

LAW OFFICES  
**ROSE, SUNDSTROM & BENTLEY, LLP**  
2548 BLAIRSTONE PINES DRIVE  
TALLAHASSEE, FLORIDA 32301  

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(850) 877-6555

ORIGINAL

CHRIS H. BENTLEY, P.A.  
F. MARSHALL DETERDING  
MARTIN S. FRIEDMAN, P.A.  
JOHN R. JENKINS, P.A.  
STEVEN T. MINDLIN, P.A.  
JOSEPH P. PATTON  
DAREN L. SHIPPY, LL.M. TAX  
WILLIAM E. SUNDSTROM, P.A.  
DIANE D. TREMOR, P.A.  
JOHN L. WHARTON

MAILING ADDRESS  
POST OFFICE BOX 1567  
TALLAHASSEE, FLORIDA 32302-1567  

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TELECOPIER (850) 656-4029

December 21, 2000

**VIA HAND DELIVERY**

Blanca Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Aloha Utilities, Inc.; PSC Docket No. 960545-WS  
Water Quality Investigation  
Our File No. 26038.17

ROBERT M. C. ROSE  
OF COUNSEL  
RECEIVED-FPSC  
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RECORDS AND REPORTING

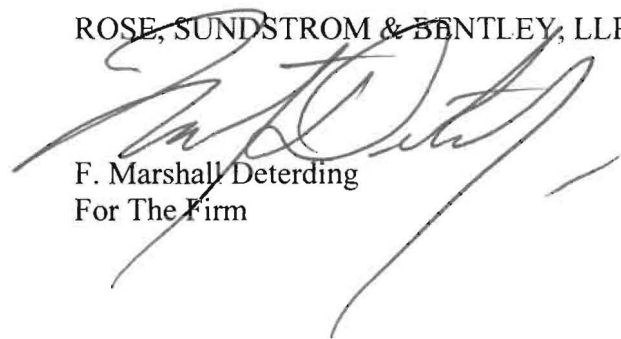
Dear Ms. Bayo:

Attached in accordance with the requirements of the Commission's Final Order in the above-referenced docket is the most recent report on the status of the pilot project. Because of the recent suggestion by DEP Engineer, Mr. Mike LeRoy, we are now investigating a new process that may provide substantial benefits in Hydrogen Sulfide removal, and as a result, we are not prepared at this time to move forward as quickly as originally expected with the construction of the actual on-site pilot equipment. Please see the attached letter for more detail concerning this status report.

If you have problems with the way in which we are proceeding or have any questions, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding  
For The Firm

FMD/kll

cc: Tom Walden, PSC  
David W. Porter, P.E.  
Stephen G. Watford  
Connie Kurish

Enclosure

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**DP  
EC** **David W. Porter, P.E., C.O.**  
Engineering Consultants

**Regulatory Assistance;  
Process Troubleshooting;  
System Design, Permitting,  
Construction Observation;  
Forensic Engineering,  
Expert Witness Testimony;  
Rate Case Support**

December 15, 2000

Ms. Connie Kurish, General Manager  
Aloha Utilities, Inc.  
2514 Aloha Place  
Holiday, FL 34691

Re: Project Number AUI-021-1-S  
Seven Springs WS Pilot Plant  
Monthly Project Update for Period: November 20, 2000 – December 15, 2000

Dear Connie,

I have prepared this project update letter so that you may use it in your preparation of your monthly report to the FPSC concerning this project.

In my last report, dated November 19<sup>th</sup>, I reported to you that I had been contacted by Mike LeRoy of the FDEP Tallahassee office recommending that we take a comprehensive look at a new hydrogen sulfide reduction process know as the MIEX DOC process. I also reported that this process is just being introduced into the United States but that it has been in-use in Australia for several years where it was developed. As I reported, Pasco County has just recently completed pilot testing this process and the testing results looked very promising.

Since the last report, I have completed my initial assessment of this process and its potential suitability for use at the Seven Springs Water System. First, I have had several conversations with Brian Schuttee of Moss-Kelly, Inc. (the Florida manufacturer's representative for ORICA Watercare the owners of the MIEX-DOC process) to obtain detailed literature about this process and to discuss the results of the recent Pasco County pilot tests. The literature that I have received to date indicates that the MIEX-DOC process will not only effectively remove hydrogen sulfide from well water but will also remove naturally occurring organic tannic and fulvic acids that, when combined with chlorine, form TTHMs. This ability to remove TTHM precursors is quite a benefit and provides something very important that packed tower aeration can not. As you are aware, TTHM reductions are becoming a very important issue with USEPA and the FDEP and will only become more important in the future.

I have also had a very detailed conversation with Bruce Kennedy, P.E. of Pasco County regarding his assessment of the MIEX-DOC process and the testing results that were produced at the Little Road Water Treatment Plant MIEX-DOC pilot plant. Bruce was very impressed and felt that the MIEX-DOC process may be implemented at the Pasco County facilities in the near future. The County's engineers are presently preparing a formal report on the pilot plant testing program and will make recommendations to the County within the next couple of months. Assuming logistics concerns (long term availability of the MIEX-DOC resin, etc.) can be resolved, Bruce believed that the MIEX-DOC process would be very likely selected to provide hydrogen sulfide and TTHM reduction treatment at their 10 MGD plant.

PCHD/Status Report 12-15-00/proj/via Fax

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I also attended a technology transfer seminar offered by ORICA Watercare about the MIEX-DOC process on December 12, 2000. Accompanying me at this seminar was Yanisa Angulo, P.E. of the Tampa office of the FDEP. Yanisa is the FDEP permitting engineer that will be responsible for reviewing our pilot plant program and ultimately approving our permit application for any full scale facilities that we may choose to construct. Yanisa and I were both impressed by the information provided at the seminar. After the formal seminar was concluded, Yanisa and I were able to meet with the Brian Schuttee and Sonny Moss of Moss-Kelly, Inc. and Michael Bourke, product manager for the MIEX-DOC process in the United States. At this meeting, Yanisa and I were provided with additional specific information concerning the actual chemical mechanisms that are used to effectuate the removal of hydrogen sulfide and TTHM precursors by the MIEX resin. A copy of the seminar information I received is attached.

After Yanisa left the seminar, I was able to continue my private meeting with Michael Bourke, Brian Schuttee and Sonny Moss. We discussed the availability to the MIEX-DOC existing pilot plant and a new mobile pilot plant that is now under construction. The new pilot plant will provide much more flexibility to vary the process operating conditions so that a more realistic pilot trial will be possible. Obviously, we would want to obtain the most realistic testing results and therefore would want to use the new pilot plant when it becomes available.

Assuming that all the details can be worked out and that the new mobile pilot plant is completed on-schedule, a possible project time line is as follows:

Mid February through Mid March	ORICA engineers and Aloha engineers begin bench-top laboratory analysis of the various Seven Springs water sources and develop a formal pilot testing program.
Mid March through Early April	Coordinate with FDEP and gain approval of pilot testing program. Coordinate with testing laboratory to schedule pilot test water sampling and testing. Coordinate with Aloha to obtain pilot testing support labor.
Early April through Mid June	Operate pilot plant to develop general operating experience. Gather testing data. Develop possible full-scale process scenarios and further test those scenarios.
Mid June through Mid August	Prepare engineering report with preliminary cost estimates for full scale treatment facilities based on the MIEX-DOC process assuming the pilot trials are successful of report that the MIEX_DOC process is not appropriate for the Seven Spring Water System.
Mid August through September	Submit the report to FDEP for review and comment. Make any necessary changes and submit report to Aloha and FPSC.

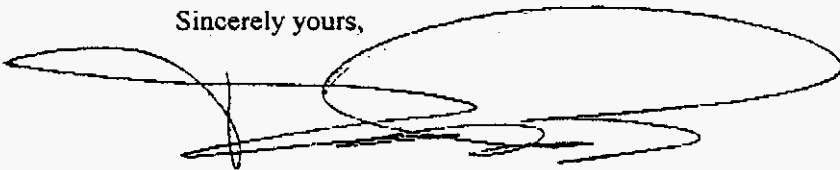
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If the MIEX-DOC process proves to be technically capable and cost effective no additional pilot testing will be necessary. However, if the MIEX-DOC process is not appropriate, pilot testing of the packed tower aeration process will then need to be undertaken.

Pilot testing the MIEX-DOC process may delay the overall completion of the pilot testing program on the whole. However, I believe that this time delay is justified because a little time invested now might result in capital cost and long term operating cost savings for our customers if the MIEX-DOC process is all that the very preliminary reports claim. Also, it is important that the MIEX-DOC process will also remove TTHM precursors which may prove to be very important in the near future.

Thank you for the continued opportunity to serve Aloha Utilities, Inc. If you have any questions please call me.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'David W. Porter', with a large, sweeping flourish extending to the right.

David W. Porter, P.E., C.O.  
Water/Wastewater System Consultant

Attachments