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COMMISSION
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-M-E-M-O-R-A-N-D-U-M-

DATE: October 14, 2004

TO: Blanca S. Bayó, Commission Clerk and Administrative Services Director

FROM: Rosanne Gervasi, Senior Attorney, Office of the General Counsel *RG*

RE: Docket No. 020896-WS - Aloha Utilities, Inc.

Please file the attached correspondence in the above-referenced docket.

RG/mrd
Attachment

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

FREDERICK L. ASCHAUER, JR.
CHRIS H. BENTLEY, P.A.
ROBERT C. BRANNAN
DAVID F. CHESTER
F. MARSHALL DETERDING
JOHN R. JENKINS, P.A.
STEVEN T. MINDLIN, P.A.
DAREN L. SHIPPY
WILLIAM E. SUNDBSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON
ROBERT M. C. ROSE, OF COUNSEL
WAYNE L. SCHIEFELBEIN, OF COUNSEL

(850) 877-6555
FAX (850) 656-4029
www.rsbatorneys.com

CENTRAL FLORIDA OFFICE
600 S. NORTH LAKE BLVD., SUITE 160
ALTAMONTE SPRINGS, FLORIDA 32701
(407) 830-6331
FAX (407) 830-8522

MARTIN S. FRIEDMAN, P.A.
VALERIE L. LORD

September 3, 2004
VIA HAND DELIVERY

Rosanne Gervasi, Esq.
General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0873

Re: Aloha Utilities, Inc.; PSC Docket No. 020896
Our File No. 26038.37

Dear Rosanne:

Enclosed please find the monthly update and comments which Aloha is directed to file by Order No. PSC-04-0712-PAA-WS. We apologize for the misunderstanding regarding the requirement that these documents be filed. There has been some continuing confusion about what portions of the Order were subject to protest and what portions of the Order were final. The Order directed that the first monthly update be filed on August 10, 2004, and that the comments be filed by August 30, 2004. That Order, issued on July 20, 2004 did not become final, or partially final, until the Consummating Order was issued on August 25, 2004. As such, until you contacted us yesterday, we did not believe that these reports were required as part of the provisions of the Order that had become final.

Based upon your comments, we have moved quickly to put together the required monthly report and the comments as required under Pages 18 and 19 of the Order. Please note that had we filed the August 10, 2004 monthly update, it would have provided very little information in any case. The attached represents the comments on feasibility as required by the Order and the project status report due September 10, 2004.

If you have any questions regarding the above, please let me know.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY



F. Marshall Deterding
For The Firm

FMD/tms

cc: Blanca S. Bayo
Stephen Watford
David W. Porter, P.E.
John Wharton

aloha\37\5gervasi.ltr

Project Status Report

To: Stephen Watford
From: David W. Porter, P.E.
Subject: Seven Springs Water System Improvements - 2004
Date: September 3, 2004

This is the first status report completed for this project.

To date the following tasks have been completed:

1. Aloha has retained the services of the University of South Florida to develop design criteria and assist in the design of the water system improvements. The University has designated Dr. Audrey Levine the Principal Investigator for the project.
2. A meeting with the FDEP was held to discuss the project and to obtain design and permitting direction from the Department staff.
3. The design team has been selected and provided authorization to complete the design, permitting, construction observation, start-up and commissioning tasks necessary to complete this project.
4. Basis of design process, chemical and equipment vendors have been selected, a number of purchase orders have been issued by Aloha to allow these firms to provide necessary design assistance and shop drawings for the various facility improvements.

The following tasks are underway and will be progressing through the upcoming month.

1. The process, chemical and equipment vendors are developing detailed application recommendations, preparing design details for consideration and use by the design team, preparing cost proposals and shop drawings.
2. The design team has been coordinating with Dr. Levine on design parameter development; integrating all the various process, chemical and equipment application recommendations; undertaking the necessary sub-system and site engineering design work; working on the instrumentation and SCADA system design; preparing detailed project engineering drawings and readying the project documentation for FDEP Permit application submittal.
3. Work on the FDEP Permit application submittal package is underway and will be completed as soon as the project documentation and the process testing data needed for submittal are completed.
4. The process testing work is underway. A summary of testing results will be provided when available.

Comments on Feasibility of Monitoring for Hydrogen Sulfide at Customer Meters

To: Stephen Watford
From: David W. Porter, P.E.
Subject: Seven Springs Water System
Date: September 3, 2004

I have prepared the following initial comments related to the feasibility of monitoring for hydrogen sulfide at the customer meters. As time goes on, and as the project progresses, I may have additional comments.

- ◆ According to Standard Methods for Examination of Water and Wastewater (20th edition), the analytical method used for monitoring of hydrogen sulfide (methylene blue method) is considered accurate to 0.2 mg/L ($\pm 20\%$). While it is possible to obtain measurements of hydrogen sulfide that are below 0.2 mg/L, these measurements are not considered to be accurate. This is why the Tampa Bay Water “Standard” and, that proposed by Aloha is expressed as a “goal.” To monitor hydrogen sulfide to this “goal” at the treatment plant sites, where sampling and testing procedures can be closely controlled, can be undertaken. To attempt to conduct this testing at a point in the field, where neither sampling nor testing conditions can be controlled would be highly impractical and would lead to unacceptably low accuracy and precision.
- ◆ Aloha will need to utilize the services of a commercial laboratory to conduct the hydrogen sulfide sampling and testing if water anywhere other than at the plants was to be analyzed. Depending on the number of events conducted each year and the number of sites sampled and tested each event, the costs would be quite substantial.
- ◆ In the context of the Aloha system, monitoring of hydrogen sulfide at the treatment facilities can provide direct information on the performance of the process and used to fine-tune the facility operations, if appropriate. The water at any other location in the distribution system can consist of water from multiple wells and/or Pasco County (Tampa Bay Water) bulk finished water supply, depending on the time of day and the net water demand in the system. This mixing of Pasco County (Tampa Bay Water) bulk finished water supply with Aloha water in the distribution system would produce a combined water that would not reflect the quality of water produced by Aloha’s own facilities if taken alone. The water supplied by Pasco County (Tampa Bay Water) would not necessarily contain hydrogen sulfide levels at or below the 0.1 mg/L goal. The level of hydrogen sulfide in Pasco County’s (Tampa Bay Water) water is not within the control of Aloha. In fact, Aloha has requested that the County provide a clause in its bulk water agreement with Aloha that would limit the hydrogen sulfide concentration to 0.1 mg/L or less and the County has refused to do so. Since Aloha can not control the hydrogen

sulfide concentration of the mixture of Aloha produced water and Pasco County (Tampa Bay Water), it can not control the concentration of hydrogen sulfide at any point in the distribution system other than at the point where its treated water enters the distribution system (at the plant locations) prior to it mixing with any other source of water.

- ◆ The detection of hydrogen sulfide in the distribution system cannot be linked to the effectiveness of the treatment system for the reasons stated above. Monitoring at the point of entry to the distribution system can provide direct information on the process performance and allow for optimization of the treatment processes. Sampling and testing for hydrogen sulfide at the point where Aloha's treatment plants connect to the distribution system is equivalent to that practiced by Tampa Bay Water. Conducting hydrogen sulfide sampling and testing for the purpose of optimizing the treatment process would result in the greatest benefit to the customers.

LAW OFFICES
ROSE, SUNDSTROM & BENTLEY, LLP
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MARTIN S. FRIEDMAN, P.A.
VALERIE L. LORD

October 11, 2004

VIA HAND DELIVERY
Rosanne Gervasi, Esq.
General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0873

Re: **Aloha Utilities, Inc.; PSC Docket No. 020896**
Our File No. 26038.37

Dear Rosanne:

Enclosed please find the monthly update and comments which Aloha is directed to file by Order No. PSC-04-0712-PAA-WS. The attached represents the project status report due this month.

If you have any questions regarding the above, please let me know.

Sincerely,

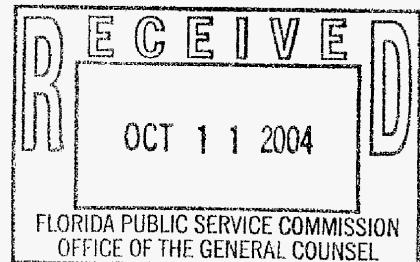
ROSE, SUNDSTROM & BENTLEY


F. Marshall Deterding
For The Firm

FMD/tms

cc: Blanca S. Bayo
Stephen Watford
David W. Porter, P.E.
John Wharton

aloha\37\6gervasi.ltr



Project Status Report

To: Stephen Watford
From: David W. Porter, P.E.
Subject: Seven Springs Water System Improvements - 2004
Date: October 6, 2004

This is the second status report completed for this project.

To date the following tasks have been completed:

1. Aloha has retained the services of the University of South Florida to develop design criteria and assist in the design of the water system improvements. The University has designated Dr. Audrey Levine the Principal Investigator for the project.
2. A meeting with the FDEP was held to discuss the project and to obtain design and permitting direction from the Department staff.
3. The design team has been selected and provided authorization to complete the design, permitting, construction observation, start-up and commissioning tasks necessary to complete this project.
4. Basis of design process, chemical and equipment vendors have been selected, a number of purchase orders have been issued by Aloha to allow these firms to provide necessary design assistance and shop drawings for the various facility improvements.
5. The process, chemical and equipment vendors have developed detailed initial application recommendations, prepared drawing details for use by the design team and prepared cost proposals and shop drawings. As the permitting effort and Dr. Levine's work continues to proceed, changes to these initial recommendations may need to be made which will result in updated design drawings, cost proposals and shop drawings, etc.

The following tasks are underway:

1. Work on the initial FDEP Permit application submittal package is underway. This package is for the portion of the project design that is sufficiently complete to allow the permitting effort to begin. At this time we believe that at least one additional permit documentation submittal package will be prepared and submitted to FDEP (as a modification to this earlier submission) when Dr. Levine's process testing work has been completed to the point where it has provided the information needed to allow the completion of the design work for the entire project. We anticipate submitting the initial FDEP Permit Application to FDEP by October 15th.
2. The design team has been coordinating with Dr. Levine on design parameter development; integrating all the various process, chemical and equipment application recommendations; undertaking the necessary sub-system and site engineering design work; working on the instrumentation and SCADA system design; preparing detailed project engineering drawings and readying the project documentation for initial and supplemental FDEP Permit application submittals.
3. Aloha has begun interviewing contractor's to provide construction services for this project.

Dr. Levine's process testing work is underway. A summary of testing results will be provided when available.