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December 19, 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
Tallahassee, FL 32399-0850

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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 Docket No. 960545-WS 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 any members of the staff have any questions or concerns with the direction of the pilot project or anything within Mr. Porter's letters, either this report or previous reports, please do not hesitate to contact me.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

FMD/tms
Enclosure

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

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

December 19, 2001

Ms. Connie Kurish
Aloha Utilities, Inc.
6195 Perrine Ranch Road
New Port Richey, FL 34655Re: PSC Docket No. 010156-WU
Project Number AUI-021-1-S
Seven Springs WS Pilot Plant
Status Report for December 2001**Regulatory Assistance;
Process Troubleshooting;
System Design, Permitting,
Construction Observation;
Forensic Engineering,
Expert Witness Testimony;
Rate Case Support**

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.

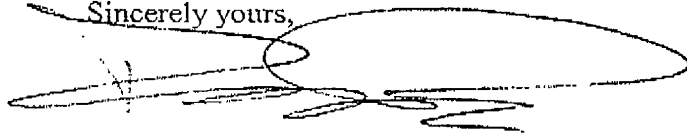
Since my last report, I have continued working with ORICA-WATERCARE and WESTECH in the development of technical program development and construction and O&M cost estimates for a MIEX demonstration plant. I received draft proposed demonstration plant documentation just after the submission of my last report on November 16th. I have reviewed the data submitted and have provided comments back to ORICA-WATERCARE.

As we have discussed previously, water supply issues have developed since the Pilot Project began that must be addressed before the second step of the pilot project, the construction and operation of the larger scale demonstration facility at wells 8 and 9, can begin. These water supply and configuration issues will have a direct influence on the technical and financial feasibility of any proposed hydrogen sulfide technology implementation. Neglecting those issues when selecting a hydrogen sulfide reduction technology could easily lead to the installation of costly equipment that would not be useful when the final system configuration is determined.

When these water supply issues have been resolved, I will be able to complete the technical and financial feasibility assessment phase of the pilot project and prepare the final report on the MIEX trials.

If you have any questions please call me.

Sincerely yours,

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