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Aqua America, Inc.
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OCT 30 2009
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OCT 29 2009
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October 27, 2009

Chairman Matthew M. Carter, II
Commissioner Lisa Edgar
Commissioner Nathan Skop
Commissioner Nancy Argenziano
Commissioner David Klement

Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

NOV - 3 2009
EXECUTIVE DIRECTOR

Re: Docket No. 080121-WS – *Application for an increase in water and wastewater rates by Aqua Utilities Florida, Inc. ("Aqua")*

Dear Chairman and Commissioners:

I would like to give you a brief update on Aqua's ongoing efforts to comply with Commission Order PSC-09-0385-FOF-WS regarding customer service monitoring. The Commission Order requires Aqua to: submit monthly reports listing customer complaints to determine whether the complaints were resolved appropriately; file sound recordings of Aqua calls to Aqua's call center so that staff can determine if customer complaints are handled in a professional and courteous manner; and, provide route schedules to verify the accuracy of the meter readings. The Order requires that staff review the reports and provide a recommendation to the Commission on the customer service monitoring program in March of 2010.

Last week, Aqua submitted its fifth monitoring report. We respectfully suggest that now would be an appropriate time for Aqua to meet with staff and other parties to explain the process Aqua follows in preparing the customer service reports, discuss predominant issues in the reports, and address any interim recommendations that staff and the parties may have on how to improve service now as opposed to waiting for the final report to be issued in March 2010 to get

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any feedback on our progress. A brief summary of the issues that we would like to discuss follows.

The Process For, And Scope Of, Reports

Aqua has devoted significant resources to preparing and providing staff with its customer service monitoring reports. Since June 2009, we have submitted on a monthly basis a set of discs which include all recorded customer telephone calls that entered our call centers for the given month (beginning May 2009). Each month, a team of two experienced customer service representatives dedicated to this project and two managers review the calls that could be categorized as a "customer issue". This team then records all activity relating to the customer issue and assembles the necessary information in a report. This list is provided to Commission staff as a customer issue log. The customer issue log includes more than just complaints that require follow up from Aqua. To be clear, the customer issue log includes rate inquiries, high bill complaints, leak adjustment inquiries and other miscellaneous items. We make this observation so that the listing of issues is not miscategorized as an all encompassing "complaint log".

Predominant Issues

Thus far, our management team has discussed numerous issues throughout this special process. Our calculations indicate that approximately 57% of all documented issues can be categorized as high bill issues. In our experience, we generally receive negative feedback from our customers after a rate increase has occurred so this is not unexpected. However, a more in-depth review of the calls indicates that a vast majority of them are related to the inclining rate block structure that was implemented by the Commission. Understandably, the Commission's goal in implementing this new rate structure was aimed at water conservation and probably could not have predicted this aspect of customer dissatisfaction.

As a result of the Commission Order, some of Aqua's customers who use more than 10,000 gallons now pay \$19.78 for every 1,000 gallons used as a result of the three-tiered conservation block structure. As you can imagine, this new rate design is taking some time for our customers to get used to. The implementation of this type of aggressive block rate structure has been a learning experience and we are hopeful that we can share our thoughts and insights with you and your colleagues at the appropriate time.

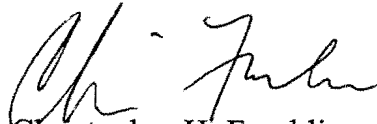
We are hopeful that our customers will better understand their usage patterns and the impact of their irrigation systems as a result of the new inclining block rate structure.

Purpose Of Monitoring Program

Finally, I believe it is important to clearly articulate the purpose of the monitoring program, which in our view, is for staff to objectively assess customer service performance of the utility. In our view, in order to serve as an objective and effective assessment of service of customer service, all stakeholders, including the Commission, staff, third-party interveners and the utility need to have clear understanding as to the metrics by which customer service performance will be judged. At this juncture, nothing in the Commission's rules and case law establishes those metrics. Again, we believe it would be helpful for the process and more fair and productive if the Commission staff were to articulate those standards that it intends to use during this process.

Based on all of the foregoing, we would respectfully request an opportunity to meet with staff and the parties in this case during the week of November 9, 2009, in Tallahassee to discuss these and other issues relative to the customer service monitoring program.

Sincerely,



Christopher H. Franklin

cc: Tim Devlin, Director of Economic Regulation
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