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July 20, 2001
VIA HAND DELIVERY

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Of Counsel

Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
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Re: Aloha Utilities, Inc.; PSC Docket No. 010156-WS
Our File No. 26038.17

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. 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, SUNDBSTROM & BENTLEY, LLP


F. Marshall Deterding
For The Firm

FMD/tmg
Enclosure

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

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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**

July 17, 2001

Ms. Connie Kurish
Aloha Utilities, Inc
6195 Perrine Ranch Road
New Port Richey, FL 34655

Re: PSC Docket No. 010156-WU
Project Number AU1-021-1-S
Seven Springs WS Pilot Plant
Status Report for July 2001

Dear Connie,

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

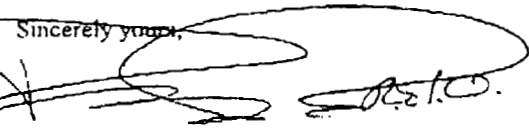
Since my last report, we have been reviewing and analyzing the laboratory testing data from the MIEX reactor clarifier pilot testing unit. We also ran trials to attempt to convert all the sulfide in the raw water to the ionized form to allow the MIEX resin to remove more of the total sulfide and to prevent gaseous sulfide from being lost from the open top of the reactor into the surrounding atmosphere. These trials were only partially successful. Some evidence of sulfide conversion from the gaseous form to the ionized form with increased pH was indicated, however, no statistically valid reduction in overall MIEX uptake of the total sulfides was realized. We are evaluating the data and will perform additional jar testing to further develop this technology in the coming month.

Additional upflow reactor-clarifier trials were undertaken to verify total sulfide removals by the MIEX resin separate from the removal of sulfide by air stripping. These trials went well with the MIEX showing good ionic sulfide removal efficiencies. The pilot units were dismantled and shipped back to WesTech (ORICA's partner).

We will now begin preparation of the MIEX pilot trials report which will take about 30 to 45 days to complete. Also, we are working with ORICA and WesTech to develop plant process designs and cost estimates which will be part of the report.

We are also evaluating the need to pilot additional technologies and will prepare a recommendation for your review shortly.

If you have any questions please call me

Sincerely yours,


David W. Porter, P.E., C.O.
Engineering Consultant

PCHD//Status Report 07-17-01//proj/via FAX