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DATE: August 6, 2003

TO: Division of the Commission Clerk and Administrative Services

FROM: Marshall Willis, Bureau Chief, Division of Economic Regulation

RE: Docket No. 010503-WU - Application for Increase in Water Rates for Seven Springs System in Pasco County by Aloha Utilities, Inc.

Please place the attached letter from Steve Burgess, dated July 23, 2003, in the docket file.

cc: Division of Legal Services (Holley, Jaeger)
Division of Economic Regulation (Merchant)

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July 23, 2003

Marshall Willis
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Dear Marshall:

It is my understanding that for practical reasons, Aloha Utilities is seeking to have the Commission amend some of the requirements of Order No. PSC-02-0593-FOF-WU. Specifically, Aloha seeks to change: (1) the current deadline for completion of the removal projects for wells 8 and 9; (2) the requirement that the utility begin planning removal projects for wells 1-7; and (3) the requirement that 98% of the hydrogen sulfide be removed from all sources of raw water. I have been in touch with Aloha's Citizens' Advisory Committee and can report their position on these three issues.

As to the deadline for completing all remedial additions to wells 8 and 9, the customers want and expect to have a voice in the determination of which changes should be made. As the Commission is aware, the Advisory Committee is involved in an audit being performed by Dr. Levine of the University of South Florida. Until Dr. Levine's audit findings have been completed, the Advisory Committee cannot reach a conclusion as to the proper remedial actions for wells 8 and 9. As a result, the Advisory Committee strongly advises that Aloha refrain from expending any significant amount of funds to reduce hydrogen sulfide levels at wells 8 and 9, until the Citizens' audit is complete. The Advisory Committee is aware that this position may require that the current deadline be adjusted. The Advisory Committee does not object to an appropriate adjustment of the deadline date.

The Advisory Committee also believes that any remedial actions should first be implemented on wells 8 and 9 only. After an analysis of the results on those two wells, a decision on the remaining seven wells would be in order. This approach means that, for the present, Aloha should not expend any money for changes to wells 1 through 7.

As to the 98% removal requirement, the Advisory Committee agrees that this standard should be removed, and replaced with other standards. Rather than a percentage removal, the standard(s) should focus on the level to be attained. One such standard is a maximum total sulfide level of 0.1

Marshall Willis

July 23, 2003

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mg/L in the "finished water." This performance standard is applied by the West Coast Regional Water Supply Authority for the water it supplies to its member governments. Additional standards may also be appropriate, depending on the final audit findings. Until the final audit report, however, no other measurable standards can be specified.

One further concern needs to be discussed and clarified. It is Aloha that is seeking to amend these three areas which have withstood an appellate challenge to their legitimacy. The Citizens successfully fought alongside the PSC to assure that Order No. 0593 was upheld. The customers' current willingness to join Aloha in requesting these three amendments, therefore, demonstrates a spirit of extreme cooperation. In return, the customers expect Aloha's full cooperation with Dr. Levine in any sampling or data gathering she may need to undertake. I am sure you agree that with their show of good faith, the customers are entitled to reciprocation.

I hope this letter clarifies our position on the three areas in which Aloha seeks to amend Order No. 0593.

Sincerely,



Stephen C. Burgess
Deputy Public Counsel

SCB/dsb

cc: Marty Deterding, Esquire