

ORIGINAL

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.
KYLE L. KEMPER
STEVEN T. MINDLIN, P.A.
CHASITY H. O'STEEN
DAREN L. SHIPPY
WILLIAM E. SUNDBSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON

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

CENTRAL FLORIDA OFFICE
SANLANDO CENTER
2180 WEST STATE ROAD 434
SUITE 2118
LONGWOOD, FLORIDA 32779
(407) 830-6331
FAX (407) 830-8522

MARTIN S. FRIEDMAN, P.A.
VALERIE L. LORD
BRIAN J. STREET

ROBERT M. C. ROSE, (1924-2006)

May 23, 2007

VIA HAND DELIVERY

Mr. Bart Fletcher
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0862

Re: Aloha Utilities, Inc.; Docket No. 060122-WU
Our File No. 26038.01

Dear Bart:

In response to your letter dated April 23, 2007 in the above-referenced matter, I am writing to provide you the requested response.

1. **When were the chloramination facilities placed into service?**

Utility Response: All of the chloramination facilities, other than the ammonia feed equipment, have been placed into service. This constitutes the great majority of the facilities related to chloramination. The ammonia feed facilities will be placed into service when Aloha begins utilizing County bulk water. We anticipate that to occur approximately January 1, 2008, if not before.

2. **With regard to all the invoices that Aloha provided to the Commission auditors which related to the chloramination facilities, please provide a schedule identifying any invoice which also related to the hydrogen peroxide treatment option. For each invoice that relates to both the chloramination facilities and the hydrogen peroxide treatment option, provide a breakdown for the total amount for the hydrogen peroxide treatment option and explain why any amount on the invoice does not relate to the hydrogen peroxide treatment option.**

Utility Response: The Utility enlisted the services of the University of South Florida and Dr. Audrey Levine, in order to assist the Utility with finding a method for treatment of hydrogen sulfide in the Utility's well water. That involved looking at numerous alternatives, including several oxidation technologies and several removal technologies. Hydrogen peroxide was one of the things looked at, and therefore, was part of her overall review of the issue and attempt to resolve it. Therefore, things reviewed by the Utility at the suggestion of the University and Dr. Levine, should be appropriate costs to

RECEIVED 2:00
07 MAY 23 PM 4:56
COMMISSION
CLERK

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MAY 23 4 27
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May 23, 2007
Page 2

be considered in any future rate proceedings related to that study, analysis, and the ultimate decision to utilize anion exchange as a method for removal of hydrogen sulfide.

However, in an attempt to provide the staff with the information they have requested, we are attaching hereto three invoices from David Porter, along with an explanation of how he determined the portion of those which is related directly to exploration of the hydrogen peroxide alternative, and one invoice from U.S. Peroxide, LLC, which is directly related to design of a hydrogen peroxide treatment process.

These are all of the invoices contained within those previously provided on the chloramination facilities which relate to hydrogen peroxide directly.

If you have any questions in this regard, please let me know.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY



F. Marshall Deterding
For The Firm

FMD/tms
Enclosures
cc: Ann Cole, Clerk

ALOHA UTILITIES, INC.
Estimate of Hydrogen Peroxide Related Costs from David Porter Invoices

I reviewed this invoice to determine how much of the effort shown was related solely to H2O2 treatment activities.

40 hours at \$85/hour is related solely to H2O2 treatment related activities.

<u>Date</u>	<u>Invoice #</u>	<u>Total Cost</u>
04/05/04	0729	\$3,400

I reviewed this invoice to determine how much of the effort shown was related solely to H2O2 treatment activities.

16 hours at \$85/hour is related solely to H2O2 treatment related activities.

<u>Date</u>	<u>Invoice #</u>	<u>Hours</u>	<u>Cost</u>
05/04/04	0730	16	\$1,360

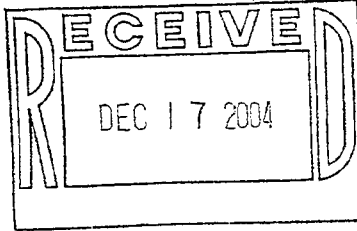
I reviewed this invoice to determine how much of the effort shown was related solely to H2O2 treatment activities.

8 hours at \$85/hour is related solely to H2O2 treatment related activities.

<u>Date</u>	<u>Invoice #</u>	<u>Hours</u>	<u>Cost</u>
06/01/04	0732	8	\$ 680
		Total Estimate	<u>\$5,440</u>

5005

U.S. Peroxide, LLC
 23 Morningwood Drive
 Laguna Niguel, CA 92677-2859



Invoice

Date	Invoice #
11/30/2004	16454

Bill To
Aloha Utilities, Inc. 6915 Pedrrine Ranch Road New Port Richey, FL 34655

Ship To
Aloha Utilities, Inc. 6915 Pedrrine Ranch Road New Port Richey, FL 34655

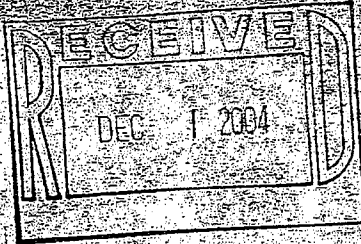
P.O. No.	Terms	Ship Date	FOB	Project	Customer Ref.
144747	NET 30	11/30/2004			

Item	Description	Qty	Rate	Amount
Miscellaneous	Generation of design drawings and submittal for Aloha Utilities Water System	1	5,000.00	5,000.00T
				0.00
<p>APPROVAL FOR PAYMENT</p> <p>I hereby personally acknowledge/attest to the company that the above described materials and/or services were actually received and/or performed in a proper/suitable condition <u>except</u> as noted on this invoice. In addition, I acknowledge that the unit prices and/or amounts billed are in agreement with the negotiated prices, <u>except</u> as noted on this invoice. The terms described on this invoice are also acceptable <u>except</u> as otherwise described. Any limitations or reservations I have regarding making full payment of this invoice have been properly described hereon.</p> <p>APPROVED BY: <u>[Signature]</u></p> <p>DATE: <u>12-20-04</u></p>				
		105.003	4375.00	
		105.007	625.00	
			Total	\$5,000.00

DEC 22 2004

Phone #	Fax #
949-661-6713	949-661-6649

144747



PURCHASE ORDER

TO <i>US Peroxide LLC</i>	SHIP TO <i>Aloha Utilities</i>
ADDRESS <i>23 Morningwood Dr.</i>	ADDRESS <i>6915 Perrine Ranch RD</i>
CITY, STATE, ZIP <i>Laguna Niguel, CA 92677</i>	CITY, STATE, ZIP <i>New Port Richey FL 34655</i>

DATE <i>11-24-04</i>	DATE REQUIRED	TERMS	HOW SHIPPED	REQ. NO. OR DEPT. <i>18 AG 18 55</i>	FOR <i>Water Improvement</i>
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QUANTITY	DESCRIPTION	PRICE	UNIT
1	<i>For generation of Design drawings and Submittal for Aloha Utilities Water System.</i>	<i>\$5000.00</i>	
2			
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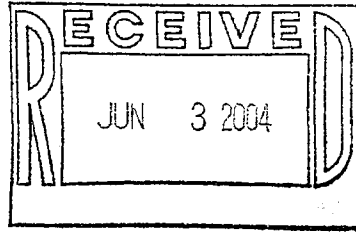
IMPORTANT:	PLEASE SEND _____ COPIES OF YOUR INVOICE WITH ORIGINAL BILL OF LADING.
PURCHASE ORDER NUMBER MUST APPEAR ON ALL INVOICES - PACKAGING, ETC. PLEASE NOTIFY US IMMEDIATELY IF YOU ARE UNABLE TO COMPLETE ORDER BY DATE SPECIFIED.	PURCHASING AGENT <i>Camela Gessell</i>

ORIGINAL



David W. Porter, P.E.
 Water and Wastewater Engineering Consultant

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



INVOICE

Mr. Stephen G. Watford, President
 Aloha Utilities, Inc.
 6915 Perrine Ranch Road
 New Port Richey, FL 34655

Date: June 1, 2004
 Invoice No.: 0732

Job No.: AUI-028-5-S
 Job Name: 2002 Water System Upgrade Report
 Period: May 1, 2004 – May 28, 2004

INVOICE FOR PROFESSIONAL SERVICES

PROFESSIONAL SERVICES THIS PERIOD:		\$7,608.64
TOTAL INVOICED TO DATE:		\$81,876.54
TOTAL DUE THIS INVOICE:	105.003	<u>\$7,608.64</u>

Thank you for the opportunity to provide these services. Please see job detail report attached for complete documentation concerning the work completed this job cost period.

APPROVAL FOR PAYMENT

I hereby personally acknowledge/attest to the company that the above described materials and/or services were actually received and/or performed in a proper/suitable condition except as noted on this invoice. In addition, I acknowledge that the unit prices and/or amounts billed are in agreement with the negotiated prices, except as noted on this invoice. The terms described on this invoice are also acceptable except as otherwise described. Any limitations or reservations I have regarding making full payment of this invoice have been properly described hereon.

David W. Porter, P.E.

JUN 10 2004

APPROVED BY: P.Y. [Signature]

DATE: 6-9-04

PCHD//AUI-028-5-S_Invoice 6-1-04.DOC//Proj/via Express



David W. Porter, P.E.
Water and Wastewater Engineering Consultant

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

June 1, 2004

Mr. Stephen G. Watford, President
Aloha Utilities, Inc.
6915 Perrine Ranch Road
New Port Richey, FL 34655

Re: Project Number AUI-028-5-S
2002 Water System Upgrade Report
Invoice Number 0732 For Period May 1, 2004 -- May 28, 2004

Dear Steve,

This invoice covers the period referenced above. All work was completed as part of my project number AUI-028-5-S (2002 Water System Upgrade Report).

Work completed for you this four (4) week period is detailed below:

Week of May 7, 2004:

Numerous telephone call and conferences with client, legal staff and customer service consultants. Prepare for meeting with customers, PSC, Dr' Levine, Aloha Team and OPC to discuss treatment options. Telephone calls with Dr. Levine related to application of her recommended H₂O₂ water treatment technology at the Seven Springs Water System and other issues related to her recommendations and the meeting.

Week of May 14, 2004:

Numerous email discussions and telephone discussions with client, attorneys and customer service consultants. Attend two day technology transfer seminar with Steve Watford offered by AWWARF where Dr. Taylor's TBW quality, variability, treatment requirements and recommended practices for its use at Aloha and other users. Prepare for and attend a meeting held at University of South Florida with customers, PSC, OPC, Dr. Levine and Aloha Team. The purpose of the meeting was to discuss Dr. Levine's recommended treatment options in general, H₂O₂ treatment in particular and to discuss with all concerned why the project must immediately move ahead (due to deadlines imposed by regulatory requirements caused by Pasco switch-over to chloramine disinfection). Also, another important purpose of the meeting was to try to arrive at an agreement with all parties regarding process selection, pilot testing scope, meeting with FDEP to discuss pilot testing and obtain their agreement of a pilot testing plan, design of new facilities, permitting, construction, start-up and the overall participation by Dr. Levine on behalf of the customers in all facets of the project.

Week of May 21, 2004:

Numerous email discussions and telephone discussions with client, attorneys and customer service consultants. Reassessed the possibility of providing aeration at each well site as a means of H₂S control – again determined not to be feasible due to limited site sizes, location of neighbors, time required to implement and numerous other factors.

Mr. Stephen G. Watford, President
June 1, 2004
Page 2

Contacted Ted Penland (VP of ISC) to begin discussions of the feasibility of a H₂S chlorine oxidation/chloramine treatment process to be used as a back-up plan if the H₂O₂ option is not able to be implemented for technical, political or timing reasons. Telephone conversation with Dr. Levine to discuss this back-up option and obtain her thoughts regarding the technical feasibility of such a plan. Prepare draft Pasco County Bulk Water Agreement language changes for review and use of RS&B in their drafting of an alternative agreement for review by Pasco County and negotiation.

Week of May 28, 2004:

Numerous email discussions and telephone discussions with client, attorneys and customer service consultants. Attend meeting at Aloha with Ted Penland, Tom Pound, Dale Ernsberger and Don Fenderson to discuss feasibility (technical and temporal) of utilizing H₂S chlorine oxidation with chloramination without the use of alternate oxidants and/or aeration at Aloha's existing well sites.

Man-hours expended and fee:

Porter: 80 hrs. @ \$85/hr. = \$6,800.00

Expenses:

Auto Mileage: 920 miles @ \$0.385/mile = \$354.20

Hotel: 2 room nights @ = \$179.44

Certified Mail/Return Receipt Request: = \$0.00

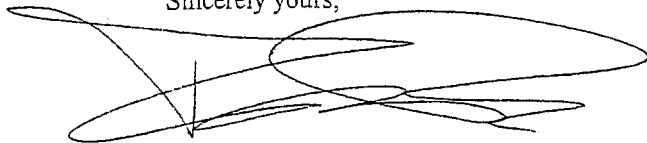
Overnight Mail (0 packages): = \$0.00

AWWRF Tampa Bay Water Technology Transfer Seminar Fee: \$275.00

The total fee due this month for all of the work completed as detailed above is \$7,608.64. When remitting, please note my project number AUI-028-5-S.

Thank you for the continued opportunity to serve Aloha Utilities, Inc. If you have any questions please call me.

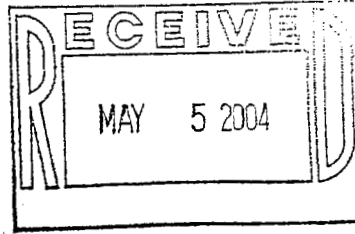
Sincerely yours,



David W. Porter, P.E.
Water and Wastewater Engineering Consultant

4150
David W. Porter, P.E.
Water and Wastewater Engineering Consultant

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



INVOICE

Mr. Stephen G. Watford, President
Aloha Utilities, Inc.
6915 Perrine Ranch Road
New Port Richey, FL 34655

Date: May 4, 2004
Invoice No.: 0730

Job No.: AUI-028-5-S
Job Name: 2002 Water System Upgrade Report
Period: April 3, 2004 – April 30, 2004

INVOICE FOR PROFESSIONAL SERVICES

PROFESSIONAL SERVICES THIS PERIOD:	\$8,072.65
TOTAL INVOICED TO DATE:	\$74,267.90
TOTAL DUE THIS INVOICE:	105,003 <u>\$8,072.65</u>

MAY 10 2004

Thank you for the opportunity to provide these services. Please see job detail report attached for complete documentation concerning the work completed this job cost period.

APPROVAL FOR PAYMENT

I hereby personally acknowledge/attest to the company that the above described materials and/or services were actually received and/or performed in a proper/suitable condition except as noted on this invoice. In addition, I acknowledge that the unit prices and/or amounts billed are in agreement with the negotiated prices, except as noted on this invoice. The terms described on this invoice are also acceptable except as otherwise described. Any limitations or reservations I have regarding making full payment of this invoice have been properly described hereon.

David W. Porter, P.E.

APPROVED BY: P.W. Su

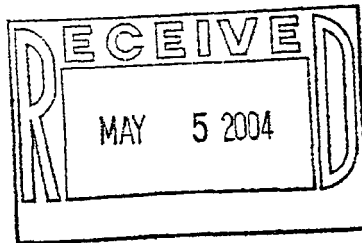
DATE: 5-6-04

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EC David W. Porter, P.E.
Water and Wastewater Engineering Consultant

May 4, 2004

Mr. Stephen G. Watford, President
Aloha Utilities, Inc.
6915 Perrine Ranch Road
New Port Richey, FL 34655



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

Re: Project Number AUI-028-5-S
2002 Water System Upgrade Report
Invoice Number 0730 For Period April 3, 2004 – April 30, 2004

Dear Steve,

This invoice covers the period referenced above. All work was completed as part of my project number AUI-028-5-S (2002 Water System Upgrade Report).

Work completed for you this four (4) week period is detailed below:

Week of April 9, 2004:

Prepare for PSC customer hearing. Numerous telephone call and conferences with client, legal staff and customer service consultants. Travel to hearing and attend hearing held at Pasco Government Center. Telephone calls with Dr. Levine related to application of her recommended H₂O₂ water treatment technology at the Seven Springs Water System.

Week of April 16, 2004:

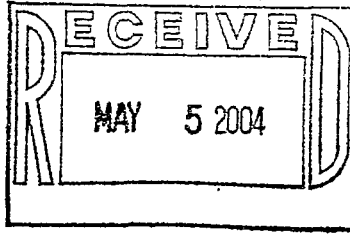
Prepare talking points summary of hearing presentations by customers. Numerous email discussions and telephone discussions with client, attorneys and customer service consultants. Telephone calls with Dr. Levine related to application of her recommended H₂O₂ water treatment technology at the Seven Springs Water System. Telephone conversations with Mike LeRoy of FDEP/Tallahassee related to application of Dr. Levine's recommended H₂O₂ water treatment technology at the Seven Springs Water System. Discussions with client, attorneys and customer service consultants related to CAC meetings and our participation.

Week of April 23, 2004:

Numerous email discussions and telephone discussions with client, attorneys and customer service consultants. Telephone calls with Dr. Levine related to application of her recommended H₂O₂ water treatment technology at the Seven Springs Water System. Additional telephone conversations with Mike LeRoy of FDEP/Tallahassee related to application of Dr. Levine's recommended H₂O₂ water treatment technology at the Seven Springs Water System. Discussions with client, attorneys and customer service consultants related to CAC meetings and our participation. Prepare draft H₂O₂ implementation plan and discuss it with team to arrive at final draft. Meet with Dr. Levine to discuss draft implementation plan and bench-top pilot testing program to obtain her concurrence with our plans and obtain her recommendations and changes.

PCHD//AUI-028-5-S_Job Detail_5-04-04.DOC//proj/via Hand

Mr. Stephen G. Watford, President
May 4, 2004
Page 2



Week of April 30, 2004:

Numerous email discussions and telephone discussions with client, attorneys and customer service consultants. Telephone calls with Dr. Levine related to application of her recommended H₂O₂ water treatment technology at the Seven Springs Water System. Discussions with client, attorneys and customer service consultants related to CAC meetings and our participation. Received and reviewed Fasano and Anderson legislation related to County-private water company oversight provisions. Telephone conversations with team about impact of new legislation.

Man-hours expended and fee:

Porter: 88 hrs. @ \$85/hr. = \$7,480.00

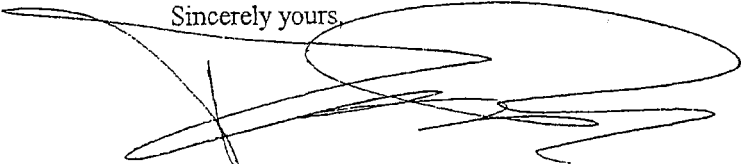
Expenses:

Auto Mileage: 854 miles @ \$0.385/mile = \$328.79
Hotel: 3 room nights @ = \$263.86
Certified Mail/Return Receipt Request: = \$0.00
Overnight Mail (0 packages): = \$0.00

The total fee due this month for all of the work completed as detailed above is \$8,072.65. When remitting, please note my project number AUI-028-5-S.

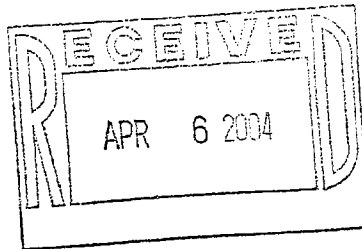
Thank you for the continued opportunity to serve Aloha Utilities, Inc. If you have any questions please call me.

Sincerely yours,



David W. Porter, P.E.
Water and Wastewater Engineering Consultant

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



INVOICE

Mr. Stephen G. Watford, President
Aloha Utilities, Inc.
6915 Perrine Ranch Road
New Port Richey, FL 34655

Date: April 5, 2004
Invoice No.: 0729

Job No.: AUI-028-5-S
Job Name: 2002 Water System Upgrade Report
Period: February 28, 2004 – April 2, 2004


INVOICE FOR PROFESSIONAL SERVICES

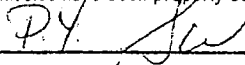
PROFESSIONAL SERVICES THIS PERIOD:		\$15,729.76	
TOTAL INVOICED TO DATE:		\$66,195.25	
TOTAL DUE THIS INVOICE:	105.003	<u>\$15,729.76</u>	APR 09 2004

Thank you for the opportunity to provide these services. Please see job detail report attached for complete documentation concerning the work completed this job cost period.

APPROVAL FOR PAYMENT

I hereby personally acknowledge/attest to the company that the above described materials and/or services were actually received and/or performed in a proper/suitable condition except as noted on this invoice. In addition, I acknowledge that the unit prices and/or amounts billed are in agreement with the negotiated prices, except as noted on this invoice. The terms described on this invoice are also acceptable except as otherwise described. Any limitations or reservations I have regarding making full payment of this invoice have been properly described hereon


David W. Porter, P.E.

APPROVED BY: 

DATE: 4-8-04

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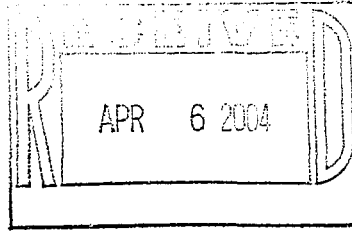


David W. Porter, P.E.

Water and Wastewater Engineering Consultant

April 5, 2004

Mr. Stephen G. Watford, President
Aloha Utilities, Inc.
6915 Perrine Ranch Road
New Port Richey, FL 34655



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

Re: Project Number AUI-028-5-S
2002 Water System Upgrade Report
Invoice Number 0729 For Period February 28, 2004 – April 2, 2004

Dear Steve,

This invoice covers the period referenced above. All work was completed as part of my project number AUI-028-5-S (2002 Water System Upgrade Report).

Work completed for you this five (5) week period is detailed below:

Week of March 5, 2004:

Conduct Bench-Top pilot testing of hydrogen peroxide hydrogen sulfide conversion process with Audrey Levine and her staff at Well 9. Meet with US Peroxide reps to discuss their process and obtain budget conceptual costs data. Meet with reps for Membrane Filtration equipment and chloramine feed equipment. Meet with Dale, Don, Steve, Charlie Painter and other AUI staff to discuss current water system operation and conceptual water plant design and operation. Telephone discussions with Ozonia ozone generator manufacturer's staff to request conceptual design data and costs. Conference call with Steve, Marty, myself PSC staff to discuss their request for data concerning the Levine treatment options construction and O&M costs.

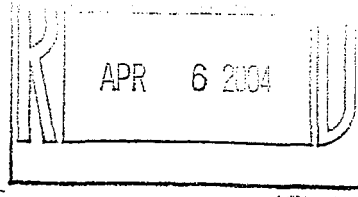
Week of March 12, 2004:

Working on conceptual design of each Levine option. Developing conceptual construction and O&M costs for each option. Telephone conversations with equipment reps and Dale/Don of CEA to obtain design and cost data. Meet with Steve and Pasco County staff (Bramlett and Gallagher) to discuss bulk water supply issues. Meet with Dale and Don to review their Levine options site design work and costs. Meet with Tom and FDEP staff to discuss the permitability of the Levine hydrogen peroxide treatment option and what pilot testing work FDEP would require in support of a construction permit application.

Week of March 19, 2004:

Working on conceptual design and costs of Levine options. Working on answers to PSC staff data request letter. Telephone discussions with Dr. Levine related to her options. Telephone conference call with Steve, Marty to discuss my telephone conversations with Dr. Levine. Conference call with Aloha support team to discuss customer service oriented recommendations developed by Tucker-Hall. Prepare for meeting with CAC next Monday by preparing presentation materials.

Mr. Stephen G. Watford, President
April 5, 2004
Page 2



Week of March 26, 2004:

Attend CAC meeting. Meet with Steve and telephone conference with AUI support team to discuss CAC meeting. Working on final versions of conceptual costs and design data for Levine options. Conference calls with AUI support team to review final drafts of documents. Send review data to Dr. Levine for comment. Telephone conversations with Dr. Levine regarding her review of documents.

Week of April 2, 2004:

Complete work on PSC staff data request. Email final review documents to AUI support staff and to Dr. Levine. Received comments and recommended final changes from AUI support staff and Dr. Levine. Telephone conversation with AUI support staff and Dr. Levine to finalize documents. Email final documents to Marty for submittal to PSC. Attend Tucker-Hall customer service related training at their offices with Steve.

Man-hours expended and fee:

Porter: 170 hrs. @ \$85/hr. = \$14,450.00

Expenses:

Auto Mileage: 1747 miles @ \$0.385/mile = \$672.95

Hotel: 7 room nights @ = \$607.17

Certified Mail/Return Receipt Request: = \$0.00

Overnight Mail (0 packages): = \$0.00

The total fee due this month for all of the work completed as detailed above is \$15,729.76. When remitting, please note my project number AUI-028-5-S.

Thank you for the continued opportunity to serve Aloha Utilities, Inc. If you have any questions please call me.

Sincerely yours,

David W. Porter, P.E.
Water and Wastewater Engineering Consultant