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October 19, 2001
VIA HAND DELIVERY

ROBERT M. C. ROSE
OF COUNSEL

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. 010156-WS
Our File No. 26038.17

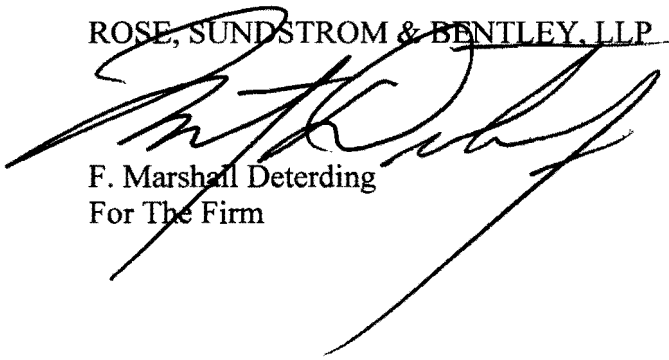
Dear Ms. Bayo:

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,

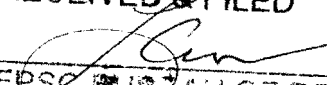
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DP
EC **David W. Porter, P.E., C.O.**
Engineering Consultants

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

October 18, 2001

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

Re: PSC Docket No. 010156-WU
Project Number AUI-021-1-S
Seven Springs WS Pilot Plant
Status Report for October 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 continued reviewing and analyzing the large quantity of laboratory testing data from the trials conducted with the two different MIEX pilot testing units. We have also continued working with ORICA-WATERCARE and WESTECH in the development of construction and O&M cost estimates for a MIEX plant.

Because of water supply issues that have arisen over the last six months, at your and Steve Watford's direction I have continued looking into the issue of alternative water sources for the long term supply of service to the customers of Aloha Utilities. As you know, while nothing has been established as of yet, research by myself and by Mr. Watford, along with meetings with the Water Management District staff, have led us to the conclusion that many of the supply issues that have arisen in recent months, as well as some of the long-term water quality issues, must be resolved by a combination of strategies. These include the possibility of developing a reverse osmosis treatment system using brackish water. We are currently investigating that alternative, as it may very well present the solution to several problems the Utility is currently encountering or will encounter in the coming years, and enable the Utility to better meet long-term supply needs and quality needs in the most efficient and economical way possible. Therefore, not only must Aloha now evaluate the different alternatives for reduction of hydrogen sulfide, but it must also evaluate these alternatives in light of their expected compatibility with the more pressing water supply needs and those alternatives that the Utility must address immediately.

In the meantime, once the MIEX pilot study data review and analysis is complete and the construction and O&M cost estimating work is completed we will complete preparation of the draft MIEX pilot trials report. At that time we will review the report with the FDEP so that we can obtain and address any technical comments that they may have prior to preparing the final report.

If you have any questions please call me

Sincerely yours,



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