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Public Service Commission  
ADMINISTRATIVE SERVICES  
-M-E-M-O-R-A-N-D-U-M-  
COMMISSION CLERK

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**DATE:** May 5, 2004  
**TO:** Dr. Mary A. Bane, Executive Director  
**FROM:** Commissioner Charles M. Davidson  
**RE:** Options for Staff Recommendation in Docket No. 020896-WS

At the customer hearings held in Pasco County in April regarding Docket No. 020896-WS, we heard from numerous customers of Aloha Utilities who expressed continued, heartfelt dissatisfaction with their water service. Despite being the Commissioner with the least exposure to this issue, I have been introduced quickly to the severity of the animosity between Aloha and a segment of its customer base (and the severity of the issues faced by the customers). By all accounts, this animosity has gone on for years, and despite the Commission's repeated and worthwhile efforts to encourage both "sides" to work together toward an amicable solution, the situation does not appear to be improving in any meaningful respects. I sympathize with the customers' frustration and would like to make every attempt to resolve matters within our jurisdiction as expeditiously as possible.

In that regard, I ask that you, as Executive Director, ensure that the staff assigned to this docket analyze all options to expedite resolution of this matter. I recognize that this docket was opened in response to the customer petition for deletion of a portion of the Seven Springs area from Aloha's certificated territory; therefore, this option naturally should be addressed in the upcoming recommendation for the Commission's consideration. However, I ask that staff fully and meaningfully explore this option (and any reasonable variants of the customers' proposal) in their recommendation.

Additionally, I would like staff to be prepared to address how to implement the option chosen by the Commission in as expeditious a manner as is possible. Specifically, in the event that an option involving deletion of territory prevails, staff should be prepared to advise the Commission on how to expedite that process as much as possible while ensuring a smooth transition for the affected customers. Alternatively, if the Commission decides that deletion of territory is not justified, staff should be prepared to propose next steps and an accompanying timeline to address immediately the underlying concerns of these customers.

My request should not be construed as an indication of my position on the docket. Consistent with requests made in other matters, I simply want to make sure that all potential solutions are fully explored by the staff and, ultimately, by the Commission, and that we do all that we can to reach a resolution of this ongoing bitter dispute between the company and its customers. Options, including removal of some portion of the Seven Springs area from the certificated territory of Aloha, may prove to be feasible and justified or unfeasible and

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unjustified. The deletion of territory option should be thoroughly explored, especially as it has been proposed by a number of the utility's customers following efforts to work out an amicable solution with the utility and because this case presents a number of unique facts and circumstances. Ultimately, the Commission's upcoming decision will be based on the merits of the arguments presented by the parties regarding the options raised, and any affected party will have an opportunity to protest the resulting proposed agency action (PAA) order.

Thank you in advance for seeing that staff includes this and any other reasonable options in its upcoming recommendation in Docket No. 020896-WS and is prepared to advise the Commission as to expedited implementation of our decision. I look forward to staff's recommendation, to deliberation with my fellow Commissioners on the options at an upcoming Agenda conference, and to a swift and equitable resolution of this docket.

Please note that a copy of this memo will be placed in the docket file for Docket No. 020896-WS and will be distributed to all parties of record and known interested persons.

cc: All Parties of Record and Interested Persons, Docket No. 020896-WS  
Docket File for Docket No. 020896-WS  
Rick Melson, General Counsel  
Blanca Bayo, Director, CCA