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February 20, 2002
VIA HAND DELIVERY

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OF COUNSEL

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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 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, SUNDSTROM & 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 David W. Porter, P.E., C.O.
EC Water and Wastewater Engineering Consultants

February 19, 2002

Ms. Connie Kurish
Aloha Utilities, Inc.
6915 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 February 2002

**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 been working on the interim pilot plant report as authorized by Steve Watford. I have also continued working with ORICA-WATERCARE and WESTECH in the technical program development along with estimating construction and O&M costs for a MIEX demonstration plant.

I have continued discussing the MIEX demonstration plant proposal with Steve Watford and have verbally provided his comments to Michael Bourke of ORICA-WATERCARE via a telephone conversation I had with him earlier this month. Also, Mr. Bourke and I discussed the possibility of his attending a meeting with the FDEP sometime in the later part of March to assist me in beginning formal discussions related to obtaining a permit to construct and operate the proposed MIEX demonstration plant. Mr. Bourke stated that he would make himself available to meet with the FDEP as I requested.

As we have been discussing over the last several months, water supply problems and changes that Pasco County will be making to their water chemistry have caused us to carefully consider how we will continue to move forward with the pilot project. Both Steve Watford and I have given this matter a considerable amount of thought and need to be careful not to make decisions that would result in the purchase and installation of equipment that would need to be extensively modified and/or replaced soon after they were placed into service.

As you are aware, last month Steve Watford spoke to Pasco County's utility director and was told that the County still could not predict what the chemistry of their water would be after they make changes to their water system to comply with the new Disinfection Byproduct Rules. Steve was also told that the County had decided to conduct additional pilot tests of the MIEX process to determine its compatibility with the chloramination disinfection process they are considering for use in their water system.

PCHD//Status Report 02-19-02//proj/via FAX

Ms. Connie Kurish
February 19, 2002
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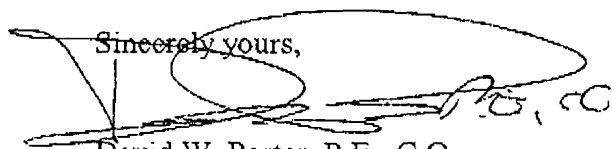
Since my last report, I have spoken to Bruce Kennedy, Pasco County Utilities' engineer, to discuss the status of their proposed water quality changes and their pilot testing of the MIEX process. Bruce told me that at this time the County has not yet finalized preliminary planning for the modifications needed to enable the County to comply with the first stage USEPA Disinfection Byproducts Rule changes. They are presently beginning a second round of bench testing to determine the effectiveness of utilizing chloramines for disinfection byproducts control. The results of this testing will be used to evaluate the feasibility of the MIEX process for use at their water facilities. Mr. Kennedy stated that he believed that quite a lot of work still remained and that this work would need to be completed before the County would be in a position to provide Aloha with any definitive information regarding the projected final water chemistry that it could expect after all the County's water system modifications and upgrades are made.

Mr. Kennedy and I also discussed how Aloha and the County might share data from the various pilot plant projects so as to increase the benefit of the testing to both utilities' customers. Mr. Kennedy agreed that a meeting of Aloha and its engineers and the County and its engineers to discuss the pilot testing work completed for each system to date would be very desirable. We discussed possibly holding this meeting in late March after the County's engineers and Aloha's engineers have had time to prepare their data for review and use at the meeting. I told him that Aloha would very much like to attend such a meeting and to continue to share similar data as it becomes available in the future. Mr. Kennedy also told me of a meeting he recently attended where representatives of Lee and Pinellas Counties and Tampa Bay Water stated that they were interested in the MIEX process and that they either had retained consultants or were considering retaining consultants to study the MIEX process for use at their water systems. As the work of these other utilities gets underway, it may be beneficial to share data with them as well. I will make inquiries of those utilities to see if they are interested.

As I stated in my last report, the volume of data to be tabulated and presented in the interim pilot plant report is quite large, therefore, some time will be required to complete it. Currently, I estimate that I will have the report completed in mid to late March. As soon as the report is ready, I will begin working with the FDEP to permit the demonstration facility.

If you have any questions please call me.

Sincerely yours,



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