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October 3, 2007  
VIA HAND DELIVERY

Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Aloha Utilities, Inc.; PSC Docket No. 060606-WS  
Anion Exchange Report  
Our File No. 26038.51

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07 OCT - 3 PM 3:55  
COMMISSION CLERK

Dear Ms. Cole:

Attached, in accordance with the requirements of Order No. PSC-06-0270-AS-WU and the Settlement Agreement attached thereto, is the quarterly report on the progress of implementation of the anion exchange facilities.

As noted in the report, compliance with the 24 month timetable has been delayed by a cause outside the control of Aloha and which is based upon an action or inaction of the University of South Florida, a governmental authority. As such, the timetable for completion of this project must be appropriately tolled and extended based upon those delays.

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

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding  
For The Firm

- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
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FMD/tms  
cc: Rosanne Gervasi, Esquire  
Stephen G. Watford  
David Porter, P.E.

DOCUMENT NUMBER-DATE

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**Aloha Utilities, Inc.**  
**Seven Springs Water System**  
**Anion Exchange Implementation Project**

**Project Status Report Number 5**  
**July 1, 2007 – October 2, 2007**

**Overview of Project Status**

- Delays in a number of project tasks have resulted due to a lack of timely receipt of necessary project development and permitting support reports from the University of South Florida. The previous schedule anticipated the receipt of these reports no later than July 3, 2007. The receipt of these reports are critical path elements of the project schedule and, as such, any delay in their receipt creates a day-for-day delay in the overall project.
- Aloha, its project leader and its attorneys aggressively and diligently made repeated attempts to secure the needed reports from the University and the Principal Investigator assigned to the project by the University.
- Aloha's attorney's reported the lack of receipt of the necessary University reports to the PSC and OPC staff in a timely manner. In addition, Aloha, its project leader and its attorneys have attended two non-scheduled interim project status meetings with PSC staff, OPC representatives and other interested parties to discuss the problem and what measures Aloha is undertaking to address the problem.

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## **Work In-Progress and/or Completed This Period**

The major tasks that the design, science and project management teams have been working on this quarterly period include:

- A. The week of July 6<sup>th</sup> the design/management project team finalized the fourth quarterly project progress report and submitted it to the PSC.
- B. The week of July 13<sup>th</sup> Aloha's project team members participated in a project status meeting with PSC staff, OPC staff and customers where project status was discussed.
- C. During the weeks of July 20<sup>th</sup> through September 21<sup>st</sup> Aloha's project leader and attorneys contacted (or attempted to contact) the University of South Florida (engineering, financial, managerial and legal departments) and Dr. Levine (the University's principal investigator for the project) to obtain the reports that had not been received. During this time period, Aloha's attorneys discussed this situation with various PSC staff members via telephone and email. Aloha team members met with PSC staff, OPC staff and interested parties at the PSC to further discuss the situation. On September 18<sup>th</sup>, Dr. Levine contacted David Porter (Aloha's project leader) via a return phone call (in response to numerous attempts at prior communication) to discuss how best to expedite her completion of the necessary reports. It was determined that a two-part report development and submittal process would be the most workable and time expedient solution to the current impasse. Dr. Levine committed to immediately prepare a draft report that provided information on the quantities of brine makeup solution needed for resin regeneration and the resulting quantities of waste that would be generated under various operating scenarios for the anion exchange process units. In addition this report would discuss the implications of disposing of this waste at the existing Seven Springs WWTP and the reuse water generated at the facility. The completion of this report would allow Aloha's groundwater hydrologist (Dr. Gomberg) to complete the analysis of the impacts on groundwater and turf/vegetation in the areas where reuse water is applied as a result of anion exchange waste disposal at the WWTP. The completion of the Levine and Gomberg reports will allow Aloha to submit an application for permit modification to the FDEP for the WWTP which must be received prior to submitting a FDEP permit application to allow construction of anion exchange process

modifications. The submittal of this first report by Dr. Levine allows the project to again move forward. During this time period Aloha's project team worked on design, land acquisition, etc. tasks to the extent possible without the receipt of the necessary reports.

- D. On September 24<sup>th</sup>, Aloha received the draft report promised by Dr. Levine. From that date through October 1<sup>st</sup>, Aloha's technical team reviewed Dr. Levine's draft report. On October 1<sup>st</sup> Dr. Levine promised to submit this report in final form to Aloha by October 5<sup>th</sup>. Also during this time Aloha's technical team began utilizing the data contained in Dr. Levine's report to complete design of brine make-up, waste holding, waste discharge and pumping facilities for each of the water treatment plants to be upgraded. In addition, Dr. Gomberg began utilizing the data provided in Dr. Levine's report in his work. On September 26<sup>th</sup> Aloha and its team members participated in an interim project status meeting with PSC and OPC staff and other interested parties to report on the progress of resolving these issues.

## **Timetable for Future Activities**

With the receipt of the final version of Dr. Levine's first report, anticipated on October 5<sup>th</sup>, the project will again be able to move forward.

We currently anticipate that the WWTP permit modification application will be submitted to FDEP on October 26<sup>th</sup>. Since the most recent schedule anticipated that this permit application would be submitted on August 15<sup>th</sup>, the delay in the submittal of the University of South Florida report has delayed the project approximately 72 days thus far.

Upon the submittal of the final version of the first report by the University of South Florida, the overall project report (master report) must be completed and submitted to Aloha with all due haste so as to not cause any further delay in the project. This master report (which includes the data provided in the first report) provides the basis for the design and sizing of the anion exchange process and the appurtenant equipment needed to finalize the design of the physical plant modifications, permit the water plant upgrades with FDEP and allow for the development of a performance based negotiated purchase request document to be used in purchasing the anion

exchange process equipment. Dr. Levine has agreed to target dates of October 12<sup>th</sup> to submit a draft of this master report and October 26<sup>th</sup> to submit a final version of the master report.

We are currently working on updating the overall schedule for the project. Currently, we anticipate that the 72-day delay may only affect the overall project schedule by a similar or slightly greater amount. However, we are currently investigating the potential impacts that this delay may have on the equipment manufacturer's production and delivery schedule, the construction schedule and other related tasks. We plan to have these issues defined and an updated project schedule prepared for discussion at the time of the next project status meeting on October 10<sup>th</sup>.