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July 3, 2007  
VIA HAND DELIVERY

Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Aloha Utilities, Inc.; PSC Docket No. 060606-WS  
Anion Exchange Report  
Our File No. 26038.51

Dear Ms. Cole:

Attached, in accordance with the requirements of Order No. PSC-06-0270-AS-WU and the Settlement Agreement attached thereto, is the quarterly report on the progress of implementation of the anion exchange facilities. Due to the size of the attachment, one copy is being provided to the Clerk and one to Staff Counsel.

[Forwarded to ECR.]

As noted in the report, compliance with the 24 month timetable has been delayed by a cause outside the control of Aloha and which is based upon an action or inaction of Pasco County, a governmental authority. As such, the timetable for completion of this project must be appropriately tolled and extended based upon those delays.

If you have any questions in this regard, please let me know.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY, LLP

F. Marshall Deterding  
For The Firm

- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR** \_\_\_\_\_
- GCL 1
- OPC \_\_\_\_\_ EMD/tms
- RCA \_\_\_\_\_ cc: Rosanne Gervasi, Esquire
- SCR \_\_\_\_\_ Stephen G. Watford
- SGA \_\_\_\_\_ David Porter, P.E.
- SEC \_\_\_\_\_
- OTH \_\_\_\_\_

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**Aloha Utilities, Inc.  
Seven Springs Water System  
Anion Exchange Implementation Project**

**ORIGINAL**

**Project Status Report Number 4  
March 31, 2007 – June 30, 2007**

**Overview of Project Status**

- On April 11, 2007 Pasco County provided data concerning their ability to supply bulk water to Aloha. This data included the bulk water supply rates and pressures that Pasco can provide, the daily quantity of water to be supplied, the location of the interconnect site and dates when bulk water supplies will be available. The data provided indicated that the conditions of bulk water supply would be significantly different from those anticipated by Aloha under the Aloha/Pasco County Bulk Water Agreement signed in 2004 in that the bulk water supply flow rates and daily quantities would be substantially less than anticipated and the dates that the supplies would be available were also much later than anticipated.
  
- Immediately upon receipt of the bulk water supply data, Aloha and its consultants assessed impacts of the changes in the conditions of supply of bulk water from Pasco County on the quantities of water that would need to be produced by Aloha's own water treatment plants. Once these impacts were determined and assessed, Aloha and its consultants began detailed evaluation of the impacts of these changes in the quantity of water that must now be treated by Aloha's own plants and the anion exchange process units, appurtenances, process waste quantities requiring disposal at Aloha's Wastewater Treatment Plant, and many other factors. Aloha's science and engineering teams then began the development of necessary project design and permitting task definitions to accommodate the changes which have occurred in the basic project definition and scope

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(such as a bulk water booster station, bulk water storage and high service pumping facilities, enhanced SCADA monitoring and control features, etc.) that became necessary due to the changes in the anticipated conditions of supply of bulk water from Pasco County.

- Overall project planning has been updated to match the conditions known and/or anticipated based on the best knowledge available at this time. A revised project task and duration schedule has been prepared and is attached to this report. Based on the information available at this time, we anticipate that the anion exchange equipment will be placed into service by February 18, 2009.

## **Work In-Progress and/or Completed This Period**

The major tasks that the design, science and project management teams have been working on this quarterly period include:

- A. The week of April 6<sup>th</sup> the design/management project team finalized the third quarterly project progress report submitted it to the PSC.
- B. The week of April 13<sup>th</sup> received bulk water supply implementation data from Pasco County. AUI project team members then participated in a project status meeting with PSC staff, OPC staff and customers where project status was discussed. A meeting was also held with Pasco County staff, SWFWMD staff, Aloha and its consultants to discuss the bulk water implementation data received that week from the County. This latter meeting was held to allow Aloha and the County to further discuss the data supplied and to allow the County and AUI's engineering teams to discuss the finer points of the bulk water implementation project.
- C. During the weeks of April 20 though May 11 Aloha's engineering team assessed the impacts of the changes in the conditions of supply of bulk water from Pasco County on the quantities of water that would need to be produced by Aloha's own water treatment plants.

- D. The week of May 18<sup>th</sup>, Aloha's entire project team participated in a conference call to discuss the potential project design and permitting impacts associated with the necessary changes in the quantities of water that Aloha's WTPs would need to produce to make up for the reduced quantities of bulk water that would now be available. Science and engineering team members were assigned to conduct a detailed evaluation of the project impacts in each of their areas of responsibility.
- E. The weeks of May 18<sup>th</sup>, 25<sup>th</sup> and June 1<sup>st</sup>, the science and engineering teams re-evaluated their original design criteria in light of the new design requirements, coordinated with equipment supply (largely the anion exchange equipment supply company) vendors regarding their original recommendations' applicability and/or the need for new recommendations, reviewed the original design drawings to determine what changes would be required, and performed many more related tasks. On June 1<sup>st</sup>, Aloha met with PSC staff, OPC staff and customers to discuss project status as of that date.
- F. The weeks of June 8<sup>th</sup>, 15<sup>th</sup> and 22<sup>nd</sup> the science and engineering teams redefined project tasks and durations and explored ways to compress the schedule to minimize the time needed to complete the project. The engineering team continued design efforts on project tasks such as the bulk water booster station design, property search for new booster station, new storage and high service pumping facilities/brine make-up facilities and expanded site needs for Plants 8/9, anion exchange process modifications and site layouts, etc. Update of the master project schedule was underway to add all the new project elements (booster station, storage and high service pumping facilities, etc.) and updates to the original project elements. A number of telephone calls, conference calls and/or meetings were held with the science, engineering and management teams to facilitate this work.
- G. The week of June 29<sup>th</sup> the science, engineering and management teams worked to complete the updated project schedule. A meeting was held with PSC staff, OPC staff, customers and AUI (some staff by conference call) to discuss project status.
- H. The week of July 6<sup>th</sup>, the updated project schedule was completed and this report was completed and submitted to the PSC.

## **Timetable for Future Activities**

The project schedule has been updated to reflect changes necessary due to the changes in scope of the project as discussed earlier in this report.

Our best estimate of the project completion date is now February 18, 2009 as is shown on the attached updated project timeline. The dates shown on this timeline are based on the information available at the time of schedule preparation. Future conditions which differ from those anticipated at the time of the preparation of this updated schedule may affect the dates shown on this schedule and/or the timing of some or all tasks shown.