that's being presented, and I ask you to bear that
5 in mind, that that's the purpose of what we're doing here.
6 Thank you.

7 Dr. Gaul.

8 JOHN H. GAUL

9 was called as a witness on behalf of the Citizens of the State
10 of Florida, and, having been duly sworn, testified as follows:

11 DIRECT STATEMENT

12 DR. GAUL: Commissioners, thank you for allowing me
13 the opportunity to speak on behalf of the customers in our
14 service area from Aloha.

15 My name is John H. Gaul, and I reside at
16 7633 Albacore Drive, New Port Richey, and I am a customer of
17 Aloha Utilities in the Seven Springs area. I have a Ph.D. in
18 chemistry from the University of Illinois, and I have worked in
19 the chemical industry as a scientist and a technical and
20 commercial manager since 1978. I am currently teaching
21 chemistry at a local college. I have been asked to author this
22 document with the collaboration of many others in our community
23 for the purpose of stating the technical issues existing at
24 Aloha that have resulted in the poor quality water we receive
25 from Aloha Utilities and our very serious concerns regarding

1 Aloha's ability to effectively resolve water quality problems
2 in a cost-effective way.

3 The problems with water quality, odor, black water,
4 stains, bad taste, et cetera, have been plaguing the Seven
5 Springs area for a considerable time and are undisputed by all
6 parties with the exception perhaps of Aloha. Aloha continues
7 to this very day to refuse to acknowledge the problems as their
8 own or recognize that they have the key role to play in
9 ameliorating these issues. In fact, Aloha's methodology is the
10 primary source of these problems and Aloha is the only source
11 of a technical solution. We contend that Aloha has been
12 knowledgeable of potential solutions and capable of making
13 necessary improvements, yet has failed to meet its obligations
14 to satisfactorily address these customer complaints and to
15 rectify the unacceptable water quality situation.

16 Let me state some facts to start off with. Customers
17 are experiencing black water and dark stains in showers, sinks,
18 toilets, washers, et cetera. These dark materials are directly
19 linked to copper sulfide which comes from the reaction of
20 soluble copper, which could come from corrosion, with sulfides.
21 The most probable and reasonable source of these sulfides is
22 from the action of sulfate and sulfur-reducing bacteria on
23 soluble sulfate and suspended elemental sulfur in delivered
24 water. Odor and bad taste are clearly associated with the
25 presence of hydrogen sulfide and are widely experienced, I

1 repeat, widely experienced in the Seven Springs area even by
2 those without copper pipes. Adjacent water utilities are able,
3 through appropriate chemical processing, to produce water
4 without these problems. These are the bare facts.

5 It is a well-recognized fact that hydrogen sulfide
6 production in water distribution systems and domestic plumbing
7 requires the presence of a variety of things. First, it
8 requires the presence of sulfate or elemental sulfur. Second,
9 it requires electrons. Now electrons can be gotten from
10 corrosion by-products. Electrons can also be gotten from
11 organic material that lines the distribution pipes or pipes in
12 our domestic -- in our homes. So these materials -- electrons
13 are readily available for this process. The third thing that's
14 required is the bacteria, the SRB, the sulfur or elemental --
15 the sulfur- or sulfate-reducing bacteria. The fourth
16 requirement is low chlorine levels, and the fifth requirement
17 is little or no oxygen. These are the basic requirements in
18 order for SRBs to be active to produce hydrogen sulfide. And
19 when you produce hydrogen sulfide, you will generate copper
20 sulfide. If you reduce or eliminate or in some other way
21 address these issues, you can control odor and sulfide
22 corrosion. And I have provided references at the back of this
23 document that indicate that. I have provided references
24 throughout this text so you can go and look for yourself.

25 These facts are known by Aloha Utilities. Aloha

1 acknowledges that sulfate- or sulfur-reducing bacteria are the
2 probable cause of sulfide production in domestic plumbing and
3 that sulfide production is highly corrosive to copper pipes and
4 will generate black water and the attendant problems of odor
5 and taste, yet Aloha refuses to attach any significance to
6 these events in customers' homes or link them to processed
7 water it delivers.

8 We wish to point out, however, that Aloha's present
9 processing method produces water with the following
10 characteristics, and, once again, I reference these
11 characteristics. One, they contain suspended elemental sulfur
12 and soluble sulfate. Two, they contain sulfur-reducing
13 bacteria. Sulfur-reducing bacteria are ubiquitous. They're
14 everywhere in the environment. They're pumped out of the
15 ground. They are provided to us by Aloha. This water often
16 has low and highly variable chlorine levels, this water has
17 little or no oxygen, this water has low and highly variable pH,
18 and this water is highly variable with respect to its
19 corrosivity.

20 In other words, Aloha's water is highly variable and
21 unstable and contains all the necessary elements to produce the
22 very problems the customers of the Seven Springs area have been
23 complaining about for years. We don't -- we need to look no
24 further.

25 In an effort to deflect attention from its water

1 processing, Aloha has attempted to assign blame for our water
2 problems on a variety of sources such as lightning, bad copper,
3 home ion exchange water softeners that produce soft water and
4 purportedly increase corrosion of metals, home ion exchange
5 water softeners that remove chlorine and home ion exchange
6 water softeners that remove the phosphate corrosion inhibitor.
7 Aloha has actually recommended removal of softeners and
8 replacement of copper pipes as preferred remedies.

9 It is disingenuous for Aloha to invoke such unlikely,
10 obscure and low probability causes for widespread black water
11 and foul smells in domestic plumbing when there are glaring
12 inadequacies in the properties of the processed water coming
13 from Aloha that are definitively linked to sulfide production
14 and the associated black water and foul smells. In addition,
15 we dispute their claim that ion exchange water softeners
16 increase corrosion by softening water, and I provided
17 references that dispute that. And we dispute their claim that
18 ion exchange water softeners remove all the chlorine from
19 incoming water and are the source of the problem. Water
20 softeners can reduce chlorine levels somewhat, but customers
21 who do not have home water softeners still experience the full
22 range of problems. Finally, it is known that ion exchange
23 water softeners do not remove the corrosion inhibitor added by
24 Aloha.

25 The glaring inadequacies in Aloha's processed water

1 that are the source of the problems in the Seven Springs area
2 are reliance on chlorination as the sole processing method for
3 the dual purpose of sulfide oxidation and disinfection; a lack
4 of adequate process controls to ensure tight control of
5 chlorine residual and other processed water parameters. So it
6 goes just beyond just controlling chlorine. There are other
7 parameters that need to be controlled. And, third, a complete
8 lack of oxygen in processed water.

9 In her Phase II report, Dr. Levine did not state
10 explicitly the technical inadequacies in Aloha's processing
11 that would justify the upgrades she is recommending. She did
12 not state them clearly. However, it is no coincidence that her
13 recommended upgrades involve the very things we're talking
14 about: Adding a second process, putting oxygen into the water,
15 and exercising tighter control over processing parameters.

16 Aloha has been or should have been aware that
17 improvements in these three areas taken together would have
18 made significant improvements in the quality of water they
19 provided and would have gone a long way in addressing the
20 issues that customers have been complaining about for years.
21 Without addressing all three of these issues together, it will
22 be almost impossible to solve the water quality problems
23 currently being experienced.

24 However, we must also state clearly, very clearly
25 that even after focusing on these three areas listed above, the

1 technical task will not be complete. Water chemistry is
2 complex but manageable for organizations with technical depth
3 and competence. In addition to employing multiple methods to
4 remove sulfide, maintaining high levels of chlorine residual
5 under tight tolerances and oxygenating the water, there are
6 other water parameters that must be balanced in this broad
7 context to ensure that other problems are not created. It will
8 be necessary to have a robust treatment process and control
9 system that will maintain the correct balance between dissolved
10 oxygen, high pH, alkalinity and corrosion control additives, if
11 they're necessary, to create safe and stable water. In other
12 words, once the general approach to correct the water quality
13 problem is decided on, there will be considerable work
14 remaining to balance and control other water parameters and
15 find the correct process window that produces clear, clean and
16 safe water that is free of problems significant to customers.
17 And I want to emphasize this idea of a process window, and I
18 will come back to this later on.

19 Based on Aloha's current performance in supplying
20 water of unacceptable quality and variability, their refusal to
21 deal with technical issues and a complete disregard for
22 ever-increasing levels of customer dissatisfaction, the Seven
23 Springs customers of Aloha are adamant in their belief that
24 Aloha does not possess the technical skills and management
25 attitude necessary to operate a more complex process.

1 Aloha has not demonstrated the necessary motivation
2 to exert themselves on behalf of their customers to provide a
3 clear, clean and safe product above minimum standards free from
4 water quality problems. Future processes will necessarily be
5 more complex and require higher levels of professionalism,
6 technical competence and customer-oriented problem solving. It
7 is a major concern for us, as I'm sure it is for the PSC, that
8 future problems coming from a new process will be met with the
9 same technical intransigence and denial that will involve us
10 all in another cycle of complaints, technical misdirection and
11 legal maneuvers. We feel that any process that is approved
12 must only be permitted to go forward with tight oversight by
13 the PSC, other governmental bodies, and, I emphasize,
14 customer-selected technical auditors to ensure that this cycle
15 is broken.

16 But what is our situation today? Dr. Levine has
17 submitted her Phase I and Phase II reports of her analysis of
18 Aloha's processing and distribution system. For the benefit of
19 the Commissioners, we must first correct the impression that
20 this analysis was an audit of Aloha. An audit implies a
21 complete analysis without restrictions or limitations of any
22 kind. The actual study that was conducted was a very cursory
23 and static snapshot of Aloha's processing and distribution
24 system. I want to emphasize static. This is not a criticism
25 of Dr. Levine. I want to also emphasize that. This is not a

1 criticism of Dr. Levine, but rather a reflection of the fact
2 that this was all she could negotiate from a very, very
3 reluctant Aloha Utilities. Recall that Aloha fought the
4 customers in seeking this technical review. This very cursory
5 evaluation did not generate enough data for Dr. Levine to
6 comment much beyond saying that they met minimum standards;
7 something we have never disputed. I liken her task to trying
8 to describe a movie plot using only two still frames from the
9 film. You are certainly able to say something about the film,
10 but you will never truly understand the full picture. And this
11 is what she was working with, two snapshots taken a month apart
12 with limited set of data and trying to draw some reasonable
13 conclusions about a complex dynamic process. Despite the
14 limited scope of this analysis, I must point out that this set
15 of data is probably the best data that exists on Aloha
16 Utilities. Even with this limitation, Dr. Levine, as someone
17 skilled in the art, was able to make generic recommendations
18 for improvements to Aloha's system without the need for a large
19 study. In fact, what was needed was so obvious that Dr. Levine
20 shared her recommendations with Aloha before we even finished
21 collecting the samples for the audit, let alone doing the
22 analysis. Therefore, we must recognize that these
23 recommendations did not evolve from data from the audit, but
24 rather from a general knowledge possessed by Dr. Levine and
25 which we contend Aloha should also have known.

1 To this day, this very day, Aloha formally denies any
2 responsibility for the black water problem in its
3 communications to customers. They continue to say there is
4 nothing they can do. We know that this is not true. Aloha,
5 now faced with an impending switch to chloramines in Pasco
6 County, finds that they must make process changes quickly if
7 they wish to purchase water from Pasco County after
8 January 2005. Without any data, without any data to support
9 their actions, they are now embracing Dr. Levine's suggestions,
10 but have cavalierly discarded any solutions that don't meet
11 their January 2005 time line. Their selection, made without
12 any supporting data, is based entirely on expediency with
13 respect to their objectives and is not based on solving
14 customers' black water problems. In fact, they go out of their
15 way to be clear that they are not promising an improvement in
16 black water, odor or taste. They are making the selection
17 without conducting studies that will allow a proper technical
18 or financial evaluation of the alternatives. They propose a
19 crash study for only one option over a four-to-six-week period
20 for a process that they admit has never been tested or
21 implemented anywhere in Florida. While the generic idea of Dr.
22 Levine meets the criteria that should help alleviate the black
23 water problem, the unknown technical and financial problems in
24 this experiment are enormous. I want to emphasize
25 "experiment."

1 We arrive at this situation for one reason: Aloha
2 has denied its responsibility for black water in the Seven
3 Springs area for years. It has failed to seek cost-effective
4 solutions and it has not conducted any studies nor sought help
5 such as from Dr. Levine to establish a sound database for
6 proposing and implementing cost-effective upgrades to the
7 system. This appears to us as nothing short of managerial and
8 technical incompetence on the part of Aloha. Today they are
9 proposing using the customers of Seven Springs in an experiment
10 to serve their own objectives, and they want the PSC to direct
11 them to do so. They are always looking for someone else to
12 tell them what they have to do so that they avoid the
13 responsibility. There is no data to support their choices, no
14 concern for solving our problems, and no guarantee that they
15 will reduce or eliminate the black water problem. All they are
16 guaranteeing us is substantially higher rates. We do not want
17 a company, who apparently cannot run a simple process
18 competently, conducting major experiments with our money and
19 our water. They have not demonstrated a responsible and
20 customer-caring attitude that would make taking such a risk
21 prudent. There will be technical and cost problems ahead, and
22 the intransigence Aloha has exhibited in the past will still be
23 with us in the future. No process should be approved by the
24 PSC unless Aloha can prove that it can operate it under very
25 tight control. Unless Aloha shows that it can and will

1 of Florida and, having been duly sworn, testified as follows:

2 DIRECT STATEMENT

3 MS. LAMBERT: My name is Marilyn Lambert and I live
4 at 9136 Via Recreo, New Port Richey. I have an extensive
5 background in the business world, including working for two
6 Fortune 500 companies during my career. I just recently
7 retired due to health concerns, but I'm still providing ongoing
8 consulting services to one of those Fortune 500 companies.

9 During my career with these companies, we wrote many
10 a business plan. I was just thrilled to hear you mention the
11 good word "business plan." We managed customer relations
12 group. We created training programs for the customer service
13 department with over 100 representatives, and I was also
14 involved in heading the national arbitration programs and
15 managing warranty litigation for the entire Southeast region of
16 the U.S., including Florida.

17 I tell you these things because these experiences
18 impact on my observations of the operation at Aloha Utilities.
19 When the Citizens Advisory Committee, the CAC as it is known,
20 was first commissioned by the PSC, I was encouraged as a
21 business person that we could work together to forward two
22 mutual goals. The primary was to bring a coherent and
23 comprehensive approach to resolving the technical issues
24 involved in improving our water supply, and the second goal was
25 to begin a rudimentary customer relations effort on the part of

1 Aloha to answer their customers' dissatisfaction with service
2 and water quality.

3 The CAC felt that if we had an insight into Aloha's
4 business plans or future vision for our communities, the
5 knowledge might bring us closer together in working toward
6 resolutions. We offered to work with them to furnish feedback
7 to their customer relations program so they could monitor and
8 modify it to be more effectual with their customers, our
9 neighbors, and ourselves. We were met with consistent
10 opposition. Not even a superficial attempt was made at sincere
11 cooperation. Aloha's business plans would have reassured us
12 that Aloha took their position as our only water supplier
13 seriously and demonstrated their corporate responsibility and
14 foresight into the growing needs of our communities.

15 Now, I'm not sure if Aloha had any legitimate
16 one-year, two-year, or five-year business plans to share with
17 us. The growth of south Pasco is amazing, but the surly
18 attitudes and poor services provided to the original customers
19 of our communities didn't change with the building of new
20 communities.

21 Aloha's answer to customer service is to hire a public
22 relations firm. And, frankly, after your opening statement
23 this morning regarding your objections, I can't think of a
24 company that needs one more. With the customer service
25 background that I have in one of the major 500 companies, I

1 want to give you a jewel of wisdom from big business, and that
2 jewel that we have been repeatedly told over our business
3 career is that you never let your legal department run your
4 business.

5 When we talk about the public relations firm and
6 focus group ignoring the CAC that you commissioned, we have to
7 understand that when they have focus groups they need
8 intelligent marketing analysis, and I would like to know if
9 they even have a marketing department at Aloha. You need
10 special expertise, just not a public relations firm.

11 Our water continues to smell. The rings in our tubs,
12 toilets, sinks, washers, and other appliances continues, and
13 these problems exist in the newer communities as well. Aloha
14 marches on without embarrassment. Customer complaints were
15 ignored or rudely responded to, and the CAC was treated as an
16 annoyance foisted upon Aloha by the PSC. -So months later we
17 have reached no resolutions. Sure, we had studies to say that
18 our water is not dangerous, and Aloha proudly states that their
19 water complies with minimum standards. We knew that before we
20 started. These tests were pursued professionally by the CAC
21 even though we knew what the results would be. However, we now
22 know that we should consider installing prefilters to our water
23 softeners and the filtration systems to prevent clogging by
24 contaminates due to Aloha's overpumping. Still, there are no
25 changes. However, there are rumblings about new programs by

1 Aloha that would cost its small consumer base, us, millions of
2 dollars: 3 million, 4 million, 17 million, 30 million,
3 41 million. All these millions have been thrown out as
4 possible costs for a cure for their problems.

5 If in my business world I had presented our
6 directors, much less a regulatory commission, with figures like
7 these in the amounts they are with unproven documentation, I
8 would have been tossed out of an office and in the famous words
9 of Donald Trump been told that you're fired. Millions of
10 dollars spread across 10,000 people. Let's discuss this
11 assumption, as Aloha claims it should be the responsibility of
12 an already vocal, dissatisfied community to further enrich and
13 secure their position as a legitimate water supplier. Aloha
14 has exhibited no corporate governance or capital investment
15 over the years to set aside moneys for future development.
16 They have not developed, most importantly, the technical
17 knowledge a corporation needs to be successful in any of these
18 theories, nor demonstrated any fiscal responsibility for using
19 these millions of dollars. They have simply used Aloha as a
20 family banking system. Take the profits and run.

21 Still, as they propose resolutions for their
22 deficiency, there is not one proven legitimate plan among them.
23 No legitimate or reasonable business plan for the future has
24 yet to be presented. Aloha appears to have no reasonable
25 business plan to respond to the growth of the Pasco territory.

1 Their response has been to raise rates, provide poor service,
2 be ugly to its customers, and threatens its users with
3 outrageous costs to continue to provide minimum service. They
4 expect the customer and the PSC to tell them what to do.
5 That's outrageous.

6 One of their so-called resolutions would cost the
7 customers approximately \$800 per year for a period of four
8 years. That's the time frame they want for return of capital
9 investment. How in the world can the communities of Veterans
10 Village, Seven Springs, and Riverside Villas, to name a few,
11 continue to exist with such a demand? These communities are
12 populated with the elderly who have been on fixed incomes for
13 10, 15, 20 years. Demanding this type of investment would mean
14 that a great many elderly would be forced to choose between
15 food, medicines, and even keeping their homes, just so they
16 could have water? Aloha's resolutions would cause widespread
17 destruction among our elderly in our communities. It is
18 morally unconscionable for the PSC to even consider any of
19 Aloha's suggested resolutions, especially in the light of the
20 best solution, deletion of our territories from Aloha and a
21 simple long-term spread of the cost of \$500 of joining Pasco's
22 facilities. It is my understanding that Pasco's connection
23 with Aloha's ex-customers would be approximately \$500 spread
24 over 20 years. That's not a burden.

25 Aloha's behavior in a normal free enterprise system

1 would have meant their failure as a corporation. Because of
2 the monopoly status provided by the PSC, Aloha continues year
3 after year to operate in the same unprofessional manner by
4 using legal means to continue their miserable existence, and
5 Aloha dares to threaten us with outrageous plans that come too
6 late and that are too expensive to justify their existence.

7 Aloha has other talents that they need to develop and
8 develop another core business and get out of pretending to be a
9 competent water supplier. I've estimated that over the past
10 ten years it has cost just one family member, one family member
11 in an average household \$1,100 for bottled water because the
12 tap water is unfit to drink or for normal use. We have paid
13 hundreds in extra cleaning supplies to clean our toilets,
14 sinks, tubs, and dishwashers. We've installed filters in our
15 refrigerators, and we've installed water softeners and
16 filtration systems, some costing about \$3,000, to make the
17 water tolerable for laundry and cooking, but you still can't
18 make a cup of coffee from the tap water.

19 We have suffered with the damaged property due to
20 corroded and prematurely broken industry standard copper pipes.
21 I personally have had to replace three showerheads, two sinks,
22 a dishwasher, fix one leak, and am considering the replacement
23 of a bathtub. It's cost me about \$1,300. Aloha's response is
24 to tell us that our expectations for their performance is too
25 high. We have normal, only normal expectations for basic

1 drinkable water, customer service, and respectful discourse.
2 The past few months have demonstrated that these common
3 services and treatments are not to be provided by this
4 irresponsible corporate citizen. The failure of Aloha to work
5 with the CAC, respond to the PSC demands, and to have the
6 foresight into the future needs of our communities leaves us in
7 a supportable position of asking that our communities be
8 deleted from the Aloha service area.

9 And when Aloha's fiscal irresponsibility is added to
10 the failure to follow the directions of the PSC, their license
11 is in jeopardy, and you should check to see what they need to
12 do to maintain their license. It is the PSC's responsibility
13 to protect its citizens' health, safety, and welfare. Forcing
14 us to keep Aloha violates all of those concerns.

15 We are asking exactly, directly, purposely to release
16 us from the burden of Aloha. We don't want to suffer anymore.
17 Firms that do not respond to their customer base, their
18 governmental direction, and do not participate in the well
19 being of our society do not deserve to be rewarded with
20 additional territory or to keep their existing territory.

21 You know, Florida is proud that it has a powerful
22 state lemon law. Three unresolved complaints for the same
23 problems in a \$30,000 vehicle can be easily returned to the
24 manufacturer. We challenge the Commission, we commission you
25 to provide us the same type of protection. We have complained

1 for over ten years without resolution. We wish you to know
2 that we will be petitioning the Department of Consumer
3 Protection and the AG's Office to further investigate our
4 issues and to protect our elderly against unnecessary costs,
5 degradation, and to fight for them to keep their food, their
6 medicine, and their homes. We want a new day without Aloha.

7 COMMISSIONER DEASON: Mr. Burgess, before you call
8 your next witness, I was just going to make an inquiry. Is
9 there anyone here today from the county, county government,
10 county utilities?

11 MR. FOREHAND: Ann Hildebrand said that she would try
12 to be here. She had a meeting this morning.

13 COMMISSIONER DEASON: I'm sorry. You need to get to
14 a microphone and identify yourself.

15 MR. FOREHAND: Is this on? Okay. Ann Hildebrand
16 said that she would try to be here this morning. She had an
17 earlier meeting, and we'd hope to see her very soon.

18 COMMISSIONER DEASON: Okay. Very well. Mr. Burgess,
19 you may call your next witness.

20 MR. BURGESS: Yes. Harry Hawcroft.

21 COMMISSIONER DEASON: Mr. Hawcroft, you may proceed.

22 HARRY HAWCROFT

23 was called as a witness on behalf of the Citizens of the State
24 of Florida and, having been duly sworn, testified as follows:

25 DIRECT STATEMENT

1 MR. HAWCROFT: Good morning, Commissioners. My name
2 is Harry Hawcroft and I live at 1612 Boswell Lane, Trinity,
3 Florida. I worked for General Motors for 32 years. In Warren,
4 Ohio, I was a journeyman electrician for 26 years. During that
5 time, I was involved in the construction of a water treatment
6 project at the plant location. At the completion of the
7 project, I worked at the treatment facility as an electrical
8 maintenance troubleshooter. This job required a detailed
9 knowledge of all of the electromechanical systems and all of
10 the instrumentation of the chemical processing in the plant
11 facility. This skill encouraged me to join the team of
12 customers who are trying to solve the water quality problems in
13 the Aloha Seven Springs area. The team has had a long and
14 difficult journey to bring you the information that will be
15 presented here today.

16 Although we do not profess to have all of the
17 answers, many research hours have been spent trying to find
18 solutions to the customers' concerns. This information will be
19 made available to the PSC and its staff members with all of the
20 references that have been gathered.

21 Aloha Utilities chose not to be part of any joint
22 efforts with the customers group with respect to any solutions
23 to remedy the consumers' water quality concerns. The
24 information we gathered could have been shared in an open forum
25 of discussion to work on issues that would have produced a

1 win-win situation for all parties involved. However, Aloha
2 took a legalistic posture towards the customers' water quality
3 team, and we received no information or cooperation from the
4 utility. I am pleased to inform you that we were able to go on
5 without the utility and find most of the answers to the
6 questions that will help the PSC and its staff members to make
7 the right decisions for the customers' needs.

8 As I stand here today, I cannot say that we have all
9 of the answers to this water quality problem. We do have a
10 clear picture of the types of water treatment systems adjacent
11 to the Aloha Seven Springs area and how they operate and how
12 they have reduced the risk of black water in their distribution
13 systems.

14 All of the utilities that the Better Water Quality
15 group contacted received us with a level of cooperation that
16 was very informational and honest. Although an official
17 request by the Chairman of the Citizens Advisory Committee was
18 made to the Aloha Utilities, the utility refused to give the
19 group a tour of its water treatment system. Aloha cited
20 9/11 and the security risk that we would present.

21 As a result of PSC Chairman's closing comments on
22 February 17th of 2004 at an agenda conference were, "Today is
23 day one, go back and get a productive customers meeting with
24 Aloha Utilities," the customers' scientific and engineering
25 group offered to meet with Aloha to discuss water quality

1 options the utility might want to explore. Aloha Utilities did
2 not respond to our offer to meet with the customers' leaders to
3 discuss possible solutions they could offer. It would appear
4 that Aloha representatives did not hear the Commission Chairman
5 when he said, "This is the start of a new day."

6 The final part of my presentation is very important.
7 It deals with water availability and the alternate water
8 sources that the customers of the Seven Springs area can
9 utilize. Aloha Utilities' current water source is drawn from
10 the aquifer that is located within the Northern Tampa Bay Water
11 Use Caution Area as designated by SWFWMD. SWFWMD has
12 identified critical water supply concerns within this area.
13 This area is informally known as the well field impact area,
14 where the increasing impacts of groundwater withdrawals to this
15 area is causing harm to the wetlands and lakes. Certain
16 groundwater withdrawals are subject to an agreement for
17 scheduled reduction to reduce the impacts on the well fields.

18 Due to the fact that Aloha Utilities operates within
19 this impact area, new withdrawals of groundwater are not
20 available to supply Aloha's water needs. Aloha Utilities'
21 current water use permit from SWFWMD allows for
22 2.04 million gallons a day annual average daily withdrawal from
23 the well fields. Aloha is currently pumping three
24 million gallons a day annual average daily or an additional
25 one million gallons annual average daily amount. This places

1 the Aloha Utilities out of conformance with the water use
2 permit issued by SWFWMD.

3 What are the customers' options with the Aloha
4 Utilities limited source of water from its existing wells?

5 Option 1 for the customers would be if we stay with
6 Aloha. Aloha estimates water demand will rise to six million
7 gallons per day in the foreseeable future. Where will Aloha
8 get this water from? It will most likely have to buy the water
9 at a bulk rate from Pasco County Utilities and resell it to the
10 customers, resulting in an increase of approximately \$1.50 per
11 thousand gallons. This would mean an average increase of
12 approximately \$12 a month to the customer's average water bill.
13 In order to get Pasco water to its customers, Aloha would have
14 to make a substantial outlay to provide large connections to
15 Pasco County Utilities' main supply lines.

16 Aloha has submitted two plans to the PSC for
17 improving the quality of its own limited source of water. One
18 plan is to build three aeration towers at a cost of
19 \$17 million. The other plan is to build a membrane technology
20 treatment system that would cost between \$20 to \$30 million.
21 Who will pay for these costs? We will through significantly
22 higher water rates.

23 Option 2 to the customers would be to connect to
24 Pasco County as its retail customers. It is another way we can
25 receive water that is guaranteed through the Tampa Bay Water

1 Board. It is a direct connection to Pasco County as retail
2 customers. Yes, this option will increase the cost of water to
3 the customers, but it is an option that is more affordable for
4 the customers. Yes, Pasco County Utilities will have to
5 increase the size of its infrastructure to bring the water to
6 the Seven Springs area. Yes, the county will charge a
7 connection fee of \$556 per household. However, the county has
8 already set a precedent of allowing new customers to amortize
9 these costs over 20 years at a nominal interest rate.

10 If water is obtained directly from Pasco County,
11 customers will get water at a residential rate that is much
12 lower than the rate Aloha Utilities would charge customers
13 after they marked it up. Pasco County Utilities meets a
14 performance standard that is set by the Tampa Bay Water
15 Authority. Last but not least, Pasco County Utilities provides
16 an opportunity for the customers to have direct input into its
17 management through elected county officials.

18 Our water rates will increase over the next few years
19 irrespective of the choices we make. However, allowing Seven
20 Springs area customers direct connection to Pasco County
21 Utilities would have the following benefits: Number one, lower
22 financial impact for the customers, many of who, such as
23 veterans, retirees, are already on a fixed budget; number two,
24 bring Aloha Utilities into compliance with their water use
25 permit, thus eliminating the litigious situation that currently

1 exists between Aloha and SWFWMD; number three, assurance of
2 continued water supply from Tampa Bay Water Authority; number
3 four, a more friendly and a proactive customer service from the
4 Pasco County Utilities; number five, water quality improvements
5 can be achieved in a shorter interval of time.

6 Commissioners, the people who are here today are from
7 all walks of life and a variety of backgrounds. These are the
8 people that made this country the greatest country that the
9 world has ever seen. The veterans, who fought for the very
10 freedom that we hold dearest to our hearts, are here today.
11 The firemen and the police officers that daily put their lives
12 on the line are here today. The steel workers and auto workers
13 who shaped this country with steel and automobiles that made
14 our economy strong are also here today. The people who signed
15 the petition are here today to ask you to do your duty, just
16 like they have done in their lifetime. They ask you that you
17 exercise the powers that you have in the Florida Statute 367,
18 and grant the request of the petition that asks for the
19 deletion of a portion of the Seven Springs Aloha Utilities area
20 and allow that they become retail customers of Pasco County
21 Utilities. It is in the public interest to delete the
22 petitioners from Aloha Utilities. We want better water quality
23 now. Thank you for your attention. And God bless America.

24 COMMISSIONER DEASON: No questions. Thank you.

25 MR. BURGESS: Thank you, Commissioner. Bill Crean.

1 WILLIAM CREAN

2 was called as a witness on behalf of the Citizens of the State
3 of Florida and, having been duly sworn, testified as follows:

4 DIRECT STATEMENT

5 MR. CREAN: Thank you for inviting me to testify. My
6 name is William Crean, and I live with my wife at 1953 Larkspur
7 Court, which is the Foxwood subdivision of Trinity. I
8 first became an Aloha customer in July of 1999. We moved into
9 Trinity Oaks, our last residence, and fairly quickly noticed
10 some of the kinds of complaints or things that would provoke
11 complaints in our own case. One example is, it was a very nice
12 house, it had a large spa type tub, and if it wasn't used every
13 day, the first amount of water would come out of that tub would
14 be flecked with black, and the water would be kind of yellowish
15 and so on. Another problem, but we learned to accommodate the
16 problem, was that the pressure was so low that if I was in the
17 shower and someone else in the home happened to flush the
18 toilet, I ran in danger of getting scalded. I mean, the
19 pressure went down so low that that water got so hot. So we
20 learned that we'd coordinate the use of the water in our house
21 and that worked pretty well.

22 In March of 2000 someone had mentioned there was a
23 hearing, and I attended that hearing as a fairly new resident.
24 And we have lived in many places throughout the country. I had
25 worked for a corporation that transferred me around, so I had a

1 lot of use of different kinds of water and so on. And I was
2 curious as to how other people felt about the water. And I was
3 amazed. And this is what struck me the most, the acrimony, the
4 passion, the frustration, and the absolute lack of confidence
5 and trust in that room for our utility amazed me. I had never
6 experienced that before.

7 Now, coincidentally, in a way I guess, I had spent my
8 life in customer service. I managed several customer service
9 operations for a major insurance company. And I have been on
10 the other side. I've dealt with customers after we've mass
11 cancelled large groups of people or raised their rates by 50
12 percent in a given year. And I certainly have an empathy for
13 companies that sometimes have to do certain things as they see
14 it to survive. But I was really struck by the strong feelings
15 in that room.

16 Subsequently, I would hear anecdotal things in the
17 neighborhood. Some sections were apparently more affected than
18 where I lived. And I heard of homes having to replace copper
19 pipes. One particularly distressful case that I recall, there
20 was a gentleman who -- he had cancer. As I understand it, it
21 was terminal, and he had lived in his house a couple of years.
22 His house was relatively new, maybe three or four, five years
23 old. And, as I understand it, he had to go out and spend
24 \$3,000, given his situation, his financial and emotional
25 situation, to replace the pipes in his house. I got to a point

1 where I felt motivated to get more involved and participate in
2 the petition drive. I did not only sign the petition but
3 helped to circulate the petitions a couple of years ago.

4 Subsequently, we decided we were going to move to a
5 somewhat smaller home in the same general community, and we
6 were moving from Trinity Oaks to Foxwood. And one of the
7 interesting things that occurred was when you buy a new piece
8 of real estate, you receive a disclosure statement of costs and
9 so on and so forth and I was given one. And it was predicated
10 on the new home having Aloha water, and there was a particular
11 impact fee as one of the various costs. About a week later,
12 the real estate salesperson got back to us and said, I made a
13 mistake. And she was concerned because our impact fees are
14 going up about a thousand dollars because we're not in the
15 Aloha service area, we were in the Pasco County service area,
16 and the impact fees are higher. I almost wept tears of joy.
17 The real estate lady breathed a sigh of relief. We moved into
18 our new house last October, and we experience plenty of water
19 pressure.

20 I think I mentioned earlier that we've lived in a lot
21 of different places. Water quality varies somewhat from -- we
22 lived in Philadelphia, we lived in Chicago, St. Louis, Los
23 Angeles, Atlanta and it varies. The Chattahoochee River water
24 is different than the Chicago River water that's different than
25 the groundwater in Florida, but none of them vary to a very

1 substantial degree. They never bothered us until we lived in
2 the Aloha service area. So, in effect, what has happened is
3 I've deleted us from the Aloha service area, which is one way
4 to go. I didn't do it intentionally, but I was very happy it
5 turned out that way. I can only say to my former neighbors, if
6 God is willing and the PSC can find away to grant their wishes,
7 come on in, the water's fine.

8 MR. BURGESS: Wayne Forehand.

9 WAYNE FOREHAND

10 was called as a witness on behalf of the Citizens of the State
11 of Florida and, having been duly sworn, testified as follows:

12 DIRECT STATEMENT

13 MR. FOREHAND: Chairman, Commissioners, staff,
14 welcome here this morning. I'm Wayne Forehand, 1216 Arlinbrook
15 Drive here in Trinity. You don't see a lot of bottles of black
16 water this morning and a lot of this is because we've urged the
17 community not to bring their bottles of black water. We're
18 sure that you've seen enough of it. We think you made that
19 clear. And we're here to talk about options and what kind of
20 things we need to be doing.

21 I regret to tell you that I'm a customer of Aloha
22 Utilities. I was told that the Aloha Utilities' company
23 position is you are not a stockholder. You are not a
24 regulatory agency. This would imply that we, the customers,
25 are very insignificant to the company. Since I'm insignificant

1 to the company, except that I send them a check every month, on
2 time every month, I must appeal to the PSC for relief.

3 Let me explain further. In July of 2002 petitioners
4 asked for water improvements in 12 months. It's now 21 months
5 later. Why haven't we seen some of these improvements from
6 Aloha? Well, I guess the way we can understand it is Aloha
7 Utilities first appealed the PSC ruling and tied this thing up
8 in litigation for approximately a year. Then they wasted time
9 and hundreds of thousand dollars on a study of a MIEX project.
10 The MIEX project had just been written off by Pasco County
11 after they studied it as not a viable option, but Aloha went
12 ahead and spent the money on it and completed the study. And I
13 suppose they have written it off because we don't hear about it
14 anymore.

15 Then there was a study on membrane technology that
16 delayed and delayed. Aloha then delayed the start of the
17 second phase of Dr. Levine's audit. Last summer, Dr. Levine
18 had time during the summer session where she wasn't tied up
19 with classes to do the audit. But Aloha established some
20 unreasonable requirements. Dr. Levine had to negotiate with
21 Aloha for over two months before they would allow her to make
22 the partial audit that she was -- they finally agreed to allow
23 her to perform. All these delays were created by Aloha. Aloha
24 has hoodwinked the customers and the regulatory agencies. Now,
25 they're on a dead run foisting the hydrogen peroxide oxidation

1 process on the PSC as the only option. Now, what I'm saying
2 here is Aloha has delayed and delayed instead of creating a
3 business plan to improve. Well, wait a minute, maybe this was
4 their business plan, to delay and delay until the last minute
5 when they had no other options. I don't know because Aloha
6 would not share that business plan with us. These Aloha guys
7 are slick.

8 As you know, in 1999 Aloha Utilities had convinced
9 the PSC staff to tell customers the only solution is to replace
10 the pipes in your house. I have a copy of the letter from the
11 PSC that says this. This would cost approximately \$5,000 in my
12 home, probably a minimum of \$5,000 for my almost new home.
13 Aloha has continued to distribute this letter in recent months
14 and it's signed by a PSC staff member. Why would Aloha
15 continue to distribute this old letter from the PSC saying the
16 only solution is to repipe your house?

17 Now, in the paper this morning I read Mr. Watford
18 says something to the effect that he cannot -- I can't make
19 your copper pipes go away. But let me tell you, his water is
20 making many people's copper pipes go away.

21 Dr. Levine's report clearly says that she cannot be
22 sure that the options presented will fix the problem. Aloha
23 has also effectively said the same thing in a recent PSC
24 submission. In discussion with water experts over the past
25 year, which we've done a lot of, it was repeated that a

1 combination of processes is required to yield stable water.
2 One process by itself isn't going to give stable water because
3 water chemistry is a very complex science. Dr. Levine is one
4 of those experts and she understands.

5 We do know that Pasco County Utilities has multiple
6 processes, a management that's willing to work with its
7 customers and can provide good water now. This is verified by
8 the presentation you just heard from my old neighbor, Bill
9 Crean, also from many of our neighbors who live just over on
10 Bill Crean's block adjacent to many of the Pasco water -- or
11 many of the Aloha water users. A second part is for cost.
12 It's quite clear that Aloha Utilities is going to have to buy
13 water from -- a significant quantity of water from Pasco County
14 at the higher bulk rate. They're going to mark it up, and then
15 they're going to resell it to the Aloha customers. This is a
16 pretty obvious conclusion. Also, somebody has got to pay for
17 these long overdue improvements that need to be implemented,
18 and that's going to be added on top of the increased rate. Why
19 should we be expected to pay Aloha Utilities a premium when we
20 live in Pasco County and Pasco County Utilities has been very
21 clear that they have adequate water and would be very glad to
22 supply that water to us?

23 Now, with the antics of Aloha management much ill
24 will has been created among the customers, and Aloha has very
25 little credibility with the customers. And I want to focus on

1 credibility a minute, because defined in Webster, credibility
2 is maintaining the public's confidence, and I don't see very
3 much public confidence in Aloha Utilities. Aloha does not have
4 our confidence.

5 Last summer, I came home one day and I had a note on
6 my door. It says, no one was home; water clean, clear, and no
7 odor. I kind of -- Aloha Utilities. I kind of scratched my
8 head and I said, why would they -- what's this all about? So I
9 went out by the water meter, and the grass is growing over it,
10 and I took a picture later because it wasn't disturbed. So I
11 knew that Aloha didn't check anything in my meter, which I
12 didn't understand. Later, watering some flowers, I found that
13 my hose had been disconnected from the faucet by my side garage
14 door. And I thought, well, I guess Aloha must have -- so I
15 thought, if they checked it, my water is clean and clear, I
16 know they always take samples. So I wrote Mr. Watford a
17 letter, and the reply -- asking, you know, what was the
18 chlorine level at this time, did you take the sample from my
19 side outlet and not at the meter? The response came back, yes,
20 we took this sample at your side outlet. That's where it came
21 from, and they told me what the chlorine reading was. And the
22 chlorine reading was 1.83. Remember this number a minute:
23 1.83 milligrams per liter.

24 Now, also, I was not home. Aloha did not know that
25 the water coming from that faucet outlet went through my very

1 efficient \$3,000 Eliminator water conditioner which is designed
2 to remove both hydrogen sulfide and chlorine. Aloha appears to
3 have provided me, the best I can tell, provided me with a
4 reading that their management would like to see rather than the
5 real reading. So what we did, I contacted Dr. Kurien.

6 Dr. Kurien has this \$500 chlorine meter. We checked
7 my chlorine. We calibrated the meter, we checked my chlorine,
8 and the reading that we got was .1 milligrams per liter. It
9 goes through my Eliminator system. It's designed to take out
10 the hydrogen sulfide and the chlorine. Over the next six days,
11 I took four more samples. And all of my samples from that
12 faucet were in that same range, .1 milligrams per liter, which
13 would be expected after being through the water conditioner.
14 How could Aloha provide such erroneous data as 1.83 milligrams
15 per liter? Is Aloha data provided to the DEP and other
16 agencies accurate? Is only the data they give me inaccurate?
17 We're focussing on management credibility here in what I'm
18 telling you. This is only one example of poor credibility from
19 Aloha Utilities.

20 Several weeks ago, the PSC Chairman told the
21 customers and Aloha to start a new day. Apparently the alarm
22 clock did not go off in the Aloha offices. Since that
23 conference in Tallahassee, Aloha filed an appeal to keep
24 \$278,000 of customers' money which the PSC wanted to give back
25 to us.

1 The next thing they did, they have refused -- the
2 Chairman very clearly said that he wanted us to work with
3 Dr. Levine and Aloha. Dr. Kurien put together a letter -- or
4 we came back and first formed a technical committee who could
5 meet with Dr. Levine and Aloha. On the 24th, Dr. Levine wrote
6 to Aloha advising them who this technical committee was and
7 asking them to go ahead and set up the meeting. We've had no
8 response. The new day clearly did not begin at Aloha
9 Utilities. And I'm sure the Commission is as disappointed to
10 hear this as I am to have to report it to you.

11 Yes, this is the same utility that tells customers,
12 you are not stockholders; you are not a regulatory agency.
13 What company, other than Aloha Utilities, would expect to have
14 any customers with an approach like that? Aloha expects
15 business as usual and continued protection. Thirty years ago
16 this was a rural area. I expect that Aloha's family-operated
17 small water company with a very small distribution system and
18 wells that were not overpumped was adequate and that the family
19 treated customers pretty fairly. Today, Trinity is one of the
20 100 fastest growing communities in the USA, one of the 100
21 fastest growing communities in the USA. Aloha is not a
22 friendly, family-operated water company anymore. And customers
23 here should not have to accept being told, you are not
24 stockholders; you're not a regulatory agency.

25 Aloha is now overpumping the permit by approximately

1 one million gallons per day. That overpumping quantity is
2 going to grow very fast with this rapid expansion here in the
3 Trinity area. Deletion of territory to Pasco County would
4 actually solve this overpumping problem for Aloha. Does that
5 make sense? If our territory was deleted from Aloha, they
6 wouldn't have to overpump; they wouldn't have to have
7 litigation with SWFWMD. It would actually solve the problem.
8 It will also solve the quality problem for the customers, the
9 cost problems. Deletion of territory from Aloha is the only
10 reasonable solution to fix the bad water problems.

11 When a private utility will not work with its captive
12 customers and does not provide an acceptable product, the
13 customers have nowhere else to turn except to the PSC. It is
14 now well beyond the 12 months requested in the customers'
15 position to the PSC for deletion of territory. In the public
16 interest at this time we urge the PSC to let reason prevail by
17 ordering deletion of territory from Aloha Utilities. It's time
18 for the PSC to give the customers what they deserve, what they
19 need, and what they want. Pasco County Utility water is not
20 overpriced, it's very stable, and we want Pasco County water
21 now.

22 COMMISSIONER DEASON: Mr. Forehand, could you return
23 to the microphone? There is a question.

24 MR. FOREHAND: Excuse me. I shouldn't have stepped
25 away. When I grow up, I won't do that.

1 COMMISSIONER BRADLEY: Mr. Forehand, would you, to
2 the best of your ability, describe exactly what this Eliminator
3 system is to us, how it works, and what it costs?

4 MR. FOREHAND: Yeah. I'll tell you what, I think
5 Dr. John Gaul can do that better. John has reviewed my system.
6 It's a KDF system which has the copper base that John described
7 earlier that actually reacts with the hydrogen sulfide before
8 it gets in there to remove the hydrogen sulfide from the water.

9 John, have I described that fairly, or would you like
10 to elaborate?

11 COMMISSIONER DEASON: Just identify yourself for the
12 record again.

13 DR. GAUL: My name is John Gaul. This is one of a
14 very few systems in this area. We need to distinguish, this is
15 a very special unit. This is not a water softener or something
16 like that that's very common. This is a very unusual item.
17 This unit basically brings in water and uses a suspended
18 copper-based spun fiber system to react with things like
19 chlorine or sulfide in the water for the purpose of removing
20 it. So it basically does remove all chlorine and sulfide from
21 the water. This is truly a conditioning unit. Once again, it
22 is not a very common unit. So we need to be sure that we're
23 not confusing this system with a conventional home water
24 softener system.

25 COMMISSIONER BRADLEY: Right. And earlier, we had --

1 and you did an excellent job of discussing some of the
2 scientific, as well as Dr. Kurien, some of the scientific
3 concerns that exist and some of the scientific solutions.

4 DR. GAUL: Thank you.

5 COMMISSIONER BRADLEY: I'm curious about this
6 Eliminator system, cost, duration of service. Is it a
7 system that is -- is it something that's widely available? And
8 the other question is this. When you describe the scientific
9 processes that would be necessary in order to purify the water,
10 my question would be this, I think I heard what you said, but
11 would this Eliminator system accomplish just that?

12 DR. GAUL: My own feeling about this is that you
13 actually run into some -- you don't want to remove all chlorine
14 from the system. This is a system that Wayne has that removes
15 chlorine, removes sulfide, but he has other things in his
16 system that compensate for that. The Eliminator does remove
17 chlorine and sulfide, and the sulfide part of that is good. I
18 personally wouldn't recommend removing all of the chlorine. I
19 think that's appropriate to have chlorine in the system. So
20 while this is a system you can go out and purchase, and people
21 do, it's something that I don't think is necessary; it should
22 not be necessary. I think it is very possible to produce a
23 water with characteristics that have residual chlorine, have
24 oxygen, have the appropriate pH, the appropriate alkalinity
25 that is stable and consistent day to day to day. This is where

1 we need to go with the water. Having to resort to this extreme
2 measure is not something that customers should be required to
3 do or even need to do.

4 COMMISSIONER BRADLEY: And let me make this clear.
5 By no means am I advocating that customers themselves have to
6 do this, but it just piqued my interest. What is the cost of
7 this system?

8 MR. FOREHAND: It was 29-something four years ago.
9 It's over \$3,000 today -- it's just short of \$3,000.

10 COMMISSIONER BRADLEY: And what's the life expectancy
11 of it?

12 MR. FOREHAND: I think John can address that. But
13 let me tell you one thing first. It helps my water
14 significantly. I don't have as much black water as I had. I
15 still have black water.

16 COMMISSIONER BRADLEY: Okay.

17 MR. FOREHAND: The life of this system, we've
18 discussed it, and it looks like maybe it's a six-year thing,
19 and then I'm going to have a major operation performed. And
20 I'm four years into that today. And I'd like Pasco County
21 water before I have to replace it. I won't need it anymore.

22 COMMISSIONER DEASON: Thank you, sir.

23 MR. BURGESS: Steve Odahowski. I'm told that he has
24 left. The next name on my list is Ed Wood.

25 COMMISSIONER BRADLEY: Let me ask one other question.

1 COMMISSIONER DEASON: Okay.

2 COMMISSIONER BRADLEY: Since we were talking about
3 that Eliminator system, are there any other systems out there
4 that are being employed by individual homeowners that are even
5 more effective and efficient as it relates to the elimination
6 of black water? Are there any other systems that are being
7 employed?

8 DR. GAUL: There are a whole variety --

9 COMMISSIONER DEASON: Could you just swing that
10 microphone over just a little?

11 COMMISSIONER BRADLEY: You need to give your name to
12 go back on the record. I'm sorry, sir.

13 DR. GAUL: It's John Gaul again. Yes, there are a
14 variety of -- a great variety of home water treatment systems
15 that are on the market. Clearly, in our area, by far and away
16 the most common is a home water softener system, which is
17 pretty conventional and well understood. But there are many
18 other systems out there. People use UV light as a way to
19 disinfect water to kill organisms, there's reverse osmosis
20 systems, there's the copper-supported systems that are in use
21 today. So there are a variety of conditioner systems, and they
22 have -- there's problems in using them.

23 As I was saying earlier, you don't want to remove
24 every last bit of chlorine in the system. You do want to have
25 some residual. So use of some of these water conditioner

1 systems is probably not required or recommended in some
2 instances. In other instances, they probably don't do any harm
3 at all; in fact, do quite some good. So I think that there's
4 room to discuss around some of these very unique conditioning
5 units as to whether they truly are useful or not useful. But I
6 reiterate, we're not talking about those kinds of systems here
7 in this area. There are few people that have them, but that's
8 not the problem. The problems lie somewhere else.

9 COMMISSIONER DEASON: Thank you. Mr. Wood, if you'll
10 swing that microphone around and give us your name for the
11 record, please.

12 EDWARD WOOD

13 was called as a witness on behalf of the Citizens of the State
14 of Florida and, having been duly sworn, testified as follows:

15 DIRECT STATEMENT

16 MR. WOOD: Yes. My name is Edward Wood and I live in
17 the Wyndtree subdivision in southwest Pasco County. I am here
18 today to speak as an Aloha customer. I am also here as a
19 director of the Wyndtree 5 and 7 Homeowner's Association which
20 is also an Aloha customer.

21 I have been an Aloha customer for eight years this
22 coming April 26th. I thought when I moved to Florida it was
23 going to be a very pleasant experience, but to my consternation
24 it has become one of the saddest and most sorrowful times of my
25 life. I'm sorry and I regret that I ever purchased a home that

1 had Aloha Utilities as the utility that supplies the water to
2 my home.

3 I have read Dr. Levine's executive summary and
4 listened to her presentation to the Citizens Advisory
5 Committee. I have read her three recommendations that were
6 included in the Aloha's customer notice for this hearing, and
7 none of the three options that Dr. Levine has made are
8 acceptable to me. The reasons they are unacceptable is because
9 of Aloha's inept record, the stonewalling over the past eight
10 years, and its dependence on regulatory leaderships and the
11 half-truths that it gives to the press.

12 And this is exemplified by this morning's issue of
13 the St. Peter Times when Aloha says, studies show that it is
14 good as water provided by the other utilities in the area.
15 We're here today talking, and I've heard for almost three hours
16 now, about the better grade of water that comes from Pasco
17 County Utilities. And then Mr. Watford goes on to say, I can't
18 do anything to my water to make the copper pipes disappear. He
19 doesn't have to do anything. They're going to disappear one
20 molecule at a time.

21 Aloha is not a customer-oriented corporation. I feel that
22 adopting any one of Dr. Levine's options would be useless
23 unless you, Commissioners, plan on appointing a czar to monitor
24 the Aloha Utilities' process. The customers would get no
25 beneficial results from the option selected. I have also read

1 Aloha's reply to the PSC staff regarding the questions posed by
2 the staff and the cost and time frame that is involved in
3 incorporating them.

4 I would say that Aloha has danced around the
5 questions with the answers submitted. I will summarize the
6 answers as I see them. One, they don't have enough time to
7 implement two of the three options; two, Aloha is going to have
8 to purchase a lot of water from Pasco County; three, Aloha
9 doesn't know if the process will accomplish the results; four,
10 Aloha needs more pilot programs; and five, all of the above
11 will cost the customers a lot of money.

12 If the state of Florida has any concern for its
13 citizens, the state of Florida will give the customers relief
14 from this unscrupulous monopoly, Aloha Utilities, that the
15 state has created.

16 If we have to pay for Aloha to buy and process Pasco
17 County water at a rate higher than we would have to pay, then
18 why can't the customers of the Seven Springs area deal directly
19 with Pasco County Utilities and get rid of the middle person,
20 Aloha Utilities, that is not performing any necessary function?
21 Aloha is a utility that is a disgrace to the customers it
22 serves.

23 Two of the three options proposed by Dr. Levine would
24 put a heavy financial burden upon the customers they shouldn't
25 have to bear. The third puts a lot of trust in an organization

1 that doesn't have a proven record of responsibility,
2 efficiency, and customer interest as part of its corporate
3 culture. I wish to expand on the option that I would consider
4 to be in the customers' interest. It is the most economical
5 and will produce the desired results. I am not concerned that
6 the water Aloha supplies allegedly meets all state and federal
7 standards. I am not interested that the water at the meter
8 allegedly is safe, pure, and clean. I am a customer and the
9 water from my taps doesn't meet my standard of an acceptable
10 product.

11 I can go into details of this undesirable product,
12 but I have been told that the Commission is aware of the
13 characteristics of this substandard product. If I was in the
14 free marketplace, I certainly would not purchase a drop of
15 Aloha's product, but I am captured by a state-created monopoly.
16 I am currently forced to pay for a product that does not meet
17 my expectations or my standards. As a signer of the original
18 petition requesting the Commission to remove the territory in
19 which I live from Aloha and award that territory to Pasco
20 County, I realize that there will be some expense involved, but
21 I also believe there will be more expense involved if Aloha
22 remains the supplier to my house.

23 Why do I want to be removed from Aloha? I believe
24 Aloha is an unscrupulous monopoly created by the state and has
25 absolutely no interest in the customer. This is exemplified by

1 the actions they have taken at the CAC meetings. The CAC was
2 created by the PSC in Water Docket 10503 (sic). Aloha refused,
3 as you heard earlier, to let the CAC members view their
4 operations. As a person who used to do audits, never did one
5 single, solitary customer ever deny my corporation and permit
6 me -- or not permit me to have access to their total operation
7 and that goes for the many other people who did the audits
8 also.

9 My question is, what are they hiding? Aloha's
10 attitude towards the customer, which you heard earlier, is
11 exemplified by their refusal to answer questions unless put in
12 writing. How do you have a meeting and when you decide you
13 have a question for the other person, not have to put it in
14 writing and you'll get an answer next month? It sounds kind of
15 ridiculous to me.

16 The statements made by the Aloha representative at
17 the CAC meeting that they are not -- they're only customers,
18 they are not stockholders, nor are they state or federal
19 regulators, therefore, Aloha doesn't have to listen to them or
20 do anything that they say. This is the CAC meeting that is
21 supposed to solve problems.

22 Aloha is a great company for doing only what
23 regulators tell them to do. This is exemplified in an
24 application written by the Aloha legal team to the PSC for what
25 became Docket 010156-WU, regarding treatment facilities. It

1 states on Page 7, those plans for construction as well as
2 permitting and approvals will be obtained after the facilities
3 are required by the PSC, the DEP, or other regulatory body.
4 Again, a little later in the letter it stated, the expansion in
5 plant upgrading will only be undertaken once it is required as
6 part of a mandate by either local, state, or federal
7 regulators. This has been an Aloha philosophy in all its
8 dealings with its customers. However, Aloha doesn't follow
9 exact directives given them by the regulating agencies.

10 The best example comes to mind was the instructions
11 given to Mr. Deterding at the hearing in Tallahassee on
12 February 17th. Mr. Deterding was told by the Chairman,
13 Mr. Baez, to deliver this message to Aloha. Aloha is to work
14 with the customer leadership to resolve their problems or the
15 Commission will resolve it. Several attempts have been made to
16 establish meetings to discuss the potential solution to the
17 problems. Aloha has again stonewalled this directive. They
18 have refused to meet with the customers to attempt to resolve
19 the water problems. This attitude by Aloha management is one
20 more reason that customers should be freed from Aloha and let
21 Pasco County be their water supplier.

22 Even the audit by Dr. Levine, which you have heard
23 earlier, was stonewalled by Aloha for many months, and yet she
24 was not able to get all the information you'd needed. Aloha's
25 management has known that it has had a problem since 1996, that

1 I am aware of, and has done nothing except stonewall customers.
2 Now is a time that -- and free the customers to be absorbed by
3 a utility that cares for its customers. Aloha has had its
4 chance and has failed miserably. Aloha has known the problem
5 and has been trying to sweep it under the rug since the hearing
6 in 1996. In that time frame, they have continued to supply
7 corrosive water to the customers. It has been stated that only
8 a few customers have the problem. If only one person has an
9 unresolved problem, then any competitive company, they would be
10 going to extremes to correct it.

11 When you are a monopoly, you don't get much
12 respect -- you don't have much respect for the customer unless
13 the customer has a method of getting retribution. In this case
14 the state of Florida is the customers' first line of defense.
15 There has not been an enthusiastic attempt by the state
16 agencies up to the present to address the Aloha customers'
17 problems. Many customers that I have talked with are of the
18 opinion that the state is not interested in seeing their
19 problems corrected. This is very apparent from some of the
20 answers that are received when complaints are filed. It is a
21 complete waste of time to file a complaint with Aloha because
22 you can rest assured you will get -- you will not get the
23 problem corrected, you will only get a form letter that tells
24 you absolutely nothing.

25 We are aware of the alternatives that are available;

1 however, the cost factor involved is beyond the reasonable
2 acceptance. Aloha and many other utilities like it have
3 outlived their usefulness. Since they did not stay up with the
4 times, they no longer have an acceptable place in the
5 community. They have known for years that there was a problem.
6 If they had management that could focus on the future instead
7 of trying to maximize profit, they might have a better future.
8 Hopefully, there are other management attributes than knowing
9 how to file rate cases and stonewalling.

10 Twice in the past the PSC has ordered Aloha to do
11 studies to eliminate the water quality problem. After spending
12 large amounts of money on both studies, they were tucked away
13 in a closet. In a nonmonopolistic arena, this would never be
14 tolerated. But now we want to spend a lot more money to do
15 more studies. Let's stop the studies now and based on past
16 experience take the cheapest solution to the problem; that is,
17 delete the territory from Aloha and let Aloha customers go to
18 Pasco County Utilities.

19 If Tampa Bay Water knows that the amount of hydrogen
20 sulfide should have a standard and be eliminated before the
21 customer -- the water is delivered to the customer's home, then
22 why didn't Aloha with its high paid consultants and engineers
23 know that this was a problem? It took a study that the OPC
24 financed and the PSC had refused to put authority behind to
25 wake Aloha consultants up. This study concludes that the

1 methods Aloha uses to process their water is less than adequate
2 to meet the standards needed to supply a quality product to
3 their customers. Since it's too late to go back and revamp the
4 system, release the customers to Pasco County now. That must
5 be done before more customers are hurt financially by damage to
6 their homes caused by Aloha's corrosive water.

7 Aloha is not a responsible supplier. This can be
8 attested to by the number of hearings that have been held
9 before the Public Service Commission since 1996. The legal
10 expense that has been expended in these hearings has been
11 exorbitant. This money could have better been used to provide
12 a product to the customer that would meet their standard, just
13 one more reason that Aloha territory should be deleted and
14 given to Pasco County.

15 Finally, Aloha has been overpumping their permit for
16 a number of years. They have been told to develop an alternate
17 source of water. Two choices: Buy the needed water from Pasco
18 County at the bulk rate or develop a system that would let them
19 produce -- process brackish water. Both alternatives would be
20 expensive to the customer. And since the customer pays for
21 everything, I would think the customer has a say in what is to
22 be done. As far as I am concerned, there's only one option to
23 solving the problem; that option is to delete the territory
24 from Aloha and free the customer to get a water product that is
25 acceptable to the customer and not a product that just meets

1 minimum statewide standards when there are additional
2 requirements to be met in the local area.

3 I request the Commission to be open to the needs of
4 the customer and issue an order to delete the territory from
5 Aloha and reward it to Pasco County Utilities. Aloha to Aloha.

6 COMMISSIONER DEASON: No questions. Thank you.

7 MR. BURGESS: Joseph Mooney.

8 JOSEPH MOONEY

9 was called as a witness on behalf of the Citizens of the State
10 of Florida and, having been duly sworn, testified as follows:

11 DIRECT STATEMENT

12 MR. MOONEY: Good afternoon. My name is Joseph
13 Mooney. I live at 1054 Middlesex Drive in the Wyndtree
14 subdivision. And I happen to be the president of the Phase II
15 of that particular subdivision. I'm an engineer by training
16 and by practice, but after this long morning, it's not my
17 intent to do another data dump on anybody. So I'll just give
18 you a few observations that occurred to me as somewhat of an
19 outsider because I'm not in any of the committees or any of the
20 other things, but we are customers as are the people that I
21 have the privilege of working with in Wyndtree.

22 This is my second time to speak to the Commission. I
23 spoke previously when you were here, the last time that you had
24 a hearing. The only outcome of that particular meeting for me
25 at least was a visit from Aloha with Mr. Porter convincing me

1 that I was foolish to have bought a house with copper piping
2 and that I shouldn't use a water softener. I have rejected
3 both of those because we have for years used both water
4 softeners effectively.

5 As you may detect, I have lived in many parts of the
6 world, coming from Ireland and being in the United Kingdom,
7 being in Illinois, Michigan, I've even lived in another part of
8 Florida, in Sarasota, never, never in my experience I've had
9 any of the problems that I encountered when we finally settled
10 in Pasco County. And so it's amazing to me that after ten
11 years of deliberations and meetings and whatever else took part
12 in that time that we're no nearer to a solution today than we
13 were when I purchased my home seven years ago in Pasco County.

14 Being the president of the organization that I am
15 involved with, I'm pretty knowledgeable of what goes on. And
16 almost every month we see the plumbing truck in our subdivision
17 with people having to replace the copper piping with PVC in an
18 attempt to alleviate the problem that they are facing. For the
19 homes that we own, that costs, I think as Wayne said, somewhere
20 between \$5,000 and \$6,000 to the homeowner to do that. And
21 from talking with them, it's not clear that it does eliminate
22 the problem entirely, because even though with PVC piping, you
23 still have the copper connections and the faucets, et cetera,
24 that are there, and that, in fact, creates the black water, and
25 of course, the smell can still be there as well. So it's a

1 real problem for the homeowners, not only now that it's now
2 become really knowledgeable in the area that there is a problem
3 with customers or homeowners that have Aloha as their supplier,
4 it's one of the first questions people ask when they come to
5 look at a home that's for sale. And so I believe that it is
6 adversely affecting the value of our properties to have to
7 admit that we are customers of the Aloha water system.

8 The other thing that I wanted to stress as well is
9 that you've heard time and time again about why we want to
10 secede from Aloha and join the Pasco Utility water system. I
11 can testify to you from personal knowledge, our son lives about
12 two miles from us, and he happens to have the Pasco system in
13 his home and I have never seen black water. I have never smelt
14 the rotten egg smell or had a problem -- he has never had a
15 problem with that system being with the Pasco system.

16 You know, it's one thing for me to stand up and tell
17 you about the problems, another thing if my wife was here. She
18 would tell you how she fears to have visitors come because you
19 know how it is with the ladies. The last thing you want is to
20 have your in-laws visit with you and they're about to take a
21 bath and it fills up black and that's what happens. So she
22 would be more vocal than even I am.

23 But I appreciate you coming and listening to us. I
24 know the morning has been long, but be assured that what these
25 learned gentlemen have said, there's a whole host of us back

1 there applauding them, supporting them, and hoping that you, as
2 the Commission, will see fit to move us from Aloha to the Pasco
3 Utility water system. Thank you for your attention.

4 MR. BURGESS: Dave Harriss.

5 DAVE HARRISS

6 was called as a witness on behalf of the Citizens of the State
7 of Florida and, having been duly sworn, testified as follows:

8 DIRECT STATEMENT

9 MR. HARRISS: Good afternoon. I'm Dave Harriss,
10 H-A-R-R-I-S-S, two Ss, one of those old fud veterans and
11 retirees that they have all been talking about here, but at any
12 rate, I'm quite naive about this whole system and I just
13 realized that this morning. I'm a new homeowner; I moved in in
14 October; I don't have copper pipes. I do have hydrogen
15 sulfide, H₂S, in my water, rotten egg smell in my hot water.

16 I was going to come in here today -- I prepared my
17 comments yesterday -- telling you everything I know about this
18 that I've learned, how I've come to learn that, and tell you my
19 conclusions. I was then going to tell you a little bit about
20 my suspicions and make a recommendation. But as I said, I
21 found out this morning I'm naive, and I found that out because
22 I read the newspaper article and I heard Aloha's attorney say
23 he wants to refute everything I say. That fits in with what I
24 learned four months ago when I called on Aloha. They said I
25 don't have a problem. The rotten egg thing I'm trying to take

1 care of myself. So I won't go through all that. I'll just
2 tell you my conclusion.

3 My conclusion is that my problem is not H₂S, hydrogen
4 sulfide, at the wellhead, as Dr. Levine says that's our main
5 problem. My problem is sulfates and elemental sulfur in my
6 water that in my hot water heater converts using these
7 bacteria, sulfate-reducing bacterias they've spoken of, to
8 sulfide. I get a hydrogen atom from the reaction of the
9 cathode and the anode, the anode being the sacrificial tube in
10 my hot water heater, creates hydrogen and I get hydrogen
11 sulfide in my hot water. I can take care of this by
12 eliminating the basic sulfates or eliminating the bacteria. I
13 was going to, as I said, come up with some conclusions,
14 recommendations on that, but I really can't. That's my
15 problem. I have sulfate in my water.

16 Since I'm naive and found out I was this morning
17 there's no reason to go any further than that. But I wanted to
18 impart that, that a new homeowner, no copper pipe, I do have a
19 problem. What I think my problem is I've given you as my
20 conclusion. Thank you.

21 COMMISSIONER DEASON: Mr. Harriss, there is a
22 question.

23 MR. HARRISS: Yes, sir.

24 COMMISSIONER BRADLEY: Just a clarifying question for
25 the record. You said you are new to the community.

1 MR. HARRISS: That is correct. I have a new home,
2 built -- and I moved into it in October. I closed on 6 October
3 of last year.

4 COMMISSIONER BRADLEY: And you have PVC pipes.

5 MR. HARRISS: That is correct. Yes, sir.

6 COMMISSIONER BRADLEY: What about your connections?

7 MR. HARRISS: I'm sure there's some copper
8 connections. You can see a little black water, quote, unquote,
9 in the toilet bowls. I can take care of that with some
10 chlorine which makes the black water go away. But that's the
11 only place I've seen it, in my toilet. I don't see it in my
12 bathtub. I don't see it in my hot water line in the sink. I
13 don't have copper connections except that last little bit of
14 faucet there. All of my connections are PVC.

15 COMMISSIONER BRADLEY: And you still smell --

16 MR. HARRISS: Hydrogen sulfide, yes, sir. In the hot
17 water, you turn on the shower in the morning and you've got
18 that rotten egg in the shower.

19 COMMISSIONER BRADLEY: With PVC pipes.

20 MR. HARRISS: With PVC, yes, sir. And that's created
21 from the sulfates --

22 COMMISSIONER BRADLEY: That was my only question.

23 MR. HARRISS: -- being reduced to sulfide, getting
24 the hydrogen, I have H₂S.

25 COMMISSIONER BRADLEY: Okay. Thank you.

1 COMMISSIONER DEASON: Thank you, Mr. Harriss. Let me
2 just make an observation. I appreciate your brevity. And what
3 I'd like to do is we're not going to curtail anybody saying
4 what they want to, but sitting here I can see that we're slowly
5 losing people, and I'm concerned that there were perhaps people
6 that were here that wanted to make statements and the hour is
7 getting so late that they are having to leave and attend other
8 things. So please be mindful of your neighbors. Make your
9 statements as brief as possible so that as many people as
10 possible gets their opportunity to make their statement.

11 And if there are folks that just want to come forward
12 and generally agree and adopt what has been said previously and
13 not reiterate every detail, you certainly are welcome to do
14 that as well.

15 But, Mr. Harriss, thank you. I know that you came
16 here, I think, with a prepared statement, and then you found
17 fit to make your statement a little bit more concise. I
18 appreciate that.

19 MR. HARRISS: Yes, sir. I was going to tell you why
20 I came to that conclusion. Again, because I found out I'm
21 naive today I will -- I wasn't a member of the committee, I
22 didn't sign any petitions or anything else, but I did hear
23 1,500 people or 1,491 or something else, that's now 1,501.

24 COMMISSIONER DEASON: Thank you.

25 MR. BURGESS: Ernest Lane.

1 ERNEST LANE

2 was called as a witness on behalf of the Citizens of the State
3 of Florida and, having been duly sworn, testified as follows:

4 DIRECT STATEMENT

5 MR. LANE: I can be a little hard to understand
6 sometimes, so if you want me to repeat something, feel free to
7 ask. My name is Ernie Lane. I live at 1145 Hominy Hill Drive
8 in Trinity. I just want to make a couple of points because
9 most of what I had to say has already been brought up. But on
10 the issue of changeover costs to hook up to Pasco County, it
11 was my understanding that the \$500 or so that has been
12 mentioned is a hookup fee and obviously that would be a
13 substantial capital cost for laying pipe or making the
14 connection or whatever, but as far as I know, that would be
15 amortized over, like, at least 10 or 20 years, which is a good
16 deal. And probably the phrase "good deal" in Aloha Utilities
17 has never been used in the same sentence before.

18 You know, if you take a step back and look at the
19 process, the way that it should work is that for something like
20 water, if you have a problem, you could call the local
21 utilities department, and if they're not solving that problem,
22 you a contact the county commissioner. But here, we have a
23 process now that's been going on for years and years and years,
24 and not only do we get Tallahassee involved, but you guys had
25 to come down here and it really shouldn't have to be that way.

1 I mean, the problem ought to be handled locally. That's the
2 way it's supposed to work.

3 There have been a lot of big numbers used, and we
4 know that no matter what happens, whether we stay with Aloha or
5 go to Pasco County Utilities, that there will be a not
6 insignificant cost on the part of the consumers. And to be
7 quite frank, if I was given a choice of spending the money for
8 something for Aloha Utilities to do or to spend money to go to
9 Pasco County Utilities, I have absolutely no confidence that
10 Aloha Utilities can or will solve that problem just based on
11 past history.

12 But sitting at the hearings that you had in the past
13 at the hotel over at U.S. 19 and at one of the meetings you
14 could count almost offhand that Aloha Utilities was not at that
15 time collecting all of the impact fees that they could. I
16 think it came up in the context of, like, well, this thing is
17 going to take a lot of money to solve the problem, and where
18 are all the impact fees going or whatever? In other words, the
19 money basically for capital investment or whatever has not been
20 collected to the degree it has. So one thing you may want to
21 look into is, from that time to now, have they, in fact, been
22 collecting all the impact fees that they could have? Because
23 if they needed a lot of money, either for a pilot project or
24 for the real thing, that if the moneys had been collected from
25 impact fees, as has been mentioned several times, Trinity is

1 one of the largest growing communities in the country, so if
2 there was a lot of money out there to be had in impact fees and
3 if it wasn't collected, why not?

4 As a single homeowner, I could say, well, on the one
5 hand, it's easier to tell the builders, because there are few
6 of them and they have interested groups and so forth, that we
7 won't be as much of a burden on you as we could otherwise be
8 because we want to be your friends versus all of these
9 individual homeowners that, really, other than the CAC, have no
10 special interest group or overall group looking out for them
11 versus Aloha Utilities. And so basically if they are not
12 collecting the impact fees and putting the burden on us, it
13 doesn't matter to them from a business standpoint.

14 COMMISSIONER DEASON: Any questions? Thank you.

15 MR. BURGESS: Tom Simpson.

16 TOM SIMPSON

17 was called as a witness on behalf of the Citizens of the State
18 of Florida and, having been duly sworn, testified as follows:

19 DIRECT STATEMENT

20 MR. SIMPSON: Good afternoon, Commissioners. My name
21 is Tom Simpson. I live at 1218 Hominy Hill Drive in the
22 Trinity area. I am an Aloha customer since October 1995. I
23 just want to briefly, before I get into any prepared material
24 that I had, just comment on the article that's in the St. Pete
25 Pasco section in the St. Petersburg Times. And having coffee

1 this morning, I quickly bracketed the last paragraph and wrote
2 down my reaction. You are not going to gamble with me, you're
3 not going to try this out on me, things to that effect. And it
4 refers to Aloha's catch up kind of water treatment plan to
5 install a \$3.5 million to \$4 million, according to their costs,
6 for a hydrogen peroxide oxidation program.

7 And to read directly, Aloha has said it has spoken
8 with state permitting officials and think, and I emphasize the
9 word think, the process could work. Now, this comes from the
10 interview or the sit-down that Mr. Watford had yesterday, I
11 presume, with this particular newspaper. I really take
12 objection to myself or others being used as guinea pigs and
13 spending money to see if this thing is going to work. And I'd
14 like to turn it over to somebody to pass this up to you. You
15 might like to read it on your way back up to Tallahassee.

16 I had five and six pages of prepared material; I'm
17 not going to do that. I really go along with everything that's
18 been said here this morning and this afternoon. I sent a
19 photograph to you about black water as evidenced on a jet
20 nozzle in my master bathroom. And I also sent that copy to
21 Mr. Wexford (phonetic). They did sent somebody out to my house
22 unannounced. My neighbor told me that they had been there, but
23 they had failed to call up and make an appointment. A few days
24 later, they returned and I was home, and they came unannounced
25 once again. And I asked them what they wanted, and they had

1 the material with them, my letter plus the copy of the
2 photograph. And they said they wanted to see what I was
3 referring to.

4 I asked them would they give me an assurance that
5 once they saw what I was referring to in my letter, would they
6 share their feelings with me. This they said they couldn't do.
7 These are professional people. They couldn't do that. If
8 they're homeowners and if they live in my area and they're
9 serviced by Aloha water, they must have certain feelings,
10 feelings of neither right nor wrong, they're just feelings, but
11 they couldn't do that, they couldn't share that with me. I
12 suppose maybe they were afraid of losing their job working for
13 Aloha if they speak outright.

14 Let me just read briefly -- I won't read the full
15 five pages, but let me read a comment, and it was made before
16 very apropos about if you had your wife here, what she would
17 say. So let me get into that in terms of my letter.

18 In that letter that I sent to them, I stated, imagine
19 having guests in your home and as they take a bath, out from
20 the jet nozzle comes long strings of slime, black pieces of God
21 knows what. Flush the toilet and out comes the same material.
22 The aerator on the sink's faucet is back, and the stoppers on
23 the side is covered in the same way.

24 Mr. Watford. (Mr. Simpson displays picture.) In
25 this same letter I stated, by the way, it is my understanding

1 that your firm still has not refunded all the money due Aloha
2 customers as ordered by the PSC. I request that you respond to
3 my letter and the accompanying photo within five working days.

4 I will skip over the part where -- since I've already
5 told you that they did come back and I wouldn't let them into
6 my house. I'm going to skip over the rest of that and say,
7 what do I want? Sever me from Aloha Utilities. Sever me from
8 Aloha Utilities. Sever me from Aloha Utilities.

9 As I said at the outset, and this is in my other
10 prepared documentation which I haven't read, the problem has
11 been ongoing for the last ten years. I want better water now,
12 not five more years down the road. Respond to the needs and
13 desires of the vast majority of customers who desperately want
14 to sever water service from Aloha. Keep in mind that as we
15 continue to grow in population, Aloha, as in the past, will not
16 be able to provide us with adequate, clean, properly stored,
17 aerated and treated water delivered to our faucets. Keep in
18 mind that the families in the Trinity area who have Pasco water
19 and are not Aloha customers do not have black water nor smelly
20 water. Keep in mind that Pinellas County has good water
21 delivered through facilities on a county-wide water system. We
22 in Pasco should emulate the county-wide system. That makes
23 good fiscal sense as well as bringing about a unified approach
24 to water treatment and distribution. Sever us from Aloha.

25 The federal government accounting report --

1 accountability report updated, I believe, in March of '04 has
2 several sections in it, and in one of them they talk about the
3 Florida Public Service Commission is responsible for regulating
4 rates, service, I repeat service, of utilities under its
5 jurisdiction. Delivering black water, smelly water is not good
6 service. I urge each of you and your staff not to let this
7 utility nor their lawyers or PR firm to play games with us. Do
8 your job. Protect the public. Stick your neck out. Take some
9 risk and do the right thing. Sever us, sever us from Aloha.

10 Further down the page under current issues in the
11 same document I just mentioned it's written, providing for
12 future transfers of utilities to counties. This certainly
13 should be a recommendation of your group. Move out, utility
14 transfer out of the issue stage and into the action stage.
15 Aloha has served its purpose. It's time for Aloha to
16 disappear. Sever the petitioners from Aloha Utilities. Give
17 us water treated by Pasco Water Authority. Please give us
18 immediate relief. Thank you for listening.

19 MR. BURGESS: Irving Gaines. Okay. He has left, I'm
20 informed. Nicholas Teodosio. Okay. He also left for an
21 appointment. Carol Tegarden.

22 CAROL TEGARDEN

23 was called as a witness on behalf of the Citizens of the State
24 of Florida and, having been duly sworn, testified as follows:

25 DIRECT STATEMENT

1 MS. TEGARDEN: Good afternoon. And thank you for
2 coming. My name is Carol Tegarden. I live in Heritage Springs
3 and have for about four and a half years. My husband and I
4 have lived in the greater Tampa Bay area since 1956. Since
5 moving here in the '50s, the quality of the water delivered to
6 our various homes has been something we have taken for granted,
7 as we should. You can't imagine our dismay when we discovered
8 the water provided at our new home was of such poor quality.
9 At times it has been discolored; almost without fail it is
10 smelly. We no longer drink or cook with the water provided by
11 Aloha. The expensive bottled water is just another budget item
12 for us, which would certainly be more than it would cost us to
13 join Pasco. We spend probably \$4 a week on bottled water. We
14 make coffee with it. We cook vegetables. I'm Italian, we cook
15 a lot of pasta, it takes a lot of water.

16 We can't do anything about the smell in our laundry
17 though. I mean, you just can't get rid of it. Bleach doesn't
18 help. Water products, you know, softeners don't help. And
19 almost every morning an Aloha truck pulls past our house on its
20 way to the hydrant at the end of the street. They open it up
21 and let it run full bore for between 10 and 20 minutes. And
22 I've asked the technicians on the trucks what the reason is for
23 that, and it's because they need to get a chlorine reading. So
24 they waste all of this water during drought or whatever, and
25 we're paying for it. It's treated water. It's the same thing

1 that comes into our house. The water smells bad. It's
2 flooding the street. It's discoloring the gutters. It's
3 cracking the pavement. And this is an expense we're going to
4 have to bear. Another gift from them.

5 I can only imagine how many times that same scenario
6 plays out at other hydrants in the Aloha service area. I think
7 that that is a colossal waste of a resource. We contacted the
8 Florida Southwest Water Management District to ask why Aloha is
9 wasting water like that, and they said that there is nothing
10 they can do about what Aloha does with the water they get. Now
11 we see in the paper that they have a PR firm, which they really
12 shouldn't need, they're a monopoly. We don't have a choice.
13 It doesn't matter if I feel good or bad about them. I'm stuck
14 with them until you all do something about it.

15 I have a question for you now. What is taking so
16 long? We need some relief. It's a substandard product. We're
17 paying as much as people are paying for good water, and I think
18 it's time that you all fixed it. I'd certainly appreciate it.
19 And thank you for your time.

20 MR. BURGESS: Phyllis Preison.

21 MR. FOREHAND: I believe she went home.

22 MR. BURGESS: Okay. Linwood Oberg.

23 LINWOOD OBERG

24 was called as a witness on behalf of the Citizens of the State
25 of Florida and, having been duly sworn, testified as follows:

DIRECT STATEMENT

1
2 MR. OBERG: Welcome to this meeting, a joint meeting
3 I call it. My name is Lieutenant Colonel Linwood Oberg, U.S.
4 Army, retired, retired from the artillery. I'm not here to
5 shoot my ammo today except for the verbal part; that I will
6 shoot. People find me fairly reserved and quiet, but I'm going
7 to open my burdens today because I believe in better water.
8 I've been in this area since May 1999, undesirable water all
9 the time. We spend an average of \$20 a month or more for
10 drinking water and water to cook with. We cannot use it. At
11 our age, my wife and I, we have to take a lot of medications
12 and all that, and we don't dare to drink that stuff.

13 Okay. Next, I'm going to abbreviate a little bit.
14 Let's get to faultfinding. The fault with both Aloha and those
15 in power to allot these franchises to the private monopolistic
16 utilities is a big question. Let me ask you, do you give out
17 franchises without thorough investigation, particularly, well,
18 to see what is required for the new franchisee or allottee to
19 overcome sulfites, et cetera, or whatever else is in the water?
20 Do you tell your prospective seeker of a franchise what they
21 must install to produce good water? Do you really have legal
22 papers signed by both parties to the effect that under no
23 circumstances will they be allowed to sell water to the
24 customers that is not clear, clean, and not dangerous to copper
25 pipes or to health and priced comparably to other utilities in

1 the area? Do you make sure they know what capital investment
2 it takes to get into supplying water as a utility? If you fail
3 in the above before signing up a new utility, you are then as
4 much responsible as the new utility in producing bad quality
5 water. You must serve the people who are also the
6 electorate (phonetic) who buy the water.

7 Should my pipe start to leak under my house, who will
8 pay to fix it? The state? The utility? Who could I sue if
9 necessary? I doubt I could sue anybody. Aloha was ordered to
10 refund money, you've heard this before. We got little of it.
11 Can we trust them after all they have failed to do for us? We
12 want better water now.

13 And there's a fairly simple solution. And I don't
14 think I'm widely at any loss by telling you this. We can
15 readily, easily, at low cost connect to the utility next to our
16 area. They are much larger than Aloha and are equipped with
17 irrigation and all the other things that's necessary to get the
18 water. The cost to us would not be great, and in fact, our
19 rates may drop somewhat from what I've heard. We really have
20 lost faith in Aloha. We have been patient with them to no
21 avail for a very long time. We no longer trust them to do
22 right by us. If you let Aloha start a new project now at
23 astronomical costs and try to get the customers to pay for it,
24 we will absolutely start one hell of a fight, and you will be
25 the cause of it. Thanks for listening. Any questions?

1 COMMISSIONER DEASON: No, sir, no questions. Thank
2 you for being here.

3 MR. BURGESS: Robert Wickett.

4 ROBERT WICKETT

5 was called as a witness on behalf of the Citizens of the State
6 of Florida and, having been duly sworn, testified as follows:

7 DIRECT STATEMENT

8 MR. WICKETT: My name is Robert Wickett. My wife and
9 I live at 8106 Tantallon Way in New Port Richey, actually,
10 that's in the Trinity Oaks subdivision. First of all, I want
11 to thank you all for coming here today because it's a burden
12 coming down and visiting with us. I've spoken before in front
13 of your panel at the New Port Richey library several years ago,
14 and Mr. Fasano and his aide were there. I made a statement
15 then, and it's the same one now.

16 I've been here since 1958. I've been in this area.
17 We lived downtown New Port Richey for 35 years. In all those
18 years, my mother and dad had a home there with copper pipes, we
19 had a brand new home with copper pipes, we never once -- and
20 I'm a retired quality engineer from Unisys Corporation. If we
21 ever had a problem, I would be the first one to go find out
22 what is the cause because that was the nature of what I was
23 trained to do. We never had a problem. So when Mr. Fasano
24 heard that, that I had been there that long, he sends his aide
25 over to the public -- the Water Department in New Port Richey,

1 which happened to be in the same building, and they found out
2 in the past year -- they only went back one year -- how many
3 complaints did they have on bad water for New Port Richey.
4 They had six complaints in one year and four of them because
5 the street was torn up -- Grand Avenue was torn up for a water
6 main. So they had four complaints out of that. So only two
7 other complaints from all the residents of New Port Richey at
8 that time. So it was kind of impressive.

9 So my wife and I bought a new home on Wyoming Avenue.
10 We lived there 30 years, raised three children, never even
11 imagined that we could ever have dirty water, really. And we
12 moved out here, but before we moved, we knew there was one
13 thing -- I'm not here to degrade any company that's siting here
14 today, these people, but we already knew that there were
15 problems with Aloha and that would be the one thing that would
16 tell us should we or should we not move. We decided to move to
17 Trinity because we were downtown 30 years, and we wanted to
18 move out in the country so we could retire. So we moved to
19 Trinity Oaks. We're very happy there. I wouldn't move
20 anyplace else, but we do have the same water problems that's
21 been described many times. So my question is, if New Port
22 Richey, the little town at that time, even now, can produce
23 good water at a reasonable cost, why can't a facility like
24 Aloha do the same thing? They certainly can do it, they just
25 don't want to do it, and they don't want to spend the money to

1 do it. It's just that simple.

2 So you people have -- I've been here 45 years. I'm
3 just stating what my feelings are. They can do it if they
4 wanted to. Why they stonewall, I don't know. But we're asking
5 your group to look into the whole thing, which you are going to
6 do, and make a good decision for us. But if New Port Richey,
7 the city, can produce good water, I'm sure Aloha can come up
8 with something. But on the other hand, I would prefer to
9 transfer to Pasco County Utilities because I'm familiar with
10 the whole Pasco County organization for all these years, and
11 I've never heard anything bad about Pasco County Utilities at
12 all, any of their utilities. And the people that work for
13 Pasco County are really dedicated. They are. They bend over
14 backwards to help you.

15 I go to County Commission meetings, and we listen to
16 see what's going on, and they are very cooperative, very, very
17 good. So I'm saying we would like to have Pasco County water,
18 but we're in with the Aloha group. And thank you for your time
19 and listening to us all.

20 MR. BURGESS: Charles Hise.

21 CHARLES HISE

22 was called as a witness on behalf of the Citizens of the State
23 of Florida and, having been duly sworn, testified as follows:

24 DIRECT STATEMENT

25 MR. HISE: My name is Charles Hise, 1533 Jutland

1 Drive, Trinity, Florida. Just as background very quickly, I
2 was with the Westinghouse Electric Corporation for about 35
3 years, starting as a production clerk in the steam turbine
4 division and retiring as a consulting contracts representative
5 with the AWAX radar program. During my 35 years, I had -- I
6 lived in many domestic locations and also in Teheran, Iran.

7 Based on what has been said here today, my
8 involvement as a member of the Citizens Advisory Committee
9 Aloha, C-A-C, CAC, and being an Aloha customer, I conclude a
10 reasonable action is to move at least the customers of the
11 Seven Springs area to Pasco Utilities. This would likely
12 reduce the water demand on the Aloha system to or near what
13 Aloha can supply without overpumping and could possibly result
14 in better water quality to the remaining customers due to not
15 overpumping. It could possibly bring Aloha within the pumping
16 guidelines of SWFWMD.

17 An even better move, I believe, would be to use the
18 police power of the state to dissolve or revoke the monopoly.
19 Most likely at the time the monopoly was granted, it was a
20 reasonable action. Now, many years later and thousands of
21 households and businesses later the situation has changed. The
22 technology, investment, and water supply requirements have all
23 increased many, many times. A much larger base of customers is
24 necessary to deliver good drinking water in excess of legal
25 requirements at a price equal to those of Pasco County. If the

1 state needs my property to widen the road for the good of the
2 larger population by prescribed legal procedure, they will pay
3 me a fair price for what is required by exercising their police
4 power. Why does not the same principle apply to a monopoly for
5 the good of the citizens? In exercising a monopoly revocation
6 through arbitration, a fair market value could be established,
7 the continued employment and years of service of all Aloha
8 employees could be secured, and the customer, citizens, and
9 wards of the Public Service Commission and the state would be
10 part of a larger base. They can more reasonably meet their
11 needs of good and plentiful water at per customer cost much --
12 most of them can afford. Please exercise the power of the
13 state for the benefit of the citizens, your wards.

14 You have heard Dr. Gaul and Dr. Kurien about their
15 reactions to Dr. Levine's technical reviews of Aloha's water
16 processing methods and facilities. You have also heard from
17 other customers. I thank you for listening. Many years ago I
18 attended a public service hearing on Massachusetts Avenue in
19 New Port Richey. Customers carried up jugs of black water and,
20 as I recall, many were not allowed to speak. Again, as I
21 recall, the conclusion was Aloha met their legal water
22 requirements. I gave up after that and never made a complaint
23 because there was no use to do so. My hopes were revived
24 approximately two years ago, and my thanks to you for this
25 hearing is sincere.

1 Customers consider the need for quality water at a
2 competitive price to be urgent. It has been approximately 21
3 months since the customers submitted their petition for
4 deletion to the PSC, and I have not observed any improvement of
5 any sort in water quality. Sometimes the chlorine odor at my
6 tap water in my house is very strong in the mornings. I do not
7 believe the easily instituted method suggested by Dr. Levine in
8 her Phase I report had been put into effect.

9 Customers have four reasonable requirements that
10 should be applied to any resulting action from this meeting or
11 by the Public Service Commission. One, any new method adopted
12 will significantly reduce the incidents of black water and
13 rotten egg odor of water flowing from the customers' faucets;
14 two, any new or modified method adopted will not result in per
15 unit water cost to the customers in excess of the per unit cost
16 to the customers of Pasco County; three, the water utility
17 providing improved quality water shall also be and will be
18 publicly transparent about its processing methodology and shall
19 approach any and all technical problems that arise in a
20 scientific, open, and objective manner and not use legal
21 standards as tactics; four, the water utility shall document it
22 has contracted sources of water to maintain an adequate supply
23 of drinking water for the Seven Springs or broader area, if
24 applicable, for at least ten years into the future.

25 Let us shift to a discussion of two different

1 possibilities for the source of water, and I believe these have
2 already been discussed, so I won't go into detail, raw water
3 processed by Aloha Utilities and processed water obtained from
4 Pasco County Water Utilities.

5 Now, I have additional items here which I'm going to
6 skip over because many of them have already been discussed and
7 because of the time. However, the Public Service Commission in
8 the year 2000 exercises authority and jurisdiction by Order
9 Number PSC-00-0581-FOF-WS to extend the territory of Aloha
10 under an administrative finding that it was in the public
11 interest to do so. I suggest the request of the petitioners
12 today to delete the Seven Springs territory is in the public
13 interest. Please respond accordingly. Thank you for your
14 time.

15 MR. BURGESS: Harold Anderson. Jack Flood. John
16 Parese. George Hinkes.

17 GEORGE HINKES

18 was called as a witness on behalf of the Citizens of the State
19 of Florida, and, having been duly sworn, testified as follows:

20 DIRECT STATEMENT

21 MR. HINKES: Good afternoon.

22 COMMISSIONER BRADLEY: Good afternoon.

23 MR. HINKES: My name is George Hinkes and I reside at
24 1304 Maravista Drive in Trinity. I would not be here if I were
25 pleased to be a customer of Aloha Utilities. On the contrary,

1 I'm here for two very important reasons: First, to reaffirm to
2 the PSC that our water is, in fact, absolutely foul, it is
3 dirty and it smells. And the second reason is to recommend a
4 solution for your consideration that would clearly be in the
5 best interest and the least costly of all corrective measures
6 being considered.

7 Two years ago my wife and I retired to Florida and
8 bought a quality home here in Trinity. Our enthusiasm with our
9 home and community was quickly dampened when we discovered the
10 quality of Aloha water. After previously living in Illinois,
11 Michigan and Missouri, we had taken for granted that water, our
12 most precious resource, could be anything less than first rate.
13 Our mistake.

14 When our children come to visit us, we hear time and
15 again that our water smells and tastes awful and, to top it all
16 off, they're convinced that they're dirtier after the shower.
17 When the grandchildren prepare their bath, you can actually see
18 the dark sediment accumulating on the bottom before they take
19 the bath.

20 In response to my most recent complaint to Aloha and
21 the PSC, Aloha twice sent a technician to my house to test the
22 water. The very first time I found a card on my front door
23 that said, "Water clean" -- excuse me. "No one was at home.
24 Water clean, clear with no odor at point of connection," and
25 dated and signed. Well, that was a shock because I was home

1 all that entire morning and nobody rang my doorbell. The
2 second time, it was a good thing my wife saw her in front of
3 the house so I was able to -- saw the truck in front of the
4 house so I was able to go out and witness the test at my water
5 meter and tell you these results. Chlorine was tested at
6 1.3 and the pH level was 3.4, and I was told by the tech that
7 these were both within an acceptable range.

8 Not being a technician or engineer, I sent two
9 e-mails to the DEP asking for their confirmation that my water
10 readings were, in fact, in an acceptable range. I received no
11 response from either of those e-mails. However, I was since
12 advised by some very competent and learned people, some of
13 which were in this room up until recently, that my pH level is
14 about half of what it should be. I inquired if the tech would
15 do a hydrogen sulfide test, and was told that Aloha does not
16 allow this test to be conducted. Further, she felt confident
17 in saying that my house water most likely has a zero chlorine
18 level because I have a water softener that usually eliminates
19 all chlorine content. Absent the chlorine, apparently the
20 sulfur, bacteria and corrosion in my pipes is allowed to grow
21 with a resultant black water effect, my apparent problem. It
22 was here that she agreed to my request to test the water
23 chlorine -- the house water for chlorine. This apparently is
24 not usually done.

25 Now note this, the water from my kitchen tap was

1 tested at 0.9, which she stated was more than high enough to
2 retard the growth of sulfur, bacteria and corrosion. Now you
3 know why I'm confused.

4 Consequently, I could only conclude that abnormally
5 high levels of hydrogen sulfide at point of entry is the true
6 culprit here, and Aloha's president Stephen Watford should be
7 promptly brought to task for his dereliction and accountability
8 to provide good water to his customers.

9 Let's not talk about Aloha's compliance with the
10 minimal water standards set by the state of Florida. We do not
11 live on Alligator Row, we're but instead a highly desirable and
12 growing West Pasco County. We deserve better than the minimal
13 standards that Aloha is using as an excuse to dodge the hard
14 facts.

15 Earlier this year Dr. Audrey Levine presented an
16 overview of her audit report on Aloha's Seven Springs water
17 system to the Aloha Citizens Advisory Committee and residents
18 of the service area. At this meeting, Dr. Levine publicly
19 stated not once, but twice that she would not drink this water.
20 To that, Dr. Levine, we are in absolute agreement; we also
21 don't drink the water.

22 Why are Aloha's levels of hydrogen sulfide so high
23 when our neighboring water utility companies aren't
24 experiencing a similar problem? Can it be as simple as the
25 established fact that Aloha is overpumping its wells? If so,

1 and recognizing that Aloha will be faced with providing
2 substantially more service to the hundreds of new homes yet to
3 be built in the service area, it is incumbent upon the PSC to
4 address this problem immediately. The solution should be clear
5 to all of us, and that is dereliction of territory to Pasco
6 County. It is unconscionable to be talking about spending
7 millions of dollars for aeration towers, reverse osmosis
8 systems, a hydrogen peroxide system untested, and passing that
9 cost on to the customers. Commissioners, please, the most
10 viable solution should be clear to all of us: Deletion of
11 territory and assignment of the service area to the Pasco
12 County water utility. Thank you.

13 MR. BURGESS: Donald Baller.

14 DONALD BALLER

15 was called as a witness on behalf of the Citizens of the State
16 of Florida, and, having been duly sworn, testified as follows:

17 DIRECT STATEMENT

18 MR. BALLER: Gentlemen, I'm Don Baller. I live at
19 7424 Cambria Lane in New Port Richey, Florida. I'm here
20 because of my water. I'm here for a couple of other reasons
21 that proves that these people are inadequate in what they do,
22 and I'm for going to the county. I brought all that out so I
23 don't have to do that later. But the thing is I've asked them
24 to clear my pipes where the dirt is in. I worked for a
25 municipality for 21 years and I know what goes on in those

1 pipes. I was up in Minneapolis -- the City of Robinsdale,
2 excuse me.

3 And what I'm trying to say is they need to be
4 flushed. We have to flush them. It don't hurt the streets.
5 We get rain that goes on those streets. The oil does not come
6 out of that blacktop unless the sun leaches it out. So a lady
7 brought that up, so that's why I'm bringing that part up. And
8 I'm not chastising anybody on that part. But the thing is I
9 had tried to get those people to come out and look at the job
10 that they did on my street. I'm talking about Aloha Utilities
11 when they dug the street up at various times. And it's
12 sinking, and they didn't put it back together right. I know
13 this to be a fact because I used to work with this stuff.
14 They -- it's settling and settling.

15 Now they're coming around and they want to put in a
16 lift on our streets, the blacktop, and that is acceptable to
17 me. But there is no other holes on my one-block street.
18 Covino (phonetic) only goes one block right in that area,
19 except 7/8ths of that street had been dug up at times. And
20 Aloha, I've asked them to do something, they never even get
21 back to me, and I'm showing you why I'm talking about this
22 water and this street at the same time.

23 Now as far as the water goes, I've got a water
24 softener out there that's supposed to have been made by
25 somebody over by that big aerospace place where we've got the

1 rockets going up, that's what they tell me, and it's supposed
2 to be the best.

3 As, as everything else goes, I've tried to get them
4 people to clean those lines out there. I had another problem,
5 this is with the county, of dirt in the street. Now -- and
6 this all reflects back to the same thing that was blocking the
7 water going to my storm sewer, which the water was sitting on
8 the blacktop. That will ruin the blacktop. I couldn't get
9 them to come out there for over a year -- this is the county.
10 They finally took the dirt out of the street. Now it goes down
11 the sewer right.

12 As far as -- I'm not a very good speaker, sir, so you
13 guys will have to go along with that. But the thing is my
14 water, I've tried to get them to do something on that. They're
15 telling me that it's my pipes. No. That stuff that's in them
16 lines is, it's dirt, and they have to flush that out. We had
17 to do that. We only had the summer times to do that up there
18 in Minnesota and we had to flush those lines all the time.

19 I guess that's about all I'm going to say. As far as
20 the chemical aspects of this, these gentlemen over here did a
21 great job on it. They told you everything that needed to be
22 done on it. But I'm telling you just why I don't trust these
23 people and I want to get away from them. Thank you.

24 COMMISSIONER DEASON: Thank you.

25 MR. BURGESS: Bill Shepherd. Robert Zierden.

1 ROBERT ZIERDEN

2 was called as a witness on behalf of the Citizens of the State
3 of Florida, and, having been duly sworn, testified as follows:

4 DIRECT STATEMENT

5 MR. ZIERDEN: My name is Robert Zierden. I live at
6 1339 Saffron Way in Trinity Oaks. And I would just like to say
7 I've been here seven years, moved here seven years ago. And
8 when we moved here, there were nothing but cows and horses
9 grazing out in the fields, and of course horses and cows aren't
10 fussy what type of water they drink. Now they're being
11 replaced by homes; young families investing their hard-earned
12 money to have their first home. Please, let's provide them
13 with decent water, better water than we've put up with for the
14 seven years that we've been here. Thank you.

15 MR. BURGESS: Commissioner Deason, those are all the
16 names that I have signed up. Obviously a number of them were
17 not able to stay for the whole time or stay until their names
18 were called. I don't know if there's anybody else in the
19 audience that would like to testify at this point.

20 COMMISSIONER DEASON: Well, I would note that we're
21 scheduled to reconvene at 4.30?

22 MS. GERVASI: 4:00 p.m.

23 COMMISSIONER DEASON: 4:00 p.m, is that correct, in
24 these same facilities here?

25 MS. GERVASI: Yes.

1 COMMISSIONER DEASON: Okay. I want to thank everyone
2 that came and participated in the hearing. As I indicated, we
3 will stand in recess until 4:00 p.m.

4 (Service hearing recessed at 1:50 p.m.)

5 (Transcript continues in sequence with Volume 2.)

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1 STATE OF FLORIDA)
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CERTIFICATE OF REPORTERS

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WE, LINDA BOLES, RPR, and TRICIA DeMARTE, RPR, Official Commission Reporters, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

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

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

DATED THIS 22ND DAY OF APRIL, 2004.

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